
Lending a Hand

The role of the *Canada Small Business Financing Act*
in fostering entrepreneurial success

A report prepared by

Small Business Policy Branch

Industry Canada

and

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Executive Summary

In this project, the Small Business Policy Branch of Industry Canada commissioned Nicole Baer Communications to conduct in-depth telephone interviews with small and medium-sized Canadian enterprises (SMEs). This was intended, first and foremost, to yield a series of “success stories” about businesses that had benefited from loans made under the *Canada Small Business Financing Act* (CSBFA). At the same time, every effort was made to gather useful anecdotal information and the perceptions of borrowers about the program’s impacts.

The study attempted to interview a range of CSBFA borrowers. Not surprisingly, these yielded a wide range of loan sizes and purposes, which are documented in this report. Gauging the impact of the loans, however, turned out to be more complex. While some loans were used for specific applications that had measurable outcomes in terms of revenues or employee hiring, others had at best an incremental impact that could not be separated from the broader business activities.

However, this study clearly found that CSBFA borrowers interviewed felt the loans had benefited their businesses -- whether the impact could be quantified or not. Several reported that the loans spelled the difference between operating a business and not. It is apparent that for a certain segment of the SME community, the CSBFA program fills a crucial role. Some businesses reported that CSBFA loans had been their only borrowing option, and several said that, were the option made available to them, they planned to borrow again under the program.

Introduction

The CSBFA came into force in April 1999 as an improved replacement for the *Small Business Loans Act* (SBLA) program, which had existed in one form or another for close to 40 years before that. Because of the newness of the CSBFA, Industry Canada is currently monitoring the program's effectiveness and impact, while at the same time attempting to raise the level of awareness among potential users. As part of these parallel efforts, the department's Small Business Policy Branch sponsored this project.

The project's objective was to gather information and prepare a sample of short articles describing Canadian business successes involving CSBFA loans. Twenty-two success stories are attached as Annex 3. Short summaries of each can be found at Annex 2.

Methodology

A: Selecting the Companies

Nicole Baer Communications were supplied with an initial printout of 100 businesses that had received loans under the CSBFA during the two-month period, May 1 to June 30, 2000. Industry Canada had obtained this listing from at random from their database. The printout listed the following information for each of the 100 businesses:

- Borrower name
- Operating name (if different from the borrower's name)
- Phone number
- Industrial sector
- Region
- Operation type
- Loan categories
 - real property
 - leasehold (new)
 - leasehold (existing)
 - equipment
 - software
 - financed fee
- Total loan amount

From this list, the interviewing firm selected businesses to be telephoned for interviews. The selection process was not “random” in the formal sense used by public-opinion researchers. Nor was it totally arbitrary. Instead, we companies were chosen by the firm according to the following criteria, in the order of priority presented below:

1. Interest: Company names such as Tunnels of Moose Jaw, Tchou Tchou et ses Amis and Capital Kids Sports Center, which held promise of generating interesting and “human” stories, were among first choices. For the same reason, Nicole Baer Communications automatically excluded numbered companies. For a complete list of companies interviewed, please see Table 1.

2. Geographic range: Although the interviewing firm later learned that the database could have provided the names of the towns/cities and provinces/territories where the businesses were located, this information was not on the original list. They, therefore, selected companies on the basis of area code. This proved to be a problem only for Prince Edward Island and Nova Scotia, which share the 902 area code.

Table 1: Description of Businesses Interviewed

Name	City	Prov / Terr	CSBFA Sector	Main Activity	Year Est'd	Type
abc Country Restaurant	Nanaimo	B.C.	Food services, drinking places	franchise restaurant	2000 *	incorp.
Advanced Controls & Engineering	Chatham	Ont.	Manufacturing	manufactures automated production equipment	1998	incorp.
Allgard Security Services	Trail	B.C.	Other services	security and private investigations	1999 *	incorp.
Barewood Furniture and Craftware	Thunder Bay	Ont.	Retail trade	sells unfinished furniture	1993	incorp.
Beck's Bakery, Deli and Café	Pembroke	Ont.	Food services, drinking places	bakery, deli foods, café	1984	partnership
Capital Kids Sports Center	Regina	Sask.	Arts, entertain., recreation	gymnastics facility	2000	incorp.
DC Automotive	Winnipeg	Man.	Other services	car parts and service	1990 *	incorp.
Edward C. Turnbull	Charlottetown	Nfld.	Agri., forest., fish, hunt	crab fishing	N/A ^	sole prop.
Foster's Fire and Safety	Grafton	N.S.	Wholesale trade	sells signs, safety equipment	1983	partnership
Kathleen's Celtic Konnection	Windsor	Ont.	Retail trade	UK foods vendor	2000	incorp.
Lobster on the Wharf	Charlottetown	P.E.I.	Food services, drinking places	restaurant and Internet lobster sales	1981	incorp.
Midwestern School of Business & Technology	Winnipeg	Man.	Educational services	information technology programs	1993	incorp.
Montreal Family Centre	Montreal	Que.	Professional., scientific, technical services	counselling, specializing in divorce	2000	incorp.
Reena Campbell Promotional Marketing	Regina	Sask.	Wholesale trade	promotional items	1992	incorp.
Safe+Sound Manufacturing	Bowmanville	Ont.	Other services	manufactures safety apparel	1992	incorp.
Simtech CNC Consultants	Sherbrooke	Que.	Admin and support	computer numerical control products/services	1996	incorp.
Tchou Tchou et ses Amis	Laval	Que.	Arts, entertain., recreation	children's party supplies	1994	incorp.

Name	City	Prov / Terr	CSBFA Sector	Main Activity	Year Est'd	Type
TechnoMedia	Charlottetown	P.E.I.	Manufacturing	design and graphics	1988	incorp.
True North Safaris	Yellowknife	NW T	Other services	hunting/fishing expedition	1983	incorp.
Tunnels of Moose Jaw	Moose Jaw	Sask.	Other services	tourist attraction	2000 *	incorp.
Via Vai Restaurant	Edmonton	Alta.	Food serv., drink. places	restaurant	1999	incorp.
Village Pastry	Moncton	N.B.	Manufacturing	pastry	2000 *	incorp.

* Enterprise existed previously under different ownership

^ Business is lifelong occupation of ocean fishing

As they began approaching the target of 20 to 25 completed articles, the interviewing firm recognized that certain provinces/territories were either not represented, or were under-represented on the original list. They therefore sought, and were provided with, the names of 62 additional companies in the Northern territories, British Columbia, PEI, Nova Scotia and Newfoundland, all of which received their loans during the same two-month period in 2000. The geographic distribution of the eventual interviewees is presented in Tables 1 and 2.

As can be seen from Table 1, the age of the businesses varied widely with some having been in business since the early 1980s. Seventeen of the 22 firms were formed or taken over by the current owner since 1990 -- 10 of them in the past five years.

Table 2: Distribution of interviewed companies by province, territory and region

Western							Central		Atlantic			
YK	NWT	NVT	BC	AB	SK	MB	ON	PQ	NB	NS	PEI	NF
0	1	0	2	2	3	2	5	3	1	1	3	1
10							8		6			

Please note from the above figures and following tables that while 24 businesses were interviewed in depth, articles were not submitted with respect to one Alberta company and one PEI company. No company names were provided from either Yukon or Nunavut territories.

3. Franchise: One business (abc Country Restaurant, Nanaimo, B.C.) Was selected for interviewing on the grounds that it was a franchise operation (a very small minority of the companies listed on the spreadsheets were franchises).

4. Industrial sector: More by chance than design, the selection of companies by the interviewing firm yielded a distribution across industry sectors. The grouping of the companies by sector (according to CSBFA definitions) is listed in Table 3. A few sectors (Utilities; Accommodation; Transportation and warehousing; and Health care and social assistance) were not represented in the interview sample because, even though they are important in the economy, the database yielded at most one or two entries for each. The main business activities ranged from food sales and service to manufacturing, and from high-tech training and divorce counselling to tourism.

Table 3: Distribution of interviewed companies by industrial sector (CSBFA categories)

Industrial Sector	#
Admin. & support; waste management and remediation services	1
Agriculture, forestry, fishery, hunting	1
Arts, entertainment, recreation	2
Construction	1
Educational services	1
Food services, drinking places	4
Manufacturing	3
Professional, scientific, technical services	1
Retail trade	2

5. Loan ranges: Although the interviewing firm made no particular effort to select interviewees on the basis of either the size or type of loan, the companies turned out to have borrowed a range of sums, from \$8,670 to \$224,000 (the maximum permitted under the Act is \$250,000).

Note, however, that these figures represent only loan activity during a specific two-month time frame; six of the 24 companies (including the one with the smallest, \$8670-loan) revealed that they had borrowed under the CSBFA/SBLA on other occasions.

Amongst the respondents, equipment purchases turned out to be the most common reason for borrowing (17 instances). Nine companies borrowed for new leasehold improvements, six for real property purchases and three for software purchases. None borrowed for existing leasehold improvements. A majority of the businesses also used the loan to finance the loan registration fees. The numbers do not add up to 24 because many companies borrowed for more than one purpose.

Table 4 lists the loan amounts and categories for each borrower, along with a thumbnail description of the specific use to which each loan was put.

Table 4: Description of Loans

Business Name	Loan Category	Purpose/application of Loan	Total amount
abc Country Restaurant	New leasehold; Equipment; Finance fee	leasehold improvements such as grills, ovens, tables and chairs, carpets etc.	\$224,000
Advanced Controls & Engineering	Equipment, Finance fee	purchase parts of a CNC gas plasma burning table	\$46,376.33
Allgard Security Services	Equipment; Finance fee	purchase laptop computers; upgrade alarm monitoring capabilities	\$38,284.68
Barewood Furniture and Craftware	Real property; Equipment	open a second store at another location	\$ 30,000
Beck's Bakery, Deli and Café	Real property; Equipment	major renovations, e.g adding new showcases, A/C, café	\$100,000
Capital Kids Sports Center	New leasehold; Equipment; Finance fee	convert former warehouse into gym; buy gymnastics equipment	\$44,194.40
DC Automotive	Equipment	expand car-parts shop to include repair capabilities	\$54,000
Edward C. Turnbull	Equipment; Finance fee	purchase 10-metre offshore crab fishing boat	\$110,670
Foster's Fire and Safety	Real property; Finance fee	complete renovation of former flower shop	\$12,822.62
Kathleen's Celtic Konnection	New leasehold; Equipment; Finance fee	convert empty store shell into Tudor-style food shop with storeroom; purchase computer, desk	\$46,008.47
Lobster on the Wharf	Equipment; Software; Fin. fee	create professionally designed e-business Web site	\$37,834.45
Midwestern School of Business & Technology	New leasehold; Software; Finance fee	equip classrooms with computers and networking capabilities	\$33,800 *
Montreal Family Centre	New leasehold; Equipment	carpets, lighting, furniture, computer, office equipment	\$18,113.64
Reena Campbell Promotional Marketing	Real property, Finance fee	purchase heritage property	\$92,259 *

Business Name	Loan Category	Purpose/application of Loan	Total amount
Safe+Sound Manufacturing	Equipment; Finance fee	purchase six specialized sewing and other machines	\$15,423.83
Simtech CNC Consultants	New leasehold; Finance fee	expansion of premises to add offices, conference room	\$18,360
Tchou Tchou et ses Amis	Equipment	giant inflatable slides and other children's games/rides	\$19,800 *
TechnoMedia	Real property; Finance fee	purchase heritage property	\$165,240
True North Safaris	Equipment; Finance fee	upgrade and replace boats and motors	\$8,670 *
Tunnels of Moose Jaw	New leasehold; Equipment; Software	extensive renovations of tourist attraction, including purchase of sets and special effects	\$225,000
Via Vai Restaurant	New leasehold	extensive renovations of restaurant interior	\$72,000 *
Village Pastry	Real property; Finance fee	purchase of existing bakery	\$81,600

* Company has obtained other financing under CSBFA or SBLA, apart from these loans, disbursed in May or June of 2000.

B. The Interviews

As directed under the Terms of Reference for this contract, Nicole Baer Communications prepared a questionnaire to guide the interviewing process. A copy of the questionnaire is appended as Annex 1.

However, it was clear both to the Small Business Policy Branch and to the interviewing firm that this project was not intended as a piece of quantifiable public opinion research since it lacked the methodological rigour necessary for such a study. In the end, the questionnaire served more as a memory aid than a formal survey instrument.

On the one hand, the emphasis was on soliciting qualitative observations from one of the CSBFA's key stakeholder groups – SME borrowers. At the same time, the aim was to produce interesting and compelling "success stories."

It was explained to borrowers that Industry Canada wanted to hear about the successes of their enterprise, and the interviewing firm tried to keep them focussed on the link between the loan and some specific change in business activity. In the course of the conversations, the borrowing experience was discussed and interviewees were reassured that any "negative" comments would not reflect on their company, but would be forwarded to Industry Canada as suggestions for improving the program.

The Borrowing Experience

1. Awareness: The Terms of Reference for this project noted that Industry Canada is interested in raising awareness of the CSBFA program. The Eadie “success stories” report of 1998 discovered that many borrowers were unaware that they had obtained SBLA loans, and did not know about the role of the Government of Canada in this loan loss-sharing program.

We had no idea about the program when we approached our bank manager; he gave me the specifics....The program sounded good. I remarked to my wife afterwards that it was easier to get the loan than it was to get a credit card!

-- Dwayne Carter, abc Country Restaurant

In that light, the interviewees encountered were very well versed. Only one respondent was surprised by the news that she had received anything other than an ordinary commercial loan. All others were aware of the nature of the loan, and usually of the role of the Government as well. As one noted: “It was well explained at the time.”

Still, only two people -- a former management consultant and a former business student -- said they had heard of the loans *before* speaking to a banker or other financial expert; both, moreover, admitted they had to be reminded of the existence of the program when they needed it themselves.

Indeed, the lending institutions appear to be the first-line marketers of the CSBFA program. Of the 18 companies for which information was available, 14 said they were told of the program by their bank or account managers. The others heard variously from an accountant, a financial planner, a management consultant and an e-business consultant.

2. Availability

While several business owners said they had tried no other source of capital, many others noted that a CSBFA loan was the only type of financing they could qualify for. Indeed, it was often reported that companies would not have been in business, but for the availability of the loans.

I don't know if we would have been able to get financing without the backing of the government at the time. Today, we would probably be able to get a loan, but when you're starting out, it's a lot harder.

-- Lynda Bouvier, Tchou Tchou et ses Amis

Alberta Davis, of Barewood Furniture and Craftware Ltd. in Thunder Bay, Ont., noted that banks will typically not finance inventory, the only security she had available when she wanted to open a second shop. “Considering how skittish the banks are these days, I probably wouldn't have been able to borrow from the bank any other way.” The CSBFA loan went to a range of leasehold improvements to open a second store.

Steve Wood, a Moncton, N.B. baker, said the program allowed him to buy the Village Pastry when the enterprise suddenly came up for sale. The requirement to come up with only 10 percent of the costs, rather than the 20 to 30 percent expected for a commercial loan or mortgage, gave him access to much-needed capital at a time when his cash was tied up with payroll, fees, purchasing existing inventory and so on.

The enthusiasm of the banks, however, appears not to be universal. The owner of Edmonton's very successful Via Vai Restaurant, for instance, having obtained and repaid several loans under the CSBFA/SBLA, recently received a letter from her banker that states, in part: "...the Bank's position with respect to financing restaurant establishments is presently very restrictive and with this in mind we would strongly suggest you seek other means of financing in the event you are contemplating refinancing or a potential purchase."

3. The Impact of the Loans

As a result of borrowing under the CSBFA, several companies were able to get started, hire full complements of staff, and set off on the road to profitability. The abc Country Restaurant in Nanaimo, B.C., for instance, opened in 2000 with a CSBFA loan and now has a staff of 40, including 25 full-time workers.

This loan let us open an office and get it operating as a business...The place was empty before. (The loan) covered everything in here.

*-- Marla Yanofsky
The Montreal Family Centre*

Other enterprises that were able to get off the ground because of a CSBFA loan include Barewood's sister store, FOR THE HOME in Thunder Bay; Capital Kids Sports Center in Regina; Kathleen's Celtic Konnection in Windsor, Ont.; the Montreal Family Centre; and the Village Pastry in Moncton, N.B.

In other cases, the loans contributed to business growth or operational improvements. For Advanced Controls and Engineering in Chatham, Ont., for instance, a CSBFA loan used to buy a piece of manufacturing equipment cut down on the company's requirements to contract out certain work. This saved them substantially in costs, and greatly sped up production. As a result of purchasing the machine, they also hired and trained two more full-time employees.

Table 5 on the next two pages describes the impact of the CSBFA loans on company revenues and business activity, including staffing levels and other direct or indirect effects.

Table 5: The Impact of the Loans

FT= full time/PT= par time

Name	Impact on Revenues/Business Activity	Impact on Employment	Other
abc Country Restaurant	now serves 14,000 customers/month (opened in 2000)	hired staff of 40, incl. 25 FT	—
Advanced Controls & Engineering	less need for outsourcing; can do work in-house for 1/4 of the cost	hired and trained two more FT staff	faster product delivery, espy for exports
Allgard Security Services	revenues increased by 20% per year over past 2 years; expect \$1.15 M for current year	staff of 60 (mostly contract and PT) up from 30 two years ago	can handle much bigger jobs
Barewood Furn & Craftware	increase of sales of approx. \$500,000 per year	doubled workforce to 7 FTEs	indirect jobs: construction
Beck's Bakery, Deli & Café	sales increased by 25% to 35%	increased staff from six to nine	indirect jobs: construction
Capital Kids Sports Center	enrollment up from 10 to 300 in 1.5 yrs.	—	indirect jobs: construction
DC Automotive	business increased by 30% in one year	hired five mechanics	able to service vehicle fleets
Edward C. Turnbull	revenues are down but due to low wholesale crab prices	—	boat allows fisherman to stay in his community
Foster's Fire & Safety	revenues up by 30% in 1.5 years	—	indirect jobs: construction
Kathleen's Celtic Konnection	sales of \$250,000 in first year of operation	hired one PT employee	indirect jobs: construction
Lobster on the Wharf	—	—	hired consultants to design and build e-biz Web site
Midwestern School Bus/Tech	enrollment of 70 to 80 students at a time	—	Employment Insurance recipients receive training for a new career
Montreal Family Centre	conducting 20-40 consultations/ week	—	indirect jobs: construction
Reena Campbell Promotional Marketing	—	hired two FT staff; (second loan in Sept. 2001 led to hiring of three more PT staff)	indirect jobs: construction
Safe+Sound Manufacturing	revenues doubling each year	increase of five FT and up to 12 more contract staff	—

Name	Impact on Revenues/Business Activity	Impact on Employment	Other
Simtech CNC Consultants	revenues expected to double to \$800,000 next year	hired one technician; looking for a second	will expand marketing and promotions capability
Tchou Tchou et ses Amis	revenues increased from \$42,000 in 1994 to more than \$1M now	staff levels vary from 10 to 52, most of them contractors	spinoff work for caterers, professional clowns etc.
TechnoMedia	—	maintain staff of seven	more space for staff
True North Safaris	maintain revenues of \$800,000 per year.	maintain staff of 2 ½ plus 40 seasonal workers	upgraded equipment ensures customer safety
Tunnels of Moose Jaw	—	50 seasonal staff	—
Via Vai Restaurant	new revenues of \$400,000 to \$600,000	added 3 FT and 2 PT staff	indirect jobs: construction
Village Pastry	maintain revenues of \$450,000 per year	maintain six FT staff	—

However, it was sometimes difficult to draw a direct link between a CSBFA loan and a specific effect on the business's revenues or staffing decisions. The principal reasons for this difficulty are explained below:

1. In at least five cases, the company had taken out other loans (often through the CSBFA or the SBLA), apart from the ones we were asking about during the period of May and June 2000. (Please see Table 4 for details). Many also had other sources of financing, either private or commercial, which further complicated the cause-and-effect relationship.
2. A common finding was that the loans were used to expand or improve the functional space of an enterprise that was already prospering and growing. Therefore, the loan can be said to have accommodated and facilitated the growth; it did not necessarily cause it. TechnoMedia (Charlottetown) and Simtech CNC Consultants (Sherbrooke, Que.) provide examples of this observation.
3. Similarly, some loans played only an indirect role. For instance, Yellowknife hunting and fishing outfitter Gary Jaeb (True North Safaris) explained that he is constantly reinvesting his profits to upgrade his boats and motors. When this results in a cash-flow shortage, he takes a loan to tide him over until revenues stabilize. For the purposes of the success story, the interviewing firm agreed that the loans could be designated as having been used to buy boats, but how many boats were purchased through the loans, and what impact the purchases had on the business, remains unclear.
4. Several borrowers declined outright to discuss their financial situations; reporting only that revenues were up by a certain percentage.

Introduction

Hello, my name is _____.

I am a writer on contract to Industry Canada to prepare some articles about companies that have received loans guaranteed under the *Canada Small Business Financing Act*. (It's now called the CSBFA, but you may know it under its old name of the SBLA [*Small Business Loans Act*]).

Your name was given to me as a recent recipient of a CSBFA loan.

- If necessary, offer Jean Clark's number (952-1138) as the Industry Canada contact to authenticate our involvement.

- Provide background on the CSBFA as a loan-loss sharing program that is a partnership between the Government of Canada and the lending institutions.

The articles are intended as a way to publicize the CSBFA program for other small business owners who could benefit from it, but who may not be aware of it.

In particular, I would like to find out whether this loan helped your business in some way... in terms of improving profits, increasing productivity or employment, creating new expansion opportunities or export possibilities... [*etc.*]

Would you be willing to talk to me for 10 or 15 minutes?

Business Description

I wonder if we could start with some general background information on your company?

<ul style="list-style-type: none"> • Name/title of owner • Name of company 	<p>Confirm and complete data on IC spreadsheet, as needed</p>
Location	<ul style="list-style-type: none"> • city/town • urban/rural
Type of business	<ul style="list-style-type: none"> • Industrial sector • operation type (e.g. franchise) <p>Confirm and elaborate on data on IC spreadsheet, as required</p>

Structure of business	<ul style="list-style-type: none"> • sole proprietorship • partnership • limited company
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I wonder if you could please describe the kind of business you operate?

How long have you been in operation?

How did your business start?

Description of the CSBFA Loan

Could I now please ask you some questions about your CSBFA loan? I understand it was disbursed through your financial institution in May or June of last year.

How much is it for?	Confirm information on IC spreadsheet
What is it for?	<ul style="list-style-type: none"> • establish business • expand business • modernize/improve <p>(See also loan-type categories on IC spreadsheet)</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> <p>Elaborate</p> </div>
How did you learn about the availability of CSBFA loan guarantees?	<ul style="list-style-type: none"> • bank officer • other businesses • publicity • other
When you approached the financial institution for a loan, was it specifically for a CSBFA loan?	If <i>yes</i> , how did you become aware of it and why did you pick that program?
	If <i>no</i> , how were you made aware of the CSBF program (if at all)?

Comments on process?	<ul style="list-style-type: none"> • ease of obtaining loan • dealing with financial institution • paperwork • other
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The Impact of the CSBFA Loan on Employment

What do you feel the program's impact has been on the success of your company (revenues, profitability, innovation, expansion, merger/takeover, survival etc.)?

What impact has it had on the people who work in your company? I want to underline that I am talking about employment *within* your company, as well as *outside*. By outside, I mean any *indirect impact*, for example on suppliers, competitors or customers.

1. Jobs created in your company

- how many
- type of job
- full/part time
- short/long duration

2. Jobs maintained in your company

- positions or hours of work that did not need to be cut, thanks to CSBFA financing

3. Jobs displaced or lost in your company

- jobs or hours of work that are no longer needed as a result of other resources (e.g. technological innovation) obtained through the CSBFA loan

4. Job upgrading at your company

- training, skills upgrading of existing employees
- employees who have moved to a better position

- explore the indirect job impacts, including the possible effect of the CSBFA financing and the company's success on spin-off companies, suppliers, clients and competitors.

Wrap-up

- Overall, how would you describe your experience with the CSBFA program?
- Is there anything you would change?
- Have you ever discussed the merits of the program with other businesspeople you know?
- Would you recommend it as a financing tool for other small businesses?
- Is there anything else you would care to add?

Thanks again for your time, and good luck with your business. - *If necessary, provide assurance that the interviewee will not be contacted again in the near future for other CSBFA surveys.*

abc Country Restaurant Nanaimo (Dwayne Carter Enterprises Ltd.)

When Dwayne and Danya Carter visited an **abc Country Restaurant**, they so enjoyed the tasty and affordable food and the friendly atmosphere that they moved to scenic Nanaimo, British Columbia in order to open their own franchise of the popular chain. With a CSBFA loan, the Carters bought grills, ovens, tables, chairs and carpets in order to ready the establishment for its grand opening in May 2000. The couple work long hours in the seven-days-a-week operation, but 14,000 satisfied customers a month make it all seem worthwhile.

Advanced Controls and Engineering (1314744 Ontario Inc.)

In just three years, **Advanced Controls and Engineering** has evolved from a tiny, two-man computer programming service, operating out of a residential garage, into a \$4-million-a-year producer of automated machines for car-parts manufacturers. A key spark for the expansion came when the Chatham, Ont. company used a CSBFA loan to finance a major equipment purchase. And the wheels of success keep turning, thanks to the energy, enterprise and technical know-how of owner Sante DiDonato and his team.

Allgard Security Services (596130 B.C. Ltd.)

William Richard (Dick) Lee is a retired RCMP officer who parlayed his investigative and security skills into a thriving business. **Allgard Security Services**, based in Trail, B.C., offers a range of products and services, from alarm systems and private investigations to professional security and protection at buildings and events. With a CSBFA loan, Allgard was able to buy new computers and software, which enable the company to keep up with the evolving demands of crime prevention and safety.

Barewood Furniture and Craftware Ltd.

In Thunder Bay, Ont., a CSBFA loan helped Alberta Davis, the owner of **Barewood Furniture and Craftware Ltd.**, open a second store, called FOR THE HOME. Barewood sells unfinished furniture,

while FOR THE HOME is geared toward high-end home decorating needs. Although the two shops differ in style and inventory, both are proving to be immensely popular in a community searching for new sources for fine furnishings and accessories.

Beck's Bakery

Beck's Bakery, Delicatessen and Café brings a slice of Europe to the grateful townspeople of Pembroke, Ont. German immigrants Erwin and Theresia Beck opened a small bakery 17 years ago. Recently, to accommodate the shop's rising popularity, the Becks used a CSBFA loan to finance a major renovation and expansion of their business. The success of the remodelled operation surpassed even the most optimistic predictions, more than doubling the anticipated gain in sales.

Capital Kids Sports Center Ltd.

The lucky youngsters of Regina now have a modern, well-equipped place to leap, flip and soar under the watchful eye of nationally certified gymnastics instructors. Veteran coaches Tom and Diane Deslippe used a CSBFA loan to convert a former warehouse into the gleaming **Capital Kids Sports Centre**, a private gymnastics facility, which opened in August 2000. With hundreds of dedicated gymnastics students, including some Olympic-level talent, the future for Capital Kids is paved with gold.

DC Automotive (Tad Holdings Ltd.)

Svenn Tergesen has transformed his childhood passion for cars into a thriving business venture. The former drag car racer used a CSBFA loan to help finance the expansion of his high-performance auto parts shop into a five-bay, full-service repair shop in Winnipeg. The move has fuelled such an impressive growth in revenues, **DC Automotive** is revving up for possible further expansion.

Edward C. Turnbull

The life of a fisherman is never easy, and in spite of increasingly hard times in the east-coast fishery, **Edward C. Turnbull** has been able to make a living hauling in crab off the coast of Newfoundland. His

success is the result of hard work, perseverance, and a seaworthy ocean-going vessel he purchased with the help of a CSBFA loan. Dubbed the *Millennium Star*, the 10-metre-long boat has allowed Mr. Turnbull to stay in his Labrador village and carry on the long and honoured tradition of his forefathers.

Foster's Fire and Safety

Donald and Glenda Foster once serviced fire extinguishers from their renovated home garage. Today, thanks to a CSBFA loan, the enterprising Nova Scotia couple has converted a former flower shop into a spacious service and retail centre that offers one-stop shopping for a vast array of fire and safety equipment, from axes and eye shields to respirators and Canadian-designed traffic control signs and flags. With business up 30 per cent, **Foster's Fire and Safety** has found surefire success in helping keep the world a safer place.

Kathleen's Celtic Konnection Ltd.

Kathleen's Celtic Konnection brings the flavours of the United Kingdom to Windsor, Ont., in the shape of bangers and meat pies, Cornish pasties and crisps. The shop, boasting more than 1,000 different products, is owned by Kathleen Storey, who was raised on such Old-World fare by her Scottish and Irish parents. A CSBFA loan allowed Ms. Storey to convert an empty store shell into a realistic replica of the quaint, Tudor-style shops that lined English village squares. In just one year in business, Kathleen's Celtic Konnection has tickled the taste buds of thousands of customers – tourists and locals alike.

Lobster on the Wharf (MacKinnon's Lobster Pound Inc.)

The dot.com mania isn't cooling for Jim and Helen Larkin, who are proving the Internet remains a powerful tool to help small businesses hook new opportunities. With the help of a CSBFA loan, the Prince Edward Island couple took **Lobster on the Wharf**, Charlottetown's largest seafood restaurant and market, on-line in the summer of 2001. Today, visitors to the site can reserve a table at the restaurant, or stay home and order live lobster feasts delivered direct to their door. Either way, the new Web site is helping the Larkins bring their signature treats from "the cold blue Atlantic waters" to a growing number of appreciative seafood lovers.

Midwestern School of Business and Technology Inc.

Midwestern School of Business & Technology is a private vocational school in Winnipeg that specializes in information technology training. Partnering with high-tech companies and other institutions, Midwestern helps students make the transition to a technology-dominated world. Ken Penner, a former high school teacher who founded Midwestern in 1993, has used a series of CSBFA loans to modify and equip the school with the latest in computer hardware and networking capabilities. With 85 percent of Midwestern graduates landing careers within six months, the success of the school is reflected in the students.

The Montreal Family Centre (3681793 Canada Inc.)

The Montreal Family Centre counsels divorcing couples on ways to help their children through a transition that can be very traumatic. A CSBFA loan allowed therapists Marla Yanofsky and Vikki Stark to open a downtown office and begin offering a badly needed service to the community. And the community has responded – with a steady stream of clients for the centre and frequent invitations to the therapists to share their insights at workshops, schools and through the media.

Reena Campbell Promotional Marketing Ltd.

When a Saskatchewan Roughriders fan buys a new cap or key chain with the team logo, chances are **Reena Campbell Promotional Marketing Ltd.** was involved in the production. The Regina company, established by proprietor Reena Campbell in 1992, is now a leading vendor of some two million Canadian and imported promotional items, and has earned top honours from the industry association for promotional products manufacturers. Thanks to a CSBFA loan, the company has moved into spacious and elegant new quarters, and purchased the equipment necessary to promote ever greater success.

Safe+Sound Manufacturing Inc.

Safe+Sound Manufacturing Inc., which began as a kitchen-table operation in Bowmanville, Ont.,

used a CSBFA loan to develop into a highly successful manufacturer of brightly coloured reflective vests, jackets and other apparel for outdoor workers. Co-owned by Ken and Francine Nesbitt, Safe+Sound uses the latest in flame-resistant and fluorescent fabrics to ensure the safety and visibility of workers by day and night. It's clear that customers are satisfied, because even without a sales force or marketing strategy, business has doubled every year.

Simtech CNC Consultants Inc.

Simtech CNC Consultants Inc. started, as the name suggests, as Luc Simoneau's one-man consulting service in the highly technical field of computer numerical control (CNC) for industrial machine tools. But in just five years, the Sherbrooke, Que. mechanical engineer has taken his business to new heights, using a CSBFA loan to expand Simtech's office space to accommodate the growth. Today, the enterprise sells, installs and services sophisticated software for industrial manufacturing processes, and has become Quebec's first authorized vendor for a leading high-powered CNC router machine.

Tchou Tchou et ses Amis (9016-8519 Québec Inc.)

Tchou Tchou et ses Amis began with a toy choo-choo train ride and, thanks to the CSBFA lending program, has expanded into an award-winning, million-dollar children's entertainment business. Based in Laval, Que., Tchou Tchou rents out games, rides and activities for children's parties, fairs and corporate functions, and supplies the clowns, snacks and other entertainment essentials to suit any budget. With more expansion plans in the works, Lynda Bouvier, the creator and owner of the colourful enterprise, just keeps on rolling down the track to success.

Technomedia Inc.

Nothing is more conducive to the creative flow than a good work environment. Thanks to a CSBFA loan, the owners of **Technomedia Inc.** were able to move their successful graphics design team into a beautiful heritage property close to the scenic Charlottetown, PEI waterfront. The new building is lending new energy to a visual communications team at the forefront of today's information age.

True North Safaris Ltd.

In the land of the midnight sun, **True North Safaris Ltd.** offers big-game hunters and sports fishermen a chance to test themselves against nature and the elements. The Yellowknife-based outfitter, owned since 1983 by Gary Jaeb and his family, takes sportsmen on professionally guided adventures across the breathtakingly rugged barren lands of central Northwest Territories. Because the success of each expedition hinges on the safety of the clients, True North Safaris uses CSBFA loans to ensure boats, motors and other crucial equipment is entirely dependable, even in the most challenging weather conditions.

Tunnels of Moose Jaw (Nujazz Management Ltd.)

The award-winning **Tunnels of Moose Jaw** is bringing the Saskatchewan city's hidden history to life. Thanks to the assistance of a CSBFA loan, the theatrical and interactive tourist attraction guides more than 100,000 enthusiastic visitors a year through myriad tunnels and basements under downtown Moose Jaw. One tour recreates the bootlegging underworld of the Roaring Twenties, while a second explores the plight of the prairie city's Chinese community at the turn of the century. The superb sets and state-of-the-art special effects have helped turn the tunnels into one of Canada's premiere tourist attractions.

Via Vai Restaurant Inc.

In the tough, highly competitive food service industry, Edmonton's **Via Vai Restaurant** has the recipe for success. With help from the CSBFA lending program, the elegant, Italian-style dining establishment in Edmonton is thriving, in spite of some personal and financial obstacles faced by its owner, Flora Corazza. Now, as Ms. Corazza explores a better location for the restaurant, the award-winning Via Vai is poised to please even more diners with a taste for something better.

Village Pastry Shop 2000 (511885 N.B. Inc.)

The aroma of freshly baked bread, pastries and local delicacies like fish cakes wafts from the **Village Pastry Shop** in Moncton, N.B. as owner, baker, and chief deliveryman Steve Wood oversees the round-the-clock operation. In 2000, a CSBFA loan allowed Mr. Wood, then an employee of the

bakery, to purchase the operation from his ailing boss. Apart from preserving the staff of six, the takeover of the Village Pastry Shop ensured the continued survival of a much-loved, 43-year-old fixture in the downtown business community.

The ABC's of Success

Nanaimo couple cook up franchise dream in popular family restaurant

Dwayne Carter began his career in the restaurant business as a high school grill cook flipping burgers at McDonald's. Today, he is the co-owner of a successful franchise restaurant in one of Canada's fastest growing restaurant chains.

Mr. Carter and his wife, Danya, own *abc* Country Restaurant in Nanaimo, B.C, a friendly and casual establishment whose signature barbecue dishes and generous portions attract a loyal clientele, from young couples to busy dual-career families.

The days are long, the pressure is intense and the Carters are lucky if they manage to steal two days a month away together. But their appetite for new challenges is insatiable: Less than two years after opening their first restaurant, plans are underway for a second. "We just want to keep expanding," the 30-year-old Mr. Carter says.

The young couple opened their restaurant in May 2000. After 12 years with McDonald's, where he worked his way up to supervisor of six restaurants in the Fraser Valley, Mr. Carter was determined to get his own franchise. "But McDonald's is so established that franchises are a lot harder to get."

The Carters had always enjoyed the affordable food and casual atmosphere at their local *abc* Country Restaurant, and decided to take a serious look at the chain. "I saw how the company was changing and succeeding. I thought it would be nice to get into a company that's growing."

The Surrey-based corporation, which began in 1972 with a tiny, family-run restaurant in B.C.'s Kootenay region, now boasts 37 restaurants with more than 2,500 employees across Alberta and B.C. Each franchise owner pays a franchise fee. Once the restaurant opens, the franchisee pays monthly royalty payments.

"We approached the franchiser and we said, 'We don't care where we go, we want the next location,'" Mr. Carter said. The couple was living in Maple Ridge at the time, where Mrs. Carter was working as a dental assistant. "Nanaimo was the next location they had, so we took it."

With \$250,000 of their own equity in hand, the Carters approached their banker for additional financing in the spring of 2000. He proposed a loan backed by the Government of Canada under the *Canada Small Business Financing Act*.

"We had no idea about the program when we approached our bank manager," Mr. Carter recalls. But the details sounded good, and the couple seized the opportunity. "I remarked to my wife afterwards that it was easier to get the loan than it was to get a credit card!"

Their \$224,000-CSBFA loan went toward leasehold improvements such as grills, ovens, tables, chairs, carpets – "basically all the interior stuff," Mr. Carter says.

Today, the Carters employ a staff of 40, 25 of whom are full-time. The business operates seven days a week. Some 14,000 customers are served every month, “and we continue to see growth.”

Not surprisingly, the Carters’ workday typically runs “8 to 8.” After a series of “cleanliness checks,” Mrs. Carter selects the lunch and dinner specials, then works with the servers, setting their day plans and daily sales targets. Mr. Carter spends the morning meticulously checking the coolers and freezers, making certain food is properly packaged, labeled and within its expiry date. From the moment the lunch crowd hits, he’s in the kitchen with the cooks, “plating” the food to make certain every dish looks perfect before it leaves the kitchen.

“Yes, the hours are long and we don’t usually get days off, but it’s more self-imposed than anything,” notes Mr. Carter, who is also an active community volunteer. Besides, he says, “the ocean’s only two minutes away.”

Dwayne Carter Enterprises Ltd. – *abc* Country Restaurant

Nanaimo, B.C.

(250) 390-4064

Engineering Success

Southern Ontario company makes big inroads in automobile manufacturing industry

Advanced Controls and Engineering is a \$4 million-a-year company that sells automated production equipment to car parts giants like Magna International and Johnson Control. A scant three years ago, it was a tiny two-man shop, operating out of a garage in Chatham, Ont.

“We slowly progressed over the three years,” says company president Sante DiDonato in a classic case of understatement.

Working with a line of credit against their electronic tools, he and partner Dennis Garlough formed the company in 1998. Their main offering was programming services for the automated equipment used in manufacturing. At the time, the company’s own manufacturing operations were limited to building electrical cabinets to house the “brains” of the specialized machines.

Their own brains and talent fuelled A.C.E.’s explosive growth once they moved out of Mr. DiDonato’s garage. “Once we had a building to work out of, we were able to actually get into manufacturing.”

Today, A.C.E. is a leading specialist in PLC (programmable logic controller) controls and automation. Their products are key components of industrial manufacturing machines and processes, from manipulators, turntables and trim presses to loading and unloading systems, high-speed transfer equipment and conveyor systems. Aside from manufacturing, A.C.E. also offers a variety of services, such as engineering, project management, installation and training.

“We basically design and build automated equipment,” says Mr. DiDonato, an electronic technologist.

For example, A.C.E. builds a machine that grasps a car door in an automotive assembly line and loads it onto a turntable. The machine turns the door panel toward a robot, which sprays polyurethane foam insulation into the interior, then sends the door on to the next step of the manufacturing process. Similar machines are used in the production of dashboards and instrument panels.

The capacity of A.C.E. to supply customer demand for such automated equipment was greatly enhanced when the company added a key piece of machinery, called a CNC (computer numerical control) gas plasma burning table, to its shopfloor.

“We wanted to purchase extra equipment that would save us from out-sourcing certain parts of the manufacturing process,” Mr. DiDonato explains.

On the recommendation of the firm’s banker, A.C.E. obtained a \$46,376-loan under the *Canada Small Business Financing Act* to buy the burning table, a black, yellow and silver machine that occupies an area of seven by 13 metres.

The burning table works on the same principle as an acetylene blow torch, only it’s a lot quieter, more accurate, and powerful enough to cut through a plate of steel 15 centimetres thick.

The process begins with a computer-aided design (CAD) drawing of a piece of metal that A.C.E. needs to produce in order to build a particular piece of equipment. The burning table converts the programmed design into co-ordinates that it feeds into a cutting device. The co-ordinates generate a pattern of the required part, and direct the gas plasma torch tip to cut through a steel plate along the

specified outlines. The part is then assembled into a machine that is sold to industrial customers such as car-parts manufacturers.

Mr. DiDonato and his associates applied their considerable ingenuity to keep the burning table affordable. “We built a lot of it in-house with used parts, except for the (computerized) controller, which was new,” he says. In this way, A.C.E. was able to save about half the cost of an entirely new machine, which typically ranges in price from \$100,000 to \$150,000.

Mr. DiDonato has never calculated how much the addition of the CNC machine contributed to his company’s growth. “It will only generate money as good as the people working it,” he observes. “For example, you have to be able to set up the gas properly. Like for any equipment, you have to know what you’re doing.”

But he acknowledges it brought substantial savings in money and time. “If we out-source the production, each part can cost a couple of hundred dollars. We can now do it in-house for about a quarter of that price.” And mistakes can be costly. “If you out-source and the piece comes back wrong, you’re in trouble, whereas we just go back and cut it again, no problem.”

What’s more, with 90 percent of A.C.E.’s business in the United States, the machine has greatly sped up product delivery. “We don’t have to wait four to six weeks (during busy times) for a part to be cut. We just go to the floor and cut it ourselves on the same day we need it.”

The acquisition of the machine led A.C.E. to hire and train two more people. One operates the equipment and the other is kept busy fabricating and welding together the steel pieces produced by the machine.

While A.C.E.’s business was affected by the recent slowdown in the automotive industry, there’s every indication that things are about to reverse. Indeed, at the time of his interview, Mr. DiDonato was gearing up to land a record-setting contract for the dynamic young company.

“For the last three years, it’s been me and my partner working 60 to 80 hours a week,” a weary but optimistic Mr. DiDonato says.

Advanced Controls and Engineering

Chatham, Ontario

(519) 380-0999

www.acecan.com

Secure Venture

CSBFA loan helps private investigator uncover new business opportunities

At a time when most men his age are working on their short game or dreaming of a cruise on the high seas, William Richard (Dick) Lee's business life is just getting started.

Mr. Lee, 65, is the sole owner of Allgard Security Services, a thriving security company based in Trail, a small community in the West Kootenay region of British Columbia near the Canada-U.S. border. The company has a second office in nearby Cranbrook.

Mr. Lee, a retired RCMP officer who joined Allgard as a private investigator in 1988, took over the company in 1999 when the previous owner retired. "I felt capable and able, and I had put a lot into the company. And I saw a lot of potential."

Today, Allgard offers a wide range of security and investigative services. The company sells, installs, monitors, services and responds to alarm systems for homes, businesses and industry. "We install intrusion alarms, personal alarms, medical alarms. Whatever the customer needs, we build it for them. Our technicians are pretty innovative."

His mobile and on-site security guards provide protection for hospitals, shopping malls, businesses and sports complexes, while his team of PIs, including other ex-RCMP officers, investigate civil liability cases and insurance claims and fraud. Clients include the provincial Workers' Compensation Board, which hires the investigators to prove or disprove injury claims.

"It isn't necessarily always 'no'," Mr. Lee says. "We just do what we're asked to do. All of our investigations are civil matters before civil courts. If we notice anything criminal, we turn it over to the police."

When Mr. Lee bought the company, his first move was to completely upgrade the computer system. He turned to his credit union, which arranged a federal government-backed loan under the *Canada Small Business Financing Act*.

He used his \$38,285-loan to purchase new computers, including laptops for his technicians, and to upgrade the central alarm monitoring station in Trail. A major cost was the sophisticated software for programming alarm panels and tracking activity in secure zones.

"You can have some places. . .where you have eight different security zones, and each one dictates who can and can't enter," Mr. Lee explains. "The computer allows us to call up each zone or partition and get an extensive history of what's been going on."

The laptops have become a tool his technicians can no longer do without. "It's like telling a carpenter to go to a job without a hammer, or a cook to go into the kitchen without a stove," Mr. Lee says. "Instead of having a bunch of paper files, they can go into a place where they know the master codes, plug them in and they can do a service right on the spot."

Allgard's enhanced computer system has been a huge boon to the company's bottom line. "We're able to handle jobs that once we could never have even dreamed of doing," Mr. Lee notes. For example, the company now handles security for two local colleges, including Selkirk College in Trail. In addition,

he recently bought out a competitor in Cranbrook.

Mr. Lee says the interest rate for his CSBFA loan was reasonable and that the application process was surprisingly smooth. “There were a lot of questions, and we had to make some changes here and there. But basically there was no problem at all.”

His staff, mostly part-time and contract workers, has doubled, from just under 30 when he purchased the company two years ago to more than 60 today. Business has increased 20 per cent annually over the past two years, and he expects revenues to reach \$1.15 million this year.

Mr. Lee knows that, in the highly competitive private security industry, success depends on his well trained and versatile staff. His security guards have all completed two- to three-month training courses and undergo regular skills upgrading. As a result, they can handle everything from crowd control at hockey games to securing wildfire scenes in the rugged forests of British Columbia.

“They not only look after the personnel in a given area, but they guard the helicopters and all the equipment. Their job is to make sure the firefighters and the sleeping areas are all looked after while these guys are out there fighting the forest fires.”

In the past, whenever the security side of the enterprise slowed, the private investigation side picked up. But Mr. Lee is expecting that, in these insecure times, his overall business will only grow.

Fortunately, he’s no more ready to retire from his own business today than he was 21 years ago, when he left the RCMP after 25 years of dedicated service.

“I’ve got a few more aches and pains and I have to do a few more stretches and exercises just to get myself mobile,” he concedes. “But that’s age. I’m looking forward to a great year.”

593130 B.C. Ltd.

Allgard Security Services

Trail, B.C.

(250) 364-2253

Unfinished Business

Thunder Bay company expands from bare wood furniture to upscale home decor

While the 1998 closure of Eaton's Thunder Bay store left a big gap in northern Ontario's home furnishings market, it created an exciting business opportunity for one local entrepreneur.

For the previous two years, Alberta Davis had been expanding the product range offered by her first store, Barewood Furniture and Craftware Ltd., which she had established as a sole proprietorship in 1993.

"I'd been exploring increasing my stock from more than just unfinished solid wood furniture," Ms. Davis recalls. "I was getting into area rugs, upholstery, accessories, that kind of thing."

But as she moved to meet the city's growing appetite for upscale home decor, made even more acute by the closure of a major department store, Ms. Davis recognized that her 2,000-square-foot store wasn't adequate for this sophisticated market.

In the spring of 2000, her banker suggested a solution: A loan, backed by the Government of Canada under the *Canada Small Business Financing Act*, that would enable her to open a second store at another location.

"The timing was right for the market and for the city, although it was probably a year or two too early for me personally," Ms. Davis says now. "I would have liked to have gotten on a more secure financial footing first."

By the time Ms. Davis applied for the loan, she had encountered a cash flow problem resulting from a gradual doubling of her inventory. "The loan really increased my borrowing power," she says. "Banks won't finance inventory and you can't use inventory as security on a loan, so I had to reinvest all my own earnings for the expansion."

"Considering how skittish the banks are these days, I probably wouldn't have been able to borrow from the bank any other way."

With the \$30,000-CSBFA loan in hand, however, Davis was able to remodel and equip a 7,400-square-foot space, with 5,000 square feet of showroom area, in a strip mall conveniently located in Thunder Bay's main retail zone. The money went to a range of leasehold improvements, including the installation of a sales counter, lighting and dividing walls, and the purchase of a computer.

The result was FOR THE HOME, an attractive and cosmopolitan shop offering fine furnishings and rugs, lighting, china, florals and a gift registry.

"It's a totally different concept from Barewood," Ms. Davis says, noting that her first store has since reverted back to its origins in unfinished furniture and other solid wood products such as shelves, rocking chairs and hobby horses.

While Barewood's location in a former auto repair garage has a certain funky cachet, FOR THE HOME is the image of elegance. "It's very polished. You walk into it and go, 'Wow!'"

The two stores together now gross more than \$1 million a year, a measure of their popularity in the community.

“People say to us: ‘We’re really glad you’re here because this way we don’t have to go all the way to Toronto to do our shopping.’”

But Ms. Davis notes there are other benefits to the community as well. For instance, by putting to use a substantial area of vacant commercial space, FOR THE HOME is contributing to the municipal tax base.

By opening the second location, Ms. Davis has also doubled her workforce. Where Barewood alone had one part-time and three full-time employees in management, sales and custom furniture finishing, the two stores now have a range of positions, including decorating specialists, sales people and a deliveryman, who collectively occupy seven full-time jobs.

Ms. Davis foresees still more growth in the months ahead. “Right now we have twice the sales volume that we used to have with just Barewood. Since the new store is 2½ times as big, we should be doing 2½ times the volume; we’re not doing that yet, but the store is quite new. I do anticipate we will be there in less than a year.”

In fact, Ms. Davis is now preparing to apply for another CSBFA loan, this time to buy a truck for the two enterprises.

Heady times for a woman whose background was not in business but in nursing and municipal planning. “Before opening my first store, my entire retail experience was working part-time at a K-Mart after high school,” she laughs.

Barewood Furniture and Craftware Ltd.

Thunder Bay, Ont.

(807) 622-3332

FOR THE HOME

Thunder Bay, Ont.

(807) 622-2550

Profits Rising

Pembroke bakeshop brings taste of Europe to Ottawa Valley

The gleaming display cases in Erwin Beck's bakeshop and delicatessen are filled with hearty multi-grain breads, German buns, strudels, cold cuts and select cheeses.

For 17 years, Mr. Beck has been bringing a slice of European baking to Pembroke, a bustling community of 14,700 along the Ottawa River in the heart of the Ottawa Valley.

Mr. Beck and his family immigrated to Canada 17 years ago from Würzburg in Northern Bavaria, where he owned a bakery that employed more than 25 people. He knew from experience that the secret to success lies in expansion and "doing different things."

So in the spring of 2000, he approached his bank about financing a renovation to his small Isabella Street bakeshop. His banker suggested he apply for a loan backed by the Government of Canada under the *Canada Small Business Financing Act*.

"I used some of my own personal credit line. But I estimated the whole cost and I needed so much money to go ahead with the renovation," says Mr. Beck, who runs the bakeshop with his wife, Theresia. "When I went to the bank, they said we could take a government loan." He was attracted by the low interest rate and the fact that the bank "took care of everything for me."

With the \$100,000-loan secured, Mr. Beck launched a major renovation. He took out two walls and expanded into an adjacent vacant commercial space. He remodelled the walls, installed new showcases and air conditioning, refaced the outside wall and added a 36-seat café. The CSBFA loan was not his only source of financing, but it did account for 40 percent of the total cost of the renovation.

Three new employees – one full-time baker and two part-time staff – were hired as a result of the expansion. Today, Beck's Bakery, Delicatessen and Café employs a staff of nine, including Mr. Beck's son, Andreas.

"I knew if you renovated, the increase in sales would be there, but it was actually more than I expected." He anticipated sales would increase perhaps by 10 to 15 percent. In fact, sales have soared an enviable 25 to 35 percent.

Mr. Beck says he would recommend the small business loans program as a useful financing tool for other entrepreneurs.

"You can pay it off earlier if you want to, anytime. My personal line of credit is at lower interest now, so I'm paying off the government loan first."

Life as a bakery owner means setting the alarm for four in the morning, six days a week, and often not returning home until after six o'clock at night. Indeed, Mr. Beck can barely pause for a telephone call. "Is this a good time? There's never a good time!"

Despite the 12- to 14-hour days, however, it is a life he enjoys. He delights in having introduced many of his long-time customers – die-hard white-bread eaters – to organic grain breads and rolls. "Since we've been here, we've changed some of the Canadian people's habits."

And the residents of Pembroke are thanking him for it as they tuck into their butter-cream cakes,

Danish pastries and dark rye breads.

Beck's Bakery, Delicatessen and Café

Pembroke, Ontario

(613) 732-2421

Reaching for Gold

Regina couple shapes star gymnasts of tomorrow

Tom Deslippe, a nationally certified gymnastics instructor who has been producing medal-winning athletes for more than 15 years, is reaching for gold with a successful new gymnastics club in north-end Regina.

Mr. Deslippe and his wife, Diane, opened Capital Kids Sports Center in August 2000, with the help of a business loan backed by the Government of Canada. Within a year, the 7,300-square-foot club, located in a converted furniture warehouse, has become one of the city's premiere gymnastics training facilities.

The centre offers a variety of programs that cater to all levels of skill and ability, from weekend recreational programs for young children to competitive programs for local, provincial and national-level athletes. "We have two high-performance athletes," Mr. Deslippe says. "One of them we're trying to get ready for the next Olympics."

Apart from the gratification that comes through helping enthusiastic young athletes succeed, the Deslippes are thriving on the personal freedom to make their own business decisions.

With more than 50 years of coaching experience between them, the couple had been managing local non-profit gymnastics facilities since the mid-1980s. But Mr. Deslippe says coaches in those situations lack vital decision-making authority.

"When you're coaching, you effectively run the business: you hire the coaches and create the programs. But when it comes to decision-making, you have to go to board meetings, and that sometimes takes months. The people on the boards are volunteers; they don't always come and they change from year to year."

Personality conflicts can add to the problems. "But if it's your own place, it's hard to lose your job!"

Once they had decided to strike out on their own, however, the Deslippes still had to vault over a few obstacles on the path to success. For instance, despite a solid business plan, they quickly discovered that banks were uneasy about backing a private gym club. Several banks turned down their loan requests.

"It was frustrating having to go from bank to bank," Mr. Deslippe recalls. "The amount of money we were asking for wasn't overly excessive. But...the banks felt the risk was fairly high. Plus not having a huge lot of collateral, other than our house, made it difficult."

Eventually, one banker proposed a government-backed loan under the *Canada Small Business Financing Act*. They succeeded in borrowing \$44,195 under the program, using the money to convert one-third of an old warehouse on the edge of Regina's downtown core into a modern gym facility. They constructed a viewing area, change rooms, offices and a safety pit, and purchased floor-exercise mats, uneven and parallel bars, balance beams, vaulting horses, trampolines and other top-line equipment.

And while the loan enabled the couple to realize their dream, the entrepreneurs experienced some early difficulties, including the cash-flow crunch that came from the bank's requirement that they complete the

equipment purchases in advance of receiving the loan.

“If we had been able to say, ‘This is what we need, this is how much it costs’ and have it covered completely, we would have been in a lot better shape at the beginning,” Mr. Deslippe acknowledges. “We could have put more into promotions, and little but important things, like a better sign, better entranceway, better lighting.”

Still, the Deslippes say they “couldn’t have done it” without the CSBFA loan. Indeed, their opening roster of 10 students has ballooned to more than 300, “and we continue to grow.” In addition to regular 12-week programs, the wheelchair-accessible club offers birthday parties, programs for schools and daycares, and a program for special-needs children.

Mr. Deslippe says their goal is to provide children with an enriching experience that not only hones their athletic ability, but improves their overall self-confidence and self-esteem.

“They learn how to be mindful of how they speak, and how to portray themselves. The children come out of the programs confident, positive and directed, and good at goal setting.”

It is clear the students are a reflection of the Deslippes’ own determination, and winning ways.

Capital Kids Sports Center Ltd.

Regina, Saskatchewan

(306) 546-5770

Revvng Up Profits

Former Winnipeg drag racer burns up the track to business success

As a former star on the North American drag racing circuit, Svenn Tergesen has lived life in the fast lane. Today, thanks to some high-octane business savvy and a Government of Canada-backed business loan, he's more intent on the bottom line than the finish line.

And the bottom line just keeps getting better.

Mr. Tergesen is the sole owner of DC Automotive, a five-bay service centre in Winnipeg that also sells a wide range of high-performance automotive parts. The company's growth has been so powerful that Mr. Tergesen is already considering opening a second shop.

A native of Gimli, Manitoba, a picturesque community on Lake Winnipeg's west shore that was first settled by Icelandic immigrants in 1895, Mr. Tergesen grew up with a love of cars and grease on his hands. He started working in his uncle's car dealership when he was just 12 years old. "I started off cleaning up the cars," he recalls.

By the time he was 16, he was running his uncle's body shop. After graduating from high school, he moved to Winnipeg and took a job with Drag City Performance, selling high-performance auto parts. At the same time, he was racing his alcohol-fuelled dragster in competitions throughout the United States, including Colorado, Texas, California and Florida. He once finished third in the world.

But in 1990, Mr. Tergesen pulled into the pit for good when he bought Drag City Performance. "I decided to stop racing and devote myself to business full-time so I could make some real money."

Renaming the business DC Automotive, Mr. Tergesen continued to sell top-line auto parts, from shock absorbers and mufflers to custom wheels, manifolds, grills and exhaust systems. All parts are supplied by Mopac Auto Supply, a Canadian company with offices in Vancouver, Surrey and Calgary. "I always buy Canadian," Mr. Tergesen says. "I just believe in it."

But at the same time, Mr. Tergesen was gearing up to expand the shop into a full-service auto repair centre. In order to raise the necessary cash, his financial planner suggested he apply for a loan under the *Canada Small Business Financing Act* and, in the spring of 2000, he obtained a \$54,000-loan under the innovative program.

The loan was used by Mr. Tergesen to cover most of the cost of crucial equipment such as hoists, compressors, front-end alignment machines, brake lathes, computers and scanners.

Today, business is "phenomenal," Mr. Tergesen reports. "We're up 30 percent over last year." Indeed, he recently signed two large contracts to service vehicles for an extermination business and a local livestock feed company. Each enterprise has a fleet of 75 vehicles.

DC Automotive employs seven full-time staff: a bookkeeper, a salesperson and five mechanics. Business is so encouraging, Mr. Tergesen is contemplating opening a second shop, possibly a truck shop.

No doubt if he does, he'll keep driving in the profits on his fast track to entrepreneurial success.

Tad Holdings Ltd.
DC Automotive
Winnipeg, Manitoba
(204) 233-4117

Sea Life

Loan helps fisherman adjust to changes in the Atlantic fishery

As the last lights are being switched off in the tiny Labrador village of Charlottetown, Edward Turnbull is loading his gear into the *Millennium Star* and preparing to steam out into the night.

Fishing is in Mr. Turnbull's blood. "My father was a fisherman, so was my grandfather. It's the only life I've known."

For 25 years, Mr. Turnbull and his father fished cod and salmon, often in inshore boats he built himself. But with the collapse of the cod fishery nine years ago, followed soon after by the closure of the salmon fishery, Mr. Turnbull faced a difficult choice: "Either get out of the fishery altogether, or go offshore."

Mr. Turnbull, a man who has been fishing "since I was old enough to get into a boat", chose one of the hardest jobs in the industry. He became a crab fisherman.

In the spring of 2000, the first bank he approached about a loan for an ocean-going vessel "just turned me down flat." He tried a second bank, which encouraged him to apply for a government-backed loan under the *Canada Small Business Financing Act*. "It was no problem at all," he discovered. "I was satisfied with the deal I got there."

That July, Mr. Turnbull used his \$110,670-CSBFA loan to purchase *Millennium Star*, a 10-metre-long, three-metre-wide crab boat that is burgundy in colour with a white cabin.

Like the other local crab fishermen, Mr. Turnbull and his two-man crew leave the port of Charlottetown, an isolated community of just over 300 on the southeast coast of Labrador, around midnight. They steam out some 100 kilometres into the Atlantic fishing grounds in a journey that takes between eight and 10 hours. "We leave at night so that we have all daylight to work in."

Crabs are caught in round traps, called pots, that are about one-and-a-half metres in diameter and weigh about 12 kilograms each. Mr. Turnbull has 200 crab pots distributed in "fleets" of 50, with several kilometres between each fleet.

"Most of the pots are in the same area. If it's good fishing, if the weather is good, we stay out for a couple of days, and then travel back to port on the third day."

The crab are brought back to shore live, then packaged in brine and shipped to the fish plant in St. Louis, Labrador.

The season usually runs from the first of June until mid-October, depending on how soon each fisherman reaches his quota. Mr. Turnbull can usually haul in between 1,800 and 2,300 kilograms of crab per trip.

"If you get your crab within a month, your season is over. There's nothing else to fish since the cod went. The few scallops in the bay are pretty much fished out."

Mr. Turnbull earned \$1.74 per pound of crab this year, down from about \$2.25 the previous season. "It's tough," he admits. "I don't know how we'll make it if they cut the crab quota again or the price of crab drops. It wouldn't be very good for us small-boat guys."

Even so, after his second summer on the boat, Mr. Turnbull says he is earning enough to make the payments on the loan and cover the expenses of running the ship. Had he not been able to buy the *Millennium Star*, the a 41-year-old father of one says he would have had to look for a labour job or a “make-work program” to make ends meet.

Just as important, his ownership of the boat has allowed Mr. Turnbull to remain in the only community he has ever known – the kind of community, where, in 1975, the local villagers donated manpower and materials to build a medical clinic.

“I’ve got a home and house and sheds here,” Mr. Turnbull says. It would be hard to leave.”

And, in the end, he likes the life of the fisherman. “I just like to get out to the seas. I was born into it. You just get so used to something.”

Edward C. Turnbull

Charlottetown, Labrador

(709) 949-0284

Surefire Move

Nova Scotia couple lights the way in fire safety business

Nineteen years ago, Donald and Glenda Foster were selling and servicing fire extinguishers from a cramped, converted garage next to their home in Grafton, Nova Scotia. Today, thanks to the assistance of a \$12,823.00-loan backed by the Government of Canada, the Fosters have transformed their small business into a flourishing retail and service enterprise dedicated to keeping people safe.

This ambitious duo with business-savvy duo still sell the same high-quality, Canadian-made portable fire extinguishers for homes and businesses upon which their company was founded. But Foster's Fire and Safety now offers their growing clientele a one-stop source for all their fire and safety needs. The store's extensive product line includes everything from hard hats, eye shields and safety gloves to respirators, harnesses, axes and ladders.

The company's growth has been so strong since the Fosters moved into their much-expanded shop that they are already eyeing further expansion.

Mrs. Foster, a retired federal public servant, established the business with her husband, a former automotive technician, in 1983. "Way back when, back in the '80s when we started, there was a need for people to service fire extinguishers," Mrs. Foster explains. "We would go into businesses and do inspections, or people would bring their extinguishers to us. We'd recharge them and do hydrostatic tests using equipment we purchased from the United States." Hydrostatic pressure tests ensure vessels are free of flaws that could result in an explosion.

The converted garage next to their home in King's County, about 100 kilometres west of Halifax in the Annapolis Valley, could barely accommodate a service area and tiny store. But although they started small, "we just grew and grew. Eventually we knew we had to move into a bigger building."

In the spring of 2000, the partners purchased a former flower shop in nearby Cambridge for \$110,000. Originally, they believed the building, ideally situated on a main road, would require little in the way of renovations. Then they received a crash course in municipal building codes and regulations.

"The municipality said that certain standards had to be met. For example, we had to put in a wheelchair-accessible washroom. That meant tearing out the office that was already here," Mrs. Foster recalls. "Basically, we had to pretty well gut the interior."

The couple turned to their bank for a loan to finance the renovations. The borrowing process was so smooth that Mrs. Foster wasn't even aware their banker had arranged a government-backed loan under the *Canada Small Business Financing Act*. "This is news to me!", she laughed when contacted by phone. "Our bank arranged everything for us."

The Fosters renovated the flower shop, creating two new offices, a large retail space in the front and service area in the basement. They installed new lighting, new doors and shelves. The company brought on additional staff and now employs four full-time and three part-time workers.

"It's great. We have more of a store now that people can come into. Before it was just more of the service end of the business. We were just able to sell a few things."

Their safety line now includes Canadian Standards Association-approved construction hats, eye shields, hearing protection, fall protection, rain suits and welding products. In addition to a complete line of heavy-duty commercial and industrial fire extinguishers, all supplied by Ontario-based Flag Fire Equipment, the company offers custom-designed first aid kits, Saskatchewan-made Neolite safety signs, and a wide selection of traffic safety supplies, such as cones, flares, and flags.

“We’ve increased our business considerably. And we’re out on a main road now, where before we were three miles off the main road,” Mrs. Foster says.

That improved visibility, coupled with a diversified product line, has helped boost revenues by 30 percent since the Fosters opened their new location in April, 2000. “And we’re getting to the point where we’re talking about expansion again!”

Clearly, there’s no extinguishing this couple’s flair for business.

Foster’s Fire and Safety

Cambridge, N.S.

(902) 538-7214

www3.ns.sympatico.ca/thefosters

House of Windsor

Quaint shop brings the flavours of the United Kingdom to southern Ontario

Kathleen's Celtic Konnection is about as close as the people of Windsor, Ont. can get to Old World British fare without having to cross the pond.

The Tudor-style shop offers a wide selection of the kinds of foods Kathleen Storey's Scottish/Irish parents loaded her childhood dinner table with: Cornish pasties, bangers, steak and kidney pies. "I grew up with all the old recipes."

After spending three years working in the food industry for executive and cafeteria-style dining companies, Ms. Storey was anxious to go into business for herself. But she knew success meant finding "that perfect niche."

When UK department store Marks & Spencer closed its Windsor location several years ago, Ms. Storey saw a chance to turn a part of her heritage into a successful business venture. "I knew there was still going to be a big demand for (Marks & Spencer) food products," she notes. "But people were going to have to drive to Niagara to get them."

Ms. Storey didn't want to finance the project entirely from her own assets. So when she turned to her bank, they suggested a loan backed by the Government of Canada under the *Canada Small Business Financing Act*. "The loan rate sounded pretty good, and I wasn't asking for a lot of money. They gave it to me so willingly."

She applied her \$46,000-CSBFA loan to leasehold improvements, converting an empty store shell in a small shopping plaza on the outskirts of downtown Windsor into a 2,100-square foot replica of the quaint shops that line English village squares. The interior walls are stucco and dark-wood panelling; she added a storeroom, purchased a computer and desk and installed shelving for more than 1,000 different products.

After years of "working for someone else's bottom line" Ms. Storey opened Kathleen's Celtic Konnection Ltd. in August 2000. She grossed \$250,000 her first year in business.

Some of her most popular products include Cadbury Dairy Milk bars – "the kind made in England, not Canada!" she is quick to add – Batchelor's Mushy Peas, square-sliced sausage, potato scones, crisps, Heinz Baked Beans and imported jams and sweets. Her Celtic-design jewellery is also a hit with her younger clientele.

One of her biggest suppliers is John Baird Scottish Bakery in Rexdale, Ont., on which Ms. Storey relies for her fresh breads, loaves, desserts, bangers and meat pies.

Her customers include British immigrants and tourists from southern Ontario and the nearby U.S. border city of Detroit.

Ms. Storey, who has hired one part-time employee, says her experience with the CSBFA loan program

was only positive. In fact, she has recommended it to others looking to create their own small businesses.

“My experience (with the program) was very good. People were helpful, they always answered my questions and were quick to get back to me. I’ve actually told a few people to go to the government office, and I’ve given them the pamphlet to go through.”

The mother of two grown children and a seven-year-old grandchild says she’s optimistic that sales will continue to grow. And yet, she admits she’d like the business to remain much as it is, “because I don’t want to lose the ambiance.”

“Shopping here is like a little bit of ‘back home’ for our customers.” A pause. “Some say it’s even better than back home!”

Kathleen’s Celtic Konnection Ltd.

Windsor, Ont.

(519) 972-7043

Surfing for New Turf

Loan helps PEI couple take seafood business on-line

After expanding their seafood restaurant and market six times in 14 years, Jim and Helen Larkin had nowhere left to go but out – into cyberspace.

Now, thanks to a Government of Canada small business loan, the Charlottetown, Prince Edward Island couple has taken their thriving seafood enterprise on-line, delivering world famous PEI lobsters, Island Blue Mussels and Malpeque Bay oysters directly to the doors of even the most land-locked seafood lovers.

Their professionally designed, multi-page Web site (www.lobsteronthewharf.com) offers tantalizing lobster feasts that can be delivered “direct from the wharf” to most major Canadian cities within 48 hours during lobster season. The site also accepts on-line reservations for the Larkin’s stunning 140-seat seafood restaurant, located at the old ferry wharf by Charlottetown harbour.

“We felt that we really needed to be available on the Internet to people coming to PEI,” Mrs. Larkin says.

Over the years, Mrs. Larkin, a former school teacher, and her husband, a former member of the PEI legislature and retired executive director of the Tourism Industry Association of PEI, have watched their business evolve into Charlottetown’s largest seafood restaurant and market.

The meteoric rise began in 1981, when the owner of MacKinnon’s Lobster Pound Inc. mentioned to Mr. Larkin that he wanted to sell his downtown business. “It was serendipitous,” Mrs. Larkin recalls. “It was a matter of being at the right place at the right time. Jim thought it would be a good sideline for us.”

At first, the Larkins carried on MacKinnon’s signature product lines of live and cooked lobster and clams. But within a year they added mussels and scallops and soon added fresh haddock, cod and salmon fillets to their inventory.

And the little “sideline” venture kept growing. In 1986, the couple built a 40-seat seafood restaurant next to the market, right on the wharf overlooking the scenic Hillsborough River. Between 1989 and 1995, they renovated and expanded several more times.

Today, the restaurant, renamed Lobster on the Wharf, entices tourists and locals alike with dishes like Ferryman’s Chowder, lobster-stuffed potatoes and Lazyman’s Lobster Feast, while the market, which is federally licensed with the Canadian Food Inspection Agency, ships cooked and live lobster across Canada. Both businesses are open between May and October.

With the dawn of the new millennium, the Larkins, like many Canadian entrepreneurs, recognized the Internet as a useful tool for reeling in new business opportunities and stay competitive in an increasingly wired world. A consulting company hired to examine the feasibility of setting up a Web site suggested the couple apply for financing under the *Canada Small Business Financing Act*. On the basis of a

formal proposal, the Larkins obtained a \$37,834-CSBFA loan in the spring of 2000.

“It was a fairly expensive proposition to do the whole thing – to do the study, to create the Web site and make it e-commerce active,” Mrs. Larkin says. “In the end, it actually cost double (the amount of the CSBFA loan), but the loan made it much more feasible.”

The site, which went live in July 2001, was designed by Web Site Advantage, a Charlottetown-based Internet solutions company headed by Alet Pieterse, named one of Atlantic Canada’s Top-50 CEOs in both 2000 and 2001 by *Atlantic Business Magazine*.

The Web site’s “e-Market” offers live lobsters for the “action minded,” or cooked lobster for the more “ready to eat” crowd. The lobsters, sent by parcel courier, range from dinners for two for \$99 (plus taxes, shipping and handling) to feasts for four that features four lobsters, two dozen live Malpeque oysters and lobster bibs, crackers and picks for \$159. The market also accepts orders for anywhere from 10 to 140 kilograms of fresh lobster. All transactions, including credit card and personal information, are encrypted through secure server technology.

The site also invites virtual visits to the Lobster on the Wharf restaurant. Visitors can surf the mouth-watering menu, from Island Blue mussels in a Chardonnay wine broth to the Fisherman’s Platter, featuring snow crab legs, scallops, mussel and clams. The restaurant accepts on-line books for intimate tables for two to groups of 75.

The Web site also features recipes and answers to such frequently-asked-questions as, “How do I cook lobster?”, “How do I serve mussels?”, and “Why does lobster turn colour when it cooks?” (Answer: Boiling water causes lobster shells to release a reddish-orange pigment called carotenoid, also found in carrots.)

Mrs. Larkin said the Web site has been a good move, noting numerous restaurant patrons had already mentioned last summer that they located the establishment through the Internet. Even so, she predicts it will take several years before the on-line business reaches its full potential.

Still, with their track record, it’s a sure bet the Larkins will succeed in using the Net to land an ever-growing clientele of satisfied seafood lovers.

Lobster on the Wharf

Charlottetown, PEI

(902) 892-7604

From High School to High Tech

Former Winnipeg teacher builds successful IT training centre

Ken Penner taught high school for five years before switching gears and launching a new career in information technology (IT). Eventually, when he decided to start his own business in 1993, a main objective was to find a way to weave the two strands of his background together.

The result was the Midwestern School of Business & Technology, a private vocational school in Winnipeg that specializes in technology training.

The school, which operates out of an elegant stone and brick building on Notre Dame Avenue in the Manitoba capital's bustling Exchange District, offers courses in computer programming, network engineering, web management and database administration.

The school is a member of the Re-Directions Group, an association of three companies all housed in the same building. The others are RDI, a computer consulting company, and Re-Directions Training, a corporate training group.

Mr. Penner, who is also president of the Re-Directions Group, has received several loans totalling about \$300,000 under the *Canada Small Business Financing Act*. The most recent loan, for Midwestern, was for \$33,800.

"The loans really helped us. Especially when you start a vocational school, you have to equip X-number of classrooms, and buy the equipment for those classrooms. We had to do a fair bit of leasehold improvements." That included outfitting each classroom with the computer hardware needed to link each student with the instructor and the Internet.

Midwestern, which has partnered with industry leaders such as Microsoft and Oracle as well as the University of Winnipeg, can accommodate 70 to 80 students at any one time. Students include Employment Insurance recipients in need of a new career, as well as recent college and university graduates looking for training in IT to boost their career prospects.

"These are people who already have a degree in political science or international studies but may be weak in IT," Mr. Penner says. "We send them through a 12-month program. When they're back in the workforce, they likely would not become programmers or network administrators, but project managers and leaders of the future."

It was Mr. Penner's credit union that first suggested he apply for a federally guaranteed loan under the CSBFA.

"There's no question the loans help a small business getting started. They helped us to grow our business, including hiring of instructors and support staff." The school now employs about a dozen people, most of them full time.

The borrowing experience was not, however, completely angst-free.

“They (the bank officers) were pretty meticulous. You had to have a lot of documentation – detailed listings of what was being purchased and serial numbers and proof of purchase,” Mr. Penner recalls. “It took a fair bit of work to get all that paperwork in place.” Furthermore his financial institution would only reimburse once purchases were completed, to a maximum of 90 percent of the costs. “If I buy \$100,000 worth of computers, I have to buy the computers first, show proof of payment, then I get \$90,000, as opposed to saying, ‘Here’s my purchase order from the supplier, it’s \$100,000, could you kindly pay for it?’ That would be really convenient.”

Still, Mr. Penner is happy he went the CSBFA route. “Overall, I’d have to say it was very positive.”

Although Mr. Penner hasn’t stood in front of a high school classroom in more than 18 years, a visitor to his web site can still discern a touch of the former teacher. For example, baseball caps, sweat shirts and T-shirts aren’t permitted in the school’s “casual business attire” dress code. Blue jeans are allowed on Casual Fridays – but only if students make a donation to the charity of the month.

It’s all part of a strategy to shape the leaders of the future. And the strategy is proving successful: More than 85 percent of Midwestern graduates find a career within six months.

That’s a grade that would make any teacher proud.

Midwestern School of Business and Technology Inc.

Winnipeg, Manitoba

(204) 943-5661

www.midwestern.ca

Counselling Collaboration

Montreal therapists teach divorcing parents to better protect their children

The Montreal Family Centre counsels individuals, couples and families on ways to manage a range of relationship troubles. But its specialty is to help divorcing adults become better parents to their children.

“We teach co-parenting,” says Marla Yanofsky, a therapist and one of the centre’s two principals.

“We help parents improve the communication between them so that they don’t let the venom of the divorce spread all over their children. As long as they have children, they have to be able to work with each other, no matter what they might think of each other.”

Ms. Yanofsky and her business partner, Vikki Stark, had recognized that while many counsellors provide a range of services – *including* therapy for divorcing couples and families after divorce – there was a need in the city for therapists who truly specialize in the field.

“We wanted to work with a segment of the population that was not being properly addressed elsewhere,” Ms. Yanofsky notes.

In order to offer their specialized service, the two therapists rented a space on Lincoln Avenue in the heart of downtown Montreal. It was, however, an empty shell. On the advice of the management consultant they had hired to help write their business plan, the women approached a bank for a loan to tailor the premises to their specific requirements.

They succeed in obtaining an \$18,114 government-guaranteed loan under the *Canada Small Business Financing Act* and, in March 2000, opened the doors to the handsomely appointed centre – three offices and a waiting room, bathroom and kitchen. “The loan covered everything in here,” Ms. Yanofsky recalls – carpets, lighting, painting, furniture, desks and computer and other office equipment.

The new offices allowed her and Ms. Stark to offer their professional expertise to the community. Between the two of them, they will typically see 20 to 40 families or individual clients per week. In addition, a psychologist occupies the third office, thereby expanding the range of services provided by the centre.

Already, the Montreal Family Centre therapists are making a big impact in their community. They are frequent guests at schools, lectures, workshops and the media, where they share their insights on parenting obligations after divorce.

Indeed, they are writing a book on co-parenting that will help divorcing parents become more aware of how their actions and attitudes affect their children, and how they might better cushion their children against the worst side-effects of marital breakdown.

For all its success today, the Montreal Family Centre experienced some early growing pains. For instance, Ms. Yanofsky says the therapists found the up-front professional-service costs associated with the CSBFA loans to be burdensome.

Moreover, she says, some of the terms of the loan seemed restrictive. For example, the bank required the business owners to make their purchases and submit receipts before the CSBFA loan was issued to reimburse them for the expenses. There were also very strict criteria on what the loan would cover. “It doesn’t make it easy, but it makes us accountable, I guess, and that’s what it’s all about.”

Ms. Yanofsky also says new businesses would benefit from government assistance that is not repayable. “A small-business grant would have given us a nice helping hand when we started out,” she notes, adding she would have used such funds to do more marketing and promotion for her business and to offer more work for needy clients free of charge. “A grant would help a company like ours improve our status in the community.”

Still, Ms. Yanofsky says she and Ms. Stark were satisfied with the borrowing experience. “It was the only way – other than through a personal loan where we could lose our own home if, God forbid, something happened – that we were going to be able to borrow money.

“The point is that this loan let us open an office, and get it operating as a business.”

The Montreal Family Centre

Montreal, Quebec

(514) 937-6116

www.divorcewise.com

Name Recognition

Regina woman demonstrates a gift for promotion

Fifteen years ago, Reena Campbell stood in a Canada Employment office in downtown Regina, hunting down job prospects and worrying about her future. Today, she is the sole owner of a promotional marketing company that is number one in its market, and growing.

Reena Campbell Promotional Marketing Ltd. offers a massive line – more than two million products in all – of Canadian and custom-imported promotional items, from key chains, buttons, pens and Post-it notes to briefcases, fanny packs and track suits.

Ms. Campbell established the company in 1992. Two years ago, she realized that, with a growing client list and ever-expanding product line, the time was ripe to expand. “I wanted to take the company bigger, better, sharper.”

“To serve our clientele more completely, we had to make a move.”

With a \$92,300-loan backed by the Government of Canada under the *Canada Small Business Financing Act*, Ms. Campbell purchased a heritage property in Regina’s warehouse district on the edge of the city’s downtown core. She fell in love with the building’s two-metre-high windows, four-metre-high ceilings and squared columns.

“I’d have to say it’s probably one of the most beautiful buildings in Regina that was affordable for a businesswoman like myself to get my hands on.”

She renovated the building’s 5,800 square-foot ground-floor space, replacing two of four roll-up doors with patio doors and framing the interior offices in a circular pattern. She hopes to build loft-style apartments on the second floor.

The expansion allowed her to hire two additional full-time staff – a business administrator and another salesperson.

Then, in September 2001, Ms. Campbell used a second CSBFA loan, worth \$30,000, to purchase an embroidery machine, used to stitch logos onto garments such as golf shirts, jackets and hats. “When we bought the machine, we brought on three new part-time operators.”

Ms. Campbell, who learned about the CSBFA through her banker, says that she was attracted by the “ease of borrowing.”

“It sounded great to me. I had to take a loan for the building, but it’s valued at \$199,000, so they just took the building as collateral. I saw a deal for the embroidery machine coming down the pike – it’s valued at \$45,000 – so I was able to use the equipment as collateral as well.”

The native of Saskatoon stumbled into the business by chance when another job prospect in Regina didn’t pan out and the employment office came up with a temporary placement at a local promotions company. She gradually worked her way up toward business independence, where the government-

backed loans helped her develop the right professional image.

Today, some of her major corporate clients include the Saskatchewan Roughriders, Roots Canada, SaskTel, Access Communications, Brandt Industries Canada and Aventis Canada. “We also do lots of work with groups such as the MS Society and the Red Cross.”

She recently opened a second office in Calgary and now employs more than 15 people. Her company is a member of the Promotional Products Association of Canada, and has earned the PPAC Distributor of the Year award, as voted by the manufacturers.

“I could have done it without the loans” Ms. Campbell acknowledges. “But it would have been harder – there’s no question – and less productive. We would have stayed in our cramped quarters. And we were running the other machine seven days a week, 24 hours a day; we were opening ourselves up to disaster if we had a breakdown.”

Being a women in business is both challenging and exhilarating, Ms. Campbell says. “All the heat is on your back. When I was a salesperson, I didn’t have the same worries I do now. But I also couldn’t go where I wanted to go either.”

Now, as the head of a successful company, Ms. Campbell is creating the kind of employment opportunities for which she herself had once turned to the manpower office. She is a “diversity employer”, working with Regina’s Open Door Society to help new immigrants enter the workforce.

It has been a heady journey for a woman who, 15 years ago, took a last-minute job with a promotions company “without knowing even how to get an imprint on a pen!”

Reena Campbell Promotional Marketing Inc.

Regina, Saskatchewan

(306) 585-1203

A Bright Business Idea

Ontario couple helps workers stay safe by day and night

For Ken and Francine Nesbitt, workplace safety is a bright idea.

The creators and co-owners of Safe+Sound Manufacturing Inc. have built a thriving business on fluorescent orange and yellow outerwear for surveyors, construction workers, loggers and others for whom visibility spells safety.

“All the people you see out there on work sites wearing bright orange – that’s us,” says Mr. Nesbitt.

But as proud as he is of his company, he’s just as proud of his wife. With her background in the safety industry, Mrs. Nesbitt was the first to recognize a need for durable outerwear that could be seen by day and night, in all kinds of weather. She started her own business in 1992 and even today, as sales double every year, Mrs. Nesbitt continues to design each of the 100 product lines that Safe+Sound manufactures.

“My wife began by making simple reflective armbands and leg bands and reflectors for safety helmets and since then, we’ve grown and grown and grown,” Mr. Nesbitt says. “We started literally as a kitchen-table operation. Then we graduated to the basement, and then eventually to a plant.”

Safe+Sound’s 3,700-square foot facility in Bowmanville, Ont., just outside Toronto, now produces jackets, safety vests, pullovers, harnesses, rain gear, fleece under- and outerwear and many other types of clothing and accessories. Many of the items are waterproof; others are made of high-tech flame resistant material.

But what they all have in common is brightness – neon orange in colour, liberally highlighted with reflective yellow strips.

Safe+Sound customizes its products, including visiting work sites to assess their precise needs and designing suitable prototypes. “If they need a vest, we’ll give it to them any way they want – any size, any type of reflectors, any special features,” Mr. Nesbitt says.

The company also does extensive research into new fabrics, patterns and styles in order to ensure they meet the highest tests for safety. In addition, they keep up with all North American and European standards, including regulations specific to individual jurisdictions and industries. Indeed, Mr. Nesbitt says, because rules vary even from one company to the next, Safe+Sound maintains a detailed database of regulations and safety criteria.

Mr. Nesbitt, whose background in management consulting makes him the operation’s acknowledged money man, stresses that success on such a scale depends on extensive start-up capital.

“When a company is growing, there’s always a lack of cash,” he notes. “You have to move to bigger facilities and you need to buy equipment and hire people and build up your inventory. The problem is, you want to grow, but you don’t have the money.”

That's where a small business loan guaranteed under the *Canada Small Business Financing Act* made a huge difference. While Mr. Nesbitt knew of the existence of the Government of Canada-backed loans from his prior consulting experience, it was his bank that proposed this solution to his problem.

"We have a wonderful account manager," he says. "We go in there and she tells us, 'You should think of this or think of that.' She's the one who really came up with the (CSBFA) concept and it really has worked well for us."

In the spring of 2000, Safe+Sound received a loan worth \$15,423.83, most of which was applied to the purchase of about half a dozen specialized sewing machines and other pieces of equipment required by the enterprise.

"It really got us up and going and helped our productivity enormously," Mr. Nesbitt recalls. "That equipment gives us a better ability to do more jobs, and that lets us increase our product lines. Basically, this loan has allowed us to grow as fast as our customers want us to."

Mr. Nesbitt declines to reveal the company's sales figures, but notes that the 100 percent-per-year growth has been accompanied by important job creation. The operation now employs five full-time workers apart from the Nesbitts, and uses up to 15 contractors for specific sewing jobs. Just a few years ago, the company would hire just two or three contract sewers at a time.

The success of Safe+Sound also has a beneficial spillover impact on other businesses, including a partner company that produces coveralls and a nationwide network of distributors.

"We don't have a massive sales force," Mr. Nesbitt remarks, before conceding that the "force" is actually zero. "It's all word of mouth," he explains, adding that a web site and a catalogue on paper and CD-ROM offer information on the products.

The firm has thought about hiring dedicated salespeople, Mr. Nesbitt continues, but even now, they're constantly scrambling to keep up with the company's growth. "I feel a little guilty that we're not out there selling, but the sales just keep coming anyway."

Over the next five years, Mr. Nesbitt is planning for significant new growth, including exploring export opportunities, hiring more contractors and instituting a second shift at the manufacturing plant. He also expects to apply for another CSBFA loan to facilitate the next phase of growth.

If there's safety in numbers, Francine and Ken Nesbitt have found there are pretty good numbers in safety, too.

Safe+Sound Manufacturing Inc.

Bowmanville, Ont.

(416) 282-7000

www.safe-sound.net

Shaping Success

Sherbrooke company brings computerized manufacturing processes to Quebec

When Luc Simoneau sees a Ski-Doo whiz over a snow-blanketed field, or a Sea-Doo skip across a glittering lake, he can take great pride in knowing his small business had a part to play in the manufacture of these popular recreational vehicles from Bombardier.

“It could be the moulded cover over the engine, or a part inside the engine or pretty much any part of the machine,” Mr. Simoneau says from his office at Simtech CNC Consultants Inc. in Sherbrooke, Quebec.

Simtech is in the business of sales and support for computerized machine tool control programs. It is an authorized vendor of various top-flight software packages that facilitate the process of converting computer-aided designs into precise instructions for powerful cutting and shaping machines such as lathes, mills, routers and engravers.

And now, thanks to an \$18,360-loan, backed by the Government of Canada, Mr. Simoneau is taking his young company to the next level:

He is about to expand his product line beyond software to the ultimate piece of industrial-strength hardware, becoming Quebec’s first authorized dealer for CNC (computer numerical control) routers from Texas-based MultiCam, Inc. These tough, all-steel devices, operated through computerized control systems, are sophisticated machine tools for high-speed cutting, grooving and hollowing out of wood, plastic, metal and other materials.

The addition of the MultiCam product line is a giant milestone for a company that started as a one-man consulting operation in 1996.

“I was teaching at the college here in Sherbrooke,” recalls Mr. Simoneau, a 40-year-old mechanical engineer. “I kept getting calls from people in industry asking for training and support and optimization of their CAD/CAM (computer-aided design and manufacturing) software. I was working evenings and weekend doing this, so I thought, ‘Why not do this full-time?’”

As a consultant, Mr. Simoneau helped his industrial customers identify their manufacturing needs, and proposed appropriate solutions. Typically, these modern solutions require extensive high-tech know-how, because computers are increasingly guiding industrial processes such as woodworking and millwork, mould making, tool and die, machining, engraving, pattern production and prototyping.

And so, Mr. Simoneau incorporated Simtech, expanded into the software business, and never looked back.

“We sell the software, install it, optimize it, do the support and train their people on how to use it,” he says.

His software products include the Mastercam line of CAD/CAM systems. These programs are used to

model an object that needs to be manufactured, then create the code to control the CNC machine tool as it shapes the part. Simtech also sells computer-integrated manufacturing software from CIMCO Integration, and Predator Software's communications and simulation programs to allow an operator at a desk to control the machines on the shopfloor.

And now, with the addition of the MultiCam router machine product lines, Simtech offers a complete turnkey operation to manufacturers – some in New Brunswick but most in Quebec. “We can now offer customers a complete solution by packaging a \$125,000-machine with \$20,000 in software and set it up for them exactly as they need it.”

As the business expanded, so did Mr. Simoneau's need for space. Although most of Simtech's work is performed at the customer site, more office space was necessary to accommodate the company's four full-time staff. Indeed, as a result of the addition of the machine tool business, Mr. Simoneau took on another employee, and is looking for one more to bolster his engineering staff. The company is also developing its promotions and marketing arm, to take full advantage of its reseller agreement with MultiCam.

On the recommendation of his bank manager, Mr. Simoneau borrowed the money he needed to expand his space under the *Canada Small Business Financing Act*, a loan-loss sharing program backed by the Government of Canada.

“We had no problems with the loan,” he says. “It was well suited to our type of business, size of business and so on.” The loan allowed Simtech to double its office space, add a conference room for meetings and training, and invest in promotional activities.

In the past year, Simtech grossed approximately \$400,000. But Mr. Simoneau expects his revenues to double in the year to come, as the launch of the MultiCam product line puts Simtech on the cutting edge of success.

Simtech CNC Consultants Inc.

Sherbrooke, Quebec

(819) 346-4889

www.simtech.qc.ca

Training her Sights on Success

Laval entrepreneur finds good business is child's play

When Lynda Bouvier's toddler son, Youssef, fell in love with a toy train ride in a Florida shopping mall back in 1994, an idea was born – an idea that has grown into an award-winning, million-dollar-a-year children's entertainment business.

“I was watching him ride in the train and it was such a pretty train and I thought to myself, it's too bad that we don't have anything like this in Canada,” recalls Ms. Bouvier.

In no time flat, she had collected the information about the train, contacted the manufacturer from her hotel lobby, and laid the tracks for what would become Tchou Tchou et ses Amis (Choo Choo and friends), a vibrant and diverse business in her Montreal-area hometown of Laval.

As a clothing store owner from the age of 18, Ms. Bouvier had plenty of entrepreneurial savvy and an artistic eye. First, she protected her position as the only Canadian outlet for the train manufacturer by pledging to buy more than one train. Then she impressed the manufacturer by creating an entire circus scenario, complete with lion cages, for her four trains to travel through. As a result, her company now provides the decor for trains in U.S. locations.

But trains in malls were just the beginning. “People asked if we would rent out the trains and we said, ‘It will cost you,’ and they said they were willing to pay,” Ms. Bouvier says. “One thing led to another, and here we are.”

Today, Tchou Tchou et ses Amis is a leading rental operation for children's entertainment, offering giant inflatable games and slides, indoor and outdoor skills games such as mini-basketball, the limbo, air hockey, billiards, indoor mini-golf and go-karts. Apart from the activities, there are tents and big-tops, costumes, mascots, clowns, decorations and candy floss and popcorn machines.

In short, Tchou Tchou has everything necessary to keep the kiddies busy at private and corporate parties, parades, school functions, fairs and festivals.

“We do anything from \$100 to \$100,000,” says Georges Rahmé, Ms. Bouvier's business associate and assistant manager. Some people, he says, need just a single item; others look for an entire turnkey solution to their entertainment needs. The common threads, however, are product safety and quality, and service excellence.

As a result, the enterprise has grown from about \$42,000 in sales in the first year to more than \$1 million now.

Central to the company's growth were two loans backed by the Government of Canada. In the spring of 2000, Tchou Tchou received a loan for \$19,800 under the *Canada Small Business Financing Act*. This was after Ms. Bouvier had repaid a portion of an earlier \$250,000-loan, borrowed in 1998 under the CSBFA's predecessor, the *Small Business Loans Act*. All the money

was used to buy new games and activities, which can cost between \$10,000 and \$20,000 apiece.

“If we hadn’t had the loans, it would have been harder, that’s for sure,” says Ms. Bouvier, adding that the loans were vital in getting the business off the ground. “I don’t know if we would have been able to get financing without the backing of the government at the time. Today, we would probably be able to get a (regular commercial) loan, but when you’re starting out, it’s a lot harder.”

As the product offerings grew, so did the business. In September 2000, Tchou Tchou moved to bigger and better facilities, expanding from 3,000 square feet to 11,000. From a basic staff of 10, the company sometimes balloons to 52 workers, many of them contractors brought in to install games and equipment during busy periods such as Christmas. The business also creates spinoff work for local caterers, professional clowns and other entertainers.

“We’re doing actually very good,” Mr. Rahmé notes. Indeed, he says, even the current economic slowdown has had little impact on the boom the enterprise has been riding for the past two years. “There are always events for kids,” he says. “It never stops. You have to keep going.”

Ms. Bouvier adds that the company has worked hard to maintain its success. She travels frequently to Las Vegas and other entertainment hot spots in order to keep up with the latest developments. She also prides herself on an innovative approach, both for her products and her management approach.

For instance, if financially strapped companies can no longer afford the most lavish children’s parties, Tchou Tchou comes up with a scaled-down menu of offerings. Similarly, because most of the products are imported from the United States and Europe, Tchou Tchou stretches the value of the Canadian dollar by buying less expensive games that still meet its high standards for attractiveness, safety and quality. “If the situation changes, we adjust to it,” she explains.

This entrepreneurial excellence hasn’t escaped notice. Tchou Tchou has already won several awards and citations, including the Laval Chamber of Commerce’s Small Business of the Year Award for 2000.

And yet, the company refuses to rest on its laurels. Because the business is seasonal in nature, Ms. Bouvier is now exploring the feasibility of a year-round indoor entertainment facility that would even things out over the year.

“I have ideas for many years to come,” she chuckles, “and I can’t see the end of this.”

Tchou Tchou et ses Amis

Laval, P.Q.

(450) 686-8032

www.tchoutchou.com

Spacious Design

Expanded new premises foster creative inspiration for Charlottetown design firm

In the world of visual communication, creativity is everything. Today, thanks to a Government of Canada-backed loan, Allan MacLeod has built a rich work environment that's helping to stimulate the collective creative energy of a talented team of designers.

Mr. MacLeod is sole owner of TechnoMedia Inc., of Charlottetown, Prince Edward Island. The company, established in 1988, provides a full-range of graphic design services, including brochures, books, advertising, logos, packaging and interpretive displays for museums.

By the spring of 2000, with five designers and two office managers working out of a small leased office in a heritage building, the company was ready for premises of their own. "We decided it was time to get a building of our own," says Mr. MacLeod, and the search for new creative space was underway.

When he approached his bank about financing the purchase of a new building, his banker suggested a government-backed loan under the *Canada Small Business Financing Act*.

Mr. MacLeod was attracted by the competitive interest rate set by the bank, as well as a repayment schedule that allowed TechnoMedia to repay the loan more quickly without the steep penalties of a conventional mortgage.

"What appealed to me was the fact that you had more control over the loan in terms of when you could pay it off."

With their \$165,240-CSBFA loan in hand, the company purchased a heritage property at 17 Pownal Street in downtown Charlottetown, just three doors from the waterfront and only two blocks from their old offices. "We're only 100 yards from the harbour," Mr. MacLeod notes proudly.

The charming, two-storey wood structure was originally built as a private home in 1824. Since then, it's been through several hands and, with TechnoMedia as its new occupant, the building's interior changed again.

Several walls were removed to expand the work space and the premises underwent a complete electronic refit from top to bottom "so that we would be set for high-speed in every aspect," Mr. MacLeod says. "This ensured high-speed connectivity and communication between individual design stations as well as the rest of the world."

The building now houses both the TechnoMedia offices and a separate apartment. The open-concept design helps foster a relaxed but professional work environment and a third-floor attic offers potential for future expansion.

"The loan mainly went towards the purchase of the property. The renovations mostly came out of cash flow," Mr. MacLeod explains.

The expanded working area has allowed the company to continue adapting to the needs of a diverse

client base, whether it's designing logos for Polar Foods International Inc. or the design and packaging for *Come Dance With Me*, the latest compact disc release from PEI native Richard Wood.

"It's great to be in our own building," Mr. MacLeod reports. "It's really helped us create a better work environment."

TechnoMedia Inc.

Charlottetown, PEI

(902)368-3043

www.technomediapei.com

Hunting for Business

Family-owned Yellowknife outfitting company trains sights on success

In the 30 years Gary Jaeb has lived in Canada's North, he's seen some unusual weather – a summer so hot that even the stubbornest blackflies perished, and a September so cold that the indoor plumbing froze. But it was the freak blizzard of August 1999 that will be hardest to forget.

Since 1983, Mr. Jaeb's family-owned company, True North Safaris Ltd., has been delivering hunting, fishing and outfitting services in the central barren lands of the Northwest Territories, which begin some 200 kilometres northeast of Yellowknife.

This particular August, he was playing host to a group of caribou hunters using traditional bows and rifles, including four women on their first big-game expedition outside their home state of California. Though he had advised his clients that moderate temperatures of 10 to 15 degrees Celsius would be the norm, the fine weather began to deteriorate.

What started as a nippy wind got progressively worse, and five hunters and three guides found themselves stranded on the vast, open waters of Mackay Lake. In their 18-foot aluminum boats, they were lashed by gale-force winds, driving sleet and rain as the unexpected blizzard struck.

"Having staff and clients caught out in a storm was a huge concern," says Mr. Jaeb, who prides himself on providing safe and successful expeditions. "They were in radio contact, so we knew where they were; they just couldn't come home."

The three boats moored for the night on an island in the 160-kilometre-long lake. Precisely at the tree line, there was little shelter and even less firewood. The following day, the soaked and bone-chilled group braved two-metre swells to press on back to camp.

"We knew they had to have good, strong boats and motors because they were coming through six-foot waves," Mr. Jaeb recalls. "The equipment had to be reliable, and we had to be able to depend on the skill of the guides."

Fortunately, the boats and their powerful four-stroke engines had been purchased earlier that year to replace "some really old equipment that had outlived its usefulness" in the demanding Northern conditions. Over time, Mr. Jaeb has gradually been modernizing his fleet of more than 20 boats, with the aid of some \$24,000 borrowed in a series of loans under the federal government's *Canada Small Business Financing Act*.

Mr. Jaeb credits the sturdy vessels, under the calm and professional command of the guides, with averting disaster. And, in the end, he says, "everyone came back safely," to the relieved joy of every other soul in the camp, clustered anxiously on the dock.

In addition to yielding a glorious tale of excitement and daring to share with neighbours and grandchildren, the experience built a lasting community of friendship among the survivors.

Mr. Jaeb, a native of Saskatchewan, came to the North as a high school teacher three decades ago. Enchanted by the endless tundra, the awe-inspiring herd migrations, the dancing Northern Lights of winter and the midnight sun of summer, he stayed to launch the outfitting business.

Today, True North Safaris offers a range of professionally guided outdoor activities for avid sportsmen. There are three- to seven-day fishing trips on Mackay Lake, where trout of more than 20 kilograms have been snagged. There are also six- and seven-day hunting safaris for caribou, black bear and Arctic wolf, which travel between the lake and the northern arm of Great Slave Lake.

With his wife, Bertha, and two grown sons, Mr. Jaeb's company also has a share in Mackay Lake Lodge, and manages a second outpost at Warburton Bay, on the lake's southwest end. Closer to the tree line, Warburton Bay is popular among bow hunters.

True North Safaris, based in Yellowknife, has 2½ full-time positions to handle marketing, reservations and management. In the peak seasons of late summer and early fall, there are up to 10 employees. In addition, 30 people staff the lodges and tent camps, serving as guides, cooks and even a taxidermist.

The outfitting business is, by its very nature, seasonal. In addition, it rides the typical year-to-year swings of the tourism industry, which is affected by economic forces and unforeseen influences such as the terrorist attacks in the United States.

“Because of September 11th, 10 of our customers cancelled,” Mr. Jaeb says. “It cost us \$60,000 in anticipated revenue. We're also not getting the usual volume of inquiries for this time of year.” Still, he's optimistic that business will bounce back, especially because many North American customers are expressing a preference to remain on the continent rather than fly overseas.

With fluctuations in business revenues not uncommon over the past 17 years, True North Safaris has experienced occasional cash flow shortages. As major purchases or other expenditures for facilities maintenance and upgrades become necessary, Mr. Jaeb obtains small business loans to finance the cash flow.

Buying new boats and motors is one such necessity. Mr. Jaeb's bank advised him that a CSBFA loan would be the best alternative, in light of the lending risk involved.

“Banks have problems with security with lodges and outfitters, especially if you have to haul the equipment 150 miles on an ice road,” Mr. Jaeb says. While Mackay Lake is accessible only by air charter in summer, heavy loads such as boats must be towed there in winter along a temporary road that runs across snow and ice for more than 700 kilometres from Yellowknife, past the lake, and on to several diamond mines in the far north of the territory.

With gross revenues of about \$800,000 per year, the operation relies on customer satisfaction. “It's mostly word of mouth and repeat business,” Mr. Jaeb says. As such, it is important to keep the facilities upgraded, safe and appealing, which is why he expects to borrow again under the CSBFA program as the need arises.

There's every sign the company is succeeding in its pursuits. Indeed, so powerful is the lure of the North

that even the hardy “California gals” who braved the summer blizzard have vowed to return again soon.

True North Safaris Ltd.

Yellowknife, N.W.T.

(867) 873-8533

www.truenorthsafaris.com

Bootlegged History

Saskatchewan entrepreneurs unearth Moose Jaw's secret past

Miss Fanny pushes open the door to the speakeasy and motions you to a vacant table.

The room is empty, save for the barkeep and a forlorn gambler hunched at a table. "Welcome to Moose Jaw," the bartender says. "Keep a low profile and everything will be okay."

Forget that you've never even had a speeding ticket. For the next 45 minutes, you are a Prohibition-era bootlegger running run for the Chicago mob, and dodging the "heat" in a matrix of secret underground passages beneath a southern Saskatchewan city.

The "Chicago Connection" is one of two tours offered by the Tunnels of Moose Jaw, a unique, theatrical and highly interactive tourist attraction that takes more than 100,000 visitors a year through a maze of tunnels and basements that run underneath the downtown core.

The success of what has become one of Canada's premiere tourist attractions is a credit to the imagination and entrepreneurship of the company behind it, as well as the financial backing available through the federal government's *Canada Small Business Financing Act*.

Jeff Grajczyk and his partner, Danny Guillaume, took over operation of the tunnels from a non-profit organization in June 2000. "We thought, 'Wow, they really have something here. This has tons of potential,'" recalls Mr. Grajczyk, now the general manager of Nujazz Management Ltd, an incorporated company with nine shareholders. "But we thought, if you put some capital into this, and took it to the next level, it would really be something."

Thanks to a \$224,000-loan under the CSBFA, Nujazz was able to complete its extensive renovations when the ambitious project began to run over budget.

According to legend, the tunnels were dug in the early 1900s by steam engineers to gain access to buildings. Across Canada, similar spaces may have been used as hiding places for Chinese immigrants who entered the country illegally or who suffered persecution above-ground. Years later, they were used to secretly ferry illegal booze from Canadian distillers to the still-dry United States. The two facets of the tunnels' history have now been recreated in a pair of popular tours.

The Chicago Connection Tour recreates Moose Jaw in the Roaring Twenties, when the town, nestled in the "heart of hard wheat country", became a prairie hot spot for gambling, brothels and other less-than-lawful activities. The Canadian Pacific Railway's Soo Line, linking Moose Jaw and Chicago, became an ideal conduit for the shipment of bootleg booze into the United States. The tunnels were not only the perfect place to secretly warehouse crates of alcohol, one tunnel conveniently opened into a shed in the railyards at the CPR station on Manitoba Street.

"Prohibition was over in Saskatchewan in 1924, but that's when it was really just starting to get going in the United States. So there was an opportunity to make some money," Mr. Grajczyk says.

The rum-running earned Moose Jaw the dubious title of “Little Chicago”, partly for its association with that most notorious of gangsters, Al “Scarface” Capone.

“We don’t have actual, documented proof Al Capone was in Moose Jaw, but we believe he was here, from the first-hand accounts from people, and stories and legends we’ve heard over the years,” says Grajczyk, a Moose Jaw native. Indeed, eye-witness accounts abound, from the doctors who claim to have treated him to the children who brought him newspapers.

The second tour, called Passage to Fortune, is a poignant recreation of the plight of Chinese immigrants who came to Canada to work on the CPR. Originally, when all buildings in central Moose Jaw were heated by steam controlled by underground boilers, a network of narrow interconnecting tunnels was built to help engineers move from one to the next.

With the completion of the CPR in the late 1800s, many Chinese labourers were forced into hiding to avoid persecution. Some arrived in Canada illegally and had to stay out of sight until they could raise enough money to pay a head tax imposed by the Canadian government. Many lived and worked in tunnels and cramped underground spaces; the Passage to Fortune tour represents the living conditions endured by many Chinese immigrants at the time.

“The tour focuses on the harsh treatment they were given,” Mr. Grajczyk says. “But it’s also a celebration of how far they have come, and how important a part of Canadian society they are today.”

To enhance the realism of the touring experience, Nujazz invested several million dollars on superb sets and sophisticated special effects. In the latter stages of the project, running over budget, the company used its CSBFA loan to complete the leasehold improvements and buy new equipment, such as multi-media displays and state-of-the-art animatronics figures from the U.S.

The tunnels, with their talented cast of actors/guides in colorful period costumes, re-opened to rave reviews in the summer of 2000. In its first year, the attraction took the 2000 Rookie of the Year Award from Tourism Saskatchewan. In May 2001, it won Attractions Canada’s coveted top award in the category of *Leisure and Amusement Centre, Recreation or Sporting Venue*, beating out contenders such as West Edmonton Mall and Vancouver’s Grouse Mountain.

The attraction now employs about 50 staff in the summer months. It draws school groups from across the province as pupils in Grades 6 to 8 use the Passage of Fortune tour to learn about the West’s Chinese heritage and the building of the railroad.

Tourists from across Canada, as well as visitors from more than 50 countries, have also been attracted by a glimpse into a long-forgotten time of “triumph over adversity,” followed by daring exploits and high living.

No doubt if he were alive today, Al Capone would be amused to see his “Canadian connection” turned into a profitable – and entirely legitimate – business venture.

Tunnels of Moose Jaw

Nujazz Management Ltd.

(306) 693-7273

www.tunnelsofmoosejaw.com

Rave Reviews

Popular Edmonton restaurant on quest for better location

It takes a special brand of toughness to survive and thrive in the food service business, which makes Flora Corazza's extraordinary success with Via Vai Restaurant so remarkable.

Local restaurant guides ranked the elegant Edmonton establishment, specializing in fine Italian dining, as tops in the city two years in a row. But for its hardworking owner, the challenges have been enormous.

Despite solid revenues, Ms. Corazza says that in industry with slender profit margins and widely fluctuating customer demand, it all boils down to financing capabilities.

And, indeed, over the past eight years, Corazza has taken out and repaid numerous loans as her business expanded from a small restaurant and a café to the Via Vai. But now, for the first time, she is confronting what many other restaurateurs have long known: banks are uneasy with the notorious instability of the food service business, making it increasingly difficult to borrow.

"I'm at the point where I'm inviting bankers for dinner to show them what we've done," she says. "When you're stuck in a position where the banks are not lending to restaurants, you do whatever you've got to do.

For now, the former hotel manager is working hard to repay the money she already owes. In August 1999, she obtained a \$150,000-loan, backed by the Government of Canada under the *Canada Small Business Financing Act*. In June 2000, she borrowed an additional \$72,000.

Despite a stretch of personal ill health, Ms. Corazza has already paid back one-third of the borrowed sum at the rate of \$5,000 a month. "Last year I was hospitalized quite a bit, but I kept managing the loans and kept the money flow on track."

The financing was used to renovate the property to reflect the restaurant's exclusive character. There's a fireplace, Italian light fixtures, marble and granite counters "and copper everywhere," including even some decorative palm trees. Approximately \$20,000 covered the cost of equipment. The second CSBFA loan was used to build a patio with a brick and wrought-iron enclosure.

"We came into an empty shell," Ms. Corazza says. "Without the loan, there's no way in heck we'd have been here."

She recognizes, however, that the restaurant's location in west-end Edmonton is less than ideal, and

wants to borrow again to finance a move closer to downtown Edmonton where, paradoxically, both the rents and the business taxes are lower.

“Weekends, we’re fabulously busy, but weekdays not yet,” she acknowledges. In large part, she says, that’s because the Via Vai is too far away from the hotel district to benefit from the business-travel clientele. It’s also in an area heavily oriented toward fast food and family dining.

“We’re very fine dining,” Ms. Corazza explains. “Everything is fresh. We make it all in-house, including our bread. It’s very time consuming, and therefore also quite expensive.”

The Via Vai also caters to a smaller number of customers. Although the restaurant can seat 90, she finds 65 diners on a typical Saturday night is a manageable number, since the tables are not reset for a second shift.

There are three people in the kitchen, including two Italian chefs. On Saturdays, Ms. Corazza serves customers with two other waiters; during the week, “it’s just me on the floor without a salary.”

So far, in spite of respectable earnings of \$400,000 to \$600,000 a year, Ms. Corazza’s bank has been unwilling to extend her more money for a move.

Fortunately, however, the Via Vai has a loyal following of customers who will patronize the restaurant, no matter where it is located. While Via Vai means “to come and go,” Ms. Corazza is hoping they’ll just continue to come.

Via Vai Restaurant Inc.

Edmonton, Alberta

(780) 486-5802

Kneading Dough

Small business loan helps Moncton baker buy his own pastry shop

Long before dawn, while the people of Moncton, N.B. try to snatch a few more winks of sleep, Steve Wood is downtown at the Village Pastry Shop, readying the truck for deliveries and overseeing the round-the-clock baking operation.

It's a gruelling six-day-a-week schedule of baking, driving, sales and management that often sees him returning to the shop late at night after slicing off a precious few hours to spend with his young family.

The payoff comes in knowing the shop is his own, and that business is good.

"I like it," says the 40-year-old father of two. "Personally, I know that a bakery, as a business, doesn't pay a great deal of money, and as we get older, we like to see a little more."

Still, with revenues of \$450,000 a year, Mr. Wood says the operation is doing better than the competition in this city of 120,000. And this allows him to maintain a nice home and support his family even when his wife, a part-time music teacher, was off work.

There's also the satisfaction of knowing the enterprise belongs to him. In May of 2000, having worked at the store for six years, Mr. Wood bought it from his ailing boss.

The purchase was made possible through an \$81,600-loan, backed by the Government of Canada under the *Canada Small Business Financing Act*. Under the innovative program, Mr. Wood was able to finance 90 percent of the store's tangible assets.

"This was the best way for me to get the money to buy the place," he says. "It meant I had to come up with only 10 percent of the cost, rather than 20 or 30 percent for a standard commercial loan." In addition, Mr. Wood was responsible for the "goodwill portion" – the value of the business attributable to its 43-year history in the community and established customer base.

With the bakery in leased premises in a strip mall, the borrowed money was applied to the purchase of the shop's existing equipment, whose value was determined by a professional appraiser hired by the bank.

Mr. Wood, who had heard of the CSBFA program from his own university business studies, was reminded by his accountant of the existence of this type of business development loan. "I never tried any other angle," Mr. Wood says. "Once the accountant told me this was out there, I tried it and it worked."

Mr. Wood's luck held at the bank. His account manager was "very well versed in the program and what makes a business tick." As a result, he says, the loan was easy to get, with acceptable interest rates and a reasonable repayment schedule.

Reincorporating the business as Village Pastry Shop 2000 Ltd., Mr. Wood set off to maintain the bakery's established success.

Today, with three shifts of bakers, the shop sells cookies, cakes, bread, doughnuts, cream pies, chicken pies, baked beans and fish cakes – a local specialty made of cod fish, potatoes and onions.

Village Pastry does more business than average because of its delivery service to local hospitals, major hotels and smaller restaurants. “It’s an important part of our sales revenues,” Mr. Wood says.

The first year was tough, he admits, with major upfront expenses for legal and accounting fees and \$12,000 worth of existing inventory. But now, with the bakery on a solid financial footing, Mr. Wood is even able to ride out dips in the local economy. It helps that his customers are prepared to pay higher prices for Village Pastry goods – all of them baked entirely from scratch.

The bakery employs six people full time, even in slow periods such as January and February when the Christmas rush is over. “For a small business,” Mr. Wood says, “we’re doing well. I took over a successful business and have been able to maintain its success.”

With no plans to expand his production still further, Mr. Wood foresees no short-term need to borrow more money. On the other hand, he acknowledges, there’s always the possibility of equipment failure. With ovens costing \$24,000 and mixers and other vital pieces ranging from \$5,000 to \$8,000, he’s confident that a CSBFA loan would be available.

“If I needed it,” he says, “I would get another one.”

Village Pastry Shop 2000 Ltd.

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