

TBT

TORONTO BUSINESS TIMES

FEEDBACK TIMES FOUR

This month's experts offer their take on the advantages – and perhaps pitfalls – of investing in new technologies

Page 5

RISKY BUSINESS

Brett Wilson sits down to talk risk, philanthropy, education and more with Toronto Business Times

Page 13



June 2011

www.torontobusinesstimes.com

Tracking the next big thing

Trendhunter.com is Jeremy Gutsche's hobby; it's generated 500 million hits

MARIA TZAVARAS
tbt@insidetoronto.com

He's won several prestigious awards, recently celebrated 500 million views of his online magazine and has just moved into a cool new office space in Toronto.

Jeremy Gutsche is a young entrepreneur whose success and evolution has been fast and furious. The 33-year-old boasts an impressive resumé. He is the chief founder of Trendhunter.com, a website that lists the latest in innovative ideas and what's trendy.

The site has 40,000 contributors from all over the globe, who send him and his editorial team all the latest in trends in pop-culture, technology and fashion. If there is a creative or wacky

product out there, you can find it on Trendhunter.com

But more than being a site that dishes about products and trends, Trendhunter, Gutsche said, has a business side. Trend Hunter PRO and Trend Reports can be utilized by businesses owners and companies as tools to determine where the trends are and translate them into business opportunities.

The site has more than 100,000 source articles and 513,000,000 views of data. Gutsche and his team have taken this information and identified 1,100 clusters and patterns and put them into reports that companies can use when they want to kick-start innovation in their businesses.

"On one side it's a playground and people are very curious and

>>>YOUNG, page 8

In praise of appraisal

Get to know the value of your business

LINA NIJMEH
tbt@insidetoronto.com

Attributing a value to your business is not an easy exercise. But knowing how much your business is worth is essential if you're selling your company, looking to expand or seeking investors.

However, there needs to be a triggering event for a business owner to conduct a proper business valuation, according to Farley J. Cohen, chair of The Canadian Institute of Chartered Business Valuators, and principal of Cohen, Hamilton, Steger & Co.

"What's involved is trying to estimate what's going to happen in the future with that business and how profitable is that business going to be," Cohen said. "Because that's what value

'What's involved is trying to estimate what's going to happen in the future with that business and how profitable is that business going to be.'

– Farley J. Cohen,
chair of The Canadian Institute of
Chartered Business Valuators

represents, it's the ability to earn profits or cash flow in the future."

Business valuations are usually conducted by accountants or chartered business valuators who can provide an independent,

>>>KNOW, page 6

Refresher course of action

Staff photo/DAN PEARCE

Scholars at your Service franchise manager Farah Rodrigues helps paint Bloor Street United Church last month. During two days working at the church, the company trained their student painters, volunteered 1,200 hours to paint the inside and outside of the church, and donated \$100,000 in paint and painting services. For more stories and photos highlighting the good deeds undertaken by Toronto businesses, please see our Good Works column on page 12.

Discounts
UP TO 30%
on car insurance.

LIKE A GOOD NEIGHBOUR



STATE FARM IS THERE!

It's time to experience what so many drivers from Ontario already have: the personal service and money saving discounts they get from their State Farm® agent.

Talk to one of us today and see how you can save.



Richard S. Hall Ins Agency Ltd
Richard S. Hall
Toronto, ON M4G 3Y7
Bus: 416-424-4200
www.richardhall.ca



Heidi Hall Ins Agency Ltd
Heidi Hall
Toronto, ON M4G 3Y7
Bus: 416-424-4200
www.heidihall.ca

A Tradition of Business

Whether conducting business in Canada or across the globe, Aird & Berlis LLP understands the realities of your work. Our clients benefit from the firm's solid relationships with major institutions, government authorities and renowned national and international law firm affiliates.

We combine the depth and strength of Canada's largest firms with the creativity and effectiveness of smaller firms.

Count on us for legal counsel from a business perspective.*

Eldon Bennett
Managing Partner
ebennett@airdberlis.com
416.865.7704

Partnership. Results. Success.*

AIRD & BERLIS LLP
Business and Real Estate

Brookfield Place, 181 Bay Street
Suite 1800, Box 754
Toronto, ON M5J 2T9

www.airdberlis.com

Teamwork is crucial for business growth

Identify needs, then make sure you can fill them

LINA NIJMEH
tbt@insidetoronto.com

A question on the minds of most business owners is how to increase the value of their business without incurring high costs in marketing and advertising.

The answer can be found in proper management and good customer relationships.

There are three steps you can take to increase the value of your business, according to Merrill Mascarenhas, managing partner of Arcus Group, a research and strategy consulting firm that works with companies of all sizes on optimizing their business. It has offices on Yonge Street in Toronto.

IDENTIFY A NEED

"The first step is the most important step that any entrepreneur can take, which is identify a

need and make sure you have the expertise and the resources to fulfill it. It applies to companies of all sizes," Mascarenhas said.

"Important thing here is not to get feedback once a year, but get feedback on an ongoing basis."

CUSTOMIZE

The second step is to customize what you offer.

"You can't mean all things to all people. You have to focus your offering to address that need that you covered or identified in the first step," Mascarenhas said.

"The most successful companies that we have seen in our research - there were a thousand companies in the mid-market and small-business market - have unique offerings. There's something that makes them different and makes them stand out with regard to their offering."

BUILDING RELATIONSHIPS

The third step is an ongoing process of the business cycle in which your relationship with the customer doesn't end with the sale.

"So for example, if there are 10 points of contact that a customer can have with your brand - it may be at retail, it may be at customer service, it may be on a sales call; so those companies that identify and manage internal processes so that there's ongoing value being delivered to clients tend to be quite successful."

So what can you do to increase the value of your business that doesn't require a lot of effort but achieves results?

It's all about surrounding yourself with a strong group of people who have the rights skills and who work well together.

"It's all about the team. It's not just the job. They have to generally enjoy the work they're doing and that drives motivation which you'll find in companies that grow really fast," Mascarenhas said.

"They've got really good people who work well as a team. So I think teamwork is the first and last thing that a business owner can do. Managing the team is what a business owner should do to be successful."

Know your business's value to predict your future profits

>>>from page 1
objective and accurate assessment looking at your tax and financial documents, as well as assessing the market.

A common mistake business owners make is comparing their business's value to those of others.

"The problem is there are very few businesses that are identical to each other, or even as similar as two houses on the street," Cohen said.

"And so, each business has its own intricacies and its own positive factors and negative factors, and if you don't do a valuation of your own business, you're not able to really pull out what that really means to the overall value."

Some common mistakes entrepreneurs make with business valuations is being too optimistic, thereby, failing to attract investors, as is common on the CBC's *Dragons' Den*, a television show in which aspiring entrepreneurs pitch their business concepts and products to a panel of Canadian business moguls.

Cohen said the push back from the *Dragons* is that valuations are always too high, causing them to question the risk.

"The *Dragons* ask intelligent questions: what are your sales, how big is your market, where do you fit in the market in terms of your pricing?" Cohen said.

"When the *Dragons*

"The problem is there are very few businesses that are identical to each other, or even as similar as two houses on the street."

- Farley J. Cohen

ask them those questions and they don't know those answers, they say wait a second, why would I invest in this person because the risk of this company being profitable is too high?"

The business valuation by Wendy Johannson and Claudia Harvey, founders of Dig It Handwear, which manufactures garden gloves for women, won the interest and investment of the *Den*'s most critical *Dragon*, Kevin O'Leary.

"Part of the valuation was, here's a product that fits into this multi-billion-dollar industry, being nails and gardens," Johannson said.

"And the other component to finding a fair valuation was to consider how quickly the product was selling based on the short period of time we'd been in business."

Debuting at Canada Blooms three years ago, Johannson and Harvey

knew they were able to show a scalable demand for the product based on feedback and how quickly people were contacting them to carry the product. They also knew having the rights to the intellectual property was also adding value.

"You scare them away if you don't have the right valuation," Johannson said.

"I think our valuation was slightly high, to be honest, but I think we were also fair in the fact that we knew that the patent was going to be something that people wanted and can speak to that; now seeing how much people have copied the look of our product and the way we manufacture. All of our competitors are trying to copy us without infringing on the patent."

Dig It Handwear has expanded its product line to include another light-weight multi-purpose glove, fashionable safety sunglasses, and an upcoming men's line.

"Our business is growing really quickly and we're expanding into offshore markets like the UK, Australia and New Zealand," Johannson said.

"In order to grow the business quickly, we don't want to be taking any money out. We want to be reinvesting in these new markets, new products, new technology, new packaging, marketing and sales materials."

Toronto's #1 Flyer Distributor

TCN

metrolandmedia

Flyer Distribution

Meeting All of your Distribution Needs

RATES AS LOW AS 3.9¢ (based on volume)

Toronto Community News, a division of Metroland Media Group, is the largest distributor of flyers, circulars, door hangers, catalogues and product samples in the greater Toronto and south-central Ontario areas. We deliver products for most major department stores, food supermarkets and chain retailers, as well as hundreds of local retailers.

• HOME AND APARTMENT DELIVERY THROUGHOUT TORONTO TO BUILD YOUR BUSINESS AND INCREASE YOUR SALES

• GEOGRAPHIC & DEMOGRAPHIC TARGETING

• PROFESSIONAL SALES & SERVICE

• SUPERIOR CUSTOMER SERVICE & STRONG VERIFICATION PROCESS

• ADORDED BY FMA (FLYER DISTRIBUTION ASSOCIATION)

• COMPETITIVE PRICING WELL BELOW CANADA POST RATES

THE MIRROR

THE GUARDIAN

THE VILLAGER

For More Information Call (416) 493-4400