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Insights for entrepreneurs

Focus on your future

**Take your business to new heights
by always thinking and looking ahead.**

Entrepreneurs are the engine that powers Canada's economy. The so-called small business owner is responsible for the big ideas that generate discovery, prosperity and jobs for Canadians – and for the world. You're the visionary who sees the next big opportunity or takes an existing idea to a whole new stratum – giving back and enriching your community along the way.

And it's why we're here to support you at every stage. We understand the issues you face because we've been helping entrepreneurs for generations. We're a world leader in advising, guiding and recognizing entrepreneurs, and we can help you grow your company from startup to market leadership.

Our Canadian team, located across the country, delivers the full power of the global Ernst & Young organization to serve leading public and private entrepreneurial companies across Canada and around the world. With our experience, industry knowledge and global reach, we can surround you with the critical resources you need – when and where you need them.

We've identified the following five key insights for Canadian entrepreneurs. Read on for our perspectives on issues that matter to you – and contact us to find out how we can help you achieve your potential with all of these issues.

 ERNST & YOUNG

Quality In Everything We Do

Take your business to new heights by always thinking and looking ahead.

1

Find the right type of funding for each stage of your development.

Capital is the lifeblood of every fast-growth business, especially for private companies. How you manage your capital today will define your competitive position tomorrow.

But access to finance is one of the entrepreneurial leader's biggest problems. This is particularly the case in the current environment, where many entrepreneurs continue to experience problems with accessing finance, despite a gradual easing of credit conditions.

If you're looking to take your company to the top, consider the path of debt financing or self-funding, while continuing to control the company. If it's a desire for increased wealth that drives you, consider accepting outside capital, giving up the reins and enjoying a smaller piece of a bigger pie.

Addressing your biggest challenges to startup success depends on building an ecosystem of people, money and know-how to protect and nurture the business. When you demonstrate powerful team-building and delegation skills, you're better able to convince and attract a sometimes skeptical investor base of the strength of your vision.



2

Attract, manage and retain top talent.

Forward-thinking entrepreneurial organizations use innovative talent management approaches to gain a competitive advantage and create a strong platform for growth and recovery. In addition to identifying and implementing employee cost-reduction initiatives, you need to find ways to recruit, develop and hold on to top talent. This can help you establish a strong brand as a respected employer – which in turn helps you attract star players.

Skills can be difficult to find, but finding people with the right values is even harder. It's essential to build a team that combines deep technical knowledge with broad business skills. It's rare for a single individual to combine both.

And always remember the value of fostering an inclusive environment. Having people from a wide variety of different backgrounds brings diverse skills, experiences and perspectives to the table. It's a competitive advantage that helps you increase and accelerate the generation of new ideas and approaches – and stay ahead of the curve.



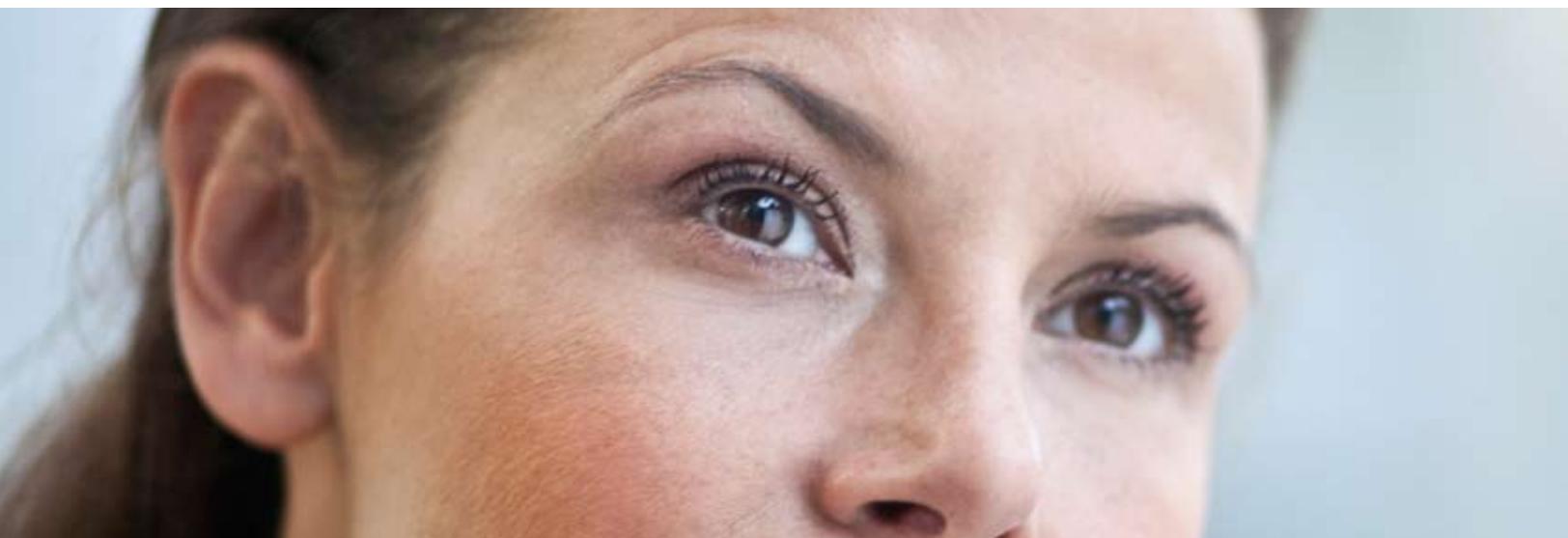
3

Stay ahead of the curve – sustain growth at every stage.

Whatever your industry, your competition never sleeps. And neither can you. Even when you've achieved the levels of success you set out to, you have to continually identify new opportunities to develop your business – and implement strategies that distinguish you from your competition.

Dominant companies are constantly being replaced by entrepreneurially minded enterprises that grow at incredible speed and gain significant market share. Globally, all the major indexes turn over every five years. The same is true in Canada, where 49% companies on the ROB 1000 are new entrants to the list every five years.

Sustain growth at every stage of your company's development. Create a strategic growth plan that outlines how you'll achieve your growth goals – whether organic, or through acquisitions, alliances or partnerships. Develop advisory networks to challenge C-level thinking and advance your business strategies.



4

Never stop innovating.

Innovation is the fuel that will power your fast-growth company on its journey to market leadership. But many businesses fail to set strategic priorities for innovation, or they do it badly. Make innovation a boardroom issue.

In a recent survey of global entrepreneurs, Ernst & Young found that 82% identified innovation as critical to their growth, while 65% of Canadian chief executives polled by the Conference Board of Canada rated innovation as a very important factor – if not the most important – in developing new markets. Harvard Business Review suggested innovation will be the currency of global competition in the years ahead.

And yet of all the factors that characterize entrepreneurship, innovation may be the hardest to foster and sustain as your company matures. Bureaucratic thinking stifles innovation. Of the global entrepreneurs We call this the “innovation challenge.” Keep the creative ideas flowing at every step – it’s your responsibility as the leader to foster a creative culture.

5

What's next for your business?

What does the future hold for your company? Maybe you've reached the point where it's time to take the company public. Or maybe you're thinking of retiring and enjoying the fruits of your labours, and need to plan for succession. Whatever your choice, you have to keep looking ahead and planning for the future.

Is an initial public offering the right strategy for you? Advance preparation and planning are critical. Develop a long-term business plan and timeline with input from key stakeholders regarding the operational, financial and strategic initiatives necessary for the company to go public. The business strategy needs to be long term, covering 24-36 months before the IPO and 24-36 months after the IPO. Such a business plan should provide a clear roadmap for the company, which may then be communicated to stakeholders.

If you're looking to retire and sell the business, you'll first need to develop and implement strategies to grow and maintain your personal wealth. Whether you sell to a management-led team of buyers or to a private equity firm, turn the business over to the next generation in your family or pursue a different course, a well-developed retirement and succession plan that considers the transaction from all angles is necessary well before you plan to retire. And because the future is uncertain, you also have to have an estate plan prepared, including a will that outlines your desires for the future of the company.



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Ernst & Young Entrepreneur Of The Year[®] Awards

For nearly two decades, we've recognized the endeavours of exceptional Canadians who create the products and services that keep our economy moving forward through our prestigious Ernst & Young Entrepreneur Of The Year Awards, the world's most prestigious business award for entrepreneurs.

Since its inception, Entrepreneur Of The Year has grown dramatically and now includes programs in more than 100 cities in over 50 countries. In Canada, the program is operated in five regions – Pacific, Prairies, Ontario, Quebec and Atlantic.

The regional and national awards celebrations are the country's most prestigious gatherings of big-thinking, high-achieving entrepreneurs. Awards are given to entrepreneurs who have demonstrated excellence and extraordinary success in such areas as innovation, financial performance and personal commitment to their businesses and communities.

The regional winners advance to compete at the national Entrepreneur Of The Year Awards gala in November, and Canada's national winner goes on to compete against all other national winners at the spectacular World Entrepreneur Of The Year Awards in Monte Carlo the following June.

Over the past 18 years, we've received nearly 8,000 nominations from across the country, recognized over 2,860 finalists, and presented more than 870 awards – including 38 lifetime achievement awards.

For details on eligibility, key dates and how you can take part in this exciting program, visit ey.com/ca/EOY. Some of the Canadian Entrepreneur Of The Year award winners from the last 18 years:

Some of the Canadian Entrepreneur Of The Year award winners from the last 18 years:

Guy Laliberté*

Cirque du Soleil, Montreal

David Patchell-Evans

GoodLife Fitness Clubs, London

Peter Jones

HudBay Minerals Inc., Winnipeg

Chip Wilson

Lululemon Athletica Inc., Vancouver

Marc and Vic Bertrand

Mega Bloks, Montreal

James Temerty

Northland Power Inc., Toronto

Ches Penney

The Penney Group of Companies,
St. John's

Bernard Imbeault

Pizza Delight Corporation, Moncton

Lee McDonald

Southmedic Inc., Barrie

**Clive Beddoe, Mark Hill,
Don Bell, Tim Morgan**

WestJet Airlines Ltd., Calgary

** Guy Laliberté went on to win the prestigious World Entrepreneur Of The Year title in 2010.*



Ernst & Young Strategic Growth Forum®

At Ernst & Young, we understand what CEOs of entrepreneurial private companies face daily – and what it takes to be a market leader. That's why we created the Ernst & Young Strategic Growth Forum.

Over the course of four days every November, we convene approximately 1,700 business leaders and provide an unparalleled opportunity to meet valuable contacts – potential customers, acquisition targets/buyers – and network with your peers. The Forum delivers leading

business advice on sustaining and turbocharging company growth and presents keynotes from some of the world's most recognizable CEOs in a relaxed setting.

The conference includes a roundtable session for leaders of the largest private companies in attendance to discuss common challenges and share advice and ideas. It concludes with the annual Ernst & Young Entrepreneur Of The Year US awards, hosted by Jay Leno.

How we can help you

Entrepreneurial Services: dedicated, integrated support for entrepreneurs at every stage

At Ernst & Young, we know what it takes to drive sustainable growth because we've guided thousands of entrepreneurs on their journey from startup to market leadership. In fact, we were the first global professional services firm to form a unified practice, Entrepreneurial Services, dedicated to the spectrum of high-growth companies.

Our Entrepreneurial Services team comprises seasoned tax, transaction, advisory and assurance professionals – located across Canada. We're committed to serving the unique challenges and changing needs of private and public entrepreneurial companies.

We provide unwavering quality service by taking the time to get to know you and your business. And while we have deep experience working with businesses in your local market and across the country, we're connected with an integrated network of professionals in 90 countries around the world. This means that wherever you're located or looking to expand, we can help your company achieve its potential.



We provide services to:

- ▶ Large and small private enterprises
- ▶ Family-owned businesses
- ▶ Venture capital- and private equity-backed companies
- ▶ Companies looking to go public
- ▶ Companies disrupting traditional business models and developing new technologies



Find out how we can help you achieve the potential of your vision. Visit us at ey.com/ca/Entrepreneurs.

Contact us

We serve entrepreneurs in every market from coast to coast. Contact the Entrepreneurial Services leader in your area to get our integrated services working for your business.

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About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 141,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit ey.com/ca

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About Ernst & Young's Canadian Entrepreneurial Services practice

Ernst & Young LLP's Entrepreneurial Services practice serves Canada's entrepreneurs by delivering integrated business advisory services in assurance, tax, transactions and advisory services to help them drive growth and create value. Our team of professionals has a track record of focusing on the issues and needs of companies as they grow from early stage to become market leaders. Ernst & Young has long worked with and celebrated the achievements of Canadian men and women who create the products, services and jobs that propel Canada's economy and communities forward. For more information, please visit us at ey.com/ca/Entrepreneurs.

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