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# Career and Community Development

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ENTREPRENEURSHIP FOR COMMUNITY DEVELOPMENT,  
SOCIAL INNOVATION, AND CAREER PATHWAYS

# This workbook belongs to:

NAME:

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CONTACT:

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## About Us

**Inspire Nunavik** trains young people across Canada's North to become **social entrepreneurs, traditional entrepreneurs, and passionate problem solvers.**

We have a vision to create an **empowered youth population that will become Nunavik's next generation of community leaders.** This course is designed to equip students across Nunavik with the knowledge, skills and competencies needed to contribute to their communities in real, meaningful ways. Our mission is to **give youth in Nunavik an opportunity to find purpose in building entrepreneurial projects that catalyze their own vision for the future** - in line with their passions, community and culture.



# Community

CHAPTER 1

# Community

**Community** is a group of people living in the same place or having a particular characteristic in common.

**Community development** is when community members work together to build stronger communities for the benefit of all. This can also be understood as **Piliriqatigiinniq**<sup>1</sup>, the Inuit Qaujimajatuqangit (IQ) principle that promotes working in a collaborative way for the common good.

**Piliriqatigiinniq** is to empower and build capacity through knowledge and skill development and to develop collaborative relationships and work together for the common good.

## REFLECTION

What does Piliriqatigiinniq mean to you? What does it mean for your community?

Working for a common good can take many shapes and forms. It can mean improving social conditions, promoting culture, creating wealth and economic benefit, working to improve mental health and wellbeing, or taking care of the environment and the land around you. The purpose of developing your community is to create benefits for the community so it can grow and improve for present and future generations.

## Community Development - Past and Present

In the past, Inuit lived and traveled in small groups, living in harmony with the elements of life around them. This community focus and self-reliance was the way of life. Inuit had laws, beliefs, practices, and social orders that allowed all beings to live well, securely and harmoniously with nature. Inuit created technologies, like the panak, the kakivak, the umiaq, and the qulliq, that provided communities with the tools needed to live. Inuit communities were small, sustainable, and rooted in natural laws that ensured everyone understood their place and responsibility in the world around them.

In the past 70 years, Inuit communities have been through a lot of change. The Inuit now live in larger settlements and exist within a new system of institutions, governments, and structures that influence the way they live. Many of these systems are ones that were imposed on the Inuit and not changes made by choice. The transition into new communities, institutions, governments, and structures came with a variety of challenges that caused the Inuit to quickly adapt to new ways of life.

### REFLECTION

Invite an elder to your class and listen to their stories. What were the Inuit communities of the past like? What new challenges do Inuit communities face today? What is better? What is worse?

## REFLECTION

What does piliriqatigiinniq look like in your community today? What does the common good look like today?

Other changes that have affected not only Inuit, but people all over the world have to do with the rise of digital technology and **globalization**. Digital technology and globalization have brought people from all over the world closer together. Our structures and systems are more complex as we become more and more interconnected. People belong to many communities on the local, regional, national, and global scale. Globalization brings along new responsibilities, and ideals, of the common good. It is important for us to understand our place and responsibility in the world and understand how **piliriqatigiinniq** applies to us today.

## REFLECTION

What local communities do you belong to? What global communities?

What is your role and responsibility within those communities?

# Sustainability and Community

**Sustainability** is being able to meet our needs without preventing the ability of future generations to meet their needs. **Sustainable development** is community development that uses a systems thinking approach to meet the needs of today without compromising the needs of the future.

How do we build a better today without making things more difficult tomorrow? This is a big question to ask when looking in to community development. What does the future look like if we keep going the way we have? How will our actions today affect future generations? What is essential to our survival today? What will future generations need for survival?

**Systems thinking** is a way to observe, analyze, and understand the world around us. Systems thinking allows us to see the world as a big picture instead of looking at the individual parts. This helps us to recognize that there are relationships, connections, and **interdependencies** between the different elements that make up the system. An important tool we can use to develop systems thinking is viewing things through a **sustainability lens**. This tool is helpful while observing a community and its complex interactions. The specific areas of focus using this tool are: environment, society, culture, and economy. Compass Education proposes the Sustainability Compass.

## About The Sustainability Compass

Compass is a methodology for orienting people to sustainability. Compass helps you bring people together around a common understanding of sustainability, and a shared vision for getting there. It also helps you monitor progress along the way. First developed in 1997, the Sustainability Compass has been used by companies, communities, organisations, schools and universities around the world.

The Sustainability Compass is easy to understand. A regular compass helps us map the territory and find our direction. This Compass does the same thing for sustainability. It takes the English-language directions – North, East, South, West – and renames them while keeping the same well-known first letters:

**N is for Nature** – All of our natural ecological systems and environmental concerns, from ecosystem health and nature conservation, to resource use and waste.

**E is for Economy** – The human systems that convert nature's resources into food, shelter, ideas, technologies, industries, services, money and jobs.

**S is for Society** – The institutions, organisations, cultures, norms, and social conditions that make up our collective life as human beings.

**W is for Wellbeing** – Our individual health, happiness, and quality of life.



Anyone can use this tool to guide thinking about community by exploring the four different aspects of sustainability.

## Aspects of Sustainability



### The Environment

The **environment** is all of the natural resources and living beings we have to take care of.

#### REFLECTION

What are the environmental resources and things that exist in your community? What is the current state of the environment? In what ways is the land changing? In what ways are animals changing? Is our environment at risk?

**What does environmental sustainability look like?** Environmental harmony is maintained. Humans do not use resources at a rate faster than they can replenish themselves (e.g. you don't hunt more caribou than they can reproduce to replace them).

- Environmental preservation
- Resource extraction
- Hunting practices



## Society

**Society** is a group of people that live together in an organized way, making decisions about how to do things and sharing the work that needs to be done. It includes **culture** the set of collective traditions, languages, knowledge, beliefs, and practices that is shared by a group of people.

## REFLECTION

What is the current state of society or people in your community? What do people like to do? What are the traditions, languages, knowledge, beliefs, and practices? Is there inequality in your community?

**What does social sustainability look like?** Everyone has access to a fair and good quality of life. Universal human rights are available to all.

- Security
- Language
- Tradition
- Equal opportunity
- Education



## The Economy

The **economy** is the process of changing our resources into goods and services so everyone has what they need.

### REFLECTION

What are things that contribute to the economy in your community? What is the current state of the economy in your community? Does everyone have what they need? How do people make a living? What are the main business activities in your community?

**What does economic sustainability look like?** Ability to support a defined level of economic production indefinitely. Resources are consumed at a rate that doesn't surpass its ability to replenish. Everyone has access to the resources they need.

- Living wages
- Sustainable consumption



### Wellness

**Wellness** is our individual health happiness and way of life.

### REFLECTION

What are the things that contribute to wellness in your community? What is the current state of wellness in your community? Are individuals thriving or at risk?

**What does sustainable wellbeing look like?** People have good mental and physical health. People have access to resources that support their well being.

- Mental health
- Physical health
- Love and relationships

## Root Cause

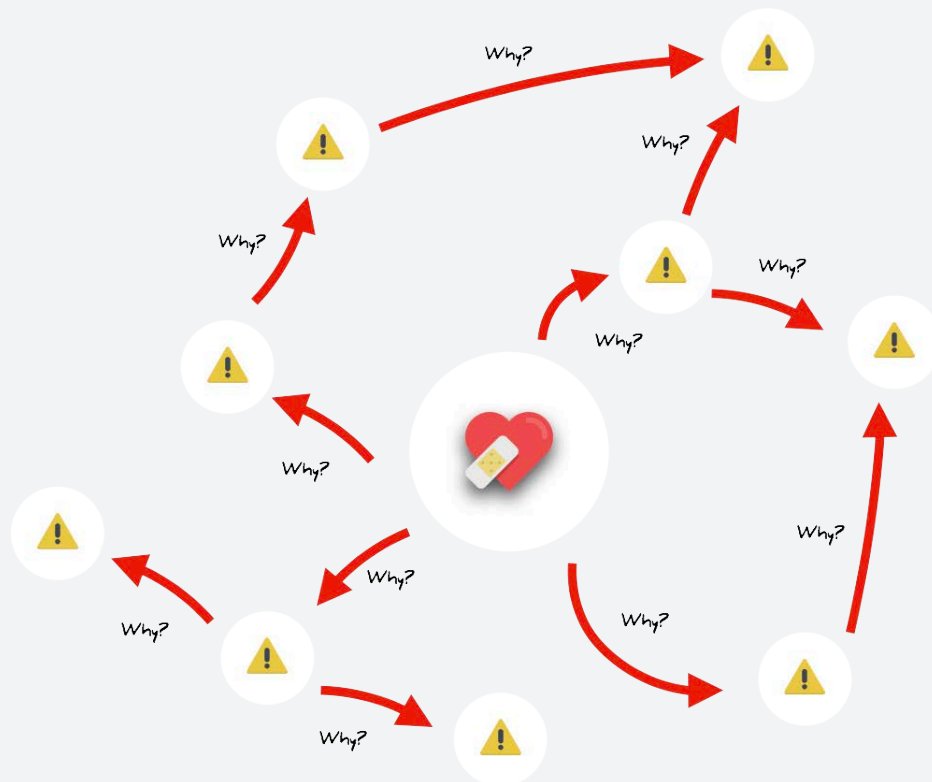
Just like an illness, social, economic, wellness, or environmental issues will generate symptoms. **Symptoms** are the things that result from a deeper issue (root cause). A **root cause** is the origin of an issue that generates symptoms.

Think about it this way, when you have a cold, you might experience a stuffy nose, a sore throat, headaches and fatigue. These are symptoms. The reason you have these symptoms is because of an underlying root cause: you caught a virus. In other words, the virus is the issue, not the stuffy nose, sore throat, headaches, or fatigue.

If you don't uncover the root cause, you can't solve the issue. For example, say you think the problem is that you have a headache. A proper solution might be to take some ibuprofen and take a nap. Will this cure your cold? Probably not. The headache will persist because they are symptoms of a cold. The headache is not the problem. It is only when you take the necessary steps to treat your cold that you will get rid of your headache, stuffy nose, sore throat, and fatigue.

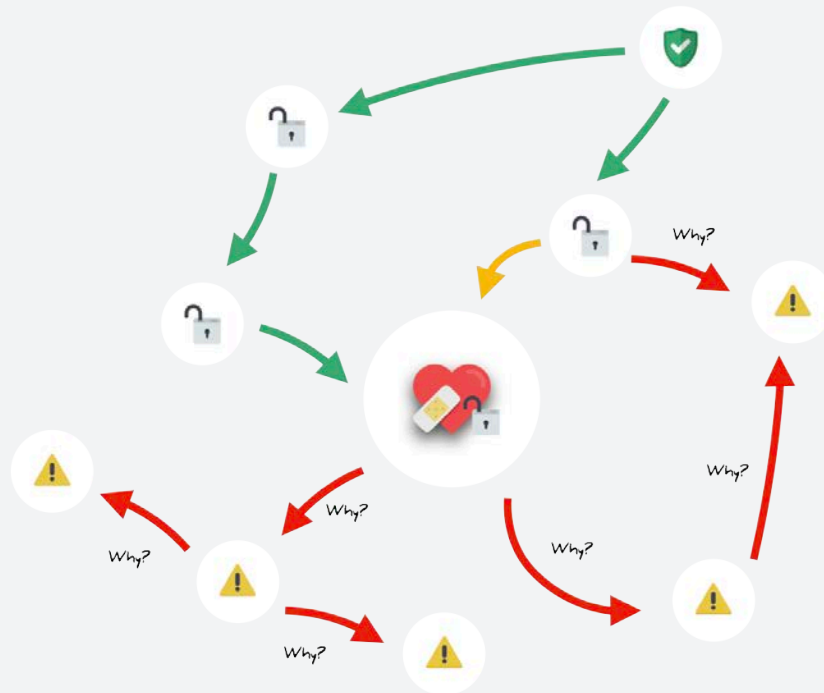
The same idea can be applied to social, economic, cultural, or environmental problems. Many of the issues that we face today are symptoms of deeper root causes. If we focus on trying to solve the symptoms, we won't be solving the root cause and the symptoms will persist. For example, is the threat of polar bear extinction the problem? Or is it a symptom of an underlying root cause?

To answer this question, **map your issue by asking why**. Keep asking why as much as you can. You will end up with a map that looks something like this.



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Your map should start with the root cause and show you the relationships between the different symptoms. This will guide you to see what needs to change in order to change the system. By solving the root causes, you will take strides towards shifting the system into a healthier state.



### ACTIVITY

Develop a list of sustainable goals for your community.

## CASE STUDY

## UNDERSTANDING THE INTERGENERATIONAL GAP<sup>2</sup>

One of the Qarjuit Youth Council's priorities is to help bridge the intergenerational gap between youth and elders. *"A lot of our youth are facing an identity crisis and don't know their place in their communities and their families, and this is due to a lot of intergenerational trauma,"* says Olivia Ikey, Vice-President of Qarjuit.

In order to design programs and initiatives to help bridge this gap and help youth reclaim their culture and identity, Qarjuit felt they needed a better understanding of why the gap exists in the first place. *"We always say there's a gap but what is the gap? What prevents people from bridging the gaps? We were realizing that a lot of our youth are losing their language, so they are terrified to speak to elders. They won't connect with elders as closely as another person who speaks the language and this creates a huge gap. But if the elders understand where the youth are coming from, we can start bridging those gaps. Having an understanding of both sides: 'What are your fears? What is stopping you from connecting?' Once we know this, then we can help create programs to bridge those gaps"* says Olivia.

In order to discover how they can better understand this challenge, Qarjuit got creative. Olivia says Qarjuit *"created the youth and elders conference to help bridge the gap between elders and youth and culture. Traditional and modern."* This conference brought together youth and elders from all over Nunavik in Kangirsujuaq.



Over the span of two days, the youth and elders participated in a range of activities that engaged them in powerful discussion. To get started, the group explored their history by putting themselves in the shoes of someone living through the impacts of colonialism. *"One of the first things we talked about was the colonial past and everything that happened. We all know about the residential schools, about the dog slaughters, we know about the relocations, but we don't really know the real impacts of it. When the youth know what happened and how hard their Elders fought for them to get here, then they also understand 'this is what really*

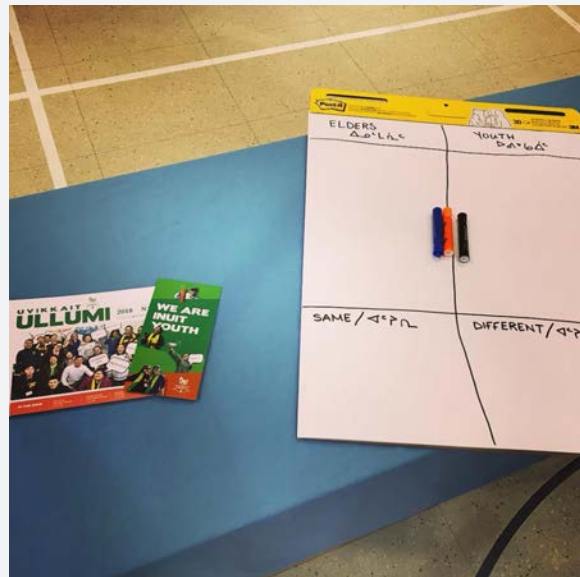
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*happened, and this is why we are facing symptoms today. We are facing drug and alcohol addiction, we are facing foster care, suicide, because of the huge impact of everything our people went through.'*

Everybody is like “move forward, move forward” but you can’t move forward if you don’t know the past. You have to know the past, in order to move forward. A lot of the youth came out feeling strong and proud and THANKFUL for their Elders, and the Elders really recognized it. They said “the youth, they’re really starting to know. The youth know the truth now. They understand us now.” That was a huge step in starting to bridge the gap. There was a confidence now that they youth knew the truth. “Now that they youth know, now we can really talk.” says Olivia.

The group then spent the rest of the conference just asking questions about both generations. The purpose was for youth and elders to better understand each other, their similarities, their differences, their experiences, and day to day lives.

“We broke up two days on just asking questions on both generations. One of the questions we asked, a very simple question, ‘*what did a day look like for you as elder, 50 days ago? When you woke up, what did you do? Everything. From the second you woke up to the moment you went to bed.*’ Then we asked the youth ‘*today when you wake up, what does every second of your day look like?*’



We then compared the answers. What are the differences? What is the positive? What is the negative? What did we lose? What did we gain?”

These conversations really helped youth and elders understand and empathize with each other. This gave both generation more understanding and more confidence. It also helped Qarjuit identify some real ways they can create programs and initiatives to help bridge the intergenerational gap. “We will take what we now know and build programs on that and create partnerships and relationships through that. We are also working on a report that will educate and inform people from across Nunavik of our findings.”

## REFLECTION

What challenge was Qarjuit trying to solve?

What did Qarjuit do to better understand the challenge?

What was identified as one of the root causes for the intergenerational gap?

How did the group use empathy to better understand the challenge? What impact did it have?

# What Does Community Engagement Look Like Today?

When you look at the world around you today, including your community, larger communities, and others, do you see the need for change? Are there challenges around you that you care about solving? Are there challenges affecting your life today that you want to change for yourself and for future generations? Are you happy and satisfied with the way things are? These are the essential questions that we need to ask ourselves as we tackle this topic.

## Community Ideals

The first step in community engagement is to establish **community ideals** of society. A community ideal is a way of describing what you and others want your community to be.

***My ideal community is one where...***

- *Our Inuit language is thriving...*
- *Our people are financially stable, and everyone has employment opportunities...*
- *Our land and animals are healthy...*
- *Our community members feel safe....*

### EXERCISE

What does your ideal community look like? Imagine you were given an unlimited amount of resources to create the community of your dreams. You only have 1 restriction: what you create must benefit all.

*"My ideal community is one where..."*

*"When you look at the world around you today, including your community, larger communities, and others, do you see the need for change? Are there challenges around you that you care about solving? Are there challenges affecting your life today that you want to change for yourself and for future generations? Are you happy and satisfied with the way things are? These are the essential questions that we need to ask ourselves as we tackle this topic."*

**- Adina Duffy, Ugly Fish, Coral Harbour**

## Identifying Community Resources

An important step in community development is identifying the **resources** available in your community. A resource is a supply (e.g. materials, people, money, land) used to create or produce a benefit.

Inuit have a great history of using the resources available to create tools and technologies that allowed them to survive and thrive. Today, the resources available in Nunavik communities have changed a lot. There are many new types of resources available to people. More than ever, people have an abundance of resources available to innovate and create from!



Resources today take many different shapes and forms. Nunavimmiut have access to the resources of the land, just like their ancestors, as well as many new things. Nunavimmiut have houses, buildings, associations, governments, snowmobiles, vehicles, planes, bank accounts, jobs, equipment, machinery, schools, service professionals, money, internet, landlines, and more. Nunavimmiut also have access to many resources that can't be touched or seen. These resources include services, access to knowledge and information, traditional knowledge, and more.

### EXERCISE

Using the prompts below, map out all of the resources that are available to you in your community.

*Key organizations: What organizations are in my community? What is their role?*

*Infrastructure: What types of buildings do we have?*

*Equipment: What types of equipment are available to us?*

*Leaders & Champions: Who are the leaders, champions, and role models in our community?*

*Financial Resources: What type of financial resources are available to us?*

*Natural Resources: What natural resources are around us?*

*Knowledge and information: What type of knowledge and information do we have access to?*

*Services: What services are accessible to us in our community?*

*Activities: What type of activities happen in our community?*

*Connectivity and Technology: What tools for communicating and connecting are available in our community?*

### ACTIVITY

#### SCENARIO MAPPING

You have been asked to create a one-day land survival expedition for youth. The day will consist of going out on the land and teaching youth to build a traditional igloo. You will have eight (8) youth participating in your workshop.

What resources do you need to make your land expedition happen? Make a list of all of the things you will need for this land expedition.

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Where can you find the resources you need within your community?

Are there any resources that are missing from your community? If so, make a list of these 'resource gaps'.

What are some of the ways you can get those resources?

## Needs and Challenges

*What is missing from my ideal community?*

How can your community meet your ideal? What are some of the challenges that affect your community today? Write down all of the needs and challenges that you see in your community that affect those around you and/or prevent you from reaching your ideals.

Now that you've identified some of the needs and challenges in your community, it is time to understand how these fit within the individual, social, economic and physical landscape of your community, and discover how they connect to each other. By understanding the connections behind the problem, that we can find ways to take action.

# Building Solutions

We have identified community ideals and challenges. Now it's time to look at how we can better understand the problems themselves so we can build suitable solutions.

The first step is to dive into an issue or problem using the **Impact Gaps Canvas**. The second step will be to use tools from the **Changemaker's Toolkit** to come up with constructive actions that will help solve the issue.

## Introduction to the Impact Gaps Canvas<sup>3</sup>

Doctors and nurses spend time learning about a patient's illness (challenge) before implementing a treatment (solution). They ask questions about the patient's life and their health history, as well as speak with family members and others close to the patient. Then they try to understand what the patient has tried already, why it didn't work, and how the patient reacted. Why do doctors and nurses do this?

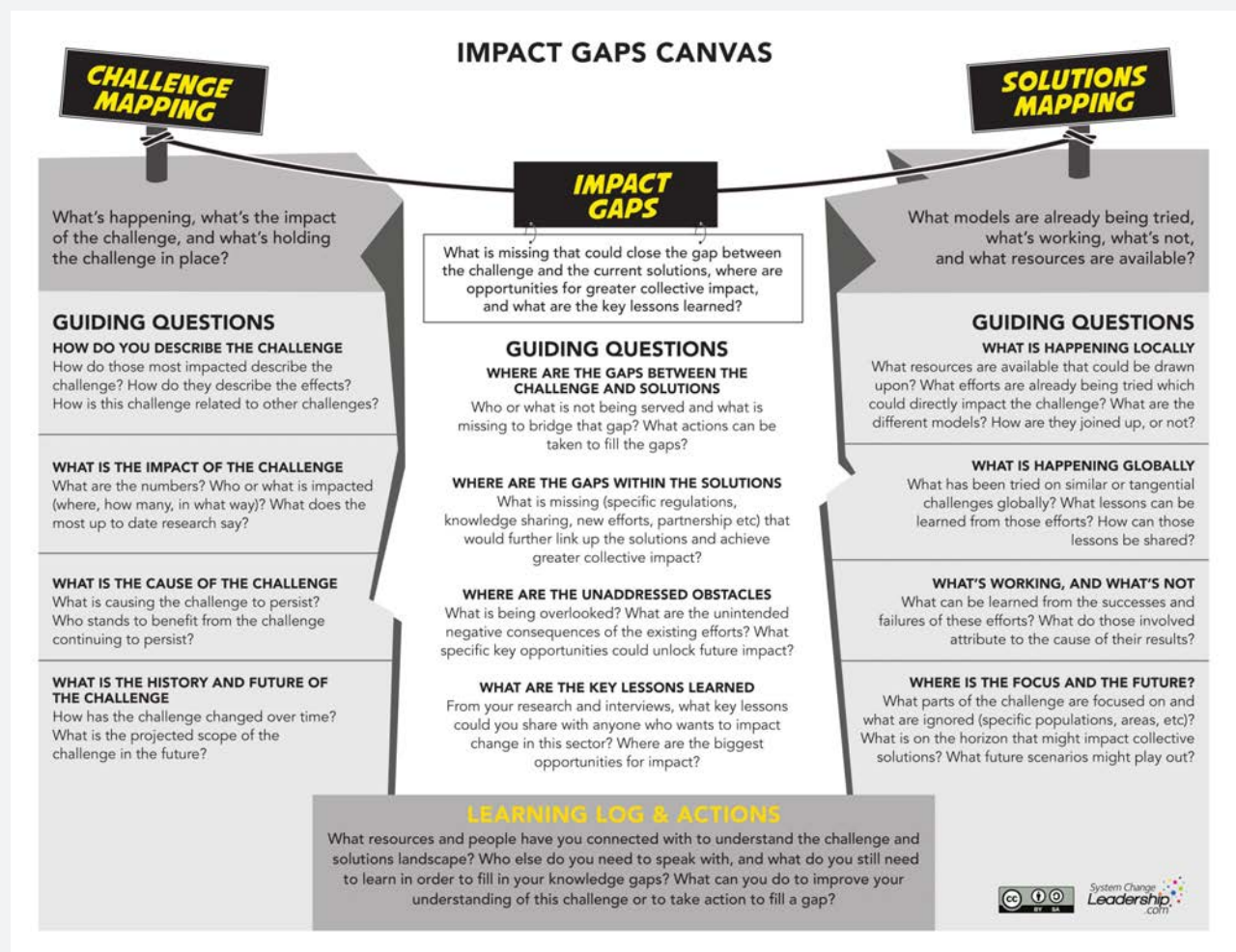
### REFLECTION

Remember the last time you went to see a nurse or doctor? What types of questions did they ask?

Nurses and doctors take the time to learn and better understand a patient's illness because without this prior knowledge they could be misinformed and offer the wrong treatment. Every patient is different, and it gives them a way to customize a treatment to a particular patient's history and needs. An incorrect treatment could mean prolonged illness, side effects, or even death.

Just like doctors, it is important for people interested in improving their communities to take the time to understand a challenge and what solutions have been tried so you can pursue well-suited actions.

To do this, you'll use a tool (developed by Daniela Papi-Thornton) called the **Impact Gaps Canvas**. This tool can be used by anyone to better understand a community challenge, what's been tried before, and what solutions can be implemented.



There are three main sections in the canvas. On the left, the section is called Challenge Mapping. On the right, the section is called Solutions Mapping. And in the center we have Impact Gaps. Before we learn about how the canvas works, write down the community challenge you're passionate about solving. You'll use this to learn how to use the canvas.

## REFLECTION

What community challenge are you passionate about solving?



## Challenge Mapping

**Challenge mapping** is a way of saying “summary of the community challenge.” The questions on the left side of the Impact Gaps Canvas can help you understand the community challenge you are interested in (who or what is affected, what is holding the current **status quo** in place, and who stands to be negatively affected if the problem is solved, etc.) and write out a summary.

For this challenge mapping activity you get to pretend you’re the nurse or doctor and go out into the community to find out more about the problem. Before you go in to the community, think about where you can find some of the answers to understanding your challenge.

## REFLECTION

Where and from whom can you get more information on the challenge you're passionate about changing? Think about resources like books or websites as well as people and places.

Now that you have a list of places you can go, let's start the challenge mapping journey.

## ACTIVITY

**Step 1. Why the challenge exists** - What are the causes for this challenge? What is preventing it from changing? Does anyone benefit from the current situation staying the same? Write down your answers.

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**Step 2. History of the challenge** - How has this problem changed over time? What will this problem look like a few years from now when you are finished school? Write your answers.

**Step 3. Capturing learning and activities** - What resources did you end up using to understand the challenge? Who else do you need to speak with to learn more? Write down who you spoke with to verify your understanding of the challenge.

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As you went out in the community to learn more about the challenge and to verify your understanding, you may have found that your challenge connects to other challenges too. This is because the community operates like one large **system**. For example, if you wanted to learn about why there is less country food, you may have discovered a connection to less youth hunting and fishing, or a connection to increase in prices of hunting gear, or time spent with elders.

### REFLECTION

What other challenges in the community does your challenge connect to, and why?



## Solutions Mapping

**Solutions mapping** is all about getting a good sense of what solutions have already been tried by others or are currently being tried by others. The questions on the right side of the Impact Gaps Canvas help you map out the “solutions landscape” (What has already been tried, what has worked and what hasn’t and how are these efforts connected and building upon each other).

Now that you have a better sense of the community challenge, you can go back into the community to find out who and what types of organizations are trying to solve for this same challenge and in what ways.

## REFLECTION

Where and from whom can you get more information about what solutions have been tried? Think about resources like books or websites as well as people and places.

Now that you have a list of places you can go, let's start the solutions mapping journey!

## ACTIVITY

**Step 1. Solutions for change** - What different solutions are being tried? How are each of these solutions different? What parts of the problem do each of these solutions address? Write down your answers.

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**Step 2. Future of the challenge** - What new resources or opportunities are on the horizon which might affect solutions? Write down your answers.

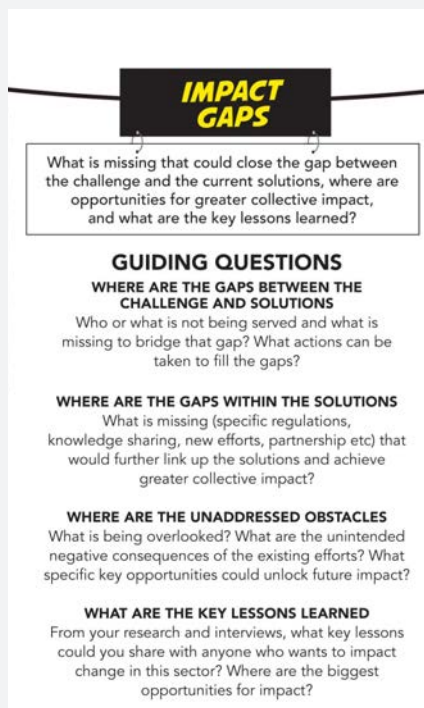
**Step 3. Capturing learning and activities** - What resources did you end up using to understand what solutions are already being tried? Who else do you need to speak with to learn more? Write down who you ended up speaking with to verify your understanding of the current solutions.

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As you went out in the community to learn more about what solutions are being tried and who is trying them, you may have found people or resources or supports to help you in the community challenge you're interested in. Back to the example of less country food, you may have discovered that the local hunter's association, co-op, or an experienced hunter might be helpful resources to support you in pursuing a solution.

### REFLECTION

Who or what organizations in the community can be a valuable resource for you?



**IMPACT GAPS**

What is missing that could close the gap between the challenge and the current solutions, where are opportunities for greater collective impact, and what are the key lessons learned?

**GUIDING QUESTIONS**

**WHERE ARE THE GAPS BETWEEN THE CHALLENGE AND SOLUTIONS**  
Who or what is not being served and what is missing to bridge that gap? What actions can be taken to fill the gaps?

**WHERE ARE THE GAPS WITHIN THE SOLUTIONS**  
What is missing (specific regulations, knowledge sharing, new efforts, partnership etc) that would further link up the solutions and achieve greater collective impact?

**WHERE ARE THE UNADDRESSED OBSTACLES**  
What is being overlooked? What are the unintended negative consequences of the existing efforts? What specific key opportunities could unlock future impact?

**WHAT ARE THE KEY LESSONS LEARNED**  
From your research and interviews, what key lessons could you share with anyone who wants to impact change in this sector? Where are the biggest opportunities for impact?

## Identifying Suitable Solutions

Now that you have mapped the challenge and tried solutions, let's explore the center portion of the Impact Gaps Canvas. This part identifies the gaps that exist between the left side and right side, including what types of efforts are missing. What could better connect efforts?

These gaps hold the key to new opportunities for you to take action. You can blend what you have discovered about the system with your skills and passions to work on a new opportunity.

## REFLECTION

Think back to your resources. Who could you spend time with to answer the following questions to identify suitable solutions?

## ACTIVITY

**Step 1. Obstacles that have not been addressed** - What is missing or not working in each of these solutions? Write down your answers.

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**Step 2. Impact opportunities** - Where are the opportunities (business, research, engagement, etc.) that can improve the challenge?

### REFLECTION

What important lessons did you learn from using the Impact Gaps Canvas and going into the community to speak with people?

## REFLECTION

Now that you have a list of potential future opportunities, which ones align with your skills and passion?

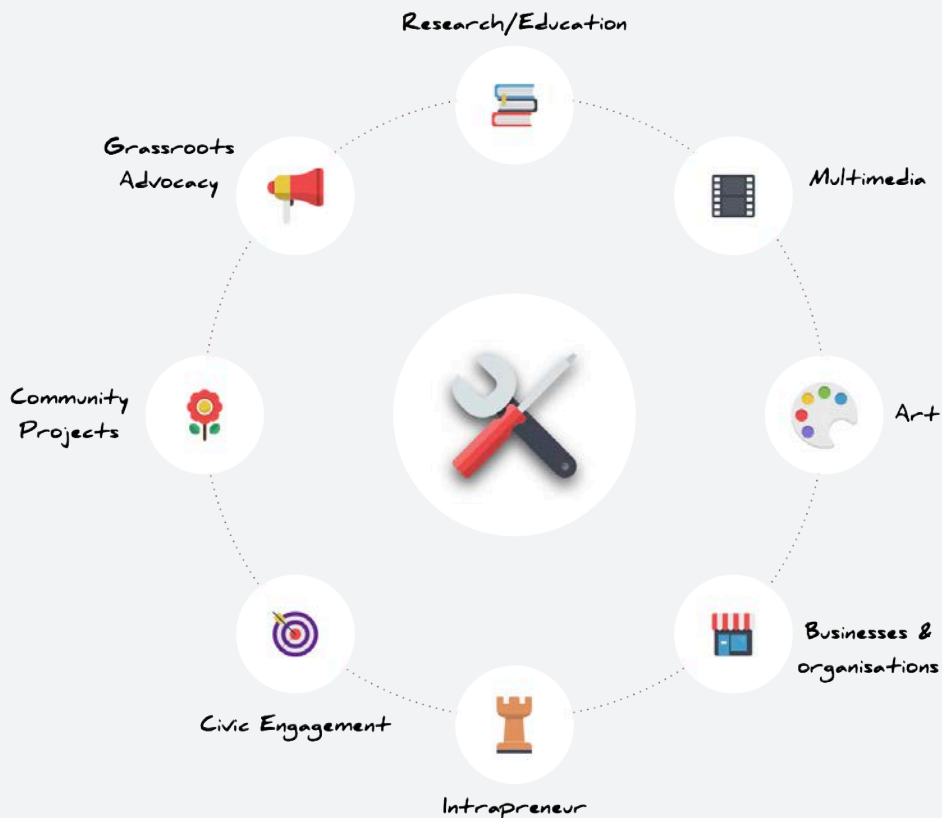
## How to Take Action

Now that we've identified the impact gaps, it's time to look at the different types of constructive actions to bridge gaps and work towards solving the problem. A **constructive action** is a step towards a solution but does not resolve the entire solution itself. Think about the igloo. The igloo is made up of dozens of snow bricks that eventually come together to shape the igloo. Systems change is a combination of constructive actions (snow blocks) that come together to change the system (igloo).

As we've seen throughout this chapter, systems are complex. This means that there isn't one magic solution that can fix the entire system. You need many different people to work together and take a series of constructive actions towards building a better system. In other words, no one person can change the entire system alone and everyone has a role to play. ***Everyone can make a difference in their own way and we are stronger when we work together. Piliriqatigiinniq!***

## Community Engagement Toolkit

What tools can be used to take constructive action towards community change? The tools presented below are meant to give you ideas about how you can make change. Note that this is not a complete list. There are many other ways you can effect change (such as making an effort to create less waste or making a kind gesture every day). These tools are also not meant to be used in isolation. Combining different tools together can be very powerful!





## Research and Education

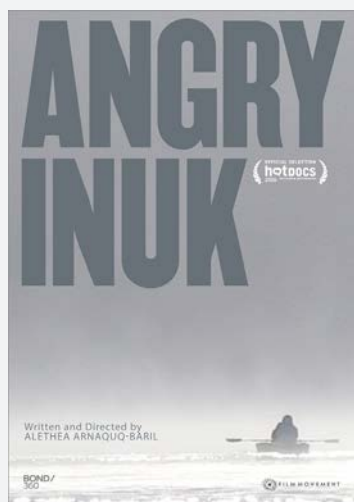
**Research and education** can be a very powerful tool in systems change. The information and knowledge gained from research and education raises awareness and can uncover data that provide deeper insights into the system. Research and education also have the power to help shift the mindset of society. Research findings can be shared in many different ways including written papers, in-person presentations, webinars, videos, podcasts, and more.

**Example** - In 2016, Inuit Tapiriit Kanatami (ITK) did research on the suicide crisis in Inuit Nunangat. They summarized their findings and created a document called the National Inuit Suicide Prevention Strategy (NISPS), which offers a series of recommendations for all stakeholders to work together to fight the crisis. ITK describes the NISPS as “a tool that Inuit can use to secure resources for housing and shelters and ensure the safety of children and families. The NISPS also guides policymakers to make more focused, efficient and impactful investments in suicide prevention<sup>4</sup>”.



## Multimedia

**Multimedia** is content that uses a combination of text, audio, images, animations, video and interactive content. Multimedia can be used to communicate ideas, stories, research, and perspectives that can educate and positively influence people.



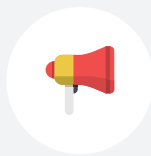
**Example** - *Angry Inuk* is a documentary film created by Iqaluit-based filmmaker and activist Alethea Arnaquq-Baril. *Angry Inuk* provides a spotlight on the ban of seal products and the effect it's had on the Inuit. Seal hunting is a widely misunderstood practice that has gained a lot of negative press from international campaigns backed by celebrities like Ellen Degeneres, Paul McCartney, and Pamela Anderson. The ban on seal products has had devastating effects on the Inuit's economy. *Angry Inuk* sheds light on the issue and has educated thousands on the topic since its release.



## Art

**Art** of all forms can be an effective way to communicate and challenge people's way of seeing things. Art of all shapes and forms can be thought provoking and even life changing. Whether it be through poetry, dancing, music, carving, painting, or whatever other art form you are passionate about, your art can be a way for you to communicate a powerful message with the world.

**Example** - Twin Flames duo Jaaji Okpik and Chelsey June use their music as a way to show people they are not alone and give a public voice to the issues communities face. The musical duo travels across the arctic to deliver workshops to youth and use music to inspire youth<sup>5</sup>.



## Grassroots Advocacy

**Grassroots advocacy** is about communicating with the general public and asking them to contact their local, provincial or federal officials regarding a certain issue. It encourages people to have a voice, and defend and protect their rights. It enforces people's views to be considered when decisions are being made about their lives.

**news** Inuit leaders applaud landmark Supreme Court ruling

**Inuit leaders applaud landmark Supreme Court ruling**

'I can't believe this has happened,' says Aluki Kotierk, president of Nunavut Tunngavik

Elyse Skura · CBC News · Posted: Jul 27, 2017 5:00 AM CT | Last Updated: July 27, 2017

Inuit activist Jerry Natanine smiles after the Clyde River Inuit blocked seismic testing that they say would have killed marine mammals in the area, but he said he was disappointed the cause didn't get more support from Inuit organizations. (Sean Kilpatrick/Canadian Press)

1.5k Shares

**Example** - Jerry Natanine is an Inuit activist who spent two years fighting against seismic tests set to search for oil and gas deposits offshore of Clyde River. The effects of the seismic testing was threatening the community's marine wildlife. Despite the community not being consulted on the project, the National Energy Board gave the company green light to start their exploration.

Jerry's grassroots advocacy movement brought together people and organizations to fight against the National Energy Board's decision<sup>6</sup>. The case was eventually brought to the Supreme Court of Canada. Jerry's activism did not only save Clyde River from the potential devastation of seismic testing, it also provided a precedent for future cases involving Indigenous groups, whereby they will now need to be properly consulted with before development projects get the go-ahead.



## Community Projects

**Community projects** are activities that are led by community members and for community members. Community projects and initiatives can take many shapes and forms but are typically run for a short duration of time and for a set purpose. They are programs designed with a specific goal in mind. For example, the project could be a five-week traditional skills program that brings together youth and elders. It could be a healthy cooking workshop for families to promote a healthy lifestyle, or it could be a summer hockey camp for youth to have access to opportunities and activities to keep them busy and active during the summer.

**Example** - The Ungaluk program is a fund managed by Makivik Corporation, which gives out 9 million dollars every year towards crime-prevention projects & initiatives across Nunavik communities. Examples of programs funded by the Ungaluk program include summer camps on the land, hockey programs that teach traditional skills to youth and video-making workshops for youth<sup>7</sup>.



## Intrapreneurs

**Intrapreneurs** are individuals who are entrepreneurs inside an organization. An intrapreneur creates projects and activities within the organization they are working with. Although intrapreneurs can be restricted in some ways, in other ways they have the advantage of having access to a wealth of resources and supports within the organization which can increase their impact.

**Example** - Qarjuit Youth Council

Alicia Aragutak, president of the Qarjuit Youth Council, and Olivia Ikey, vice-president of the Qarjuit Youth Council are intrapreneurs. During their term with the Qarjuit Youth Council, Alicia and Olivia have created and led many different entrepreneurial projects with their team. For example, they created a Youth and Elders conference in Kangiqsujuaq on April 17th and 18th 2018. The goal of the conference was to help youth and elders connect. Alicia and Olivia used their resources and support to take a constructive action towards bridging the gap between youth and elders<sup>8</sup>.



## Civic Engagement

**Civic Engagement** is about finding ways to be an active participant in your community. Civic engagement can include voting, signing a petition, attending town hall meetings, cleaning up parks, or volunteering at community events.

**Example** - Voting in elections (whether it be for a local mayor, a Makivik representative, or Federal elections) is a great example of civic engagement.



Businesses and organizations provide people with products and services that fill our wants and needs. They play a critical role in our systems and have the power to impact the system both positively and negatively.

**Social enterprise** is a business that brings about positive change. Social enterprises have a social, cultural, or environmental mission ingrained in its purpose and use the mechanics of business (selling products/services) to achieve their goals. The more money the business makes, the more impact they have. The purpose of the social enterprise is to make money to do good.

  
DÉLICE  
BORÉAL

TISANE  
**INUIT**

*Découvertes originales*

Mélange #5, avec  
GENÉVRIER  
ᑭᓇᑭᓇᑭᓇᑭᓇ  
(Qisirituayag)

30 SACHETS  
**30 g**

A **non-profit organization** is one that is dedicated to making social, environmental, or cultural change. Non-profits do not provide services or sell products to make money. Non-profits usually rely on grants and contributions from government and corporations in order to conduct their activities and deliver their services. This is a challenge for nonprofits, as they rely on money that they don't make themselves (unlike social enterprises).

**Example -** The Qarmaapik House is a non-profit organization based in Kangiqsualujjuaq. The Qarmaapik House was created to be a place where parents or guardians are supported to better meet their children's needs and to improve the bond within their family and instill traditional Inuit family values in the community.<sup>10</sup>

## Cooperatives

A **cooperative** is type of business that is owned, operated, and shared by a community of people. It is a collective business model. Instead of one (or a few) people owning the business, it is owned by every community member who participates in the business.

A cooperative is owned by its members. Its members are the people who use the coop's products and services. The money made at the end of the year is distributed to its members, usually based on how much they participated in the business.

The more the cooperative grows, the more it benefits its community members. The benefits created by the coop go straight to its members. Coops have been a very popular business model in Nunavik since it is a type of business that is closely in-line with Inuit culture and values.

**Example -** Every community in Nunavik has a community coop. Nunavik coops are part of the *Fédération des Coopératives du Nouveau Québec (FCNQ)*. The Coops in Nunavik are managed by community members, and members of the Coop get benefits for shopping at the store (e.g. dividend payouts and member discounts).

### REFLECTION

Do you have another store in your community? If yes, in what ways is it different from the coop? In what ways is it the same as the coop?

## GLOSSARY

### **Civic Engagement**

Finding ways to be an active participant in your community (e.g. voting, town halls).

### **Challenge Mapping**

In the Impact Gaps Canvas, challenge mapping is the summary of the challenge.

### **Community Development**

When community members work together to build stronger communities for the benefit of the collective (group).

### **Community Ideals**

A method of describing what you and others want your community to be.

### **Community Projects**

Activities that are led by community members and for community members.

### **Constructive Action**

A step towards a solution but does not resolve the entire solution itself.

### **Culture**

The set of collective traditions, languages, knowledge, beliefs & practices that is shared by a group of people.

### **Economy**

The process of changing our resources into goods and services so everyone has what they need.

### **Environment**

All of the natural resources and living beings we have to take care of.

### **Globalization**

The process by which our structures and systems become increasingly interconnected through international influence or by operating on an international level.

### **Grassroots Advocacy**

Raising awareness regarding certain causes and issues to ensure that people have a voice, that their rights are protected, and that their views are considered when decisions are being made about their lives.

### **Impact Gaps Canvas**

A tool used to map out and understand a community challenge.

### **Intrapreneurs**

Individuals who create entrepreneurial projects and activities within the organization they are working with.

### **Interdependency**

The dependence of two or more people or things on each other.

### **Multimedia**

Content that uses a combination of text, audio, images, animations, video, and interactive content.

## GLOSSARY

### **Piliriatigiinniq**

The IQ principle that promotes community members working together to build stronger communities for the benefit of the collective group.

### **Private Sector**

The part of the economy that is not directly under government control. This includes businesses, social enterprise, cooperatives, associations, non-for-profit organizations, and other non-government bodies that participate in the goods and services economy.

### **Resources**

A supply that is used to create or produce a benefit (e.g. materials, people, money, land).

### **Root Cause**

The origin of an issue that generates symptoms.

### **Society**

The collective structures, governments, and institutions that make sure we have fair and reasonable quality of life.

### **Solutions Mapping**

In the Impact Gaps Canvas, solutions mapping is about getting a good sense of what solutions have already been tried by others or are currently being tried by others.

### **Status Quo**

The way things are now; the current situation.

### **Sustainable Development**

Development that meets the needs of today without compromising the needs of the future.

### **Sustainability**

The ability to meet our needs without compromising the ability of future generations to meet their needs.

### **Sustainability Lens**

A tool that is helpful while observing a community and its complex interactions

### **Symptoms**

The byproduct or result of a deeper issue (root cause).

### **System**

A collection of interconnected, interacting, and interdependent parts that form a whole.

### **Systems Thinking**

A way to observe, analyze, and understand the world around us. Systems thinking recognizes that there are relationships, connections, and interdependencies between the different elements that make up the system.

### **Wellness**

The quality of life itself. Our health and our happiness.



# Introduction to Entrepreneurship

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CHAPTER 2

# Introduction to Entrepreneurship

## What is Entrepreneurship?

**Entrepreneurship** is about bringing new and improved solutions, creations, innovations, and value into the world. From inventions like the qajaq to the iPhone to providing essential services like small engine repairs, entrepreneurs create solutions that bring value to the world around them.



*Entrepreneurs are creators, innovators, leaders, problem solvers, and inventors.*

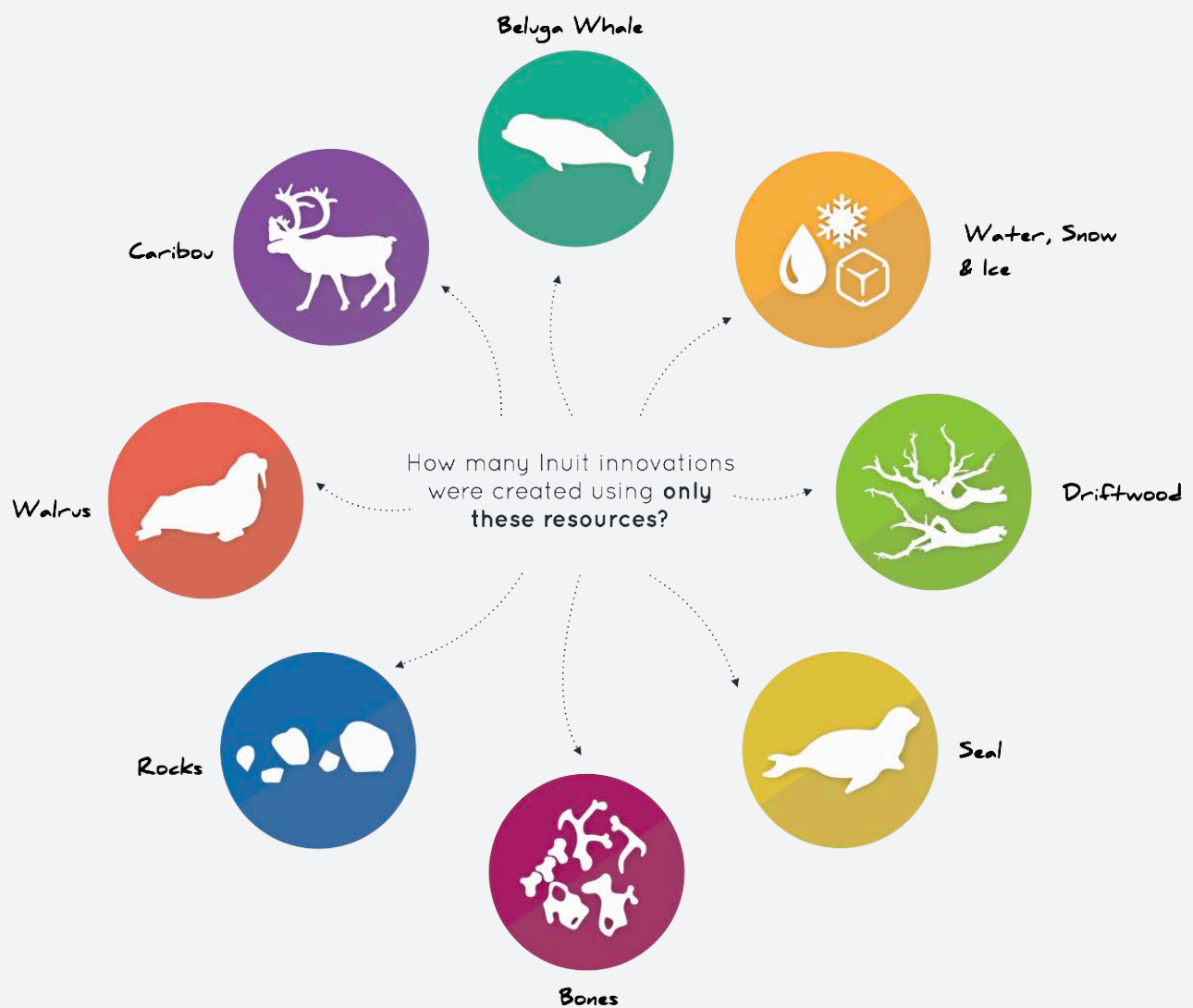
**Entrepreneurs** take the **limited resources** around them to **create value** for their communities (local, national, and global communities). Nearly all products or services that you consume in a day have been created by an entrepreneur. Entrepreneurship is what drives growth, innovation, creation, and problem solving in our communities, our countries, and in the world.

**Entrepreneurs are stronger when they work together.** This is known as **collective entrepreneurship**. Groups of people can use entrepreneurship as a way to collaborate and bring about change for the benefit of their community. Entrepreneurship is used by groups of people all over the world to create solutions to pressing social, environmental, cultural, and economic problems and to create stronger communities.

## The Entrepreneurial History of the Inuit

**Inuit are amongst the most innovative and entrepreneurial people in the world.** For centuries, Inuit survived and thrived in some of the most unique conditions on the planet - the Arctic - using the many unconventional resources available. Inuit used their ingenuity to create technologies and tools that allow them to perform the various tasks they need to not only survive, but live fulfilling and purposeful lives.

Take a look at the resources listed below. These are some of the main natural resources the Inuit have at their disposal.



### ACTIVITY

Make a list of **all of the innovations** that are created using only the resources listed on the previous page. You can ask your family, friends, and local elders for guidance.


EXAMPLE

## The Unaaq



**Bone** was used to make the igimak (harpoon head)



**Seal** was used to make rope and the avataq (float)



**Antler/ivory** was used to make the fore shaft and the avataq plug



**Driftwood** was used to make the long shaft<sup>1</sup>

What **benefit** does the unaaq bring to Inuit society?

YOUR TURN!

## Snow Goggles



*What resources are used to make snow goggles?*

What **benefit** do snow goggles bring to Inuit society?

YOUR TURN!

## The Qulliq



*What resources are used to make the qulliq?*

What **benefit** does the qulliq bring to Inuit society?

**REFLECTION**

What resources do you have around you? What do you think you can do with them?

How are Inuit entrepreneurial today?

# What Does it Mean to be an Entrepreneur?

Being an entrepreneur means learning how to think differently, move ideas forward, and be passionate and resilient while you do it. Below are some of the common personality traits of entrepreneurs.



## ACTIVITY

For each of the entrepreneurship traits listed on the previous page, find at least one example of how this relates to Inuit cultural traits.

TRAIT	EXAMPLE
<b>Resilient</b>	<i>Example: The Inuit did whatever it took to survive and thrive in some of the planet's harshest climates.</i>
<b>Passionate</b>	
<b>Risk Takers</b>	
<b>Resourceful</b>	
<b>Problem Solvers</b>	
<b>Resourceful</b>	

## What Drives Entrepreneurship?

Entrepreneurship is driven by **motivation** for some type of improvement or goal. Entrepreneurship can be motivated by a group that wants to reduce poverty, or personal motivation, such as learning a new skill like hunting.

On a personal level, entrepreneurship can help people achieve their goals.

### REFLECTION

What are your personal motivations? What motivates you?

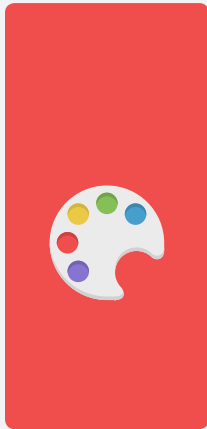
On the community level, entrepreneurship can help communities improve and achieve better conditions to live in.

### REFLECTION

What are some of the motivations of your community?

## Types of Entrepreneurs

How do people use entrepreneurship in their lives? What motivates them? Below are some types of entrepreneurs.



### Creative Entrepreneurs

The **creative entrepreneur** is a type of entrepreneur who is passionate about bringing their art and unique skills into the world. Whether they do it part time or as a full-time job, creative entrepreneurs are driven by their artistic goals and skills. This could be design, carving, photography, filmography, or any other unique skill.

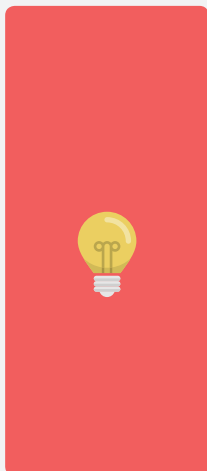
“The motivation behind our work is making people happy, showing them they are not alone, expressing ourselves through music and giving a public voice to the issues our communities face<sup>2</sup>.”

- Twin Flames



### The Social Entrepreneur

The **social entrepreneur** is a type of entrepreneur who uses entrepreneurship to solve community-based problems. Social entrepreneurs look to create a positive difference in the world, to bring about social or environmental change, and uses business as the way to do it. Social entrepreneurs can start social enterprises, cooperatives, non-profit or charity organizations, or run grassroots community projects.



### The Innovator

The **innovator** is a type of entrepreneur who wants to create new, groundbreaking products or services. The innovator is always coming up with new ideas or making old ones better.

**Example:** Rhoda Anguatimarik from Igloodik, Nunavut, and her team created a custom solution for Nunavummiut living in their territory. Food prices were very high in the local stores so her team created Arctic Fresh, an online store where people can order fresh food and receive it right at their door. By using an online store, Arctic Fresh saves money by not needing a physical store making sure prices are lower.





### The Hobbyist

The **hobbyist** is a type of entrepreneur who turns their hobbies into small businesses or projects. For example, if someone enjoys doing photography or jewelry making, they might turn it into a small side business and run their businesses in their free time. Some hobbyists will eventually turn their businesses into a full-time business while others keep it as a side project.

**Example:** Maggie Peters is a certified hairdresser, nail technician, and beautician from Kuujjuaq. Maggie operates a salon where she offers her beauty services to local clients.



### The Lifelong Entrepreneur

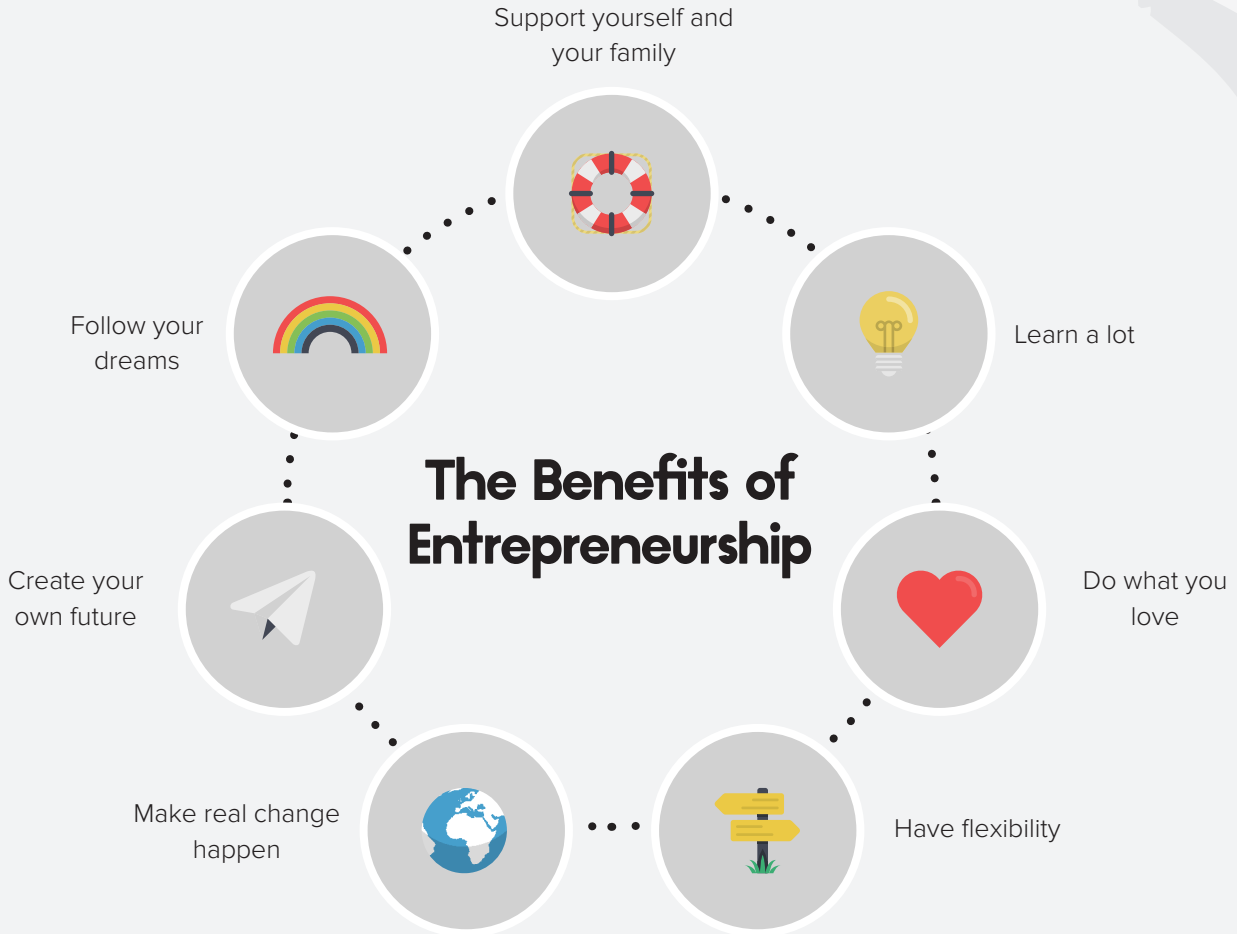
The lifelong entrepreneur is motivated by entrepreneurship itself. Lifelong entrepreneurs love creating new businesses. The lifelong entrepreneur is always looking for opportunities and usually starts multiple businesses in their lifetime.

**Example:** Sammy Duncan is an entrepreneur from Kuujjuaq. Sammy started his entrepreneurial journey when he was only 9 years old, by cleaning and reselling his old toys. Sammy has since started multiple businesses in his lifetime, including Nunavik Communications Inc., Nunavik Real Estate Inc., and continues to explore new opportunities.

## REFLECTION

Which type of entrepreneur are you, or which type would you like to be in the future? Why?

Who are the entrepreneurs in your community? Which type of entrepreneur are they?



### What do you like most about being an entrepreneur?

"It was hard to feel 100% good in a government job. I felt I had so much creativity in me! I feel like now, I can finally use my brain and my talent, do my own thing, and not do something that doesn't feel 100% right.

Now, I have that drive and I go to work on Mondays and I'm happy to be there! Sometimes, at night, I'll bring my laptop home and work late and work on my designs. I am **150% passionate about what I do**. I love being creative and it keeps me going<sup>3</sup>."

- Dawn Forrest, Inuuvunga Designs

## REFLECTION

How can entrepreneurship benefit you and your family?

How can entrepreneurship benefit your community?

## Tips From Entrepreneurs

“Look for help, do not do it alone. Learn to work with others, recognize your weakness and find a way to have someone help you. Continue to learn and do not give up after failure because it will happen more than once. Most importantly, remember to have fun!”<sup>4</sup>

**- Thomassie Mangiok, Ivujivik**  
*Founder of Pirnoma Technologies Inc.*



“Do what you love, what makes you the happiest and the rest will fall into place. Be willing to work for what is important to you and don’t give up!”<sup>5</sup>

**- Jaaji Okpik and Chelsey June**  
*Twin Flames*

“You have to get in there and try. You have to try, and ask questions! Fake it till you make it. I didn’t get where I am because I knew everything. I got in, and I learned! I sat at meetings and I learned how it worked and that’s how it happened. I didn’t know everything, I had to try.”<sup>6</sup>

**- Olivia Ikey, Kuujjuaq**  
*Qarjuut Youth Council*



“Don’t freak yourself out! Don’t psych yourself out—we are good at that. That is the first thing that you need to do, is to get over that voice that tells you not to do it. You can, and you will! Yes, even for Mary Kay, I asked myself, “Why should I start this business?” I got over that and I feel that if people got over their fears, they would get a lot out of getting over their fears. We are so much nicer to other people and not so much to ourselves. Don’t take yourself so seriously, laugh, laugh at yourself!”<sup>7</sup>

**- Bernice Clarke, Iqaluit**  
*Founder of UasaU Soaps*

“Just do it. Whatever it is that you’re trying to do, go out and do it first. Forget about the naysayers, forget about the competition, just do it. You don’t have to go out printing business cards, and building your website - Get busy, use your hands, and make the stuff first. Make it. Do it. Sell it! Out of that, your business will be born.”<sup>8</sup>

**- Adina Duffy, Coral Harbour**  
*Founder of Ugly Fish*

# Introduction to Business

Starting a business is common for entrepreneurs.

## REFLECTION

Imagine all businesses disappeared tomorrow. What won't you have access to anymore? How would your life change?

## The Role of Business

Businesses play a very important role in our communities. These organizations provide us with the vast majority of the goods and services we need and want. They can provide for our basic survival needs, like food, shelter, jobs and clothing, or they can provide for things we want, like electronics, fashion items, and video games.

## REFLECTION

What are the businesses in your community? What products and services do they provide?

Businesses also drive a lot of growth, innovation, and wealth in our communities. Businesses create jobs, and create the services and products that make our lives better, easier, and more pleasant.

## REFLECTION

In what ways have businesses benefited your community?

## What Drives a Business?

What is the purpose of a business? Are all businesses driven by the same thing? Like people, businesses can be driven by different things.

### Financial Purpose - Maximize Profit

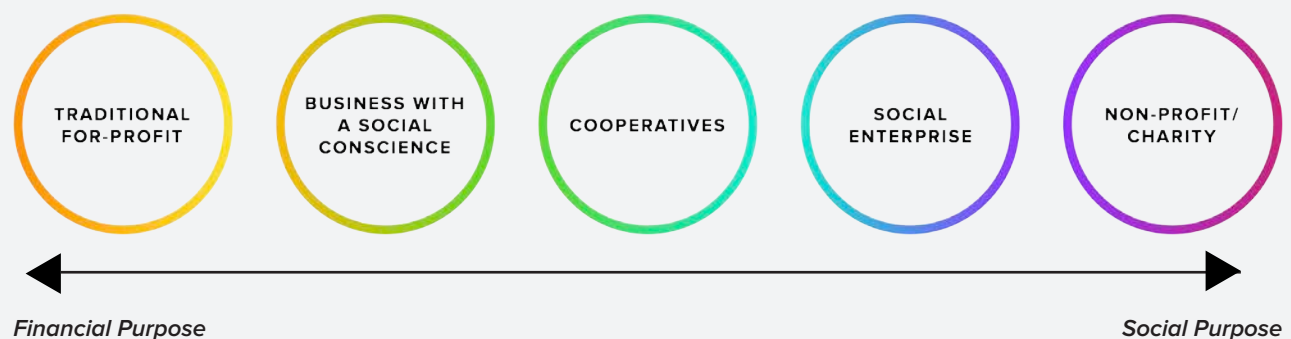
Many traditional businesses have a financial purpose. Their primary goal is to maximize the amount of money they make (profits). **Profit** is the financial gain achieved from doing business. Businesses all make money and spend money. Profit is the money that is leftover after you've spent the money needed to run your business. Financial purpose businesses will do everything they can to lower costs and/or raise their prices in order to turn a larger profit.

### Social Purpose - Maximize Social Benefit

Businesses can also have a **social benefit** - an increase in the welfare or wellbeing of a society. This benefit can be an environmental benefit, a social benefit, a wellbeing benefit, a cultural benefit, or a mix. For example, some businesses are driven by poverty reduction. Their business might be to collect money to then give out as small loans for people. When businesses aim to maximize social benefit, they make decisions by considering more than just financial gain

## Types of Businesses

Types of businesses can be viewed on a spectrum. On the left of the spectrum, the purpose of the business is to make money (profit maximization). On the right of the spectrum, the purpose of the organization is to improve a social, community, cultural, or environmental aim (value maximization).



## Traditional For-Profit Business

A **traditional for-profit business** is a business that sells products and services with the goal of maximizing their profit. They do this by lowering their costs as much as they can and charging the highest amount their customers are willing to pay.

*Example: Walmart*



Walmart is a traditional for-profit business. The goal of Walmart is to lower their costs as much as possible so they can offer competitive prices and draw in more customers.

### ACTIVITY

Find three other traditional for-profit businesses.

1.

2.

3.

## Business with a Social Conscience

**Businesses with a social conscience** are for-profit businesses that also give back to their community. These businesses use some of their profits to do good like giving to charities, investing in programming, and community events.

*Example: Tim Hortons*



Aside from their profit-generating activities, Tim Hortons gives back to communities through their summer camps and their Timbits Hockey program, which gives young boys and girls across the country the opportunity to play hockey.

### ACTIVITY

Find three other businesses with a social conscience.

1.

2.

3.

## Cooperatives

A **cooperative** is a type of business that is owned, operated, and shared by a community of people. It is a collective business model. Instead of one (or a few) people owning the business, it is owned by every community member who participates in the business.

Its members are the people who use the co-op's products and services. The money made at the end of the year is distributed to its members based on how much they participated in the business. The more the cooperative grows, the more it benefits its community members. Co-ops have been a very popular business model in Nunavik because this business type closely aligns with Inuit culture and values.

### *Example: La Fédération des Coopératives du Nouveau Québec (FCNQ)*

Every community in Nunavik has a community co-op. Nunavik co-ops are part of the Federation des Coopératives du Nouveau Québec (FCNQ). The Co-ops in Nunavik are managed by community members, and members of the Coop get benefits for shopping at the store (e.g. a share of the yearly profits).



## Social Enterprise

A **social enterprise** is a profit generating business that aims to achieve social, cultural, community, and/or environmental outcomes. Unlike a for-profit business with a social conscience, social enterprises also have a social, cultural, or environmental mission embedded in their business model. The more money the business generates, the more they increase their impact in these areas

### *Example: SmartICE*



SmartICE is a climate change adaptation tool that integrates traditional Inuit knowledge of sea ice with technology to provide real-time information about sea-ice thickness and conditions. SmartICE focuses on building partnerships to train and employ local youth as producers, operators, and technicians. The data collected is used to inform on-ice travel to keep people safe. The data collected from SmartICE is also commercialized for mining, shipping, and fisheries, as well as emergency response and national defense. This is how SmartICE generates its revenue.

SmartICE has a social, cultural, and environmental purpose embedded in their business model. The social aspect is to keep people safe on the ice and to provide employment and economic opportunities for northern communities. The cultural purpose is to augment Inuit Knowledge of sea-ice conditions so northern communities can better maintain traditional livelihoods and cultural practices. The environmental purpose is to collect data to better record the effects of climate change in the North<sup>9</sup>.

The more data SmartICE collects, the more places they expand to, the greater their social, cultural, and environmental impact will be.

## ACTIVITY

Find three other social enterprises.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

## Non-Profit or Charity

A **non-profit or charity organization** does not engage in any for-profit business activities. The purpose of the organization is to be dedicated to a social or environmental cause.

*Example: The Isuarsivik Treatment Centre*



The **Isuarsivik Treatment Centre** is a non-profit organization based in Kuujjuaq that offers culturally relevant treatment and healing programs to Nunavimmiut suffering from addiction. Isuarsivik offers five gender-specific cycles throughout the year. Program components include individual and group counselling sessions, education on addiction and related behaviours, healing from unresolved trauma and grief, and spiritual and cultural awareness. The program and material are available in Inuktitut. Activities include outings on the land for hunting, fishing, and berry picking, as well as cultural activities such as sewing, beading, and carpentry. Clients of the centre attend Alcoholics Anonymous meetings three times a week and are offered the option to go to church on Sundays<sup>10</sup>.

## ACTIVITY

Find three other non-profit or charity organizations.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_



## Does Money Matter?

Whether you are a non-profit organization, a small local business, a cooperative, or running a multi-million dollar enterprise, money matters. Money is the fuel that keeps the business engine running. Whether you get money from sales, donations, or government grants, you need money to operate your business. Every business relies on money to be able to provide their products or services.

### REFLECTION

What role does money play in your life?

### REFLECTION

In what ways do you think money can be used to do good?

## Principles of Money

→ **Money is what you make it.** Money itself isn't good or bad. It is neutral. It is the way people use their money that determines whether it is used in a good or harmful way

→ **Money is a powerful tool.** When a business or individual has a lot of money, they also have a lot of power.

→ **Who you give your money to matters.** Money is like a voting ballot. Are they using this power to do good or are they having a harmful impact on society?

→ **Money can change the world if it is used for good.** Money has the potential to do a lot of good for a lot of people.

## Examples of Businesses & Organizations in Nunavik

### Avataq Cultural Institute, Inukjuak

Avataq Cultural Institute is a non-profit organization dedicated to protecting and promoting the language and culture of Inuit in Nunavik. The programs and services of the Avataq Cultural Institute include an Inuktitut promotion and preservation program, a genealogy program, a Nunavik museums program, a Nunavik Inuit art collection, an archaeology department, an artists' support program, a documentation and archives center, local cultural committees, traditional skills courses, as well as a research and publications service.

Through its language, heritage and cultural programs, the Avataq Cultural Institute is striving to support and preserve Inuit culture for present and future generations<sup>11</sup>.



### Aventures Kangiqsujaq, Kangiqsujaq

Aventures Kangiqsujaq offers customized excursions in the Kangiqsujaq area, along the Hudson Strait and to the Parc national des Pingualuit, for activities such as wildlife and flora observation and photography, sea kayaking, hiking, visits to a petroglyph site, snowmobiling, dog sledding and sleeping in an igloo, as well as cultural demonstrations<sup>12</sup>.



### Inuuvunga Designs, Kuujjuaq

Inuuvunga Designs is a Nunavik based label that offers Inuit designs made by Dawn Forrest. Based in Kuujjuaq, Inuuvunga Designs offers a variety of clothing for toddlers, kids, and adults as well as other products like mugs with Inuit inspired designs<sup>13</sup>.



### Pirnoma Technologies Inc., Iqaluit

Pirnoma Technologies Inc. is a multimedia company that creates things related to design, such as creating posters, websites, animation, and much more.<sup>14</sup>

### Qarmaapik House, Kangiqsualujjuaq

The Qarmaapik House is a non-profit organization based in Kangiqsualujjuaq. The Qarmaapik House was created as a place where parents or guardians are supported to meet their children's needs better, to improve the bond within their family, and to instill traditional Inuit family values in the community<sup>15</sup>.



### Tivi Galleries, Kuujjuaq

Tivi Galleries is a gallery that features Inuit art from Quebec's Nunavik region and from and across Inuit Nunangat. Tivi Galleries has strong roots in the region. Being the only Art Gallery in Nunavik, they are proud partners with the community and the artists. They co-dependently operate with the region's talented artists and generally buy art directly from them<sup>16</sup>.

### Tivi Inc., Kuujjuaq

Tivi Inc. (1987) provides a wide range of services including: expediting and logistical support, consulting, local cartage, vehicle rentals and sales, plus worldwide moving services<sup>17</sup>.



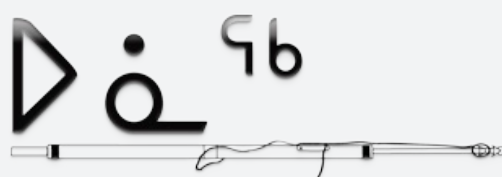


### Tumiit Media, Kuujjuaq

Tumiit Media is a 100% Inuit operated business based in Kuujjuaq, Nunavik. Tumiit Media provides graphic design, video production, and in-house printing services. Printing services include office stationery, posters, postcards, clothing, booklets, calendars as well as video production services<sup>18</sup>.

### Unaaq Men's Association, Inukjuak

Unaaq is devoted to supporting the youth of Inukjuak by actively promoting Inuit cultural heritage within the community. The elders of the community play a major role in the Association's activities, passing on their knowledge, providing guidance, telling stories and teaching skills for survival on the land. Cultural lessons are held out on the land and in the Association's newly renovated building. Many of Unaaq's projects provide paid work opportunities for elders, men and/or youth<sup>19</sup>.



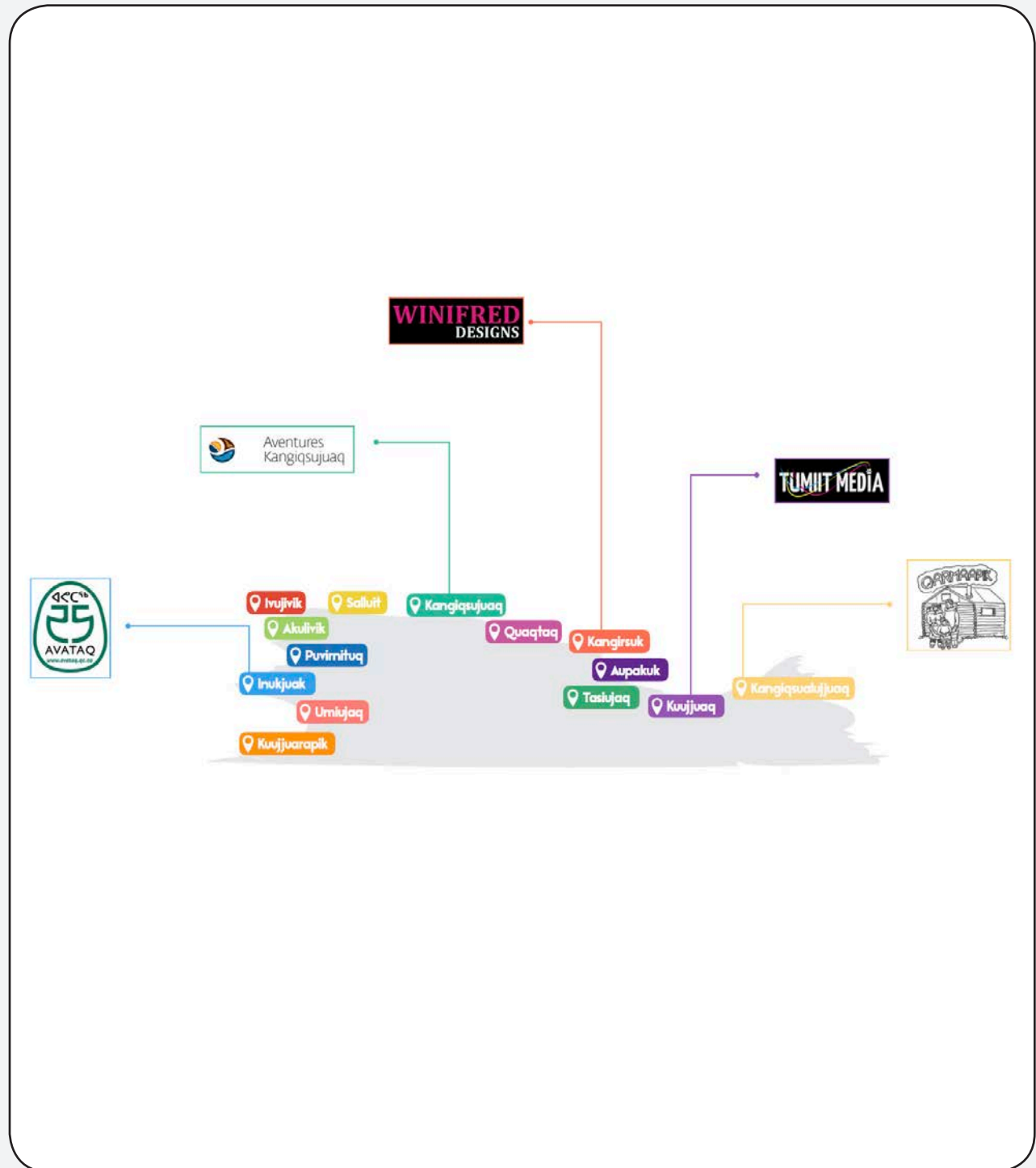
### Uvvatik Soap Factory, Kuujjuaq

Uvvatik Soap Factory is a group of High School students (Project Girls) who started a small business in September 2014. The Uvvatik Soap Factory has grown their business from simple soap making to include lip balm, face cream and other skin care products. In March 2016, they began producing essential oils from plants native to Kuujjuaq. The products are all natural. *"We are proud to be the very first Nunavimut to create essential oils! We began making our own essential oils because buying them was too expensive. The lowest price we could find for a five-milliliter vial of Labrador tea essential oil was \$32 and we couldn't afford to use it. So instead, we decided to produce it!"*<sup>20</sup>



## ACTIVITY

What businesses and organizations are there in Nunavik? Complete the map below by finding as many businesses as you can. Try to find at least one for each community.



## GLOSSARY

### **Benefit**

An advantage, value, or profit gained from something.

### **Business with a Social Conscience**

For-profit businesses that give back to the community through some form of social benefit(s). These businesses use some of their profits for the betterment of their community (e.g. Tim Hortons camp program).

### **Creative Entrepreneur**

A type of entrepreneur who is passionate about bringing their art and unique skills into the world.

### **Collective Entrepreneurship**

Groups of people who use entrepreneurship as a way to collaborate and create change that benefits their community.

### **Cooperative**

An example of a collective business model where a business is owned, operated, and shared by a community of people. Members of the cooperative participate in running the business and share the values and benefits it creates.

### **Entrepreneur**

An individual who organizes and operates a business, organization, project, or initiative by using the resources around them to create value for their community (local, national, and global communities). Entrepreneurs are creators, innovators, leaders, problem solvers, and inventors.

### **Entrepreneurship**

The process of bringing new and improved solutions, innovations, and value into the world through the creation of new businesses, projects, initiatives, or organizations.

### **Hobbyist**

A type of entrepreneur who turns their hobbies into small businesses or projects

### **Innovator**

A type of entrepreneur who wants to create new, groundbreaking products or services

### **Lifelong Entrepreneur**

A type of entrepreneur always looking for opportunities and usually starts multiple businesses in their lifetime.

### **Motivation**

The reason someone has for acting a certain way. The desire for someone to do something.

### **Profit**

A business' financial gain, namely the sum of money that is leftover after all other operational costs of the business are taken care of.

### **Social Benefit**

Increase in the welfare or wellbeing of a society.

## GLOSSARY

### **Social Enterprise**

A revenue generating business that has a social, cultural, or environmental mission embedded in their business model.

### **Social Entrepreneur**

A type of entrepreneur who uses entrepreneurship to solve community-based problems

### **Traditional For-Profit Business**

A business that sells products and services with the goal of maximizing their profit.



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# Idea Generation

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CHAPTER 3

# Idea Generation

An important step in entrepreneurship is **idea generation** - the process of coming up with a business idea. Every business or project starts with an idea. There are ideas buried within everyone, and they come out in different ways.

People with good ideas usually have an ability to see relationships between people, places, trends and other general information about life and events. Being curious and always asking questions to a teacher, parent, or even Google are great ways to gather information about these relationships. Once you're learning about the current situation of a problem or event, you'll start to put different pieces of information together to see how they fit even when you're not thinking about it. The more you aspire to learn and understand about the things that you're passionate or curious about, the higher the chance you'll have a "eureka" moment and discover a unique business idea.

## Where Do Ideas Come From?

Below are some examples of how entrepreneurs come up with ideas.

### Personal Interest / Passion

What is something you love so much you can see yourself doing it 24/7?



#### EXAMPLE: Twin Flames

Jaaji Okpik and Chelsey June were working jobs that weren't the right fit for them. They were both deeply passionate about doing music. Music is what makes them happy. *"What made us take the leap into entrepreneurship is that we wanted to be our own boss and work for ourselves. We wanted to live everyday doing what we love and making a difference<sup>1</sup>".*



### EXAMPLE: Ugly Fish

Ugly Fish began as a hobby, something that Adina Duffy loved to do. She would occasionally find something interesting on the land, like a rotting carcass or a shell, and turn it into a beautiful piece of jewelry. Friends and family noticed these pieces were so unique and beautiful and wanted one for themselves. Suddenly, due to high demand, Ugly Fish was open for business<sup>2</sup>.

## Skills



What unique skills do you have that you can use to start a business? Are you a good mechanic? A good illustrator? A good sewer? A good hunter?



### EXAMPLE: Sophia's Outerwear

Chelsey St. John is a renowned seamstress from Arviat, Nunavut. Over the years, she has made many parkas, amauti, and other outerwear items. She decided to turn her skills into a business and launched Sophia's Outerwear, an online store that sells a variety of parkas hand-sewn by Chelsea herself.

## Personal Pain



What frustrating personal problems do you wish you could solve with a new product or service? What problem(s) needs to be solved in your community? What needs to be improved? What needs to be made more efficient? What pain are you currently facing in your life that no one else is solving for you?



### EXAMPLE: Qarmaapik House

The Qarmaapik house was a response to a pain shared by community members of Kangiqsualujjuaq. Too many children were being taken away from their parents under Quebec's Youth Protection Act. In fact, at the time, Kangiqsualujjuaq had the highest number of children in foster care in Nunavik. This is what inspired several community members to come together and take action! They created the Qarmaapik House: a facility that would provide families of Kangiqsualujjuaq with various culturally appropriate services to promote healthy parenting and prevent more children from being taken away by Youth Protection Services<sup>1</sup>.

## Market Gap



What product or service do the people in your community want or need that is not currently available?

### EXAMPLE: Tivi Inc.



Dave Forrest is a lifelong entrepreneur from Kuujjuaq. Over the years, Dave has started multiple businesses and many of his ideas came from identifying gaps in the market. Tivi Inc. started with truck delivery and car rental services. From there, Dave grew Tivi Inc.'s product and service offering by responding to other market opportunities. For example, Dave said that he “noticed shipments coming up for government people’s personal effects and noticed there was a need for some kind of moving business service here in Kuujjuaq.” From there, Tivi Inc started offering moving services. Shortly after, Dave also moved into the Inuit art business. “We ended up getting some space at the old airport and it had a lot of dead space in it. I noticed that nobody was showcasing the Inuit art properly. We started at the airport and it morphed into what Tivi Galleries is today.” Tivi Galleries now has their own beautiful store in Kuujjuaq and sells Inuit art of all forms from artists across Inuit Nunangat<sup>2</sup>.

### ACTIVITY

Write down a passion, personal pain, market gap, and a skill that can help you generate business ideas.

## CASE STUDY

## INUUVUNGA DESIGNS

The following case study<sup>3</sup> depicts the story behind Inuuvunga Designs, a Nunavik based label that offers Inuit designs made by Dawn Forrest.



### A newfound passion for Inuit culture

Dawn Forrest's first encounter with Inuit history was through an Inuit studies program, where she discovered the many struggles that affected the Inuit in the past. Dawn was left frustrated and angry about the repression and pain that generations of Inuit before her had to live through.

*"It was inspiring to see how strong they were. Our ancestors were put through so much change in such a short period of time. They went from being on the land, living in their own way, to everything around them changing in a matter of moments. Our culture was trying to be erased and were fighting until today to keep our culture strong. I didn't want our culture to be erased," said Dawn.*



### Searching for a way to help others

Although Dawn was still young and unsure of what she wanted to do with her life, there was one thing she knew for certain: she wanted to do something to help those around her. She thought she was on the right path when she enrolled in a social work program, but later decided that it was not the right fit for her.



### Developing skills & pursuing a personal interest

Instead of pursuing social work, Dawn decided to enroll in an arts program in college, something she had always been interested in exploring. The program sparked a passion for design in Dawn. She took up many art forms, from painting to design, but she still could not see how she could make a living from it.



### Working a Government job

Dawn moved back to Kuujuaq and got a communications job with the government. In her role, she was asked to make use of her artistic talents by creating posters and doing photography work. Although Dawn enjoyed her job, she still felt something was missing.



### Seizing an opportunity

While working for the government, Dawn was also a board member at her father's company: Tivi Galleries. Tivi Galleries had plans to expand their business and were looking for new ideas. Dawn had a vision for Tivi Galleries to have more Inuit art of all forms from artists all over Inuit Nunangat. She wanted her culture to be showcased and celebrated in the store, not just for tourists but also local residents. Dawn seized this opportunity and developed an idea that would bring together her passions, interests, and skills to create something she cared about. She also saw an opportunity to create a product of her own to add to the gallery - Inuuvunga Designs. She put together a business plan which got approved by the board, and set out on a mission to bring her vision to life.



### The creation of Inuuvunga

Dawn's private label, Inuuvunga Designs, was inspired by her culture, her artistic skills, and the frustration she experienced when she had her first child— she couldn't find any children's clothing that reflected Inuit culture. Inuuvunga Designs started with a line of Inuit-culture inspired baby and toddler clothing. Today, Inuuvunga Designs also sells adult clothing and other goods like mugs and totes.

## REFLECTION

What challenges motivated Dawn to create Inuuvunga Designs?

From where did Dawn draw inspiration for her business?

“Ever since I was 17 I’ve been determined to start something, even though I didn’t really know what to do. When I have something on my mind, I will do whatever it takes to make it happen! I do that until I can’t. Sometimes it fails. When it’s just not working, then I move on to something else. The ideas that I’ve had didn’t all come true. If you keep trying, you will eventually find something that works for you, something that falls into place! But you need to keep trying new things. If you think “I failed one time I can’t ever fail again!” then you will lose out. Try it. See if it’s for you.

Just try! I didn’t really know what my passion was when I was 18 and 19. I was lost, trying to find myself. At that age, I just tried. I tried school, jobs, and I realized ‘this is not for me’. When you try, at least then you know and you can try something else. Just try and don’t give up and that’s how you will find out what you really like!<sup>4</sup> - Dawn Forrest



# Ideas Evolve Over Time

It is important to remember that ideas constantly evolve and change overtime. What you envision at the start is rarely what your business or project will end up looking like in the end.

## **Take UasaU Soap for example<sup>5</sup>.**

UasaU Soap started when Bernice was told by her friend that she had to pay very high shipping costs for an all-natural beauty product she purchased online. They figured they could try to make their own with local, all-natural ingredients. They gave it a shot, and it worked! Bernice was surprised at how good their product was! She asked her friend if she'd be interested in making more and selling it at the craft fair. Bernice decided to give it a chance.

Bernice signed up for the craft fair and set-up a table with her Mary Kay products (as she is a Mary Kay distributor), and her homemade body butter. Within a few hours she completely sold out of body butter!

Bernice was surprised by how much interest there was in all-natural products. She left the craft fair empty handed and with over 20 new orders. She knew she was onto something.

After some time selling her body butters she learned that her product was being used to heal eczema and other skin conditions. She was surprised by this but it helped her see how important this business was and that she owed it to her customers to keep going.

Bernice and her husband started thinking about what different products they could make. Her husband suggested they try making soap but Bernice was quick to say, "Nah, I don't think that's going to work!" Her husband suggested they give it a shot and they did. The soap turned out to be very popular and was as healing as the body butter. Both products were in high-demand.

## ***Accidental Discovery!***

Bernice's friend gave her bowhead whale blubber to put in the soap. At first, she wasn't up to it. She didn't like the idea of whale blubber in her all-natural products! They temporarily forgot about the whale blubber, and it fermented. The oil blended and the smell was masked by the essential oils that they used. It worked. They eventually tried the fermented whale blubber in their products and magic happened. The product turned out to be even better and had more healing properties than their other products!

People loved the products with the bowhead oil. People were coming to Bernice and thanking her for bringing back the bowhead whale. It was as though UasaU Soap was reclaiming the whale from the whalers and giving it back to the Inuit.



## REFLECTION

What can you learn from this story?

## Tips for Idea Generation



Speak to other people and ask them thoughtful questions.



Use pen and paper instead of a computer - this activates different parts of your brain that will help when generating ideas.



Research problems that need to be solved.



Do creativity exercises you find online.



Research other interesting ideas and try to apply them to new settings.



Create a pros and cons list.

There are many ways to approach idea generation. Below is a list of ways that ideas come to people:

- Brainstorming
- Challenging the mainstream thinking with questions
- Having a flash of insight
- Dreaming about the future

## ACTIVITY

Try **Brainstorming!**

- 1) Start alone - write down as many ideas as you can about a business idea you think would work in your community. Make a list or a Mindmap.
- 2) Make a group of 4 and do this again. Add any ideas you had from your list and make this as big as you can! Use no criticism or judgment when listening and creating your list.
- 3) When you are finished narrow down the ideas that are similar and group them together. Weed out ideas that are not as interesting to the group.

# What are Your Entrepreneurial Ideas?

## ACTIVITY

What are your entrepreneurial ideas? What are you most passionate about? What problem do you want to solve? When ideas come to you, write them down!

## GLOSSARY

### **Idea Generation**

The process of generating good business ideas.

### **Market Gap**

A form of idea generation where there is a product or service that people in the community want or need, but is currently not available.

### **Personal Interest**

A form of idea generation where entrepreneurs create business ideas out of their personal passions.

### **Personal Pain**

A form of idea generation that tries to find personal problems whose solution would benefit an entire community.



# Business Models

CHAPTER 4

# Business Models

## What are Business Models?

**Business models** are like a sketch or map of how a business works. Whether it's for a new idea, a large company, an artist selling their craft, a mine, or any other business around you, a business model helps understand what a business does, how they work and operate, and how they make money.

A business model will answer questions like:

- Who are your customers?
- How many customers are there?
- How do you reach your customers?
- How do you make money?
- What are your costs?
- What activities do you have to do to run your business?
- What resources do you need to run your business?
- Who are your key partners in your business?

### Are business models like business plans?

No, business models and business plans are not the same thing. A good way to understand the difference is to see the business model as the core or foundation of the business plan. You cannot write a business plan without first creating a detailed business model. The business model is the starting point to take an idea and lay it out to see how it could work as a real business.

The business model assumes that your business is constantly changing and evolving. It requires you to go out and talk with other people about your idea; test your idea and the different elements and activities of your business; and understand what works and what doesn't work. This will give you a clear idea of whether or not your idea is viable (will work). Once you have identified and validated all of the elements of your business model, you can then start developing your business in the real world, and maybe even write a business plan to go along with it.

## Business Models are Very Important!



Spotify is one of the world's largest music provider, but **makes no music.**



Facebook is the world's most popular media owner, **but creates no content.**



Amazon is one of the world's largest retailers, but **owns almost no inventory**

## The Business Model Canvas (BMC)

The **Business Model Canvas<sup>1</sup> (BMC)** is a tool that allows you to visualize all of the key components of your business on one sheet of paper. You can use the BMC to sketch out a new idea or to visualize an existing business. The BMC is a tool that helps you structure your thinking when you're studying a business or business idea.

The 9 building blocks of the business model canvas are:

- **Value Proposition** - What do you do?
- **Customer Segments** - Who do you help?
- **Channels** - How do you reach them?
- **Customer Relationships** - How do you interact with them?
- **Revenue Streams** - How do you make money?
- **Key Partners** - Who will help you?
- **Key Resources** - What do you need?
- **Key Activities** - How do you do it?
- **Cost Structure** - What will it cost?

In the following sections, we will look at the 9 building blocks in more detail.

# The Business Model Canvas


Designed for:

Designed by:

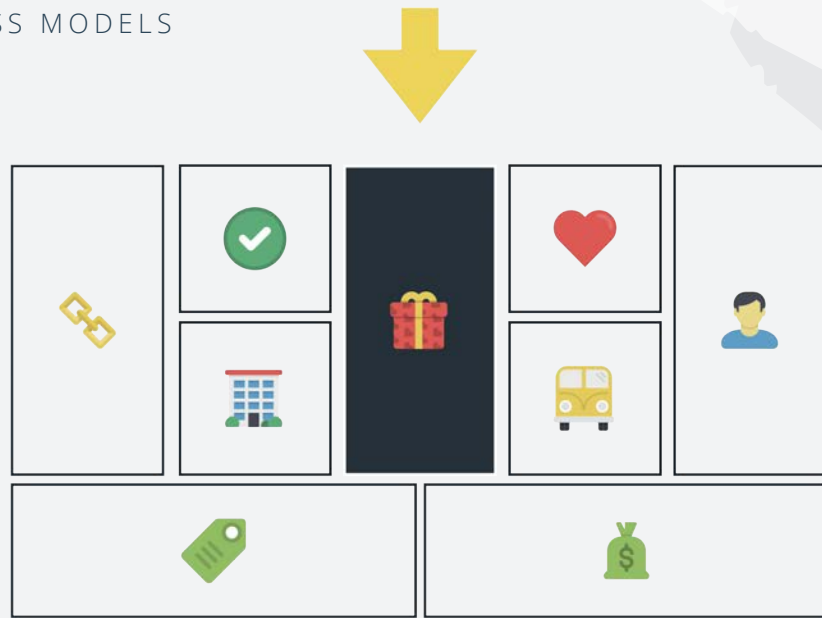
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Version:

Key Partners		Key Activities		Value Propositions		Customer Relationships		Customer Segments	
		Key Resources				Channels			
Cost Structure				Revenue Streams					



## Value Proposition



Your **value proposition** is the reason why customers are buying your products or services. It is the reason why customers will come to you instead of your competitors. Your value proposition is more than the product or service you provide, it's the **benefit** that you provide. What is the product or service doing for your customer? How does it improve their lives?

Let's look at the Ulu for example. If you compare a regular kitchen knife to the Ulu, what benefit does it provide?

→ the user has **better control** over the blade by holding on to both sides of the blade. This could, for example, prevent damages to furs<sup>2</sup> and;

→ it was **more effective** at cutting through tougher substances, like frozen meats, because you could use the strength and weight of your body to press down on the meat with the handle, working the blade through the meat rather than using only the strength of your wrists and forearm (as with a knife<sup>3</sup>).



## ACTIVITY

Draw a regular parka and an amautik. Identify the **value propositions** (benefits) of the amautik - what does the amautik do that the regular parka doesn't do? Who is it used by, and how does it improve lives?

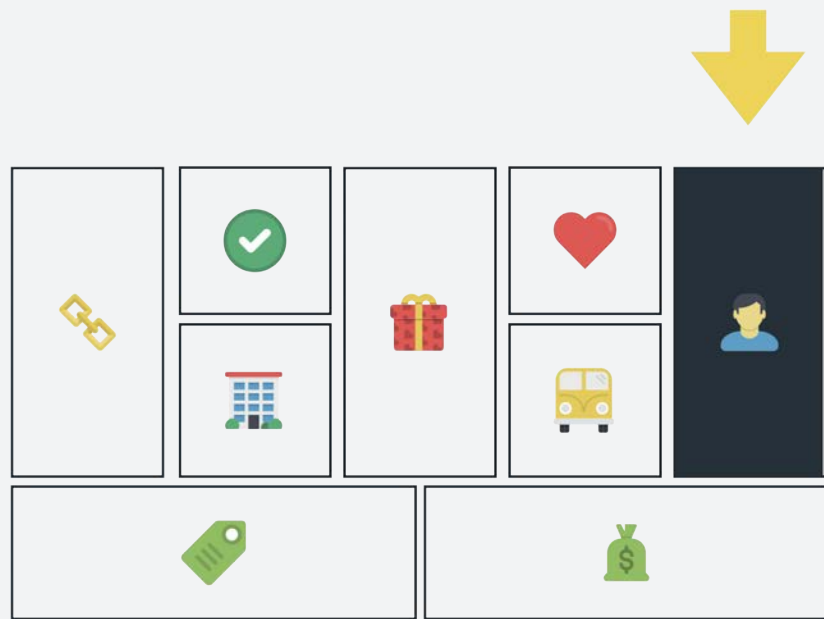
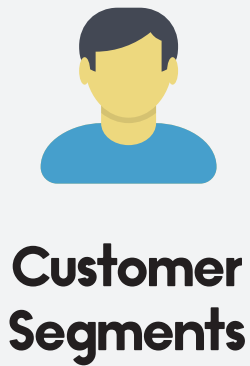
When thinking about your value proposition, ask yourself the following questions:

- What benefits do we provide?
- Why does that make us unique?
- What problems are we solving?
- How are we improving lives?

## ACTIVITY

Name a product or service that has the value proposition listed on the left column.

EXAMPLE OF A VALUE PROPOSITION	PRODUCT / SERVICE
<b>Cost savings:</b> This product/service allows you to save money by offering something that is less expensive than a competing product/service.	
<b>Time savings:</b> This product/service allows you to save time in your everyday life, making certain activities more easier or faster (e.g. a vehicle helps you get to your destination quicker).	
<b>Status/Popularity:</b> Having this product/service enhances your personal brand, or popularity (e.g. buying a Nike shirt instead of a no-name brand shirt).	
<b>Convenience:</b> This product/service offers you convenience (e.g. delivery service).	
<b>Performance:</b> This product/service performs better than competing products/services, or allows you to perform better (e.g. increased horsepower).	
<b>Community benefit:</b> The purchase of the product/service provides a community benefit, or community return. (e.g. products made locally help employ people locally. By purchasing locally-made products, you provide a benefit to the community).	



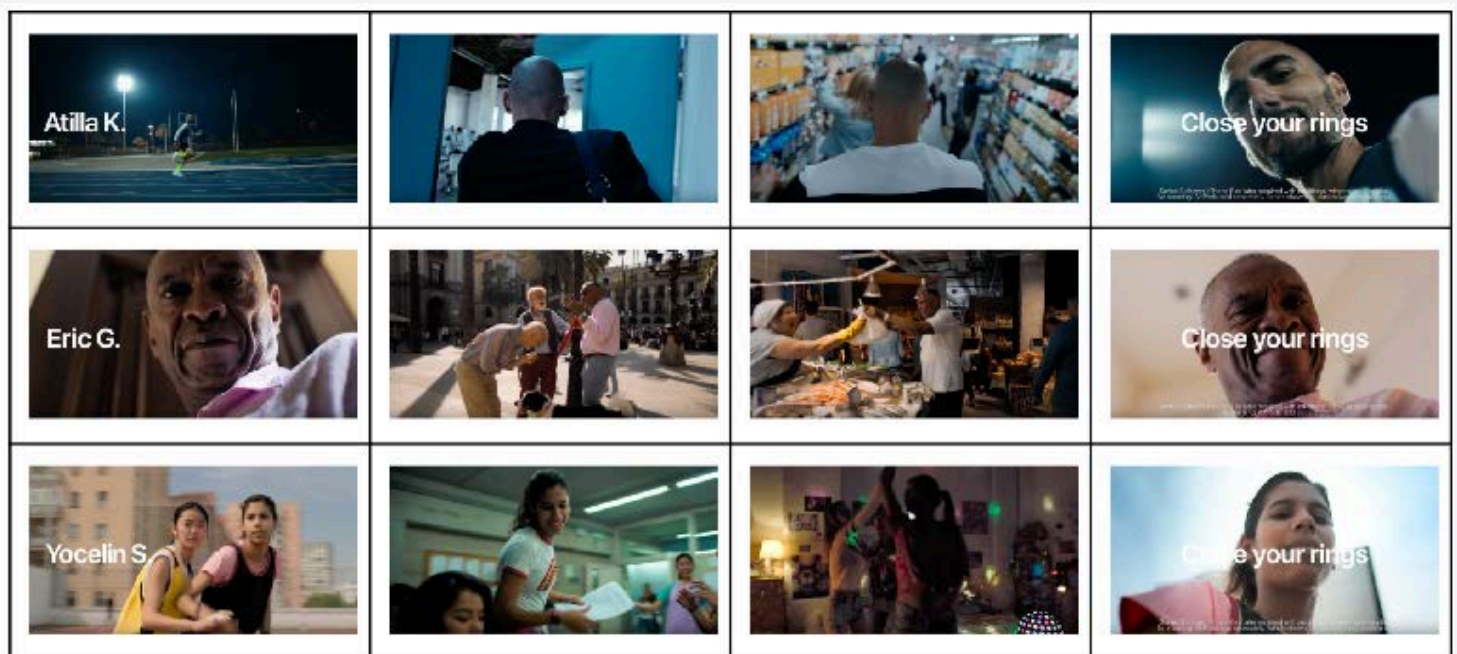
**Customer segments** are the groups of people you are helping with your business. Customers are at the heart of your business. Without any customers, you have no business! When filling out a business model canvas, we don't look at our customers as one big group of people. We identify different types of customers that share similar characteristics. These different types of customers are called customer segments.

**Why do we identify the different types of customers we have?** Different types of customers need different approaches. By understanding the types of customers you have, you can make better decision on how you will market to and engage with each type of customer.

## ACTIVITY

In the summer of 2018, Apple released 3 videos to promote how the Apple Watch is good to track your daily exercise.

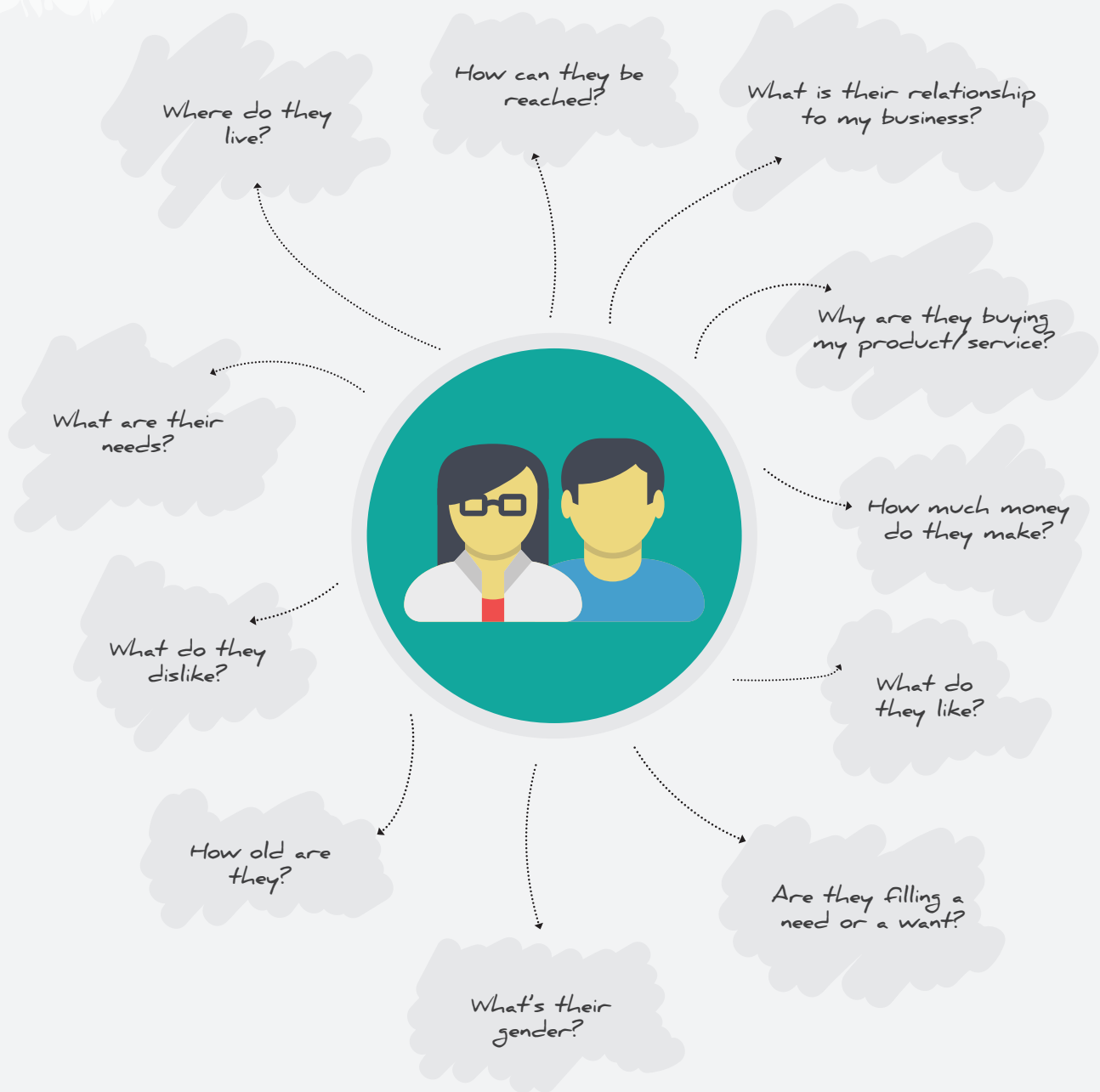
On all 3 videos, the ad read: “Sit less. Move more. Get some exercise. Apple Watch owners like [Yocelin/Atilla/ Eric] make it their goal to do all three every day. #CloseYourRings” Below are 4 shots from each video.



How did Apple segment their customers?

## ●●● CHAPTER 4 BUSINESS MODELS

**How do we identify the different types of customers we have?** To group your customers into segments, you need to know as much as possible about them. Here are some questions that can help you identify different customer segments:



Keep in mind that there is no right or wrong answer when you are creating customer segments.

To learn more about customer segments, see segmentation in **Chapter 7. Marketing**.

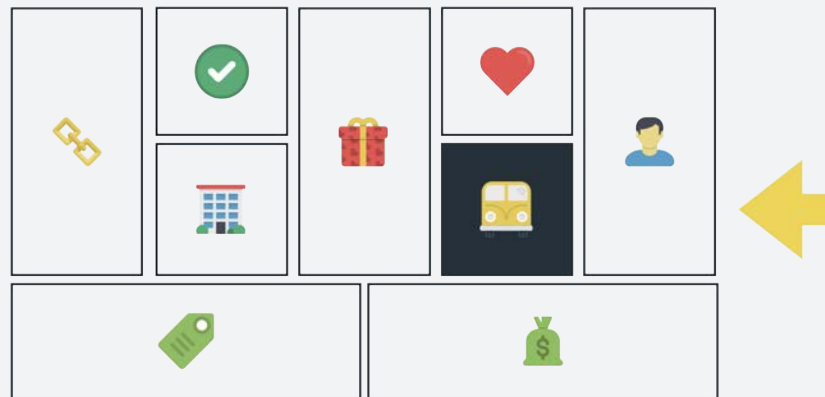
## ACTIVITY

List three (3) different customer segments for the local co-op store and identify how this customer segment is different from the others.

Segment #1 :

Segment #2 :

Segment #3 :



**Channels** are how you get your product to your customer. This includes everything from advertising to them, to communicating with them, selling to them and shipping products to them. Generally, there are 5 types of channels for the different steps in the sales process:

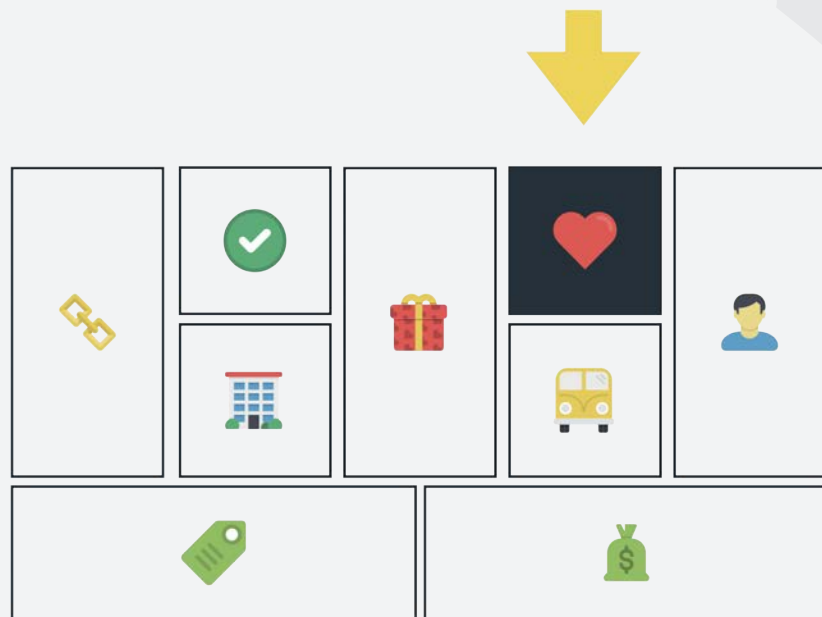


Questions to ask:

- What channels do our customers want to be reached through? (e.g. do they spend time on Facebook? Radio? Do they shop in-stores or online?)
- How do other similar companies reach them?
- Which channels provide the highest value?
- Which channels cost the least?

To learn more about channels, see **Marketing Channels in Chapter 7**.

# Customer Relationships



**Customer relationships** are the types of relationships you create with your customers, and the experience they have with you. Do you give them a service in person? Do you run your business through a website and never see your customers? Do you spend a lot of time with each customer?

The type of relationship you have with your customer will depend on the type of business you have. For example, if someone is purchasing candy at the corner store, they likely want the experience to be quick, convenient, and easy. However, if they are looking to buy a new snowmobile, they likely want the help and advice of a sales associate to make sure they get the most information they can about the machine, and to get

## Types of Customer Relationships

### PERSONAL ASSISTANCE

Providing customers with service and assistance when needed.

**Example:** At the grocery store, the stock person might help you find items you are looking for and the cashier will help you purchase your items. This is personal assistance.

### DEDICATED PERSONAL ASSISTANCE

Having a sales representative dedicated to the needs of a specific customer.

**Example:** A seamstress who is creating a custom parka for a customer will provide dedicated personal assistance to their customer. They will take their measurement, ask them what pattern and style they want, what fabrics they want, what type and colour of fur they want, etc.

## ●●● CHAPTER 4 BUSINESS MODELS

### SELF-SERVICE / AUTOMATION

The business gives the tools to the customers to serve themselves.

**Example:** Self-service at the gas station, online shopping or vending machines.



### COMMUNITIES

This is providing your customers with a platform to interact with each other and your team.

**Example:** Online forums where people can communicate with each other.

### CO-CREATION

Giving more ownership to your customers.

**Example:** Facebook's users are the ones who create the content on the platform. In this way, Facebook's users are co-creators of the product that Facebook then sells to advertisers.

## ACTIVITY

What type of customer relationship is most appropriate for the situations outlined below?

→ A customer buying groceries.

→ A customer buying a new t-shirt.

→ A customer buying a custom-made parka from a local seamstress.

→ A customer buying their first house.

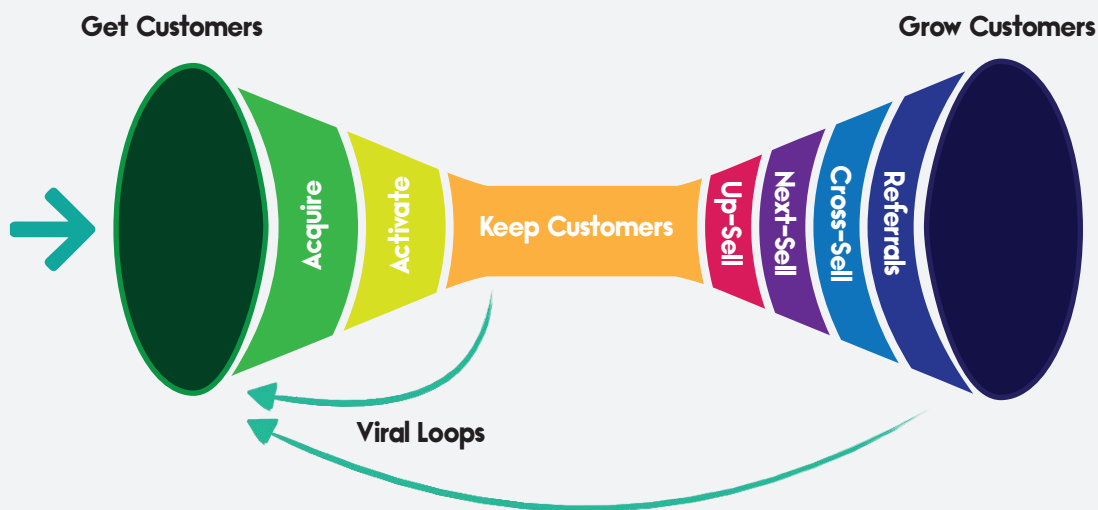
→ A hunter buying a new boat.

Your customer relationships should reflect the needs of your customers based on the product you are selling. If your product is technical or needs ongoing maintenance, your customers will likely need one-on-one assistance available to them in the case of malfunction or if they have any questions. If your product is a quick and convenient buy, you should offer quick, automated services.

When you are designing your customer relationship, analyze both the costs and customer needs. You might want to opt for automation, but if your customers need in-person assistance, you may need support staff to meet that customer need.

## Get, Keep, and Grow Customers<sup>4</sup>

Another way to look at customer relationships is to think about how to get, keep, and grow your customers.



### Get Customers

This is how you convince potential or existing customers to buy your products. Some customer acquisition strategies include:

- content marketing
- search engine optimization
- email marketing
- social media marketing
- advertising
- deals and coupons

We will look at marketing strategies for customer acquisition in-depth in **Chapter 7. Marketing**.

## ●●● CHAPTER 4 BUSINESS MODELS

### Keep Customers

How do you keep your customers? How do you make sure your customers come back? This is the long term relationship that you have with customers. Some long-term customer acquisition tips include:

- Standing up for something they care about
- Reducing a pain point for your customer
- Quality customer service
- Providing loyalty discounts or special coupons
- Knowing your customers (example: send them a deal for their birthday)

### Grow Customers

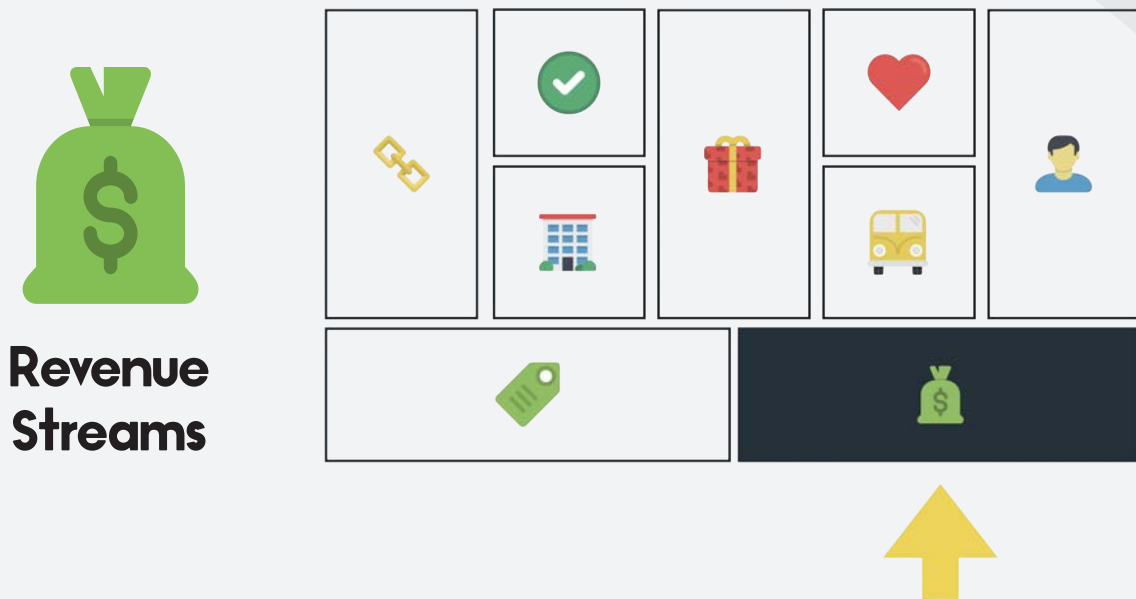
How do you get more customers? Look for ways that your existing, loyal customers can help you grow your customer base by telling others to buy your products or service. This makes the cycle go round.

To learn more about the 'get, keep, grow' loop, see Customer Development Funnel in **Chapter 8. Sales**.

### ACTIVITY

You own a garage that offers repairs on small engines. Identify which of the following strategies are 'get, keep, or grow'?

	Get	Keep	Grow
→ A 30 day free trial.			
→ A referral program for one free service after three people use your referral code.			
→ 50% off first time purchase.			
→ A loyalty card for one free service after every five paid services.			
→ 10% off your purchase if you tag the company's profile on social media.			
→ Product warranty.			



**Revenue streams** are how you make money with your business. They are the engine that drives your business. Revenue streams do not represent your profit. Instead, they are the cash the business generates within each customer segment.

Questions to ask:

- What is the value people are paying for?
- What would encourage people to pay more?
- What is the best method of payment?
- How much should I charge?
- What form of pricing should I use?
- How do I make money from each customer segment?

## Types of Revenue Streams

### Direct Sale of Products

This is the simplest revenue stream. Direct product sales occur when a customer purchases a product from a store or online store for a set price.

→ **Example:** *Purchasing groceries at the Coop.*



## Usage Fee

This is a type of fee that companies charge to the customers in exchange for use of their services.

→ **Example:** *Paying for the internet. You will purchase a package that gives you a certain number of gigabytes to use each month. If you want more gigs, you must buy more usage.*



The screenshot shows the Tamaani website with a navigation bar for Residential, Corporate Plans, and Video Conferencing. The main heading is 'Internet Services'. Below it, there is a photo of two children with a laptop and a table of 'Modem Services'.

Modem Services	
<b>Basic</b> <b>\$60</b>	<b>Intermediate</b> <b>\$70</b>
Up to: 512 Kbps Download	Up to: 768 Kbps Download
128 Kbps Upload	192 Kbps Upload
10 GB Monthly Limit	20 GB Monthly Limit
<b>Power</b> <b>\$80</b>	<b>Power+</b> <b>\$100</b>
Up to: 1.5 Mbps Download	Up to: 1.5 Mbps Download
384 Kbps Upload	384 Kbps Upload
30 GB Monthly Limit	45 GB Monthly Limit
<b>HomePro</b> <b>\$150</b>	
Up to: 1.5 Mbps Download	
384 Kbps Upload	
75 GB Monthly Limit	

GST and QST are not included in the above Internet plan prices. A \$100 security deposit is required for equipment.

## Licensing

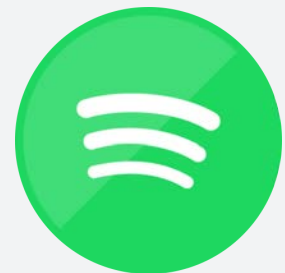
Licensing is when you give permission to an individual or company to use your product. This is often the case with intellectual property.

→ **Example:** *Carson Tagoona, a photographer from Nunavik, charges a fee to let others use his images.*

## Subscriptions / Memberships

A subscription is a type of usage fee where your customers pay a fee on a weekly, monthly, or yearly basis to use your products.

→ **Example:** *Paying a monthly subscription with Spotify to have unlimited access to music.*



## Advertising

Companies make money from advertising when they promote their product or service on a website, in a magazine, on a social media feed, etc.

→ **Example:** One of Nunatsiaq News' revenue streams is to sell advertising spots on their website and publications to companies.

# Nunatsiaq News Rates

RATES – Effective January 1, 2017

## Deadlines

Ads requiring proofs: **Friday 5 p.m.** preceding publication  
 Ads without proofs: **Monday 3 p.m.** preceding publication  
 (Nunatsiaq News is published on Friday)

Rates	English/French	Inuktitut/Inuinnaqtun
<b>Display/Employment Tenders/Legal (net)</b>	<b>\$4.25</b>	<b>\$3.00*</b>

## Web Rates

**Leaderboard** • breaking news (728 pixels wide x 90 pixels high) \$302 per week

**Sidebar** • various sections (335 pixels wide x 280 pixels high) One week included with print buy; \$67 additional per week

All prices include NunatsiaqOnline.ca  
 If web ad is not provided at time of booking, a generic link will run online.  
 Frequency and Not-for-Profit Charity rates available upon request.

## Colour

– per ad \$425

NOTE:

- Minimum size requirement for colour advertisement 300 lines (approx. ¼ page)
- Colour non-commissionable
- Colour reproduction cannot be guaranteed unless colour proofs are provided.

\* Inuktitut/Inuinnaqtun language discounts are only offered to advertisers providing camera-ready material for all language versions of their ad.



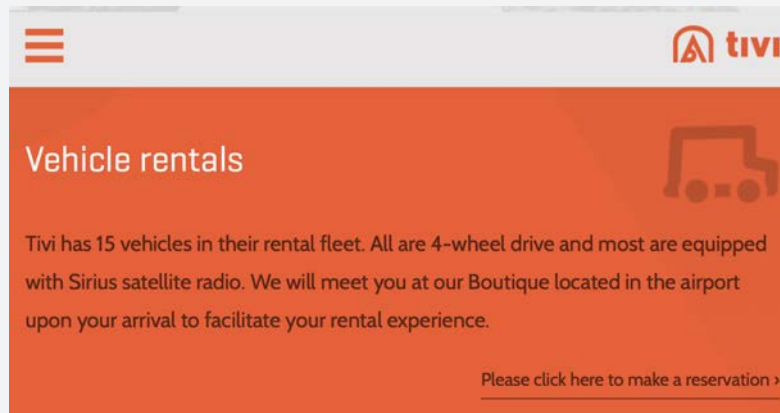
## Leasing / Renting

This involves making money from your current assets. Lending/renting provides an advantage to both the consumer and the business. Consumers who lease or rent get to enjoy products without paying full price and the company keeps making money on the assets.

→ **Example:** Snowmobile/ATV rentals, equipment rentals.

## ●●● CHAPTER 4 BUSINESS MODELS

### Brokerage Fee / Commissions



Brokerage fees or commissions is revenue made from helping a company or individual sell their product. The company acts as the middleman and makes money when they make the sale on behalf of the company or individual.

→ **Example:** *an artist might bring their carvings to a gallery for the gallery to sell. When the gallery sells the carvings to customers, they will keep a portion of the sale and remit the rest to the artist. The portion that the gallery keeps would be a commission (or brokerage fee).*

### Digital Products

Digital products like eBooks, illustrations, songs, design tools can be a lucrative revenue stream because the production cost is low. Once the product has been produced, it can be bought and downloaded an infinite number of times at almost no cost!

→ **Example:** *Purchasing Twin Flames music online.*



## ACTIVITY

Identify at least 2 revenue streams for each of the following businesses:



Revenue Stream #1:

Revenue Stream #2:



Revenue Stream #1:

Revenue Stream #2:



Revenue Stream #1:

Revenue Stream #2:



Revenue Stream #1:

Revenue Stream #2:

## CASE STUDY

## THE KUUGAK CAFÉ, CAMBRIDGE BAY

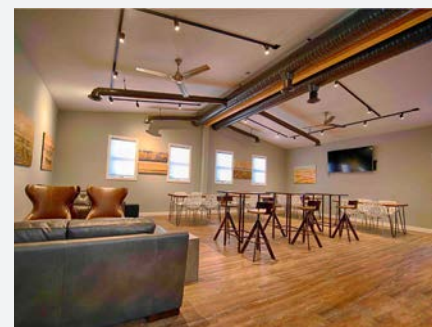
“With a population of 1,600 people, we knew that we couldn’t bank on just having a cafe to pay the bills and turn a profit. In our business plan we looked at what other revenue streams we could look at. Catering is a big one, a lot of meetings happen in town.

Our first focus was to understand the business of serving and making sure we get that. Then we started looking at the catering side of things. We started putting our name out there. Then, we looked at events. We decided to get a permit to serve alcohol. Not to serve it all the time, but to use during special events where, say, you can come have a nice dinner with a glass of wine or have a theme dinner like Mexican, and enjoy a beer. We partnered with a local daycare and they receive all profits from the bar. It’s not only helping another organization in town, but by having the alcohol it does bring more business to that evening. They do come for the food but being able to enjoy a beer or a glass of wine with their meal as well also brings them to the door.

We also started selling apparel and created a mini-shop in our cafe. We teamed up with OKA which is four designers who make their own hoodies and jewelry. After we placed our first order with them, we sold out within a week.

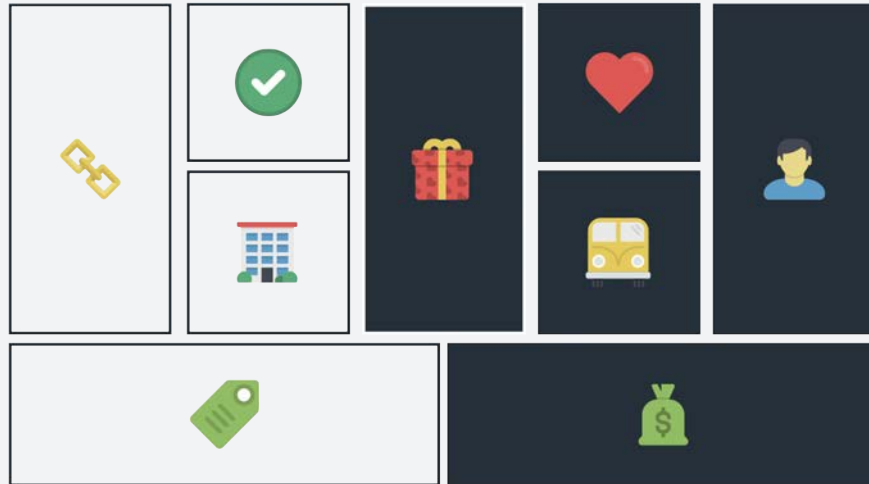
Between the small shop, the events, the catering, and the operations of the cafe we’re able to do well. We’re able to provide services that the community is lacking while at the same time creating jobs and being successful<sup>5</sup>.”


- **Amanda Doiron, Co-founder of the Kuugak Café**



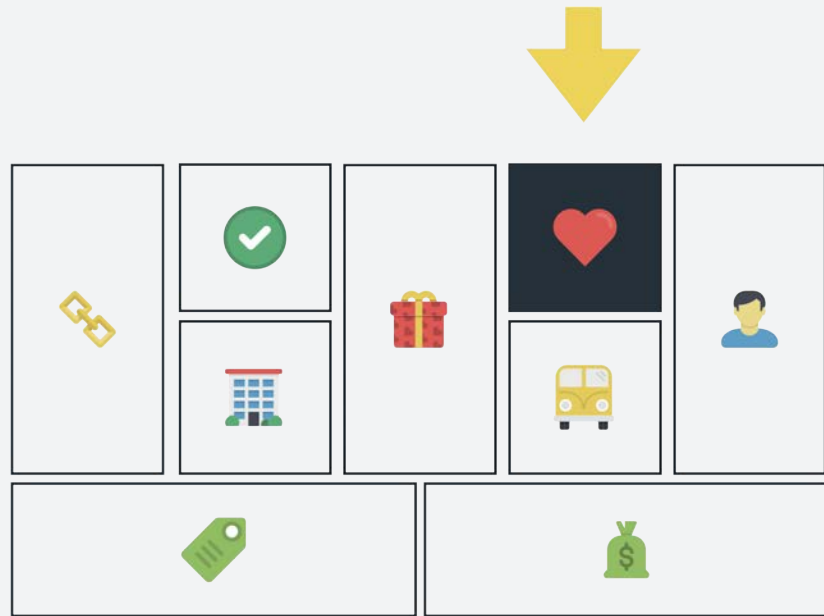
## REFLECTION

Look at the first five (5) building blocks of the business model canvas again. How do they relate to one another?





## Key Resources



**Key resources** are the main resources a business needs to carry out their activities and run their business. Key resources are categorized in four (4) broad categories.

### Physical Resources



**Physical resources** are resources you can touch. For example: a building, machinery, inventory, vehicles, and equipment.

### Financial Resources



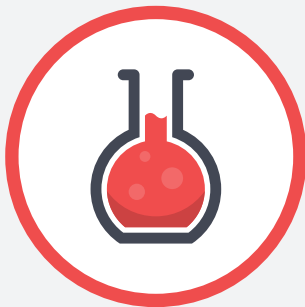
**Financial resources** are money-related resources. Financial resources are essentially the money you need to do your key activities. For example: a loan, a grant, stocks and bonds, and investments.

## Human Resources



**Human resources** are people who work for you - your employees. Your employees provide you with knowledge, expertise, creativity, experience, power, service, and skills. For example, a company like Google needs a team of engineers as a key resource. A hair salon needs a team of skilled hairdressers as a key resource. An apparel company needs a designer as a key resource.

## Intellectual Resources

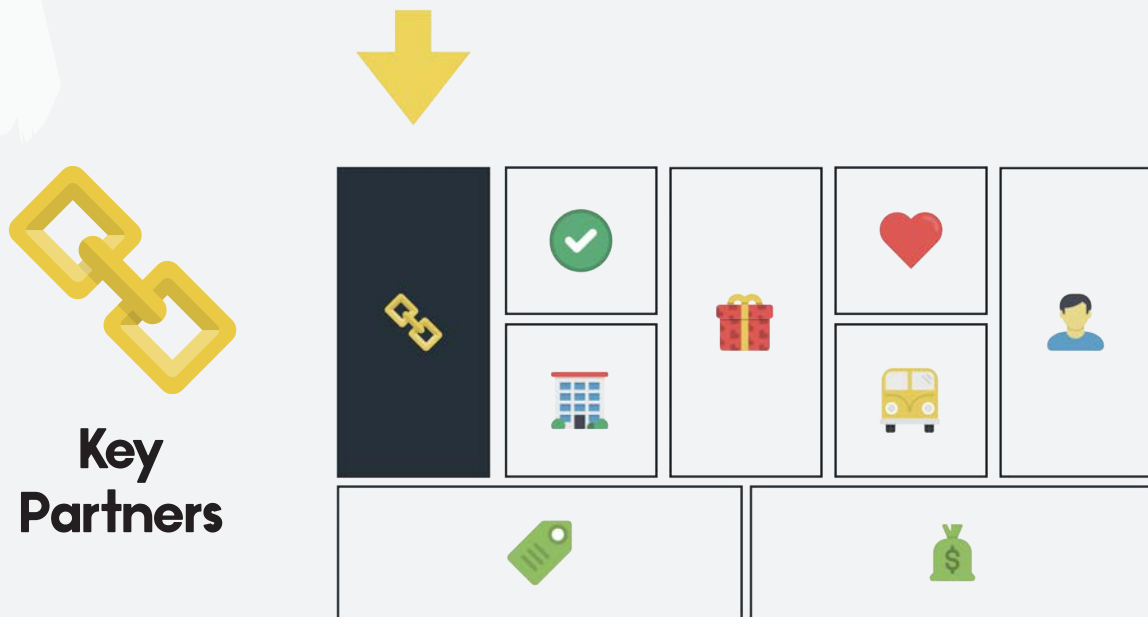


**Intellectual resources** are assets you can't touch (non-physical assets). For example: books, articles, brand, and copyright.

### ACTIVITY

Listed below are common resources found in schools. Indicate if the resource is a human, intellectual, physical, or financial resource.

	Human	Intellectual	Physical	Financial
→ Smart boards				
→ Teachers				
→ School name				
→ Provincial grant				
→ Janitor				
→ School gym				



**Key partners** help you carry out key activities or provide you with resources and supplies.

- Who are the key partners and suppliers we need to make the business work?
- What key resources are we getting from them?
- What key activities do they perform?
- Will it be a beneficial partnership?
- How do they relate to us? (Competitor or friend)

## Types of Partnerships

### Buyer-Supplier Partnership

According to the business model canvas, any company who has buyers (companies that buy your product) or suppliers enter in an automatic partnership. Ensure you have a good relationships with your suppliers, buyers, and resellers.

### Strategic Alliance

Organizations and businesses may form strategic alliances that provide benefit to both companies.

→ **Example:** The Ilaujuq program is a joint Makivik Corporation and Air Inuit initiative created to help make air travel more accessible for the Inuit of Nunavik. It offers reduced rates for beneficiaries of the James Bay and Northern Quebec Agreement whose work or lifestyle may require them to move frequently between communities<sup>6</sup>.



### Joint Venture

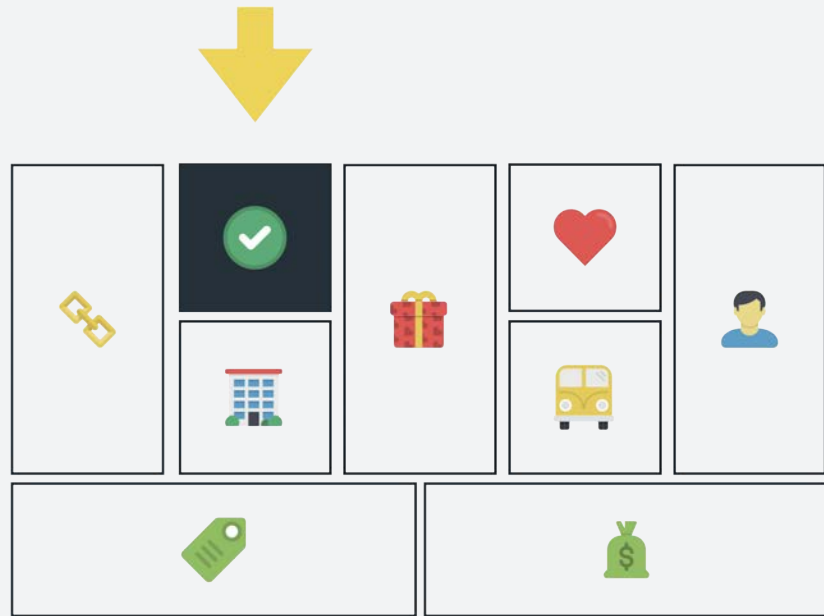
A joint venture is a new company formed by two or more partners that have a mutual interest in developing a business together. Companies might also create joint-ventures out of necessity. For example, a foreign company who wants to operate in China may need to form a joint-venture with a Chinese company in order to operate legally.

### ACTIVITY

Identify a local business and a potential partnership that might be good for them. Write down which type of partnership it is and why it would be beneficial.



## Key Activities



**Key activities** are the tasks a business must accomplish to function or run. Key activities are how a business fulfills its value proposition.

## Types of Activities

### Research & Development

- **Innovation** - Innovation is about coming up with new ideas, processes, and products.
- **Product research** - Before a product is made, research must be done to determine what the product will cost to create, what it will look like, and the requirements for making it.
- **Product development** - Managing the development of a new product and coordinating these activities.

### Production

- **Product selection and design** - Which product will you choose? What does it look like?
- **Inventory control** - How you manage your inventory. Do you have enough stock? Do you have too much stock? Can you reduce delivery wait times?
- **Cost and quality control** - In a highly competitive environment, producers have to do cost and quality control i.e. find ways to improve on the quality of their products and reduce costs. How can you improve on the quality of the good? How can you reduce costs or production while maintaining or even improving on the quality of the good?

## ●●● CHAPTER 4 BUSINESS MODELS

→ **Order fulfillment and logistics** - How does the product physically get from the manufacturer to your customers? Do you ship your products?

### Marketing

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→ **Communications** - All communications that flow out of the company including marketing emails, social media posts, advertisements, press releases, etc.

→ **Strategy** - Developing marketing strategies. This activity is usually done by senior management.

→ **Market research** - Learning about the market and gaining in-depth knowledge of your competitors and opportunities, outlining your strengths and weaknesses, and engaging in customer discovery.

→ **Events** - Events refers to organizing and executing company events like sales events, community feasts, flea markets, seminars, etc.

### Sales and Customer Service

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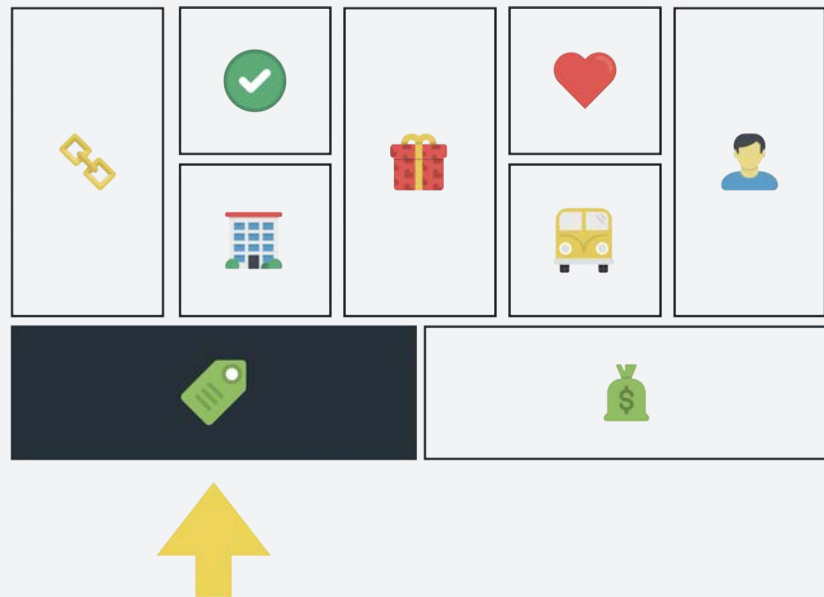
→ **Sales assistance** - Engaging in sales-related activities including finding leads, reaching out to potential customers, assisting customers with their purchases, educating customers on the products offered, upselling to existing customers, etc.

→ **Problem solving** - Providing customer service to those experiencing issues with their purchases.

→ **Administrative tasks** - Keeping records of sales, routing calls to the right department, etc.

### ACTIVITY

Identify a local business and list their key activities.



A company's **cost structure** includes all of the costs it comes across. The cost structure of the business model may change depending on its product/service selection, value proposition, the customer segments, activities, resources required, and partnerships.

It is very important for a company to understand its cost structure. If the cost of delivering the value proposition is too high, the business may not work. If this is the case, you must alter some of your other building blocks (e.g. reducing resource costs).

### Fixed Cost

**Fixed costs** are costs that do not change with sales. If you sell more or if you sell less, these costs do not rise or fall. For example, rent, utilities, interest on loans, equipment and machinery, and office space are all fixed costs.

### Variable Cost

**Variable costs** do change with sales. For example, the more your company grows, the more staff you have to hire. More examples of variable costs would be production costs, marketing, and shipping.

### ACTIVITY

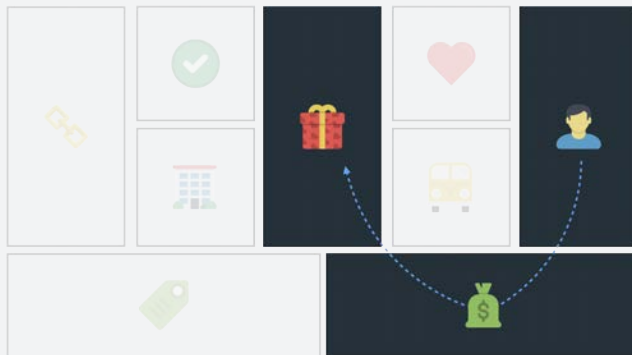
Indicate which costs are fixed and which are variable in the table below.

	F/V		F/V		F/V		F/V
→ Rent	<input type="checkbox"/>	→ Phone Bill	<input type="checkbox"/>	→ Packaging	<input type="checkbox"/>	→ Salaries	<input type="checkbox"/>
→ Shipping	<input type="checkbox"/>	→ Legal Fees	<input type="checkbox"/>	→ Advertising	<input type="checkbox"/>	→ Inventory	<input type="checkbox"/>

# What Makes a Good Business Model?

A good business idea will pass each of these four tests. The business model canvas is a great tool to map out your idea to see if your idea can pass the tests.

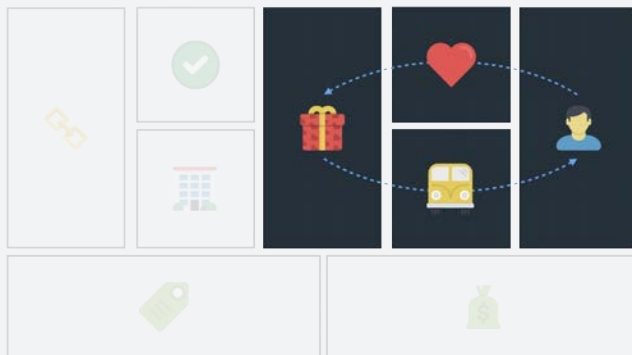
## TEST #1 - Are customers willing to buy our products/services?



Customers must be willing to buy your products/services. Although the idea might be interesting to people, you need to make sure that they see enough value in it to actually spend their money on it. It's possible that the market you're looking at, meaning the area of customers, will not be able to afford what you're offering.

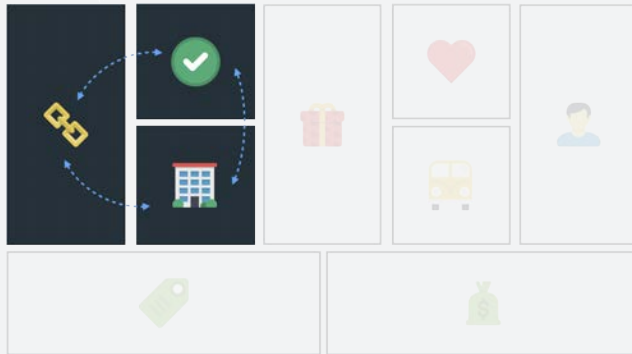
The best way to discover if you pass test #1 is by completing a customer validation. This concept is covered in the next chapter.

## TEST #2 - Can you reach enough customers?



Are there enough potential customers for your business to be profitable? How will you reach those customers? If your potential market is too small, it might not be enough to sustain your business or project. Researching population statistics and customer validation will help you find out if there are enough customers you can reach. It's also important to multiply the number of customers with your profit margin. This will tell you if your estimate of the number of customers you can reach can sustain the business.

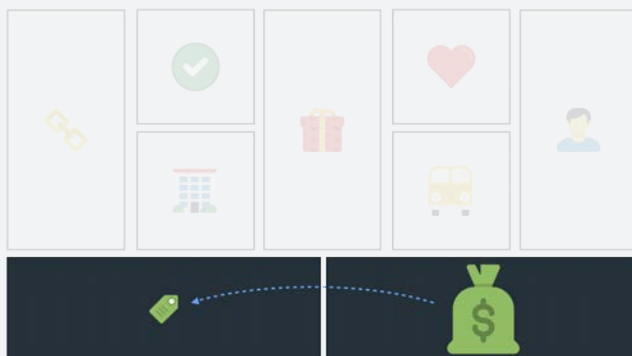
### TEST #3 - Is it feasible for you to run your business?



There are many financial, legal, regulatory or operational restrictions that can affect the practicality of your business. To analyze the feasibility of your business, write down all of the key activities, key partners, and key resources of your business model canvas like the ones listed below.

- Research industry rules and regulations and to ensure your business idea follows the rules and regulations of your industry.
- Know the shipping costs and requirements.
- Know the manufacturing / production requirements.
- Know all of the key activities you need to perform.
- Know what resources you need to operate your business.

### TEST #4 - Will your revenue be greater than your costs?



Will you generate more money than you will spend? This is the basic mathematic equation at the baseline of your business idea. Money can come from different sources like your customers, investors, project grants, and donations. Make sure that your business has the potential to generate enough money to cover its costs.

## GLOSSARY

### **Benefit**

The value your product provides to customers in satisfying their needs or wants.

### **Business Models**

A map of how any business works - a business model explains what a business does, how they work and operate, and how they make money.

### **Business Model Canvas**

A tool that allows you to visualize all of the key components of your business model on one sheet of paper.

### **Channels**

How the product reaches the end consumer.

### **Cost Structure**

All of the costs the business incurs with a specific business model. The cost structure may change depending on the other building blocks of the business model.

### **Customer Relationships**

The types of relationships and experiences customers have when interacting with your business.

### **Customer Segments**

The division of a large consumer market into sub-groups of consumers based on some type of shared characteristics (e.g. age).

### **Feature**

The function, purpose, and characteristics of your product or service.

### **Financial Resources**

The money-related resources you need to conduct your key activities.

### **Fixed Costs**

Costs that do not change with the rise or fall of sales (e.g. office space).

### **Human Resources**

A company's employees. Employees provide you with knowledge, expertise, creativity, experience, manpower, service, and skills.

### **Intellectual Resources**

Assets you can't touch (e.g. brand, copyright).

### **Key Activities**

The most important tasks a company must complete in order to fulfill its business purpose.

### **Key Partners**

The network of suppliers and partners that are needed to operate the business.

## GLOSSARY

### Key Resources

The important assets needed to operate the business.

### Value Proposition

The benefits that customers get from buying your products over your competitors.

### Physical Resources

Assets you can touch (e.g. equipment).

### Revenue Streams

Source(s) of income for the business.

### Variable Costs

Costs that do change with the rise or fall of sales (e.g. marketing).



# Validation

CHAPTER 5

# Validation

It is time to test your idea and get feedback on what works, what doesn't work, and what you can do to make it better. This process is called **validation**. Before learning about validation, let's first take a look at the following fictional case study.

**Meet Stéphanie.** Stéphanie was born and raised in Montreal. She recently moved to your community with her partner. Right now, she does not have a job. She is thinking about opening a restaurant in your community. She is passionate about healthy-eating and is really interested in vegan food. Stéphanie doesn't know too much about Nunavik, but she is certain that her restaurant will do well in the community since eating vegan is popular in Montreal. She doesn't see why it wouldn't work in Nunavik too.

## REFLECTION

What do you think about Stéphanie's idea? Do you think it's going to work in your community? Why or why not?

Stéphanie has been writing a business plan for her vegan restaurant idea for the past three weeks. She is getting ready to apply for a loan with Desjardins to get her business started. Stéphanie hasn't had the chance to meet many local residents because she's been so busy planning her new business. She figures she will get to know people once her restaurant launches and customers flood in to try her food.

### REFLECTION

Is Stéphanie on the right track? If you were giving her advice, what would you suggest she should do next?

Just like Stéphanie, entrepreneurs tend to think they know everything about the problem they are trying to solve, and their solution for it. However, entrepreneurs are not mind readers, and they can be wrong about a few or even many pieces of their initial business idea. How can you know if your business idea is good? What if you are wrong about some of the things you think your customers want or need?

## What is Validation?

**Validation**<sup>1</sup> is the process of finding out whether or not your idea is one that your customers will like. The goal of validation is to get confirmation that you are on the right track, and to identify what you need to change to make your idea better. Once you validate your idea, you will be able to take risks with more confidence. Below are some of the basics of validation.



### Test

Learn through trial and error. Test your idea as quickly, easily, and as often as you can.



### Feedback

When you test your idea, you will get a reaction from people. This reaction is called **feedback**. How do people feel about your idea? What do they like? What don't they like? What suggestions do they have for you? Gather as much feedback as you can.



### Adapt

Adapt your idea based on what you learn. Make small changes to improve your idea.

## Assumptions

Your idea is based on **assumptions** - things you believe to be true about your idea, your customers, and the product or service you are offering. These assumptions can be based on your knowledge of your community, the product or service you are offering, your personal experience, or something you've seen elsewhere.

Your assumptions might be true, false or somewhere in the middle. Start by identifying what your assumptions are:

### Assumption Statement

We believe that

because

#### EXAMPLE:

We believe that *a new vegan restaurant would work in Nunavut* because *it is popular in Montreal.*

### REFLECTION

What are some of the assumptions Stéphanie made about her vegan restaurant idea?

## CASE STUDY

## KAPPITIAQ COFFEE<sup>2</sup>

Kappittiaq is a startup, Inuit-owned social enterprise dedicated to the production of a premium line of coffee whose sale and distribution targets the Canadian Arctic. It is managed by the Kitikmeot Heritage Society, and run in partnership with Cafe Vasquez, a direct trade purchaser of coffee beans harvested by indigenous communities of the Chontali valley in northern Peru.

When it came to selecting coffee flavours, Kaapittiaq went straight to their customers to do some validation. The team hosted a community coffee tasting event that featured 15 different coffee flavours.



Many members of the community came out to the coffee tasting and voted on the flavours they loved the most. This allowed Kaapittiaq to make an informed decision about which flavours and coffee beans they would roast and sell. It was also a great opportunity for them to have customers involved from an early stage, and to build customer loyalty and brand awareness. It also helped them refine their product lines to ensure they were producing what people wanted.

## CASE STUDY

## UASAU SOAP<sup>3</sup>

UasaU Soap didn't start with a large-scale operation. UasaU Soap started with a small batch of body butters that Bernice and her husband made at home and sold at the local craft fair. They sold out within the first few hours and had over 20 new orders! This gave UasaU Soap some very good validation on their potential product and demonstrated that the business was worth a bigger investment.

# Validation Techniques: How To Test an Idea



**CUSTOMER  
INTERVIEWS**



**SURVEYS**



**CONVERSATIONS  
WITH INDUSTRY  
EXPERTS**



**AD  
TESTING**



**LETTERS OF  
INTEREST**



## Customer Interviews

A **customer interview** is when you sit down with a potential customer and ask them questions to get as much information as you can. This is the first validation technique you should do when you have a new idea..

### HOW TO PREPARE FOR A CUSTOMER INTERVIEW:

- 1. Set your objectives.** What is the purpose of the interview? What specific information or insight are you looking for from your customer?
- 2. Prepare questions.** Prepare a set of questions in advance. These questions will be there to guide your discussion.
- 3. Select the right people to interview.** Make sure that the person you are interviewing has the profile to answer your questions and provide you with useful information.

For example, if you were looking to start a hunting school and supply store, you might want to do interviews with both very experienced hunters and beginners. The experienced hunter will tell you what skills they have and which tools are most useful for them to hunt. This will tell you what your customers need in terms of supplies, and what skills are most important for them to develop in order to become successful. You can also ask them which tools they'd like to have (even ones that are not available), or how much they currently pay for their tools.

Then, you will complete interviews with the beginners to learn what skills and tools they currently have and don't have. This will help you identify the existing gaps between the beginners and the experienced hunters. From here you can make sure your products and offerings bridge the gap between the beginner and the experienced hunter.

### TIPS ON CONDUCTING A CUSTOMER INTERVIEW:

- Listen, listen, listen! (Don't interrupt).
- Be prepared for answers you don't like and don't try to guide them to a certain answer.
- Take notes.
- Ask open ended questions that will not end with a YES or NO response.



## Surveys

**Surveys** are a great way to capture a lot of information quickly and easily. You can create them using online tools like Google Forms and Survey Monkey, and share them through email and Facebook.

### HOW TO WRITE A GOOD SURVEY:

#### Step 1: Define Your Objectives

Make a list of the information you want to gather with your survey. This can be anything from whether there is a true need for the product itself, to gaining insight about consumer preferences like colours and style.

#### Step 2: Draft your Questions

Now that you have set your objectives, work backwards to create your questions. When you draft your questions, make sure that they include all of the information that the customer needs to be able to answer them fully.

*For example, if you want to know what type of shampoo and conditioner brands to carry in your salon, don't ask "What is your favourite brand?" Instead ask, "What brand of shampoo and conditioner would you like to buy from our salon?" The second question provides the context and information necessary for someone to answer the question.*

#### Step 3: Simplify

Re-read your questions and cut out all unnecessary or repetitive questions. Make sure that your survey is simple and easy to fill out.

### TYPES OF QUESTIONS TO ASK ON YOUR SURVEY:

**Product Validation:** Is there a demand for your product or service?

- *What do you think about this product?*
- *Would you buy this product or service if it was available to you?*

**Price Point:** How much are people willing to pay?

- *How much would you be willing to pay for product xyz?*
- *Would you buy product xyz for \$50?*

**Product/Service Preference:** What products or services are in highest demand?

- *Which of the following products/services do you buy most frequently?*
- *Which of the following products should we carry in our stores?*
- *Which of the following services should we offer?*

**Feature Preference:** What features (e.g. style, colour) are in highest demand?

- *Which colour do you prefer?*
- *What styles do you like best?*
- *What is your size?*

## ●●● CHAPTER 5 VALIDATION

**Current Behaviours:** Where do customers currently get those products and services? Are they satisfied? Why or why not?

- *Where do you usually buy this product or service?*
- *Are you happy with where you buy your current product or services? If not, what is missing?*

**Suggestions:** What other suggestions does the customer want to share with you?

- *What other products should we carry in our store?*
- *Do you have any other suggestions?*

### ACTIVITY

Create five survey questions for Stéphanie's new restaurant.

Question #1 :

Question #2 :

Question #3 :

Question #4 :

Question #5 :



## Conversations With Industry Experts

Talk to experts in your industry to ask them tough questions that help you validate your idea. Their expertise could provide you with useful information about your idea.



## Ad Testing

With tools like Canva, Photoshop, and even Google Slides, you can create sample advertisements and promote them to thousands of potential clients through tools like Facebook Ads and Google Ads at a very low price. After the ad is launched, you can see how your advertisement performed by looking at different statistics, like how many people were reached, what type of people responded most to your ad, and where your most responsive customers are located.



## Letters of Interest

Another great validation technique is to gather **letters of interest** from potential clients. These letters can show potential funders or banks that are interested in buying your product.

# Prototype: Build Something to Test

When doing validation, you will get the highest quality of feedback if you have more than just an idea to test. A **prototype** is a basic version of your product or service that you can develop to validate your idea and get feedback without investing large amounts of money and time. A prototype is an initial sample, model, or release of a product built to test your product.

For example, if you wanted to create a new brand of clothing, start by drawing the designs on a sheet of paper or digitally using graphic design software so people can experience your designs and give you feedback before you produce the clothing. Your prototype should have 2 key characteristics:

- It should showcase the benefit of the product for interested customers;
- It should guide the future development of the product

## How to Prototype

### BUILD A MOCKUP

A **mockup** is a model or replica of a certain product or process. It can be created using hand-drawn or digital images, or can be built out of real material, to allow users to conceptualize, visualize, or experience your product before using it.

**Example:** Entrepreneurs from the Inspire Nunavut accelerators validating their product ideas.

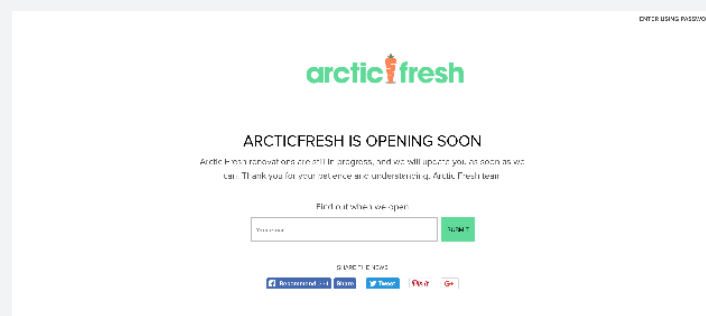


### MAKE AN EXPLAINER VIDEO

An **explainer video** is a short video clip or animation that walks a potential customer through all of the functions of the product or service, and highlights why people should buy it.

### BUILD A LANDING PAGE

A **landing page** is a web page that quickly explains what your business is and calls for action to measure interest. For example, you might prompt your web visitors to 'sign up for more information' or to 'take a survey' or 'pre-order'. You haven't actually built anything, but the goal will be to see how many potential customers are interested in your product before you spend any time making it.



## Learn From Your Validation

The most important thing about your validation efforts is to learn from it. What have you learned from your validation efforts? There are usually 3 courses of action you can take:



### Keep Going

If your learning indicates that you are on the right track, keep going and move ahead with your plan!



### Pivot

If your learning indicates that you are not on the right track, make the necessary changes to your business idea in order to get on track.



### Adapt

If new ideas came through from your customers, add them to your product's features.

### EXAMPLE

Stéphanie decided to host a community event for her new restaurant where she had people sample eight different dishes. Her initial idea was to start a healthy and vegan restaurant. Stéphanie wanted to see how people responded to the different foods. Here are the results she got:

**Most Popular to Least Popular Dish**

Rank	Dish	Healthy	Vegan
1.	MuskoX Burger on Whole grain bread with Avocado Spread	x	
2.	Warm Arctic Char & Quinoa Salad	x	
3.	Caribou Shepherd's Pie with Sweet Potatoes	x	
4.	Vegan Spinach Dip		x
5.	Poutine		
6.	Pizza		
7.	Vegan Lettuce Wraps	x	x
8.	Raw Vegetable Super Salad	x	x

## REFLECTION

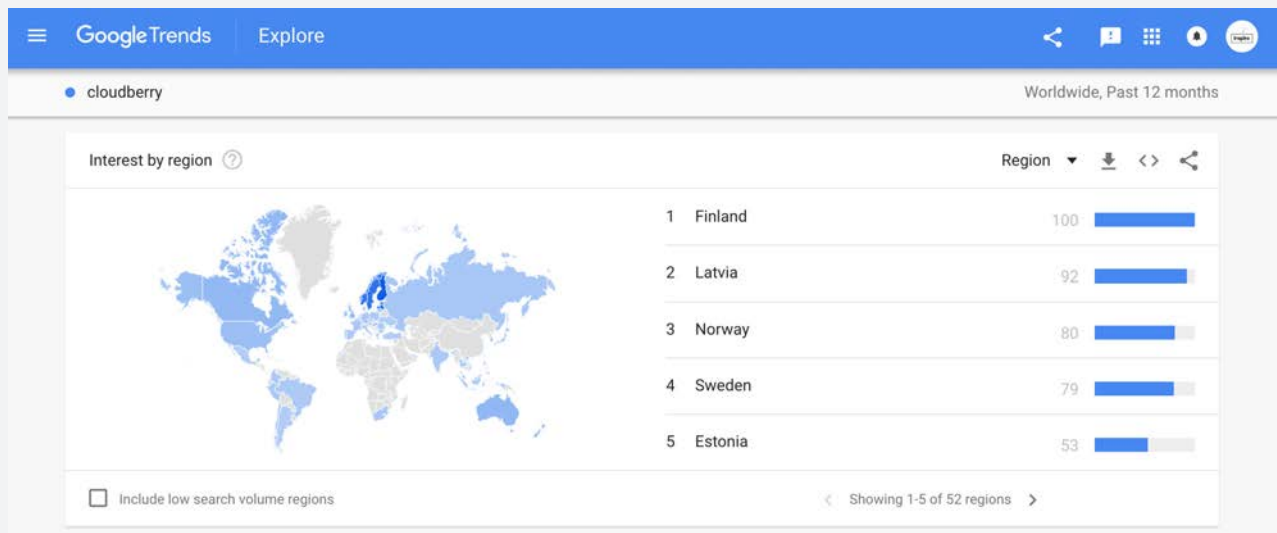
What can Stéphanie learn from this test?

Do you recommend she keep going with her idea for a healthy and vegan restaurant, or do you think she should pivot? If yes, how should she change her business idea?

# Validation Tools

## Google Trends

**Google Trends** allows you to look up the popularity of keywords and identify the demographics and locations behind the search. For example, when looking up cloudberry, we get the following results:



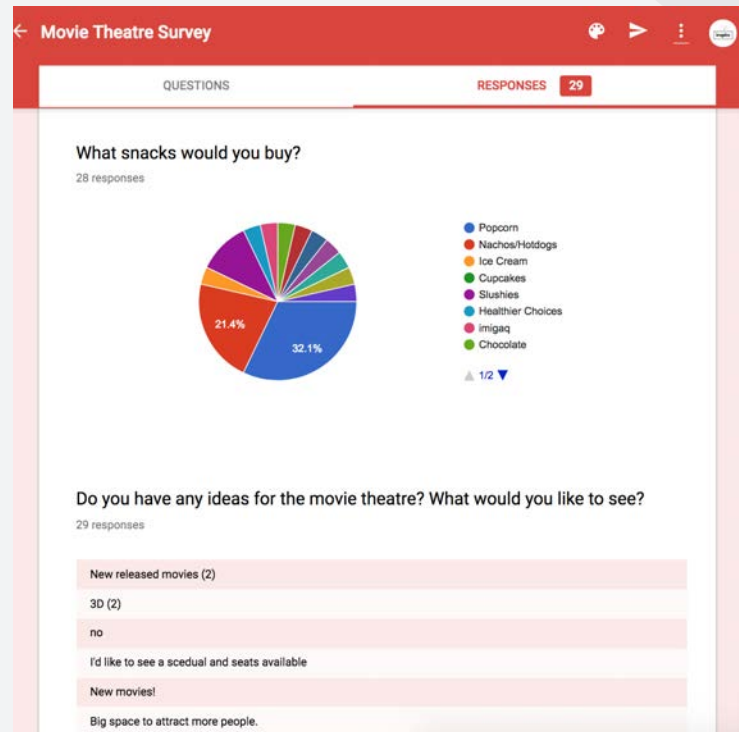
### REFLECTION

What can you learn from this search?

## Google Forms

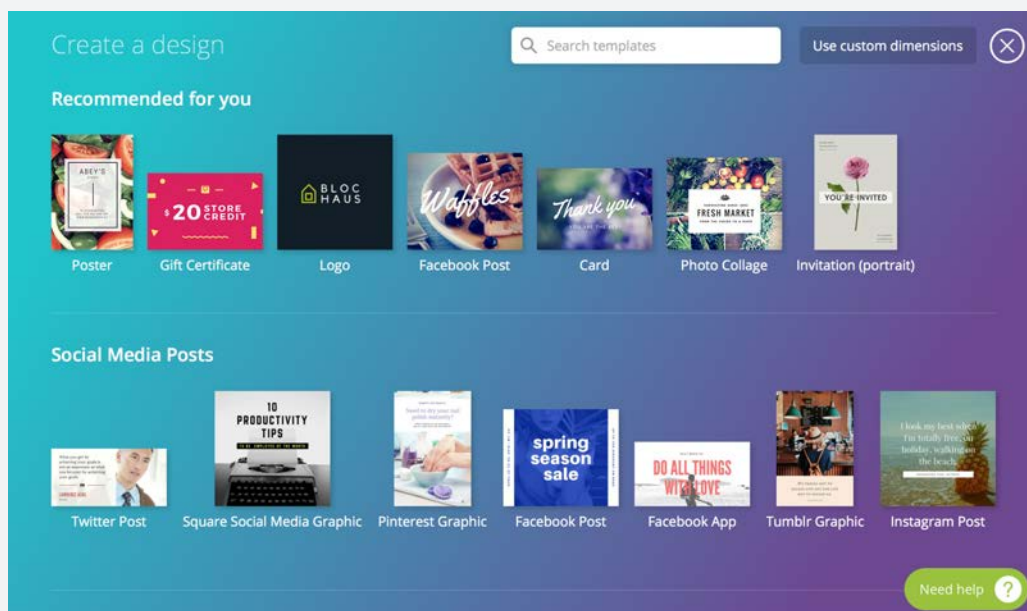
**Google Forms** is a great tool to create online surveys. With Google Forms, you can create different types of questions (e.g. multiple choice, long answer, short answer, number scale, etc.). Google Forms also combines the data from your answers and will show you summaries and graphics that allow you to easily analyze the responses from your survey.

Visit [www.forms.google.com](http://www.forms.google.com)



## Canva

**Canva** is a great tool to help you design posters and ads online. You can use Canva for free to create a sample advertisement to run on social media or other platforms. You can measure people's interest based on how they interact with your ad. Visit [www.canva.com](http://www.canva.com)



## Crowdfunding Platforms

Crowdfunding platforms like Kickstarter, GoFundMe, and Indiegogo are excellent validation tools. It requires you to create an explainer video, a few illustrations and mockups. By asking customers to ‘back’ your idea and pre-purchase your products, you directly validate the demand for your product and you can use the feedback that you get from your ‘backers’ to improve on your idea. Crowdfunding also allows you to start building your customer base.

**Example:** Nunami Kickstarter Campaign



## Mailchimp

Mailchimp is an email marketing tool that you can use for free, that allows you to build email lists and create professional-looking and branded emails. You can easily link your Mailchimp account to your advertisements and to your landing page to collect emails from potential customers that are interested to learn more about your product or service.

## GLOSSARY

### Ad Testing

A validation technique where you can analyze statistics that your ad has produced, like how many people were reached, who was the most responsive, and where your most responsive customers are located, to validate your idea.

### Assumptions

Things you believe to be true, but do not yet know for certain.

### Assumption Statement

A statement that outlines the assumptions you have made about your business that make you believe your business will be successful.

### Conversations with Industry Experts

A validation technique where you ask important questions to experts in the field that can help validate your business and provide valuable input.

### Crowdfunding / Pre-sales

An example of a Minimum Viable Product. Crowdfunding validates your idea by gathering early adopters, building a customer base, and asking customers to pre-purchase your products.

### Customer Interviews

A validation technique where you sit down with a potential customer and ask them pre-determined questions to receive as much insight as possible.

### Explainer Video

An example of a Minimum Viable Product. A short clip or animation that walks the potential customer through all of the functions of the product or service, and highlights why people should buy it.

### Feedback

One of the core principles of validation. Feedback is information about how customers react to your products or services and will show what they prefer.

### Landing Page

An example of a Minimum Viable Product. A web page that quickly explains what your business is and calls for action to measure interest (e.g. sign up for more information).

### Letters of Interest

A validation technique where you gather letters of interest from potential clients to show potential funders or banks.

### Mockups

An example of a Minimum Viable Product. Creating hand-drawn or digital images that allow users to conceptualize/ visualize your product before using it.

### Prototype

A basic version of your product or service that you develop to test your idea and get feedback.

## GLOSSARY

### Surveys

A validation technique where potential customers answer questions on product validation, price point, product/service preference, feature preference, current behaviours, and suggestions.

### Validation

The process of finding out whether or not your business idea is one that customers will like.



# Branding

CHAPTER 6

# Branding

## What is a Brand?

Your **brand** is how a person sees a product, service, experience, or organization. It's like the personality of a business. It tells them what a business stands for, and what they can expect from their product or service.

A brand is what comes to mind when you think about a certain business. What is your perception of the business? What does it represent? Do you like it? Why or why not?

### ACTIVITY

Take a look at the following logos. What comes to mind when you see them? Write down 3 things for each logo you see.



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**Your brand is shaped by:**

- Your values, strengths and attributes.
- How you communicate the spirit of your brand.
- What customers feel when they interact with your brand.

You can view your brand as a friendly connection to your audience and customers. In order to make “friends”, you need to positively affect how they see you. Your audience will continue to be friends with your brand if you share similar values, make their lives better in some way, and stay consistent.

Answer the questions below to define your brand:

- What is your business’ mission?
- What are the benefits of your products or services?
- What do your customers already think of your business?
- What qualities do you want them to connect with your company?

**ACTIVITY**

If you were a brand, what would it be? Try using the concept of a spirit animal. Which animal would you say most represents your personal values, strengths, and attributes?

# Brand Identity

Brands are represented by a visual identity for people to recognize & identify it. A **brand identity** features:

- A name
- Logo and symbols
- Colours
- Font type and size
- Images

A good brand identity communicates the core values of your brand, is attractive to your target audience (the people you want as customers), is easy to understand (it shouldn't be messy, confusing, or complicated, and is consistent).

The purpose of your brand identity is to remind your audience what you stand for.

## Logos

A **logo** is the symbol made up of text, symbols, images, colours and fonts that represents a business or an organization. A logo should encapsulate the spirit of your brand, what you want to be known for, and what image you want to put out into the world. Your logo is how people will recognize your brand. The elements that go into your logo must be chosen wisely.

The image of the woman and baby lighting a qulliq is a tattoo that Bernice had on her back.

**EXAMPLE:** UasaU Soap<sup>1</sup>

The qulliq is also a representation of the oils used in UasaU Soap products.

The name and logo tell us that this is an Inuit owned company, something that's very important to Bernice.

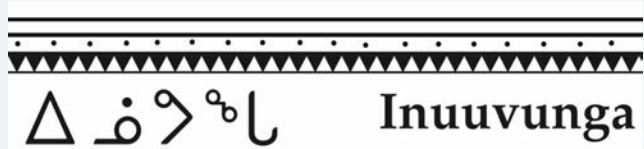
The name can be read from left to right.

The "U"s are shaped as the tail of an amauti.

The name "UasaU" is a play on words with the english word "wash", merging both of Bernice's worlds (english and Inuktitut)

Bernice also asked many of her friends for feedback on the logo before she launched it. She brought different modifications to her logo (ie. re-draw the woman's belly so it looks more natural, transformed the U in the tail of an amauti).

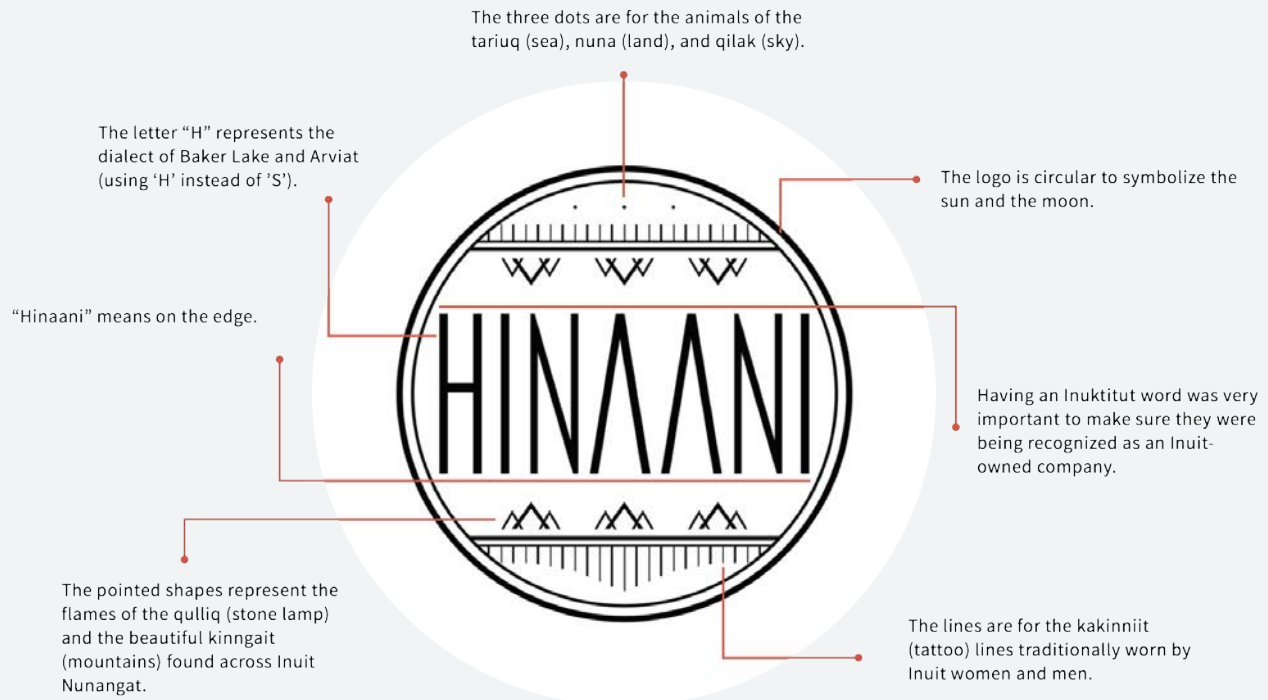
**EXAMPLE:** Inuuvunga<sup>2</sup>



“Inuuvunga means ‘I am Inuk’ . The inspiration came from learning about Inuit history and how the government tried to erase the Inuit culture. After all of these generations, we are still standing strong. It is a powerful word for me.”

- Dawn Forrest, Founder of Inuuvunga

**EXAMPLE:** Hinaani Design<sup>3</sup>



**EXAMPLE:** Ugly Fish<sup>4</sup>



A few years after she began selling jewelry, Adina of Ugly Fish remembered a story her grandmother told her. People had known her as “kanayuk.” Kanayuk, or Arctic Sculpin, is a type of fish that she called “ugly fish” growing up.

This is where she got the name. It is an ode to her grandmother, who never wasted anything and always made use of what was around her. It symbolizes the foundational values of the business and Adina’s love for her grandmother.

**EXAMPLE:** Qarjuit Youth Council<sup>5</sup>



→ The organization chose an Inuktitut name that represented their culture.

→ The 15 spears represent the 15 communities represented by Qarjuit.

→ The bow and arrow represents one of Qarjuit’s core mission: ***culture and identity for the youth***. With a qarjuit, you have to pull back in order for the arrow to go forward. This means that in order for the youth to go forward, the youth first need to pull back and reconnect with their culture, the land, traditions and language. Once they do, they can then move forward into the modern world, with their culture.

**TIP!**

“When creating your brand identity, express the important core piece of your identity and don’t try to appeal to anyone. When I design logos, I speak with clients and get to know who they are, and what is their intention. Keep it simple, it is easier to expand an identity than it is to continuously try to reduce it due to the large number of elements<sup>6</sup>.”

- Thomassie Mangiok, Founder of Pirnoma Technologies Inc.

## Strong Brands

Some brand identities are so strong that you barely need any of the logo to know the company behind it.

### ACTIVITY

Can you tell what companies these are?



## Colours

The colours you select for your brand can have a big impact on your brand identity. Choose your colours carefully and make sure the colours you choose represent your business.



### ACTIVITY

In your opinion, which colour would best represent:

→ A tourism company:

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→ A youthful apparel company:

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→ A convenience store:

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→ A car manufacturer:

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## Fonts

A **font** is the style of lettering you use. This typically applies to your logo and other design-based business communications (like your website and advertisements). Like colours, the fonts you select for your brand influence the look and feel of your brand identity. Choose your fonts carefully and make sure they represent your business

### REFLECTION

What is wrong with these fonts?

Harley Davidson  
Riding Club

**Trust me.  
I'm an accountant**

MASSAGE  
PARLOUR

## ACTIVITY

Think about yourself as a brand. What colours and fonts would you select to represent you. Why?

## Brand Consistency

**Brand consistency** is about staying true to your brand, your brand identity, and your core values in everything you do. Keep the same fonts, colours, writing style, layouts, logos, symbols, and style of images/graphics on all of your branding outlets. Keep delivering the same core messages. Practicing brand consistency will allow your brand to be more recognizable, and will contribute to a strong brand image.



## Brand Positioning

Your **brand positioning** is how you want to be different from your competitors. When a customer considers your brand against competing brands, how do you want them to see you? How will you make yourself stand out?

### ACTIVITY

What type of positioning strategies do these brands take? Find their direct competitors and identify how they compare in terms of price, quality, and feel.



ARDENE



## Mission and Vision Statement

Mission statements and vision statements help define and guide your company's purpose and actions.

### Mission Statement

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A **mission statement** declares the organization's purpose. For example, what do you do, how do you do it, and why do you do it.

### Vision Statement

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A **vision statement** provides direction and describes where the company wants to be in the future.

**EXAMPLE:** La Fédération des Coopératives du Nouveau-Québec (FCNQ)



FCNQ's mission is to *“get its members to work on their own development through social and economic activities that are financially sustainable.”*

FCNQ's vision is to *“protect and promote the cooperative approach to development by being financially strong and strive to improve our services to strengthen the co-op movement now and for the future.”*<sup>7</sup>

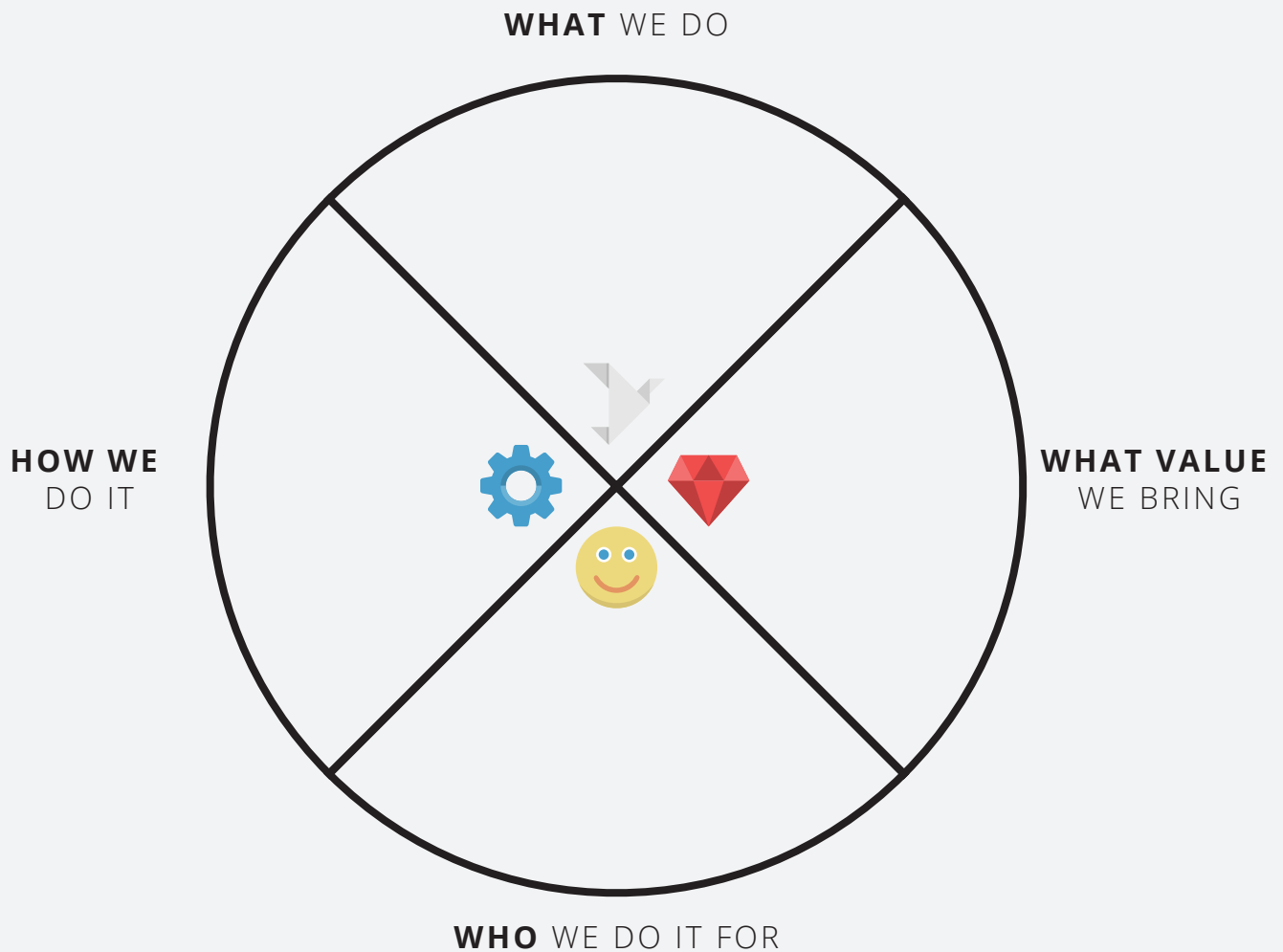
**EXAMPLE:** Inuit Tapiriit Kanatami (ITK)



ITK's mission is to *“Serve as a national voice protecting and advancing the rights and interests of Inuit in Canada.”*

ITK's vision is *“Canadian Inuit prospering through unity and self-determination”*<sup>8</sup>.

## Mission Statement Template



## ACTIVITY

Pretend that you are the owner of a hair salon that cares a lot about their customers and offers great service at a great price. Your hair salon is small and local, but you'd like to open up other locations in the future and offer other services like massages, nail care, and spa treatments. What would your mission and vision statements be?

**Mission Statement** *(What do we do? Who do we do it for? What value are we bringing? How do we do it?)*

**Vision Statement** *(Why do we do what we do?)*

## Brand Values

**Brand values** define what you care for as a business. What is important to your business? What beliefs will guide your operations and your decisions? Defining a set of brand values is an important exercise in branding and will set the tone for how your customers and your employees feel in your business.

Brand values encompass what you care about and can include things like:



GENEROSITY



CREATIVITY



FUN



KINDNESS



HONESTY



INTEGRITY

## ACTIVITY

What is important to you? What do you believe in?

## Brand and Inuit Culture

Business can be a great vehicle for promoting and celebrating your culture. Just like you might live by the IQ principles in your personal life, the same principles can be applied in the everyday operations of your business. Take a look at the role Inuit culture plays in the Inuit-owned businesses below.

### Ugly Fish<sup>9</sup>

“ Inuit Culture is the driving force behind what I do. We come from an excellent history of not wasting anything and using everything that we have. That to me is one of the foundational principles of my business. Whether it be your talent or your ideas, don't waste them. If you have a good idea, follow through with it.

What I do is very much what my grandfather or my grandmother would've done, or even their grandparents. Taking something that could be thrown out and turning it into something that is useful, something beautiful, something that people want.

Promoting culture is about not being ashamed of who we are today, as well as yesterday. Just be you. In my designs and on my clothing, I don't necessarily have anything that is very obviously my culture, like ulu prints, but I promote my culture because I am my culture and everything that I do is that. I promote just by being in Nunavut, not being ashamed of using things like animal products, and I incorporate our culture through my posts on Facebook. I share knowledge on animal parts and our history. Culture is really a part of everything I do at Ugly Fish.

- Adina Duffy, Founder of Ugly Fish

UGLY FISH

”

## Hinaani Design<sup>10</sup>

“Our culture is a part of everything we do and it’s the reason we have Hinaani. We want to provide clothing for people to show pride in their culture in a positive way. A lot of people learn more about the culture through our designs; things like the traditional tattoos on our legging, and not a lot of people know about the different animals that we have all over the territory. They are learning from the clothing that we provide.



When it comes to the products, we make sure we have a proper name and it’s a great way to connect to our family. We ask questions to our elders and a lot of the ideas come from conversations we have had with a family member.

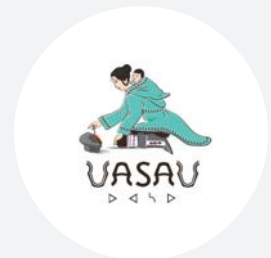
I get a lot of advice from family members. We’re gathering Inuit knowledge and also connecting with family. It’s a strong and positive feeling when you are connecting with culture and family. Having culture be accepted and celebrated by wearing our clothing is awesome. You need inspiration to keep working and the community gives that to us.

- Keenan “Nooks” Lindell & Paula Rumbolt, Co-Founders of Hinaani Design

”

## UasaU Soap<sup>11</sup>

“It’s ingrained in me to show and to reflect my culture through my business. I used my tattoo on the back of my shoulder as my logo. I consult Elder’s on their traditional knowledge for my products. I use natural products around us—flowers, whale blubber—to make the products.



Inuit culture and values are integrated into my whole life. We are always told to help. And motivate others. That’s one reason why I have gone into this. Tumnganarmiq and ikajuqatigiirniq. I love these. I really want it to come through in my business. I want it to be pure and from the knowledge of my mom and my grandmother.

Each time I come back from vacation, Nunavut gets more and more beautiful! It is so clean and so untouched. And coming from the hustle bustle city where everyone is lost and no one is touching the ground. When I come home, and I touch the land, it grounds me. It is very powerful here and it is deafening.

I want to see so many Inuit thrive. It was a dream for me to use my business to see other Inuit thrive. And it really can’t go fast enough. I want to start culture programs. With new government funding in place, Uasau is taking on all new paths. It is a new time and we are lucky to be a part of it.

- Bernice Clarke, Owner of UasaU Soap

”

## REFLECTION

What parts of your culture do you want to see in your business?

What Inuit values do you hold near to your heart? How can they apply to your business?

**ACTIVITY**

Sketch logo ideas and inspiration.

## GLOSSARY

**Brand**

The unique identity of a business, organization, or project, shaped by how they are seen by the public.

**Brand Consistency**

The practice of staying true to your brand, your brand identity, and your core values in everything you do.

**Brand Identity**

A representation of a brand through elements like a logo, colours, fonts, and symbols.

**Brand Positioning**

How a certain brand is different from its competitors.

**Brand Values**

The core beliefs that define what you care for as a business.

**Font**

The style of lettering you use for your logo and for your business communication.

**Logo**

The symbol made of our text, symbols, images, colours and fonts that represent a company or an organization.

**Mission Statement**

Declares the organization's purpose. For example, what do you do, how do you do it, and why do you do it.

**Vision Statement**

Describes where the company wants to be in the future and provides direction.



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# Marketing

CHAPTER 7

# Marketing



**Adina Duffy**, owner of Ugly Fish, makes beautiful jewelry from the natural resources she finds in her community of Coral Harbour, Nunavut. Although Ugly Fish began as a hobby, it quickly grew into a business as the demand for her products grew more and more.

Today, Ugly Fish has customers all over the world from Australia to Luxembourg to the United States. But how did Adina get her products from her home studio, into the hands of Australian customers? How did the Australian customer even learn about Ugly Fish, a business located in a remote community of less than 1,000 people 15,000 miles away?

## What is Marketing?

**Marketing** is the process of communicating the value of your product and services and building relationships with your customers. Marketing covers many different activities and is a part of nearly every aspect of operations.

Marketing helps you:

- Know your customers
- Communicate with your customers
- Take your product to market

## GROUP DISCUSSION

Ugly Fish has hired you as their marketing expert. They want you to develop a marketing strategy to sell their products to people in China. Where would you start? How would you go about developing a strategy to market jewelry from Nunavut to people in China?

Too often, entrepreneurs simply guess when it comes to marketing. They make the mistake of throwing things together based on their best guess and hoping it works. When this happens, entrepreneurs are skipping an important step in developing an effective marketing strategy, understanding its importance, and knowing the customer.

## Knowing Your Customers

Marketing starts with knowing your customers. The first step to knowing your customers is to break them down into groups that represent them. These groups are called **customer segments**.

A **customer segment** is a group of people that have a shared set of characteristics and who are marketed to in a similar way. Different customer segments also ‘talk’ to each other. If you succeed with a segment, that group will sell for you! But you must speak the language of that group of people’s needs. Market segmentation helps you to learn what language a segment speaks so you can make your message unique.

## How to Segment Your Customers

The following page explains different ways to segment your customers.

## Types of Segmentation

**DEMOGRAPHIC SEGMENTATION** groups customers based on shared statistical similarities. For example:

- Age
- Gender
- Education level
- Occupation
- Income
- Family size
- Religion

**For example:** If you are selling a narwhal tusk for \$7,000, you likely would not target teenagers or low-income families.

**PSYCHOGRAPHIC SEGMENTATION** groups customers based on their everyday life, daily activities, likes and dislikes, and needs. Examples include:

- What activities do they participate in?
- What are their interests?
- What are their likes and dislikes?
- What are their needs/wants?
- What is their lifestyle?
- What do they care about?

**For example:** If you were selling hunting supplies you would segment your customers based on how frequently they hunt or how experienced they are. An inexperienced, hobby hunter is unlikely to need and buy the same items as an experienced, professional hunter.

## ACTIVITY

Create customer segments for Inuuvinga using both the demographic segmentation and psychographic segmentation techniques:

### DEMOGRAPHIC SEGMENTATION

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### PSYCHOGRAPHIC SEGMENTATION

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**GEOGRAPHIC SEGMENTATION** groups customers based on location factors, including:

- Country
- Regions
- Cities
- Postal codes

**For example:** If you're selling parkas you're likely to have more success in colder climates rather than warmer climates.

**OCCASIONAL SEGMENTATION** groups customers based on the different occasions when customers plan to actually buy or use a product. For example, going on vacation, meal times, or going back to school

*For example:* Coke's famous marketing campaign was focused simply on being thirsty. In this case, they segmented their marketing to people who were thirsty.



## CULTURAL SEGMENTATION

Understanding a culture can give you insight about a customer base.

*For example:* If you are selling parkas made with fox fur, you want to target cultures who celebrate sustainable hunting practices. While Inuit usually celebrate products made with fur, other cultures may be less receptive to animal product.

## ACTIVITY

Create three (3) customer segments for different companies using all 5 segmentation techniques.

### UNDER ARMOUR: DEMOGRAPHIC SEGMENTATION

Male athletes,  
aged 18-30

**HUNTING SUPPLY STORE: PSYCHOGRAPHIC SEGMENTATION**

Experienced hunter			
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**TIM HORTONS: GEOGRAPHIC SEGMENTATION**

Large city-centers (e.g. downtown Montreal)			
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**GROCERY STORE: OCCASIONAL SEGMENTATION**

Eating			
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**MACDONALD'S: CULTURAL SEGMENTATION**

India - No beef on menu			
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## Identifying a Viable Segment

You might find there are many different customer segments to choose from. However, you should be smart when deciding which segments to target. A **viable segment** is one where:

- Buyers have money.
- Buyers pain is eased or fixed by your product.
- Buyers have a sense of urgency.
- Buyers are close, easy to target.

## Identifying a Non-Viable Segment

Some customer segments do not fit the market for your product or service. To identify a **non-viable or limited segment**, consider the questions below:

- Are they easy to communicate with?
- Do they have money?
- Are they willing to buy?

## Tips

- When segmenting, make sure you choose a segment that is relevant to you.
- Think about how you can group multiple segments that are very similar.
- Make sure you have the means to provide for each segment you market to.

## Customer Personas

Once you have identified customer segments, the next step is to create **customer personas**, or profile, representing your ideal customer. Customer personas are imaginary individual customers, not broad categories of customers. Customer personas help marketing agents create content that is more personal to its target market making it feel like is for an that individual instead of mass made for 1000 different people.

Your customer persona will have a name and is the ideal customer that you're trying to sell to and make happy.



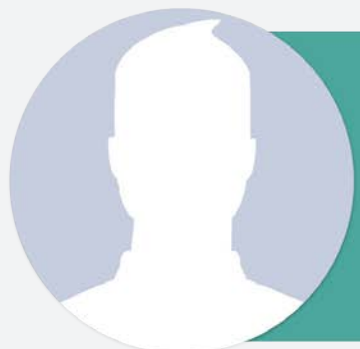
**NAME:** Nancy Lemieux  
**AGE:** 56  
**LOCATION:** Ottawa, ON  
**FAMILY:** Married with 2 children, and a grandchild  
**OCCUPATION:** Business Owner  
**INCOME:** \$65,000 / year  
**HOBBIES / INTERESTS:** Yoga, healthy living  
**WHERE TO REACH HER:** Facebook, TV

**NAME:** Elisapee Kidlapik  
**AGE:** 33  
**LOCATION:** Akulivik, Nunavik  
**FAMILY:** Single mother, 3 young children  
**OCCUPATION:** School Teacher  
**INCOME:** \$85,000 / year  
**HOBBIES / INTERESTS:** Sewing, Hunting  
**WHERE TO REACH HER:** Facebook, Radio




### ACTIVITY

Take three (3) customer segments you identified in the last activity and create customer personas for each one using the template below:



**NAME:**   
**AGE:**   
**LOCATION:**   
**FAMILY:**   
**OCCUPATION:**   
**INCOME:**   
**HOBBIES / INTERESTS:**   
**HOW TO REACH THEM:**



NAME:

AGE:

LOCATION:

FAMILY:

OCCUPATION:

INCOME:

HOBBIES / INTERESTS:

HOW TO REACH THEM:



NAME:

AGE:

LOCATION:

FAMILY:

OCCUPATION:

INCOME:

HOBBIES / INTERESTS:

HOW TO REACH THEM:

## Positioning and Competitor Analysis

Once you understand your customers it's time to look at your competitors. What other businesses offer similar products and services to the same customers you are targeting? Are they doing a good job? The best way to find your competitors is by asking your customers where they currently get similar products and services.

Analyzing competitors is an important step in developing your marketing strategy. By looking at what competing business do well, and what they don't do well, you will get a better understanding of the opportunities that exist for your business.

### SWOT Analysis

A **SWOT Analysis** tool helps you analyze your competitors. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

→ **Strengths** - What is the competitor good at doing from the customer's perspective?

→ **Weaknesses** - What are they not so good at doing?

→ **Opportunities** - What is missing from what they offer? Assess what your competitor doesn't do, and think of ways you can fill that gap with your business.

→ **Threats** - What might this competitor do that could be a threat to you? Also, what could happen in the industry that could affect both of you?

**For example:** Inuk Stitches is a new fabric store based in Igloolik, Nunavut. Below is their analysis of a big competitor, The Northern Store.

STRENGTHS	<ul style="list-style-type: none"> <li>• Already have a lot of customers</li> <li>• They sell a lot of other items that attract people to the store</li> <li>• They have a very large operation in the community</li> </ul>
WEAKNESSES	<ul style="list-style-type: none"> <li>• Not a lot of choices of material</li> <li>• Don't listen to customer needs</li> <li>• Not a Nunavut-based or Inuit-owned company</li> </ul>
OPPORTUNITIES	<ul style="list-style-type: none"> <li>• Large selection of fabric and notions</li> <li>• Listen to customers and constantly ask for feedback</li> <li>• Specializing in fabric</li> <li>• Inuit and locally owned</li> </ul>
THREATS	<ul style="list-style-type: none"> <li>• They are a large company with the power to lower their prices if threatened</li> <li>• Buys higher volume of material from same suppliers (opportunity for better discounts)</li> </ul>

## Competitive Advantage

A **competitive advantage** is what makes you better than competitors especially in your customer's opinion. Why are customers buying from you and not your competitors? To understand your competitive advantage you need to look at three things:



Your  
customers



Your  
competitors



Your value  
proposition

To understand your competitive advantage identify what value (or benefit) you provide to customers, that is better or different than your competitor. The template below can help you formulate your competitive advantage.

### Template

Our (products/services) provide (customers) with (value proposition) to/for (need/problem you are solving), unlike (competitors).

#### Example:

Our sewing supply store provide seamstresses in Igloodik with a specialty sewing supply store to give them the variety and selection of fabrics they need, unlike the Northern.

Now that you know your customers and have a clear idea of your competitive advantage, it's time to look at how you can reach your target market and what marketing techniques will convey your message.

## Marketing Channels

Remember channels from the business model canvas? Channels are an important part of marketing.

**Marketing channels** refer to the different ways you can put your message out to reach your customers.

Whether it's using Facebook, radio, email, or even word-of-mouth, channels are where your customers will see and hear about your business.

Examples of channels include:

### Word-of-Mouth

Reaching your customers through other customers who recommend your business or product. Because the message comes from someone a potential customer trusts, it's the most powerful way to reach customers.

### Partnerships

Partner with other companies who can help you reach customers. Usually, these partnerships are beneficial for both partners.

### Email

This is a great channel to get in touch with your customers and to highlight new products and services.

## ●●● CHAPTER 7 MARKETING

### **Direct Mail**

Real mail that companies send directly to your door. This is a good way to reach people in their homes though it has become less popular in recent years. It can also get expensive as postage prices increase.

### **Social Media**

Tools like Facebook, Instagram, Twitter, Pinterest, Snapchat, and LinkedIn. All of these platforms have specific products and strategies they offer to help you reach customers.

### **Website**

An online platform to share all of the information about you, your product, your brand, and what you stand for. You can also have a blog on your website to share ideas and stories about your company.

### **Ecommerce**

Either through your existing website or by creating a separate website, e-commerce is a way to sell your products online.

### **TV / Radio**

This allows you to reach a larger audience within a specific geographical region. Usually, ads are placed in between programming.

### **Print**

Print advertising consists of newspapers, magazines, and flyers.

### **Cold-Calling**

Calling customers you think fit your market segment and speaking to them about buying your product. This works best when selling to other businesses.

### **Merchandising**

Selling your product on retail store shelves. Merchandising activities include giving away samples, providing product demonstrations, and promoting special offers.

## **Choosing Channels**

It is important to choose the most effective channels for reaching your customer. Avoid spending time and money on a channel that your customers are not using.

**For example:** if you purchase an ad in Air Inuit's in-flight magazine for \$3,000, but your customers do not fly Air Inuit, your advertising dollars won't be well spent and your customers won't see your ad. Instead, spend money on a Facebook and Google ads campaign and target your customers using the customized audience functions.

**For example:** if you are trying to reach an older population in your community, consider advertising on the radio in Inuktitut rather than advertising on Facebook in English.

Here are some questions to help guide your choice of channel:

- Where do customers spend most of their time?
- What channels do they trust the most?
- What channels are less crowded?
- What channels best capture a customer's attention?

**Tip** - Customer validation can be helpful in discovering where your customers spend most of their time. Have conversations with potential customers and ask them to tell you where they consume most of their information.

## Marketing Techniques

**Marketing techniques** are the techniques used to deliver a message through the various channels.

### Promotions

**Promotions** is a technique that gives incentives to customers to drive sales. This can be in the form of coupons, discounts, and freebies.

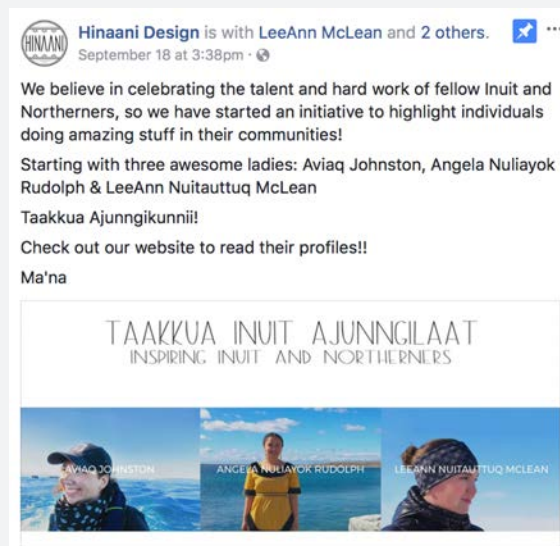


### Content Marketing

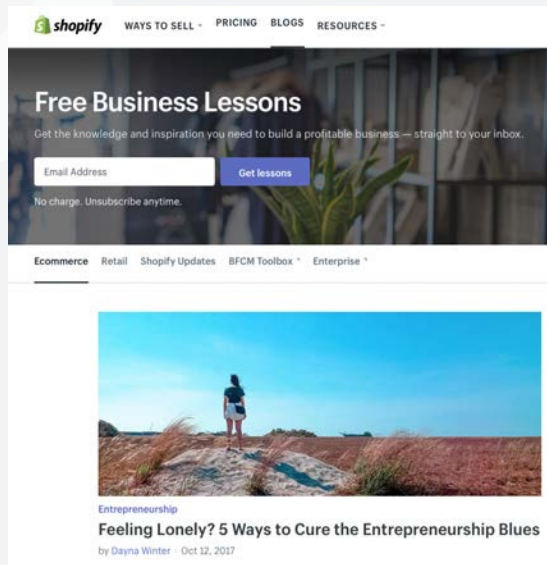
**Content marketing** is creating and sharing knowledge in a field and/or topic related to your business. It provides your audience with added value. It is also a tool used that helps your target market discover your product or service, and a technique used to establish your business as an authority in your industry. You can do content marketing on social media, on your website, or on a blog platform.

#### EXAMPLE - HINAANI DESIGN

In this example from Hinaani Designs<sup>1</sup>, they decided to use their platform to showcase individuals doing amazing things in their communities. This is not content that is directly related to their products but it is engaging, enjoyable, and helps build their brand image.



## CHAPTER 7 MARKETING



### EXAMPLE - SHOPIFY BLOG

Shopify has an active blog that covers a wide range of topics from operations to marketing to entrepreneurial wellness. This content is aimed to:

- 1) attract new customers, and
  - 2) to help existing customers build better businesses.
- It also helps Shopify establish their authority in the ecommerce world.

## Cause-Related Marketing

**Cause-related marketing** is a technique that involves finding a common cause that both you and your target market care about. This is an opportunity to reach your customers on a deeper level and give more meaning to your business. Cause-related marketing will get you noticed and tells your audience that you care about making the world a better place. People are searching for meaning, let your audience know you care.

### EXAMPLE<sup>2</sup> - KUUGAQ CAFÉ

The Kuugaq Cafe has partnered with the local daycare in Cambridge Bay and donates its liquor profits after an event to the daycare. Amanda says, “It’s not only helping another organization in town, but by having the alcohol it brings more business to us that evening. They do come for the food, but being able to enjoy a beer or a glass of wine with their meal as well also brings them to the door.”<sup>3</sup>

A promotional flyer for an event at Kuugaq Cafe and Cambridge Bay Childcare Society. The flyer has a white background with orange and teal accents. At the top left, it says 'SATURDAY AUGUST 12'. To the right is a photo of a whole cooked lobster. Below the date is a cartoon illustration of a lobster holding a glass of wine. To the right of the illustration is the text 'KUUGAQ CAFE AND THE CAMBRIDGE BAY CHILDCARE SOCIETY PRESENTS'. Below this is a large orange banner with the text 'LOBSTER, BEER AND MOJITOS'. Underneath is a teal banner with the text 'Summer is not over yet!'. The main body of the flyer contains the following text: 'Come enjoy a maritime 1.5 lbs whole lobster with potatoes salad, coleslaw, fresh roll and garlic butter! Start the meal with pure squash soup and end with a sweet dessert.' followed by 'Beer, Wine, Mojitos and Sangria available for \$8 - \$10 per drink. Must be 19 years of age. All alcohol proceeds will go to the daycare.' At the bottom, it says '\$65 PER MEAL' and 'TICKETS ON SALE NOW FOR 5:30 AND 7:30 SITTINGS'.

## Referral Marketing

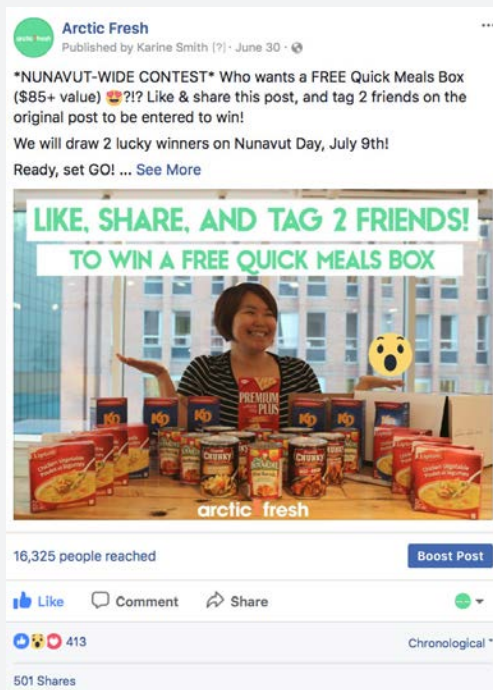
**Referral marketing** is a technique that involves motivating existing customers to refer a friend to your business. For example:

"Give \$20 on your friend's first purchase, and get \$20 off when they spend."

"Invite five people to sign up to our newsletter, get \$10 coupon."

## Contests and Giveaways

**Contests and giveaways** is a technique that involves engaging people by giving them a prize incentive. This can be a fantastic tool to get your business a lot of attention on social media. This gives people an incentive to engage with your business by liking, sharing, or commenting on your content. Comments also cause their friends to see your content which can attract new customers.



## Cross Promotional Marketing

**Cross promotional marketing** is a technique that involves teaming up with another business or organization to advertise for each other. Cross-promotion is a cheap technique that helps each business tap into a new audience. It is often wise to choose a business with an existing audience you want to connect to but don't currently have as customers. Choose your partnerships wisely.

### EXAMPLE

In this example, we see that “The Dark Night” and Golden Graham (GM) partnered for some cross-promotion.

**How did Golden Grahams benefit from having Batman toys in their boxes?**

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**How did Batman benefit from being on Golden Grahams boxes?**

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## Guerilla Marketing

**Guerilla marketing** is a technique that makes a lasting impression with a small budget. Events like ‘flash-mobs’ have been a popular guerilla marketing technique.



## Endorsement Marketing

**Endorsement marketing** is a technique that uses trusted public figures to promote products and services. From athletes to celebrities to famous bloggers, endorsements give you exposure and build trust. Endorsements can be very costly for a company like Nike who pays world-class athletes millions to promote their products! However, it can be affordable. For example, you can send free samples to trusted bloggers or experts with a large following who may choose to endorse your product.

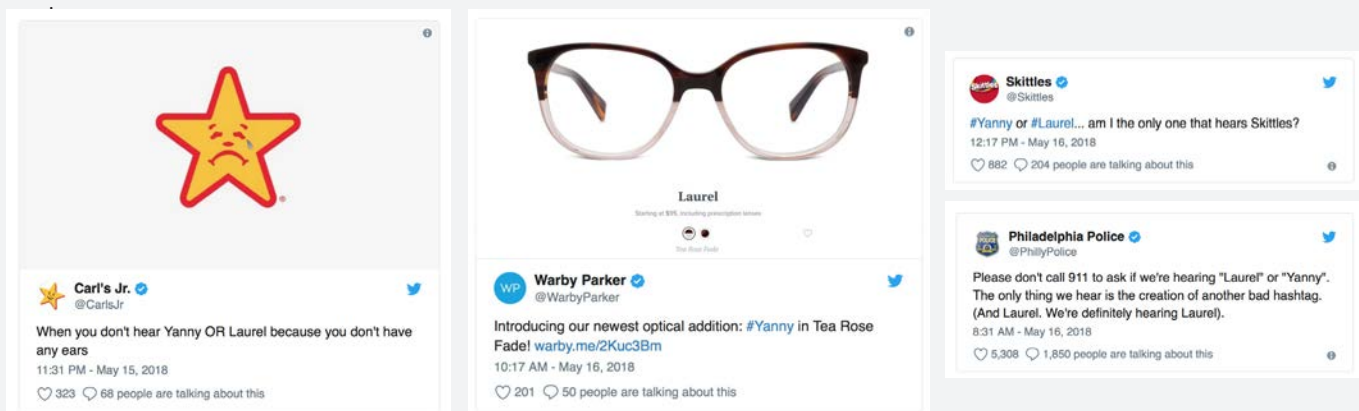
### EXAMPLE

At the 2016 Northern Lights Tradeshow, UasaU Soap got small endorsement from Prime Minister Justin Trudeau. This made the news and circulated on Facebook<sup>4</sup>.



## Real-Time Marketing

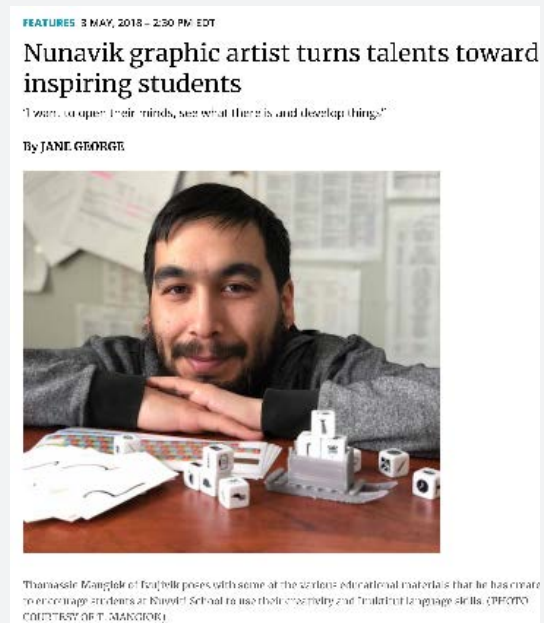
**Real-time marketing** is a technique that uses real-time events to create marketing content. Real-time marketing is an effective way to join in on trending conversations and generate 'buzz'. It shows that you are present and engaged.



**EXAMPLE** - The example refers to the popular online voice clip that circulated in May 2018, where people divisively heard either “Yanny” or “Laurel”. The tweets show how some businesses participated in the real-time conversation.

## Public Relations (PR) Marketing

**Public Relations (PR) marketing** is a technique that involves building relationships with the media and getting press coverage. PR marketing is a great and inexpensive way to get exposure. However, your story must be newsworthy. When you create a product or service of interest to the public, the media will have an interest in putting the spotlight on you. PR can involve local media, big media, and niche media outlets. PR marketing usually needs to be initiated by the entrepreneur or marketing department by sending a short document highlighting the news. This document called a ‘press release’.



## Word of Mouth

**Word of Mouth** is a technique that happens organically when your customers and target audience talk about you. Positive word of mouth marketing can come from a variety of things like competitive prices, innovative products, quality products, or a great customer experience. Word of mouth can also be a source of negative advertising for your business if the customer had a bad experience. Being active in ensuring customers are happy about their experience can prevent bad press and reviews.

## Social Media Marketing – Best Practices

**Social media** is one of the most important marketing tools. From Facebook to Instagram, Snapchat, Twitter, social media allows you to reach millions of people with little to no budget. In Nunavik, Facebook is particularly important because Nunavimmiut are highly active on the platform. Businesses can take advantage of this online community to reach their audiences. Take a look at the advice a few companies provided below.

### ADVICE FROM HINAANI DESIGN<sup>5</sup>

The difference between a good social media strategy and a bad one is the frequency and the content of the posts. Hinaani has over 2000 followers on social media. They post pictures of things that their consumers would be interested in. Some examples include pictures of custom colour ulus, tunniit leggings, or even just a nice picture of the land.



Hinaani also uses the amount of likes per photo on Facebook and Instagram as a tool to figure out what their consumers would be more inclined to buy. “We see that the picture of the product that gets the most likes, usually sells the most and the fastest. Consistency is also really important. Posting either everyday or every other day. Researching what works and what doesn’t. Like what will get the most likes. You need to start posting what people want to see. If you post a picture of ulus, then that’s a guaranteed 100 likes,” says co-founder Nooks Lindell.

### ADVICE FROM UGLY FISH<sup>6</sup>

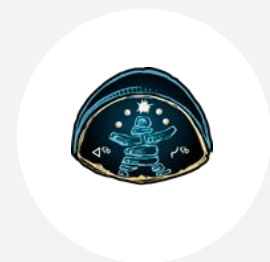
Adina Duffy of Ugly Fish was able to expand her customer market and sell her products to people in Greenland, USA, Alaska, Australia just by posting on Facebook. She said, “You post something online and you never know who is going to see it.”



She used only her business page and regularly posted pictures of interesting things she would see around her. Sometimes she would post a picture of something she made or an animal carcass that she turned into a necklace. She wanted her customers to see how her jewelry was made and where it comes from so they can see how it goes from something she finds on the land into a beautiful piece of jewelry.

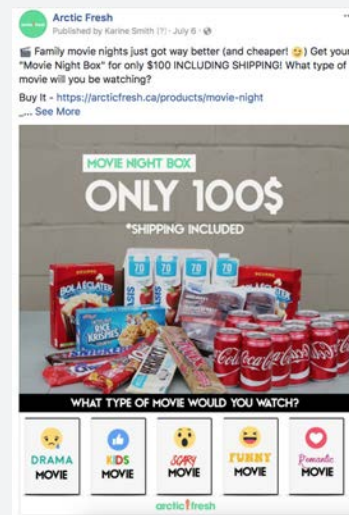
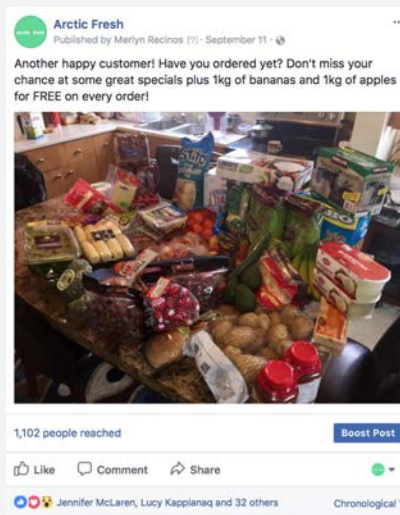
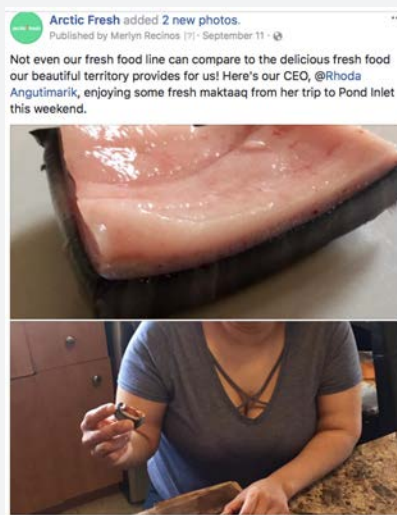
### ADVICE FROM ARTCIRQ<sup>7</sup>

“You want to get people to know the background of the business. If you remove the concept, the culture, the idea behind the product some people might see nice colours or a nice design, or a nice performance. You want to communicate the meaning behind it. For example, if you use a pattern that had been created or used by a certain family, make sure you get their approval before you replicate it. Make sure they get a share of the profits, and that they tell the story behind it. That just gives the product more and more meaning behind it; so a buyer will understand the story behind that product.”



## ADVICE FROM ARCTIC FRESH<sup>8</sup>

"It's not just about having nice looking ads, or professional videos. People want to see who is behind the company. They want to be able to put a face to it. You want to look professional, but you also want to show the humanity behind the business. We really try to do a mix of both. We will get a video professionally edited, and then we will post a picture of the inside of Rhoda in her home, enjoying some country food. Test different types of posts and ideas and see what sticks. Sometimes you can be surprised at how little or how much attention a certain post might get!"



## Setting Clear Marketing Goals

When developing a marketing strategy ask yourself, "What is the main thing I want to achieve with my business and why is it important?" Answers include:

- Build brand reputation
- Enter new market
- Get more sales
- Get more customers

Once you know what you want to accomplish, set a clear, measurable goal with a specific date and time and include reasons as to why you chose each goal.

### EXAMPLES

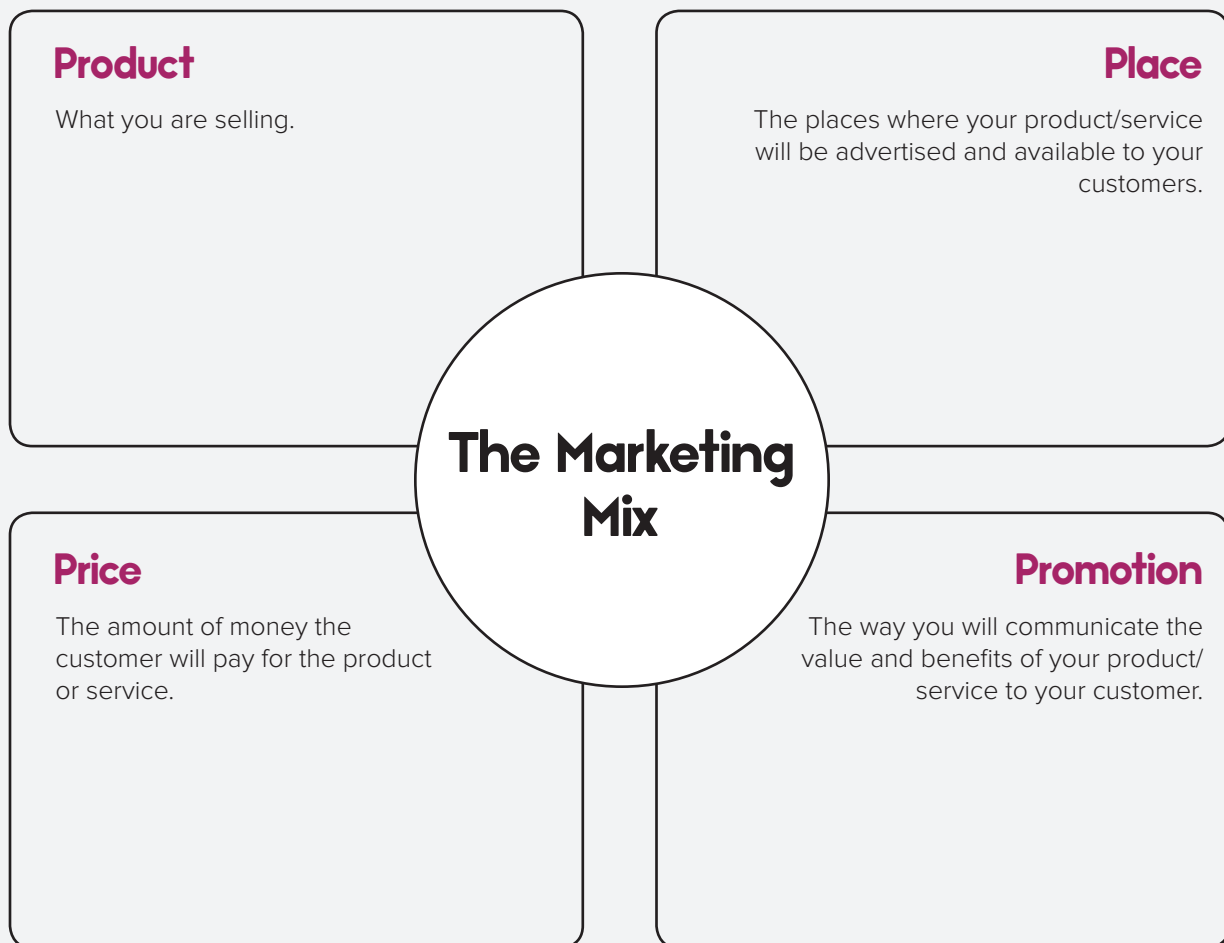
*In order to increase my brand reputation, I'm going to do a charity drive to support the local food bank. I will do the charity drive on April 10th, 2019. Our community respects businesses who give back and when I support the local food bank, it increases my brand reputation.*

*In order to get more customers, I will launch a customer referral campaign in March 2019. The referral campaign will motivate customers to refer our products and services to their friends and family helping us get new clients.*

*In order to get more sales, I will run a BOGO (buy-one-get-one) promotion from March 15th to March 26th. This deal will motivate customers to purchase our products which will generate more sales.*

## The Marketing Mix

The **Marketing Mix (4 P's of Marketing)** puts your marketing strategy and goals into action. The marketing mix takes into consideration the four essential elements of a marketing strategy:



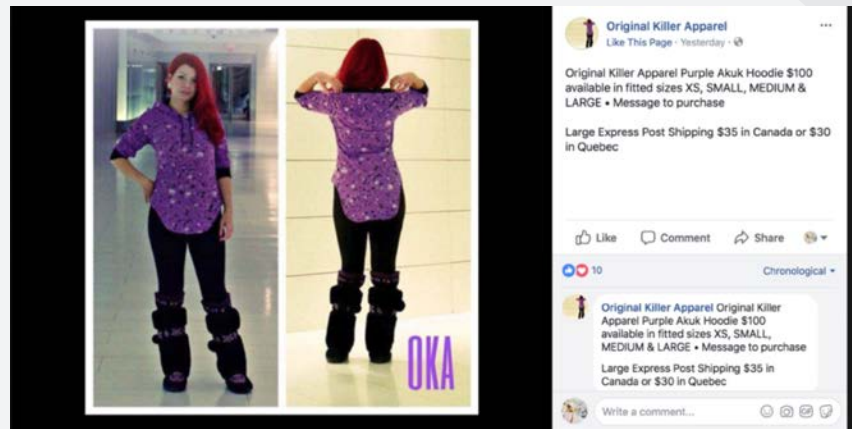
### EXAMPLE

Imagine you are trying to sell your carvings to customers down south. Your marketing mix could like this:



## ACTIVITY

What is the marketing mix for this OKA Purple Akuk Hoodie<sup>9</sup>?



**Product**

**Place**

**The Marketing Mix**

**Price**

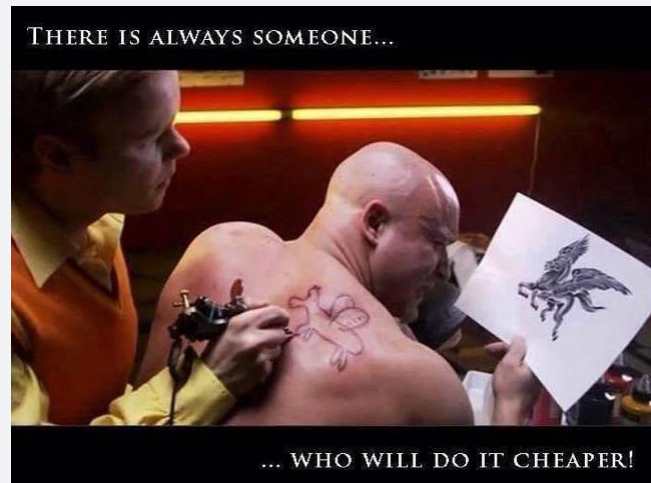
**Promotion**

## Why Pricing Matters

**Pricing** a new product is an essential part of your marketing strategy, and your finances. The price for your product is more than just a number you put on a label. Pricing:

- influences your positioning strategy
- determines whether you will be able to run profitably.

**Is a low price always a good price?**



## Basic Rules of Pricing

- Price must cover costs;
- The best way to lower price is by lowering costs;
- Prices should be reviewed regularly to make sure you are responding to the market;
- Your marketing strategy should reflect your pricing.

## Before you set your price, know your costs

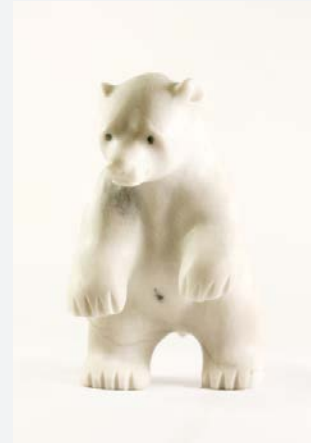
When setting your price, the first thing you need to consider is how much making and selling your product or service costs you. Your costs can include things like:

- Item cost (the cost of the item you purchased)
- Labour (time spent making the product)
- Shipping (how much it costs for the item to get shipped to)

## ACTIVITY

What costs do you think are included in these prices?

### Carving



### Leggings at Hinaani (online store)



#### HAVIK LEGGINGS \$65.00

Size XS Quantity 1

With the colour of a well used a Leggings also have a striking kal thighs and kamik inspired lines three symbols of strong Inuit art are bold and beautiful just like t

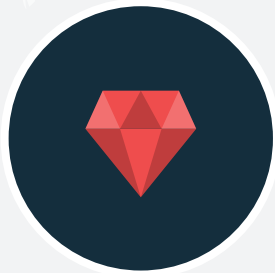
All our leggings now feature a v band that can be worn high or i

88% polyester, 12% spandex (m eco friendly materials). Fabric is

### Grapes at Northern



# Pricing Strategies



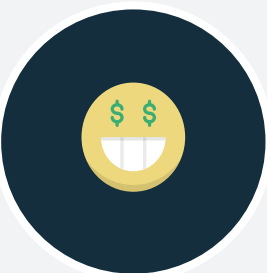
PREMIUM PRICING



PENETRATION PRICING



PRICE SKIMMING



PSYCHOLOGY PRICING



ECONOMY PRICING



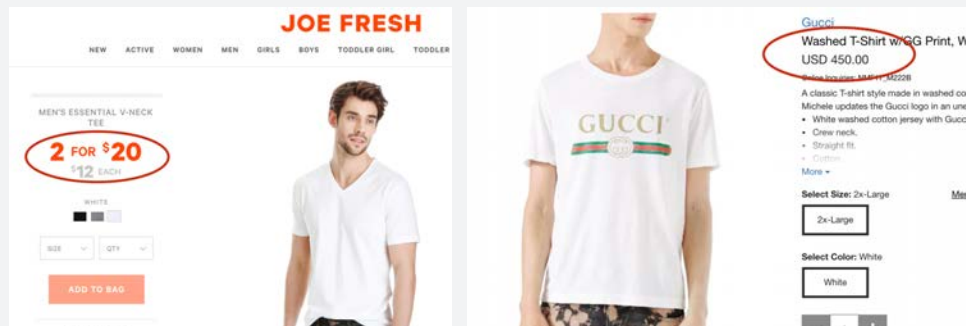
BUNDLING



## Premium Pricing

The strategy of **premium pricing** is to set price higher than the competition. This strategy is most effectively used when there is something unique about the product that is being sold, or if the product has newly been entered into the market (ie. luxury goods). If you use a premium pricing strategy, make sure that your customers perceive enough value in the product to pay the premium.

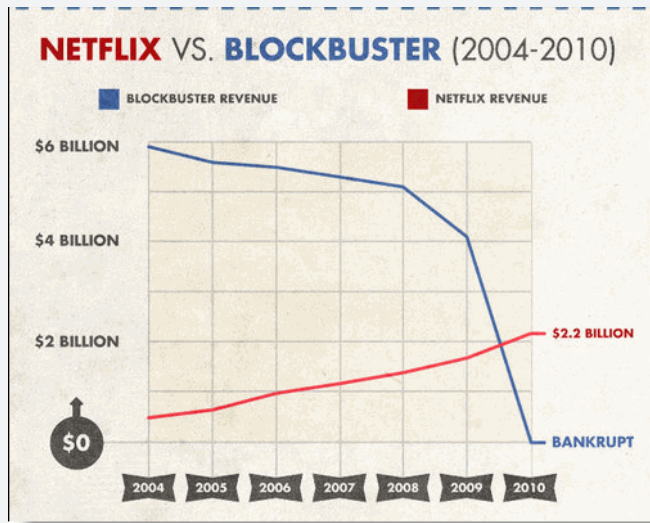
**Example - Luxury brands like Gucci or Louis Vuitton can price white t-shirts like these at extremely high prices just because they are brands that people perceive of being high value.**





## Penetration Pricing

The strategy of **penetration pricing** is to set your price low at first to attract a lot of customers. Once you have enough customers, you then raise your price



**For example:** For a long time, movie rental stores like Blockbuster were the only place you could go and get a movie without having to buy it. When Netflix joined the market, they developed a new model for 'renting movies' that was cheaper and more convenient by shipping movies directly to the customers home and by offering online streaming services. To convince loyal Blockbuster customers to start using their new service, Netflix rented movies for as low as \$1 per DVD. Through this pricing strategy, Netflix acquired many new customers. Since then, Netflix has taken over the movie industry and raised their subscription prices.



## Price Skimming

The strategy of **price skimming** is to set your price as high as you can for the customers that are willing to pay a lot for your product, and then you lower it as time goes on to get more customers who are willing to pay less and less. It is the opposite of penetration pricing.

**For example:** Technology companies often use a price skimming strategy when they launch new products. Think of Apple. When they launch a new model of the iPhone, it is usually very expensive. As time goes on, and as newer models are released, they start to lower the price. This usually goes on for a few years.



## Economy Pricing

The strategy of **economy pricing** is to minimize costs as much as possible in order to offer the lowest price possible. Having very low prices attracts a large number of clients. This can lead to a very large market share.

**Example -** An example of economy pricing would be an online store like Amazon. Amazon doesn't have any physical store fronts - only warehouses. Amazon can keep the cost of their products low because they don't need to take on any costs that come with owning a store like rent, electricity, and store employees. The money they save this way allows them to keep costs down and discount products for the consumers.

## CASE STUDY

**Janice** (from Kangirsuk), **Beatrice** (from Akulivik), and **Clara** (from Aupaluk) all own fabric stores in their communities. Janice, Beatrice and Clara get their commander from the same supplier. The cost is **\$5 per meter**.

Each of these entrepreneurs have the same competitor in their communities - the local co-op. At the co-op, commander is sold at **\$14 per meter**. Janice, Beatrice, and Clara need to decide on a price for theirs. They all take different strategies.

**Janice** decides to sell her commander for **\$12 per meter**, slightly cheaper than the coop. In her first month of operations, Janice sold **100 meters** of commander.

**How much revenue did Janice make in her first month?**

**How much profit did Janice make in her first month?**

**Clara** decides to sell her commander for **\$7 per meter**. This is half the amount of what the local coop sells. She sells **250 meters** in her first month. She intends to raise her prices to \$10 per meter once she gets enough customers from the Coop.

**How much revenue did Clara make in her first month?**

**How much profit did Clara make in her first month?**

## CASE STUDY

**Beatrice** ordered patterned commander that isn't available at the coop and decided to set it at a higher price. She is selling her commander for **\$20 per meter**. In her first month, she sold **50 meters**.

**How much revenue did Beatrice make in her first month? (\$1,200)**

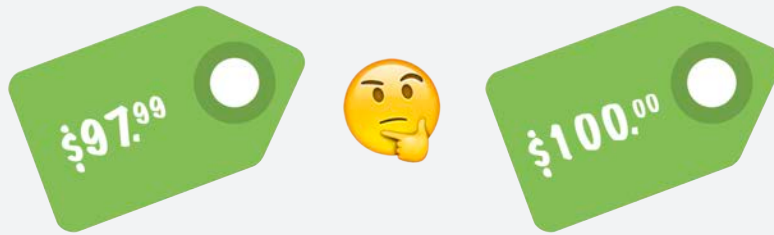
**How much profit did Beatrice make in her first month? (\$750)**

**Reflect on the 3 scenarios above.** What type of pricing strategies did Janice, Clara, and Beatrice use? In your opinion, which is the best pricing strategy? What are some advantages and disadvantages for each scenario?



## Psychology Pricing

The strategy behind **psychology pricing** is to make the price of a product more attractive by reducing it by only a fraction. For example, it has been proven that changing a price tag of \$100 to \$99 can greatly increase sales. Even though it's a minimal change, it creates an illusion in the consumer's mind that the price is "less than \$100", making it easier for them to make their purchasing decisions.



## Bundling

The strategy of **bundling pricing** is to lower the total price for customers who buy many products together, rather than what they would pay if they bought each product separately. This strategy makes your customers see more benefit in buying your product, since they are getting a deal.

Use this strategy if you are selling products that go well together. For example, a restaurant could create a package for a meal, a drink, and a dessert.



## What to consider when pricing your products?

- Your costs
- Your desired profit
- Your competitors
- What your customers are willing to pay
- Your skill level/experience
- Your pricing strategy

## Sample Budget

A Nunavik-based, online apparel company is projecting annual sales of \$100,000. They decided to set a total marketing budget for 5% of sales which is \$5,000. Here is how they decided to spend their money:

Paid Advertising	
Facebook Ads	\$1,000
Instagram Ads	\$300
Above & Beyond Magazine Ad	\$2,000
Marketing Collateral	
Business Cards	\$50
T-Shirts	\$350
Production Costs	
Photoshop Subscription	\$600
Freelance graphic design contracts	\$700
<b>TOTAL</b>	<b>\$5,000</b>

## GLOSSARY

### **Bundling Pricing**

Is to lower the total price for consumers who buy multiple products together.

### **Cause-Related Marketing**

A marketing technique that includes finding a common cause that both you and your target market care about.

### **Content Marketing**

A marketing technique that includes creating and sharing knowledge in a field and/or topic related to your business.

### **Competitive Advantage**

The benefits that make your business better than the competitors in the consumer's opinion.

### **Cross-Promotional Marketing**

A marketing technique that includes teaming up with another business or organization to advertise for each other.

### **Customer Persona**

Fictional, generalized representations of your ideal customers.

### **Customer Segments**

A group of people that have a shared set of characteristics and who are marketed to in a similar way using the marketing mix appropriate for their group.

### **Economy Pricing**

Is to minimize costs as much as possible in order to offer the lowest price possible. Having very low prices attracts a large number of clients.

### **Endorsement Marketing**

A marketing technique that includes getting a trusted public figure to promote your product and/or service.

### **Geographic Segmentation**

A type of market segmentation based on geographic location.

### **Guerilla Marketing**

A marketing technique that aims to make a lasting impression with a small budget.

### **Marketing**

The process of communicating the values of your product and services to customers.

### **Marketing Channels**

The different ways you can put your message out to reach your customers.

### **Marketing Mix (4 P's of Marketing)**

The four essential elements of a marketing strategy: Product, Price, Place, and Promotion.

## GLOSSARY

### **Market Segmentation**

A marketing strategy that divides a broad target market into subsets or sub-groups of customers with shared needs, wants, and demand characteristics. These subsets are called customer segments.

### **Non-Viable Segment**

A type of customer segment that does not have the potential to bring in significant revenue for the business and is not worth targeting.

### **Occasional Segmentation**

A type of market segmentation based on dividing the market into groups on the basis of different occasions when the buyers plan to buy and/or use the product.

### **Penetration Pricing**

Is to set market entry prices low in order to attract customers and gain market share. Once you have a large enough market share, you then raise your prices.

### **Premium Pricing**

Setting the price higher than the competition. This strategy is most effectively used when there is something unique about the product that is being sold, or if the product has newly been entered into the market.

### **Price Skimming**

Is to maximize profits with by charging the highest initial price customers are willing to pay. Once the demand is met, the company can lower prices to meet another customer segment willing to pay a little less, and so on.

### **Promotions**

A marketing technique that includes providing incentives to customers to drive sales.

### **Psychology Pricing**

Is to make the price of a product more attractive by reducing it by only a fraction.

### **Psychographic Segmentation**

A type of market segmentation based on your customers' daily activities and needs.

### **SWOT Analysis**

A tool that helps you analyze your competitors. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

### **Public Relations (PR) Marketing**

A marketing technique that includes building relationships with the media and getting press coverage.

### **Real-Time Marketing**

A marketing technique that uses real-time events to create marketing materials.

### **Viable Segment**

A type of customer segment that has the potential to bring in a lot of revenue for the business and is worth targeting.

## GLOSSARY

### Word of Mouth

A marketing technique that happens organically when your customers and target audience talk about you.



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# Operations

CHAPTER 8

# Operations

## What are Operations?

**Operations** are the activities that you must do to run your business. Operations are linked to the key activities, resources, and partners in the business model canvas.

Operations include human resources, purchasing supplies, equipment, processes, systems, supply chain management, and everything you must do to make sure the business functions and makes money. This becomes key once you launch your business and are in the transition from an idea to a business.

## Supply Chains

A **supply chain** is a system of people, organizations, activities, and resources that work together to get a product or service from source all the way to the customer.

Supply chains start with raw materials. **Raw materials** are the basic materials used to make a product. Raw materials are then transformed into products by a manufacturer. **Manufacturers** are the businesses who turn raw materials into products. Manufacturers then sell products to suppliers. **Suppliers** are the organizations that buy products from manufacturers in bulk and sell those products to other businesses. The suppliers then sell the products to retailers (stores), or they might sell the products to a distributor. **Distributors** are companies in charge of moving goods to different stores. The stores, finally, sell the products to the consumer.



To understand supply chains, start by simply taking a look at the shirt on your back. Try to trace its journey. Where did you buy the shirt? How did it get to your community? Does the shirt come from Canada, or another country? If it's made in another country, how did it get from there to Canada? And what about before it was made into a shirt, when it was just fabric? What about before it was fabric, when it was a plant or synthetic material? What is the fabric made of?

## CHAPTER 8 OPERATIONS

Note that every player in the supply chain makes money from the sale. A t-shirt manufacturer might sell the shirt to a supplier for \$2.50 per unit when it cost him \$2.00 to manufacture it. The supplier then sells the shirt to a retailer, through a distributor for \$10.00 (+ \$2.50 for the distribution fee). Finally, the retailer might sell the shirt to a customer for \$20.00.



### ACTIVITY

Draw the supply chain of a soapstone carving, or sculpture, from the raw materials all the way to the consumer's hands.

## ●●● CHAPTER 8 OPERATIONS

### What does this mean for your business?

Let's look at another example. Consider Ipellie, a carver from Kangirsuk has been selling his sculptures to the Co-op for many years. He knows that the Co-op has been reselling his sculptures to other stores and other customers at a higher price. Ipellie is considering opening his own online store so he can sell directly to customers.

### ACTIVITY

Draw the supply chain for Ipellie's carvings for both scenarios described above. What are the pros and cons for each scenario? What do you recommend to Ipellie?

**Scenario #1 : Ipellie sells his carvings through the Coop.**

**Scenario #2 : Ipellie sells his carvings directly to customers through an online store.**

The more middlemen involved in the supply chain, the more expensive the products will be to the retailer and/or to the customer. Today, companies try to have lean supply chains meaning they cut out as many middlemen as they can to lower price and have better control over operations.

## Where is your Business on the Supply Chain?

Which part do you play in the supply chain of your industry? Are you a manufacturer? A supplier? A retailer? For example:

→ **A carver sources raw materials and manufactures the products.** They want to sell to distributors, retailers, and/or customers..

→ **An electronics store operator is a retailer selling products to customers.** They want to purchase products from suppliers or distributors.

→ **A hunter who sells ropes made of seal skins may be the entire supply chain himself!** They could hunt the seal, make the rope, and then directly sell it to customers.

### REFLECTION

Take the example of a seamstress who makes parkas. Where is she on the supply chain? Who are the players that come before her? Who are the players that might come after her?

# Getting Products

In the following section, we will look at the different ways you can get your products and the pros and cons of each option.

## Make the Products Yourself

Making a product yourself involves you, the business owner, finding the raw materials and creating your product yourself. This is called **internal manufacturing**. Common examples of the type of small business that can manufacture its products internally include sculptures, jewelry, arts and crafts.

→ **Pay as you go** - Making your own products means you only have to pay for the materials you need to produce them. You can make as many or as little as what your budget allows for.



### Pros

→ **You can control the brand** - You get to decide fully on what the product looks like and the design it ends up with.

→ **You can control the price** - You won't have to deal with negotiating, and will have a good understanding of your cost and what price you should sell at.

→ **You can control the quality** - Since you are making the product yourself, you can ensure your products are of a high quality.

→ **It takes time** - Making all of your products yourself takes up a lot of time and leaves you with less time to focus on your product and selling.



### Cons

→ **It can be expensive to set-up** - You might need to spend money on expensive equipment to create the product yourself. In this case, make sure that you will be making enough profit to make this money back.

→ **It can be difficult to grow the business** - If your product becomes very popular and many people want to buy it, you may have trouble filling all of the orders.

### EXAMPLE - USASAU SOAP<sup>1</sup>

Bernice Clarke makes her soaps from scratch. This is what helps her create a unique product to Nunavut. The handcrafted soaps are her main value proposition. She has full control over the quality of her products and she can get creative and respond to market demands very quickly.

One of the downfalls of making the products herself however, is that she is limited to how many she can make and sometimes has a hard time keeping up with demand. She can only make so much soap by hand which may be a challenge for her when she scales her business.

## REFLECTION

What advice would you give Bernice? Do you think she can both increase her production capacity while also maintaining control and quality of her products?

## External Manufacturing

**External manufacturing** is when you work with a manufacturer to make your product. This can be done locally or overseas.

→ **No headache** - Since it's being done externally, you don't need to worry about producing your product in addition to selling and distributing it.



### Pros

→ **Lowest cost per Unit**- It's fairly common to pay a very low price when you buy from a manufacturer that specializes in making your product because they have invested in large equipment and can fulfill mass orders which allows them to sell to your business for a low price.

→ **You might have to order a larger amount at once** - Some manufacturers often have MOQ's. MOQ's are the minimum number of units you must purchase. The MOQ's for external manufacturers can be quite high which means you must invest a lot of money to complete the first few production runs before you have a good understanding of the market and your customer.



### Cons

→ **You need to be careful with fraud** - When working with overseas manufacturers, be aware of fraudulent service providers and scams. If you do not work with a reputable company, you may get scammed.

→ **You need to manage the quality of your products** - You may need to be highly involved in managing the quality of the products that your manufacturer makes.

## Wholesale

**Wholesale** means buying ready-made products from suppliers or manufacturers at a discounted rate, and then reselling it at a higher price either to consumers or to other retailers. These products likely already have their own brand.

For example, your local Co-op purchases food items from known brands, like Kraft and Campbells. When they purchase these items, they buy them in very large quantities, at a discounted price. They then put these items on the shelves in their stores for you to purchase at a higher price.



### Pros

→ **You are working with known brands** - Because you are selling products people are already familiar with, there is a higher chance that product will continue to sell since people know it well.

→ **You don't need a lot of resources to make this** - Since you don't have to make the product yourself or manage a manufacturer, buying products wholesale can be simpler and require fewer resources.



### Cons

→ **You are working with known brands** - This can also work against you. Because the products are already in other stores, you will need to fight extra hard to get customers to buy from you.

→ **You don't control the price** - Some brands have rules when it comes to setting a price for their products.

→ **You might have to order a larger amount at once** - You may have to purchase a minimum order, leaving you with a lot of stock or inventory to store.

## Dropshipping

**Dropshipping** is when your products are made by a dropshipping partner, only when they are ordered by the customer. This is usually done through online stores. When an order is placed through your business, the order is sent directly to your dropship partner. They then produce it and ship the product to your customer on behalf of your company. As a business owner, this means that you don't need to order any inventory ahead of time, you don't need to make the product, and you don't need to take care of the shipping either.



### Pros

→ **It costs very little to start** - You do not need to purchase any inventory to start because the products are created for you, only after making the sale.

→ **It is very low risk** - Because you don't have to purchase any inventory, you have almost no risk associated with not selling your products.

→ **You don't need to take care of logistics** - Dropship partners take on the tasks of producing, packing, and shipping the products for you.

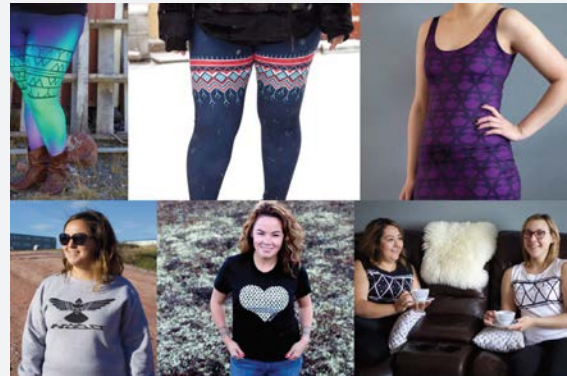


→ **You will have a higher cost per unit** - Since the dropship partner takes care of everything from producing, to packing, and shipping, it will cost you more per unit. This means you'll have to sell a lot more products to make a good profit.

→ **High upfront cost** - It is very easy for people to create a dropshipping business. This means there are many competitors.

## Dropshipping Tip!

"One of the key parts of Hinaani's operations is taking the time to do things carefully. We don't rush to add a new product without first seeing a sample to ensure it meets our required levels of quality and take photos for customers to see exactly what they will receive when they order the product. This helps to show how it fits a real person, the actual colours of the products, and looks more professional on our site. We avoid publicly displaying mock-up photos as they are not an actual representation of the product outcome. Even though this takes extra time and adds steps to our operations, it is worth it for our brand image and marketing strategies. It also develops more trust between us and the customers, which results in better sales and more repeat customers.<sup>2</sup>"



- Emma Kreuger, Co-Founder of Hinaani Designs

## Distribution Channels

**Distribution channels** are the different ways you can get your products to customers. You can sell your products directly to customers, or you can sell them to other businesses which they then sell to customers. Below are some of the different ways you can sell your products.

### Storefront

Selling directly to your customers by having your own physical location that you operate and sell from. This could be your own store, a storefront, space that you rent from another building, a mobile cart, etc.

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## ●●● CHAPTER 8 OPERATIONS

### Online store

Selling online removes middlemen while allowing you to reach large groups of potential customers. You can run your whole business through your computer or tablet, removing a lot of overhead costs that traditional businesses have such as hiring cashiers to sell in a store.



### Selling to other stores/individuals

Selling products in bulk to other stores or individuals (wholesale), who will then sell your products to their customers.

#### EXAMPLE - TIVI GALLERIES

The Tivi Galleries in Kuujjuaq carries products from artists and businesses from across Inuit Nunangat. At Tivi Galleries you can find soaps from UasaU Soaps, carvings from artists across Nunavik, apparel from Inuuvinga Designs and Original Killer Apparel, music from Twin Flames and the Jerry Cans, and much more.<sup>3</sup>



Tivi Galleries is an example of a retail store that serves as a distribution channel for various businesses and artists across Inuit Nunangat.

## ACTIVITY

What distribution method would you choose for each of the following examples and why?

### CLOTHES

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### SNOWMOBILES

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### COMPUTER PARTS

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---

### MAKEUP

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---

### MECHANIC SERVICES

---

---

### FURNITURE

---

---

### ARCTIC CHAR

---

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### PARKAS

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## Sourcing

**Sourcing** is the process of finding the products you're going to sell. When you source products, here are some good questions to ask yourself:

- Who are my suppliers?
- How will I find them?
- Where are they located?
- What are the terms and conditions?
- Do I have a backup supplier in case something should happen to the first?

Whether it is your top-selling product, the paper you purchase for the printer, or the plastic cups you keep next to the water cooler, the supplies you rely on to run your business need to be managed efficiently and bought from the right people. Your customers will always want better products, faster service and lower rates so you will need to source a core group of suppliers who will give you good prices on the products and services you buy..

### Domestic Sourcing

**Domestic sourcing** means buying your product domestically or in your country, in this case Canada.

#### Pros

- Domestic products are higher quality
- Customers place greater value on products made domestically, versus overseas
- Typically, shipping is faster
- Secure payment options

#### Cons

- Higher prices
- Fewer product choices

You can visit these online domestic directories to find suppliers:



## Overseas Sourcing

**Overseas sourcing** is when you purchase a product in another country, for example, China.

### 😊 Pros

- Lower price
- Many manufacturers to choose from

### 😞 Cons

- Products made overseas don't always have a good reputation
- There can be a language barrier between you and the supplier
- Longer shipping time
- You need to go through customs clearance

You can visit these online overseas directories to find suppliers:



## How to Approach a Supplier

When approaching a supplier, you should have a good idea of how much your product will cost. You should also speak to multiple suppliers and compare prices. Here are some questions to ask potential suppliers.

What is the minimum order quantity?

Minimum order quantity refers to the lowest amount of that product you must order.

What is your sample pricing?

Sample pricing is how much it will cost to purchase a sample or two of the final product.

What is the production cost?

Production cost refers to all the costs the manufacturer will incur including labor, raw materials, supplies, and general overhead.

What is the turnaround time?

Turnaround time is the time it will take the supplier to finish the entire production run.

What are the payment terms?

Payment terms are how the supplier wants to be paid. If the payment must be made by credit, how much time will you have to pay your supplier?

## Emailing a Supplier

When emailing a supplier, be sure to keep your emails short and to the point. Most people get a lot of emails every day, so make sure yours is easy to read and professional.

Here is an example:

Inquiry on (Product)
— ✖ ✕

Recipients

Inquiry on (Product)

Hello,

My name is Aluki and I am from **XYZ** company. I am interested in placing an order for **Product Name**. I just have a few questions beforehand:

1. What is your minimum order quantity?
2. What is your cost per unit at the minimum order as well as if I were to order 3x your minimum order?
3. What are your payment terms for new customers?

I would also like to order a sample of **Product Name** to verify quality. Can you please send me the cost for the sample, including shipping to:

Aluki Kunuk  
 30 Main Street,  
 Kuujuaq, QC  
 J0M 1C0

Kind regards,

—

**Aluki Kunuk** | Founder  
 T. 876-123-4567

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## GLOSSARY

### **Distributors**

The businesses in charge of distributing goods to different stores.

### **Distribution Channels**

The different ways you can distribute your products to the final customer.

### **Domestic Sourcing**

When a business buys their product domestically (in our case, within Canada).

### **Dropshipping**

When a business sells items they do not actually own. When an order is placed through your business, you send the order to your dropship partner who then ships the product to your customer on behalf of your company.

### **External Manufacturing**

When a business works with a manufacturer to produce the product.

### **Internal Manufacturing**

When the business creates their products themselves.

### **Manufacturers**

The businesses who turn raw materials into products.

### **Operations**

The key activities that must be completed in order to run your business. Operations are linked to the key activities, key resources, and key partners in the business model canvas.

### **Overseas Sourcing**

When a business buys their product(s) in another company (e.g. China).

### **Raw Materials**

The basic materials used to produce a good.

### **Sourcing**

The act of finding where to source the products you are going to sell.

### **Suppliers**

The organizations that buy products from manufacturers in bulk and sell those products to other businesses.

### **Supply Chain**

A system of people, organizations, activities, and resources that work together to get a product or service from the manufacturer all the way to the customer.

### **Wholesale**

Buying your product directly from suppliers or manufacturers at a discounted rate, and then reselling it at a higher price either to consumers or to other retailers.



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# Sales

CHAPTER 9

# Sales

## What are Sales?

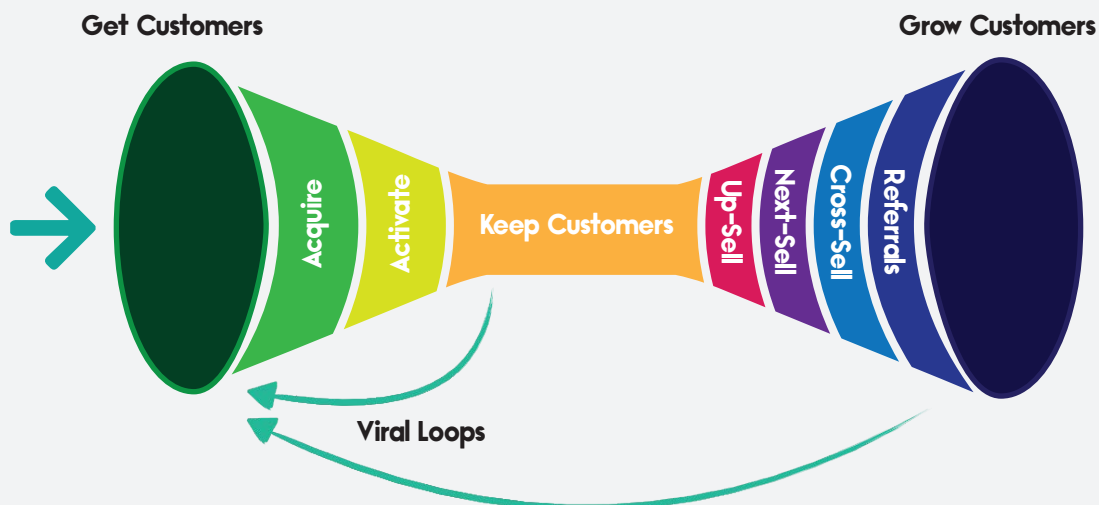
**Sales** are the act of selling your products and services. It is the process of turning a potential customer into a *paying* customer. Sales are the only activity that generates revenue. Since you need to generate revenue in order to run your business, **sales are what keeps your business alive**. Selling is used at every stage of your business. While you will mostly use sales to sell your products and services to customers, you also use sales to sell your business concept to investors, funders, and other relevant stakeholders.

Sales are **not** marketing. The two are easy to confuse which is why it is important to know the difference:

→ Marketing is the activity of **promoting** your product or services to your target market. Your marketing will generate leads (people who are interested in becoming customers).

→ Sales refers to the activity of **selling** products or services. Your sales strategy will turn leads into paying customers.

## Customer Development Funnel



The **customer development funnel**<sup>1</sup> is at the core of a sales strategy. It is about how you get new customers, how you keep those customers, and then how do you further grow your customer base.

## Get Customers

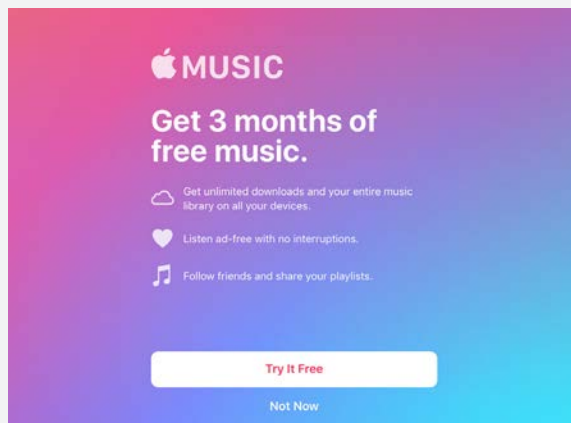
“**Get customers**” is the strategy you will use to bring new customers to your business. You can use marketing techniques and channels (e.g. social media, radio, advertisements, direct selling) to get potential customers’ attention and encourage them to purchase from your business.

**For example,** you create an advertisement on your Facebook page for a new product you have in store.

## Techniques To Get Customers

There are different sales techniques that you can use to get customers.

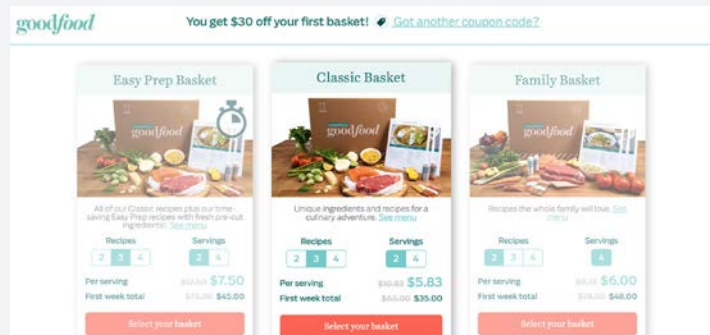
→ **Samples:** Can your product or service be sampled?  
If yes, this can be a great way to acquire new customers.



→ **Free trials or demos:** Give people the opportunity to try your product through demos or free trials.

## ●●● CHAPTER 9 SALES

→ **Sales promotion:** Attract new customers by offering them a special discount or coupon.



### Order in 3 easy steps

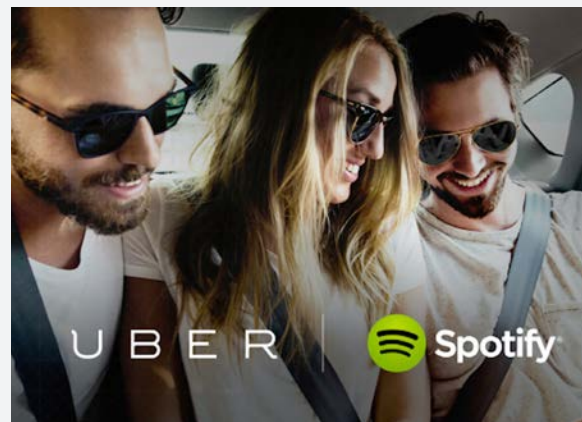
**1** Go to [arcticfresh.ca](http://arcticfresh.ca) and select your community

**2** Browse through 500+ products and add to your cart.

**3** Checkout online and pay by credit card or EMT.

→ **Educate your target market:** Do your customers understand your product or service? Are they aware that you provide something they need or want? Hold community information sessions, make an engaging educational post on Facebook, or record a short video explaining to your potential customers what benefit they will get when they buy your product.

→ **Develop partnerships:** Partner with an existing business that already has the type of customers you would like to reach.

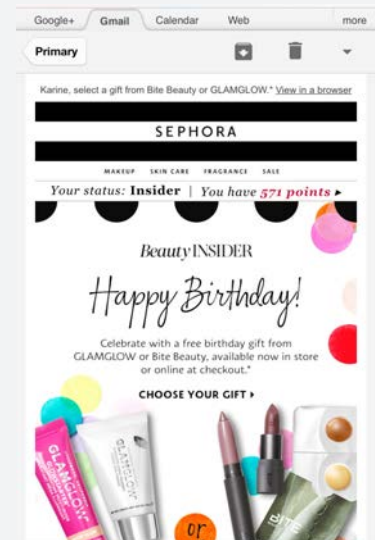


## Keep Customers

Once you have spent time and energy getting new customers, you want to find a way to **keep customers**. Keeping customers is just as important as getting customers. When you build customer loyalty and make sure happy customers come back, it helps you build a solid customer base and keeps your business profitable. Below are some techniques for keeping customers.

→ **Communication:** Keep your customers in the loop by sending email newsletters or posting blogs.

→ **Personalization:** Make your customers feel special. Send them a special deal for their birthday, send them a thank you note when they purchase from you, or invite them to customer-only sales events.



→ **Events:** Connect with customers at events or in your community. This can increase awareness of your brand.

→ **Loyalty programs:** Create loyalty programs that reward customers based on their spending. The more they spend, the higher the reward (e.g. Buy 14 get the 15th for free!)



## Grow Customers

**Grow customers** by encouraging your existing customers to increase their spending. This can happen when existing customers buy more of your products, buy different products or services, or when they bring in new customers to your business. When your customers invite other customers to purchase from you, it creates a self-sustained loop of incoming customers. Here are some strategies you can use to grow your customers:

→ **Up-sell:** Selling a customer a newer, more expensive, or improved version of the product.

**For example:** Apple does a great job at up-selling by releasing new phone and computer models. They create incentives for people to purchase newer models like releasing software updates that make older models useless.

→ **Cross-sell:** When you get the customer to spend more money by adding more products from other categories..

**For example:** Amazon does a great job at cross-selling by suggesting new products related to what you bought or your past searches in order to convince you to increase your spending.

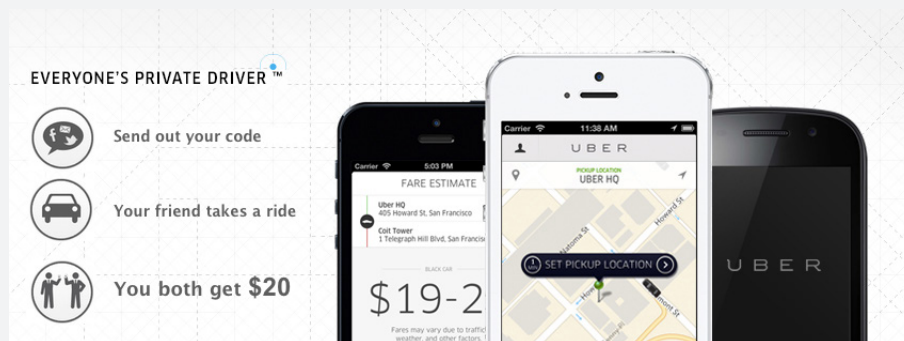
### Customers who bought this item also bought

Page



Product	Rating	Price
150Pcs/Box Fishing Accessories Kit Including Jig Head,Worm Hooks,Treble Hooks,split...	★★★★★ 5	CDN\$ 19.99 ✓prime
Plano 3-Tray Tackle Box with Dual Top Access, Dark Green Metallic/Off White	★★★★☆ 17	CDN\$ 18.97 ✓prime
27.6inch(70cm) Portable Fishing Rod Bag Canvas Fishing Pole Organizer Black/Camouflage 2...	★★★★☆ 8	CDN\$ 15.99 - CDN\$ 22.99
Berkley Trilene Big Game Monofilament Custom Spool	★★★★☆ 42	CDN\$ 11.04 - CDN\$ 163.99
Berkley Vanish Fluorocarbon Spool, Clear	★★★★☆ 57	CDN\$ 5.99 - CDN\$ 107.93

→ **Referrals:** Referrals happen when your customers recommend your product or service to new customers. Referrals create trust because people are more likely to trust what their friends recommend instead of an advertisement from a company they don't know. You can encourage referrals by developing a referral program.



**EVERYONE'S PRIVATE DRIVER™**

- Send out your code
- Your friend takes a ride
- You both get \$20

**FARE ESTIMATE**

Uber HQ  
405 Howard St, San Francisco  
Cot Tower  
1 Telegraph Hill Blvd, San Francisco

BLACK CAR  
\$19-2

Fares may vary due to traffic, weather, and other factors.

SET PICKUP LOCATION  
UBER HQ

## Understanding your Customer's Psychology

You may know for a fact that your product or service is better than your competitor's. But your customers may not know that. Even if they know it, it can still take a lot for a person to make the decision to become your customer. They can show a lot of interest, give you very positive feedback, but not become a paying customer. Why? It's important to understand that this doesn't mean your product or service isn't good. There are many factors that can turn an interested customer into paying customer.

→ **Lack of trust** - When a customer gives you money in exchange for a product or service, they are essentially saying that they trust you. You need to build trust with new customers before they decide to give you their money. Build relationships, let them get to know you, and show them that they can trust your company before they become customers.

→ **Fear of change** - Change can be scary. Understand that some people might require more time or more reasons to buy from you.

→ **Concerns over quality of the product or service** - Remember you're a new company and potential customers have not yet had the chance to try your products or service. Most customers will have concerns about the quality of the products or services that you are selling. Find ways to demonstrate your value to them before they make a purchase.

→ **Habit** - It can take a lot to change people's habits. If they've been purchasing certain products and services from the same place(s) for many years, it might take time or extra incentive to break the habit.

→ **Forgetfulness** - Have you ever seen a new product on the internet and thought, "How cool! I'll look into it later," only to forget about it altogether? People tend to be busy and forgetful. Understand that customers need many reminders about your business before they purchase.

→ **Timing** - It might not be the right time for a person to buy. Maybe they're low on cash, or maybe they've just purchased a rival product or service (e.g. they just got a haircut the week before you opened your new salon).

→ **Lack of attention** - Even though you are advertising and promoting your products, potential customers may not be paying close attention.

→ **Lack of education** - Are potential customers aware of the benefits you provide? Do they truly understand your offer? It is up to you to educate your potential customers on the value of your business.

Keep this in mind while you are building your strategy to get, keep, and grow customers. The more you understand your customers, the easier it will be to create a sales strategy that helps them overcome the obstacles they face to buying your product. **Patience and persistence is key.**

## REFLECTION

White Fox Snowmobiles just launched a brand new snowmobile model that they promise is both inexpensive and high performing. It retails for \$6,000. The company has placed this ad on Facebook.



What is your initial reaction to the ad?

Based on what you see, would you buy the snowmobile? Why or why not?

## CASE STUDY

## ARCTIC FRESH<sup>2</sup>

Arctic Fresh is an online grocery service that delivers fresh groceries to Kuujjuaq and the Qikiqtani (Baffin) Region of Nunavut. Arctic Fresh groceries are fresh and more affordable than most community stores, especially in the high arctic. Arctic Fresh started by validating their business concept with friends, family, and connections in their hometown of Igloolik. They took a few months to perfect their business model. People in Igloolik started using the Arctic Fresh service regularly and the owners were very confident when they launched that everyone in Baffin would also want to buy fresh and affordable produce, just like their customers in Igloolik!

When Arctic Fresh launched, they put out a Facebook Ad campaign across all of Qikiqtani and Kuujjuaq. They were surprised and disappointed when they didn't get the sales they were expecting in their first few weeks of operations. Although they knew they had a solution to people's problem of accessing fresh, healthy, affordable food, people were not buying in the volumes they were expecting.







What do you think prevented people from buying?

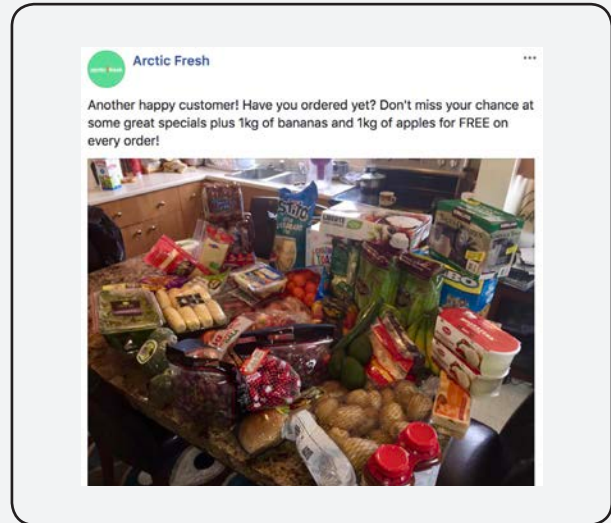
The Arctic Fresh team went back to the drawing board. They completed more validation with their customers and tested out different sales techniques. After reviewing and improving their customer acquisition strategy, they had a large influx of sales.

## ACTIVITY

Take a look at the social media posts below. Identify the sales technique used and explain why it was effective.

### Advertisement

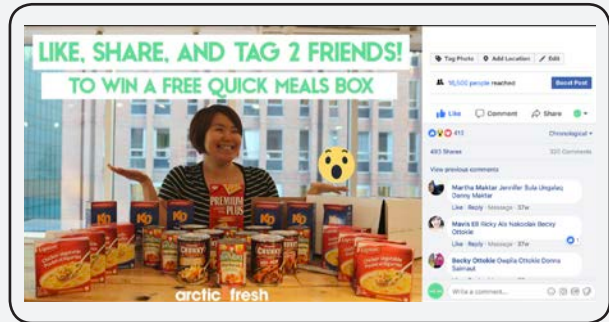
IQUALUIT GROCERY PRICE COMPARE		
	arctic fresh <small>active ingredients</small>	Locally
	\$6.50/kg	\$19.99/kg
	\$1.83 <sup>ea</sup>	\$4.99 <sup>ea</sup>
	\$6.18/kg	\$14.39/kg
	\$2.84/kg	\$8.19/kg
	\$4.03/kg	\$17.69/kg
	\$4.80/kg	\$13.49/kg



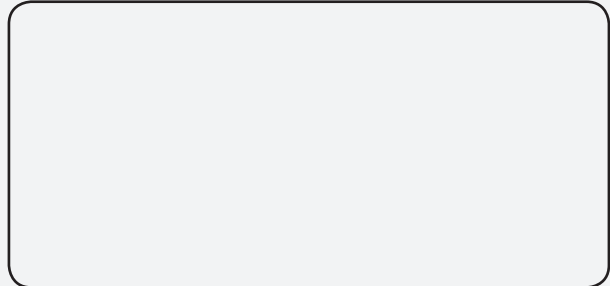
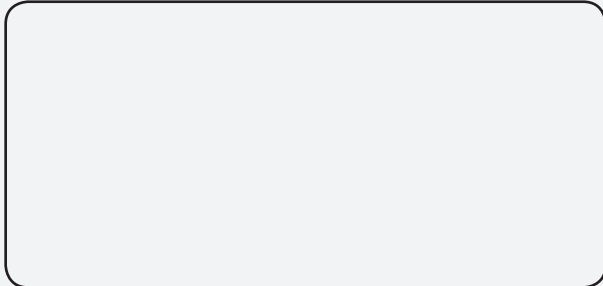
### Technique Used

### Why it Worked

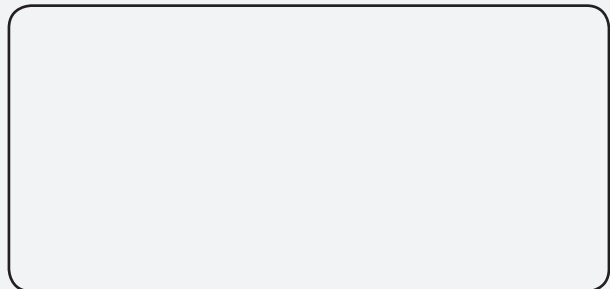
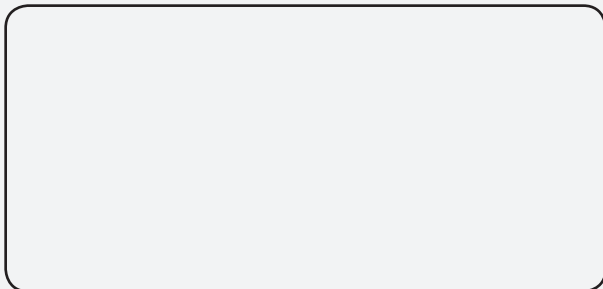
## Advertisement



## Technique Used



## Why it Worked



# Types of Customers

There are 2 main types of customers you will sell to.

→ **Consumers**- People like you who buy goods and services day-to-day for themselves or others

→ **Businesses** - Other companies or organizations who want to buy products and services (e.g. office supplies, furniture, uniforms, wholesale products and services)

Consumers and businesses have different characteristics, which means they need a different sales approach. Below is a comparison between **Business to Consumer (B2C)** and **Business to Business (B2B)**.

	B2C	B2B
<b>Who are they buying for?</b>	A consumer makes a decision for themselves, someone else, or a household.	Making a decision on behalf of a business or an organization. Many people may be involved in the decision making process.
<b>How many customers are there?</b>	Typically larger (targeting higher volume of customers).	Typically smaller (targeting a few businesses).
<b>How big is each sale?</b>	Typically smaller (e.g. purchases of 1 to 3 units).	Typically larger (e.g. purchases of 600 units).
<b>What type of relationship do you have with them?</b>	Typically shorter relationships	Typically longer relationships
<b>What motivates them to buy?</b>	Typically based on immediate needs and wants. Can be driven by emotions and desires.	Purchases are typically planned, evaluated, and decisions are rational, based on logic.
<b>How long does it typically take to make the sale?</b>	The time it takes for a consumer to make a decision on a purchase is usually shorter.	The time it takes for a business to make a decision on a large purchase usually longer, and may be a multi-step process.

## GROUP DISCUSSION

Name some of the businesses or organizations in town who buy products and services from other businesses. What types of products or services do they purchase?

## Other Types of Customers

### Government

Having a government agency or organization as a customer is a great opportunity for many businesses. Government, like consumers and businesses, buy products and services. Government purchase a lot of goods and services in a year from office supplies to furniture, from printing services to construction needs and professional services. This is called government procurement. Government orders are usually very large. In Canada, the government purchases approximately \$16 billion worth of goods and services from private business owners.

→ Federal Government tenders can be found on [www.buyandsell.gc.ca](http://www.buyandsell.gc.ca).

→ Provincial tenders can be found on [www.seao.ca](http://www.seao.ca).

If your company lands a Government contract, it can potentially sustain a large part or even your entire operation. When Government needs to procure goods and services, they look for businesses who can meet their needs by releasing a tender. A tender is an invitation for companies to place a bid on a certain goods/ services order that the Government wants to purchase.

For KRG, contracts valued at less than \$100,000 do not go through the formal public tender process. Instead, the KRG will invite businesses they are already familiar with to apply for the contract. That means it's important for companies to make themselves known to the procurement department at the KRG in order to be a part of the invitation roster.

For any contract valued above \$100,000, the contracts are posted on Le Systeme Electronique d'Appels d'Offres du Gouvernement du Quebec (SEAO) where every tender goes through the public tender process. For more information, visit [www.seao.ca](http://www.seao.ca) or [www.constructo.ca](http://www.constructo.ca) (which is the SEAO site optimized for the construction industry).<sup>3</sup>

**Example -** The government may put out a tender for a new building they need to build. This will allow private construction companies to submit a bid and inform the government how much they would charge to do the job. The government will review all the bids and decide who will do the best job for the best price.

## Inspire Nunavik Sales Process

**1** **KNOW EVERYTHING**  
ABOUT YOUR PRODUCT/SERVICE

**2** **RESEARCH**  
YOUR CUSTOMERS

**3** **CREATE AND DELIVER**  
MARKETING STRATEGIES

**4** **IDENTIFY**  
POTENTIAL CUSTOMERS

**5** **ENGAGE** WITH THE CUSTOMER  
& CLOSE THE SALE

**6** **RE-ENGAGE** YOUR CUSTOMER,  
RE-SELL, AND UP-SELL

### **1** **KNOW EVERYTHING** ABOUT YOUR PRODUCT/SERVICE

To sell your product you must know your product or service inside and out. You must understand how your product and service adds value for customers.

- Learn everything about your product.
- Learn everything about competing products.
- Learn everything about how your customers will use your product or service.
- Be ready for the types of questions customers will ask you.
- Develop a 5-minute **elevator pitch** about your product and practice it.

### **2** **RESEARCH** YOUR CUSTOMERS

Get to know your customers and learn about their challenges, their needs, their wants, and their preferences. Determine what type of customer you have.

- Create an experience that fits your customer's needs and wants.
- Know how much money your customer has to spend.
- Know who makes the decision to buy.
- Know their specific needs.
- Know how long it should take you to get the sale.
- Know if they are B2C, B2B, or B2G

### 3 CREATE AND DELIVER MARKETING STRATEGIES

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Based on your product and customer, you must create marketing materials that attract and engage them.

- Return to **Chapter 7. Marketing** to review.
- Develop your core message.
- Identify the right channels to use to reach your customers.
- Use a mix of marketing techniques that will reach your target market.

### 4 IDENTIFY POTENTIAL CUSTOMERS

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Your marketing campaign will help you identify customers who are interested in your products or services.

- Set-up ways to identify who is interested, such as email sign-ups.
- Create a list of high-potential customers with their contact information and notes on how well the communication has been going.

### 5 ENGAGE WITH THE CUSTOMER & CLOSE THE SALE

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Once you have an appropriate customer send them your “ask” to encourage them to make the purchase..

- Get to the top by finding a decision maker with the authority to buy.
- Have sales materials that highlight your value proposition ready to send along with your “ask”.
- Be prepared to address objections and questions.
- Have methods for accepting payment.
- Close the sale!

### 6 RE-ENGAGE, RE-SELL, AND UPSELL

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Re-engage your customers by using a customer retention and growth strategies.

- Consider up-selling and cross-selling techniques.
- Develop loyalty programs.
- Build relationships with your customers by personalizing the communication.
- Encourage referrals.

## Trade Shows

A **trade show**, also known as a trade fair exhibition or expo, is an event that brings together companies in a certain industry to showcase and sell their latest products and services. At public trade shows the general public is invited, but only participating companies and press can attend private trade shows. Trade shows are a great investment for your business for a number of reasons.

- Most people who attend the trade shows will be genuinely interested in your type of business.
- Customers will often be ready to make a purchase on the spot.
- They are a great opportunity to check out and learn from your competition.
- Exhibiting at a trade show is a great way to build brand awareness and show that you are a serious business within your industry.

Below are some tips on how to be successful when attending a trade show.

**LOCATION** - Try and get the best booth location as possible where there will be lots of foot traffic and you aren't hidden at the back of the room.

**APPEARANCE** - You want your booth to attract customers and trade show visitors. Make sure your booth is welcoming, bright and your company logo and name can be seen.

**HOSTS** - If you are not working the booth, make sure your team is friendly, knowledgeable of the business' products or services, and can have good conversation with customers.

**SPECIALS** - Make sure that your customers know they are receiving a special only if they buy today at the trade show!

**CONTESTS** - Having draws, giveaways, and promotions can attract potential customers to visit your booth. Getting their contact information to give away a prize at a later time is a great way to build an email and calling list.

**FOOD** - People always like free food! If you can give away food and drinks with your branding on it, visitors will remember where they got their snacks and refreshments.

**SOCIAL MEDIA** - Make sure to stay active on social media and build a campaign around your presence at the trade show.

**PROMOTIONAL PRODUCTS** - Give away some pens, hats, mugs, or other gadgets with your company logo for attendees to take home with them!



#### EXAMPLE - INUUVUNGA DESIGNS<sup>4</sup>

For Dawn Forrest, the Northern Lights Trade Show brought in some new business! It gave her a lot of exposure, and Dawn left with new orders for stores in different areas of Canada. Participating in the Northern Lights trade show allowed her to take new steps in her business and grow beyond Nunavik.

#### EXAMPLE - HINANNI DESIGN<sup>5</sup>

In addition to online sales, Hinaani participates in trade shows, fashion shows, craft fairs, and other events that have art markets. These events give them a lot of visibility and are opportunities to get your product in front of your target market. They say, “Our social media gets a lot more followers when we go to events and we always seem to have more opportunities just by meeting people.” Some of the events they’ve attended include: Iqaluit Christmas Craft Fair, Inuit Studies Conference, Kivalliq Trade Show, Arviat Kakpiq Fashion Show, Baker Lake Festival By The Lake.



## Sales Tips!

- Your **product or service won't sell itself**. You need to develop a sales strategy in order to drive sales.
- **Listen, listen, listen** to your customers! Understand their wants and needs and then communicate to how you are adding value.
- The **entrepreneur is the best salesperson** a company has. No one can tell your company's story better than you can.
- People do business with people. Focus on **building great relationships** with potential clients, not just the sale.
- **Persistence** is key. 80% of sales require five or more follow-ups.
- **Sales leads to credibility** for your business. The more sales you generate at the beginning, the better your reputation is when trying to sell to new customers.

**ADVICE**

**BERNICE CLARKE, UASAU SOAP**

“My experience with Mary Kay taught me a lot about customer loyalty and customer relationship. Loyalty is given to a person because you take the time to show and prove to them that you will take care of and provide them the best products. There were many Mary Kay sellers out there—and that is where I learned that relationships are important—and you need to build it with your customer, so they choose you. And they will choose you over and over again. It’s not just about branding but your personality because they were many, many other Mary Kay sellers and we all had our own clients that chose us for a reason. I’m very honest. I approached people and I talk.

I’m open and honest, always with a smile and ready for new. I ask a lot of questions so people can start sharing more information with me, so I can innovate. I am always welcoming. We listen and we talk to our clients and we customize our products to them and for them. When I hear that someone doesn’t like a smell, then I do a non-scent, or if they have an allergy to nuts, then I do a nut free scent free product. Or if it is made for children, then I put in bubble gum. So it’s all about branding it for them and listening to them and trying new products as well because we all get bored so we all have to keep up with trying new things but also respecting that people want it a certain way, so it’s a balance too.<sup>6</sup>”

- Bernice Clarke, Founder of UasaU Soap

## 10 Things a Startup Salesperson Must Have

1) Willingness to **learn** something new everyday.

2) Desire to make a **real difference**.

3) Drive to **inspire** everyone you speak with.

4) Resist the urge to sell - instead be **helpful**.

5) Accepting of **change**.

6) Be **different**.

7) Be good at **negotiating**.

8) Tell good **stories**.

9) **Connect** with the right people.

10) Be comfortable with **rejection**.

## GLOSSARY

### **Business to Business (B2B)**

One of the two main types of customers. Other companies or organizations who want to buy products and services (e.g. office supplies).

### **Business to Consumer (B2C)**

One of the two main types of customers. Consumers are ordinary people who buy goods or services day-to-day for themselves or others.

### **Customer Development Funnel**

The sales framework that explains how to get customers, keep customers, and grow customers.

### **Cross-Sell**

A technique of customer growth by getting customers to spend more money by adding more products from other categories.

### **Elevator Pitch**

A short speech that summarizes your business.

### **Get Customers**

Sales activities that help bring new customers to your business.

### **Grow Customers**

Sales activities that increase sales by either increasing the spending of existing customers or getting existing customers to bring in new customers.

### **Keep Customers**

Sales activities that secure a solid customer base and build customer loyalty.

### **Referrals**

A technique of customer growth which involves getting customers to recommend your product or service to new customers.

### **Sales**

The act of selling your products/services and turning a potential customer into a paying customer.

### **Trade Show**

An event that brings together companies in a certain industry to showcase and sell their latest products and services. Also known as a trade fair, exhibition, or expo.

### **Up-Sell**

A technique of customer growth by selling customers a newer, more expensive, or improved version of their product.



# Financials

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CHAPTER 10

# Financials

*How much revenue am I making with my business? How will I finance my startup? How much money do I need? Am I making enough money? Can I hire a new employee? Can I afford this new equipment? Can I give a raise to my employees? Should I expand my business? Will I be able to pay my bills at the end of the month? Do I need new revenue streams? How much taxes do I owe?*

These are the types of questions that entrepreneurs face every day. Understanding our business financials is what allows us to answer these types of questions and make the right decisions for the future of the business. While you have learned about your business model, and how your enterprise generates a profit after covering its costs, there's a lot to learn about how to fund and sustain your business model. In this chapter, we will look at (1) financial statements, (2) bookkeeping, (3) taxes, and (4) how to finance your business. Our hope is that by the end of this chapter, you will have a better understanding of how to go about organizing and analyzing your business financials!

## Financial Statements

As an entrepreneur, understanding your financials is crucial for your businesses' success. A **financial statement** is a standardized way to organize your company's finances and assess how the business is doing. It's a look into the present day financial situation of your enterprise. You understand your present financial situation by looking at past historical activity and projecting/estimating what the future will look like. Financial statements help you answer questions like:

- Am I making money?
- Am I spending more money than I'm earning?
- How long will I stay in business doing the same thing?
- Will I be able to pay the bills next month?
- Can I raised prices or do I need to lower prices?
- Am I on track with my business model strategy?
- What assets and liabilities do I have? In other words, what do I own and who do I owe how much?
- Do I have enough extra money to purchase new equipment or hire people?
- Do I have enough cash on hand compared to money that will be paid to me later?

The financial statements that help you answer these questions include your balance sheet, income statement, and cash flow statement.



**Balance Sheet**



**Income Statement**



**Cash Flow Statement**



## The Balance Sheet

The **balance sheet** is a snapshot of your financial position at a specific point in time. A balance sheet compares your **assets** (what you own) to your **liabilities** (what you owe) to get your total **owner's equity** (what is leftover). Owner's equity is what the owner owns after they pay back everything they owe.

BALANCE SHEET			
Assets		Liabilities	
Current Assets	\$10,000.00	Current Liabilities	\$20,000.00
Investments	\$20,000.00	Long-Term Liabilities	\$15,000.00
Equipment	\$5,000.00	Total Liabilities	\$35,000.00
Other Assets	\$10,000.00	Owner's Equity (Asset - Liabilities)	\$10,000.00
Total Assets	\$45,000.00	Total Liabilities + Owner's Equity	\$45,000.00

The essential equation for the balance sheet is



### Assets

An **asset** is **anything of value that you own**. Some common assets include:

- **Cash** - this is the most important asset as it is money that you have in its most 'liquid' form, which means you can access it right away.
- **Inventory** - the products you have on hand that are sitting in your store or warehouse, and you are hoping to sell
- **Accounts Receivable** - all of the money you are owed, which means you haven't collected it yet (ie. waiting on a client to pay his bill at the end of the month)
- **Property and Equipment** - this is the property and equipment that you own, and need to run your business over a long period of time. Examples include a building, vehicles, commercial printer. Small pieces of equipment such as a stapler, are not assets and considered an expense, which you'll learn about shortly.



## Liabilities

A **liability** is **anything of value that you owe**. Some common liabilities include:

- **Accounts Payable** - tells you how much money you owe, usually to suppliers. Often times, you'll buy items with a term of a certain time period such as 30 days. Until you pay the supplier, the transaction appears in your accounts payable rather than taken out of your cash.
- **Short-Term Debt** - money that you owe which you have borrowed. It's called short-term because it has short payback periods and you often need to pay it back quickly, or you'll end up paying too much interest. An example is credit cards.
- **Long-Term Debt** - money that you owe on longer payback periods with lower interest rates that you can afford to take time to pay back. Examples include loans and mortgages.



## Owner's Equity

The **owner's equity** is difference between the two and the portion of the business you own free and clear. If you liquidated all of your assets, and paid off your debts, you'd be left with your owner's equity.

### ACTIVITY

#### Asset or Liability?

	Asset	Liability
→ Cash in the bank		
→ Hydro bill		
→ A grant for \$2,000		
→ A loan for \$2,000		
→ Owning money to your supplier		
→ The inventory you have in the back room of your store		
→ Your house		

## ACTIVITY

A company has \$20,000 in the bank, an \$8,000 loan, \$10,000 worth of inventory, and owing \$4,000 to their supplier at the end of the month. How much is the owner's equity valued?



## The Income Statement

The **income statement** shows you your revenues versus your expenses during a certain period of time, regardless of when cash is exchanged. The income statement shows **revenue** (money you make), **expenses** (money you spend), and your **net income** (which is your revenue minus your expenses).

Typical Business Inc.  
Income Statement  
For Year Ended December 31, 2009

Sales revenue	\$26,000,000
Cost of goods sold expense	<u>\$14,300,000</u>
Gross margin	\$11,700,000
Selling, general, and administrative expenses	<u>\$8,700,000</u>
Operating earnings	\$3,000,000
Interest expense	<u>\$400,000</u>
Earnings before income tax	\$2,600,000
Income tax expenses	<u>\$910,000</u>
Net income	<u><u>\$1,690,000</u></u>

- **Sales Revenue** - all of the sales that you've made. Selling a shirt for \$20, that you bought for \$10, means you had \$20 in revenue.
- **Cost of Goods Sold** - the cost of the items that you sold. The cost of the shirt you sold is your cost of goods sold, so \$10.

- **Gross Margin** - is your profit when just considering your revenue and the cost of the items you sold. Your gross margin from the shirt would be (\$20-\$10=) \$10.
- **Operating Expenses** - are all the expenses you incurred in order for your business to be able to make the sales it did. Examples include the rent for your office, supplies you purchase or the internet fee.
- **Net Income** - is the final profit you have after subtracting interest expense and income tax expense. The final profit or net income of your \$20 shirt sale, would be lower than the \$10 gross margin, since you also have to subtract operating expenses and interest.



## The Cash Flow Statement

The **cash flow statement** tells you when you have cash coming in and going out, usually on a month by month basis. It works well with the income statement because it does a similar assessment, but in a cash perspective. Cash matters the most, because if you don't have any cash to pay your employees or for your expenses, your company won't survive. If all of your customers are paying you after 30 days, you need to understand exactly how much cash you have in your bank account, so you can properly pay your bills. It's also a good way to show projections for your sales forecast and is often asked for in grant applications.

CASHFLOW STATEMENT													
	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	Total
<b>Revenues</b>													
Sales (Good 1)													\$0.00
Sales (Good 2)													\$0.00
Sales (Good 3)													\$0.00
Loan													\$0.00
Grant													\$0.00
Other													\$0.00
<b>TOTAL</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Variable Expenses</b>													
Inventory													\$0.00
Shipping													\$0.00
Payroll													\$0.00
Other													\$0.00
<b>TOTAL VARIABLE EXPENSES</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Fixed Expenses</b>													
Interest													\$0.00
Website													\$0.00
Vehicle													\$0.00
Gas													\$0.00
Licenses													\$0.00
Permits													\$0.00
Payroll													\$0.00
Equipment													\$0.00
Advertising													\$0.00
Loan Repayment													\$0.00
Loan Interest													\$0.00
Phone													\$0.00
Utilities													\$0.00
Rent													\$0.00
<b>TOTAL FIXED EXPENSES</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Monthly Balance</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Cumulative to Date</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Your cash flow statement helps you:

- Determine whether you can pay your bills each month
- Determine if you can hire more staff, expand your location or buy new equipment
- Determine how much money you need to run your business properly
- Determine how much money you have in the bank at the end of each month
- Determine when you can start paying yourself, and how much

CASHFLOW STATEMENT		
	JUN	JUL
<b>Revenues</b>		
Sales (Gross 1)		
Sales (Gross 2)		
Sales (Gross 3)		
Loan		
Grant		
Other		
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Variable Expenses</b>		
Inventory		
Shipping		
Payroll		
Other		
<b>TOTAL VARIABLE EXPENSES</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Fixed Expenses</b>		
Interest		
Website		
Vehicle		
Gas		
Licenses		
Permits		
Payroll		
Equipment		
Advertising		
Lease/Depreciation		
Loan Interest		
Phone		
Utilities		
Rent		
<b>TOTAL FIXED EXPENSES</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Monthly Balance</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Cumulative to Date</b>	<b>\$0.00</b>	<b>\$0.00</b>

## 3 Sections to a Cash Flow Statement

### SOURCES OF CASH (INFLOW)

- Cash revenues
  - Loans or credit
  - Personal or Outside investment (equity)
- Only include amounts that you know you have received in cash.

### USES OF CASH (OUTFLOW)

- Actual expenses being paid in that month
- Start-up costs

### MONTHLY BALANCE (NET CASH FLOW)

- Sources of Cash - Uses of Cash = Cash Balance (monthly)
- Add your month-end amounts to get a total of multiple months

## Forecasting Sales

How do you determine how much revenue you will make each month? The truth is, you can never know with full certainty how much revenue you will make, but there are many techniques that you can use to help you make an educated guess. There are both knowns and unknowns that can influence your sales.

To get started on your **sales forecast**, you should outline some intuitive assumptions about your projected business activities. This can include things like:

- Which months will be your busiest months?
- How fast will your sales increase?
- Will your gross margin increase if you introduce efficiencies?
- Will you be introducing new products throughout the year?
- When may there be a decline in sales?
- Will your sales increase with your marketing and advertising efforts?
- Will you expand in new markets?

Look at your **sales history**, and see how much you made in past months to help you project future months

Look at seasonality. **Seasonality** refers to knowing which times in the year your business is busy or slow.

Look at your **marketing activities**. If you're running certain campaigns at certain times in the year, this may increase your sales that month.

Look at your growth rate. Your **growth rate** is a projected percentage you think your business will grow by each month.

Keeping an eye on your **competition**. Their activities may influence your revenues

Know what **percentage of your sales** will be in cash and what percentage on credit

## What is Bookkeeping?

**Bookkeeping** is the activity of keeping records of the financial affairs of a business. It involves recording and classifying all of the financial transactions of a business on a day-to-day basis.

**Financial transactions** are all of the financial exchanges that happen in a business. Typically, every day, businesses engage in a series of financial exchanges with customers, suppliers, partners, and more. This can be by paying rent to their landlord, purchasing inventory from their supplier, selling products to their customer, paying for legal fees to their lawyers, buying ads on Facebook and Instagram, or anything else that involves exchanging money for some sort of value in order to run their business.

**When and how do these transactions happen? How do they affect the worth of your business?** Keeping track of all of your transactions allows you to see where your money goes, where it comes from, and how it affects your financial health.

## Why is Bookkeeping Important?

- Keeps accurate records of financial information for your business
- Helps you better understand your business and financial position (eg. how much money your business makes, your costs, your assets, etc.)
- Have accurate records for the users of financial information - internal and external users
- For tax purposes:
  - Keeping organized financial records is very important for tax filing
  - It decreases your chances of an audit. An audit is when the Canada Revenue Agency (CRA) double checks your financials to make sure you paid the accurate amount of tax.
  - If you get audited, and your books aren't organized, it can lead to additional fees paid to the CRA.

## Who needs your financial information?



**Internal Users:** Employees of the business (employees will make decisions based on the financial state of your business)



**External Users:** Lenders and investors (investors and lenders will choose to give you money if they see that you are growing financially and you are using your assets in an efficient manner)

## Double Entry Bookkeeping

*If a business takes \$500 they had in the bank and they purchase \$500 worth of inventory from their supplier, what happens to the net worth of that company? Does it go down? Does it go up? Does it stay the same?*

This is what **double-entry bookkeeping** will tell you: how every transaction affects the net worth of your business. Double-entry bookkeeping is a system that captures what happens to your financial transactions beyond just what happens to your bank account. In double-entry bookkeeping, there are always 2 sides to a transactions, and there are always two accounts that are affected.

**Accounts** are the major categories used to organize financial information. When you record a business transaction, you need to assign it to a category. In accounting, the categories we use are called accounts.

The main accounts are:



### Assets

Anything of value that you own.

Chart of Accounts [Assets]	
Description	Financial Statement
Cash	Balance Sheet
Accounts receivable	Balance Sheet
Contribution receivable (for grants)	Balance Sheet
Inventory	Balance Sheet
Supplies	Balance Sheet
Equipment	Balance Sheet
Land	Balance Sheet
Building	Balance Sheet



### Liabilities

Anything of value that you owe.

Chart of Accounts [Liabilities]	
Description	Financial Statement
Accounts payable	Balance Sheet
Credit card payable	Balance Sheet
Notes payable	Balance Sheet
Long-term debt	Balance Sheet



## Owner's Equity

**The difference between the two and the portion of the business you own free and clear.** If you sold all of your assets, and paid off all your debts, you'd be left with your owner's equity.



## Revenue

**The amount earned by a business by selling a product or service; an increase in owner's equity**

Chart of Accounts [Revenue]	
Description	Financial Statement
Sales of product	Income Statement
Sales of services	Income Statement
Rental income	Income Statement
Donations revenue	Income Statement
Contribution revenue (for grants)	Income Statement
Other revenue	Income Statement



## Expense

**The costs of doing business; a decrease in the owner's equity.**

Chart of Accounts [Expense]	
Description	Financial Statement
Employee salaries and wages	Income Statement
Supplies expense	Income Statement
Cost of goods sold	Income Statement
Rent	Income Statement
Utilities	Income Statement
Advertising	Income Statement

## How Accounting Works

**Recording a transaction** follows a specific process. In accounting, you always have to record a transaction in 2 different places:

Debit	Credit
This is the term used when you enter an amount on the <b>left side</b> of a journal.	This is the term used when you enter an amount on the <b>right side</b> of a journal.

### What accounts are debited and credited?

Debit	Credit
<b>Assets</b>	<b>Liabilities</b>
<b>Draws</b> (withdrawal of business cash or other assets by the owner for personal use)	<b>Owner's Equity</b>
<b>Expenses</b>	<b>Revenue</b>

**Debit:** A debit is an accounting entry that either increases an asset or expense account, or decreases a liability or equity account. It is positioned to the left in an accounting entry.

- Assets
- Draws (withdrawal of business cash or other assets by the owner for personal use)
- Expenses

**Credit:** A credit is an accounting entry that either increases a liability or equity account, or decreases an asset or expense account. It is positioned to the right in an accounting entry.

- Liabilities
- Owner's equity
- Revenue

**Debits and credits balance each other out.** If a debit is added to one account, then a credit must be added to another account. The debit column is on the left of an accounting entry, while credits are on the right. Debits increase asset or create an expense and decrease a liability or equity account. Credits - decrease assets but increase liability and equity accounts. Credits also create revenue.

**LET'S LOOK AT A FEW EXAMPLES:**

→ **Buying Inventory:** You buy \$1,000 of goods with the intention of later selling them to a third party. The entry is a debit to the **+ inventory (asset)** account and a credit to the **- cash (asset)** account. In this case, you are swapping one asset (cash) for another asset (inventory).

General Journal		
Description	Debit	Credit
Inventory (Asset account)	\$1,000	
Cash (Asset account)		\$1,000

→ **Cash Sales:** You sell the goods to a buyer for \$1,500. There are two entries in this situation because you have to record (1) the sale and (2) the change in asset.

*(1) Recording revenue*

Debit to the **+ cash (asset)** account \$1,500 and a credit to the **+ sales (revenue)** account for \$1,500. This means that you are recording revenue while also recording an asset (cash).

General Journal		
Description	Debit	Credit
Cash (Asset account)	\$1,500	
Revenue		\$1,500

*(2) Recording decrease in assets*

The second entry is a \$1,000 debit to the **+ cost of goods sold (expense)** account and a credit in the same amount to the **- inventory (asset)** account. This records the elimination of the inventory asset as we charge it to expense.

General Journal		
Description	Debit	Credit
Cost of goods sold (expense account)	\$1,000	
Inventory (Asset account)		\$1,500

*Note! When netted together, the cost of goods sold of \$1,000 and the revenue of \$1,500 result in a profit of \$500.*

## ●●● CHAPTER 10 FINANCIALS

→ **Paying Employees:** You pay employees \$5,000. This is a debit to the + **wage (expense)** account and a credit to the - **cash (asset)** account. This means that you are consuming the cash asset by paying employees.

General Journal		
Description	Debit	Credit
Wage (Expense)	\$5,000	
Cash (Asset)		\$5,000

→ **Buying a Piece of Equipment:** You pay a supplier \$4,000 for a machine. The entry is a debit of \$4,000 to the + **Equipment (asset)** account and a credit of \$4,000 to the - **cash (asset)** account. In this case, you are swapping one asset (cash) for another asset (inventory).

General Journal		
Description	Debit	Credit
Equipment (Asset)	\$4,000	
Cash (Asset)		\$4,000

→ **Incur Debt:** You borrow \$10,000 from the bank. The entry is a debit of \$10,000 to the + **cash (asset)** account and a credit of \$10,000 to the + **notes payable (liability)** account. Thus, you are incurring a liability in order to obtain cash.

General Journal		
Description	Debit	Credit
Cash (Asset)	\$10,000	
Notes payable (liability)		\$10,000

→ **Credit Card Purchase:** You purchase \$300 of inventory and \$200 of supplies by credit card. You will debit the + **inventory (asset)** account and the + **supplies (asset)** account, and credit the + **credit card payable (liability)** account.

General Journal		
Description	Debit	Credit
Inventory (Asset)	\$300	
Supplies (Asset)	\$200	
Credit Card Payable (Liability)		\$500

→ **Credit Card Balance Payment:** When you pay your credit card balance, you will debit the - **credit card payable (liability)** account and credit the - **cash (asset)** account.

General Journal		
Description	Debit	Credit
Credit card payable (Liability)	\$500	
Cash (Asset)		\$500

→ **Paying Bills:** You pay \$500 in utilities. To record the expense, you will debit the + **utility (expense)** account and credit the - **cash (asset)** account.

General Journal		
Description	Debit	Credit
Utilities(Expense)	\$500	
Cash (Asset)		\$500

→ **Grant Contributions:** You get a \$5,000 grant notice. The entry is a debit to the + **Contribution Receivable (asset)** account and a credit to the + **Contribution Revenue (Revenue)** account.

General Journal		
Description	Debit	Credit
Contribution Receivable (Asset)	\$5,000	
Contribution Revenue (Revenue)		\$5,000

→ **Grant Receipt of Cash:** You get a bank transfer of \$5,000 for the grant. The entry is a debit to the + **Cash (asset)** account and a credit to the - **Contribution Receivable (asset)** account account.

General Journal		
Description	Debit	Credit
Cash (Asset)	\$5,000	
Contribution Receivable (Asset)		\$5,000

## Recognizing Revenue

In Canada, you must recognize revenue in the period it is earned and expenses in the period that it is incurred. Let's look at an example to illustrate how it's done.

*You own a construction company - Nunavik Builders*

- **January:** Your company billed \$20,000 to the GN for a building you renovated in January.
- **January:** You received payments from your customers of \$10,000
- **January:** You were charged \$12,000 by a plumbing company who performed services for you in January.
- **January:** You paid the plumbing company \$7,000
- **February:** You received payment of \$10,000 from the GN, for the building you renovated in January.
- **February:** You paid the plumbing company the remaining \$5,000.

	<i>Jan</i>	<i>Feb</i>	<i>Total</i>
<i>Revenue</i>	\$10,000	\$10,000	\$20,000
<i>Expenses</i>	\$7,000	\$5,000	\$12,000
<i>Profit / Loss</i>	\$3,000	\$5,000	\$8,000

## 5 Reasons Why Keeping Your Records Can Benefit You

### 1. GOOD RECORDS CAN HELP YOU IDENTIFY WHERE YOUR MONEY IS COMING FROM

This way you can prove which sources of income are business/non-business and taxable/non-taxable.

### 2. WELL-KEPT RECORDS ALLOW YOU TO SAVE MORE ON YOUR TAXES

If you don't record all of your transactions, you may miss some expenses when preparing your income tax return.

### 3. WELL-KEPT RECORDS MAKE LIFE EASIER IF YOU EVER GET AUDITED

If you get audited and don't have proper records to backup your return, it will cost you time and your claims could be disallowed.

### 4. YOUR RECORDS WILL ALLOW YOU TO BETTER ASSESS HOW YOUR BUSINESS IS DOING

Having good records will allow you to see your profits and losses and determine the value of your business. It also lets you compare how your businesses is doing compared to other years and can help you determine why your business is succeeding or struggling.

### 5. RECORDS MAY HELP YOU GET APPROVED FOR GRANTS OR LOANS

Funders need accurate information about your business's financial position before approving you for funding.

## What Records Should You Keep?

- ✓ ALL INCOME
- ✓ RECEIPTS
- ✓ INVOICES
- ✓ VOUCHERS
- ✓ CANCELED CHEQUES
- ✓ SALARIES AND WAGES
- ✓ OPERATING EXPENSES LIKE RENT AND ADVERTISING
- ✓ MISCELLANEOUS EXPENSES LIKE CHARITABLE DONATIONS

**You must retain these records for six years.**

## GST/HST

You must register for GST/HST if you provide taxable goods or services (things like clothing or footwear, car repairs or hotel accommodation), or if you are not a small supplier. You must claim the GST/HST on behalf of the Government, and pay it to them on an ongoing basis. But, you're also allowed to claim back all of the GST/HST you paid yourself to the Government.

You are considered a small supplier if you are a sole proprietor and your total revenues (before expenses) are less than \$30,000 in one year. You can register for GST/HST at [www.businessregistration.gc.ca](http://www.businessregistration.gc.ca)

## Taxes

If you are a sole proprietor or are in a partnership, you report business income on your personal tax return. If your business is a corporation, you will need to fill out a corporate tax return. All income, no matter how little, needs to be reported to Canada Revenue Agency. You can then download the tax return package for the year you are filing from the CRA website or use a software program that is certified by the CRA such as TurboTax.

As a sole proprietor or in a partnership, you have until June 15 of each year to file your tax return, but you must pay any balance owing in full by April 30.

## Tax Brackets

In Canada, we have a marginal tax rate system which means people's income tax rates vary based on the amount of income you earn, and you pay different rates on different portions of your income. Since Canada has a progressive tax system, low-income earners have the lowest rate that they're taxed at. Everyone is taxed at that same rate up until a certain amount of income, and then the rate gradually rises and only the amount of income within that bracket gets taxed at that new rate. The chart below shows the minimum and maximum tax rates at each level of income. It's also important to remember that there is a federal tax rate for money that goes to the Federal government, and a provincial or territorial tax rate for money that goes to your province or territory.

First \$43,780	19%
Over \$43,780 up to \$45,916	22%
Over \$45,916 up to \$87,560	27.5%
Over \$87,560 up to \$91,831	29.5%
Over \$91,831 up to \$142,353	35%
Over \$142,353 up to \$202,800	40.5%
Over \$202,800	44.5%

## Business Expenses

In general, you can deduct any GST/HST you incur on expenses you paid to generate income. This reduces the amount of tax your business has to pay. Sometimes called a “write-off”, when businesses file their income tax return, they are able to write off expenses incurred to run the business and subtract them from their revenue to determine their taxable income. From the chart above, you can see that there’s an incentive to writing off your expenses, since it’ll decrease the amount of percentage of your income you need to pay to the CRA.

You cannot deduct personal income such as groceries or vacations, but you can deduct the following:

### ADVERTISING

You can deduct expenses for advertising such as ads in Canadian newspapers, on television, social media, and on the radio. You can also deduct the taxes you paid on business cards or posters you use to inform people about your business.

### BUSINESS START-UP COSTS

Business tax, fees, licences and due: You can deduct annual license fees and business taxes.

### DELIVERY, FREIGHT AND EXPRESS

You can deduct the tax on the cost of delivery, freight and express such as sea- lift that relates to your business.

### LEGAL, ACCOUNTING, AND OTHER PROFESSIONAL FEES

You can deduct the fees you incurred for professional advice or services such as consulting fees, legal fees, and accounting fees. Meals and entertainment for when you take clients out for a meal or coffee.

### PROPERTY TAXES

You can deduct property taxes for the land and building where your business is located.

### OFFICE EXPENSES

These can include items such as pens, pencils, paper clips, stationery and stamps. Not items such as calculators, filing cabinets, chairs and desks.

### RENT

You can deduct the rent for the building that is used for your business.

### TELEPHONE AND UTILITIES

Such as gas, oil, electricity and water.

### TRAVEL

Including public transportation, accommodations and meals.

*\*There are certain rules and regulations for business expenses, so make sure to visit the CRA website to get complete information on expenses that are eligible for tax deductions*

## Filing Taxes

### SOLE PROPRIETOR

- Profit you make is added to income on your personal income tax form.
- Financial information is filled out on the T2125 form.
- If your business loses money, you can deduct that from your personal income, putting you at a lower tax bracket.
- You must still make clear on your tax form, what is business income and what is employment income.
- The profit or loss on your tax form comes after you enter your revenues and expenses and deduct any business expenses. The profit or loss then gets added or deducted from your personal income over the year. Your tax rate will then depend what bracket you fall in.

### CORPORATION

- Your business is treated as a separate entity from you, so it pays its own taxes.
- Fill out corporate tax information on the T2 form.
- If your business is incorporated, you can choose any date you want for your tax year to begin and end.
- With incorporation, the tax rate for small businesses is lower than the personal tax rate IF your income is in the high tax bracket. *If* your income is in the low tax bracket, it may be less to include your business revenues and expenses on your personal income tax form. This can only be done though if you are set up as a sole proprietor.
- The corporate tax information required can be quite complicated and include financial statements.

### BUSINESS EXPENSES

- Business owners can deduct eligible expenses from their income. This in turn will reduce the amount of taxes that they must pay at the end of the year.
- Eligible expenses are anything that money is spent on in order to generate revenue for the business. This can include things such a home office, car, or cell phone if they are used for business purposes.

## Financing Your Business

**Starting a business costs money.** Every entrepreneur needs to find a financing strategy to get started. Depending on the business you're in, the scale of it, the resources at your disposal, and the strategic decisions you will make, your startup costs can vary..

### Start-Up Costs

You need to first start by determining what your start-up costs are going to be. Start-up costs are essentially everything you need to spend money on in order to get your business started. For a carver who wants to create a formal business to sell his art, start-up costs can be very low. For a new construction company, start-ups costs can be extremely high!

Here are some examples of different start-up costs you might have:

- |                                    |                                 |                                 |
|------------------------------------|---------------------------------|---------------------------------|
| ✓ <b>Advertising</b>               | ✓ <b>Gas/Hydro hook up fees</b> | ✓ <b>Payroll expenses</b>       |
| ✓ <b>Bank fees/service charges</b> | ✓ <b>Insurance</b>              | ✓ <b>Personal</b>               |
| ✓ <b>Building</b>                  | ✓ <b>Installation fees</b>      | ✓ <b>Contributions</b>          |
| ✓ <b>Equipment</b>                 | ✓ <b>Inventory</b>              | ✓ <b>Professional fees</b>      |
| ✓ <b>Furniture &amp; Fixtures</b>  | ✓ <b>Land</b>                   | <b>(legal &amp; accounting)</b> |

- ✓ Leasehold improvements
- ✓ Lease payments
- ✓ License & Fees
- ✓ Office Supplies
- ✓ Training

- ✓ Vehicle
- ✓ Wages
- ✓ Travel
- ✓ Repairs & Maintenance
- ✓ Rent

- ✓ Security deposits
- ✓ Signage
- ✓ Telephone
- ✓ Permits

## Where Do New Businesses Get Their Money?



DEBT  
FINANCING



EQUITY  
FINANCING



BOOTSTRAPPING



GRANTS



CROWDFUNDING



### Debt Financing

**Debt financing** is money that is given to you in exchange for a later repayment with added interest. This is borrowed money. Examples of debt financing options:

- Loans (ie. bank loan)
- Peer to peer lending
- Line of credit
- Credit cards
- Mortgages



### 😊 PROS & CONS 😊



Full ownership and control of your company (the bank has no say in how you run your business)



Relationship ends once the money is paid back



Principal + interest are known figures that you can plan for in your budget.



Can be short term or long term



Must repay the loan + interest



Fixed amount of time to repay the loan



You may be seen as 'high risk' to potential investors



Your 'security' is at risk, if all fails and you can't repay the loan



It can be difficult to invest in the growth of your business if your repayment costs are too high



## Debt Financing

### What do banks look at?

Just like the banker won't inspect your car before giving you a car loan... the bank will not inspect your business before writing you a cheque either. They will look at:

- Your **ability to repay** the loan
- How much you already **personally invested**
- The **company management** - do you have the experience and the credibility?
- **Security** - if it fails, what protection do I have to get my money back?



## Equity Financing

**Equity financing** is money that is given to you in exchange for a piece of ownership of your company.

- Share purchase (IPO)
- Angel investors
- Venture capital
- Other investment firms / corporations



## 😊 PROS & CONS 😊

<div>+</div> Typically, investors will offer you expertise.	<div>-</div> You lose ownership a certain level of control over your business.
<div>+</div> It's less risky than a loan - you don't have to pay it back.	<div>-</div> Before you make decisions, you'll have to consult your investors.
<div>+</div> You have more cash on hand to grow and expand the business.	<div>-</div> You have to start working for your investors.
<div>+</div> If the business fails, there's no requirement to pay back the investment.	<div>-</div> You may disagree with your investors, but have little choice to listen to them.
	<div>-</div> The returns (or pay) to the investors may be more than a loan repayment.



## Crowdfunding

**Crowdfunding** is using small amounts of money from multiple investors to finance your business. Usually, crowdfunding is done through the means of 'pre-sales', where an investor would give you money in exchange for one of your products. Examples of crowdfunding platforms include:

- Kickstarter
- Indiegogo
- Go Fund Me



## 😊 PROS & CONS 😊

+	Great marketing & sales tool.	-	It can be difficult to raise enough money in a short amount of time (it's a gamble).
+	Great for validation - the platform provides a forum for feedback on the project.	-	Exposing your idea to the public at an early stage puts you at risk for copycats.
+	It's not very expensive.	-	Investors are not protected against fraud/scams.
+	It's low risk for investors	-	You need to deliver on your promises.
+	Great way to generate pre-sales + reach a large audience.		



## Grant

A **grant** is a non-repayable cash amount that is usually given by government, corporations, trusts, foundations, non-profits, and educational institutions.

Grants usually are not given in great amounts. If you are looking for substantial funds to grow your business, you will likely need to look at equity financing or debt financing.

## 😊 PROS & CONS 😊

+	<b>It's free money!</b>	-	Typically a time consuming application process.
+	There are many grants available to you in Nunavut.	-	There are strings attached to the \$ you get. You can't spend it however you want.
+	You typically get advice/mentorship from the grant administrator.	-	Typically high competition.
		-	It can take a lot of time to process.

## 🐷 Bootstrapping

**Bootstrapping** is using the resources around you to finance your business. Bootstrapping a business often requires creativity as you have little means. Some examples of bootstrapping include:

- Owner's savings
- Operating revenue / pre-sales
- Friends and family

## 😊 PROS & CONS 😊

+	Minimize expenses (less need for cash)	-	You may not have enough cash to grow at your desired rate.
+	You retain greater control and authority over your business decisions.	-	It limits potential sales, market share, and overall competitive position
+	It forces you to concentrate on selling to bring cash into the business	-	Not enough support to grow at a high rate.
+	It puts you in a good position to get financing in the future (personal investment).		

### A note on borrowing from family and friends:

- They likely don't have any investment experience and won't understand the risk. Be careful!
- **Have very clear terms** - is this charity? Are they looking for a return on their investment? Equity?
- Try to select friends and family who aren't interested in getting involved in your day to day operations.

## Bootstrapping Tips!

- Look for cash generating products or services
- Take on opportunities that might not be part of the “strategic plan”
- A business that is making money builds credibility
- Use personal savings, credit cards and loans
- Forgo, reduce or delay compensation (sweat equity)
- Work from home
- Develop product at night and weekends while working elsewhere
- Wear lots of hats
- Cash is king – not profits, market share or other metrics
- Create healthy margins from day one
- Say “no” to loss making strategies to build market share or a customer base
- Understand cash flow – cash position, monthly burn, timeline
- Buy used equipment (auctions)
- Borrow equipment from other businesses
- Share business premises with others
- Know where to save and when to spend
- Eliminate unnecessary expenditures
- Ask for credit from suppliers
- Deal with service providers for low rates
- Make use of below market rent space
- Ask customers to prepay fees or provide advances
- Market with no money – website, biz cards, tradeshow, cold calls
- Reach out to customers from day one
- Get out and sell before the product is ready

## CASE STUDY

CHOU Consulting & Development Inc. started with a capital intensive project - building residential units - which required them to secure a significant amount of financing to get started. Amanda and Stuart started by putting in their own money into the business. They put in about \$125,000 into the company itself. From there, they applied for grants and for third party funding (loans).

The banks would not touch them as they were new and had no collateral, but they were able to secure a loan with NBCC. They also went to KCFI which gave them another loan. Between that, and they money they put into the business themselves, they were able to finance the project.

Then, they encountered quite the challenge! The barge, with some of the materials, didn't make it to Cambridge Bay that year. This meant that the first year of operations, most cost was going to be spent on just carrying those loans (accumulated interest). They had to sustain those costs for about 16 months, without seeing a paycheck coming in.

"For us, it was devastating. When we first found out that it wasn't coming you have this moment of 'oh my god, what am I going to do! Is this going to be the end of this project? Will we had to file for bankruptcy?' You always have to go in to a project being that some things may not go according to plan. What will be your plan B?"

Amanda and Stuart knew that things might not go according to plan, and so they had estimated the costs of the project for the worst case scenario. They had developed a plan B (contingency planning). Since they had planned for things not going according to plan, they had enough funding to sustain them through that year. They ended up being on their higher range, but at least they had planned for it and could continue with their project. "You need to be aware of what could happen. You need to be ready and prepared for if it does happen, and don't give up. Keep your head up and push forward."



# Legals

CHAPTER 11

# Legals

This chapter covers the legal and regulatory landscape of business and social enterprise. We will look at everything from legal structures to the different permits and licenses you may need to run your business.

## Legal Structures

When you decide to open a business, you need to decide which business structure best suits you. There are 4 main types of business structures:

- Sole proprietorship
- Partnership
- Corporation
- Co-operative

### Sole Proprietorship

A **sole proprietorship** is the simplest business form and easy to create. A sole proprietorship is like an extension of an individual. In the eyes of legal and tax authorities, the business and its owner are one in the same. When you register your business as a sole proprietorship, you are fully responsible for all debts and obligations that are related to your business. Because of this, all of the revenue, profits, or losses that your business incurs belongs to you personally.

#### 😊 PROS & CONS 😊

- + Easy and cheap to register
- + Not a lot of regulation
- + Business owner has full control
- + Required seed funding is not so high
- + All profits belong to the business owner
- + Tax advantages (for example, you can deduct your losses from your personal income, and there is a lower tax bracket when profits are low)

- Liability falls only on the business owner
- Requires a lot of time and effort to continue the business
- Can be difficult to raise capital

## Partnership

A **partnership** is a business that is started by two or more people. A partnership is similar to a sole proprietorship in that it is like an extension of its owners, not a separate legal entity. Legal responsibilities are shared between partners. Profits or losses are divided between the partners based on their ownership percentage (ie. one partner owns 40% and the other 60%).

There can be two types of partners in a partnership. A **general partner** is one that is fully liable for the debts and legal implications of the business, just like a sole proprietor. A **limited partner**, is a partner that is not liable for the debts and legal implications of the business. Limited partners usually put money into the business and shares in the profits, but is not involved in the day-to-day operations and does not share liability.

It is a good investment to hire a lawyer and draft a partnership agreement so that all partners are aware of their responsibility and liabilities towards the business. This can help resolve disputes that may arise later on.

### 😊 PROS & CONS 😊

+	Easy and cheap to form and register a partnership	—	No legal difference between business owners and the business
+	Start up costs are shared equally between the partners	—	Unlimited liability (liable for all business debts)
+	Equal share in profits and assets	—	Finding the correct partner can be difficult
+	Tax advantages (for example, you can deduct your losses from your personal income, and there is a lower tax bracket when profits are low)	—	There is a possibility of a conflict between partner which can lead to legal issues
		—	You can be held financially responsible for poor business decisions taken by your business partners (For example, contracts that have been broken)
		—	Can sometimes lead to disagreements between friends or family members

## Advice From Paula Rumbolt, Co-Founder of Hinaani Design

*"Having a business is a lot of work so I find that if you have partners it helps split up the responsibilities, so that none of us are feeling overwhelmed with how much we need to do to keep the business going. But you have to choose people that you know you can work with, that you can count on to get the task done. So if one person can't find someone that they think they could work well with, it might be better to do it alone. In that case, however, the business might not grow as big as if you are doing it with other people because it's so much work."*

## Corporation

A **corporation** is a type of business that is a legal entity that is separate from its owner and shareholders.

### 😊 PROS & CONS 😊

+	Limited Liability	-	Corporations are closely regulated
+	Ownership can be transferred to another person	-	Start up costs are much higher in a corporation
+	Easier to raise capital than other legal structures	-	There is a possibility of conflicting view between directors and shareholders
+	Separate legal entity	-	Documentation needs to be filed annually with the government
+	If someone sues the company, they are not suing the owners or investors		

# Business Registration

## Municipal Business License

In order to legally operate a business in Nunavik, you must apply for a municipal business license. The municipal business license is granted by the NV, which stands for Northern Village and represents the municipal office in your community. The process and costs are different in each community. You must contact your local NV early in the process to find out what will be needed from you.

## Canada Revenue Agency (CRA) Compliance

→ **HST/GST Account Registry:** This must be registered for if you expect to make over \$30,000 in revenue this year.

→ **CRA Business Number:** A nine-digit number that gives each registered business its own unique identifier.

## Rules and Regulations

When you start a new business, you need to make sure that you abide by the rules and regulations of your industry and legal jurisdiction. Every province, country, and industry works differently. You need to make sure to do the research in order to find out what rules and business regulations affect your business. In the following pages, we will cover some common rules and regulations that affect common businesses in Nunavut. However, this is not a complete list. It's up to you, with the help of your mentor, to figure out what this means for your business.

### Firearms

In order for a business to sell firearms, they must have a proper business license. The list of possible firearms that are able to be sold consists of ammunition, firearms, restricted or prohibited weapons, and prohibited devices. You will need this license to sell as well, manufacture, and possess these items.

To apply for this license, you must submit a **RCMP 5486 form** (contact Chief Firearms Officer). In order to be eligible for this license, you must meet the following requirements:

- All employees who handle the firearms must have a valid Possession and Acquisition License (PAL) for themselves. To receive a PAL, you must have passed the Canadian Firearms Safety Course.
- If the business only deals in prohibited weapons, devices and ammunition but no firearms; employees don't need a valid PAL. They only need to pass a background check and there should be no court orders that prohibit them from possessing a regulated item.

All new and unassembled firearms that are being sold also need to be registered with the RCMP 5489 form. You can find the form on Thinkific or here - <http://www.rcmp-grc.gc.ca/cfp-pcaf/form-formulaire/pdfs/5489-eng.pdf>.

All restricted firearms also must be verified by an approved verifier if:

- They are being registered for the first time
- The ownership of the firearms is being transferred and have not been verified
- The firearm has been modified

### First Aid

The safety regulations for a business in Nunavut is based on the type of the workplace and how many employees are in that workplace.

This is a great website that will help you figure out what requirements you need to fulfill in order to be in compliance with the province's regulations. You can also buy first aid kits and other necessary supplies here:

- <https://www.fast-rescue.com/nunavut-regulations>
- <http://www.psscscientific.com/shop/safety/first-aid-kits/>
- [northwestterritoriesnunavutregulationfirstaidkits.aspx](http://northwestterritoriesnunavutregulationfirstaidkits.aspx)

## Insurance

Businesses need insurance to protect them from all kinds of risks and liabilities. Imagine, for example, that your store catches fire and you lose your store and all of its equipment and inventory. With no insurance in place, you would lose everything to the fire and it would be very difficult and costly for you to get your business up and running again. However, if you had coverage like property insurance, to protect you against this type of risk, you would get compensated for your loss and it would be much easier for you to get your business up and running again.

When a business owner buys insurance, they need to make sure that they are protected from all kinds of risks and liability. The chances of getting sued over small issues have increased dramatically in the last decade, especially if the business is your own. Business insurance can prevent events like a big legal suit to turn into something that will empty your bank account.

Consulting a business insurance broker can help determine what type of insurance your business requires. Insurance can help cover things such as privacy breach, customer or employee injury, equipment breakdown, commercial property, auto insurance and many others.

### Types of Coverage

→ **Commercial General Liability:** Protects your business from claims for injury and property damage that come from your premises, operations or products.

→ **Commercial Property Insurance:** Protects your physical assets like your building itself, and the products, equipment and materials in it.

→ **Products Liability:** Protects your business if you manufacture a product that ends up being defective and causing injury.

→ **Professional Liability:** If your business is in the health or personal-care field, this will protect you against claims that relate to how you deliver your professional service.

## Liability / Contracts

If your business offers risk of injury to customers, make sure that there is a contract signed by the customer before using your service to ensure you are not liable for any injuries. In order to make sure you are not personally liable for any business losses, the business should be incorporated.

## Food Safety

There are different regulations for low-risk foods such as baked goods, and high risk foods such as meats. For example, you can bake and sell goods from your own house. However in order to prepare high-risk foods, you must have access to a commercial kitchen.

**Low risk foods** can include:

→ tinned food,

## ●●● CHAPTER 11 LEGALS

- cooking sauces in jars,
- pastries,
- cakes,
- pasta,
- rice,
- sweets and
- table sauces.

Low risk foods normally carry a “best before date” and do not require being stored in a freezer, fridge or under heat.

**High risk foods** include:

- sandwiches,
- prepared salads,
- cooked or uncooked meats,
- desserts containing dairy and
- pates.

High risk foods must be prepared in a commercial-grade kitchen with equipment like a hand washing sink, proper fridge and dishwashing temperatures, proper equipment and storage, three-compartment sink, etc. If you are handling food with your business, you almost always need a **Food Preparation and Handling License**.

# Introduction to IP

## Copyright

A **copyright** is the exclusive legal right to produce, reproduce, publish or perform an original literary, artistic, dramatic or musical work. The creator is usually the owner of the copyright, but it is possible for an employer, such as a film studio or record label to hold the copyright.

The copyright allows you to control how your work is used by others. In order for others to use it, they have to get your permission or buy it from you.

Any original work you create is automatically protected by copyright, but you can register it and get a Canadian Intellectual Property Office certificate that you can use as evidence if ever needed. Your personal copyrights last for your whole life and 50 years following your death.

## Patent

**Patents** apply to newly developed technologies. They provide you with the right to be the only one who can make and sell your invention. Your patent can last for up to 20 years.

In order for you to successfully receive a patent, your invention must be new, useful and inventive. Receiving a patent for an invention is valuable as you can protect it, sell it, or attract funding from investors.

## Trademark

A **trademark** is a combination of letters, words, sounds or designs that distinguishes one company's goods or services from those of others in the marketplace. Registering a trademark gives you business exclusive rights to use it.

## Advice from Entrepreneurs

### CHOU Consulting & Development Inc.

From construction, to hospitality, to operating a cafe, Amanda and Stuart have had to go through many legal hoops to make sure they abide by the rules and regulations and have the right permits. When asked how they navigated that process, Amanda shared the following:

"I tend to ask people who have done it before. Being in such a small town, you can get that information pretty easily. For example, when we wanted to pull the liquor permit, I knew that the daycare had done it before, so I approached them. I tend to ask people who have been in that situation or line of work, and from there, once I get a few contacts, I start moving on it. It's never just 1 phone call, or 1 email. It tends to be a couple weeks of just pounding pavement and trying to find the right answer. But again, it's having those contacts and being persistent." - **Amanda Doiron, Co-Founder**

### Ugly Fish

Adina Duffy from Ugly Fish understood that filing all the correct paperwork and getting the right licenses needed a lot of work and research, and the only way she would get through it was to ask questions.

Adina used to take advice from the EDO officer and asked questions about what was allowed in certain countries and what wasn't. She needed to consider and accept the fact that some countries may not allow the distribution of products that consisted of seal skin or other animal bones. "It is definitely a learning process, but there are a lot of people who can help if you have any questions."



# Endnotes and Acknowledgements

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# Endnotes

## Contributors

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Sammy Duncan, Nunavik Communications Inc., Kuujjuaq  
Thomassie Mangiok, Pirnoma Technologies, Ivujivik

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**105 (Second) Apple Logo.**

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**106 The Kuugak Cafe.** Photos by the Kuugak Cafe

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**172 (Top) Golden Graham Cereal Box.** Google Images. Source Unknown.

**172 (Bottom Left) Mister Clean Guerilla Marketing.** Google Images. Source Unknown.

**172 (Bottom Right) Axe Guerilla Marketing.** Google Images. Source Unknown.

**173 (Top) Justin Trudeau meets Justin Clarke from UasaU Soap.** Photo by UasaU Soap.

**173 (Bottom Left, Middle, Right) Companies Weigh In on “Yanny” or “Laurel” Fiasco.** <https://www.prweek.com/article/1464968/18-brands-joined-great-debate-2018-laurel-yanny>

**174 (Left) Nunatsiaq News Feature on Winifred Designs.** Screenshot by author. [http://nunatsiaq.com/stories/article/65674nunavik\\_seamstress\\_embellishes\\_tradition/](http://nunatsiaq.com/stories/article/65674nunavik_seamstress_embellishes_tradition/)

**174 (Right) Nunatsiaq News Feature on Thomassie Mangiok.** Screenshot by author. [https://nunatsiaq.com/stories/article/65674nunavik\\_graphic\\_artist\\_turns\\_talents\\_to\\_inspiring\\_students/](https://nunatsiaq.com/stories/article/65674nunavik_graphic_artist_turns_talents_to_inspiring_students/)

**175 (Top) Hinaani Logo**

**175 (Middle) Ugly Fish Logo**

**175 (Bottom) Artcirq Logo**

**176 (Left, Middle, Right) Facebook Posts by Arctic Fresh.** Screenshot by author. <https://www.facebook.com/arcticfreshNU/>

**178 Polar Bear Carving.** Google Images. Source Unknown.

**179 OKA Purple Hoodie.** Screenshot by author. <https://www.facebook.com/OriginalKillerApparel/>

**180 Cheap Tattoo Image.** Screenshot by author. <https://brianlangis.wordpress.com/2013/11/04/there-is-always-someone-who-will-do-it-cheaper/>

**181 (Top) Polar Bear Carving.** Google Images. Source

Unknown.

**181 (Middle) Polar Bear Carving.** Google Images. Source Unknown.

**181 (Bottom) Grapes in a Grocery Store.** Google Images. Source Unknown.

**182 (Left) Regular T-Shirt Pricing.** Screenshot by author. <https://www.joefresh.com/ca/Categories/Men/Men%27s-Tees-Polos/c/20010?q=%3Arelevance&sort=relevance>

**182 (Right) Luxury Shirt Pricing.** Screenshot by author. Source Unknown.

**183 Netflix vs Blockbuster Graph.** Photo by Go-Digital.net

**186 Subway Sub of the Day Ad.** Photo by Subway.

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**199 Hinaani Design.** Photo by Hinaani Design

**200 (Top) Amazon Logo.**

**200 (Bottom) Inside Tivi Galleries.** Photos by Inspire Nunavik

**202 (Top Left) MFG.com Logo**

**202 (Top Right) Maker’s Row Logo**

**202 (Bottom Left) Thomas Logo**

**202 (Bottom Right) Kompass Logo**

**203 (Top Left) Alibaba Group Logo**

**203 (Top Right) Indiamart.com Logo**

**203 (Bottom) AliExpress Logo**

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**209 K&L Pastries and Categring Samples.** Photo by Inspire Nunavik

**209 (Bottom) Apple Music Free Trial.** Screenshot by author. <https://www.apple.com/music/>

**210 (Middle right) Marché Good Food Deal.** Screenshot by author. <https://www.makegoodfood.ca/en/pricing>

**210 (Middle left) Arctic Fresh Ordering in 3 Steps.** Photo by Arctic Fresh

**210 (Bottom) Uber and Spotify Partnership**

**211 (Top) Sephora Birthday Deal.** Screenshot by author, from personal email

**211 (bottom) Inuk Stitches Loyalty Cards.** Photo by Inspire Nunavik

**212 (Top) Recommendations from Amazon.** Screenshot by author. <https://www.amazon.ca/>

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**212 (Bottom) Uber Referral Program.** <https://app.245friends.com/uber/>

**212 White Fox Advertisement.** Photo by Inspire Nunavik

**216 (Left) Arctic Fresh Advertisement #1.** Photo by Arctic Fresh

**216 (Right) Arctic Fresh Advertisement #2.** Photo by Arctic Fresh

**217 (Left) Arctic Fresh Advertisement #3.** Photo by Arctic Fresh

**217 (Right) Arctic Fresh Advertisement #4.** Photo by Arctic Fresh

**223 (Left) Hinaani Design at Kivalliq Tradeshow 2017.** Photo by Hinaani Design

**223 (Right) Chelsea St. John from Sophia's Outerwear at the Kivalliq Tradeshow 2017.** Photo by Sophia's Outerwear

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