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CCSBE-CCPME Current Newsletter - **September 2009**

- - - CURRENT ISSUE ARTICLES - - -

- [Message from the President](#)
 - [25th Annual CCSBE Conference Update – October 16-18](#)
 - [Entrepreneur and Self-employed, is there a difference?](#)
 - [Experts reveal why this recession is a great time to go green](#)
 - [Strategic Integration of Entrepreneurship Education](#)
 - [Commercialization: The importance of linkages](#)
 - [Report on the Journal of Small Business Management \(JSBE\)](#)
 - [Our Membership has Spoken](#)
-

Message from the President

By Benson Honig

It continues to be a pleasure to serve the CCSBE as president for 2008-2009. Following the Board's annual retreat, that included a strategic session, we are continuing to focus on adding value to our members. We have had a very productive year, and I believe you will be pleasantly surprised by the number of new initiatives the board has developed during this past year to enhance the value of your membership.

For example, those of you that find your way to our web site, will note a new- improved, and upgraded web site (<http://ccsbe.icsb.org/>). This is something that our secretariat has been requesting for a number of years, and we are proud to introduce this new improved site to you. We have to thank the ICSB, both Ayman and Michael, as well as Ann, and our communications committee, for their efforts at modernizing and upgrading our site. You will also note our new logo, which will be formally introduced at our next conference and AGM – that the board selected from a number of alternatives. In addition to your regular subscription to JSBE, all members will have electronic access to our new practitioner journal, SMEE review. The second issue will be "hitting the stands" very shortly, so stayed tuned (with a special thanks to Jean-Marie Nkongolo-Bakenda for his pioneer efforts in editing this journal).

Other news regards our annual conference, hosted by Ryerson University in Toronto, Oct. 16-18, 2009. I'll leave the details to our conference chair, but suffice it to say that this definitely promises to be the most outstanding annual conference we have ever had – and includes a host of innovations and luminaries, as well as new programs to attract entrepreneurs and investors. Also, we will be hosting our first, ever, doctoral consortium, with special thanks to Howard Lin of Ryerson.

Importantly, I would like to take this opportunity to solicit interest on the part of other institutions and/or Universities to consider hosting the secretariat of CCSBE. Our colleagues in Nova Scotia at the Acadia Centre for Social & Business Entrepreneurship have done an outstanding job during these past eight years. However, the board would like to open up this opportunity to other institutions that might also be interested in hosting the CCSBE – Canada's oldest and most directed organization in support of entrepreneurship. We are looking for institutions willing to make a minimum of a three year commitment for this very important responsibility. If you or your University are interested, please contact myself, any board member, or the secretariat regarding your interest. We will be pleased to discuss this opportunity with you.

It continues to be an honor and a pleasure to serve as President of CCSBE. I hope you will join me in Toronto this fall, for what will undoubtedly be a dynamic, and "off the charts" conference experience. As

always, please feel free to contact me directly regarding any concerns you may have as a member of CCSBE.

[Top](#)

25th Annual CCSBE Conference Update – October 16-18

By Neil Wolff

Registration for the **25th annual conference of the Canadian Council for Small Business & Entrepreneurship (CCSBE)**, hosted by the Ted Rogers School of Management in Toronto, is well under way. Register now to join leading Canadian entrepreneurs, policy makers, academics and practitioners to explore how we can fuel growth in Canada through *entrepreneurship* and the *commercialization of innovation*.

Some of our keynote speakers include:

Tom Brzustowski



RBC professor, Telfer School of Management, University of Ottawa and Chair, Institute for Quantum Computing at the University of Waterloo.

Ian W. Delaney



Chairman & CEO, Sherritt International Corporation

Phillip H. Phan



Professor & Vice Dean for Faculty and Research, Carey Business School, Johns Hopkins University

Randy Pilon



President & CEO, Virox Technologies Inc.

Conference highlights include:

- Over **20 seminars to help entrepreneurs** be more effective at running their businesses.
- **30 presentations** from academics, policy-makers and practitioners on how to nurture entrepreneurial growth in Canada.
- A **gala on the evening of Saturday, October 17**. The event will be held at the Design Exchange, where **Brett Wilson**, who is a renowned Canadian entrepreneur, venture capitalist and philanthropist, will be interviewed. Entertainment for the evening will feature circus acrobatics from the Aerial Angels and live music from Soul Stew and Mystic & Miranda.
- A kickoff reception at the Hard Rock Cafe in the heart of downtown Toronto.

CCSBE 2009 will be held from **Oct. 16th to Oct. 18th, 2009** at the Ted Rogers School of Management building, located at the corner of Bay and Dundas, in the financial heart of Toronto. To find out more about CCSBE 2009 or to register, please visit our website – www.ccsbe.org.

[Top](#)

Entrepreneur and Self-employed, is there a difference?

By Laura Small

Entrepreneur and Self-Employed, is there a difference between these two descriptors? While these two terms are often used interchangeably, there is a difference, particularly when it comes to statistics on small business in Canada.

One formal definition of an entrepreneur from an online dictionary is "someone who organizes a business venture and assumes the risk for it". After several years of research, there is still no firm consensus on the definition of an entrepreneur or on the skills and characteristics they require. In general it is felt that entrepreneurs require a high level of creativity and innovation as well as a high level of management skills and business know-how. They are the individuals that are constantly pursuing new business ventures based on opportunity and/or necessity, and are often able to improve the competitiveness and innovation of a sector or region.

Wikipedia defines entrepreneurship as "often synonymous with founder. Most commonly, the term entrepreneur applies to someone who creates value by offering a product or service, by carving out a niche in the market that may not exist currently. Entrepreneurs tend to identify a market opportunity and exploit it by organizing their resources effectively to accomplish an outcome that changes existing interactions within a given sector. Observers see them as being willing to accept a high level of personal, professional or financial risk to pursue opportunity.

Industry Canada defines self-employed as "people who earn income directly from their own business, trade or profession rather than earn a specified salary or wage from an employer", while Statistics Canada defines the self-employed as "working owners of an unincorporated or incorporated business, persons who work on their own account but do not have a business and persons working without pay in a family business."

Not all of the self-employed individuals captured by Statistics Canada would identify themselves as entrepreneurs, and some entrepreneurs, especially if they are on the payroll of their own business, may not identify themselves as being self-employed. Another way to look at the difference between the two is to ask the following questions, has the individual created a business or a job for themselves, and do they work in the business or on the business.

As Michael Gerber puts it, "The entrepreneur is not really interested in doing the work; he is interested in creating the way the company operates. In that regard, the entrepreneur is an inventor. He or she loves to invent, but does not love to manufacture or sell or distribute what he or she invents."

[Top](#)

BDC



Experts reveal why this recession is a great time to go green

It's understandable to think this recession has put a damper on "green" or environmentally friendly business practices. Going green or staying green may be a luxury many struggling businesses simply can't afford these days.

But while that may have been the case for past downturns, times have certainly changed. For starters, many green initiatives save companies money.

Catherine Swift, president and CEO of the Canadian Federation of Independent Business (CFIB), which represents 105,000 small businesses nationwide, says she's seen no indication from her members that saving the Earth is taking a back seat to saving the business.

"One reason is that for smaller companies, the recession hasn't been as dire as for large firms that are driven by the stock markets. Our members are privately owned companies, and among them, we're

continuing to see a focus on environmental practices," she says.

A 2007 CFIB survey found that energy conservation ranked as the second most important environmental issue after recycling of materials, with 83% of its members having already implemented energy conservation changes. While about half of respondents said cost savings was a factor in making changes, 81% said they were motivated by their own personal views. Swift says that trend appears to be holding.

"These companies are motivated primarily by the owner's personal views about the importance of protecting the environment for future generations. Embracing environmental practices isn't something you usually have to convince them to do," says Swift.

Of course, it's always nice if a company can help the environment and its bottom line at the same time. A quick Google search will turn up thousands of web pages on how companies of all sizes can be both green and profitable.

First, there's the low-hanging fruit, things like printing on both sides of paper, recycling, switching to energy-efficient light bulbs, turning down the thermostat and shutting off idle office equipment. Natural Step Canada (www.naturalstep.org) has a free sustainability toolkit that can be downloaded from their website. Another helpful resource is a book authored by Bob Willard entitled "The Business Case for Sustainability".

According to Willard, integrating sustainability strategies can increase profits up to 38% for large companies and 66% for small- or medium-sized companies over a five-year period. A lot of these savings can be achieved by reducing energy costs.

"If your energy costs are high, you certainly have an incentive to reduce them," says Michel Bergeron, Vice President, Corporate Relations at the Business Development Bank of Canada. "But even if they aren't high, cutting your energy costs can give your company a competitive advantage by improving efficiencies and your corporate image with both customers and suppliers."

Tax credits and incentives for energy efficiency and other green incentives are being pushed from Ottawa all the way down to local municipalities. Most utilities now offer businesses incentives to reduce energy use. Hydro Quebec, for example, offers financial assistance for electricity-saving industrial equipment, systems or processes.

Keeping ahead of the law and public opinion

Lower operational costs aren't the only reason to reduce energy use. All levels of government, including local, are introducing laws and regulations that will require companies to reduce waste and embrace more sustainable business practices.

For example, once cap and trade rules become more widespread, Bergeron said companies will need to be careful about how much carbon they produce.

"Reducing your energy use – and thus, your carbon footprint – should be part of any business plan. You can start with something as simple as reducing your corporate travel by using inexpensive videoconferencing technologies like Skype," he says. "But the most important building block should be an energy efficiency audit of your workplace. "

Business owners that act early will find themselves at a competitive advantage when new rules are implemented.

"At some point, the consideration of environmental and social issues will be mandated, so for business this becomes a central risk factor. It also becomes an opportunity. Companies shouldn't wait until the economy picks up," says Melissa Shin, managing editor of Corporate Knights, a magazine focusing on corporate responsibility.

Attracting a green workforce

Companies that don't embrace environmental practices could also find themselves at a competitive disadvantage in attracting young, skilled employees. Today's young workers are more environmentally

aware than previous generations, and they're bringing those values into their workplaces.

"BDC, for example, is heavily paper-based and this becomes an irritant for our younger employees who view paper as a waste of resources," says Bergeron. "They're putting pressure on us to move more quickly to change our ways, and we are."

Companies that incorporate environmental responsibility into their mandate will also tend to have more loyal employees who are more willing to make sacrifices, if needed, during a recession.

"Embracing environmental and socially sustainable practices is a great way to retain your staff in an economic downturn," says Shin.

[Top](#)

Strategic Integration of Entrepreneurship Education

By Lisa Lowthers

In 2004 Atlantic Canada Opportunities Agency funded a study entitled "Entrepreneurship in University Environments", which identified three types of entrepreneurs: business, social and innovators. The study went on to identify the influencing factors in the environment that have the greatest impact on student's perception and attitude as well as their likelihood of becoming an entrepreneur as:

- Exposure to different types of entrepreneurship
- Providing opportunities for generating innovative ideas
- Providing opportunities for students to initiative student activities
- Exposure to entrepreneurship as a career option
- Working in, for, or with small business and not for profits
- Knowledge of resources and organizations who can help support venture creation
- Having the knowledge of the start-up process

More recently, according to Educating the Next Wave of Entrepreneurs, World Economic Forum 2009, it is increasingly important for all citizens to develop a broadened set of entrepreneurial skills.

"Entrepreneurship has never been more important than it is today in this time of financial crisis. At the same time, society faces massive global challenges that extend well beyond the economy. Innovation and entrepreneurship provide a way forward for solving global challenges of the 21st century, building sustainable development, creating jobs, generating renewed economic growth and advancing human welfare. When we speak about entrepreneurship, we are defining it in the broadest of terms and in all forms – entrepreneurial people in large companies, in the public sector, in academia and, of course, those who launch and grow new companies. Now more than ever, we need innovation, new solutions, creative approaches and new ways of operating. We are in uncharted territory and need people in all sectors and at all ages who can "think outside the box" to identify and pursue opportunities in new and paradigm-changing ways."

Effective entrepreneurship education has progressed beyond the confines of business or engineering schools to a model that permeates the halls and walls of post secondary institutions and is changing the ways in which post secondary institutions connect to the community. Social Entrepreneurship is taking its place beside innovation and business development in curricular, co-curricular and extra-curricular programming around the world. For Entrepreneurship to "grow roots" in an institution, it is no longer enough to simply add entrepreneurship programming to existing curriculum. A strategic and integrated approach is necessary to create lasting change and sustainability. The task of strategic integration within an institution does, by necessity, involve the entire institution. This must be so - for sustainability of entrepreneurship education to permeate the entire educational system.

For educators and administrators interested in a forum to learn more about, and share experiences in, creating a strategically integrated model, Acadia University's Centre for Social & Business Entrepreneurship is running two sessions – in Vancouver Nov. 2-3 and in Toronto Nov. 23-24 - exposing delegates to two strategic models over two days. For more information visit the website at www.eec2009.com

[Top](#)

Commercialization: The importance of linkages

By Benson Honig

Both government and Universities are interested in promoting commercialization, and actively attempt to manage the process through incentives, specialized information offices, subsidies, and investments. One of the most important components of this process, however, exists beyond the reach of government and institutions, and rests with the social networks frequently developed by emergent organizations. New organisations suffer from a "liability of newness", which leaves them more susceptible to institutional pressures, enhancing weaknesses due to limited experience and legitimacy, and constraining access to resource.

Some research suggests that new firms aiming to attract potential stakeholders (such as venture capitalists and other sources of financing) might use linkages with prestigious agents as sources of signaling their attractiveness. At the heart of signaling theory is information asymmetry. For example, buyers may not know the quality of the product a seller offers, employees may be uncertain about the quality of a prospective employer's work environment and investors may have little knowledge of the likely profitability of a new company. These informational asymmetries may lead to market failure. Firms in such markets find ways to communicate their competence by "**signaling**", information about their make-up, such as the Universities their employees graduated from, the professional experience of their CEO, or information about awards they may have won.

Research also highlights the importance of **social capital**. From an entrepreneurial perspective, social capital provides networks that facilitate the discovery of opportunities as well as the identification, collection, and allocation of scarce resources. Social capital is multidimensional, it may be structural or relational, and occurs at both the individual and the organizational levels. It is often measured by examining networks and network relationships. Social capital examines who knows who, how often they meet, who is most central, how knowledge is diffused, and how much do people trust each other. It is sometimes defined by the strength of ties, repetitive group activity such as the frequency of meetings and other formal interactions, as well as informal gatherings and other social activities, including social and family relationships.

The learning process, which eventually determines the strategic direction of the organization, occurs from the very outset of organizational development, and is particularly relevant to nascent activities. It is during early formulation and emergence that the business opportunity is located, resources are accumulated, products conceptualized, markets identified, and the fundamental building blocks of the organization formed. This learning process allows the nascent entrepreneur to integrate environmental, organizational, and individual processes into something that resembles strategic value. Thus, the importance of **knowledge diffusion** to a new firm is often critical, as it provides a source of competitive advantage that is not only difficult to duplicate, but also sets the organizational tone and character of the new firm. Technological spillovers are one important source of such knowledge diffusion.

Before a technology is widely known, lack of information about the benefits and costs imply uncertainty and may discourage existing firms from adopting the technology. There are a number of ways that the technology of one firm can spillover to other firms within their environment. One is by demonstrating the feasibility of a technology. This may entail social, institutional, and political forces, as well as path dependant and standardization factors. It may be particularly difficult when the new technology entails a paradigm shift, as existing firms may be unable or unwilling to accept the new technology. Proven acceptance in an arena outside the intended usage domain, as when military technology is transferred to very different civilian uses, may be one method in surmounting the considerable social, organizational, and market barriers that exist for new technologies. Technology should spread most easily when the producer and potential user are already in contact and the linkages already exist. Technology diffusion happens easiest when the parties are geographically and operational proximate.

In sum, many of the most important factors linked to commercialization require social and organizational capacities often overlooked by the large institutions attempting to facilitate commercialization activities. Public policy leaders would be wise to examine their programs in terms of how they enhance these "soft" skills, in addition to the legal, financial, and physical resources they bring to the table.

This article draws on the paper : **Honig, B**; Lerner, M;Raban, Y. (2006) High-tech companies and the Israeli military defense system. **Small Business Economics** 27:419-437.

[Top](#)

Report on the Journal of Small Business Management (JSBE)

by Robert Anderson

The journal continues to make progress. Content from recent issues is now available in full-text on most of the major indexer's products and so through most university libraries. Submissions continue to be strong. Revised articles accepted now are being scheduled for publication in October 2010, and soon this will shift to January 2011; this in spite of increasing the number of papers per issue from 4 to 8 or 9.

In the upcoming months, I am going to recommend some changes to the editorial structure of the journal; specifically the appointment of associate editors who will handle submissions, reviews and revisions for particular areas; e.g. social entrepreneurship, social entrepreneurship, corporate entrepreneurship, entrepreneurship and development, and so. Suggestions, volunteers?

Thanks to Jean-Marie Nkongolo-Bakenda, the second issue of the SMEE Review has now been published and has been very well-received.

A reminder to all members. Online access to JSBE and SMEE Review is included with you membership.

[Top](#)

Our Membership has Spoken

By Gerry Kerr

Late in the winter of this year, the Board of Directors of the Canadian Council for Small Business and Entrepreneurship (CCSBE) completed a survey of you, our membership. We thank everyone who participated. Three main messages were delivered through your responses. First, without exception, the importance of CCSBE came through loud and clear. You appreciate the value that is being delivered, but hope for more. Second, the aspects of CCSBE that consistently delivered the most value were the annual meeting and the chances for networking that both the conference and membership provide. Finally, in your comments, many of you touched upon an ongoing concern: to what degree does the organization respond — and, indeed, should it respond— to all its interested groups? At its core, the issue focused on increasing the relevance of the research and activities of the organization for practitioners and entrepreneurs of all types.

A little background on the survey and its respondents is in order. The survey consisted of 10 simple questions. Four questions gathered background demographic information (length of membership, primary occupation, age, and related group memberships), while the remaining six collected data about the benefits generated by CCSBE activities and about members' ideas for improvement. Thirty-seven of our 207 current members (17.9%) responded. Despite the fairly low number, a cross-section of CCSBE membership was represented. Seventeen of our respondents were quite new to the organization, having three or fewer years of experience; a little more than half (20 respondents) had four or more years with CCSBE; exactly 10 people had more than a decade of membership. As well, just over one-quarter of the respondents were managers in not-for-profit organizations (including government policy advisors), and about two-thirds were either university academics (55.9%) or other educators (11.8%). Only one student and one entrepreneur took part. We would have liked more members of all types to participate, so please add your voice to the others.

As stated, the most important reasons for being a member of CCSBE were connected to the annual conference, research, and to networking. The ranked assessments of each of the benefits of membership presented a fairly tight distribution. The annual conference (4.194 weighted average on a five-point scale), networking (4.135) and "promoting the cause of entrepreneurship nationally" (4.029) were the top three responses. The other five benefits ranged from a weighted average of 2.943, in the case of the CCSBE Newsletter, to 3.583, in the instance of the *Journal of Small Business and Entrepreneurship*. Similar value was attached to the linkages between CCSBE and the International Council for Small Business (at 3.568), the recently launched practitioner journal, *Small and Medium-Sized Enterprise and Entrepreneur (SMEE) Review* (at 3.235), and to the CCSBE website (at 3.000). This last item, however, will hopefully increase,

once the re-launched website gains traction with our members.

You overwhelmingly urged CCSBE to respond by meeting the needs of all of our relevant groups (academics & researchers, practitioners (consultants), government policy advisors, educators, and entrepreneurs). By contrast, less than one-quarter (22.2%) of our respondents chose academics & researchers as the primary focus, and only one-tenth or so (11.1%) proposed the needs of practitioners as the central concern of our organization. Moreover, a full 17 respondents took up the offer to deliver a message to the CCSBE Board of Directors. These messages were sprinkled with appreciation and encouragement, for which we are grateful. The main directive for improvement centered on the practical difficulties of responding to all of the needs of the disparate groups that are a part of CCSBE. For example, the wish was expressed for more practitioner-based research, while other comments underscored the credibility that surrounds good academic research. This result, an apparent contradiction, highlights the difficult balance that needs to be struck in order to increase the benefits to the varied groups who make up CCSBE— while maintaining the present group of interested academics. The “trick” is to identify and reinforce the benefits that accrue to each group, centred in networking and knowledge sharing (especially as it occurs at the annual conference, via the journals and, perhaps, through the new dedicated website). To be truly successful, therefore, growth must be balanced among our interested groups.

The work of the board at CCSBE is ongoing. The next few years will likely be decisive for the future of the organization. Any insight you can provide for improving CCSBE will be gratefully accepted. In the meantime, the thoughts that you provided remain on the minds of the Board of Directors. Our goal is to work tirelessly to find a balance within the activities and focuses of our organization. Our membership deserves nothing less.