

# British Columbia Food Processor's Reference Manual

Third Edition  
2005

**Prepared by:**

**British Columbia Ministry of Agriculture & Lands  
Victoria, BC**

**BC Food Processors Association**

**Great Food  Great Living**

**In cooperation with Small Scale Food Processor Association**

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# Introduction

Welcome to the **British Columbia Food Processor's Reference Manual**. This manual is intended to help both experienced and inexperienced British Columbia food processors by providing basic strategies to set up and maintain your business in British Columbia.

This manual provides contact information which helps make government agencies, other institutions, and companies involved in the food industry easily accessible. There are two appendices at the end of the document that list support services and addresses that you may need.

The design of the manual helps you flip to the section that suits your current needs. For example, if your business is already licensed and registered you may want to skip section 3 and move on to the next section that applies to your business' situation.

## **STAGES OF SETTING UP YOUR FOOD PROCESSING BUSINESS**

### ***Defining your business goals and implementation strategy:***

There are some basic steps to organizing your business, complying with government regulations, and marketing a safe, quality product. As an owner or manager, you need to know how to enter the market and build a good reputation with your product in the food industry. We suggest you start with preliminary market research that can identify your clients, competitors and your target market. It is important to develop a strategic business plan after evaluating the market information gained from your research. This document is usually an informal report written for internal use by your staff.

The strategic business plan should contain:

- an executive summary
- a company mission statement,
- your business' history and background,
- key objectives, corporate strategies and competitive strategies,
- detailed product and marketing information,
- financial information,
- information on your management and personnel, and
- any additional information important to your company.

(Please refer to Section 1 for more information on market research and strategic business planning.)

### ***Setting up your business structure:***

Your next step is to identify how you intend to organize your company. Today, businesses are organized in many different formats including:

- sole proprietorship,
- partnership,
- corporation, or
- co-operative (New Generation Co-operative or Traditional Co-operative).

If you have already established the organization of your business you may be looking for a joint venture or strategic alliance with another firm.

You need to properly register your company and obtain a business license from the Registrar of Companies. If applicable, you will also need to register your company for the Goods and Services Tax (GST) with Revenue Canada. (See Section 2 for more information.)

### ***Putting your business team together:***

If your business is not a sole proprietorship you may be considering hiring employees. Good human resource management can build a strong team that can lead to a successful business operation. The Employment Standards Branch at the Ministry of Labour and Citizens' Services can provide you with information (pamphlets, brochures) on proper recruitment procedures. As well, you can obtain a brochure on The British Columbia Employment Standards Act. As an employer, you need to know your rights and the rights of your employees. (See Section 3 for more information on human resources.)

### ***Insuring your business:***

Next, you need to protect yourself with the appropriate business insurance. It is sometimes advisable to consider obtaining a trade-mark or patent for your service or product. You need to know that the food industry is subject to many regulations by government agencies, and that you are responsible for complying with them. If you have any questions about the regulations pertaining to your product or process, contact the agency directly. (See Section 4 for a list of agencies and contact numbers)

### ***Protecting your customers:***

As a food processor, food safety is of paramount importance to ensure that you and your customers are protected. It is necessary to maintain a clean, sanitized processing facility. You should be aware that today's market often calls for an effective Hazard Analysis Critical Control Points (HAACP) system to be in place. HAACP-based programs are used to ensure product safety. Food safety includes having product recall procedures in place and knowing what health authorities to contact in the event of an emergency. (See Sections 5 and 9 for more information on HAACP design and food safety procedures.)

### ***Positioning your product in the marketplace:***

After you have established stringent safety protocols for the production of your product, it is time to look at marketing this product. The four P's of marketing include:

- Product
- Price
- Promotion
- Place (distribution)

All aspects of marketing are equally important for the survival of your business. Essentially marketing is a tool used to increase sales or market share. Packaging and labeling your product is closely linked with marketing as it is often used to entice the consumer to buy the product. However, labeling and packaging follow strict government regulations and you must verify that it complies with current regulations. (Section 9 discusses product development and Section 8 provides marketing information for food processors.)

### ***Financing your business***

All of the above steps can be very expensive for a business and you may find that you require additional financing for your organization. Always review your strategic business plan and re-evaluate the financial needs of the company. Raising financing can be a difficult process but there are some government agencies that may assist you. This manual provides some tips on how to secure financing for food processing businesses. (Please consult Section 13 for financial planning and contact information.)

## **Section 1 - Market Research and Strategic Business Planning**

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## The Starting Point

**M**arket research is extremely important for start-up companies and existing companies wanting to remain competitive. New companies need to build an information base to help them in developing objectives and strategies for the company. Existing businesses also need to review, set objectives and strategies and maintain up-to-date information on the industry, competitors, and customers.

Completed market research will help a company identify:

- the **market** in which they compete;
- the **consumers**, who they are and what they want; and
- the **competitors**, who they are and what they are doing.

Armed with this information, a company can design the objectives and strategies that are necessary for success.

Libraries, government departments, and business resource centres can provide a great deal of information. Some information may be the "gut feel" of the owner/manager. Another option is to hire a consultant to complete a round of primary research. Consultant-based research can be customized to give the owner/manager the exact information desired, but it can be expensive for a business. Before contracting out the research, it is important for the business to weigh the costs of doing the research internally.

Information will begin to pile up, as the research progresses. A good way to keep a handle on the information being collected is to use a research file.<sup>1</sup> Divide the file into sections to keep the information organized. Using the sections of a business plan as dividers will help keep the information in order. You can store your information on a hand-held device (e.g. palm pilot), desktop computer or in a binder.

A successful food processor/manufacturer will carefully position the company in the "food chain". Market research will include data regarding the access of the company to the consumer<sup>2</sup>, institutional<sup>3</sup> and international markets. Data regarding delivery, marketing and distribution costs will be important to pricing and operations. It may be necessary for market research to include several levels of the food chain, i.e. to supply the caterers, wholesalers, and retail dealers.

British Columbia has a substantial travel and tourist industry in the form of major international airports, cruise lines and ferries, as well as hotels. Food processors may find an excellent local market in this area for specific products.

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<sup>1</sup> *Starting a Home-Based Business: A Manual for Success*. BC Ministry of Competition, Science and Enterprise and Western Economic Diversification Canada, June 2002. p.20.

<sup>2</sup> (Booklet) *How to Sell to Grocery Retailers in British Columbia*, Ministry of Agriculture, Food and Fisheries, Province of British Columbia. 1996.

<sup>3</sup> (Booklet) *Selling to the Institutional Marketplace in British Columbia*, Ministry of Agriculture and Food, Province of British Columbia. 1996.

## Researching the Industry

**R**esearching the industry provides the owner/manager with an understanding of how the overall industry works. It will highlight trends, important players, competitors and customers.

Information on an industry comes from three main sources:

- published data;
- interviews; and
- attending industry events (information sessions, tradeshow).

A company should begin by collecting all the published information available. This will allow the company to build a base of knowledge before attempting to contact anyone directly in the industry. The starting point should be with the industry or trade associations such as the Small Scale Food Processor Association, BC Food Processors Association, and BC Chef's Association.

Trade organizations can usually provide:

- a list of participants;
- leads on published information;
- general impressions of how the industry functions;
- key factors for company success; and
- important industry trends.

Industry associations are more likely to help members than non-members. Existing companies may want to look into joining the association (there are many benefits beyond gathering information). An introduction from a member may be useful in gaining the association's cooperation for new, non-member companies. For a list of further associations, visit the Ministry of Agriculture and Lands website at: <http://www.agf.gov.bc.ca/foodprocessing/contacts.htm> or see Appendix B, page B-9.)

Public and university libraries, the British Columbia Ministry of Agriculture and Lands, Industry Canada, Agriculture and Agri-Food Canada's Research and Market and Industry Services Branch, business resource centres, research organizations such as the British Columbia Institute of Technology and the University of British Columbia, as well as consulting firms, can also help a company with its information search. A wide range of internet web sites and discussion groups can also be a good source of information. For instance, **InfoBasket** ([infobasket.gov.bc.ca](http://infobasket.gov.bc.ca)), is a centralized source of information on agri-food, production and processing, business management and finance, marketing and trade, regulations and legislation, directories, contacts, statistics and market data.

With the background information from the industry associations, the owner/manager can narrow the topics for the search.

All of the organizations specializing in information can help the owner/manager complete a narrower search for more specific information. This information may include:

- industry profiles and studies;
- annual reports of publicly held participants;
- articles and newspaper clippings on the industry or participants;
- company directories;
- company documents;
- trade magazines; and
- Statistics Canada information.

The government publication section of the library is a good place to start. Here, one can look to see if any reports have already been done on the industry in question or look at specific market information, such as food consumption habits, consumer price indexes, or income groups. This type of information will help the processor determine potential target markets or product demand. Libraries specializing in government publications include:

**University of British Columbia  
Library**

1958 Main Mall  
Vancouver, BC V6T 1Z1  
Phone: (604) 822-6375  
Fax: (604) 822-3893  
<http://www.library.ubc.ca>

**British Columbia Institute of  
Technology - Library**

3700 Willingdon Avenue  
Burnaby, BC V5G 3H2  
Phone: (604) 432-8370  
Fax: (604) 430-5443  
<http://www.lib.bcit.ca>

**Greater Victoria Public Library**

735 Broughton Street  
Victoria, BC V8W 3H2  
Phone: (250) 382-7241  
Fax: (250) 382-7125  
<http://www.gvpl.ca>

Publication pages can be photocopied on the premises for a small fee and librarians are available to assist in searching for information.

The Vancouver Public Library provides comprehensive access to trade information, trade magazines and data banks. For a nominal hourly fee, a research librarian will seek out selected information (**Info Action**). This service can save time and can be more economical than an individual conducting library searches.

**Vancouver Public Library**

Library Square  
350 West Georgia Street  
Vancouver, BC V6B 6B1  
Phone: (604) 331-3603  
Info Action: (604) 331-3613  
Fax: (604) 331-3800  
<http://www.vpl.ca>

National Research Council's Canada Institute for Scientific & Technical Information (CISTI) is a world-class information resource for scientific, technical, medical and agricultural books, journal articles, conference papers and reports.

Through CISTI's Document Delivery service, you can access CISTI's collection and the Canadian Agriculture Library (CAL) which is the single most important library in agriculture and food in Canada.

### **Canada Institute for Scientific & Technical Information (CISTI)**

National Research Council (NRC)  
Building M-55, 1200 Montreal Road  
Ottawa, Ontario  
K1A 0R6  
Phone: (613) 998-8544  
Toll free: 1-800-668-1222  
Fax: (613) 993-7619  
info.cisti@nrc-cnrc.gc.ca  
<http://cisti-icist.nrc-cnrc.gc.ca/>

### **Statistics Canada Publications**

Advisory Services  
Suite 600-300 West Georgia Street  
Vancouver, BC V6B 6C7  
Phone: (604) 666-3691  
Fax: (604) 666-4863  
Toll free: 1-800-263-1136  
Online catalogue: <http://www.statcan.ca/english/services/>

- This department provides an indexed, online catalogue called "Internet Publications" where publications are either free or sold at a discounted price. In addition, it will provide research services for a minimum fee of \$60. Photocopying and faxing services are provided for a minimum fee of \$40.

### **InfoBasket**

#### **British Columbia Ministry of Agriculture and Lands**

Location: 808 Douglas Street

Mailing Address:  
PO Box 9120, Stn Prov Govt  
Victoria, BC V8W 9B4  
Phone: (250) 356-5815?  
Fax: (250) 356-2949

**InfoBasket:** <http://www.infobasket.gov.bc.ca>

- InfoBasket, the Ministry of Agriculture and Lands' award-winning e-service portal, acts as a one-stop shop for agri-food information on the internet. It is organized to assist producers and processors to access a range of information for their business.

### **Canada/B.C. Agri-Food Marketing Centre**

Suite 2000-300 West Georgia Street (21<sup>st</sup> floor)  
Vancouver, BC V6B 6E1  
Phone: (604) 666-5259  
Fax: (604) 666-3977  
[http://www.agr.ca/progser/index\\_e.phtml](http://www.agr.ca/progser/index_e.phtml)

- This centre is a combined Federal-Provincial initiative to assist in the development of food marketing and provides access to **FoodNet**.

### **Agriculture and Agri-Food Canada**

420-4321 Still Creek Dr  
Burnaby V5C 6S7  
Phone: (604) 666-6344  
Fax: (604) 666-7235  
<http://www.agr.gc.ca>

- **Agri-Web Canada** <http://www.agr.gc.ca/agriweb>, a national directory of Canadian agriculture and agri-food information resources, may also be a useful source of information.

Trade journals, business directories, industry profiles, customer databases, regulatory guidelines, and market studies are also excellent sources for consumer preferences.

The following libraries contain these sources of information:

### **Small Business BC**

601 West Cordova Street  
Vancouver, BC V6B 1G1  
Inquiry: (604) 775-5525  
Trade & Markets Centre Fax: (604) 775-5520  
Toll Free: 1-800-667-2272  
Email: [askus@smallbusinessbc.ca](mailto:askus@smallbusinessbc.ca)  
<http://www.smallbusinessbc.ca>

- **Small Business BC** maintains an extensive research library of information for starting businesses, including information on business organization, marketing, registration, financing and exporting.

### **Industry Canada - Strategis**

Toll Free: 1-800-328-6189 (Canada)  
Toll Free Hearing Impaired only TTY: 1-866-694-8389  
Email: [strategis@ic.gc.ca](mailto:strategis@ic.gc.ca)  
<http://strategis.ic.gc.ca/>

- Strategis, a division of Industry Canada, is Canada's business and consumer site. It maintains information on researching markets, exports, trade, financing and business support. In addition, it contains an online, searchable database of over 50,000 Canadian companies and profiles called **Canadian Company Capabilities**. The database can be found at the Strategis website (listed above) under "Company Directories."

### **Food Information Service**

**UBC**  
6640 NW Marine Dr.  
Vancouver, BC V6T 1Z4

**BCIT**  
3700 Willingdon Ave.  
Burnaby, BC V5G 3H2

Phone: (604) 822-4100  
Fax: (604) 822-3959  
<http://www.fis.agsci.ubc.ca>

Phone: (604) 432-8320  
Fax: (604) 434-6986  
<http://www.fis.agsci.ubc.ca>

- The **Food Information Service (FIS)** provides product and process development services by food science professionals at UBC and BCIT. The FIS also offers access to facilities, equipment and local pilot plants.

To facilitate the search for new information, it's a good idea to obtain as much background information as possible before contacting an organization for assistance. Making a list of key words that describe the industry, the participants, and the topic in question will help those who are doing the searches to provide the company with the most relevant information. The librarian or researcher uses these key words to search databases and indexes for articles and pieces of information that are relevant. Key words can include (but are not limited to):

- company names;
- industries;
- products;
- topics;
- individuals;
- locations; or
- type of target market.

When going through the information that has been gathered, take notes and make sure to reference them. Take photocopies of those most relevant. This will decrease the need for rereading and avoid the frustration of trying to find where a piece of information came from. Look through each published source for references to other published sources and names of people for interviews.

Once the owner/manager has a basic understanding of published information, he or she can begin gathering information from the field. Field research can provide more specific information than published sources.

The following are some points to consider when dealing with **field interviews**:

- **Preparation** - make an outline of what information you are seeking.
- **Contacts** - when possible, contact the potential sources by telephone first to set up a meeting.
- **Lead Time** - a great deal of lead time is required; this is not a quick process.
- **Quid Pro Quo** - an offer to share observations or summaries of results may be required to gather information.
- **Affiliations** - state the identity of the company doing the research and alert the interviewee that the information may be used to his or her detriment.

- **Perseverance** - uncooperative or unenthusiastic interviewees will become more enthusiastic once the interview is underway.
- **Credibility** - the background research already completed will allow the owner/manager to display knowledge of the business early in the interview.
- **Teamwork** - use two interviewers: one to ask questions, one to take notes.
- **Questions** - should be unbiased and should not guide the answers.
- **Notes** - taking notes will ensure that nothing is overlooked or forgotten.
- **Relationships** - making the interaction personal will help the interviewer build a relationship which may be useful in the future.
- **Informal Versus Formal Interviews** - informal interviews (lunch, plant tours, etc.) may provide more interesting information because the individual is often relaxed.
- **Sensitive Data** - state explicitly at the beginning of the interview that the researcher is not asking for proprietary data but rather impressions about the industry.
- **Pursuing Leads** - ask for names of other people to talk to, publications to refer to, or conventions/trade shows to attend.
- **Phone Interviews** - these are productive late in the study when the questions can be highly focused. They work best with suppliers, customers, distributors, and other third party sources.

A key to the success of an interview is preparation. The researcher should have an outline of what information is being sought and some basic background knowledge about the company being interviewed.

Make a list of trends that have been uncovered, both positive and negative. As well, try to establish who competes in the industry and for which customers. This can help a company identify who to watch out for and identify its own standing in the industry.

# Researching the Business Environment

Once an industry is defined, a company has the basis for completing the rest of its market research. The first step is to complete an **external analysis**. This will include identifying the opportunities and threats facing an industry.

## Opportunities and Threats

The five areas that should be addressed when considering opportunities and threats are:

- Competition (In this chapter, please see p.1-19)
- Political and Regulatory Forces;
- Economic Forces;
- Social Forces; and
- Technological Forces.

Identifying **opportunities** and **threats** are the main goals of an external analysis. This can be done using brainstorming sessions. **Brainstorming** involves having a group of people come up with as many ideas as possible. It is a free flow of ideas. This research can be done within a company by using its own employees or with a group of people knowledgeable about the industry. A few rules to observe when brainstorming are:

- Review the business situation in each of the above five areas.
- One person should record all the ideas on a chart so that everyone can see them.
- No idea is a bad idea. Every idea should be recorded as it may spark another idea in someone else.
- There should be no criticism during this process. Criticism is the quickest way to stifle creativity.

### Identifying Opportunities

- Brainstorm a list of opportunities facing the company. Keep in mind the five types of forces affecting the company.
- Go through the list and identify those that are most likely to occur. Place these in a new list.
- Identify the opportunities that the company can truly take advantage of, using the revised list. Prioritize these opportunities.
- A company should focus on and try to capitalize on this final list of prioritized opportunities.

### Identifying Threats

- Follow the same process as with opportunities.
- Brainstorm a list of threats facing the company. Keep in mind the five types of forces affecting the company.
- Go through the list and identify those that are most likely to occur and create a new list.

- From the revised list, identify those that will most likely affect the company. Prioritize these threats.
- Focus on this list and build into the company ways to overcome or minimize the threats.

Opportunities and threats are constantly changing and should be monitored. New ones will arise and some that seem imminent will fade away. Therefore, this process should be completed annually.

## Researching the Customer's Needs

**A** company must know and understand its customers so that it can design a successful product based on the customer's needs and wants. As well, strategies and programs designed for pricing, promotion, and distribution are only successful if the company has a strong knowledge of its customer.

A **customer analysis** may include expert advice, literature reviews of existing information, and surveys to gather new information. A thorough customer analysis can be time consuming. Consultants can quickly gather this information, but they are more costly. Various forms of funding may be available to help cover costs. This depends on the type and degree of analysis required. (Please see section 13 for financial planning information.)

### Gathering Information

Places to start include the library and the internet. A great deal of research has already been collected on various types of consumers. This information may not be 100 percent relevant, but it can help focus a company's efforts. As with researching an industry, the more background information collected, the easier it is to focus the search.

A list of key words can be a great help when completing on-line searches or secondary research with research organizations. This research can highlight demographics, location of markets, and studies done in the past on various trends. This information can guide a company in developing their own study including identifying the population from which to choose a sample for a survey.

The next step is to conduct primary research. Methods for primary research include:

- talking to customers;
- talking to suppliers;
- interviews (phone, in-person);
- focus groups;
- surveys (mail, phone, in-person);
- attending industry events and tradeshow;
- meeting with consultants, advisors, or mentors; or
- hiring students to complete surveys.

### Student Projects and Research

Another source for information is research conducted by students at local universities and colleges. Students may have completed research in areas applicable to your target market, and as such, may be able to provide you with important findings relevant to your business. For further information, please consult the following:

UBC Sauder School of Business  
2053 Main Mall  
Vancouver, BC V6T 1Z2  
Phone: (604) 822-8500  
Fax: (604) 822-8521  
<http://www.sauder.ubc.ca>

SFU Business  
<http://www.sfubusiness.ca>

University of Victoria Business  
<http://www.business.uvic.ca/>

### **Attending Industry Events and Tradeshows**

Attending events or tradeshows can allow you to gain firsthand information and insight from others in your industry. For an idea of when events are set to take place, consult the calendar of trade events at the following sources:

Agri-Food Trade Service (Agriculture and Agri-Food Canada)  
<http://www.atn-riae.agr.ca>

InfoBasket (Ministry of Agriculture and Lands)  
<http://www.infobasket.gov.bc.ca>

BC Food Processors Association  
<http://www.bcfpa.ca/events.html>

Small Scale Food Processor Association  
<http://www.ssfpa.net>

### **Interviews**

Interviews are more structured and specific discussions that can be done in-person or by phone. Although one advantage of interviewing is the ability to change the focus of the interview quickly, this tends to be overall a time-consuming and expensive form of market research.

### **Focus Groups**

A **focus group** is a group of seven to twelve people discussing a particular topic in a semi-formal environment. It could be a group of consumers discussing their needs for convenience foods or whether or not they like a new flavour. It could also be a group of technical experts discussing new ways of processing a certain ingredient.

The discussion in a focus group should be guided by a facilitator to ensure that it stays focused in the correct areas. It is a good idea to use two interviewers to facilitate a focus group. One person poses the questions and keeps the conversation on track while the other interviewer records the information. Be sure to advise the participants in the group that the information is being recorded.

## Surveys

**Surveys** are the most restrictive form of market research, but they can reach a large **sample** of the population and provide information that can be statistically analyzed. There are many different types of questions that can be used in a survey but they generally fall into two groups. The two basic groups of questions are:

- **Open-Ended Questions:** The respondent is allowed to answer in any way they choose.
- **Closed Questions:** The respondent is given a limited list of answers to choose from.

**Open Ended Question:**

*What improvements would you make to these new chocolate chip cookies?*

**Closed Question:**

*How would you rate these cookies?*

- Very Delicious*
- Delicious*
- Good*
- Poor*
- Terrible*

A good survey has a balance of both types of questions. It must be straightforward and easy to follow. People have enough interruptions in their day, and a good survey makes it easy for them to participate.

Wording is critical in survey questions. A question can lead a respondent to give a particular answer, so neutral wording is important. It is a good idea to test the survey questions with small focus groups prior to a larger survey.

Participants should be randomly selected from a specific population. A random selection provides more accurate, non-biased results that more closely match the population. Another option is to select people in a mall or store. Of course, it is good practice to clear these activities with the manager of the mall or store first.

The following page provides you with a sample survey:

### **A sample test survey**<sup>4</sup>

1. Take a sample of your product or a description of your services to at least 20 people whom you can trust to be objective.
2. What are their first reactions? If most of them like the product idea, respond positively, and say something like, "Wow, why didn't I think of that?", you are probably on the right track.
3. Interview or survey the people in your sample to get the information you need. Ask the same questions in the same way to each person you interview; this makes your survey results more reliable. The kinds of questions to ask are:

<sup>4</sup> (Book) Adapted from *Starting a Home-Based Business: A Manual for Success*. British Columbia Ministry of Competition, Science and Enterprise and Western Economic Diversification Canada, June 2002, p.34.

- Would you definitely, maybe, or not buy this product/service?
  - Would you be more likely to buy it if something about it was changed? What might make you more likely to buy it?
  - Currently, do you buy something similar? Are you satisfied with it? Do you experience any problems with it?
  - How much do you pay for the comparable product/service?
  - How much would you pay for this product/service?
  - How many times a year would you buy it?
  - Would you buy this product/service if it was sold in the way being considered (e.g. on a local grocery shelf, at a fair, by mail order)?
4. Ask the people you interview for demographic information – i.e. age group, occupation, marital status, where they live, education and income level – so that later you can complete a profile of your most potential customers.
  5. Take all your information and organize it so you can see the general picture. Across from each of your questions, you will have a range of information. Add up the number of YES/NO answers. Organize number information (e.g. the price people would pay) from lowest to highest – this is called the range or spread.
    - You want to know what price you can charge, whether that price will provide a profit, and whether or not the idea is worth pursuing.
    - Take the spread of answers about how much your possible customers would pay. Drop the top 10% and the bottom 10% and average the remaining responses. This gives a rough idea of what potential customers think your product is worth, as well as a possible price range marked by the lowest and highest prices.
  6. Once you have a price range set, you have to figure out total costs of getting the product to the buyer. These include costs such as advertising, warehousing and transportation, administration, interest, and salaries. Compare those costs with the information you have gained about the market through your test market survey.
  7. At this point, you can decide whether or not a product or service is worth pursuing further. If it is, the next steps of the test market are worth finishing.
  8. You need to determine how many people might buy your product or service – what the sales volume might be. Go back to the “Would you buy this product or service?” responses.
    - Take all of the “definitely” and half of the “maybes,” and average these two numbers.
    - 65% is Okay; 85% or over is Great
    - You have a small fighting chance, if the number is over half (50%) of the total number of people surveyed.

If the number is under 50%, the recommendation is to forget it – for that product or service, and for the target audience represented in your survey.

This may not mean starting over. Consider whether the group of people you surveyed represents the market that you plan to target. If you have a certain target market in mind, make sure your target market survey is representative of that group.

Throughout your survey activity, it is important to document all your results for future reference. Documenting your results allows you to keep track of your research. You will also want to respect any personal/private information you collect from survey participants by not circulating it without their consent.

## **Samples**

One of the most difficult parts of completing primary research is identifying the sample. The sample is the group of individuals or companies that are to be interviewed or surveyed.

When defining a sample, one needs to choose the population from which the sample is drawn. Once the broad population is decided upon, the sample can be drawn. Some example populations of interest include:

- all businesses in British Columbia,
- only small and medium sized businesses In British Columbia,
- everyone over the age of 20 in British Columbia,
- people over 20 in the Lower Mainland, and
- anyone working in western Canada.

To ensure that a sample, and therefore the results of the survey, are statistically correct, the appropriate sample size must be calculated. The sample size depends on the size of the population, the level of confidence, and the sampling error. Most studies expect a 90 to 95 percent confidence level in the accuracy of the results, and a 5-10 percent sampling error.

Calculating sample size by hand is a tedious process. The easiest way is to contact a market research firm. Their software can immediately calculate the required sample size.

One must estimate how large the population is, in order to define the sample size. The population may be limited by the amount of information that can be gathered. If the sample is being chosen from a list of directories of companies in British Columbia, for example, the population is the total businesses listed in all the directories used.

The required sample size is the number of responses that are required, not the number of contacts made. When considering a mail survey, keep in mind that the average response rate is around 40 percent. Therefore, at least 250 questionnaires will have to be sent out, in order to have a sample size of 100. When conducting telephone interviews, the response rate increases to approximately 60 percent. Personal interviews may have an even higher response rate.

Directories can be found for almost all types of populations. A selection of various directories may be needed to reach a specific population, for example, all of the retail businesses in British Columbia. Examples of directories include Scott's Directories, Henderson and Dun & Bradstreet. Libraries, consulting and research firms can also help define samples.

## Consumer Research

Effective consumer research uses a combination of ways to collect information. One must keep in mind that when someone states a desire for a product or service, this cannot be directly translated into future purchases. However, the information is a good guide to determine consumer needs and benefits desired. Consumer research cannot answer all questions, and so the research should be designed to answer the need-to-know questions first. This can be time consuming and professional advice or assistance is recommended.

Some of the common questions that should be answered by researching the customer include:<sup>5</sup>

1. Who are you going to sell to?
2. What key characteristics of your market support your expectation of sales? These could be known buying patterns, economic trends affecting consumer spending, and consistent demand for similar products or services.
3. Where is the market? What is its geographical distribution? Will this affect transportation costs?
4. What is the market size? How many customers are in the region in which you plan to market your product or service? What sales volumes of these products or services does the region already support?
5. Is the market growing? Changing fast? Stable? Is it at a certain point in a standard cycle?
6. What is the total value of the market for products or services similar to yours?
7. What share of that market or those sales can you expect to get?
8. What are the special features or benefits of your product or service?
9. Which products and services is the market interested in?
10. Why is it interested in these goods or services? (Is the demand part of a wider demographic trend, like “baby boom,” or a luxury that is likely to disappear if there is a downturn in the economy?)
11. Who makes purchasing decisions (in some cases, this is not the same as the purchaser)?
12. What price is the market willing to pay?
13. How frequently will the market buy?
14. What does competition in the market look like at this time?
15. How will you provide the market with information about your product or services?
16. What expansion possibilities exist?

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<sup>5</sup> Adapted from *Starting a Home-Based Business: A Manual for Success*. British Columbia Ministry of Competition, Science and Enterprise and Western Economic Diversification Canada, June 2002, p.40

## Researching the Competition

**T**he competitors in an industry must be identified and analyzed so a company knows what it needs to compete.

Steps for conducting a **competitive analysis** are:

- Define the target market.
- Identify direct and indirect competitors.
- Secure competitive information.

A company's competition is defined by the customer. Companies are considered to be in competition if a consumer perceives them to be competing.

**Direct competitors** are companies that stand to gain or lose market share as a direct result of a company's actions.

**Indirect competitors** supply substitute products or services that can affect a company's demand.

To conduct a competitive analysis, a list of both direct and indirect competitors should be compiled. This list should then be filled in with as much information on each of the competitors as possible.

Competitive information can be collected from various sources:

- industry events, tradeshows;
- newspapers;
- annual reports;
- speeches given by directors from the competition;
- patent searches;
- competitor's promotional material;
- tours of competitive plants;
- common customers and suppliers

To develop an overview of the competition, go through the following eight points:

1. Develop a list of main competitors. This list started during the industry analysis. The customer analysis may have identified new competitors not previously considered.
2. In what areas has the competition succeeded and in what areas has it failed? Compare your company's major strengths and weaknesses to those of your competitors.
3. What are customers and sales people saying about the competition?

4. Invite customer input by providing a contact address or phone number. This may tap into the company's weaknesses and may also gauge what additional goods and services the competition is offering.
5. Send employees to assess the competition by visiting their stores, checking prices, and checking on the number of customers visiting the store or buying the product.
6. Is there a threat of new competition in the marketplace? Have sales suddenly dropped dramatically because customers have heard of potentially better goods or services offered by the competition?
7. To whom is the competition selling? Which stores are stocking the competition's goods? Does the competition have more reductions or price cuts?
8. At trade shows, is the competition selling more or less than your company? Are more people interested in the competition's booth?

All of this can provide a company with information on the competitors' products and strategies. This can help a company set objectives and strategies that differentiate itself and better meet the customer's needs.

## International Research

**M**any companies are moving beyond their domestic market to exporting. The United States and Asia are common destinations for BC food products. Wherever the product is going, information must be gathered on the market.

As with domestic research, it is best to begin broadly and then focus the information search. The company needs to understand the industry it will be competing in, the competitors it will be competing against, and the customers it will be targeting.

An excellent source of information on foreign markets, exporting techniques and export financing is the Agri-Food Trade Service:

Contact:

**Agri-Food Trade Service**

Agriculture and Agri-Food Canada  
Suite 420, 4321 Still Creek Drive  
Burnaby, BC V5C 6S7  
Phone: (604) 666-6344  
Fax: (604) 666-7235  
Email: [atsbc@agr.gc.ca](mailto:atsbc@agr.gc.ca)  
<http://atn-riae.agr.ca/>

Other useful sources include:

**Canada/B.C. Agri-Food Marketing Centre**

2000-300 West Georgia Street  
Vancouver, BC V6B 6E1  
Phone: (604) 666-5259  
Fax: (604) 666-3977  
[http://www.agr.gc.ca/progser/index\\_e.phtml](http://www.agr.gc.ca/progser/index_e.phtml)

**Ministry of Economic Development**

Marketing, Investment and Trade Division  
730-999 Canada Place  
Vancouver, BC V6C 3E1  
Phone: (604) 844-1900  
Fax: (604) 844-1925  
<http://www.gov.bc.ca/ecdev>

7<sup>th</sup> Floor, 1810 Blanshard Street  
Victoria, BC V8W 9N3  
Phone: (250) 952-0606  
Fax: (250) 952-0625

**Export Development Canada**

Suite 1030-505 Burrard Street  
Box 58 Vancouver, BC V7X 1M5  
Phone: (604) 638-6950  
Fax: (604) 638-6955  
Toll Free: 1-800-529-7323  
<http://www.edc.ca/>

As well, Industry Canada is a good source for information on export techniques, foreign market information, and utilizing Canadian consulates located throughout the world.  
Contact:

**Industry Canada**

International Trade Centre  
2000-300 West Georgia Street  
Vancouver, BC V6B 6E1  
Phone: (604) 666-5000  
Fax: (604) 666-8330  
<http://www.ic.gc.ca>

**International Trade Canada**

Trade Commissioner Service  
Suite 2000, 300 West Georgia Street  
Vancouver, BC V6B 6E1  
Tel: (604) 666-0434  
Fax: (604) 666-0954  
E-mail: [itc-vancouver@ic.gc.ca](mailto:itc-vancouver@ic.gc.ca)  
<http://www.infoexport.gc.ca>

Surveys and interviews provide another challenge. Language and social barriers are everywhere. Some problems that can arise are:<sup>6</sup>

- **Translation:** Not all English words exist in other languages, or may take on undesirable connotations when translated.
- **Language:** A country may have one official language but five to ten dialects.
- **Sex:** In Muslim countries, a woman cannot speak to male interviewers without her husband present and in many countries, women cannot work as interviewers.
- **Household:** In many countries, the household includes grandparents, aunts and uncles.
- **Education:** Literacy and differences in thought patterns affect responses.

There is no easy way to get around these problems. The best way to begin exporting is to co-operate with a firm specializing in foreign markets of interest. It is often difficult and expensive for a small company to operate directly in a foreign country unless they have prior knowledge of distribution networks and contacts. If the services of a research firm are required to obtain specific information, it is advisable to retain a firm that is local to the market.

British Columbia has a rich supply of recent immigrants who have personal familiarity with the languages and customs of many of our foreign customers. After training in the company's business in Canada, such employees can make a vital contribution to understanding how to deal with foreign markets.

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<sup>6</sup> (Book) Hiam, Alexander and Schewe, Charles D. *The Portable MBA in Marketing, 2<sup>nd</sup> Ed.* John Wiley & Sons, Inc.: New York, NY.1998. P. 125

One thing is certain, the more information that can be gathered about a market, the better the chances of success.

# Strategic Business Plans

It is important to conduct a formal planning process and compile the results into a business plan. The business plan becomes a valuable tool that will greatly improve a company's chance of success. A formal plan should be written in the beginning stages of the company, but should also be reviewed, revised, and updated yearly. An ongoing plan will assist business owners in identifying the future direction of the operations.

The strategic business plan is an internal document and may never be seen by someone outside the company. With minor adjustments, it can be used as a financial plan (See Section 13 for Financial Planning). The plan should be updated regularly, to ensure it remains relevant over time. In this case, the planning process is more important than the final plan. A strategic business plan should contain all the elements of a financial business plan, except that the strategic business plan will contain much more detailed marketing and product information.

The following is a detailed listing of the sections that must be included in a strategic business plan. It highlights the specific topics that must be discussed in each section of your report.

## **STRATEGIC BUSINESS PLAN - SECTIONS**

1. Executive Summary (usually 1 or 2 pages in length)
  - Purpose
  - Brief Descriptions of Products and Markets
  - Experience and Expertise
  - Financial Highlights
  - Required Financing and Why
2. Table of Contents
3. Mission Statement of Your Company
4. Business History
  - Date of Incorporation
  - Present Shareholders
  - Financial Highlights
  - Significant Past Successes
  - Present Financing
  - Security Given to Lenders
5. Key Objectives, Corporate Strategies, and Competitive Strategies
6. Product or Service
  - Description

- How it Works
- Unique Features
- Product Advantages
- Current Status
- Life Span
- Patent Protection
- Government Approvals or Industry Standards
- Future Product Plans
- Research and Development Policies
- Product Profitability (including product income statements)

7. Markets and Marketing - SWOT (Strengths, Weaknesses, Opportunities and Threats)

- Environmental Analysis
  - Opportunities and Threats
  - Trends in the Industry
- Customer Identification and Analysis (segmentation)
  - Identify Various Target Markets
    1. Who Are They?
    2. What Are They Looking For? (needs and benefits sought)
  - Size of the Market
  - Market Growth
- Competitor Identification and Analysis
  - Who Are They?
  - Products & Services
  - Strengths & Weaknesses
  - Estimated Sales Volume
  - Prices
  - Distribution System
  - Advertising & Promotion Tactics
  - Major Customers
- Internal Analysis
  - Benefits to the Users of Your Product
  - Specific Customers Desired
  - Specific Product Modifications
- Strengths & Weaknesses and How They Impact on Meeting Customer Needs and Developing a Competitive Advantage

8. Markets and Marketing - Strategies, Marketing Mix, Action Plans

- Pricing
  - Price vs. Quality Sensitivity
  - Pricing Strategy
  - After-Sales Services
- Distribution
  - Delivery Process
  - Cost

- Promotion
  - Advertising
  - Promotion Activities

9. Management and Personnel

10. Financial Information

- Key Forecasting Assumptions
- Summary of Key Financial Data
- Timetable and Resources
- Repayment Plan

11. Risks and Rewards

- Identify Risks
- Action(s) to Overcome or Minimize
- Return on Investment
- Timetables and Benchmarks

12. Appendices

- Glossary of Terms Used
- Organizational Charts
- Resumes of Key Managers
- Patent Details
- Financial Forecasts and Projections including:
  - statements of operations
  - statements of changes in financial position
  - balance sheets, cash flow
  - key assumptions

13. Additional Information

- Latest Financial Statements
- Financial Statements for up to the five previous years, if applicable
- Latest Audited Financial Statements
- Product Literature and Technical Specifications
- Market Surveys
- Third-Party Confirmations, if applicable

## Additional References

Aaker, David A. *Developing Business Strategies*, 6<sup>th</sup> ed. Indianapolis, IN: Wiley Publishing, 2001.

Bangs, David H. *The Business Planning Guide*, 9<sup>th</sup> ed. Chicago, IL: Dearborn Trade, 2002.

Birn, Robert J. *The Effective Use of Market Research: How to Drive and Focus Better Business Decisions*, 4<sup>th</sup> ed. Kogan Page, 2004.

Hague, Paul et al. *Market Research in Practice: A Guide to the Basics (Market Research in Practice)*. Kogan Page, 2004.

Kantz, Gerhard. *Developing International Markets: Shaping Your Global Presence*. Central Point, Oregon: Oasis Press, 1998.

Keever, Mike. *How to Write a Business Plan*, 6<sup>th</sup> ed. Berkeley, CA. Nolo Press, 2002.

### **Web:**

Interactive Business Planner

<http://www.cbsc.org/ibp>

BC Stats – contains community profiles and census information

<http://www.bcstats.gov.bc.ca>

Sample Business Plans

<http://www.bplans.com>

Small Business BC - Business Planning

<http://www.smallbusinessbc.ca/bizstart-bPlanning.php>

Small Business Owner Tool Guide

<http://www.wd.gc.ca/tools>

## Market Research and Strategic Business Planning Checklist

- Set up a central location such as a research binder to file my research information.*
- Contact industry associations for information.*
- Make a list of library and information services that I will contact.*
- Design a list of key words for my product and industry.*
- List 10 people I want to talk to in the industry and set up interviews.*
- List 5 opportunities and 5 threats facing my company.*
- Prepare an outline to guide my discussions during interviews.*
- List 10 major customers and begin gathering information on them.*
- Design my test survey and interview 20 people.*
- List my 10 closest competitors and begin gathering information on them.*
- Develop a strategic business plan.*

## **Section 2 - Organizing Your Business**

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## NOTE:

The following section on organizing a business may not initially seem important. Nonetheless, the activities in this section are as vital to the success of the business as developing a new product or making the first sale. Various questions must be addressed during the start of a new business to avoid potential problems in the future. Some of these questions are:

- What form will the business take - one person, partners, a corporation or a co-operative?
- What are the pros and cons of proprietorships, partnerships, corporations and co-operatives?
- Should I consider a strategic alliance or joint venture for my business?
- Is the name chosen for the new business already being used by someone else?
- Where do you go to register a name for a business?
- Have the applications been made for all the appropriate business licences?
- Has the business applied for a Business Number?

These and many more questions are answered in this section.

The different topics in Section 2 are all according to the tax laws as of June, 2003 . The reader is advised to seek professional advice and to refer to current and local laws.

## Forms of Businesses

**T**here are four main forms that a business can take:

- sole proprietorship (1 owner);
- partnership (2 or more owners);
- corporation (1 or more owners; a corporation is a separate legal entity); and
- co-operative form of corporation.

There are advantages and disadvantages to consider with each type.<sup>1</sup> It is advisable to consult with a tax lawyer to find the most advantageous form for your business.

### Sole Proprietorship

A **sole proprietorship** is one owner in business for him or herself. This person assumes all responsibilities, all profits or losses, and is in complete control of the business. The sole proprietorship may or may not have employees. This is the simplest way to set up a business.

A sole proprietor has **unlimited liability**. This means that debts incurred by the business can be collected from both the business' assets and the proprietor's personal assets (including his or her house and personal savings).

This type of business comes under provincial jurisdiction. If the proprietor chooses to carry on a business under a name other than his or her own, the name must be registered with the province. For example, John Doe can carry on a business under the name "John Doe" without registering the name. If John wants to change the name to John Doe Pancakes, then he must register the name. Registration or renewal of registration expires after three years.

Profits of the proprietorship are taxed as part of the owner's personal income tax at rates up to 50 percent. The advantage to this is that business losses can be deducted from "other income" on the proprietor's personal income tax return. Therefore, this can reduce the amount of tax paid. Once the business is showing a considerable profit, it may be beneficial to incorporate, as **corporations** enjoy lower tax rates.

#### Advantages

- low start-up costs;
- greatest freedom from regulation;
- owner in direct control of decision making;
- minimal working capital required;
- tax advantages to owner;
- business losses can be deducted from other income; and
- wages paid to a spouse are deductible from the income of the business.

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<sup>1</sup> Small Business BC. *Proprietor/Partnership vs. Incorporation?* Available online at: <http://www.smallbusinessbc.ca/bizstart-prop.php>

## **Disadvantages**

- unlimited personal liability;
- lack of continuity in business in the absence/death of the owner;
- difficulty of raising capital, as lending agencies are reluctant to lend money to one person;
- narrow management base;
- no name protection;
- few or no fringe benefits, such as medical or dental coverage; and
- difficult to sell the business.

## Partnership

A **partnership** is made up of two or more people in business together. There are two main types of partnerships:

- **General Partnership:** All members take part in the management and control of the business. Partners are jointly and individually liable for debts and obligations of the partnership.
- **Limited Partnership:** Under this agreement, some members are general partners who control and manage the business, while others are limited partners. Limited partners take no part in the control or management and therefore are liable only for the amount of their investment. Therefore, some partners have unlimited liability and some have limited liability.

All partnerships must be registered with the Corporate and Personal Property Registries in Victoria (see page 2-6 for contact information)

Partnerships are easy to establish, but finding the right people may be more difficult. A solid partnership is based on similar goals, objectives, and needs. Partnerships also bring together people with varying specialties of expertise and provide a broad knowledge base for the business. It can be a pool of both human and financial resources.

A partner's portion of the profits is taxed according to the individual's personal income tax as with sole proprietorships. A benefit is that a partner's portion of a business loss can be deducted from "other income" on the partner's personal income tax return.

It is advised that the partners draw up a **partnership agreement**. Although this can be done by the partners, it is a good idea to check with a lawyer to ensure that all areas are covered adequately and equally. Some areas that a partnership agreement should cover are:

- objectives of the organization;
- date of commencement;
- amount of each partner's investment;
- names and duties of partners;

- how profits and losses are to be shared;
- salaries of each partner;
- provision for the death of a partner (insurance options for this are dealt with in Section 4: Business Insurance, Regulations and Trade-Marks);
- provision for arbitration of disputes;
- special conditions; and
- rules for dissolution of the partnership.

### **Advantages**

- ease of formation;
- low start-up costs;
- additional sources of investment capital;
- possible tax advantages;
- limited regulation;
- risk is generally shared equally among partners;
- easy to change legal structure;
- partners can provide mutual support and different skills; and
- broader management base.

### **Disadvantages**

- unlimited liability;
- lack of continuity (if a partner dies or leaves, the partnership is dissolved);
- divided authority;
- difficulty of raising additional capital;
- hard to find suitable partners;
- partners can legally bind each other without prior approval;
- tax and estate planning options are limited; and
- possible development of conflict between partners.

## Corporation

A **corporation**, also known as limited company, is a separate legal entity. The corporation has limited liability, meaning that the business has its own debts and profits and no member of a corporation is personally liable for the debts, obligations, or acts of the corporation. All corporations must be designated with "Incorporated" or "Inc.", "Corporation," "Corp.", "Limited," or "Ltd.", so that people dealing with the business are aware that it is a corporation. If a corporation is formed, the assistance of a tax accountant is advised for all types of business development. Companies are incorporated in BC according to the provisions of the Business Corporations Act.<sup>2</sup>

A business is incorporated by filing the necessary incorporation documents with Corporate and Personal Property Registries in Victoria . These documents are:

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<sup>2</sup> The Business Corporations Act can be found at: [http://www.qp.gov.bc.ca/statreg/stat/B/02057\\_00.htm](http://www.qp.gov.bc.ca/statreg/stat/B/02057_00.htm)

- The Articles of Incorporation
  - ◆ the rights of the shareholders
  - ◆ limitations on business activities
  - ◆ basic legal information
  
- A Notice of Directors
  - ◆ who the first directors are
  
- A Notice of Registered Office
  - ◆ where the legal office is

It is important to clear the proposed name of the corporation before filing the Articles of Incorporation to ensure that problems do not arise in the future.

### **Filing for Incorporation**

If you plan to incorporate, you can file the necessary forms on the Internet using **Corporate Online**. Please visit: <https://www.corporateonline.gov.bc.ca>

### **Current Fees:**

|  |                |
|--|----------------|
| Name Approval Request:                     | \$45 incl. tax |
| Basic Fee for Incorporation:               | \$350          |
| Basic Fee for Incorporation - Cooperative: | \$250          |

Although any individual can incorporate a business, it is advisable to seek legal assistance. Incorporation kits are available at your local large office supply store. For more information, contact:

### **Corporate and Personal Property Registries**

Ministry of Finance  
2nd Floor - 940 Blanshard Street  
Victoria, BC V8W9V1  
Phone: (250) 387-7848  
(604) 775-1041 in Greater Vancouver  
Fax: (250) 356-0206  
<http://www.fin.gov.bc.ca/registries/>  
Or contact your local government agent.

### **Small Business BC**

601 West Cordova Street  
Vancouver, British Columbia,  
Canada V6B 1G1  
  
Phone: 604-775-5525  
Toll Free in BC: 1-800-667-2272  
TTY (Teletypewriter): 711  
(Long distance charges accepted)  
Fax: 604-775-5520  
Email: [askus@smallbusinessbc.ca](mailto:askus@smallbusinessbc.ca)  
<http://www.smallbusinessbc.ca>

**BC Securities Commission**

701 West Georgia St.  
PO Box 10142, Pacific Centre  
Vancouver, BC V7Y 1L2  
Telephone: (604) 899-6500  
Fax: (604) 899-6506  
<http://www.bcsc.bc.ca/>

Business losses in a corporation cannot be written off against "other income" on the shareholder's income tax return, but can be carried forward and written off against corporation profits in future years. In addition, the tax rate for corporations is generally lower than that of individuals. Additional information on corporate tax can be found by contacting the Canada Revenue Agency (see Appendix B).

The various duties of the directors and officers of a corporation include:

- **Directing the Business:** The directors are responsible for directing the management of the business and affairs of the corporation. They can provide a company with expertise and guidance for various business decisions.
- **Meetings:** Directors may hold meetings anywhere in accordance with the by-laws. Minutes of regular meetings are used as proof of the continuing existence of the corporation.
- **Conflict of Interest:** All directors and officers are required to act honestly and in good faith with regard to the best interests of the corporation. "They must exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances."<sup>3</sup>

**Advantages**

- limited liability;
- specialized management;
- ownership is transferable;
- continuous existence;
- separate legal entity;
- possible tax advantage (i.e. lower small business tax); and
- easier to raise capital (readily recognized and understood by lending agencies).

**Disadvantages**

- closely regulated (requires a great deal of paperwork and regular reporting to the government);
- less privacy regarding financial and other affairs;
- most expensive form to organize (higher start-up costs related to professional fees for legal and accounting services);
- charter restrictions;

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<sup>3</sup> Incorporation and Business Guide for British Columbia.

- extensive record keeping is necessary; and
- double taxation of dividends can occur.

The corporation is distinguished from a partnership or proprietorship in that it offers **limited liability** for members. In addition, it does not depend on the continued membership of any of its members.<sup>4</sup>

## Co-operative

A co-operative form of incorporation is a choice which should be considered for a food business which involves a number of investors/participants. There are two main types of co-operatives:<sup>5</sup>

- Traditional Co-operatives; and
- New Generation Co-operatives

A traditional co-operative is similar to a business corporation, in that it is treated as a separate legal entity and is distinct from the persons who are members. However, they differ from a corporation in that they operate under the following set of principles:

- voluntary, open membership;
- one member, one vote;
- members may not vote by proxy;
- limited interest on member loans;
- limited dividends on members' shares;
- members must provide requisite capital;
- distribution of surplus among members; and
- co-operative education.

A board of directors is a legal requirement for Co-operatives. The board is elected democratically by the members of the co-op. The board must consist of at least a President and a Secretary. More directors can be elected if necessary.

A co-operative is owned by its members, although in rare cases, a minority of ownership can be held by non-members.

Listed below are some of the reasons people choose a traditional co-operative business structure.

### **Advantages**

- exists to provide benefits to its members rather than to generate profits for investors;
- surpluses are distributed to members in proportion to their use of the goods and/or services provided by the co-operative;
- continuous existence until it is dissolved, either voluntarily or involuntarily;
- separate legal entity;
- member representation provides political credibility; and

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<sup>4</sup> Strategis Canada Online Small Business Workshop. *Advantages and Disadvantages of Incorporating*. Available online at: <http://www.cbsc.org/osbw>

<sup>5</sup> Canadian Farm Business Management Council. *CFBMC Agriculture & Agri-Business Structures: A Practical Guidebook* 1999 pp.87-100.

- limited liability - Co-op members are not liable for the debts or other obligations of the co-operative. Two exceptions to this limited liability rule exist when:
  - a member provides a personal guarantee for the debts of the co-operative, and
  - co-op members who are also directors face personal liability issues. Directors can be held personally liable for some things, including (but not limited to), the following:
    - ◆ some environmental offences under the *Canadian Environmental Protection Act* and various provincial statutes;
    - ◆ under the *Canadian Income Tax Act*, directors are personally liable for amounts required to be remitted by the organization on behalf of third parties, such as employee remittances;
    - ◆ in some cases, directors can be personally liable for certain payments, such as dividends or share redemptions, made while the business is insolvent.

### **Disadvantages**

- financing - it is more difficult for a co-operative to obtain financing than it is for a business corporation;
- reporting - There can be a considerable cost relating to the reporting requirements (i.e. income tax, audit, annual reports to government agencies, reports to members, GST, member meetings, etc.);
- closely regulated; and
- charter restrictions.

The **New Generation Co-operative** (NGC) differs from a traditional co-operative in four main ways:

- Profit-driven, value-added processing is their major focus.
- Membership is limited to those who purchase delivery rights. Each share gives a member the right and obligation to deliver one unit of farm product to the cooperative's processing facility. Each share is a tied-contract between the member and co-operative. The total number of members will be limited by the availability of shares and delivery rights.
- Higher levels of equity investment by individual members. NGC's have typically raised 30 to 50 per cent of total capital required through the sale of shares linked to delivery rights. This level of equity tends to be higher than the member equity raised in the traditional co-operative structure. In addition, the NGC shares are marketable and have a changing market value based on the worth of the business.
- Non-member shareholders are more common in NGC's than traditional co-ops.

The share structure is one of the key features of New Generation Co-operatives. It often involves more than one class of shares, each with different rights and conditions. For example, it may include:

- Shares required as a condition of membership;
- Shares linked to delivery rights and obligations; and

- Shares purchased by non-producers. Often these are preferred shares which are offered to community groups or institutions.

If the co-operative wants to sell shares other than those that are sold as a condition of membership, it may have to register and prepare a prospectus to comply with Security Laws. A prospectus provides full, true and plain disclosure of all material facts about the co-operative and the securities being offered for sale. The prospectus must be provided to all persons to whom the co-operative seeks to sell shares. The members will have to consider the potential effect of having non-producers as shareholders.

A common need of a group of potential members is frequently the basis for the start-up of a co-operative. The co-operative forms of organization can be highly varied and usually can be developed to suit the needs of a group. Today, there are a variety of co-operatives based on different interests, such as capital provision, buying interest, selling interest, value-added processing interest, and marketing interest. British Columbia has a thriving co-operative sector.

Co-ops are administered in British Columbia under the Co-operative Association Act. Contact Corporate and Personal Property Registries (contact information on page 2-6).

Many co-operative organizations across Canada are members of a national association. Membership dues are based on the size of the member-organization. The Canadian Co-operative Association provides support and guidance to new co-operatives as well as representation of their interest at a provincial, national and international level.

Contact:

**The Canadian Co-operative Association (CCA)**

400-275 Bank Street  
Ottawa, ON K2P 2L6  
Phone: (613) 238-6711  
Toll Free: 1-888-494-2944  
Fax: (613) 567-0658  
Email: [info@CoopsCanada.coop](mailto:info@CoopsCanada.coop)  
<http://www.coopscanada.coop>

Or: **CCA - BC Region**

212-1737 West 3<sup>rd</sup> Ave.  
Vancouver, BC V6B 1T4  
Phone: (604) 662-3906  
Fax: (604) 662-3968  
Email: [general@bccca.coop](mailto:general@bccca.coop)  
<http://www.bcca.coop>

As well, many of the cooperatives developed in BC are done in conjunction with the Canadian Worker Co-op Federation.

**Federation of Worker Co-ops of British Columbia**

S44, C39, R.R. #2  
Galiano Island, BC V0N 1P0  
Phone #1: (604) 251-6710  
Phone #2: (250) 539-9860  
Fax: (250) 539-9861  
<http://www.canadianworker.coop/>

The federal government also provides information on co-ops and a link to federal agencies and departments, through the Co-operatives Secretariat:

**Co-operatives Secretariat**

### **Agriculture and Agri-Food Canada**

1341 Baseline Road  
Ottawa, ON K1A 0C5  
Phone: (613) 759-7193  
Fax: (613) 759-7489  
E-mail: [coops@agr.gc.ca](mailto:coops@agr.gc.ca)  
<http://www.agr.gc.ca/policy/coop/>

## Joint Ventures<sup>6</sup>

A joint venture consists of an agreement in which two or more persons agree to:

- provide his or her own property;
- perform a specific project; and
- share in the revenues and expenses.

Joint ventures are not recognized as legal entities by Canadian law through a specific act. An exception to this is a joint venture exploration corporation which is specified in the *Income Tax Act*. Each participant reports and pays taxes on his or her share of the income earned and the expense incurred by the joint venture.

Joint ventures are generally for a limited purpose or for a limited duration. Assets are only contributed for use by the joint venture project. Ownership of the assets remains with the individual, partnership or corporation that contributes them.

It is not a legal requirement to have a joint venture agreement but it is recommended that you develop one with the other members. Some issues you may want to include are:

- The project to be undertaken, including time frames and expected results;
- Management structure and authority;
- A list of the assets that will be made available to the joint venture by each party;
- How income and expenses will be shared;
- The banking and loan agreements;
- How any party may withdraw from the agreement;
- Personal cash withdrawals from the joint venture.
- The contractual obligations each party can enter into on behalf of the joint venture or other members of the joint venture;
- The decisions must be made by unanimous consent of the members of the joint member and not by a simple majority; and
- Determining ownership interests of assets purchased by the joint venture.

You should also be aware that it is your responsibility to properly lay the structure of your joint venture so that it is not deemed to be a partnership.

- Differentiate the sharing of revenue and expenses from the arrangements made in a partnership. Partners receive a share of the profits or losses

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<sup>6</sup> Canadian Farm Business Management Council. *CFBMC Agriculture & Agri-Business Structures: A Practical Guidebook* 1999 pp. 13, 75-76

whereas joint venturers each receive a pro rata share of all income received and expenses incurred by the joint venture.

- Assets purchased by a joint-venture tend to be short-term operating assets and each venturer owns an undivided interest in these joint venture assets. In contrast, partners have no proprietary rights to assets owned by a partnership.

Finally, the reasons that people enter into joint ventures include the following:

- Simplicity and flexibility;
- Easy to establish and dissolve;
- No assumption of other party's liability; and
- Low cost of business arrangement.

## Strategic Alliances and Networks

Strategic alliances and networks are two of the most common terms used for working relationships involving more than one business entity. They refer to two related forms of collaborative business arrangements.<sup>7</sup>

- **Networks**

The individual units remain independent, but have ready access to the resources of the other individual units in the network.

Networks are relatively unrestricted and involve individual units which vary from highly specialized to very diversified. Networks tend to support more specialized units who gain their diversification needs from association with the other units with the network.

Both joining and leaving a network are easily accomplished. Therefore, the goals and benefits of a network continue to be an important concern of all participants.

- **Strategic Alliances**

A strategic alliance can be defined as "any formal, inter-organizational, collaborative relationship: an arrangement of two or more independent organizations. In such an alliance, a firm seeks to receive the benefit of another company or business without owning it." Some forms a strategic alliance can take include:

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<sup>7</sup> Canadian Farm Business Management Council. *CFBMC Agriculture & Agri-Business Structures: A Practical Guidebook* 1999 pp.101-106 (Note: CFBMC adapted some of this material from "Networking for Success in the New Agriculture" by Mona Holmlund and Murray Fulton)

- long-term supply or marketing agreements;
- joint research and development; or
- joint production or manufacturing.

Before considering a strategic alliance, you need to consider:

- What am I giving up, and what am I receiving in return?
- Is this in my best interest? Long-term? Short-term?
- Am I preparing a future competitor through the alliance?

It is recommended that professional management, financial and legal guidance be sought so that all parties have a clear understanding of the arrangements. It is important to involve professionals with the appropriate national and/or international expertise if required.

Implementation can be on a formal or informal and an equity or non-equity basis.

- *Formal or Informal.* You may have a formal written contract or a verbal agreement.
- *Equity or non-equity.* You may maintain separate organizations with no common ownership or you may decide to have common ownership. Examples of common ownership are:
  - the formation of a new jointly-owned entity;
  - a swap, in which each takes a certain percentage of the other's organization; and
  - a straight minority or majority ownership.

### **Advantages**

- Obtain economies of scale;
- Diversify;
- Reduce entry costs and improve return on investment;
- Overcome foreign ownership concerns and regulations;
- Limit potential competition from alliance participants;
- Promote public acceptance of a project through extensive local involvement; and
- Take advantage of preference of local suppliers and buyers.

### **Disadvantages**

- Individual participants give up some of their control;
- Proprietary information is shared with potential competitors; and
- The alliance may not last as long as one of the participants wants.

### **Commercial Kitchens**

Please refer to Section 6 for information on Commercial or Shared Kitchens in British Columbia.

# Business Licensing

**T** here are three basic steps to licensing a business in British Columbia:

## 1. Name search

Name search is conducted by the Corporate and Personal Property Registries in Victoria. The name must be 'Distinctive' and 'Descriptive' and followed by a corporate designation (if applicable). In designing a name, usually the first word or company name is distinct followed by a qualifying descriptor as to the nature of the business (i.e. Carey's Cars Ltd or Pacific Steel Manufacturing Co).

It is recommended that you submit three business name choices, in order of preference, for each name approval. Your first choice for a name may be approved, if available, and held for a period of 56 calendar days.

Any renewal of the reservation period requires payment of another reservation fee. Your second and third choices are not examined unless the initial choice of name is not available. Regardless of whether your three choices are all examined or not, there is a charge of \$30.00 for the process.

## 2. Name Registration

If a name is approved, the business can be registered for a fee. The fee for a basic business registration or a corporate registration includes the cost of the name search.

Contact:

### **Corporate and Personal Property Registries**

Ministry of Finance  
2nd Floor, 940 Blanshard Street  
PO Box 9431 Stn Prov Govt  
Victoria, BC V8W 9V1  
Phone: (250) 387-7848  
Phone: (604) 775-1041 in Greater Vancouver  
Fax: (250) 356-0206  
<http://www.fin.gov.bc.ca/registries/>

or

### **OneStop Business Registry**

PO Box 9431, Stn. Prov. Govt.  
Victoria, BC V8W 9V3  
Toll Free: 1 (877) 822-6727  
Phone: (250) 370-0332 Greater Victoria area or out of province  
Email: [OneStop.Help@gov.bc.ca](mailto:OneStop.Help@gov.bc.ca)  
<http://www.bcbusinessregistry.ca>

The OneStop Business Registry offers a number of services in one website. Services offered include business name approval, company registration, incorporation, registration with other public agencies and registration of a web domain name for your company.

### 3. Apply for a business licence

An application must be made with the city's tax division for a **business licence**. The cost of licensing will depend on the type of business. Contact the local city hall or town office for information on business licences.

### 4. Business Number (BN) Registration

The BN is a numbering system that simplifies and streamlines the way businesses deal with the federal government. It includes GST registration as well as other business information. To register for a Business Number or to receive more information, contact the Canada Revenue Agency.

## GST

**T**he **Goods and Services Tax (GST)** was introduced on January 1, 1991. The tax is imposed on the selling price for:

- goods produced in Canada; and
- duty-paid value of imported goods.

There are two types of goods - taxable and tax exempt goods<sup>8</sup>. There are two types of taxable goods - goods taxed at seven percent and goods taxed at zero percent (zero-rated). Basic groceries are zero-rated items. Prepared foods sold in a form suitable for immediate consumption are taxable at seven percent. This applies whether or not the food is to be consumed on the premises. Examples of prepared foods include sandwiches and prepared salads.

The main difference between taxable and non-taxable goods is the ability to claim **input tax credits**. Companies producing tax exempt goods cannot claim input tax credits for the materials that they use. Companies producing taxable goods (whether at 7% or 0%) can claim input tax credits.

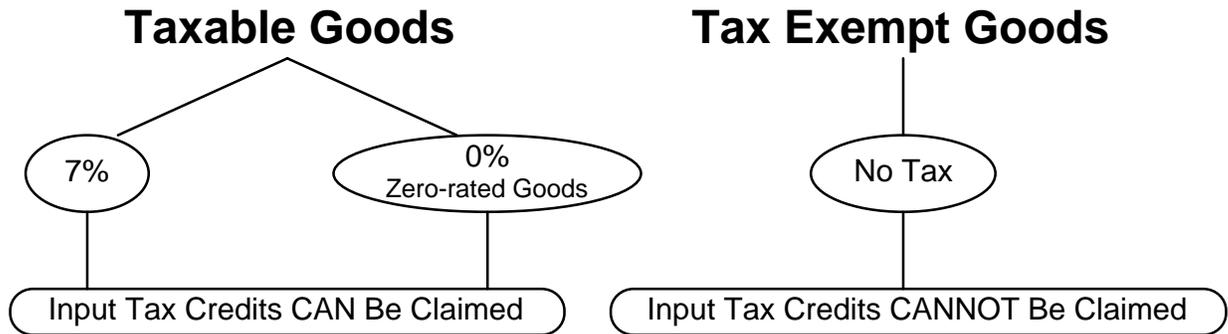
This means that the business can deduct the input tax credit from the GST they have collected on as stated on their remittance. If a company is a small supplier and does not register for the GST, that company cannot claim input tax credits.

The Government sends a return that requests the GST collected on sales for the period. It also requests any input tax credits that the company is entitled to as a result of the purchases during that period. The net amount is the GST owed to the government or

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<sup>8</sup> Canada Revenue Agency. *General Information for GST/HST Registrants*. June 2003. Available online at: <http://www.cra-arc.gc.ca/E/pub/gp/rc4022/rc4022-01-e.html>

the GST refund that the Government owes the company. Even if the company has no GST to report, a “NIL” remittance must still be filed.



Not all businesses must register for the GST. If the business' annual sales are less than \$30,000, then they are classified as a small supplier and they can register if they wish, but it is not required. All other businesses must register for the GST. If a business is registered for the GST, they must collect it. Only by registering can a company claim input tax credits.

The number of returns and installments depend on the sales of the business.

| Annual taxable supplies                   | Assigned reporting periods | Optional reporting periods |
|---|----------------------------|----------------------------|
| \$500,000 or less                         | Annual                     | Monthly, Quarterly         |
| More than \$500,000 and up to \$6,000,000 | Quarterly                  | Monthly                    |
| More than \$6,000,000                     | Monthly                    | Nil                        |

It is important to keep accurate records for GST purposes. A company's Business Number must be displayed on all invoices and receipts that they issue. As well, purchase invoices kept for input tax credits should have a GST number printed on them.

To make GST reporting easier, break out the GST in the company's accounting ledgers. In a manual accounting system, set up two columns to record GST. One column shows the GST collected (or charged) and the other shows the GST paid (or owing). At the end of the reporting period, these two columns will be totaled so you can see how much GST has been collected and how much has been paid.

For a full explanation of GST requirements for small businesses, please refer to the **RC4022(E) tax guide, General Information for GST/HST Registrants**, available online at the Canada Revenue Agency website <http://www.cra-arc.gc.ca> (click “Search” and enter the publication number). You can also order the guide through by calling the toll free number: 1-800-959-5525.

Checklist for Small Business: <http://www.cra-arc.gc.ca/tax/business/checklist/faq-05-e.html>

## **CRA Tax Services Offices**

Toll Free Number for All Businesses and Self-employed Individuals (accesses all offices): **1-800-959-5525**

### **Burnaby-Fraser**

9737 King George Highway  
Surrey BC V3T 5W6  
PO Box 9070 STN Main

### **Northern BC and Yukon**

280 Victoria Street  
Prince George, BC V2L 5N8

### **Vancouver**

1166 West Pender St  
Vancouver, BC V6E 3H8

### **Vancouver Island**

1415 Vancouver Street  
Victoria, BC V8V 3W4

### **Kelowna**

118-1835 Gordon Drive  
Kelowna, BC V1Y 3H5

### **Penticton**

277 Winnipeg St.  
Penticton, BC V2A 1N6

## Additional References

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Clifford, Denis. *The Partnership Book: how to write your own small business partnership agreement*. Berkeley, CA.: Nolo Press, 1991.

Conlon, John K. *The Power of Two: How Companies of All Sizes Can Build Alliances Networks That Generate Business Opportunities*. San Fransico Francisco, CA: Jossey-Bass, 1998.

Gage, David. *The Partnership Charter: How to Start Out Right With Your New Business Partnership (Or Fix the One You're in)*. New York: Basic Books, 2004.

Hargrove, Robert A. *Mastering the Art of Creative Collaboration*. New York: McGraw-Hill, 1998.

*Harvard Business Review on Strategic Alliances*. Boston, MA: Harvard Business School Press, 2002.

Rigsbee, Edward Richard. *Developing Strategic Alliances*. Mississauga, ON: Crisp Learning, 2000.

Wallace, Robert L. *Strategic Partnerships: An Entrepreneur's Guide to Joint Ventures and Alliances*. Chicago, IL: Dearborn Trade, 2004.

Wilson, Larry. *Stop Selling, Start Partnering, the new thinking about finding and keeping customers*. New York: Wiley, 1994.

## Organizing My Business Checklist

- Decide the form I want my business to take:  
Sole Proprietorship  
Partnership  
Corporation  
Co-operative (Traditional vs. New Generation)*
- Other business arrangements I may consider include joint ventures and strategic alliances.*
- Draw up a partnership agreement or shareholders' agreement and discuss it with my lawyer.*
- Talk to my lawyer regarding succession planning.*
- Complete a name search to ensure I can use the name I want, and then register it with the BC Business Registry.*
- Apply for my business licence.*
- Apply for my Business (GST) Number. Food sold in BC is exempt from Provincial Sales Tax (PST).*

# Section 3 - Human Resources

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- Filling Job Vacancies ..... 3-2
- Interview Guide ..... 3-3
- Training ..... 3-4
- Employment Practices ..... 3-5
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# Human Resources

**T**he employees of a company are vital to the success of a business. It is important to build a strong team that can work together. As a company expands beyond the owner and his/her family, it should carefully pick and choose new employees, and ensure that they have the skills and abilities required.

## Filling Job Vacancies

The following is a seven step process for filling job vacancies:

1. Create or review the job description.
  - Decide what the organization needs;
  - List the support tasks that are needed;
  - Decide on the qualifications and experience level required; and
  - List the required personal attributes.
2. Advertise the vacancy through;
  - Canada Job Bank (<http://www.jobbank.gc.ca/>)
  - Private placement services; or
  - Local or regional newspapers and publications.
  - Online websites such as monster.ca, workopolis.com, jobbloom.com or your own website
  - Use of word of mouth or internal networks.
3. Review resumes and job applications;
  - Divide into a "no-way", "maybe", and a "prospect" pile.
4. Conduct interviews;
  - Contact the **Ministry of Labour and Citizen's Services, Employment Standards Branch** for detailed information on acceptable recruitment activities. Branches are available around the province to answer your questions.

### **Ministry of Labour and Citizen's Services Employment Standards Branch**

Toll Free: 1-800-663-3316

In the Prince George area: 250 612-4100

<http://www.labour.gov.bc.ca/esb/>

#### **Victoria**

6th Floor - 1483 Douglas Street

Victoria BC V8W 3K4

Phone: (250) 952-0469

Fax: (250) 952-0476

#### **Burnaby**

210-4946 Canada Way

Burnaby, V5G 4J6

Phone: (604) 660-4946

Fax: (604) 660-7047

5. Check references;
6. Make an offer of employment; and

7. Inform applicants that the job has been filled.

## Interview Guide<sup>1</sup>

### Questions to ask and to avoid in interviews:

#### Name

- Avoid asking whether name has been changed by court order, marriage, or other reason
- Avoid asking for maiden name
- May ask after hiring, in order to verify work history or educational credentials

#### Age

- May ask “Have you reached B.C.’s legal working age?”
- May ask after hiring, an applicant’s age for benefit and insurance plans.
- Avoid asking about age in general, or about birth certificates and baptismal records.

#### Race, Ethnicity, Colour, Ancestry, Place of Origin

- May ask “Are you legally entitled to work in Canada?”
- Avoid asking about proof of citizenship, birthplace or nationality, including nationality of relatives, ancestors or spouse.

#### Criminal or Summary Conviction

- May ask if applicant is eligible to be bonded.
- Avoid all inquiries about criminal or summary convictions unless directly related to job duties. Avoid questions regarding criminal and/or arrest records.

#### Education and Language

- May ask about any educational requirements related to job duties.
- May ask if applicant understands, reads, writes, or speaks languages required for the job
- Avoid asking questions related to mother tongue or where language skills were obtained.

#### Disability and Medical Information

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<sup>1</sup> Canadian Human Rights Commission. *Guide to Screening and Selection in Employment*. February 2001. Available online at: <http://www.chrc-ccdp.ca/pdf/screen.pdf>, pp. 3-5.

- May ask job-related questions concerning ability to do the essential components of the job. Relevance is based on applicant's ability to effectively carry out the essential components of the job.
- Avoid asking whether an applicant is currently under a physician's care, and/or receiving counselling or therapy.
- Avoid asking for a general statement of disabilities, limitations or health problems.
- A disability is only relevant to job ability if it threatens the safety or property of others, or prevents the applicant from safe and adequate job performance even when reasonable efforts are made to accommodate the disability.

### **Religious and Political Beliefs**

- May ask job-related questions such as whether the applicant will be available for the required work time. (Employers must be reasonable in accommodating the religious needs of employees.)
- Avoid asking about religious affiliation, religious belief and church membership or attendance. Avoid asking for any statements of political beliefs and philosophy.

### **Sex, Sexual Orientation, Marital/Family Status**

- If job mobility is required, may ask if the applicant is willing to travel or be transferred.
- After hiring, may ask questions regarding spouse, children and/or dependents for benefit and pension plan purposes.
- Avoid asking about applicant's sex or sexual orientation.
- Avoid asking for information regarding pregnancy, child care arrangements, or child bearing plans.
- Avoid asking if the applicant is single, married, divorced, engaged, separated, widowed or living common-law.

### **The Canadian Human Rights Act**

The Canadian Human Rights Act entitles all individuals to equal employment opportunities without regard to: race or colour, national or ethnic origin, religion, age, family or marital status, sex (including pregnancy or childbirth), pardoned conviction, disability (either physical or mental or as the result of dependence on alcohol or drugs), or sexual orientation.

However, when a person's disability, gender or other protected attribute prevents him or her from performing a job's essential duties, then it is not discriminatory to refuse to employ that person.

## Training<sup>2</sup>

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<sup>2</sup> (Booklet) Davidson, Patricia G., Owen, Lorne and Warner, Brent. "On-farm processing: a handbook for farm producers" Ministry of Agriculture and Food: British Columbia. Pp.51 - 52.

For an employee to be efficient and effective, the manager or owner must assume the responsibility for adequate training. Do not make the assumption that the employee will immediately be able to perform in the manner you expect. Training produces two kinds of benefits:

1. Productivity and quality improve as employees perform jobs as requested. As well, there is less waste of time and materials.
2. Job satisfaction among employees improves as they successfully perform their jobs. Good morale in the workplace can lower worker absenteeism.

The employer needs to provide employees with an overview of the business so that the employee understands all aspects of the business from production of the raw materials, through the processing system to how the products are sold.

Effective training is a four-step process in which you:

- explain to the employee how the job is to be done;
- demonstrate what is to be done;
- observe the employee performing the task and answer any questions that may arise; and
- correct any errors you observe.

Remember that training is an on-going process with all employees. While new employees may have the most immediate need for training, other employees will also benefit from and appreciate the opportunity to keep current in their area of responsibility. For more information on human rights and employment, the Government of Canada's "**HR for Employers**" website is a useful resource for small and medium-sized businesses. It contains information from government and non-government sources on training and development, payroll/benefits, laws and regulations, and employee-labour relations. Visit the site at: <http://www.hrmanagement.gc.ca>

For human rights-related inquiries, please visit the **Canadian Human Rights Commission** website at <http://www.chrc-ccdp.ca>

## Employment Practices

Every employer and potential employer in British Columbia should familiarize themselves with the legal requirements regarding recruiting, employees' rights, health and occupational safety and worker's compensation in British Columbia, and be prepared to follow up on changes in the law, regulations, and administrative practices in the Province. It is the responsibility of the employer, in general, to protect human rights, employment equity, and health and safety in the workplace.

All employers should obtain the following:

**Human Rights Code of the Province of British Columbia**  
**Occupational Health and Safety Act of B.C.**

Contact:

**Crown Publications**

521 Fort Street

Victoria, BC V8W 1E7

Phone: (250) 386-4636

Fax: (250) 386-0221

<http://www.crownpub.bc.ca>

**Sexual Harassment in the Workplace - A Guide to Prevention (Pamphlet)**

**BC Government Publications Index**

Mailing Address:

PO Box 9452 Stn Prov Govt

Victoria, BC V8W 9V

Phone: (250) 387-6409

Toll Free: 1 800 663-6105

Fax: (250) 387-1120

Email: [QPPublications@gov.bc.ca](mailto:QPPublications@gov.bc.ca)

<http://www.publications.gov.bc.ca/>

Employers should be aware that the BC Human Rights Tribunal is responsible for dealing with human rights complaints under the Human Rights Code.

Contact:

**BC Human Rights Tribunal**

1170 – 605 Robson Street

Vancouver, BC

Phone: (604) 775-2000

Fax: (604) 775-2020

TTY: (604) 775-2021

Toll Free: 1-888-440-8844

<http://www.bchrt.bc.ca>

## Employment Standards

All companies must maintain a working knowledge of the minimum employment standards as laid down by The British Columbia Employment Standards Act. A guide to the Act can be found at: <http://www.labour.gov.bc.ca/esb/esaguide/>

The Act itself is available online at: [http://www.qp.gov.bc.ca/statreg/stat/E/96113\\_01.htm](http://www.qp.gov.bc.ca/statreg/stat/E/96113_01.htm) or in print through the Employment Standards Branch.

Contact:

**Ministry of Labour and Citizen's Services**

Employment Standards Branch

(see page 3-2 for contact information)

**Labour Relations Board** (for Unionized Companies)

Suite 600, Oceanic Plaza,  
1066 West Hastings Street,  
Vancouver, British Columbia V6E 3X1  
Telephone: (604) 660-1300  
Fax: (604) 660-1892  
<http://www.lrb.bc.ca/>

## Safety

The specific duties of employers and employees are found in Part II of the *Canada Labour Code*. Copies of the code and the *Canada Occupational Safety and Health Regulations* can be found online at:

Canada Labour Code, Part II

<http://laws.justice.gc.ca/en/L-2/17632.html>

Canada Occupational Safety and Health Regulations

<http://laws.justice.gc.ca/en/L-2/SOR-86-304/>

It is mandatory that all employers have **safety procedures** outlined and compiled together in a safety manual for its employees. The British Columbia's Workers' Compensation Board has full information available in the form of brochures, posters and videos that are useful for employers and employees alike. It gives a working knowledge of the legislation.

As well, under British Columbia legislation, it is required that every employer register with the Workers' Compensation Board (WCB). Specific regulations apply to specific types of businesses and operations. Full information on those regulations applicable to your business are available from the Workers Compensation Board. The WCB provides employer protection against accidents in the workplace, informational posters, etc., as well as safety inspections. They will assess a levy on the basis of the business' classification and operations.

Contact:

**Workers' Compensation Board**

Mailing Address:

PO Box 5350 Stn Terminal

Vancouver, BC V6B 5L5

Location: 6951 Westminster Highway

Richmond, BC

Toll free: 1-888-757-5552

Local Phone: (604) 244-6181 for employer registration

Fax: (604) 244-6490 for general enquiries

<http://www.worksafebc.ca>

(The Registration Office will guide you on the further steps for brochures, information and regulations covering your operations.)

## The Main Obligations of Employment

### 1) On the part of the **Employer**:

- to abide by all statutory obligations that govern the employment situation;
- to observe all record keeping obligations;
- to observe all applicable labour standards;
- to observe all minimum wage regulations;
- to observe all health and safety regulations;
- to deduct and remit Income Tax, Employment Insurance (formerly Unemployment Insurance), and Canada Pension Plan deductions;
- to abide by all human rights legislation;
- to abide by all labour relations legislation when the work force is unionized;
- to observe all of the contractual provisions that the employer has laid down either orally or in writing that define respective rights and obligations; and
- in the event of dismissal, to follow the laws that govern dismissals.

### 2) On the part of the **Employee**:

- to carry out duties in accordance with the job description;
- to keep the written and oral terms of the contract;
- to observe implied as well as express terms of the contract;
- to pay particular attention to those restrictive covenants which apply following termination of the contract;
- to obey all lawful orders given by the employer;
- to observe the general duty of fidelity and good faith towards the employer; and
- to retain in confidence all trade secrets and confidential information pertaining to the employer's business.

## Deductions

A company must complete an employer registration form ((PD20)(E)) from Revenue Canada to receive an employer number. This number is necessary so that proper remittance of **deductions** can occur.

As soon as a company enters into an employment relationship, it should phone Canada Revenue Agency to obtain a payroll kit that includes:

- Canada Pension Plan (CPP) Deductions Booklet;
- Employment Insurance (EI) Deductions Booklet; and
- Income Tax Deductions Booklet.

It is the company's responsibility to deduct and withhold CPP, EI, and income tax from the employees' wages. These amounts will have to be reported and remitted along with the employer's contributions.

The cost of hiring an employee is the gross wage plus the employer's contributions for CPP, EI, holiday pay, and worker's compensation. These extra costs (not including worker's compensation) are in addition to the employee's gross wage. Worker's compensation which depends on the industry and the gross wage is additional.

Every employee must complete a TD1(E) when employment commences. This form establishes the amount of income tax that must be deducted from the wages. To assist in the completion of this form, please consult the following document:

T4001E - Employers' Guide - Payroll Deductions Basic Information  
<http://www.cra-arc.gc.ca/E/pub/tg/t4001/t4001-e.html>

Other information on income tax, GST/HST, excise taxes and duties, importing and more can be found in:

A Guide for Canadian Small Businesses (RC4070)  
<http://www.cra-arc.gc.ca/E/pub/tg/rc4070/>

Payroll is calculated on a calendar year. Therefore, after December 31, an employer must fill out T4 slips for each employee and a T4 Summary for the company. These forms identify the amount of EI, CPP, and income tax that has been withheld and paid to Canada Revenue Agency. T4's must be delivered to employees before February 28.

## Record of Employment

**Records of Employment (ROE)** are filled out when an employee stops working in insurable employment. The Canada Employment and Immigration Commission uses the employment history information on the ROE to decide if a person qualifies for EI benefits, what the benefit rate should be and how long a person is eligible for these benefits.

There are two instances when an ROE should be issued:

- Following a period of employment, there is a layoff or separation from that employment lasting seven consecutive days, during which an employee performs no work and has no earnings from the employer.
- When insured persons stop working because of illness, injury, quarantine, pregnancy, or parental leave, and their weekly earnings fall below 60 percent of their normal weekly earnings from that employment.

These forms must be filed no later than 5 working days after an employee has stopped working. Forms are pre-numbered and registered to a company and must be ordered from a local Canada Employment Centre (online, by mail, telephone, or in person).

**Record Of Employment (ROE) Helpline for Employers:**

Please call 1-888-557-7111 for all areas of British Columbia.

**Record Of Employment (ROE) Website for General Information:**

<http://www.hrsdc.gc.ca/en/gateways/topics/rxr-qxr.shtml>

## Additional References

Deems, Richard S. *Hiring: how to find and keep the best people*. Franklin Lakes, NJ: Career Press, 1999.

Deems, Richard S. *Hiring: More Than a Gut Feeling*. Franklin Lakes, N.J. : Career Press, c1995.

Stoneall, Linda. *How to Write Training Materials* . San Diego: Pfeiffer, 1991.

Tony and Gillian Pont. *Interviewing Skills for Managers: A Step-By-Step Guide to Conducting Successful Workplace Interviews*. London : Piatkus, c1998.

Yeager, Neil and Hough, Lee. *Power Interviews : Job Winning Tactics From Fortune 500 Recruiters*. New York : Wiley, c1998.

### Web:

- **Workplace.ca** - gateway to Canadian management and workplace resources on the web. <http://www.workplace.ca>
- **Canadian Human Rights Commission** - <http://www.chrc-ccdp.ca>

## Human Resources Checklist

- Look at my labour requirements. Do I need to hire someone? What would the costs be?*
- Advertise any positions that need to be filled and contact the Employment Standards Branch for detailed information on acceptable recruiting practices.*
- Get a copy of the Employment Standards Act for my records.*
- Register my business with the Worker's Compensation Board.*
- Implement a training system for employees.*
- Send in for my employer payroll package and employer number.*
- Order some ROE forms and if possible, take a payroll course.*

# Section 4 - Business Insurance, Regulations and Trademarks

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# Insuring Your Business

## General Insurance

**T**he main purpose of business **insurance** is to control or eliminate unnecessary risks. When starting a business, entrepreneurs cannot afford to be under-insured as small disasters can lead to the failure of a new business. Types of insurance to purchase include:

- Life and disability insurance for the owner/partners to cover necessities for continuance and carry over in the case of death or disability until the business can be sold or closed.
- Business loan insurance protects partners, family and personal equity by paying off the balance of insured loans in the event of death.
- Disability insurance for key personnel. If important personnel suffer an accident or illness that makes them unable to work, disability insurance can guarantee them an income for the period of time that they are off the job. The benefit of disability insurance can also attract high quality people as an added incentive. The cost of this type of insurance can be covered in full by the employer or divided between the employer and employee.
- Property insurance for the building and its contents. Property insurance provides for the replacement of assets in case of loss or damage due to crime or natural disasters. Consider specific freezer and cooler coverage, as losses due to power failures can be very costly and are not all covered.
- Liability insurance provides coverage for legal action by employees or the general public for personal injury incurred while on the business premises.
- Business interruption insurance provides business income and alternative location funds in case of loss or damage.
- Bad debt insurance covers payments if customers fail to pay the business.
- Product and completed operations liability insurance provides protection against suits by customers who have incurred damages through use of a product.
- Company owned vehicles may also be insured through commercial packages. (In British Columbia, most businesses usually insure their vehicles for about \$2,000,000.)

Three types of insurance that are often overlooked but are important to a company are:

1. **Business Continuation:** The owner of a sole proprietorship is insured for the value of the business. Another option is to have a key employee or family member insure the owner's life so that they can purchase the business.
2. **Buy-Sell Agreement:** Insurance is placed on the partners in a partnership. This insurance directs cash to the remaining partners to allow them to buy out the beneficiary of the deceased partner's estate.
3. **Key Person Insurance:** This covers the cost of filling the open position. Generally considered important for only large corporations, it is even more important for small companies that rely heavily on certain individuals.

Many insurance companies provide insurance packages necessary for a business. When looking for an insurance agent, speak with other food processors, friends, and associates for suggestions on whom to use. The yellow pages also provide names of insurance agents. It is always useful to obtain more than one quote.

To guard against possible accidents and legal action by employees, one must ensure that the work place is safe. The following agency can provide work place safety guidelines:

**Workers Compensation Board**

Mailing Address:

PO Box 5350, Station Terminal

Vancouver, BC V6B 5L5

Phone: (604) 244-6181 for registration

Toll Free: 1-888-757-5552

<http://www.worksafebc.ca>

Location:

6951 Westminster Highway

Richmond, BC

All organizations must have an account with the Workers Compensation Board. This organization provides insurance in the event of an accident involving an employee. The costs are dependent on the industry and are based on a percentage of the gross wages paid to employees.

## Export Insurance

**T**here are various specialized forms of insurance for businesses. One particular case where additional insurance is required is when a business is exporting its goods or services.

### Export Development Canada (EDC)

Export Development Canada helps Canadian exporters by providing export credit, insurance, loans, bonds, guarantees and other financial services to support sales of goods and services abroad. EDC has a number of programs designed to offer protection against significant risks you may encounter while exporting. It can also offer foreign market expertise and general exporting tips and resources. Visit the website below or contact the EDC for further information.

Contact:

**Export Development Canada**

Suite 1030-505 Burrard Street  
Box 58, Vancouver, BC V7X 1M5  
Phone: (604) 638-6950  
Fax: (604) 638-6955  
Toll Free: 1-800-529-7323  
<http://www.edc.ca/smallbusiness>

For further information on exporting, please contact:

**Agriculture and Agri-Food Canada**

Markets and Trade Branch - BC  
420 – 4321 Still Creek Dr.  
Burnaby, BC V5C 6S7  
Phone: (604) 666-6344  
Fax: (604) 666-7235  
[http://www.agr.gc.ca/mar\\_e.phtml](http://www.agr.gc.ca/mar_e.phtml)

Agri-Food Trade Service  
<http://www.ats.agr.gc.ca>

The Agri-Food Trade Service at Agriculture and Agri-Food Canada publishes the **B.C. Exporter's Guide to the Internet**, available online at:  
[http://atn-riae.agr.ca/export/3754\\_e.htm](http://atn-riae.agr.ca/export/3754_e.htm)

## Letters of Credit

Letters of credit are frequently used in international business. This method of payment must be considered, as it is the most secure and advantageous for the exporter. The most important aspect is the responsibility of payment shifts from the buyer to the bank, thus greatly reducing the risk to the exporter.

The ideal situation in buying and selling goods internationally would be where the buyer does not effect payment until the goods are in his/her possession, and the seller does not ship until payment is in his/her bank account. A letter of credit offers both buyer and seller a compromise in that they will enter into a contract for documents, with these documents representing the seller's performance.

Payment is subject to the presentation of documents representing the seller's performance. Any disputes that may arise between the buyer and seller must be resolved separately from the credit transaction.

There are three parties to a letter of credit:

1. The applicant (importer or buyer);
2. The issuing bank; and
3. The beneficiary (exporter or seller).

The buyer applies for the issuance of a letter of credit. The issuance of credit serves two purposes:

1. A contract between the issuing bank and the buyer, who promises to reimburse the bank the funds paid on his/her behalf, including all commissions, fees, etc.
2. The buyer's mandate to the issuing bank as to the terms and conditions of the letter of credit, based on the underlying sales contract between the buyer and seller.

The exporter must also be fully involved and must understand all the terms and conditions.

There are two distinct types of letters of credit:

A **revocable letter of credit** can be canceled without the exporter's consent and, as such, is not a guarantee of payment. Revocable letters of credit are not widely used, and therefore, the exporter should exercise extreme caution with this type of credit.

An **irrevocable letter of credit** cannot be amended or canceled without the consent of all parties, including the exporter. It constitutes a legal and binding undertaking by the issuing bank to pay the beneficiary. A credit should clearly indicate whether it is revocable or irrevocable. In the absence of such indication, the credit shall be deemed to be irrevocable.<sup>1</sup>

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<sup>1</sup> RBC Global Services for Business. *International Trade – Exporting: Types of Letters of Credit*. Available online at: [http://www.rbcglobalservices.com/business/itrade/ex\\_types.html](http://www.rbcglobalservices.com/business/itrade/ex_types.html)

Letters of credit offer many advantages:

- The exporter has the promise of a bank rather than simply a foreign business.
- Letters of credit can reduce risk by helping to assure the availability of foreign exchange in countries where shortages and currency restrictions are in effect.
- Letters of credit are legal documents that must be honoured.

The main disadvantage is the cost of the associated banking fees for services. As an exporter, you must remember to factor these costs into the selling price.

## Regulations Governing the Food Industry

**R**egulations for the food processing industry are created by government agencies and exist to protect both the consumer and the processor. Processors must be aware of the agencies and regulations, as well as any changes which occur in the regulations. Before processing begins, as a new business, you should seek as much information as possible from various agencies to determine applicable regulations. Also, if you are producing perishable goods, you must ensure that all special regulations for these types of food products are attained.

There are seven agencies responsible for regulations governing food processing in British Columbia:

- Agriculture and Agri-Food Canada;
- British Columbia Ministry of Health;
- British Columbia Ministry of Agriculture and Lands;
- Canadian Food Inspection Agency;
- Fisheries and Oceans Canada;
- Health Canada; and
- Industry Canada.

Industry has primary responsibility for the safety and quality of their products. While these regulatory agencies can act as resources, they cannot design the systems nor guarantee that such systems will work. However, they can advise on whether a proposed system is acceptable from a food safety perspective. Therefore, as a processor, you should seek appropriate specialists to design and manufacture your processing and sanitation systems.

The Canadian Food Inspection Agency handles all federal inspection services related to food safety, economic fraud, trade-related requirements, and animal and plant health. The Canadian Food Inspection Agency comes under the umbrella of Agriculture and Agri-Food Canada. Therefore, the Canadian Food Inspection Agency reports to Parliament through the Minister of Agriculture and Agri-Food Canada. Health Canada is responsible for food safety policy, standard-setting, risk assessment, and analytical testing research.

Provincial and municipal programs in food inspection are coordinated with federal programs.

If a product does not adhere to regulations, regulatory agencies will provide information and inspections which help processors attain acceptable goods. If fraud or health hazards are evident in the production of food, agencies will work very quickly to resolve the problem. Processors showing evidence of continued noncompliance and resistance to regulations will eventually face criminal charges from the regulatory bodies.

Meeting the regulations in one country does not ensure compliance in other countries. The regulations that a single product needs to follow may vary among different countries. The regulations are controlled by the country of consumption. In the U.S., advice on food import regulations can be attained through The Food and Drug Administration and The United States Department of Agriculture.

It is important to note that you will likely need to consult more than one regulatory body regarding food safety requirements, as federal, provincial and municipal responsibilities sometimes overlap. Processors are responsible for complying with such regulations and for developing adequate food safety management systems (more information on food safety programs can be found in Section 5).

## Canadian Food Inspection Agency

The Canadian Food Inspection Agency administers regulations dealing with the marketing, processing, and labeling of food products. The departmental responsibility for food lies under several pieces of legislation, including the *Canada Agricultural Products Act*, *Food and Drug Act*, and *Consumer Packaging and Labeling Act*.

### Processed Food Section

The Processed Food Section has two primary responsibilities:

- To ensure that food processing plants have acceptable standards of construction and sanitation.
- To ensure that agri-food products leaving processing establishments are safe, wholesome, graded for economically significant factors, and accurately packaged and labeled.

The goals of the Processed Food Section are met by monitoring companies to ensure that they are packing their products according to regulations and that the product itself, as well as the plant processing the food, are in compliance. The department will conduct routine inspections of establishments, product contents, labeling, and package quantity. All food processors should contact the Canadian Food Inspection Agency prior to construction of a plant, production of products, and packaging of goods.

### Meat Hygiene Section

This section is responsible for enforcing the *Meat Inspection Act* and regulations which apply to all meat products slaughtered and/or processed, packaged, and stored in federally registered establishments. All processors shipping meat products out of province must be registered.

For all federally registered establishments, veterinary inspectors must approve the design of the building, inspect the establishment, enforce sanitation standards, and ensure all meat products are wholesome and properly labeled. For further details on regulations, please contact CFIA.

Contact:

**Canadian Food Inspection Agency**

Consumer Products, Meat Hygiene

400 - 4321 Still Creek Dr.

Burnaby, BC V5C 6S7

Phone: (604) 666-6513

Fax: (604) 666-1261

<http://www.inspection.gc.ca>

Meat that is processed and sold only inside the province may be inspected under provincial legislation. Please contact the British Columbia Ministry of Health (see below).

## British Columbia Ministry of Health

Administration of food safety legislation is a shared responsibility between federal and provincial governments. The lead agency responsible will be dependent on the type of food products produced and their designations. Contact your local Environmental Health Officer for information on which government agency will be responsible for your plant.

British Columbia Ministry of Health ensures that all beverages and food processed in British Columbia meet the requirements of the British Columbia *Health Act*, *Food Safety Act* and Sanitation Regulations. Any food or drink intended for human consumption is subject to regulations under these Acts if it is:

- manufactured;
- processed;
- prepared;
- handled;
- stored;
- displayed;
- sold; or
- offered for sale.

Environmental Health Officers are responsible for:

- reviewing plans for proposed food processing facilities and renovations to existing facilities;
- inspections of facilities to ensure industry compliance and to promote good sanitation and food safety practices;
- providing courses to demonstrate proper food handling; and
- handling consumer complaints and investigating food related illness.

Before contacting a government department, be prepared to provide sufficient information to the agency. Things to consider are:

- description of the food product;
- types of machinery used;
- packaging;
- market for the product (including current and future markets, especially when they may be out of province or out of country);
- size of the plant;
- shelf life of the product;
- exporting or importing activities (both current and planned);
- transportation of the product;
- location of the plant;
- ingredients, additives, processing aids; and
- chemicals used to treat the food.

This list is not exhaustive. Having this information will enable the relevant government department to advise the company on exactly what laws and regulations are applicable. In general, *the Food Safety Act, the Meat Inspection Regulation, the Food Premises Regulation, the Food and Drug Act, the Canada Agricultural Products Act, the Consumer Packaging and Labeling Act, the British Columbia Health Act, the Milk Industry Act, and the Fish Inspection Act* are applicable. It must be understood that regulations and standards are mandatory and everyone in the food processing industry must have a working knowledge of the regulations that apply to them.

The **British Columbia Ministry of Health** publishes a manual called *Food Protection Vital for Your Business*. It addresses such topics as:

- planning a food business;
- getting plans approved, i.e. site plans, equipment and sanitation;
- ensuring safe food supplies; and
- storing food.

The booklet is available online at: <http://www.publications.gov.bc.ca>

Food Protection Services at the British Columbia Centre for Disease Control develops policy regarding food safety on behalf of the Ministry of Health. They can assist you with more information regarding food policy and administration of regulations.

Contact:

**British Columbia Centre for Disease Control (BCCDC)**

Food Protection Services

655 12th Ave W

Vancouver, BC V5Z 4R4

Phone: (604) 660-5357

Fax: (604) 660-6628

Email: [fpinfo@bccdc.ca](mailto:fpinfo@bccdc.ca)

<http://www.bccdc.org>

## BC Ministry of Agriculture and Lands

The BC Ministry of Agriculture and Lands can provide assistance in determining the agencies responsible for inspecting a food product.

Contact the main office at:

BC Ministry of Agriculture and Lands  
Mailing Address:  
PO Box 9120  
Stn Prov Govt  
Victoria, BC V8W 9B4

Location: 808 Douglas Street  
Phone: (250) 356-5815  
Fax: (250) 356-2949  
Email: [agf.webmaster@gov.bc.ca](mailto:agf.webmaster@gov.bc.ca)  
<http://www.al.gov.bc.ca>

## Health Canada

The responsibilities of Health Canada include policy development, risk assessment, research and setting standards. The Canadian Food Inspection Agency (CFIA) provides all federal inspection services related to food. Both of these organizations work from the *Food and Drugs Act*. This covers the manufacturing, distribution, and sale of all food products in Canada.

### **Health Canada**

British Columbia/Yukon  
Suite 405, Winch Building  
757 West Hastings Street  
Vancouver, BC V6C 1A1  
Tel: (604) 666-2083  
Fax: (604) 666-2258  
<http://www.hc-sc.gc.ca/>

### **Natural Health Products Directorate (NHPD)**

The **NHPD** is the regulating authority for natural health products (NHPs) for sale in Canada. The Natural Health Product Regulations provides a regulatory framework for natural health products, including but not limited to:

- pre-market assessment for product licensing
- licensing of establishments
- post-approval monitoring and compliance
- implementation of the Standing Committee on Health's recommendations

**Natural Health Products Directorate - Health Canada**

Toll Free: 1-888-774-5555

Email: [nhpd\\_dpsn@hc-sc.gc.ca](mailto:nhpd_dpsn@hc-sc.gc.ca)

<http://www.hc-sc.gc.ca/hpfb-dgpsa/nhpd-dpsn/>

**Health Canada Health Products and Food Branch**

<http://www.hc-sc.gc.ca/hpfb-dgpsa/>

## Industry Canada

Before packaging food for retail consumption, all scales must be certified by the Legal Metrology (Weights and Measures) Branch of Industry Canada. To attain certification, contact:

**Measurement Canada**

**Vancouver District**

110-3625 Lougheed Highway

Vancouver, BC V5M 2A6

Phone: (604) 666-3834

Fax: (604) 666-0839

<http://mc.ic.gc.ca/>

**Okanagan District**

340-277 Winnipeg Street

Penticton, BC V2A 5M2

Phone: (250) 770-4550

## Fisheries and Oceans Canada

Contact Fisheries and Oceans Canada for fish processing information.

Contact:

**Fisheries and Oceans Canada**

Pacific Region

200 – 401 Burrard St.

Vancouver, BC V6C 3S4

Phone: (604) 666-0384

Fax: (604) 666-1847

<http://www.pac.dfo-mo.gc.ca/>

## BC Marketing Boards and Commissions

Marketing boards and commissions in BC are responsible for the promotion and regulation of products. If you intend to process supply managed goods (see list of commodity boards below), you are bound by the fixed purchasing price set by the board.

### **British Columbia Broiler Hatching Egg Commission**

#180 - 32160 South Fraser Way  
Abbotsford, BC, V2T 1W5  
Phone: (604) 850-1854  
Fax: (604) 850-1683  
E-mail: [info@bcbhec.com](mailto:info@bcbhec.com)  
<http://www.bcbhec.com>

### **British Columbia Cranberry Marketing Commission**

c/o 71 - 4001 Old Clayburn Rd  
Abbotsford BC V3G 1C5  
Phone: (604) 852-8585  
Email: [cranberries@telus.net](mailto:cranberries@telus.net)

### **British Columbia Milk Marketing Board**

200 – 32160 South Fraser Way  
Abbotsford BC V2T 1W5  
Phone: (604) 556-3444  
Fax: (604) 556-7717  
Email: [info@milk-bc.com](mailto:info@milk-bc.com)  
<http://www.milk-bc.com/>

### **British Columbia Turkey Marketing Board**

Suite 106, 19329 Enterprise Way  
Surrey BC V3S 6J8  
Phone: (604) 534-5644  
Fax: (604) 534-3651  
Email: [admin@bcturkey.com](mailto:admin@bcturkey.com)  
<http://www.bcturkey.com/>

### **British Columbia Chicken Marketing Board**

101 - 32450 Simon Avenue  
Abbotsford, B.C. V2T 4J2  
Phone: (604) 859-2868  
Fax: 1-866-859-2811  
Email: [info@bcchicken.ca](mailto:info@bcchicken.ca)  
<http://www.bcchicken.ca/>

### **British Columbia Egg Marketing Board**

150 - 32160 South Fraser Way  
Abbotsford BC V2T 1W5  
Phone: (604) 556-3348  
Fax: (604) 556-3410  
Email: [bcep@bcegg.com](mailto:bcep@bcegg.com)  
<http://www.bcegg.com/>

### **British Columbia Hog Marketing Commission**

2010 Abbotsford Way  
Abbotsford, BC V2S 6X8  
Phone: (604) 853-9461  
Fax: (604) 853-0764  
Email: [info@bcpork.ca](mailto:info@bcpork.ca)  
<http://www.bcpork.ca/>

### **British Columbia Vegetable Marketing Commission**

207 – 15252 – 32<sup>nd</sup> Ave  
Surrey, BC V3S 0R7  
Phone: (604) 542-9734  
Fax: (604) 542-9735  
Toll Free: 1-800-663-1461  
<http://www.bcveg.com/>

For more information, please visit British Columbia Farm Industry Review Board at:  
[http://www.firb.gov.bc.ca/boards\\_comm.htm](http://www.firb.gov.bc.ca/boards_comm.htm)

The BC Council of Marketing Boards is the association representing the various boards and commissions.

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Contact:

**BC Council of Marketing Boards**

Email: [info@bccomb.net](mailto:info@bccomb.net)

<http://www.bccomb.net>

## British Columbia Farm Industry Review Board (FIRB)

The British Columbia Farm Industry Review Board (FIRB) is responsible for general supervision of the operations of commodity boards and commissions in BC. As both an independent administrative tribunal and statutory appeal body, FIRB hears appeals filed by any person who is aggrieved by or dissatisfied with orders, as well as oversees the decisions or determinations of the commodity boards.

If you are dissatisfied with an order or decision made by a commodity board or commission, you may appeal to the Board. Contact FIRB for more information on marketing board regulations, appeals and supply managed goods.

Contact:

**British Columbia Farm Industry Review Board**

3<sup>rd</sup> Floor – 1007 Fort St.

Victoria, BC V8W 3B9

Phone: (250) 356-8945

Fax: (250) 356-5131

Email: [firb@gov.bc.ca](mailto:firb@gov.bc.ca)

<http://www.firb.gov.bc.ca/>

## Trademarks and Patents

**T**here are several different ways that business owners can protect their ideas, such as trademarks, patents, copyrights, industrial designs, and integrated circuit topographies. Food processors often use trademarks. As well, a business may patent a process of production.

A **trademark** is a word, symbol, picture or a combination of these used to distinguish the goods and services of one person or organization from those of another. Trademarks shield a product or service name from use by competitors.

A **patent** is a document protecting the rights of the inventor on physical objects. It gives the inventor the right to exclude others from making, using or selling his/her invention from the day the patent is granted by the government to a maximum of 20 years after the day which the patent application was filed. This is only if a patent is granted and the fees are paid. Patent protection varies between countries. If you are selling wares or services in other countries, you should consider registration in each of those countries. Please note that recipes **cannot** be patented.

### Trademarks

**Trademarks** can be used:

- to identify the unique goods or services of a company;
- as a certification mark which identifies goods or services which adhere to a standard; or
- as a distinguishing feature which identifies the unique package or appearance of a product.

The essence of trademarks is that they *identify* something that is recognizable to the public, including words and visual symbols. Trademarks do not have to be registered, as they can become property over time. However, registering a trademark provides exclusive rights for 15 years (renewable every 15 years), and avoids the problems related to proving ownership if challenged.

### Registering a Trademark

Trademark applications are directed to, and registered with, the Trademarks Office in Gatineau, Quebec. An application fee is applicable, and there is a registration fee when the application is accepted. (Note: If the application is incomplete, a further fee is charged to complete the application form.) To obtain the current level of fees contact the Trademarks Office through:

#### **Canadian Intellectual Property Office**

Place du Portage I  
50 Victoria St., Room C-114  
Gatineau, Quebec K1A 0C9

Phone: (819) 997-1936  
Fax: (819) 953-7620  
Flat Rate Call (\$3): 1-900-565-CIPO (2476)  
Email: [cipo.contact@ic.gc.ca](mailto:cipo.contact@ic.gc.ca)  
<http://www.cipo.gc.ca>

Small Business BC provides assistance in trademark application. The website (below) explains the trademark application process and the application format. Further, the office will fax the application directly to Hull, Quebec upon request. For a copy of the booklet, contact:

**Small Business BC**  
601 West Cordova Street  
Vancouver, BC V6B 1G1  
Inquiry: (604) 775-5525  
Trade & Markets Centre Fax: (604) 775-5520  
Toll Free: 1-800-667-2272  
<http://www.smallbusinessbc.ca>

Registering for a trademark can be done in two steps:

1. **Trademark search:** A preliminary search of a proposed trademark can be done through a trademark agent, lawyer, or by contacting:

**University of British Columbia**  
Main Library – Science and Engineering Division  
1956 Main Mall  
Vancouver, BC V6T 1Z1  
Phone: (604) 822-0695  
Fax: (604) 822-9532  
<http://www.library.ubc.ca/scieng/patents/>

You can also run a search through the **Canadian Trademarks Database** at: <http://strategis.ic.gc.ca> (Click “Trade-marks” in the right-hand side menu).

2. **Trademark application:** An application may be submitted independently, or through a trademark agent or lawyer. Using an expert ensures that the search and application have been carried out properly and adequately. The trademark agent or lawyer will search and get an opinion on your trademark, determine if it can be registered and if there is any infringement. This cost can range between \$150 to \$650, depending on the complexity of your case. In addition, there will be preparation costs ranging from \$200 to \$500, plus GST. Using an agent or lawyer may help a new business avoid unnecessary delays or additional charges.

**Note:** A trademark must be put into use before it is registered.

Contact the **Canadian Intellectual Property Office** for more information.

## Patents

In the food manufacturing industry, patents are primarily used for protecting inventions for processing. Costs associated with obtaining a patent can range greatly depending on the complexity of the invention. A simple patent search, conducted by a patent agent, costs approximately \$500. However, a typical patent search is approximately \$1500 plus GST. The application costs to obtain the patent range between \$4000 and \$7500, plus GST and expenses. Registration of a patent with the patent office costs \$150. Anyone wishing to apply for a patent is advised to contact a patent agent.

For more information on patents, please contact the **Canadian Intellectual Property Office** or **Small Business BC**. (The addresses are listed on the previous page):

### **Patent Act and Patent Rules**

View online at: <http://laws.justice.gc.ca/en/P-4/>

For alternative formats, contact:

### **Department of Justice Canada**

Communications Branch

Public Affairs Division

284 Wellington Street

Ottawa, ON K1A 0H8

Phone: (613) 957-4222

Fax: (613) 954-0811

E-mail: [webadmin@justice.gc.ca](mailto:webadmin@justice.gc.ca)

<http://canada.justice.gc.ca/en/>

### ***A Guide to Patents***

View online at:

[http://strategis.ic.gc.ca/sc\\_mrksv/cipo/patents/pat\\_gd\\_main-e.html](http://strategis.ic.gc.ca/sc_mrksv/cipo/patents/pat_gd_main-e.html)

or Contact:

### **Industry Canada**

Suite 2000 - 300 West Georgia Street

Vancouver, BC V6B 6E1

Tel.: (604) 666-5000

Fax: (604) 666-8330

<http://www.ic.gc.ca>

### **PATEX - Patent Research and Consulting Service**

5230 Patrick St.

Burnaby, BC V5J 3B3

Phone: (604) 438-5935

Fax: (604) 438-5945

E-mail: [Ron@patex.ca](mailto:Ron@patex.ca)

<http://www.patex.ca>

## Additional References

Elias, Stephen. *Trademark: Legal Care for Your Business & Product Name*. Berkeley, CA: Nolo, 2003.

Gilbert, Jill. *The Entrepreneur's Guide to Patents, Copyrights, Trademarks, Trade Secrets & Licensing*. New York: Berkley Publishing Group, 2004.

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Newkirk, R&R and Mitchell, Carolyn B. *Business Insurance, 7<sup>th</sup> ed.* Chicago, IL: Dearborn Financial Publishing, 2000.

Rubin, Harvey W. *Dictionary of Insurance Terms, 4<sup>th</sup> ed.*. New York: Barron's, 2000.

Vaver, D. *Intellectual Property Law: Copyright, Patents, Trade-marks*. Concord, Ontario: Irwin Law, 1997.

## **Business Insurance, Regulations and Trademarks Checklist**

- Interview a few insurance brokers to find the right one.*
- Discuss with my insurance broker my company's insurance needs.*
- Contact the relevant regulatory bodies to discuss the regulations that affect my company.*
- Contact the Workers Compensation Board and set up an account for the company.*
- Design the trademark that I want to identify my products.*
- Register my trademark to avoid future problems.*

# Section 5 – Food Safety and Quality

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## Food Safety - General Issues

**F**ood Processors should design, construct and operate a food processing plant to minimize long-term costs. To this end, they should have:

- a well-designed food processing facility;
- procedures for the prevention of microbiological, chemical, or physical defects or hazards within the products;
- proper food handler hygiene and food handling practices;
- controlled processing procedures;
- a superior sanitation program; and
- a pest-control management system.

### Key Principles

The following are a few key principles that apply to nearly all food processing facilities (except for the very small):

1. A food processing facility should be designed so that the various parts of it are separate from one another. In particular:
  - Raw materials should be received in a separate area from the processing facility, as they are considered potential sources of contamination be it microbiological, physical, or chemical. One set of rules or procedures should be developed for this area and applied to prevent contamination.
  - The processing area should be a separate area. Also, the processing of raw and cooked materials should be in separate locations in the processing area. In most instances, this area will have the highest level of sanitation. This is where the product is going to experience the most contact with the environment (i.e. machinery, processing aids, workers, and the atmosphere).
  - The warehousing and shipping area should be another separate area. This is a potential source of infestation and rodent entry into the facility.
  - It is easier to maintain a sanitary environment in a plant with more segregated areas. Each area will have a different focus and a different set of procedures to ensure the overall sanitation of the plant.
2. The area surrounding a food processing plant must also be considered.
  - If the facility itself is located within a larger facility, it is important that all the activities be compatible. For example, a food processor would not want to locate in the same facility as a dry cleaner with its characteristic odours and questionable chemicals. A food processor would avoid a location with a welding firm next door that generates iron filings and does not necessarily have the same concern for sanitation.
  - If the facility is a stand-alone building, it is important to maintain a boundary around the facility. The best idea is to have a paved apron, or equivalent, around the perimeter. The apron should be higher than the surrounding area

and sloped away from the building. This is a deterrent to all kinds of pests and rodents and also minimizes the tracking of dirt and mud into the plant.

- If sharing warehouse facilities, make certain that only compatible products are stored together. Do not store chemicals in the racks above the food products, or even in the same area. Use common sense when storing products.
3. Within the facility, starting right from construction, preventative measures should be taken. For example, use square iron beams that are totally sealed off instead of “I” beams that have ledges where dust and debris can accumulate. When using angle irons for construction, install them “^” rather than “L”. This will prevent having ledges that are difficult to clean.

The construction material and finishing should be done so that:

- there are no harbours for pests;
- cleaning is easy; and
- cracks and crevices are unlikely to develop and if they do, they are easily repaired.

For example, concrete floors with epoxy coverings are preferable to wooden or asphalt bases, and where washing will be a common practice, the floors should flow to well-maintained drains. If there is potential for materials to enter the drain, sewage disposal regulations and controls should be checked and taken into account in the design.

4. The frequency of cleaning processing equipment will depend very specifically on the amount of use and the nature of the product being processed. However, as a rule, equipment must be made as easily accessible for cleaning as possible and cleaned after use.
5. Packaging, and particularly the handling of packaging, is an extremely important facet of good sanitation practices. Common sense should prevail. The packaging itself should be well packaged and protected to prevent foreign materials from entering it or adhering to it in transit and prior to arriving at the packaging work station. Some examples of good practices are:
- Receive open bottles, jars, cans, etc. up-side down so that foreign material cannot fall into them prior to use;
  - Keep to a minimum the number of packages that are upright and open to the environment at any given time, particularly when vacating the line during breaks or absences; and
  - Seal the container as soon after filling as possible to minimize the time it is left open to the environment.
6. In the final phase of storage and shipping of a food product, the single most important practice would be to diligently rotate the inventory practicing a FIFO approach (first in, first out). Other important factors include:
- using clean, dry pallets; and

- using clean, dry, sound transport vehicles.
7. Personnel and training of personnel are the most important factors in maintaining a sanitary facility and product. No one person can have sole responsibility. All people involved in the operation must participate. All people associated with the plant must be made aware of the importance of their actions within the plant. This involves training, on-going communication, and most importantly, common sense.
  8. HACCP (Hazard Analysis Critical Control Point), Sanitation, Recall, and Allergen programs are examples of four food management programs used for the assurance of safety and/or quality. You may wish to develop your food safety and sanitation management program in conjunction with a quality program.

The food safety HACCP program consists of establishing Critical Control Points. These are locations in the plant or steps in the process where lack of control would result in a food safety hazard. The Critical Limit is a limit that must be met to ensure that a food safety hazard does not occur at a Critical Control Point.

Every food processor should establish programs such as HACCP with written procedures that include:

- identification of all Critical Control Points;
- Critical Limits for all Critical Control Points;
- procedure to be followed to ensure adherence to the critical limits;
- the action to be taken in the event that the critical limits are not adhered to;
- monitoring and verification that ensures that the processes are in control; and
- good record keeping.

# Personal Hygiene and Health Requirements

**G**ood personal **hygiene** is a necessary line of defence against product contamination. You need to understand how microorganisms contaminate food products, the effect microorganisms can have on food products and how to prevent contamination. Effective hygiene controls help prevent foodborne illness, foodborne injury, and food spoilage.

The British Columbia Ministry of Health has developed information resources such as *Food Safe* and the *Food Protection Vital to Your Business*<sup>1</sup> booklet for training food workers in safe food handling practices. Contact your Environmental Health office for details.

## Personal Hygiene for Food Handlers

- Keep yourself clean and tidy;
- Wear clean clothes and shoes;
- Keep your fingernails short and clean. Use a nail file and a nail brush daily;
- Do not use coloured nail polish;
- Do not wear jewelry;
- Keep your hair short or use a cap, net or hairspray to hold it above your collar;
- Wash hands frequently and always:
  - ◇ before handling food;
  - ◇ after handling anything that has been put near the mouth, such as cigarettes; lipstick and toothpicks;
  - ◇ after handling raw foods, and toxic materials such as cleansers and pesticides; and
  - ◇ after using the toilet or urinal;
- Wash hands, well beyond the wrists with soap and hot water. Rinse under running water;
- Use a paper towel to turn off the water. (This prevents recontamination of your hands.);
- Dry your hands on paper towels or under warm-air hand dryers. Never use a common towel or an apron;
- Keep your hands away from your mouth, nose, ears, hair, beard, or mustache;
- When wearing gloves, they should be sound, clean and sanitary. Wash hands thoroughly before putting on gloves;
- Do not smoke where food is prepared, cooked, served, or dispensed;
- Use only disposable tissue to control coughs and sneezes, then wash your hands.
- Do not work when sick or carrying any communicable disease. (The proprietor must not allow any person suspect to be carrying - or suffering from - a communicable disease to come in contact with food, equipment, utensil or food contact surfaces).

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<sup>1</sup> The booklet *Food Protection Vital to Your Business* is available online at <http://www.publications.gov.bc.ca>

<sup>3</sup> Health Info Line, 1 800 465 4911

## Supervision

A manager should be responsible for ensuring that personnel hygiene requirements are followed.

## Visitors

Precautions should be taken to prevent visitors to food handling areas from contaminating food. These precautions may include the use of hair nets, coveralls and restricted access.

In larger food processing plants, it may be necessary to appoint a sanitation manager.

Generally, on-the-job training (in-service training) is probably the most common means of training food workers. Sanitation programs will be more effective if there is total commitment from management and staff to the program and if the employee understands the importance of hygiene practices.

## Reporting Illness Acquired Through Food

- Find out what was eaten and when it was eaten;
- Note how many people were affected;
- Isolate the suspected food. Label it and keep it refrigerated until it is examined by the Environmental Health Officer<sup>3</sup>;
- Report the illness to the Environmental Health Officer at once; and
- Co-operate with the Environmental Health Officer to correct any problem with the food, its preparation or handling.

# Food Safety Systems

Food safety is key to a good business. There are a number of systems designed to ensure the safety of your food products.

## Hazard Analysis Critical Control Point (HACCP)

**HACCP** (“Hassip”) is an acronym for Hazard Analysis Critical Control Point. It is a basic, common sense method of analyzing a food processing system to identify potential hazards to food safety. Once hazards have been identified, critical limits are set at each point. Much of the program may already be present in processing establishments, with the only requirement being the establishment of proper documentation.

HACCP systems are the new industry standard for food safety. They are designed to be preventive rather than reactive. HACCP must be built upon current food safety programs such as Good Manufacturing Practices (GMPs) (e.g. sanitation and personal hygiene programs) in order to work. However, HACCP provides the basis for developing your own food safety plan.

The concept was pioneered in the 1960s by the Pillsbury Co., in order to supply food for the U.S. space program. The company found that end-product testing would be so extensive that little food would be available for flights, therefore it was better to develop a system to identify hazards during production.<sup>4</sup>

The 7 Principles of HACCP are as follows:<sup>5</sup>

1. Identify and assess hazards (chemical, biological, physical).
2. Establish a CCP to control the hazard.
3. Establish critical limits.
4. Establish monitoring procedures.
5. Establish deviation procedures.
6. Establish verification procedures.
7. Establish documentation and record keeping procedures.

## Federal/Provincial HACCP requirements

An outline of Canadian Food Inspection Agency’s HACCP program can be obtained by contacting:

**Canadian Food Inspection Agency**

Federal Inspections  
400-4321 Still Creek Avenue  
Burnaby, BC V5C 6S7  
Phone: (604) 666-6513

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<sup>4</sup> HACCP Workshop. SGS Canada Inc. 2002. Ch 1, pp.2-3.

<sup>5</sup> Canadian Council of Grocery Distributors. “7 Principles of HACCP”. *Excellence in Food Handling Training Manual*, 1997.

Fax: (604) 666-1261

<http://www.inspection.gc.ca/english/toc/inspe.shtml>

### Food Safety Enhancement Program (FSEP)

The Canadian Food Inspection Agency (CFIA) uses the Food Safety Enhancement Program (FSEP) approach to the development, implementation and maintenance of Hazard Analysis Critical Control Point (HACCP) systems in all plants registered under the Canadian Agricultural Products (CAP) act. FSEP is applied to the meat, dairy, honey, maple syrup, processed fruit and vegetable, shell egg, processed egg and poultry hatchery sectors.

Contact:

Canadian Food Inspection Agency

<http://www.inspection.gc.ca/english/fssa/polstrat/haccp/haccpe.shtml>

### General Principles of Food Hygiene – Code of Practice

The CFIA has developed a Code of practice for all processing plants that are not captured under the CAP Act. These outline key expectations under the Food and Drug Act. They are designed to control the safety and suitability of food during manufacturing or processing. The code can be viewed at:

[www.cfis.agr.ca/english/regcode/gpfh/gpfhc\\_e.shtml](http://www.cfis.agr.ca/english/regcode/gpfh/gpfhc_e.shtml)

The provincial Ministry of Health has developed HACCP manuals for provincially licensed meat, milk and fish plants. These may be found at:

[www.bccdc.org/division.php?item=7](http://www.bccdc.org/division.php?item=7)

Environmental Health Officer can help you identify the appropriate agency/inspector who can assist in the development of your food safety plan.

**Environmental Health Officer**

Ministry of Health

Toll Free: 1-800-465-4911

## Quality

Obviously no one can have a perfect product, but the goal of all companies should be to produce a quality product. Although there are different perceptions of the meaning of quality, most would agree that **Quality** is producing the best possible product consistently. Every company must deal with constraints. The company may not always be able to afford the best possible ingredients, or they may not be able to get enough. Equipment may break down and is rarely perfect or exact. With problems like these, a company needs to set up a program that will help them ensure the quality of their products.

Quality in a food product includes:

- food safety;
- consistency;
- physical appearance;
- value;
- nutrition; and
- shelf life.

Quality is generally determined through two factors: **credence** and **sensory attributes**. Sensory evaluation refers to the process of assessing the product through its physical attributes (freshness, ripeness, etc), while credence refers to the underlying factors and processes involved in the production of a product (organically grown, use of fair trade and labour standards, animal welfare, environmental stewardship, etc). Such factors can greatly contribute to the overall impression of a product's net worth or value.

## Quality Control

**Quality control** prevents unsatisfactory products from being delivered to customers through proper production and quality inspections. Quality control is primarily the responsibility of the production staff and should be built into the manufacturing process. Quality cannot be inspected into a product; it must be built into it. Therefore, the proper tools and training must be made available to ensure proper monitoring and decision making to maintain product specifications.

## Quality Assurance

Quality assurance is a preventative measure used to avoid the production of unsatisfactory products through written specifications and standards. Quality assurance is a management responsibility, as they must put in place the necessary programs for producing a quality product each and every time.

Quality assurance is also an important aspect of a company's marketing activities. Future sales are directly and significantly affected by the level of quality and the consistency of the product. Consumers are reluctant to deal with other companies once a solid reputation has been built for quality and dependability in a product.

A quality product begins with quality ingredients. A company needs to work closely with its suppliers to ensure that all supplies meet tight quality standards. Quality standards should be created for ordering raw materials, packaging materials, and other supplies.

Quality can be tested subjectively or objectively depending on the factor being measured. Examples of **objective testing** and the various quality factors include:

**Physical tests:**

- weight and/or volume checks;
- colour analysis;
- particle size analysis;
- viscosity measurements;
- homogeneity checks;
- water activity; and
- presence of foreign objects.

**Chemical tests:**

- protein, fat, and moisture contents;
- pH check;
- residue analysis; and
- vitamin levels.

**Microbial tests:**

- total plate count;
- molds and yeast;
- coliform count;
- thermophilic and thermotolerant count; and
- salmonella presence.

**Objective testing** can require simple test equipment, such as a weight scale or a pH meter, or expensive and complex equipment, such as a high pressure liquid chromatograph (HPLC), or a colourimeter (measures colour). Throughout the food industry, there are virtually thousands of tests used routinely to monitor product quality.

Food quality is also measured by **subjective testing**, using a number of different sensory tests. Although the use of the human palate and nose for measuring flavour and aroma quality is often not as consistent as chemical testing, in many cases, it will give a more appropriate qualitative analysis.

Laboratories such as the British Columbia Institute of Technology (BCIT), University of British Columbia Department of Food Science (UBC), and the National Agri-Food Technology Centre, offer services to food processors for testing quality. More information on these centres can be found at the end of this section. Private firms also provide similar services. Note, however, that BCIT and UBC do this work in connection with research and development projects and do not compete with the private sector for laboratory analysis services.

The BC Food Processors Association website also contains a list of public and private labs in BC that you can access to develop your product. Visit their website at: [http://www.bcfpa.ca/services/services\\_intro.htm](http://www.bcfpa.ca/services/services_intro.htm)

For additional laboratories, please see the yellow pages (Laboratories - Analytical).

## Quality Testing Accuracy

A test can only be as accurate as its sample. Therefore proper **sampling** is vital to proper quality testing. Many people not fully familiar with the science of subjective sampling inadvertently bias the results by inappropriately collecting a sample.

Care must be taken to ensure that:

- the sample avoids contamination from extraneous sources;
- the sample is representative of the entire batch;
- the sample does not lose the characteristic properties during the collection, handling, transport, and storage prior to testing; and
- the sampling utensils and sampling container remain free of extraneous materials.

In general, samples should confirm the process of **quality assurance**. This is accomplished by gathering the sample throughout the process at regular intervals and in suitable storage containers. When testing a composite sample (i.e. more than one sample is taken), the collected samples are mixed and weighed on a scale to obtain the correct sample size. More than one sample is taken to create a back-up sample in the event that the first one is mishandled. The samples should be clearly identified with the product, date, and time period. It should then be tested for the required attributes.

When analyzing food quality, be aware that foods and food ingredients are ever changing materials. Thus, testing must be done as soon after sampling as possible. By the same token, one must remember that even though a food product may pass all initial tests, by the time it reaches the customer, the quality may have substantially changed.

Shelf tests are one way that companies ensure that a purchased product is a quality product. Shelf tests are performed to find out what happens to the product over time. This provides a “baseline” to measure whether product complaints are due to mishandling or poor quality products. The British Columbia Institute of Technology and other laboratories mentioned herein are among those equipped and qualified to do shelf tests.

# Quality Systems

## Putting Quality First

**T**he food processor (or manufacturer) must give great attention to quality. A Quality First Program is a program designed to establish certainty for the food processor in developing and improving an in-house quality assurance program. It can benefit processors in areas such as increasing the shelf lives of their products, reducing the number of customer returns, and decreasing the amount of product that cannot be sold.

The services required may include:

- assistance in implementing a quality assurance program;
- assistance in the development of a processor specific quality assurance manual;
- assistance with the design of incoming and finished product testing;
- assistance in the creation of product specifications unique to the processor;
- advisory services in the areas of quality assurance and sanitation;
- delivery of seminars and workshops;
- troubleshooting quality related issues; and
- implementation of a **Hazard Analysis Critical Control Point (HACCP)** program.

The processor should engage or contract the necessary technical skills to provide the above services. The British Columbia Institute of Technology and the University of British Columbia, as well as private laboratories, are qualified to provide specific assistance required by the company (see Section 9 for more information on product development facilities).

## ISO 9000

**ISO 9000** is a series of standards designed to prove that organizations meet global benchmarks in consistency and quality in their goods and services. These standards can be applied to almost any business and style of management.<sup>6</sup>

The standards measure suppliers' systems rather than specific products or services. Suppliers are successful when they can prove that they have carefully documented their processes and follow their system consistently.

As more and more countries adopt these standards as national standards, ISO 9000 is becoming necessary to compete in the global marketplace. Many domestic and global customers are starting to demand that Canadian suppliers adopt the standards.

Nationally registered suppliers are licensed to use an ISO 9000 registration mark in marketing and communications efforts to capitalize on their improved quality systems.

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<sup>6</sup> (Book) *Let's Talk Business*. "ISO 9000: Improving quality is the bottom line." Supply and Services Canada and Industry Canada. SQI 02 (06/93)

Registered businesses are also listed in a directory that is widely available to public, corporate, and retail buyers.

Once suppliers can conform to their quality systems, they apply to a third-party registration organization accredited by a national accreditation body such as the Standards Council of Canada. The organization will assess the supplier's quality system, identify areas for improvement, and then assess the workplace to confirm the quality management system is being followed.

For more information, please contact:

**Standards Council of Canada**

270 Albert Street, Suite 200  
Ottawa ON K1P 6N7  
Phone: (613) 238-3222  
Fax: (613) 569-7808  
Email: [info@scc.ca](mailto:info@scc.ca)  
For publications only: 1-800-267-8220  
<http://www.scc.ca/>

**Industry Canada**

Regional Office  
Suite 2000, 300 West Georgia Street  
Vancouver, BC V1B 6E1  
Phone: (604) 666-5000  
Fax: (604) 666-8330

There are a number of courses designed to help organizations adopt ISO 9000 standards. For more information, contact:

**British Columbia Institute of Technology (BCIT)**

Food Technology Program  
3700 Willingdon Avenue  
Burnaby, BC V5G 3H2  
Phone: (604) 451-7089  
Fax: (604) 434-6986  
<http://www.bcit.ca>

## Product Specifications

**S**pecification sheets are an essential part of a quality product. The sheets are used to ensure that the products leaving the processing plant are of the required quality. The sheets contain detailed specifications on packaging, storing, cooking, ingredients, physical appearance and batch processing. The following pages provide some examples of specification sheets for:

- standard procedures;
- raw material specifications;
- finished product standards;
- daily formulation records; and
- product inspection reports.

### Standard Procedure

Product: Snappy Wieners  
Product Code(s): 000001

#### 1. Blending and Grinding

- a) Grind lean meats through a 16 mm plate and place into the blender. Temperature of the meat should be -6°C to 4°C.
- b) Add (in order) the water, salt and cure pack from the seasoning unit. Mix for five minutes.
- c) Grind the fatty meats through the 16 mm plate and place into the blender. Mix for one minute.
- d) Complete the blend by addition of the binder/seasoning, and flour. Mix until uniform, approximately one minute. Temperature of the blend should fall in the range of -1.1°C to 5°C.
- e) Pass the blend through the emulsifier (3 mm plate). The final emulsion should be 5.6 to 6.2.

Note: The time between emulsification to cooking should not exceed four hours.

#### 2. Stuffing

- a) Transfer the emulsion into clean and sanitized buggies and transport to the stuffer.
- b) Transfer the emulsion into the stuffer via the stuffer elevator.
- c) Stuff the emulsion into a cellulose casing, product code 6860470, supplied by Casings-R-Us.
- d) Choose the settings on the stuffer are as follows:
  - link chain: 13 cm
  - 14 pitch
  - chuck size: 18
 stuffing tube A (small)
  - minimum weight per 12: 510 g
  - maximum weight per 12: 515 g

**3. Cooking**

- a) Place the stuffed product on the racks in the typical fashion and wheel the the carts into the smokehouse.
- b) Cook according to the following schedule:

| <u>Time (min.)</u> | <u>Dry Bulb (°C)</u> | <u>Wet Bulb (°C)</u> |
|--------------------|----------------------|----------------------|
| 30                 | 60                   | 40                   |
| 45                 | 70                   | 48                   |
| 45                 | 83                   | 66                   |
| 30                 | 85                   | 77                   |

- c) Estimated cook yield is 90%.
- d) Verify the product to ensure that the final temperature reached is at least 74°C. If this temperature is not reached, continue cooking the product until this temperature is reached.

**4. Cooling**

- a) Once the product is fully cooked and verified, place the product into the finished product cooler. The temperature of the cooked product must be below 5°C before packaging.

**5. Peeling**

- a) Run the product through the peeler once cooled. There should not be any scoring of the knife on the peeled wiener.

**6. Packaging**

- a) Package the product using the Acme Vacuum Packager machine.
- b) Packaging specifications are as follows:
- pack size: 450 g
  - count per package: 12
  - temperature of room: less than 5°C
  - standard package weight: 450 g
  - minimum package weight: 436.5 g
  - maximum package weight: 464 g
  - vacuum setting: 6.0
  - forming film used: 6218821
  - non-forming film used: 2494733
  - corrugated box: 6263707
  - best before date is 40 days after cook date

**7. Storage**

- a) Refrigerate the packaged product.
- b) Samples (one package) at 9:00 a.m., 12:00 p.m., and 4:00 p.m. are to be retained.

Prepared by: \_\_\_\_\_ Approved by: \_\_\_\_\_

Date: \_\_\_\_\_

## Raw Material Specifications

Product: ABC Spice, Seasoning and Cure Unit  
Our Code: S3009  
Approved Supplier(s): Spice Right  
Supplier Code: 325004

Description:

- Physical: Product is a free-flowing, dry powder, free of lumps or large particles. Colour is light-brown and has the aroma of garlic and allspice.
- Chemical: Composition as per supplier:

|                |            |
|----------------|------------|
| fat:           | 5.5-6.2%   |
| moisture:      | 9.0-11.0%  |
| protein:       | 18.0-19.9% |
| carbohydrates: | 2.0-24.0%  |
| salt:          | 40.0-40.9% |
| ash:           | 35.0-40.0% |
- Microbiological: Compiled by supplier:

Total Plate Count: less than 5000 per gram  
Coliform Count: less than 100 per gram  
E coli: negative per gram  
Yeasts and Molds: less than 100 per gram  
Salmonella: negative per 25 grams
- Ingredients: Salt, modified flour, modified starch, glucose solids, dextrose, spices, sodium nitrite.
- Packaging: Product is packaged in a multi-layered kraft paper bag. Size of unit is 10 kg. Cure is to be packaged separately.
- Storage: Units are to be stored in a cool, dry area for a period of not more than 6 months. Product is not to be used if this time period has been exceeded.

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_

## Finished Product Standards

Product: Snappy Wieners  
Product Code: 000001  
Size: 450 g

### Physical Characteristics:

- |                              |   |   |
|------------------------------|---|---|
| Appearance/Colour            | • | Orange-brown when packaged.   |
|                              | • | When roller grilled, the colour becomes reddish-brown, but when steamed or boiled, the colour fades slightly. |
| Flavour                      | • | Typical wiener flavour, with notes of garlic and pepper.  |
| Texture                      | • | Smooth, fine texture.   |
| Length of wiener             | • | 132 mm +/- 2 mm.  |
| Diameter of wiener           | • | 20 mm +/- 1 mm.   |
| Packaging pattern            | • | 2 rows of six wieners.  |
| Number of pieces per package | • | 12  |
| Maximum weight               | • | 455 grams   |
| Minimum weight               | • | 448 grams   |

### Chemical Standards:

- |          |   |               |
|----------|---|---------------|
| Salt     | • | 2.5% +/- 0.3  |
| Protein  | • | 13.5% +/- 0.5 |
| Fat      | • | 16.5% +/- 1.5 |
| Moisture | • | 57.5% +/- 2.0 |
| pH       | • | 5.8 +/- 0.2   |

### Microbiological Standards:

- Total plate count
- less than 5000 bacteria per gram.
- Coliform count
- less than 100 coliform bacteria per gram.

Best before date: Label 40 days after day of cook.

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_

## Daily Formulation Record

Product: Snappy Wieners

Date: \_\_\_\_\_

|                               | Target Formula (lb.) | Batch 1 | Batch 2 | Batch 3 | Batch 4 | Daily Total (lb.) |
|-------------------------------|----------------------|---------|---------|---------|---------|-------------------|
|                               |                      | Time:   | Time:   | Time:   | Time:   |                   |
| MS chicken                    | 22.0                 |         |         |         |         |                   |
| Fresh beef 85                 | 11.0                 |         |         |         |         |                   |
| Frozen pork 75                | 23.5                 |         |         |         |         |                   |
| Pork hearts                   | 8.5                  |         |         |         |         |                   |
| Pork fat                      | 2.0                  |         |         |         |         |                   |
| Water                         | 19.7                 |         |         |         |         |                   |
| Salt                          | 1.3                  |         |         |         |         |                   |
| Wheat flour                   | 4.0                  |         |         |         |         |                   |
| Soy protein                   | 2.0                  |         |         |         |         |                   |
| ABC spice, seasoning and cure | 6.0                  |         |         |         |         |                   |
| Total (lb.)                   | 100.0                |         |         |         |         |                   |
| Comments                      |                      |         |         |         |         |                   |

## Product Inspection Report

|   |                              |                |
|---|------------------------------|----------------|
|   | File Ref: .....              |                |
|   | Report By: .....             |                |
|   | Job Title: .....             |                |
| Product: .....  |                              |                |
| Product Code: .....   |                              |                |
| Objective: (Circle the appropriate objective)               |                              |                |
| ..... Comparison/Production Trial /Recipe Change /Prototype |                              |                |
| Brand: ..... Flavour: .....                                 |                              |                |
| Production Code: ..... Pack Size: .....                     |                              | Case Wt.:      |
| Number of Cases Produced in this "Run"                      |                              |                |
| This code #: .....  | Cases/std. Pallet: .....     | # Pallets:     |
| Weight (actual): ..... kg/lb. .... gram                     | Units/pack:.....             | Wt./unit:      |
| Wt. Range: .....  |                              |                |
| Describe Packaging: .....                                   |                              |                |
| Inspection Details:   |                              |                |
| 1. Casing - outer covering (as applicable):                 |                              |                |
| Colour: ..... Texture: .....                                |                              |                |
| Thickness - across fold: .....mm                            |                              | at seam:       |
| ..... mm  |                              |                |
| Outer measurements  |                              |                |
| length: mm depth: .....mm                                   | height: .....mm              |                |
| General Appearance: .....                                   | Random 10                    |                |
| .....   | <u>Unit Wt. Chk.</u>         |                |
| .....   |                              |                |
| .....   |                              |                |
| .....   |                              |                |
| .....   |                              |                |
| Appendages: ..... Edges: .....                              | total:                       |                |
|   | <u>ave:</u>                  |                |
| 2. Filling (as appropriate):                                |                              |                |
| Colour: ..... Texture: .....                                |                              |                |
| Product particles (identify if possible): .....             |                              |                |
| 3. Ratio - Dough/filling                                    |                              |                |
| # of units checked: .....                                   |                              |                |
| Total Wt. Dough: .....Gram                                  | Total Wt. Filling: .....Gram | (Ratio d : f): |
| 4. Flavour:   |                              |                |
| Cooked/not cooked: .....                                    | Indicate how cooked:         |                |
| Describe: .....   |                              |                |
| After-taste: yes/no - what? .....                           |                              |                |
| Observations: .....   |                              |                |

## Product That Is Off Specification

Options for dealing with product that is off specification include:

- re-processing the material;
- selling the material to a processor of animal feed;
- disposing of the sub-standard material;
- donating the material to charitable organizations (after ensuring acceptable food safety standards and handling and distribution); or
- blending the off-grade material with subsequent batches.

Donating the material and blending the material are generally not advisable. The British Columbia Food Donor Encouragement Act does, however, protect the processor if food is donated in good faith. Blending of wholesome, though off-specification product needs to be evaluated. Off-flavours, colours or texture may be detectable in a blended batch, lowering the quality of the product. The best way to deal with product that is off specification is to take the appropriate precautions to prevent the problem in the first place.

To guarantee that the quality of the product continues once it leaves the plant, many companies:

- use packaging that prevents exterior contamination of the product;
- ensure that all people handling the product are aware of all storage and transportation procedures;
- develop clear inventory control procedures;
- use a printed or embossed code marking on the package to identify the date produced and even the exact production machine; and
- include an abuse indicator on the packaging to signal when temperature abuse occurs during distribution.

# Product Returns and Product Recalls

## Product Returns

**W**hen a customer wants to return a product because they feel something is wrong with it, a company should accept their word for it and issue a credit note, or a refund for the returned product. The customer is always right. By responding in a friendly, helpful manner, a company can strengthen its relationship with the customer.

Keep a complete record of every complaint that is made. Look for continuity in customer complaints. Sometimes returns are not due to poor product, but due to some problem on the customer's side. For example, if the local football association is always returning hot-dogs after their games are rained out, maybe it is due to their own poor planning and not due to bad hot-dogs. If this is what the records of complaints show, then the company may want to look at other ways of dealing with the football association.

In any case, whenever a complaint is filed, a company should quickly find out what was wrong and correct the problems. They must ensure that this does not happen again. Often customer complaints initiate investigations that uncover serious problems in the production system or in the handling and distribution protocol that has been arranged.

## Product Recalls

If a product is found to be hazardous, a recall may be necessary. A food product can be recalled if it contains the following:

- a physical hazard - in 1993, alcoholic beverages were recalled because glass was discovered within several containers;
- a microbiological hazard - in 1992, coleslaw was removed from grocery shelves because *Listeria monocytogenes* were discovered in the product;
- a chemical hazard - in 1993, candy was recalled because there was "an odd chemical taste which left a slight mouth irritation reported by consumers."

All manufacturers eventually receive product complaints from customers. Therefore, it is essential that processors have reliable written records and a tracking system in place. If a processor determines that their product has been contaminated by one or more of the above hazards, the following information will be needed by the Canadian Food Inspection Agency:

- name and lot number of the recalled product;
- total quantity of the recalled product in the processor's possession;
- total quantity of the recalled product currently distributed;
- area of distribution by province and country; and
- the reason for initiating the recall.

All manufacturers should have an emergency plan in place. All emergency plans should include:

- Establishing an organizational structure to handle emergencies (note that tampering is a special situation in recall and must be investigated by the police);
- Developing internal and external communication policies, procedures and techniques;
- Establishing comprehensive quality control and tracking systems;
- Establishing efficient product retrieval systems;
- Simulating exercises to train and prepare management and staff; and
- Preparing a post-crisis evaluation system.

The CFIA has developed recall guides for distributors, importers, manufacturers and retailers. These are available at:

<http://www.inspection.gc.ca/english/fssa/rearapp/rearappe.shtml>

The recalling of product must be handled following certain principles:

- Always take a customer complaint seriously;
- The approach to product recall is problem solving and should never be a defensive exercise;
- Move immediately to minimize the damage. Are there other products and other customers that could have been affected? Many companies use brokers for selling and will need to contact all of them;
- The company must contact its supplier. All raw material and ingredients are to be periodically tested for uniformity and product quality and these codes are recorded;
- Investigate the quality assurance process to determine how the event might or did happen and determine what changes are required to minimize this happening in the future;
- Immediately contact the **Canadian Food Inspection Agency** (see below); and
- Contact your provincial Health Unit, call BC Ministry of Health at 1-800-465-4911.

### **Canadian Food Inspection Agency (CFIA)**

#### **Emergency Recalls/Health Hazards**

Call 24 hours a day for all areas of British Columbia (604) 775-6085

# Cleaning and Disinfecting Equipment and Buildings

**P**lant, including building and equipment, must be effectively and regularly cleaned to remove food residues and soil which may act as a source of food contamination.

"Intelligent integration and coordination between cleaning programs and manufacturing operations are critical to a successful cleaning program and a profitable business."<sup>7</sup> Therefore, selecting an appropriate time for cleaning is essential to achieving these goals.

Cleaning procedures should be developed following consultation with management and chemical suppliers. The key requirements for achieving effective cleaning in a food plant are:

- an understanding of the type and nature of the soil (dirt) to be removed;
- the accessibility and type of equipment;
- knowledge of the types and capacities of available cleaning agents (cleansers) and tools;
- properly trained personnel who are responsible for cleaning procedures; and
- an independent quality control system to monitor cleaning results.

## Cleaning Steps

Manual and automatic cleaning systems appear to be straightforward and foolproof. However, improper cleaning and sanitizing protocols may be costly and lead to product spoilage, equipment damage and hospitalization of employees. Care must be taken in the initial program design to ensure that all equipment is safely and effectively cleaned.

All good cleaning protocols involve at least four steps: pre-rinse, wash, post-rinse, and sanitization. Eliminating any of these steps will inevitably increase the cost of cleaning, and more importantly, result in the ineffective cleaning of equipment.

For a list of accepted cleaning materials by the Canadian Food Inspection Agency, please consult the *Reference Listing of Accepted Construction Materials, Packing Materials and Non-Food Chemicals Products*, available online at <http://www.inspection.gc.ca/english/ppc/reference/cone.shtml>

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<sup>7</sup> (Book) Troller, John, A. *Sanitation in Food Processing*. Second Edition. Academic Press, Inc.: San Diego, CA. 1993. p. 30.

## Sanitation of Raw Materials

"**R**aw materials are defined as any material that is transformed by processing, packaging, and/or storage into a food product."<sup>8</sup> This includes all foods that are processed. The purchase, receipt and processing of ingredients requires special sanitation-related considerations to ensure that the final product is of good quality.

### Raw Material Requirements

Specifications should be established for raw materials to ensure that the manufacture of the finished food is within regulatory requirements. Ingredients should meet whatever performance and purity specifications are established for them by the purchaser. The raw materials should be correctly identified, properly packaged and properly shipped to the purchaser or to a designated destination.<sup>9</sup>

Raw materials and ingredients should be inspected and sorted prior to being moved into the processing line, and where necessary, laboratory tests should be made.

Raw materials and ingredients stored on the premises should be maintained under conditions that will prevent spoilage, protect against contamination and minimize damage. Stocks or raw materials and ingredients should be properly rotated.

### Prevention of Cross-Contamination

Effective measures should be taken to prevent contamination of food material by direct or indirect contact with other material at an earlier stage of the process. If there is a likelihood of contamination, hands should be washed thoroughly. All equipment which has been in contact with raw materials or contaminated material should be thoroughly cleaned and disinfected prior to being used for contact with end products.

### Inspections

There are two types of **inspections** relating to raw materials:

1. Inspection of the supplier's plant;
2. Inspection of the product itself.

---

<sup>8</sup> (Book)Troller, John, A. *Sanitation in Food Processing*. Second Edition. Academic Press, Inc.: San Diego, CA. 1993. p. 287.

<sup>9</sup> (Book)Troller, John, A. *Sanitation in Food Processing*. Second Edition. Academic Press, Inc.: San Diego, CA. 1993.

## Plant Inspections

Most raw material suppliers will allow the buyer to inspect their premises. The right to conduct these inspections should be negotiated into the contract for the raw material. When deviations from good sanitary practices are found, these should be noted in a letter reiterating and formalizing complaints.<sup>10</sup>

## Ingredient Inspection

Many processors inspect raw materials when they are harvested and when they arrive at the plant. Product quality and compliance with product specifications are checked.

Shipping containers should be examined for evidence of insects or rodents. Containers that have been opened or damaged should be checked for contamination. The presence of only one or two infesting insects may indicate that the entire shipment is infested. In such cases, total rejection of the shipment should be considered.

## Frequency of Inspections

When the number of suppliers is large and there are few inspectors, many purchasers of raw materials face the dilemma of which ingredients to inspect. Troller suggests that the suppliers producing the highest risk ingredients should be inspected more frequently, while those producing a low-risk product receive less attention (Troller, 1993).

## Hazard Analysis Critical Control Points (HACCP)

HACCP based systems are used for the assurance of product quality and safety. (Consult section 5-8 for more information about HACCP.)

## Supplier Certification

A list of manufacturers certified to supply each raw material should be established and maintained by the food sanitarian. Company regulations should forbid purchases from suppliers who have not been certified or approved.

## Other Important Points to Consider

### 1. Use of Water

Only potable water should be used in food handling. **Potable water** is water that is free from harmful microorganisms and toxic chemicals.

The local public health inspector can be contacted for information on water potability and testing.

### 2. Processing

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<sup>10</sup> (Book)Troller, John, A. *Sanitation in Food Processing*. Second Edition. Academic Press, Inc.: San Diego, CA. 1993.

The Code of Practice outlines the following guidelines:

- Processing should be supervised by technically competent personnel;
- All steps in the production process, including packaging, should be performed as quickly as possible and under conditions that will prevent the possibility of contamination or deterioration;
- Methods of preservation and necessary controls should protect against contamination;
- Processing should be conducted according to written formulae and procedures established in accordance with acceptable food manufacturing practices to ensure compliance with regulatory requirements; and
- Critical control points in the processing of each lot of the finished food should be monitored to ensure compliance with established procedures.

### **3. Packaging**

All packaging material should be stored in a clean and sanitary manner. The wrapping of the packaging material should be intact and should provide appropriate protection from contamination.

Product containers should not be used for any purpose which may lead to contamination of the product. If possible, containers should be inspected immediately before use to establish that they are not contaminated.

### **4. Lot Identification**

A lot is a quantity of food produced during an allotted time, such as a batch. Each container should be permanently marked in code to identify the producing factory and the lot.

### **5. Processing and Production Records**

Records of pertinent processing and production details should be kept concerning each lot. These records should be kept for a period that exceeds the shelf-life of the product. Unless a specific need exists, they need not be kept for more than two years.

### **6. Storage of Raw Materials**

Raw materials are rarely used when they are received so they must be stored. To prevent cross-contamination, raw materials and finished products should be received, stored and shipped separately from each other.

The selection of storage condition depends on the nature of the raw material. Troller provides the following guidelines:

- Reduced temperatures will prolong the storage life of stored ingredients;
- Nuts should be stored at refrigeration temperatures in covered containers to protect them from mold growth, rancidity and excessive moisture loss;
- Meat, poultry and cheese must be stored in carefully controlled refrigerators to prevent their spoilage;

- Oils and fatty materials may require a blanket of inert gas such as nitrogen to preserve their freshness;
- Storage facilities for flour must be cleaned primarily to remove insects that can then infest the new flour. Troller suggests cleaning flour storage units monthly; and
- Duration of storage must be monitored. The first-in-first-out(FIFO) rule is generally used for raw materials.

### **7. Storage and Transportation of the End Product**

The end product should be stored and transported under conditions that prevent contamination. Periodic inspection of the end product should take place to ensure that only food that is fit for human consumption is distributed. The food processor must comply with all end product specifications. The product should be shipped in the sequence of the lot numbers.

## Developing a Sanitation Program

**W**hen developing a sanitation program, consult the government inspectors that would inspect the industry. Their interest is in the safety of the buying public and their approach is generally preventative in nature, not punitive. They have seen just about every situation, and this gives them a wealth of information so they can point the food processor to many relevant resources available to the industry.

The first step is to contact your local Environmental Health Officer, who can point you to the right department for information. Also, the food safety documents listed on the following page will provide useful information.

Contact:

**British Columbia Ministry of Health**

Environmental Health Officers

Contact Local Health Unit

Health Info Line: 1-800-465-4911

<http://www.hlth.gov.bc.ca/>

**For consumer products, meat hygiene, or fish inspection:**

**Canadian Food Inspection Agency**

400 - 4321 Still Creek Dr.

Burnaby, BC V5C 6S7

Phone: (604) 666-6513

Fax: (604) 666-1261

<http://www.cfia-acia.agr.ca/>

## Additional References

### Government Publications

- (Booklet) BC Ministry of Health, *Food Protection Vital to Your Business*. Available at the BC Publications website [www.publications.gov.bc.ca](http://www.publications.gov.bc.ca)
- (Manual) Canadian Food Inspection System. *Code of Practice, General Principles of Food Hygiene, 1<sup>st</sup> ed.* June, 2004. Available at [www.cfis.ca](http://www.cfis.ca) or direct link: [http://www.cfis.agr.ca/english/regcode/gpfh/gpfhc\\_e.shtml](http://www.cfis.agr.ca/english/regcode/gpfh/gpfhc_e.shtml)
- (Manual) Canadian Food Inspection Agency. *Meat Hygiene Manual of Procedures*. Available online at [www.inspection.gc.ca](http://www.inspection.gc.ca) or direct link: <http://www.inspection.gc.ca/english/anima/meavia/meaviae.shtml>

### Other References

- There are many periodicals specific to the food processing industry published in Canada and the United States. Consult the reference desk at the library for *The Standard Periodical Directory* that lists more than 85,000 publications. Many of these periodicals are available free to qualifying processors. They are excellent sources of up-to-date information on industry associations and all types of information relating to a specific industry or discipline.
- (Booklet) American Institute of Baking, *Basic Food Plant Sanitation Manual*. 1987.
- (Book) American Institute of Baking, *Warehouse Sanitation Manual*. Available to order at [www.aibonline.org](http://www.aibonline.org)
- (Book) American Institute of Baking, *Engineering for Food Safety and Sanitation*. Available to order at [www.aibonline.org](http://www.aibonline.org)
- (Book) Baur, F. J. *Insect Management for Food Storage and Processing*. American Association of Cereal Chemists, 1984.
- (Book) Troller, John A. *Sanitation in Food Processing, 2<sup>nd</sup> ed.* Burlington, MA: Academic Press, 1993.
- (Book) Lelieveld, Huub et al. *Hygiene in Food Processing: Principles and Practice*. Boca Raton, FL: CRC Press, 2001.
- "A Course of Action for Processing Facing Recalls." *Food Processing Magazine*. Itasca, IL: Putman Media Inc., September 1, 2001.
- Newslow, Debbie L. *The ISO 9000 Quality System: Applications in Food and Technology*. Mississauga, ON: Wiley-Interscience, 2001.
- Hoyle, David. *ISO 9000 Quality Systems Handbook, 4th ed.* Oxford, England: Butterworth-Heinemann, 2001.
- Kanholm, Jack. *ISO 9000 Requirements, 92 Requirements Checklist and Compliance Guide*. Milwaukee, MI: ASQ Quality Press; 4th ed, 2001.

### Information Sources

In addition to chemical and equipment suppliers servicing the British Columbia market, and provincial and federal regulatory agencies listed in this section, the following are sources of information:

**University of British Columbia**

Main Library  
1961 East Mall  
Vancouver, BC V6T 1Z2  
Phone: (604) 822-6375  
Fax: (604) 822-3893  
<http://www.library.ubc.ca/>

**B.C. Institute of Technology (BCIT)**

3700 Willingdon Avenue  
Burnaby, BC V5G 3H2  
Phone: (604) 432-8370  
Fax: (604) 430-5443  
<http://www.bcit.ca>

- BCIT offers various training programs of interest to Food Processors. It is also a source of potential employees with technical training in food handling and food processing. BCIT has library and data bank access facilities and services.

**Food Information Service**

6640 NW Marine Dr  
Vancouver, BC V6T 1Z4  
Phone: (604) 822-4100  
Fax: (604) 822-3959  
fis@interchange.ubc.ca  
<http://www.fis.agsci.ubc.ca>

- The Food Information Service at UBC can assist with process and product development.

**Food Development Centre**

Box 1240-810 Phillips Street  
Portage la Prairie, MB R1N 3J9  
Phone: (204) 239-3150  
Fax: (204) 239-3180  
Toll Free: 1-800-870-1044  
<http://www.gov.mb.ca/agriculture/fdc>

- This centre offers customized training sessions, seminars, and short courses in the areas of equipment design and sanitation.

**American Institute of Baking (AIB)**

1213 Bakers Way  
Manhattan, Kansas  
PO Box 3999  
66505-3999  
Phone: (785) 537-4750  
Fax: (785) 537-1493  
<http://www.aibonline.org/>

- This organization offers both publications and courses dealing with sanitation specifically, as well as in baking.

**American Association of Cereal Chemists International**

3340 Pilot Knob Road  
St. Paul, MN 55121 USA  
Phone: (651) 454-7250  
Fax: (651) 454-0766  
<http://www.aaccnet.org/>

- They offer publications on raw material storage and sanitation practices as well as many other subjects related to cereal chemistry.

**British Columbia Centre for Disease Control**

655 12th Ave W  
Vancouver, BC V5Z 4R4  
Phone: (604) 660-0584  
Fax: (604) 660-6066  
<http://www.bccdc.org/content.php?item=16>

- The Centre for Disease Control's website offers information on various food programs and food safety guidelines.

**Web**

BC Ministry of Health – HealthFiles (Check topics under “Food Safety”)  
<http://www.bchealthguide.org/healthfiles/>

Certified Organic Associations of BC for Processing Guidelines  
[www.certifiedorganic.bc.ca](http://www.certifiedorganic.bc.ca)

US Department of Agriculture – Food Safety and Inspection Service  
<http://www.fsis.usda.gov/>

## Food Safety and Quality Checklist

- Take a walk around my facility. Is it clean? What areas can I improve in terms of sanitation?*
- Look at how I handle my packaging material and determine areas of improvement. E.g. Are my bottles and cans upside down so that nothing can fall into them?*
- Are my employees knowledgeable in the areas of sanitation and personal hygiene? Do we practise what we preach?*
- Is my equipment being cleaned properly and consistently? Is there a better, more efficient way of completing this task?*
- Contact my government inspector for assistance in setting up a better sanitation program.*
- Look into the different quality programs and decide how my company will incorporate them.*
- Design a plan for dealing with product that is off specification.*
- Design a plan in case a product recall is necessary.*

# Section 6 – Manufacturing Strategies

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## Manufacturing Strategies Overview

**F**or a new processing business to compete effectively in the market place it is very important to strategically plan manufacturing systems, site location, inventory management, and record keeping. Strategic planning includes consideration of the competitor, customer, and owner needs when making decisions. There are also many other criteria<sup>1</sup> to consider:

- **Investment:** What type of capital do you need available to invest in your facility, equipment, production materials, and other inventory?
- **Unit Cost:** What is it going to cost to manufacture this product, including the cost of labour, materials, and overhead? Can you produce the product, enjoy a reasonable profit, and still offer your food at a competitive price?
- **Quality:** Is your manufacturing process able to produce a high enough percentage of product and still consistently meet customer and owner quality standards?
- **Delivery:** Is your system set up to allow for adequate processing time between receipt of order and shipment? Will customers be satisfied with the delivery time?
- **Delivery Reliability:** Have you designed enough flexibility into your system to handle quick growth and seasonal surges while still meeting delivery schedules?
- **New Product Capabilities:** Have you designed your facility and manufacturing line in such a way that new products can be added? You're better off if you design a system that has a great deal of flexibility.

Many of these criteria have conflicting objectives. For example, producing a very high quality product requires high input costs, and consequently, the finished product price will be high. Owners must learn to trade off the value of one performance criteria against another when making manufacturing decisions.

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<sup>1</sup> (Book) Nelson-Stafford, Barbara. *From Kitchen to Consumer: The Entrepreneur's Guide to Commercial Food Production*, Academic Press: New York, 1991.

# Site Location

## Location Considerations

It may be advisable to consider a custom packaging or manufacturing arrangement to satisfy startup requirements. Co-location with other suitable food processing activities may also be a possibility to reduce the capital cost of startup.

When deciding on a **location** there are many factors to be considered, such as: rental cost, customer location, labour force, raw material accessibility, trucking access, leasing arrangements, and industrial space availability. The following list should be considered prior to choosing a location: <sup>2</sup>

- understand all the needs of the production process;
- determine if an existing building will satisfy those needs;
- determine if co-location or custom packing by an established processor will satisfy start-up requirements;
- try to locate a facility that was originally designed for food processing operations;
- determine if the lessor will pay for renovations required for the business; and
- calculate whether it is cheaper to adapt an existing building or to build a new one.

## Zoning

Looking at the surrounding businesses will often give a good indication if the area is appropriately zoned for a new business. It is advisable to check with the city hall or town administrator to determine the zoning bylaws for a business location, as each city and rural area in British Columbia has their own unique set of laws. Work with a community development officer if possible.

Most communities are anxious to attract new businesses and plants. They will usually provide a good deal of assistance in site selection. It is best to research several suitable locations carefully and compare advantages and disadvantages of each before making a commitment to a single site.

There are many factors to be considered, particularly the effect of local bylaws on the site. Road and rail access for shipping and receiving raw materials and finished products may be critical factors in your selection. To the extent possible, the problems of future expansion on the site should be considered.

It is best to prepare a thorough description of location requirements, including building size, and parking and land space required. Be prepared to share full information on

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<sup>2</sup> (Book) Nelson-Stafford, Barbara, *From Kitchen to Customer: The Entrepreneur's Guide to Commercial Food Production*, Academic Press, New York, 1991, pp. 107-108.

operations, plant emissions, utility requirements and expected traffic with the community development officers you choose to approach. Look for full information on services, such as garbage and waste disposal and water supply, as you research a site and prepare your evaluations. Check out the neighbourhood. Are there residential areas which are too close or too far away? Are there parking lots or other facilities that may not welcome your operation? What is the potential property tax?

## Environment

British Columbia's *Environmental Assessment Act* provides for a single review for major projects. Among others, food processing (e.g. fish, meat and poultry) is listed in the Act for review.

Today, the environment is an increasingly significant consideration in any activity. You should check all the environmental aspects of your project carefully to ensure the plant will protect the environment and that the location is suitable for your project. It is important that you approach both municipal and provincial authorities in regard to environmental factors. This may include sewage and waste disposal, noise, dust or odour emissions from the plant, and the handling of any hazardous materials.

It is essential to investigate environmental factors in advance, since in some cases, it may be possible to introduce design criteria to prevent adverse effects to the environment.

If an environmental review is necessary for your project, it may include any off-site activities which may have an impact on, or pose a threat to, the environment.

Contact:

**Environmental Assessment Office**

Ministry of Environment

Mailing Address:

PO Box 9426, Stn Prov Govt

Victoria, BC V8W 9V1

Location: 2nd Floor, 836 Yates Street

Victoria, BC V8W 1L8

Phone: (250) 356-7479

Fax: (250) 356-7440

<http://www.eao.gov.bc.ca/>

# Manufacturing Options

Besides the traditional route of purchasing food processing equipment and running a private operation, there are alternative manufacturing options to help realize your product. These include co-packing and commercial kitchens, two methods by which you can connect with other processors as well as build a network of contacts.

## Co-Packing

Often you may have a great food item or idea, but lack the facilities and equipment to realize your product. It may also be overly burdensome to commit to major investments at this stage of your business. Working with an existing manufacturer is a cost-effective way of producing a product. Co-packers can process, package and even distribute your food product on your behalf. This can be a good route to consider before making a major investment in facilities and equipment.<sup>3</sup>

### What should I look for in a co-packer?<sup>4</sup>

Some things to consider when determining a potential partner include:

- Who is producing a product similar to mine? Generally, custom processing agreements are made with manufacturers already producing a similar product.
- Who has excess capacity? Some manufacturing establishments operate at less-than-full capacity and may seek extra income by working with additional businesses.
- Who is making a product similar to mine but with a different seasonal market? Another company may have primary products with peak seasonal demands different from your products.
- Does my product require specialized equipment? If so, you may be able to arrange to pay for all or part of such equipment in exchange for your co-packer's accommodation.

To determine who may best fit your processing needs, it is a good idea to tour a potential co-packer's facilities and inquire about their inspection reports, manufacturing procedures and financial stability.

The **BC Food Processors Association** can assist you with locating potential co-packers.

Contact:

**BC Food Processors Association**

Mailing Address:

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<sup>3</sup> BC Ministry of Agriculture, Food and Fisheries. *How to Start a Small-Scale Food Processing Business – Participant Workbook*. 2002, p. 51

<sup>4</sup> Adapted from Blan-Byford, Linda and Holcomb, Rodney B. Oklahoma State University Food and Agricultural Products Center. *Food Processing Using a Co-Packer*. Available online at: <http://www.fapc.okstate.edu/factsheets/fapc106.pdf>

Dept. 61, Box 4276  
Victoria, BC V8X 3X8  
Phone: (250) 356-1660  
Email: [info@bcfpa.ca](mailto:info@bcfpa.ca)  
<http://www.bcfpa.ca/>

## Commercial Kitchens

A shared-use commercial kitchen is a place where food processors prepare their food products for sale and/or distribution in a municipally licensed establishment. The kitchen may be rented out by the hour as needed at affordable rates and provides community food businesses the opportunity to expand into new lines or potential food entrepreneurs to start entirely new businesses.

Commercial kitchens are a valuable economic development tool for food processors. The kitchens offer start-up businesses the opportunity to explore food production without the high cost of buying their own equipment or constructing their own building. This facility creates an environment where practitioners can share technical skills in food production as well as general business management skills. Note: if you wish to sell your products interprovincially or export them, your kitchen must be inspected by the Canadian Food Inspection Agency.

A shared-use kitchen can benefit those interested in making and packaging specialty or gourmet foods in addition to caterers, street vendors, church, school and civic groups. Some examples of specialty or gourmet foods include jams, fish products and fresh pasta.

Possible challenges to participating in or setting up your own commercial kitchen including finding other processors to join you, securing an appropriate facility, meeting all regulatory requirements, and ensuring financial viability for the host of the kitchen.

Other considerations to take into account when determining whether to use a commercial kitchen include:<sup>6</sup>

- Availability
- Space – will you need to share it? Will you be compatible with one another?
- Equipment – is it available or will you have to bring your own?
- Storage – is there space to store ingredients and the finished product?
- Cleaning Standards – who is responsible for cleaning, and will it be adequate?

## Home-Based Commercial Kitchens

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<sup>6</sup> “Shared-Use Commercial Kitchen.” *How to Start a Small-Scale Food Processing Business*. BC Ministry of Agriculture, Food and Fisheries. 2002, p. 51.

Your municipality/regional zoning may allow you to build a commercial kitchen on your property. This kitchen must be separate from your domestic kitchen – you must keep your family’s food activities completely separate from your business. You will need to consider zoning bylaws and environmental health requirements. It is very important to work with both your municipal representative and Environmental Health Officer to ensure their regulations are aligned to the specifics of your property. You also need to consider if suppliers can, and will, make deliveries to a home-based business.

#### Commercial Kitchen Contacts

If you are considering establishing a commercial kitchen or would like more information about existing kitchens in British Columbia, the following contacts may prove helpful to you:

#### **Small Scale Food Processor Association (SSFPA)**

Toll Free: 1-866-547-7372

[info@ssfpa.net](mailto:info@ssfpa.net)

<http://www.ssfpa.net>

The Small Scale Food Processor Association can assist you by connecting you with other food processors.

#### **City of Vancouver**

Food Policy Coordinator

Phone: (604) 871-6324

Fax: (604) 871-6048

Email: [devorah.kahn@vancouver.ca](mailto:devorah.kahn@vancouver.ca)

<http://www.city.vancouver.bc.ca/commsvcs/socialplanning/>

For food safety:

#### **BC Ministry of Health**

Environmental Health Officer

Toll Free: 1-800-465-4911

For provincial inspections:

Contact the relevant provincial British Columbia Health Authority. A list of authorities and their contact information is available at:

<http://www.healthservices.gov.bc.ca/socsec/>

For federal inspections (exports or interprovincial sales):

#### **Canadian Food Inspection Agency**

400-4321 Still Creek Dr.

Burnaby, BC V5C 6S7

Phone: (604) 666-6513

Fax: (604) 666-1261

<http://www.inspection.gc.ca>

For start-up assistance (support and funding for microprocessors and community economic development initiatives):

Community Futures Development Offices

<http://www.communityfutures.ca/provincial/bc/>

Visit the website for a full listing of CFDC offices around the province.

Other Resources:

FarmFolk/City Folk Society

<http://www.ffcf.bc.ca>

The FarmFolk/CityFolk Society is a non-profit organization that works with food communities toward a local, sustainable food system. They support local, small scale growers and producers, and seek to educate, communicate and celebrate with local food communities.

# Inventory

Inventory is the most visible and tangible aspect of a food processing operation. Inventory includes all raw materials on hand for manufacturing, goods in progress, and finished products. These items represent a large portion of the business investment and must be well managed in order to maximize profits. Small businesses usually cannot afford the losses that poorly managed inventory can cause.

## Inventory Management

Successful **inventory management** involves simultaneously balancing the costs and benefits of inventory. The costs of inventory are called **holding costs**. Holding costs include the costs of storage facilities, insurance on stocks, loss, breakage, deterioration, obsolescence, and the interest on capital that could be gained if the money was not tied up in inventory. In any business, one should aim to minimize holding costs. Yet, the benefit of inventory is sales revenue and holding sufficient inventory ensures that customers can purchase products when required. Consequently, holding too little inventory may result in the loss of sales while holding too much inventory may result in excessive holding costs.

**Inventory management** can lead to increased profits by either increasing sales through having better stock availability, or by decreasing inventory holding costs. Proper inventory management includes the following:

- Keeping holding costs low while ensuring adequate supply for customers;
- Increasing inventory turnover while maintaining adequate profits;
- Keeping process material stocks as low as possible; and
- Making volume purchases to obtain discounts while avoiding excess buying. Volume purchases can frequently be made with delivery spread over some future months.

There are many inventory management systems that a small business can use. One of the simplest systems is ABC Analysis.

### ABC Analysis

**ABC analysis** states that "80 percent of the firm's total inventory cost is caused by only 20 percent of all items." ABC analysis divides stock items into three classes, A, B, and C, that is, those items accounting for 80, 13 and 7 percent of total inventory costs. Once a company can divide its stock into these classes, then it can control stock accordingly. Computers can aid in this method of coding sales items into groups A, B or C.

The following steps should be taken in using ABC analysis:

1. Determine the value of each item by multiplying the cost times the number of units sold.
2. Rank items on the basis of their dollar value and list these in ascending order.
3. Calculate the percentage of dollar volume of each item.
4. Determine the cumulative percentage for:
  - the number of items; and
  - the dollar volume based on the totals for A and B.
5. Classify the items according to A, B, and C groupings.

### **Just-In-Time**

Another method of controlling stock is **Just-in-Time** (JIT). Just-in-time means carrying a minimum inventory and buying only as needed or against orders in hand. This allows a company to keep inventory costs at a minimum. This form of inventory management requires working closely with suppliers and customers to ensure that shortages of product or ingredients do not occur.

## Record Keeping

**O**ne very important aspect of organizing your business is record keeping. Before starting the operations of the business, a record keeping system should be developed. Records hold a successful enterprise together for several reasons. First, records of expenses and sales are required by law. Second, well kept records help owners avoid wasting time on clerical tasks. Last, organized records ensure that customer needs are met efficiently and effectively.

A basic record keeping system should include the following:

- filing system; and
- financial records.

### Filing System

A filing system includes:

- a chronological file;
- a contacts file;
- main records;
- working files;
- electronic files; and
- inventory records.

Chronological files are a running record of everything sent out from the business, by date, with the most recent record at the front or top. These files can be made by taking an extra copy of all letters, invoices, reports, memos, faxes or other communication and chronologically placing them in a binder by month. A separate chronological file should be made for each year of operation.

A contacts file keeps track of all contacts made through the business. This file can be made by collecting business cards of all contacts.

The main records filing system is simply the system used in setting up files, such as placing all files in numerical order as compared to alphabetical order.

Working files are those files which are currently being worked on and in constant use. These files should be kept in a different colour file folder than files out of the main records system. As well, they should be kept at the front of the filing cabinet for easy access.

Electronic files can be set up using the same general categories as those used in the main records filing system. File names are easier to find if they are set up in directories. As well, ensure that the clock in the computer system is activated and use it to store the time and date of completed work.

## Financial Records

Financial records tell an owner how efficiently the business is being run and where changes need to be made. The following items are essential for financial records:

- Money Coming In;
- Money Going Out;
- Petty Cash Fund; and
- Journal Ledger.

A record of **money coming in** should always be current. Categories of money coming in should include cash receipts (sales, collections, and miscellaneous income), cash on hand (money on the premises and cheques), as well as, total sales, cash, and credit.

**Money going out** of the business can be recorded by making payments with cheques for most purchases. In addition, each paid invoice should be marked with the cheque number. Paid bills and unpaid bills should be kept in separate files.

A **petty cash fund** is a small amount of money kept in a box or drawer to be used to pay for incidental items. A petty cash fund helps the owner/operator avoid using personal money for small purchases. As payments are made for incidentals, list the item and the cost. When the funds are depleted from petty cash, file the recorded list, write another cheque for the original amount expended, and cash it to bring the petty cash fund back to the original amount. At the end of the year, the list of petty cash expenses can be submitted to Canada Revenue Agency as an expense deduction.

A **journal** is a detailed record of financial transactions. Sales and purchases are entered directly into the journal on a daily basis. A **ledger** is a principal book of accounts into which all transactions are entered into appropriate categories. When a business grows and becomes more complicated a general ledger is needed, in addition to the journal. Yet, for most small businesses, a journal is sufficient for recording transactions.

## Financial Statements

Before starting a new business, and each year after, processors must complete a yearly income statement and balance sheet. As well, cash flow statements should be produced for each month of operation. Accountants are an excellent source of information when designing financial statements. Choose an accountant that has experience in the processing industry. References from other companies are a good start for choosing an accountant for the company.

If you decide to do your own accounting, you may consider purchasing an accounting software package that will already have pre-designed financial statements. This will make it easier for you to input your data and allows the computer to tabulate your financial calculations.

Some things to consider when designing financial statements are:

- **Depreciation:** Depreciation is disclosed on both the income statement and balance sheet. Capital equipment in a business refers to all assets with useful lives of more than one year, such as, machines, vehicles, furniture, and computers. Capital equipment has value that decreases with use. This loss in value is called depreciation. The depreciation allowance can be calculated by taking the original cost of equipment and dividing it by the useful life in months. Canada Revenue Agency permits monthly depreciation to be deducted as an expense on the income statement. Contact Canada Revenue Agency or an accountant for current information on allowable depreciation.
- **Operating Expenses:** Operating expenses appear on the income statement and include labour benefits, rent, maintenance agreements, utilities, transportation, supplies, advertising, legal, and accounting expenses.
- **Cost of Production or Services:** Cost of production or cost of goods sold also appears on the income statement and includes the cost of supplies and materials for production, labour, and any other costs associated with producing the product.

## Income Statement

An income statement is a means of determining profit and loss for each month and year of operation. Projected income statements are usually done by month for the first year, and by quarter for Years 2 and 3. To complete an income statement, the company needs projections for monthly sales, costs of production, operating expenses (labour and non-labour), and depreciation. The formula for an income statement is as follows:

|  |
|--|
| Total Sales Revenue                              |
| <i>Less:</i> Costs of Production                 |
| Operating Expenses                               |
| Depreciation                                     |
| <hr style="border-top: 1px solid black;"/>       |
| <b>Net Profit (Net Loss) Before Income Taxes</b> |
| <hr style="border-top: 3px double black;"/>      |

The following page illustrates a generic example of an income statement. The expense headings will have to be adjusted to match the individual company.

The Canada Revenue Agency supplies a booklet, *Business and Professional Income Guide T-2032*, which provides an income statement format useful for small businesses. The guide is available on the agency's website at: <http://www.cra.gc.ca>

**ABC Company**  
Income Statement  
For the Period Ending December 31, 2005

|  |          |       |          |
|--|----------|-------|----------|
| <b>Total Sales</b>                             |          |       | \$ _____ |
| <b>Cost of Goods Sold</b>                      |          |       |          |
| Purchases                                      | \$ _____ |       |          |
| Less: Inventory – Closing                      |          | _____ |          |
| Raw Material Cost                              |          | _____ |          |
| Labour   |          | _____ |          |
| Overhead (utilities)                           |          | _____ |          |
| Repair & Maintenance                           |          | _____ |          |
| Depreciation                                   |          | _____ |          |
| Total Cost of Goods Sold                       |          | _____ |          |
| <b>Gross Profit</b>                            |          |       | \$ _____ |
| <b>Selling Expenses</b>                        |          |       |          |
| Salaries & Commissions                         | \$ _____ |       |          |
| Selling & Traveling                            |          | _____ |          |
| Advertising                                    |          | _____ |          |
| Automotive                                     |          | _____ |          |
| Truck & Transport                              |          | _____ |          |
| Depreciation - Rolling Stock                   |          | _____ |          |
| Total Selling                                  |          |       | \$ _____ |
| <b>Administrative &amp; Financial Expenses</b> | \$ _____ |       |          |
| Professional Fees                              |          | _____ |          |
| Management Salaries                            |          | _____ |          |
| Telephone                                      |          | _____ |          |
| Office Expense                                 |          | _____ |          |
| Salaries                                       |          | _____ |          |
| Rent   |          | _____ |          |
| Depreciation                                   |          | _____ |          |
| Bad Debt                                       |          | _____ |          |
| Interest & Bank Charges                        |          | _____ |          |
| Total Administrative & Financial               |          |       | \$ _____ |
| <b>Operating Profit (Loss)</b>                 |          |       |          |
| Add: Other Income                              | \$ _____ |       |          |
| Less: Drawings                                 |          | _____ |          |
| Less: Income Taxes                             |          | _____ |          |
| <b>Net Profit (Loss)</b>                       |          |       | \$ _____ |

## Balance Sheet

A balance sheet is a tool for determining the balance between a business' assets and liabilities. Assets are things owned by the business and liabilities are debts owed by the business. The formula for a balance sheet is as follows:

$$\text{Assets} - \text{Liabilities} = \text{Net Worth}$$

The following is a generic example of a balance sheet. The categories will have to be adjusted to match the individual company.

### ABC Company

#### Balance Sheet

For the Period Ending December 31, 2005

|                           |           |                                   |           |
|---------------------------|-----------|-----------------------------------|-----------|
| <b>ASSETS</b>             |           | <b>LIABILITIES</b>                |           |
| <b>Current Assets</b>     |           | <b>Current Liabilities</b>        |           |
| Cash                      | \$        | Accounts Payable                  | \$        |
| Accounts Receivable       | \$        | Bank Overdraft                    | \$        |
| Inventory                 | \$        | Income Taxes Payable              | \$        |
| Total Current Assets      | \$        | Total Current Liabilities         | \$        |
| <b>Fixed Assets</b>       |           | <b>Long Term Liabilities</b>      |           |
| Land                      | \$        | Mortgage Loan                     | \$        |
| Building                  | \$        | Equipment Loan                    | \$        |
| Equipment                 | \$        | Total Long Term Liabilities       | \$        |
| Furniture                 | \$        |                                   |           |
| Vehicles                  | \$        | <b>Total Liabilities</b>          | <b>\$</b> |
| Total                     | \$        |                                   |           |
| Less: Accumulated Depr.   | \$        | <b>SHAREHOLDERS' EQUITY</b>       |           |
| <b>Total Fixed Assets</b> | <b>\$</b> | Retained Earnings                 | \$        |
|                           |           | <b>Total Shareholders' Equity</b> | <b>\$</b> |
|                           |           | <b>TOTAL LIABILITIES</b>          |           |
| <b>TOTAL ASSETS</b>       | <b>\$</b> | <b>AND SHAREHOLDERS</b>           |           |
|                           |           | <b>EQUITY</b>                     | <b>\$</b> |

The Total Assets must equal the Total Liabilities plus Shareholders' Equity in order for the Balance Sheet to balance.

## Cash Flow Statements

A **cash flow** statement depicts how money flows in and out of the business each month. Cash coming into the company is known as cash receipts and money going out is cash disbursements. These values are estimated and monitored on a monthly basis. The formula for a cash flow statement is as follows

$$\text{Estimated Cash Receipts} - \text{Estimated Cash Disbursements} = \text{Estimated Cash Balance}$$

The following is a generic example of a cash flow statement. The categories will be adjusted for the individual company. It is recommended to include a full year of entries to make the cash flow statement useful for monitoring the results of your company. Only one quarter is included here due to space constraints.

**ABC Company**  
Cash Flow Statement  
For the Period of December, 1996

|                       | MAY | JUNE | JULY | AUG. |
|-----------------------|-----|------|------|------|
| <b>Cash In</b>        |     |      |      |      |
| Total Cash Sales      |     |      |      |      |
| Receivables Collected |     |      |      |      |
| Personal Investment   |     |      |      |      |
| Sales of Assets       |     |      |      |      |
| <b>Total Cash In</b>  |     |      |      |      |
| <b>Cash Out</b>       |     |      |      |      |
| Accounts Payables     |     |      |      |      |
| Advertising           |     |      |      |      |
| Travel                |     |      |      |      |
| Sundry                |     |      |      |      |
| Telephone/Internet    |     |      |      |      |
| Office Expenses       |     |      |      |      |
| Rent                  |     |      |      |      |
| Taxes & Licenses      |     |      |      |      |
| Utilities             |     |      |      |      |
| Wages                 |     |      |      |      |
| Management Salaries   |     |      |      |      |
| Employee Deductions   |     |      |      |      |
| <b>Total Cash Out</b> |     |      |      |      |

| <b>Summary</b>                        | MAY | JUNE | JULY | AUG. |
|---------------------------------------|-----|------|------|------|
| Total Cash In                         |     |      |      |      |
| Plus Cash Forward from Previous Month |     |      |      |      |
| Less: Total Cash Out                  |     |      |      |      |
| <b>Equals Closing Bank Balance</b>    |     |      |      |      |

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## Manufacturing Strategies Checklist

- Carefully choose my location and check into the zoning regulations.*
- Analyze the environmental aspects of my project.*
- Can my company benefit from using a co-packer or shared-use commercial kitchen?*
- Set up an inventory management system, which can help save on costs and increase profit margins.*
- Organize my filing and record-keeping system.*
- Organize my accounting system so that I can easily calculate a balance sheet and an income statement.*
- Budget out a cash flow for the next year.*

# Section 7 - Packaging and Labeling

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# Packaging

**F**ood packaging is of enormous importance. First, packaging protects the product from physical, chemical and microbiological invasion. Second, it provides a medium for presenting advertising messages, nutritional content, and other important information to the consumer. Finally, it is one of the greatest influences on a consumer's decision to try the product. Packaging is a potential marketing tool and you may want to refer to Section 8 for more marketing strategies.

You need to be certain that you have developed a safe, quality product before you design your packaging and labeling for your product. For information on food safety and quality, please refer to Section 5.

The package must:

- at the point of purchase, present the product to the client in an attractive and desirable form (i.e. reflect the quality of the product);
- protect the product from physical abuse;
- prevent chemical substances and microbes from coming into contact with the product;
- not interact chemically with the product;
- prevent light from striking the product if this could lead to problems;
- provide a suitable surface on which important information and graphics can be printed;
- where appropriate, allow certain gases to escape from the package;
- show good resistance to breakage or other damage due to rough handling;
- be environmentally friendly wherever possible;
- add as little additional weight as possible;
- be economically competitive with packaging used by the competition;
- be tamper-proof where necessary;
- be convenient to open;
- be usable as a cooking or serving container if appropriate;
- be of appropriate size and shape to suit the customers' requirements;
- operate efficiently on the production equipment; and
- stand up to microwave heating or cooking where appropriate.

The quality of the packaging is important to the overall quality of the product. The company's quality assurance program should cover analyzing the packaging. It should include routine testing of materials as they are received to confirm that the sample meets specifications. The company should set up detailed procedures covering conditions under which the material is stored prior to use, and instructions indicating how packaging materials can and cannot be handled.

To avoid contaminating the product, the company should design procedures for cleaning or sterilizing the package prior to contact with the food product. The company should also complete routine testing of packages as they come off the production line to verify that the sealing process has worked. It is very important that there are periodic shelf-life trials to ensure that original package functionality is being maintained. Finally, rapid and complete follow-up on all customer complaints about the package or product is necessary.

Some of the contaminants or deficiencies that you should look for in quality testing include:

- the presence of foreign material and foreign objects;
- evidence of oil or water damage;
- errors in physical dimensions;
- physical damage;
- faulty lamination of films; and
- clarity of printing.

The various product development facilities listed in Section 9 – Product Development will assist food processors with packaging and packaging design. Suppliers of packaging material can provide full information on the pricing, characteristics, strength and quality of their products. To obtain a list of suppliers in British Columbia and throughout Canada please consult:

**Canadian Company Capabilities Directory**  
**Industry Canada - Strategis**

Toll Free: 1-800-328-6189 (Canada)

Toll Free Hearing Impaired only TTY: 1-866-694-8389

Email: [strategis@ic.gc.ca](mailto:strategis@ic.gc.ca)

Web: <http://strategis.ic.gc.ca> (click “Company Directories”)

The directory is an easy-to-use, online database of over 50,000 Canadian companies that will assist you in finding a supplier. (This directory is only available online; no print version is available at this time.)

## Packaging Materials

**S**ources of supply for the various packaging materials can be found in the Contacts Directory accompanying this reference manual (Appendix B). The IRAP program lends packing equipment, such as Shrink Wrappers, Heat Sealers, and Vacuum Packers for test packaging.

Contact:

### **National Research Council of Canada**

The Industrial Research Assistance Program (IRAP)

3250 East Mall

Vancouver, BC V6T 1W5

Phone: (604) 221-3100

Fax: (604) 221-3101

Toll Free: 1-877-994-4727

<http://www.nrc.gc.ca/irap>

The Packaging Association of Canada is an industry organization that represents food and beverage packagers and packaging manufacturers on many issues, such as suitability of packaging for consumers and retailers, deposits on returnables, etc. This Association has a chapter in British Columbia and a subordinate Board for the province. The Board of the B.C. chapter includes food processors and packaging industry representatives. The Packaging Association can assist a processor with packaging standards and suitability. If you are a non-member, the Association prefers that you first contact the central office with your question.

Contact:

### **Packaging Association of Canada**

Suite E330-2255 Sheppard Ave. East

Toronto, ON M2J 4Y1

Phone: (416) 490-7860

Fax: (416) 490-7844

Email: [info@pac.ca](mailto:info@pac.ca)

<http://www.pac.ca/>

### **Packaging Association of Canada (BC Office)**

600 Chester Road

Delta, BC V3M 5Y3

Phone: (604) 515-3861

Fax: (604) 526-0788

## Package Design

**P**ackaging must look professional in order to compete, particularly in the food business. According to the Exporters Handbook (EAITC), it is the packaging that elicits product trial, while the quality of the product will determine repeat business.

The first and most important step to **package design** is to determine product requirements for:

- The appropriate amounts in which the product will be sold (may be based on adequate portion sizes, regulatory requirements, competitors' offerings or customer preferences if known);
- Volume and weights of the different sales amounts;
- Physical packaging attributes which help the customer in using the product;
- Protective needs, including shipping and handling factors;
- The appropriate shape of the packaging, not only for aesthetic appeal, but also for efficient shipping and stocking; and
- Legal requirements.

Once the necessary specifications of the packaging have been determined, the design of the packaging can be created to work within these boundaries. Packaging design is part of the overall marketing strategy. You can construct the design yourself or hire a professional graphic designer. Professional help from any of a variety of printers will be necessary to create a package that has market appeal. However, it is important to be able to give the designer specific directions since they are not as knowledgeable about the target market as the company owners. It is easier for a designer to create what you are looking for, when you provide as much information as possible on the target market, package structure and desired image.

Trade shows, competing products and books on labeling are good sources of information and design ideas for packaging.

## Factors to Consider Regarding Design

- Determine the target market;
- Establish the image or 'personality' of the product based on the tastes and preferences of the target market: bold, elegant, practical, sophisticated, fun, etc;
- Determine the most important features of the product to the audience (too much information will clutter the design);
- Determine where the product will be sold and the associated distributor's regulatory requirements for the package;
- The placement of the product in relation to other products, particularly competitors (the product package must stand out against its background);
- Colours convey meaning, and the meaning will be different in each cultural setting;
- Colours do not usually appear to be as bright or bold when the product is on the shelf; be careful that colour 'rules' used in other situations are not being applied to the package design;
- Symbols and shapes can often convey information more concisely than text;
- A good packaging design can set your product apart from the competition. You may want to consult an experienced graphic artist to help you design your packaging.

## Labeling

**H**igh quality **labeling** and **packaging** requires research, planning and consultation from a variety of sources. It is important that the label and package send the same intended message to the consumer. The ultimate goal is to produce a label that is educational, user-friendly and adequately markets the product within legal specifications.

Before drafting a label, a company should know:

- All regions where the product will eventually be sold, and through what distribution channels;
- Information customers would find helpful;
- Colours and promotional appeals of the label and packaging suitable for the audience (input from the designer is appropriate here);
- How the label will be applied;
- What labeling material is suitable for the product environment (i.e. freezer proof, shipping proof, smudge proof, etc.);
- What the labeling and packaging budget is per unit; and
- Regulatory requirements for the product.

When enough information has been collected to answer the above questions, the label designer can be approached. The responsibility lies with the manufacturer or distributor to ensure that the label meets legal standards. In Canada and the U.S., a unique set of specifications are required for each product based on a combination of factors including:

- Geographic region;
- Product class;
- Distribution channel; and
- Intended consumer.

# Labeling Requirements

## Canada

### **G**eneral Mandatory Elements (In French and English, metric measures)

1. Product identity: the common or generic name in English and French, states what the product is (must be specific, e.g. potato chips, not just chips).
2. Product net quantity declaration: given by weight or volume, text must be bold face and in direct relation to the size of the package.
3. List of ingredients in declining order of amount.
4. Name and address of the legally registered manufacturer or distributing company.
5. Best before date if the shelf-life is 90 days or less (English only).
6. Storage instructions (unless product is exempt).
7. Nutritional information, if required by legislation or if claiming the product provides nutritional benefits.

### Optional Labeling in Canada

- Universal Product Code (UPC code);
- Nutritional information if no nutritional benefit is being claimed; and
- Promotional or instructional information.

### Contact:

#### **Canadian Food Inspection Agency**

4321 Still Creek Dr., Suite 400

Burnaby, BC V5C 6S7

Tel: (604) 666-6513

Fax: (604) 666-1261

<http://www.inspection.gc.ca>

## United States

**General Mandatory Elements** (U.S. measurements, American spelling, must be honest and informative)

1. Common or usual name, parallel to the base and in specified text size.
2. Net quantity in U.S. measurements.
3. Name and place of business or distributor.
4. List of ingredients by common or usual name.
5. Country of origin.
6. Nutritional information.
7. Any regional requirements.
8. Other Food and Drug Administration product category specific regulations.
9. U.S. Department of Agriculture specifications.

### **Optional Labeling in the U.S.**

- UPC codes; and
- Promotional, instructional information.

Contact:

**International Trade Centre**

Industry Canada  
2000-300 West Georgia Street  
Vancouver, BC V6B 6E1  
Phone (Labeling): (604) 666-5000  
Phone (General Enquiries): (604) 666-0434  
Fax: (604) 666-0954  
E-mail: [itc-vancouver@ic.gc.ca](mailto:itc-vancouver@ic.gc.ca)  
<http://www.infoexport.gc.ca/>

Note: The International Trade Centre will help with labeling requirements for the U.S. market and abroad.

## Ingredient Listing

In Canada and the U.S., you must list all ingredients by common name, in descending order of proportion. Ingredients for certain formulations of standard products are not mandatory, but these exceptions are different for each country. In Canada, ingredient specifications fall under the *Food and Drug Act*, and the *Consumer Packaging and*

*Labeling Act.* In the U.S., the Food and Drug Administration (FDA) regulates labeling requirements for food products and text size and positioning.

## Universal Product Codes

Twelve digit, scanner readable **universal product codes (UPC)** are required by many retailers and distributors. The codes contain product pricing and inventory information that is scanned and processed by the cash register, allowing the retailer to keep up to date product stock and sales information.

GS1 Canada can issue product code numbers within 48 hours. It will also issue guidelines on UPC usage and positioning. Codes issued in Canada are suitable abroad; however, if a manufacturer's number is to be assigned in the U.S., exporters must join GS1 United States . This organization will also provide a list of reputable printers who can create film masters.

Contacts:

### **GS1 Canada**

Toronto Office  
Suite 301  
885 Don Mills Road  
Don Mills, ON M3C 1V9  
Phone: (416) 510-8039  
Fax: (416) 510- 1916  
Toll free: 1-800-567-7084  
Email: info@eccc.org  
<http://www.gs1canada.org>

### **GS1 United States**

Suite 300  
7887 Washington Village Drive  
Dayton, OH 45459-8605 USA  
Phone: (937) 435-3870  
Fax: (937) 435-7317  
Email: gs1us@uc-council.org  
<http://www.gs1us.org/>

## Nutritional Labeling

**A**n ingredient list simply lists the ingredients of a product in descending order. Nutritional labels are more technical and more detailed. They identify actual amounts of proteins, vitamins, calories, fat, etc., per serving.<sup>1</sup>

In Canada, the requirements for **nutritional information** disclosure on labels vary by product. Contact the Canadian Food Inspection Agency prior to designing a label to determine whether or not your product requires nutritional disclosure.

In the U.S., “Nutritional Facts” is mandatory and follows strict regulations in terms of mandatory macro and micro nutrient listing, Daily Value (DV) percentages, and specified serving sizes. You should be aware that the international trend toward nutritional labeling is growing.

In Canada, labels cannot make any statements relating nutritional content to diseases or health benefits. The Food and Drug Administration (FDA) and *Nutritional Labeling and Education Act (NLEA)* approved claims are allowed in the U.S., but must be stated according to guidelines. Further, descriptive labeling terms and symbols, such as a heart or the term ‘light’, have now been standardized as to their legally implied meaning.

A *2003 Guide to Food Labeling and Advertising* is available from the Canadian Food Inspection Agency’s website at:

<http://www.inspection.gc.ca/english/fssa/labeti/guide/toce.shtml>

The Fair Labelling Practices Program administers and enforces the non-health and safety food components of the *Food and Drugs Act* and the *Consumer Packaging and Labelling Act*. Activities include: investigating consumer and industry complaints; developing programs designed to encourage compliance with the provisions of the respective Acts; and developing overall consumer protection policies for the CFIA. It can be found at: <http://www.inspection.gc.ca/english/fssa/labeti/labetie.shtml>

Health Canada information on nutritional labeling: [http://www.hc-sc.gc.ca/hpfb-dgpsa/onpp-bppn/labelling-etiquetage/regulations\\_e.html](http://www.hc-sc.gc.ca/hpfb-dgpsa/onpp-bppn/labelling-etiquetage/regulations_e.html)

Contact the following agencies for information regarding labeling specifications:

For labels in Canada, contact:

**Canadian Food Inspection Agency**

4321 Still Creek Dr., Suite 400

Burnaby, BC V5C 6S7

Tel: (604) 666-6513

Fax: (604) 666-1261

Toll Free: 1-800-273-3213

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<sup>1</sup> Canadian Food Inspection Agency *2003 Guide to Food Labelling and Advertising*. Ch6e, Section 6.1, Table 6-1. Dec. 2003. Available online at: <http://www.inspection.gc.ca/english/fssa/labeti/guide/toce.shtml>.

Email: [nutrition@inspection.gc.ca](mailto:nutrition@inspection.gc.ca)  
<http://www.inspection.gc.ca>

For labels in the US1, contact:

**US Food and Drug Administration**

5600 Fishers Lane  
Rockville, Maryland  
Phone: 1-888-463-6332  
<http://www.fda.gov>

Consult the **U.S. Guidelines (GPO#069-001-00045-9)** for more information. It can be ordered from:

**US Government Printing Office & Bookstore  
Superintendent of Documents**

732 N. Capitol Street, NW  
Washington, DC 20401  
Phone: (202) 512-0000  
Fax: (202) 512-2104  
Email: [contactcenter@gpo.gov](mailto:contactcenter@gpo.gov)  
<http://www.gpo.gov>  
<http://bookstore.gpo.gov>

Note: It is suggested that you telephone or email the U.S. Government Bookstore before sending any funds so that they can confirm the price and availability of the publication requested.

## Lab Testing for Nutritional Content Claims and Listings

The **British Columbia Institute of Technology**, the **University of British Columbia** and many private B.C. laboratories are equipped to conduct some lab analyses, depending on the product. However, certain types of analysis must be completed elsewhere. The food scientists at these laboratories will be able to direct manufacturers to out of province labs should they be required.

**The Canadian Food Inspection Agency, Consumer Products**, has a list of lab facilities equipped to handle nutritional analysis of foods for labeling purposes, and should be consulted regarding specific tests and laboratory certification.

For a more extensive listing of labs and facilities in BC, please see the BC Food Processors Association website at [http://www.bcfpa.ca/services/services\\_intro.htm](http://www.bcfpa.ca/services/services_intro.htm)

Additional contacts are listed below.

**British Columbia Institute of Technology (BCIT)**

Food Technology Program  
3700 Willingdon Avenue  
Burnaby, BC V5G 3H2  
Phone: (604) 451-7089  
Fax: (604) 434-6986  
Toll Free: 1-800-663-6542  
Email: [health@bcit.ca](mailto:health@bcit.ca)  
<http://www.bcit.ca/health/food>

**Canadian Food Inspection Agency**

Consumer Products  
4321 Still Creek Dr., Suite 400  
Burnaby, British Columbia  
V5C 6S7  
Tel: (604) 666-6513  
Fax: (604) 666-1261  
<http://www.inspection.gc.ca>

**Cantest**

Burnaby Life Sciences Centre  
4606 Canada Way , Burnaby BC V5G 1K5  
Phone: (604) 734-7276  
Fax: (604) 731-2386  
Email: [cantest@cantest.com](mailto:cantest@cantest.com)  
<http://www.cantest.com>

**Silliker Canada Co.**

90 Gough Road  
Markham, ON L3R 5V5  
Phone: (905) 479-5255  
Fax: (905) 479-4645.  
<http://www.silliker.com/canada>

**Food Development Centre**

810 Phillips Street  
PO Box 1240  
Portage la Prairie, MB R1N 3J9  
Phone: (204) 239-3150  
Fax: (204) 239-3180  
Toll Free: 1-800-870-1044  
<http://www.gov.mb.ca/agriculture/fdc>

**IG Micromed Environmental Inc.**

190-12860 Clarke Place  
Richmond, BC V6V 2H1  
Phone: (604) 279-0666  
Fax: (604) 279-0663  
<http://www.igmicromed.com/>

**JR Laboratories Inc.**

#12-3871 North Fraser Way  
Burnaby, BC V5J 5G6  
Phone: (604) 432-9311  
Fax: (604) 432-7768  
Email: [info@jrlabs.ca](mailto:info@jrlabs.ca)  
<http://www.jrlabs.ca>

**Norwest Labs**

104-19575 55A Avenue  
Surrey, BC V3S 8P8  
Phone: (604) 514-3322  
Toll Free: 1-800-889-1433  
Fax: (604) 514-3323  
Email: [surrey@norwestlabs.com](mailto:surrey@norwestlabs.com)  
<http://www.norwestlabs.com>

**Canadian Ortech Environmental**

Sheridan Park Research Community  
2395 Speakman Drive  
Mississauga, ON L5K 1B3  
Toll Free: 1-877-774-6560  
Phone: (905) 822-4120  
Fax: (905) 855-0406  
Email: [info@ortech.ca](mailto:info@ortech.ca)  
<http://www.ortech.ca/>

**POS Pilot Plant**

118 Veterinary Road  
Saskatoon, SK S7N 2R4  
Phone: (306) 975-7066  
Fax: (306) 975-3766  
<http://www.pos.ca>

**SGS Canada Inc.**

General Testing Laboratories  
50-655 West Kent Avenue  
North Vancouver, BC V6P 6T7  
Phone: (604) 324-1166  
Fax: (604) 324-1177  
Toll Free: 1-877-728-1188  
<http://www.ca.sgs.com>

### **Food Industry Service**

6640 NW Marine Dr

Vancouver, BC V6T 1Z4

Phone: (604) 822-4100

Fax: (604) 822-3959

<http://www.fis.agsci.ubc.ca/>

## Other Points on Labeling

- The labeling regulations under the North American Free Trade Agreement (NAFTA) do not differ from the original regulations of the Canada/U.S. Free Trade Agreement.
- Eco-labeling (or Environmentally Friendly Labeling) falls under separate guidelines both in Canada and the U.S.
- An 'informal comment' on label prototypes can be obtained by governmental bodies in both Canada and in the U.S. However, these organizations will not issue a legal confirmation that a product label has met all regulatory criteria. This service can review labels for food processors. Contact the Canadian Food Inspection Agency for labeling information.
- Before finalizing the printing of labels, all work should be proofread several times. Also, if you are unhappy with the design work, ask the designer or printer for changes.
- Printers normally create print plates for label printing. Ask the printer if you can keep the plates upon completion of the print job. Keeping plates will permit you to change printing companies without the additional costs of creating a second plate.
- There is usually a minimum order amount when purchasing labels or packages.
- The cost advantages of bulk printing may be overcome by the costs of disposing of unused labels should a change be required. Keep this in mind when ordering labels.

## Additional References

Coles, Richard et al, eds. *Food Packaging Technology*. Boca Raton, FL: CRC Press, 2002.

Lubliner, Murray J., Meyers, Herbert M. *The Marketer's Guide to Successful Package Design*. Columbus, OH: McGraw-Hill, 1998.

Robertson, Gordon L. *Food Packaging*. New York: Marcel Dekker, 1998.

## My Packaging and Labeling Checklist

- Determine which packaging materials are best for my product. I must remember to consider strength, weight, and looks.*
- Contact 2 or 3 graphic designers. Check their prices and look at their past work to see which one is best for my company.*
- Make sure that my label meets all the mandatory requirements in Canada. Check out the requirements of any countries I am considering exporting to as well.*
- Register for a UPC number.*
- Talk to the Canadian Food Inspection Agency about the options for nutritional labeling on my products. Look into lab testing for nutritional content if necessary.*
- Ask for a comment on my label from the Canadian Food Inspection Agency just to make sure it is complete.*

# Section 8 – Marketing

|  |      |
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# Marketing

**M**arketing is a general term used to describe all the steps that lead to final sales. It is the process of planning and executing pricing, promotion and distribution to satisfy individual and organizational needs.

From this definition, it is easy to see that marketing is more than just the process of selling a product or service. Marketing is an essential part of business, and without marketing, even the best products and services fail.

Companies constantly fail because they do not know what is happening in the marketplace, and as a result, they are not fully meeting their customer's needs. There is a misconception that consumers will buy anything they are offered with the proper amount of advertising. Marketing begins with the customer.

Marketing consists of making decisions on the **four P's**:

- Product (Section 9: Developing a Quality Product);
- Pricing (Section 10: Pricing);
- Promotion (Section 11: Promotion); and
- Place (Section 12: Place - Distribution of a Product);

Before a business owner can decide on the four P's, he/she must devise a plan. A plan provides a business with guidance on making decisions. This chapter includes directions on how to devise a plan that will assist in making decisions about the four P's of marketing. This type of plan is a six stage process that is commonly referred to as strategic marketing.

Once you have completed reading this chapter, it is advised that a written strategic marketing plan be devised following the six stage process.

The Six Stages in Developing the Strategic Marketing Plan involve developing:

1. Mission Statement
2. Overall Company Objectives
3. Competitive Strategies
4. Marketing Objectives
5. Marketing Strategies
6. Marketing Programs

## Stage 1: The Mission Statement

**T**he first stage in strategic marketing is the development of a **mission statement**. A mission statement is a brief description of a company, generally no more than a few lines, that describes where the company is and where it wants to go.

A good mission statement should contain:

- target customers and markets;
- principal product and services;
- geographic domain;
- core technologies used;
- commitment to survival, growth, and profitability;
- key parts of the company's philosophy;
- company self-concept; and
- company's desired image.

The following is an example of a mission statement:

The Vancouver Board of Trade:

*Our mission is to work in the enlightened interest of our members to promote, enhance and facilitate the development of the region as a Pacific centre for trade, commerce and travel. The Board strives to enable and empower its members to succeed, grow and prosper in the global economy<sup>2</sup>.*

Do not expect a mission statement to be developed quickly. It generally takes several revisions before a complete mission statement is written.

## Stage 2: Overall Company Objectives

**O**nce a mission statement has been created, the company can then develop **objectives**. Objectives are specific goals to be achieved by the business. They are plans that will help a company move towards the mission statement. A business normally creates both one and three year objectives. Examples of company objectives are as follows:

1. *To earn at least 20% after-tax rate of return on our net investment during this year.*
2. *To make our cookies the best selling cookies in terms of units sold in the province of British Columbia.*

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<sup>12</sup> Vancouver Board of Trade. Available online at: [http://www.boardoftrade.com/vbot\\_page.asp?pageid=30](http://www.boardoftrade.com/vbot_page.asp?pageid=30)

## Types of Objectives

### 1. Profitability

- net profit as a percent of sales;
- net profit as a percent of total investment; and
- net profit per share of common stock.

### 2. Volume

- market share;
- sales or percentage growth in sales;
- sales rank in the market; and
- production capacity utilization.

### 3. Stability

- variance in annual sales volume;
- variance in seasonal sales volume; and
- variance in profitability.

### 4. Non-Financial

- maintenance of family control;
- improved corporate image;
- increase public awareness of product lines;
- enhancement of technology or quality of life;
- production or processing facilities;
- innovation, enhanced quality; and
- improve research and development.

Each objective should meet the following basic criteria:

- **Suitable:** Do they fit with the corporate mission?
- **Measurable:** What will happen and when?
- **Feasible:** Are they possible to achieve?
- **Acceptable:** Do they fit with the values of the company and the employees?
- **Flexible:** Can they be adapted and changed should unforeseen circumstances arise?
- **Motivating:** Are they neither too difficult nor too easy to achieve?
- **Understandable:** Are they stated simply?

- **Commitment:** Are people committed to doing what is necessary to achieve them?
- **Participation:** Are the people responsible for achieving the objectives included in the objective setting process?

Further Examples of Objectives:

- *To achieve 10% market share by end of the first year*
- *To increase sales 5% each year*
- *To reduce customer complaints to 10% of all sales*
- *To generate sales of \$100,000 by end of third year*

Companies need to ensure that they do not set too many objectives. When too many objectives are set, the company runs the risk of having objectives contradict and interfere with each other.

It is a good idea to consult with various stakeholders (i.e. investors, employees, suppliers and distributors) when designing your objectives. The more involved people are in the decision making process, the better chance you have at reaching your goals. It is important for different parties to share your company's goals and buy into your ideas.

## Stage 3: Competitive Strategies

Once a company has determined its objectives, a **competitive strategy** can be developed. A competitive strategy is developed so that a company can create advantages over the competition. Examples of creating a competitive strategy include:

- offering buyers a standard product at a lower price;
- making the product different from the competition on attributes considered important to the customer;
- pursuing distribution and service opportunities that differentiate the company; or
- pursuing attributes that are considered important to the customer.

### Types of Competitive Strategies

#### Overall Cost Leadership

This refers to being a low cost manufacturer and should not be confused with setting low prices. Cost leadership can be achieved by:

- producing on a large scale;
- designing products that are easy to manufacture;
- accessing low cost raw materials;
- producing a broad range of products; or
- pursuing cost reductions in production, marketing, research and development, customer service, and the avoidance of marginal accounts.

#### Differentiation

**Differentiation** involves changing the product so that it is perceived as unique. It can be based on:

- technical superiority;
- quality;
- customer support services; or
- the appeal of more value for the money.

#### Niche Marketing

**Niche marketing** occurs when a product is sold to a small number of the total potential customers. The specialty market is often referred to as niche marketing since products are marketed to a very small group of buyers. Niche marketing requires the business owner to identify customers with similar demands and serve their needs extremely well.

Niche marketing implies that a company will take a lower overall market share, but possibly with higher profits on the product. Higher profits may be achieved by having higher prices or producing at lower costs.

## Stage 4: Marketing Objectives

**M**arketing objectives can only be developed after stages one through three have been completed. Marketing objectives are designed to help a company attain its overall objectives.

Some basic marketing objectives include:

- to achieve a viable level of sales or market share;
- to increase market share;
- to maintain market share;
- to maximize cash flow; or
- to sustain profitability.

Market share is a common term used in developing marketing objectives and refers to the percentage of the total industry sales that your company will attain. For example, if a company sells 100 units of product but total consumption for the good is 100,000 units, the market share is 0.1% (100/100,000).

## Stage 5: Marketing Strategies

**M**arketing strategies outline exactly how marketing objectives will be achieved. For example, if the marketing objective is to increase market share, the marketing strategy states exactly how the market share increase will occur. A marketing strategy is a way to give marketing orientation to a business by deciding to position a product or service in terms of buyer needs and wants. Inexperienced business people often make decisions based on what they like or want, leaving the customer out of the picture. A marketing orientation brings the customer into the centre of the picture.

The marketing objectives for profits, cash flow and market share can be achieved by increasing the number of users, increasing the rate of purchase, retaining existing customers, or acquiring new customers. The following are examples of various types of marketing strategies.

1. Increase the number of users by:
  - increasing their awareness of your product; increasing their willingness to buy; or
  - increasing their ability to buy.
2. Increase the rate of purchase by:
  - broadening the customers' usage occasions for the product;
  - increasing their level of consumption; or
  - increasing their rate of replacement.
3. Retain current customers by:
  - maintaining their satisfaction;
  - meeting or exceeding what the competition offers; or
  - through relationship marketing.
4. Acquire new customers by:
  - expanding distribution (developing new distribution channels);
  - line extensions (developing new products or variations of existing products designed for existing markets);
  - leaders (lower prices on certain products to increase the sale of more expensive complements);
  - bundling (selling products together usually at a lower price than if bought separately);
  - head-to-head market dominance;
  - head-to-head price/cost leadership;
  - differentiating the product;
  - serving a narrowly defined target market; or
  - flankers (new brands designed to serve new segments).

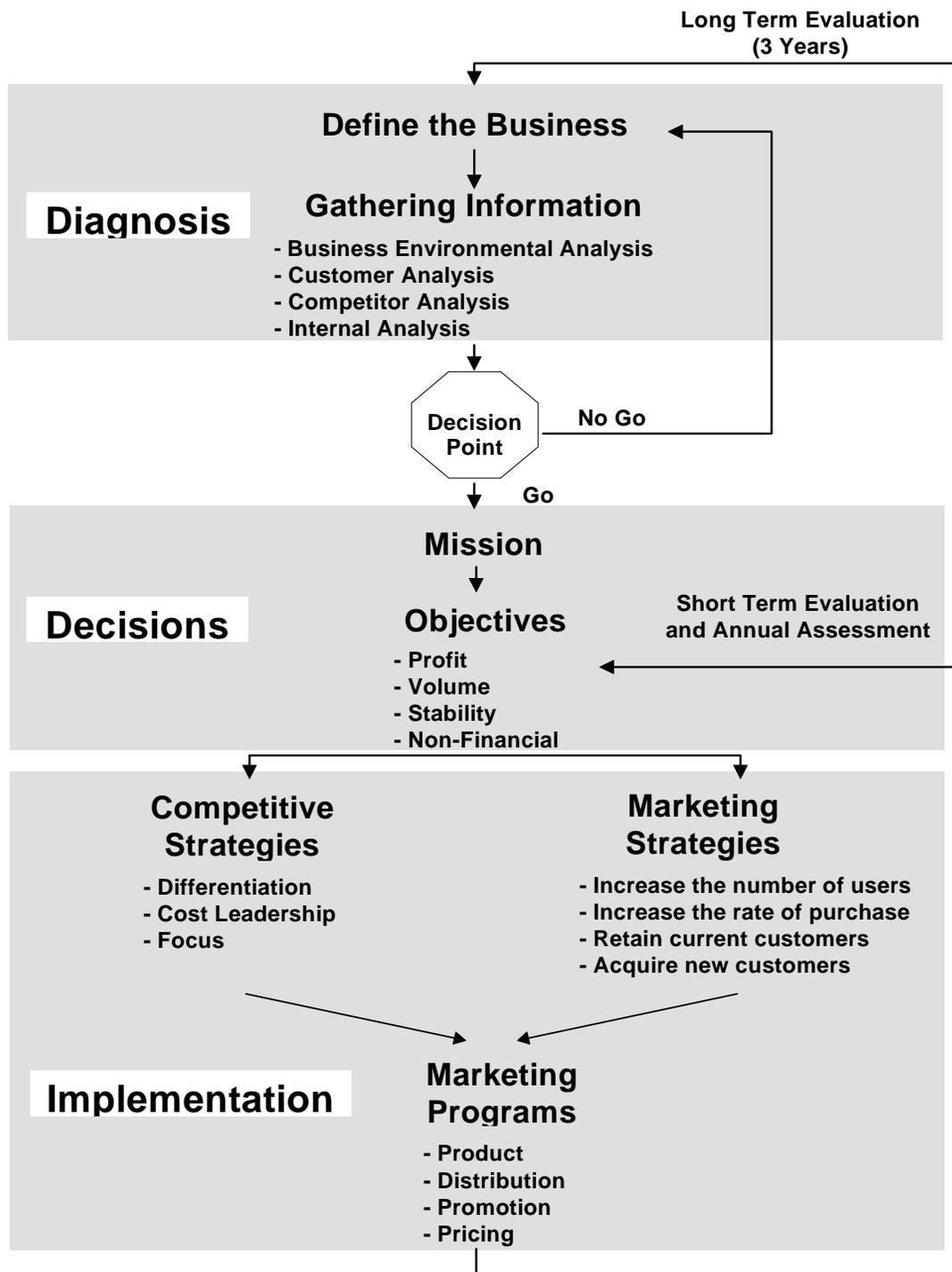
## Stage 6: Marketing Programs

**Marketing programs** are the detailed approaches to the 4 P's (pricing, product, place, and promotion). The approach for making decisions for each of the 4 P's should closely follow the mission statement, company objectives, competitive strategies, marketing objectives and marketing strategies. Specifics relating to product, place (distribution), promotion, and pricing have been outlined in:

- Section 9 - Product: Developing a Quality Product;
- Section 10 - Pricing;
- Section 11 - Promotion; and
- Section 12 -Place: Distribution of a Product.

# Strategic Marketing Flowchart

The following chart provides an overview of the strategic marketing process.



## Additional Recommended References

Bangs, David H. *The Market Planning Guide: Creating a Plan to Successfully Market Your Business, Products or Service*. Dover, NH: Upstart Pub. Co., 1995.

Davidson, Jeffrey P. *Marketing on a Shoestring: Low-cost Tips for Marketing Your Products to Services*. New York: John Wiley, 1994.

Davidson, Patricia G. *Direct Marketing: A Handbook for Farm Producers*. Canadian Farm Business Management and the Ministry of Agriculture and Food, 1994.

Gerson, Richard F. *Marketing Strategies for Small Businesses*. Menlo Park, CA.: Crisp Publications, 1994.

Gunner, Andrea. *Preparing a Business Plan: A Guide for Agricultural Producers – Direct Farm Marketing Example*. BC Ministry of Agriculture, Fisheries and Food and Agriculture and Agri-Food Canada. Available online at:  
[http://www.al.gov.bc.ca/busmgmt/bus\\_guides/direct\\_guide.htm](http://www.al.gov.bc.ca/busmgmt/bus_guides/direct_guide.htm)

Luther, William M. *The Marketing Plan: How to Prepare and Implement It* 3<sup>rd</sup> Ed., New York: Amacom. 2003.

Marketing Guide. Small Business BC. 2004. Available online at:  
<http://www.smallbusinessbc.ca/pdf/marketingPlan.pdf>

Opportunity Analysis for Farm-Based Businesses: Final Report. Prepared by Strategic Partnerships. In Association with Peter Williams and J. Paul and Associates, Inc., 1997.

## Marketing Checklist

- Write my mission statement. Does it say everything it should?*
- Set my one year and three year objectives. Should my company focus on profits, volume, stability, or something else?*
- Set my competitive strategies so that I can reach my objectives. Make sure they complement my mission statement.*
- Complete my marketing plan with marketing objectives and marketing strategies. Make sure everything is consistent with achieving the company mission.*
- Address the four P's of marketing (Price, Place, Promotion and Product)*
- Design a strategic marketing flowchart.*

# Section 9 – Product Development

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# Product Development

**F**ood product development involves building on an idea and developing a product to reach the stage where it is suitable and acceptable for commercial sale. This involves all aspects of a product including form, packaging and labeling. Recipes used for commercial scale production can be significantly different from the original recipe, as the commercial product must meet the requirements of the regulatory agencies. There are many product development facilities which can help the entrepreneur to modify his or her product so that it is suitable for commercial production and accepted by consumers.

Prior to approaching a product development facility, the entrepreneur should establish certain criteria which will help him or her in choosing a facility that will be appropriate for the product to be developed.

One of the first steps in the product development process is to identify the location and size of the **target market**, so that the entrepreneur has an idea of the potential sales. Once the target market has been defined, competitors' products should be assessed. Vital information such as the ingredients in the competitors' product and packaging, including package specifications, cost of packaging and the positioning of the products in the marketplace, should be collected. In addition, sensory evaluation tests and physical and chemical analysis can be performed on the competitor's product, which will provide further information on the composition of the product.

Once the competitors' products have been assessed, the entrepreneur should have a clearer idea of what the final product should be like. For example:

- general description (fruit pies, cookies, etc.);
- basic process (fresh, frozen, etc.);
- flavour and aroma;
- key ingredients (blueberries, chocolate, etc.);
- texture;
- shelf-life; and
- packaging.

Product formulation involves a series of trials where test batches are evaluated against a pre-determined set of quality criteria. Prior to commencing the product development process, the entrepreneur must set a budget for the amount of money he or she is willing to spend on developing the product. This will help the product development facility to determine which services the entrepreneur requires. As well, it will help to identify the areas which are crucial to developing the product so that it is acceptable for commercial sale.

## Equipment Sourcing

Sourcing equipment for production of the product can also be a difficult process. One way to obtain the information is through the expertise of other food producers as they can provide trade publications, supplier lists, and trade show information. As well, contacting people in research and development and product development will provide important information. Information can also be obtained from your local library by consulting **Scott's Directories, Western Industrial Directory** for listings of companies supplying food processing equipment. Some companies that you may want to contact include:

### **Metropolitan Wire (Canada Ltd.)**

3160 Orlando Drive  
Mississauga, ON L4V 1R5  
Phone: (905) 676-9890  
Toll Free: 1-800-268-0355  
Fax: (905) 676-9262  
<http://www.metro.com>

### **Dennett Enterprises Ltd**

1-6750 Cariboo Road  
Burnaby, BC V3N 4A4  
Phone: (604) 415-6400  
Fax: (604) 415-6440  
Email: [info@dennettenterprises.com](mailto:info@dennettenterprises.com)  
<http://www.dennettenterprises.com/>

### **Advanced Equipment Inc.**

2411 Vauxhall Place  
Richmond, BC V6V 1Z5  
Phone: (604) 276-8989  
Fax: (604) 276-8962  
Email: [info@advancedfreezer.com](mailto:info@advancedfreezer.com)  
<http://www.advancedfreezer.com>

### **Brittania Food Equipment Ltd.**

3696 Commercial Street  
Vancouver, BC V5N 4G1  
Phone/Fax: (604) 877-1694

### **Abstract Alloy Manufacturing**

#304 - 31127 Wheel Ave  
Abbotsford BC V2T 6H1  
Phone: (604) 852-2120  
Fax: (604) 852-2130  
Toll Free: 1-866-852-2120  
Email: [abstract@telus.net](mailto:abstract@telus.net)  
(Food grade tanks, conveyors, and installations. New and used equipment.)

Or subscribe to:

### **Prepared Foods**

Business News Publishing .  
1050 IL. RT 83 Suite 200  
Bensenville, IL. 60106 USA  
Phone: 630-694-4345  
Fax: 630-227-0527  
<http://www.preparedfoods.com>

## **Canadian Process Equipment and Control News**

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29-588 Edward Avenue  
Richmond Hill, ON L4C 9Y6  
Phone: (905) 770-8077  
Fax: (905) 770-8075  
Email: [cpe@cpecn.com](mailto:cpe@cpecn.com)  
<http://www.cpecn.com/>

**Food Processing Magazine**

Suite 301, 555 W. Pierce Road  
Itasca, IL 60143 USA  
Phone: (630) 467-1300  
Fax: (630) 467-1179  
<http://www.foodprocessing.com>

Raw Material Sourcing

**Canadian Company Capabilities** is an online, searchable database of over 50,000 Canadian companies and profiles. Business profiles contain comprehensive information on contacts, products, services, trade experience, and technology. In addition, search results can be presented and printed in comprehensive, short or custom reports. Businesses can access the database information directly from an office or home computer.

Contact:

**Industry Canada - Strategis**

Telephone: (613) 954-5031  
Toll Free: 1-800-328-6189 (Canada)  
Toll Free Hearing Impaired only TTY: 1-866-694-8389  
Email: [strategis@ic.gc.ca](mailto:strategis@ic.gc.ca)  
<http://strategis.ic.gc.ca/> (Click "Company Directories")

Contact:

**Small Business BC**

601 West Cordova Street  
Vancouver, British Columbia,  
Canada V6B 1G1  
Phone: 604-775-5525  
Toll Free in BC: 1-800-667-2272  
TTY (Teletypewriter): 711  
Fax: 604-775-5520  
Email: [askus@smallbusinessbc.ca](mailto:askus@smallbusinessbc.ca)  
[http:// www.smallbusinessbc.ca/](http://www.smallbusinessbc.ca/)

Other information sources for suppliers of raw materials for food processors can be located through trade publications, trade directories, and other producers (see Appendix).

## Product Development Facilities

**B**efore developing a product in a full scale operation, many food processors use the services of product development facilities. Product development facilities include laboratories, research stations, and pilot plants. Before approaching a product development facility, a new business owner should consider checking with the Food Industry Service (FIS) at the British Columbia Institute of Technology or the University of British Columbia to assess the scale of the project.

Contact:

### **Food Industry Service(FIS)**

University of British Columbia  
6640 NW Marine Dr  
Vancouver, BC V6T1Z4  
Phone: (604) 822-4100  
Fax: (604) 822-3959  
Email: [fis@interchange.ubc.ca](mailto:fis@interchange.ubc.ca)  
<http://www.fis.agsci.ubc.ca>

BC Institute of Technology  
3700 Willingdon Avenue  
Burnaby, BC V5G 3H2  
Phone: (604) 432-8320  
Fax: (604) 434-6986  
Email: [cliff\\_dunlop@bcit.ca](mailto:cliff_dunlop@bcit.ca)  
<http://www.fis.agsci.ubc.ca>

Some centres provide both laboratory and pilot plant facilities. The list of laboratories which provide product development facilities in western Canada includes:

- Food Industry Service(FIS), Burnaby, BC and Vancouver, BC
- The Food Development Centre, Portage la Prairie, MB
- Alberta Agriculture-Food Processing Development Centre, Leduc, AB

If you need a lab in eastern Canada or the United States, western labs can provide you with additional lab information.

Pilot plants include:

- Food Industry Service(FIS), Burnaby, BC and Vancouver, BC
- The Food Development Centre, Portage la Prairie, MB

Several research stations provide product development facilities on a larger scale than the labs but on a smaller scale than a pilot plant. These include:

- The Morden Research Centre, Morden, MB
- The Lacombe Research Centre, Lacombe, AB
- The Summerland Research Station, Summerland, BC

Laboratories provide product development and testing facilities on a small bench-mark scale. This is usually the first step when the product that is being developed is totally new rather than a variation of similar or previously processed products. The process would involve standardizing a home recipe brought in by the food processor and developing it to a commercial formula. This would include analytical tests, chemical analysis, and shelf life analysis.

Most of the labs work on a fee-for-service basis, but some labs are subsidized (50%), usually with funding from the National Research Council through the Industrial Research Assistance Program(IRAP).

Contact:

**National Research Council**

IRAP Program  
3250 East Mall  
Vancouver, BC V6T 1W5  
Phone (604) 221-3100  
Fax: (604) 221-3101  
<http://www.nrc.gc.ca/irap>

The costs of product development are product specific and depend on the nature of testing required. However, the range for product development on a lab scale varies from \$6,000 to \$15,000, with the costs of "straight-forward" product development being approximately \$8,000 (Meseyton, J. (1994) National Agri-Food Technology Centre, Portage).

## Food Industry Service (FIS)

Food Industry Service (FIS) is operated by Food Science professionals from University of British Columbia (UBC) and British Columbia Institute of Technology (BCIT) with the possible employment of both students from UBC and BCIT and faculty members depending on the scope of the project.

Services include:

- food product & process development service to industry & entrepreneurs
- assisting in contract R& D projects, shelf-life studies, sensory evaluation, etc.
- providing pilot plant facilities to Research & Development
- providing scientific literature searches

## The Summerland Research Station

Food research at Summerland consists of basic and applied studies in the composition, processing, and storage of horticultural produce. The food processing pilot plant is equipped to perform development activities in wine products and other horticultural produce. The pilot plant specializes in processing fruit and vegetables, and most processes can be duplicated on a small scale.

Services include:

- aseptic processing;
- ultra-filtration and reverse osmosis;
- conventional press and centrifugal juice extraction;
- conventional canning technology;
- sensory evaluation; and
- food chemistry and analytical methods including shelf-life studies.

Contact:

**Summerland Research Station**

Agriculture and Agri-Food Canada

4200 Highway 97

Summerland, BC V0H 1Z0

Phone: (250) 494-7711

Fax: (250) 494-0755

[http://res2.agr.ca/parc-crapac/summerland/index\\_e.htm](http://res2.agr.ca/parc-crapac/summerland/index_e.htm)

## The Morden Research Centre

The research station at Morden provides one stop shopping for all crop science needs from planting, through its growth cycle, to harvesting, storing and processing.

Contact:

**Morden Research Centre**

**RAAFC Research Centre**

Unit 100-101, Route 100

Morden, MB R6M 1Y5

Phone: (204) 822-4471

Fax: (204) 822-7207

<http://res2.agr.ca/winnipeg/>

## The Lacombe Research Centre

The research station at Lacombe uses subjective and objective techniques to evaluate the effects of processing procedures, packaging systems and storage on the taste, texture, colour and odour of red meats.

Services include:

- A meat research centre which emphasizes research in red meat quality, including extending the storage life of red meats.
- Processing hygiene research to minimize microbial contamination during processing.
- Temperature control research to permit temperature optimization management under commercial circumstances.
- Packaging centered on the development of master package systems for displaying ready packs of red meat.

The meat research scientists at Lacombe work closely with the meat packaging industry. Technologies which extend product life are critical for beef and pork processors who want to expand their markets in North America and in the Pacific Rim.

Contact:

**Lacombe Research Centre**

Agriculture and Agri-Food Canada

6000 C & E Trail

Lacombe, AB T4L 1W1

Phone: (403) 782-8100

Fax: (403) 782-6120  
Email: [destremya@agr.gc.ca](mailto:destremya@agr.gc.ca)  
<http://res2.agr.ca/lacombe>

## Alberta Agriculture, Food Processing Development Centre

This Centre provides both laboratory and pilot plant facilities. Product development specialists and sophisticated laboratory development facilities at Leduc provide the following areas of support and services:

- concept development and analysis;
- prototype design and demonstration;
- product evaluation and optimization;
- finished product testing;
- product packaging;
- regulatory requirements and labeling assistance;
- quality control/quality assurance specifications;
- sensory evaluation services to determine consumer acceptance and preference; and
- studies with trained panelists and consumers to evaluate food flavour, colour, and texture associated with ingredient or process modifications; test product quality and shelf-life; and test market introduction and monitor competitive products.

The pilot plant consists of four separate processing areas:

- meat;
- wet process;
- dry process; and
- fine particulate.

The equipment and facilities within the Centre's pilot plant have the capability for process development, custom processing, and packaging of a variety of food commodities. The equipment can also provide simulation of industrial production to assess and evaluate product or process performance.

Pilot plant services to provide the transition between bench-top development and commercial production are available to:

- food processors;
- entrepreneurs;
- industrial or commodity groups;
- university researchers;
- federal or provincial agriculture personnel; and
- suppliers of equipment.

Engineering services are also available for process evaluation and improvement, and assistance with equipment selection.

Contact:

**Alberta Department of Agriculture, Food and Rural Development**  
Food Processing Development Centre  
6309-45 Street  
Leduc, AB T9E 7C5  
Phone: (780) 986-4793  
Fax: (780) 986-5138  
<http://www.agric.gov.ab.ca>

## Food Development Centre (Manitoba)

The Food Development Centre provides both laboratory and pilot scale product development facilities. In the area of product development, the Centre offers the following services:

- comprehensive services to develop and improve food products;
- finding new uses for by-products;
- sourcing services (ingredients, packaging, alternatives, etc.);
- assessing consumer preferences and assessing product shelf-life;
- assistance in compliance with labeling, packaging and advertising legislation;
- evaluation and implementation of analytical methodology necessary in food product and food process development; and
- advising and assisting in the establishment of quality control procedures and in-plant monitoring of quality control parameters.

Contact:

**Food Development Centre**  
810 Phillips Street  
PO Box 1240  
Portage la Prairie, MB R1N 3J9  
Phone: (204) 239-3150  
Fax: (204) 239-3180  
Toll Free: 1-800-870-1044  
<http://www.gov.mb.ca/agriculture/fdc>

For a more extensive listing of public and private lab research facilities in BC, as well as a list of food consultants, please visit the **BC Food Processor's Association** website at: [http://www.bcfpa.ca/services/services\\_intro.htm](http://www.bcfpa.ca/services/services_intro.htm)

## Additional References

Earle, Mary D et al. *Food Product Development*. Boca Raton, FL: CRC Press, 2001.

Fuller, Gordon W. *New Food Product Development: From Concept to Marketplace, 2nd ed.* Boca Raton, FL: CRC Press, 2004.

Hotchkiss, Joseph H. *Concepts of Food Product Development*. New York: Aspen Publishers, 2002.

Side, Catherine. *Food Product Development: Based on Experience*. Iowa: Iowa State Press (Blackwell Publishing), 2002.

## Product Development Checklist

- Identify the location and size of the target market for my product.*
- Determine sources for my equipment and raw materials.*
- Decide if I need any assistance from a product development facility.*
- Establish a set of criteria for choosing the product development facility and ensure it is appropriate for my product.*

# Section 10 - Pricing

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## Value Pricing

**P**ricing is much easier with one product than with multiple products. When a single product is being produced, all fixed costs associated with the business are applicable to that one product. When several products are produced, the fixed costs must be applied proportionately to the various products according to amounts of products produced.

Many companies want to have both extensive marketing programs and the lowest price. In most cases this is not feasible. The money for the marketing programs must come from the consumer and this is not always possible with low prices.

Traditionally, companies have used costs as the basis for setting prices, with no regard as to the value that a customer places on a product or how the competitors are pricing. A market-driven company will "price on value, knowing costs."<sup>1</sup>

This is known as target pricing. With **target pricing**, a company studies the competition and the customer to identify a point where the product must be priced to be competitive. Once the target price is identified, the company identifies a desired profit and then works backward to calculate the costs at which the product must be produced to meet the profit and target price. These calculations must take into account the target profit margin, price reductions for retailers, costs of promotion and future distribution costs.

To properly calculate the costs incurred by a company, one must include present and planned activities for distribution (see section 12), promotion (see section 11) and product development (see section 9).

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<sup>1</sup> (Book) Pricing-Think Value Not Cost", *The Best Readings from Business Marketing - Views from the Trenches*, PWS-Kent Publishing Company: Boston, MS. p. 255.

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## Pricing Strategies

**P**ricing strategies specify the role of price in implementing the marketing strategy. They state what the company wants to achieve by setting a particular price. Pricing strategies are not necessarily mutually exclusive.

Pricing strategies should be determined for each marketing strategy of the company and must be consistent with the distribution and promotion strategies that have been established.

| Marketing Strategy   | Pricing Strategies   |
|--|--|
| 1. Increase overall size of the market by increasing the number of users.      | <ul style="list-style-type: none"> <li>• Reduce economic risk</li> <li>• Offer better value</li> </ul>   |
| 2. Increase the overall size of the market by increasing the rate of purchase. | <ul style="list-style-type: none"> <li>• Increase frequency of consumption</li> <li>• Broaden the number of usage situations to include lower priority uses</li> </ul> |
| 3. Increase market share through retention of customers.                       | <ul style="list-style-type: none"> <li>• Meeting price competition</li> </ul>  |
| 4. Increase market share through acquisition of customers.                     | <ul style="list-style-type: none"> <li>• Undercut the competition</li> <li>• Premium price</li> </ul>  |
| 5. Introduce a line of substitutes.  | <ul style="list-style-type: none"> <li>• Encourage trade-up</li> <li>• Clearly differentiate quality differences between a line of substitutes</li> </ul>              |
| 6. Introduce a line of complementary products.                                 | <ul style="list-style-type: none"> <li>• Expand the range of products bought by existing customers</li> <li>• Attract new customers through superior value</li> </ul>  |

## Pricing Programs

**P**ricing strategies are attained through various **pricing programs** such as:

### Penetration Pricing

- A low price to stimulate demand.

Used when:

- Lower prices result in overall increased growth in the market or increased demand for the company's product;
- The company sells higher margin complementary products that are being pulled along with the sale of lower priced products;
- The company enjoys economies of scale; or
- Competitors have high cost structures.

### Parity Pricing

- Setting the price near or at competitive levels and using other marketing variables to implement strategies.

Used when:

- Total market volume will not grow with lower prices; or
- Competitors can easily match any price decrease.

### Premium Pricing

- Setting a price above competitive levels.

Used when:

- A company can differentiate a product in terms of higher quality or special features; or
- A company has little excess capacity and where it is difficult for competitors to enter the industry.

## Monitoring Costs

**A** company that carries multiple products (also known as a multi-product company) cannot get the information it requires from the conventional profit and loss statement. Instead, they need to track costs for the company and for each product. Without the product-specific information, they cannot tell which products are doing well and which need additional marketing support.

To gather all the relevant information, a company needs to track two types of costs:

- **Variable costs** (direct costs of manufacturing): Costs specific to the manufacturing of the particular good or service under scrutiny (i.e. labour, raw materials, and supplies).
- **Fixed costs**: Ongoing costs that occur whether a business is shut down for a period of time or in full production (i.e. depreciation, insurance, taxes, selling and administration costs, utilities and other costs).

Fixed costs can be broken down into two kinds of costs. **Traceable fixed costs** are those that can be related to a product line on a non-arbitrary basis. **Non-traceable fixed costs** are incurred on behalf of the business as a whole and cannot be assigned to a specific product line.

## Contribution Analysis

**Contribution analysis** studies how the final selling price will contribute to fixed costs. Ideally, a product would cover all the fixed costs and contribute a net profit, but this does not always happen. Many products in a company's business only cover their variable costs and part of the fixed costs. A company must decide if these products are worth continuing (i.e. Is the product necessary to the product line?). Fixed costs are there whether the product is produced or not. The question that must be answered is – “Is it better to produce a product that pays for itself and part of the overhead or drop it and lose the overhead contribution?”

If a company has excess capacity, it would be better to keep the products that are only covering part of the costs. If capacity is full, selling a product with low or negative total contribution may not be advisable. If resources and sales are going to the low contribution product instead of the higher contribution products, then a company is not maximizing its profitability.

The following page shows an example of a table used to monitor the contribution of various product lines.

### Contribution Analysis

|   | Company<br>Total | Product<br>One | Product<br>Two | Product<br>Three | Product<br>Four |
|---|------------------|----------------|----------------|------------------|-----------------|
| Sales                                       | \$1120           | \$300          | \$450          | \$220            | \$150           |
| Variable costs of<br>goods sold             | 205              | 50             | 70             | 40               | 45              |
| Gross profit margin                         | \$915            | \$250          | 380            | \$180            | \$105           |
| Other variable costs                        | 30               | 0              | 20             | 10               | 0               |
| Variable contribution<br>margin             | \$885            | \$250          | \$360          | \$170            | \$105           |
| Traceable fixed<br>costs:                   |                  |                |                |                  |                 |
| Sales salaries                              | 280              | 70             | 95             | 65               | 50              |
| Manufacturing<br>salaries                   | 180              | 50             | 70             | 40               | 20              |
| Packaging salaries                          | 105              | 30             | 25             | 20               | 30              |
| Advertising of<br>specific product<br>lines | 115              | 30             | 50             | 20               | 15              |
| Rent and utilities                          | 70               | 20             | 30             | 15               | 5               |
| Total                                       | \$750            | \$200          | \$270          | \$160            | \$120           |
| Total contribution                          | \$135            | \$50           | \$90           | \$10             | (\$15)          |
| Non-traceable fixed<br>costs:               |                  |                |                |                  |                 |
| Company<br>advertising                      | \$40             |                |                |                  |                 |
| General and<br>administrative<br>overhead   | 60               |                |                |                  |                 |
| Total                                       | \$100            |                |                |                  |                 |
| Net operating profit                        | \$35             |                |                |                  |                 |

Salaries can be split according to hours spent on a product or some other reasonable basis. Rent and utilities can be split based on volume allocations.

Company advertising and general and administrative overhead cannot be allocated to specific products.

To determine which products should receive additional support, we calculate the **percentage variable contribution margin (PVCM)**.<sup>2</sup>

$$\text{PVCM} = \frac{\text{selling price} - \text{variable costs}}{\text{selling price}}$$

PVCM shows which products contribute the greatest amount to overhead and profit for each additional dollar spent to increase sales.

From the above example:

|      | Company Total | Product One | Product Two | Product Three | Product Four |
|------|---------------|-------------|-------------|---------------|--------------|
| PVCM | 0.79          | 0.83        | 0.80        | 0.77          | 0.70         |

Although Product Two has the highest total contribution, additional dollars should be spent on Product One because this is where the greatest gains will be enjoyed.

## Setting Prices

Two tools that are important for setting prices are:

- break-even analysis; and
- cost-volume relationships.

### Break-even Analysis

**Break-even analysis** can be used as a tool for initially setting a product's price or for calculating the effects of a price change. It helps the owner or manager understand that for certain prices, different levels of production are required to break even (i.e. covering all variable and fixed costs).

The **break-even point** is where total revenue equals total cost. Below the break-even point, losses are incurred. Profits are realized above the break-even point.

Sunk costs, such as research and development used to develop a product, should be ignored. Depreciation should be used as a cost rather than the full cost of a piece of equipment.

$$\text{Break-Even Point (C)} = \frac{\text{Total Fixed Costs (B)}}{\text{Unit Contribution (A)}}$$

The following table shows an example of a break-even analysis for five different prices of one product.

<sup>2</sup> (Book) Gultinan, Joseph and Paul, Gordon. *Marketing Management, Strategies and Programs*, Fourth Edition. McGraw-Hill: Toronto, ON. p. 226.

|                         |            |           |           |           |           |
|-------------------------|------------|-----------|-----------|-----------|-----------|
| Unit Selling Price      | \$21.95    | \$23.95   | \$25.95   | \$27.95   | \$29.95   |
| Unit Variable Cost      | \$7.95     | \$7.95    | \$7.95    | \$7.95    | \$7.95    |
| Unit Contribution (A)   | \$14.00    | \$16.00   | \$18.00   | \$20.00   | \$22.00   |
| Estimated Sales (units) | 27,500     | 27,000    | 25,000    | 20,000    | 18,000    |
| Revenue                 | \$603,625  | \$646,650 | \$648,750 | \$559,000 | \$539,100 |
| Fixed Costs (B)         | \$400,000  | \$400,000 | \$400,000 | \$400,000 | \$400,000 |
| Variable Costs          | \$218,625  | \$214,650 | \$198,750 | \$159,000 | \$143,100 |
| Profit (loss)           | (\$15,000) | \$32,000  | \$50,000  | \$0       | (\$4,000) |
| Break-even (units) (C)  | 28,571     | 25,000    | 22,222    | 20,000    | 18,182    |

## Cost-Volume-Profit Relationships

**Economies of scale** measure the impact of changes in volume on fixed costs. In many cases, a company's ability to increase the volume of output allows them to decrease the per unit total cost.

### Product 1

|                             | 2000 units | 4000 units |
|-----------------------------|------------|------------|
| Unit Variable Cost          | \$40       | \$40       |
| Total Variable Cost         | 80,000     | 160,000    |
| Total Traceable Fixed Costs | 240,000    | 240,000    |
| Total Direct Cost           | 320,000    | 400,000    |
| Divided by Volume           | 4000       | 8000       |
| Average Unit Cost           | \$80/unit  | \$50/unit  |

Increases in volume have the greatest impact on products with high PVCM because most of the costs are fixed for these products.

The **experience curve effect** is where variable costs per unit decline as volume increases. This can cause better results from increasing the volume of products. Experience curves may be due to:<sup>3</sup>

- workers becoming more efficient;
- more efficient production processes; or
- higher discounts due to greater volumes of purchases.

## Calculating Mark-ups

<sup>3</sup> (Book)Gulltinan, Joseph and Paul, Gordon, *Marketing Management, Strategies and Programs*, Fourth Edition. McGraw-Hill: Toronto, ON. p. 145.

**C**ompanies must take into account their own costs, as well as the mark-ups required by intermediaries when setting prices, as the product moves towards the consumer. In the food business, mark-ups are usually calculated from the retail price working back rather than from the cost working up. As a rule of thumb, retailers' margins average around 30% with distributor's margins being as high as 30% depending on what services are being provided.

The approach is similar when dealing with food service distributors, but with allowance being required for volume rebates. Volume rebate schedules are stepped with higher volumes meaning a higher percentage volume rebate payable by the processor. The processor must build in anticipated costs which will be invoiced to him at year end for the rebate based on the processor's total sales to the food service distributors.

The processor should not jump into the volume rebate schedule without first calculating the impact of the increased volumes in the form of lower per unit costs. Many processors offer a volume rebate schedule that reduces profitability because the volume rebate is greater than the cost savings of increased output.

When a processor sells directly to a retail chain, various costs must be built into the price, including:

- truckload allowance                      e.g.: 45,000 lb. load; one drop off - \$1000 off  
(Supplier makes payment to buyer for ordering a specific product line in sufficient quantities to fill the designated transportation vehicle)
- cash discount                              e.g.: 2/10 net 30  
(defined as 2% off the invoice if paid in 10 days or the net invoice payable in 30 days; drawing on a line of credit may be a cheaper way to obtain cash)
- cooperative advertising                  e.g.: 3% of net invoice  
(not being paid on other allowances)
- over & above                              e.g.: 8% of invoice  
(allowances for extra promotion, demos, coupons etc.; used to create a pool of funds to be used on individual promotions as they arise)
- volume rebates                              1-5% based on schedule
- brokerage fee                                3-7% of retail price
- warehousing, freight charges          3-5% of retail price

This could result in 33% to 44% rebates off invoice.

- Wholesale Price = Product Price + 33% to 44%
- Retail Price = Wholesale Price + 18% to 32%

Other features of the marketing program to consider when setting prices:

1. A minimum delivery size is set to capitalize on freight. For example, a Minimum Order Size for freight prepaid shipments of 2300 pounds or more can be set.

2. In the case of new store openings or a change of ownership, one option may be to provide 15% off invoice for a period of 7 days, with a case allotment of 15 cases per checkout, or a similar initial discount.
3. Deal prices - It is important to recognize that deal periods are set by the retailers in December, so the processor has to have the year's promotion program agreed to by the store usually prior to December 31 for the following 12 months. Most processors will have some type of maximum order volume to avoid the wholesaler or retailer stocking up on the product while on deal.
4. Floor stock protection is a contentious area whereby the store asks that any downward adjustment in price apply to the wholesaler's or retailer's inventory of a product. Most processors do not offer floor stock protection in the belief that it is up to the store to control its inventory.
5. Some businesses charge prices according to "rules of thumb", such as, price is twice labour plus materials or price is materials and labour plus 20% for fixed costs and 25% for profit. These methods for setting prices are not recommended, as calculating actual costs is the only sure means of ensuring that prices cover costs.

## Additional Recommended References

Bureau of Competition Policy. *Predatory Pricing Enforcement Guidelines*, Director of Investigation and Research, Competition Act. Ottawa: Consumer and Corporate Affairs, 1992. <<http://www.competitionbureau.gc.ca/internet/index.cfm?itemID=1746&lg=e>>.

Dolan, Robert J. *Power Pricing: How Managing Price Transforms the Bottom Line*. New York: Free Press, 1996.

Holtz, Herman. *Priced to Sell: The Complete Guide to More Profitable Pricing*. Chicago, ILL.: Upstart Pub. Co., 1996.

Mohammed, Rafi. *The Art Of Pricing: How To Find The Hidden Profits To Grow Your Business*. New York: Crown Publishers, 2005.

## Pricing Checklist

- Look at how I currently set my prices. Can it be improved?*
- What prices are my competitors charging? What are the consumers willing to pay?*
- What are my pricing strategies and programs? Do they match with my marketing strategies?*
- Calculate the PVCM for each of my products. If this is difficult, look at better ways to do my accounting.*
- Look at options for dealing with low PVCM products.*
- Calculate the break even point at my current prices. How does changing the prices affect profit levels?*
- Are there opportunities for increasing profit by increasing volumes? Where are my experience curves?*

# Section 11 – Promotion

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## Types of Promotion

**P**romotion includes all activities designed to inform, persuade, and influence people when they are making the decision to buy. Promotion consists of:

- **Advertising** the non-personal communication transmitted through the mass media;
- **Publicity** free promotion through news stories in newsletters, newspapers, magazines and television;
- **Sales Promotion** includes all forms of communication not found in advertising and personal selling, including direct mail, coupons, volume discounts, sampling, rebates, demonstrations, exhibits, sweepstakes, trade allowances, samples and point-of-purchase displays.

In designing a promotional plan, one must clearly spell out:

- Which objectives to use. It is possible to have more than one objective, but it is recommended that a company target its audience or run the risk of losing focus;
- What to say;
- Who to say it to; and
- The criteria that are used to measure success.

## Suggestions for Inexpensive Promotion

Some inexpensive, appropriate and effective methods of promotion for the new food processor include advertising through:

- Food related trade journals;
- Product demonstrations;
- Contests;
- Flyers;
- Yellow pages;
- Web sites;
- Direct mail.

## Promotion Objectives

**T**he **promotion objectives** need to be clearly stated and measurable. They must be compatible with the objectives of the company as well as the competitive and marketing strategies. Objectives will vary for different products and different situations. For example, processors must promote differently to brokers than to wholesalers. When promoting to a broker, the processor must promote what he/she wishes the broker to present to the wholesaler. When promoting to a wholesaler, the processor simply wants the wholesaler to purchase the product.

The processor can choose from five general objectives. The five types of objectives for promotional activities are:<sup>1</sup>

- 1) to provide information;
- 2) to increase demand;
- 3) to differentiate the product;
- 4) to accentuate the value of the product; or
- 5) to stabilize sales.

## Promotional Strategy

**O**nce the processor has reviewed all the possible promotional tools, he/she must devise a **promotional strategy**. A promotional strategy should address the following issues:

- What is the goal of the promotion?
- What types of promotion should be used?
- What effect should the promotion have on the customer?
- Which promotion is working?
- Which promotion is not working?
- What are the costs of the promotion compared with the benefits?
- Who is my target audience?

## Various Forms of Advertising

<sup>1</sup>(Book) Beckman, M. Dale; Kurtz, David L.; and Boone, Louis E. *Foundations of Marketing*. Fifth Canadian Edition. Dryden Canada: Toronto, ON. 1992. p. 480.

### Newspapers

#### **Advantages**

- Flexibility
- Community prestige
- Intense coverage
- Reader control of exposure
- Coordination with national advertising
- Merchandising service

#### **Disadvantages**

- Short life span
- Hasty reading
- Poor reproduction

### Magazines

#### **Advantages**

- Selectivity
- Quality reproduction
- Long life
- Prestige associated with some magazines

#### **Disadvantages**

- Lack of flexibility

### Television

#### **Advantages**

- Impact
- Mass coverage
- Repetition
- Flexibility
- Prestige

#### **Disadvantages**

- Temporary nature of message
- High cost
- High mortality rate for commercials
- Evidence of public distrust
- Lack of selectivity

### Telephone

#### **Advantages**

- Direct access to audience
- Immediate feedback/response

#### **Disadvantages**

- Consumer resistance
- Lack of visual appeal

### Radio

#### **Advantages**

- Immediacy
- Low cost
- Practical audience selection
- Mobility

#### **Disadvantages**

- Fragmentation
- Temporary nature of message

### Outdoor Advertising

#### **Advantages**

- Quick communication of simple ideas
- Repetition
- Ability to promote products available for sale nearby

#### **Disadvantages**

- Brevity of the message
- Public concern over aesthetics

### Direct Mail

#### **Advantages**

- Selectivity and Speed
- Intense coverage
- Flexibility of format
- Complete information
- Personalization

#### **Disadvantages**

- High cost per person
- Dependency on quality of mailing list
- Consumer resistance

### Internet

#### **Advantages**

- Increased market reach
- Inexpensive form of promotion
- Increasingly popular medium
- Quick revision/flexibility

#### **Disadvantages**

- Domain/web hosting costs
- Banner and pop-up ads typically ignored

## Marketing on the Internet

Internet is becoming an increasingly popular medium for commerce and food processors can include the World Wide Web as one of the tools in their marketing strategy. Providing educational material about the company and products, advertising and offering coupons, sales flyers and recipes can boost sales and help build a loyal customer base. Companies can also use electronic mail to keep in touch with their customers and inform them of upcoming events and promotions. Some even use World Wide Web for selling products directly to consumers.

The following resources provide more information on Marketing on the Internet:

Direct Market Farm Products on the Internet

[www.ams.usda.gov/tmd/MSB/PDFpubList/InternetMarketing.pdf](http://www.ams.usda.gov/tmd/MSB/PDFpubList/InternetMarketing.pdf)

This US Department of Agriculture publication provides information on developing a marketing plan, researching the market and setting up and marketing a web site.

Marketing Guide – Small Business BC

[www.smallbusinessbc.ca/pdf/marketingPlan.pdf](http://www.smallbusinessbc.ca/pdf/marketingPlan.pdf)

This handbook is a tool to assist entrepreneurs with their marketing efforts. It includes information about marketing on the internet.

Direct Farm Marketing and the Potential of the World Wide Web

[www.al.gov.bc.ca/busmgmt/info\\_mgt/direct\\_farm\\_mkt\\_web.htm](http://www.al.gov.bc.ca/busmgmt/info_mgt/direct_farm_mkt_web.htm)

This BC Ministry of Agriculture and Lands factsheet presents the benefits and costs of using the web as a communication tool and lists web resources for direct farm marketers.

## Co-operative Advertising

**C**o-operative advertising should be looked at as a way to enhance consumer awareness of a product (or brand) in a local market under both the brand and the retailer's name. Think of co-operative advertising as retailers helping to sell a product by paying part of the expense to promote the product in their local market.

Co-operative expenditures should be examined in the same way that other advertising, public relations and promotional plans are examined. A program can be considered weak if the focus is on generating immediate store traffic through markdown promotions and ads emphasizing savings which could damage the quality image of the brand.

Canada Safeway's program is a good example of a co-operative program. In order to take advantage of their program, several criteria must be met:

- The product must be listed and sold in Safeway Stores;
- The company must be an established supplier; and
- The company must be able to ship the product to all Safeway Stores included in the program.

A co-operative advertising program can be expensive to the producer; however, the benefits can also be significant. Co-operative advertising averages around 2 to 5 percent of the invoice value, but every product is different.

The value is put towards purchasing newspaper ads in conjunction with the retailer. The ads are usually finalized in December for the following year. Be sure to stipulate that the feature price will be set six weeks prior to the date of the promotion. Give consideration to providing the retailer with an average price reduction of 10 percent, timed in conjunction with the co-operative advertising feature.<sup>3</sup>

## Media Rates

**P**romotional and media costs are the most difficult to allocate because their effectiveness is hard to measure in a concrete manner. Before looking at the dollar costs of different promotional mediums, the following should be decided:

- which mediums are most likely to reach the target audience;
- which mediums suit the image of the product;
- are there any product specific features that make one medium more appropriate than another (i.e. is a visual demonstration necessary); and
- what is the promotional budget.

Common errors to avoid are:

- trying to focus efforts on too broad a market;
- allowing the quality of a promotional item to drop so that you can increase distribution;
- lack of planning and co-ordination of promotional efforts;
- no measurement of effectiveness; or
- relying on one source of media.

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<sup>3</sup>(Booklet) Alberta Agriculture. *Marketing Food In Alberta: An Access Directory*. p. 43.

## Setting Promotional Expenditures<sup>4</sup>

1. **Market share** A company that has a higher market share generally has to spend more on advertising to maintain its share.
2. **Sales from new products** If a company has a high percentage of its sales from new products, it has to spend more on advertising compared with companies with established products.
3. **Market growth** Companies competing in fast-growing markets should spend comparatively more on advertising.
4. **Plant capacity** If a company has a lot of unused plant capacity, it should spend more on advertising to stimulate sales of product.
5. **Product price** Both very high-priced (or premium) products and very low-priced (or discount) products require higher advertising expenditures. In both cases, price is an important factor in the buying decision and the buyer has to be convinced (through advertising) that the product is a good value.
6. **Product quality** Higher-quality products require greater advertising because of the need to convince the consumer that the product is unique.
7. **Breadth of product Line** Companies with a broad line of products have to spend more on advertising compared with companies with specialized product lines.

## Value in Advertising

After establishing your promotional objectives, you may wish to launch an advertising campaign to increase your sales, expand your market reach, introduce a new product or enhance the image of your product or company.

Results of advertising are difficult to measure. They are both objective and judgmental in nature. It is necessary to plan your campaign so that results are measurable to assist in focusing future advertising in the most beneficial way.

### Local Area Advertising

Local area advertising warrants particular attention for the small or beginning food processor. Local media, including television, radio and press may provide services in developing advertising material. Local rates can be checked directly with the local media. Consider local publications such as drug-store fliers. Frequently, the desired advertising can be placed directly with the local media if there is a capacity to develop the desired ads. Contact persons with the local media should be available from your

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<sup>4</sup>(Book) See *Workbook for Estimating Your Advertising Budget* (Boston: Cahners Publishing Co., 1984).

local Chamber of Commerce, if not otherwise available. See also **Publicity** (page 11-12).

## **Broad Area Advertising**

Advertising is a highly specialized field. Campaigns tend to be set up to run concurrently with marketing and sales programs and the work is intermittent in nature. Unless a food processor has a unique capacity to deal with the issues in advertising, it is best to deal with an advertising professional, or agency. Getting maximum value for your advertising dollars is the objective. Low prices for advertising may be attractive, but may not produce results. Results can be realized through the careful development of your campaign, focusing on the media where results can be expected for your product, plus appropriate evaluation and follow-up for future campaigns.

## **Selecting Professional Services**

Most large urban centers in B.C. have a variety of advertising agencies and services. The selection of these services is critical to the success of any campaign. This should be viewed as a 2-step process:

1. Initial screening:
  - Develop a list of potential candidates;
  - Check for services offered. (Advertisement development, graphic arts and packaging expertise, result measurement);
  - Copyright services and protection;
  - Conflict of interest. Does the firm serve a direct competitor?;
  - Does the firm work with a single or limited media group?;
  - Rapport and compatibility;
  - Services offered are those desired for your campaign; and
  - General idea of media prices for budgeting.

After the initial screening, two or three candidates should be selected for in-depth interviews where you can reveal your promotion objectives (above) on a confidential basis.

2. Final selection:
  - Meet and interview all the people who may work with you in developing your advertising campaign. Evaluate their professional strengths and weaknesses;
  - Get firm information on fees and expenses for the agencies' services;
  - Get firm commitment on the systems and controls on placing advertising, particularly concerning information on any media support or commission the agency may receive on placing ads;
  - Develop the terms of a contract if you decide to employ this agency;
  - Understand the agency's system of billing and establish understanding on the appropriate receipts to be submitted with their billings; and
  - Reveal your promotional objectives and budget limitations to the agency and discuss with them how they would suggest you achieve your objectives, within your budget.

With the above information, the best agency for your company can be selected. Be sure to confirm the arrangements in writing and reserve the right to terminate the relationship at any time based only on your dissatisfaction with the services and payment of fees and expenses to date of termination.

Write a letter of regret to the non-successful candidate(s). Bear in mind you may be going back to them in the future to reconsider the arrangements.

After having established an agency relationship, be sure that each request and instruction to the agency is priced, approved, and budgeted before confirmation of the work to the agency.

## Trade Shows

**B**udgeting for a **trade show**, and including this venue in the overall marketing plan, is a highly focused way to:

- Establish a presence in the market place;
- Gain an overview of the industry at present; and
- Obtain a list of serious buyers more quickly than would be possible with a traditional sales approach.

Although trade shows may be expensive, they are widely used in the food industry. Particularly, they offer the potential for a high return in sales and contacts if planned properly and presented well. As with other promotional events, it is important to set objectives for participation in a trade show. Objectives may include such activities as:

- make contact with local distributors or retailers;
- introduction of new flavour or product line;
- identify potential joint venture or investment partners;
- introduction to local media and trade publications;
- research competitive products in the market or at the show.

Several months to a year may be required to obtain a well-located booth and prepare the appropriate materials and displays. Going into a show with pre-determined objectives and plans will maximize the business connections made at the show.

It is recommended that new enterprises should look to local or regional trade shows as an effective introduction to this promotional tool. This can be as simple as participating in a local show organized by a current or potential distributor or a provincial retail or foodservice show. Local shows can be a good and relatively inexpensive teaching tool for new enterprises.

Once an enterprise has experience with local shows and local distribution networks, they may wish to consider participating in an international trade show. International trade shows are typically more expensive both for exhibition and travel costs. International shows usually attract large international buyers who are looking for suppliers who have the capacity to fulfill large orders accompanied by significant promotional budget. Companies interested in international trade shows should contact the Markets and Trade Team of Agriculture and Agri-Food Canada, BC Regional office. Contact details are as follows:

**Agri-Food Trade Service**  
Markets and Trade Team  
Agriculture and Agri-Food Canada  
420-4321 Still Creek Drive  
Burnaby BC V5C 6S7  
Tel: 604-6666344  
<http://www.agr.gc.ca>

## Choosing the Trade Show

1. List several trade shows which would be suitable.

Various directories are available that contain a complete index of trade shows listed chronologically, geographically and by subject. As well, each listing has a phone number (or 1-800) of the trade show contact. Sources of Trade Show listings are:

### **2005 Trade Show Directory**

#### **Small Business BC**

601 West Cordova St.

Vancouver, BC V6B 1G1

Phone: (604) 775-5525

Toll Free: 1-800-667-2272

Fax: (604) 775-5520

<http://www.smallbusinessbc.ca/pdf/tradeshwall.pdf>

### **BC Food Processor's Association**

<http://www.bcfpa.ca/news.htm> (Click "Trade Shows and Events")

### **Agri-Food Trade Service**

<http://ats.agr.ca/events/events-e.htm>

These directories are available as reference material at most **municipal libraries** in British Columbia. Listings are also available at:

### **Small Business BC**

(see above for contact information)

<http://www.smallbusinessbc.ca/>

2. From the list of potential trade shows, choose to participate in the one(s) that:
  - attract the most appropriate customers, not necessarily the largest volume of customers;
  - will draw an audience from that geographic area that the company is prepared to serve;
  - are well supported by others in the industry (i.e. if the competition never misses it, there could be a reason); and
  - are well organized and promoted.
3. Obtain all information needed to begin preparing for the trade show(s). The contact person for the trade show will be able to provide any required information. Additional materials and information that should be requested (if not offered) include:
  - a floor plan (preferably with other exhibitors indicated) so a high traffic area can be chosen. (Note: Do not hesitate to pay extra for a good location, as the whole point is exposure);

- booth specifications, including: dimensions, lighting, tables, chairs, skirting, and any display or sample restrictions; and
- information on all services being offered: accommodations, equipment rental, assistance with set up, tear down or packing storage. (Note: It is a good idea to exploit the services being offered on site as there are many details to be concerned with at a trade show event).

## Preparation

1. Set clearly defined goals for the trade show; this will help in the development of the presentation strategy and display.
2. Set a budget allowing for enough staff, accommodations, product and travel. If the trade show is out of country, allow for insurance costs and plan to spend an entire day before and after the trade show in the host country.
3. It is advisable to choose professional design and marketing consultants to help prepare the materials for the booth. Effective materials can also be prepared by the company; just remember who the target audience is and what image you wish to project. Materials include:
  - a high impact display to attract the audience;
  - professionally prepared information handouts (remember, the people attending are coming to gather knowledge); and
  - samples of the product.
4. Prepare the sales presentation. Exhibit selling must be polished, brief, and convey the most important information. The audience will quickly move on, if the presentation lacks impact.
5. Prepare a system for recording leads. Several options include:
  - lead sheets for sales staff;
  - a business card exchange system;
  - sign up sheet for more information; and
  - a guest book.

## At the Trade Show

Staff will be presenting the product and working with customers the entire time they are in the booth. Ensure that adequate breaks are given so that the quality of the presentations remains consistent.

It is important that the customer relate the product to his or her situation. Sales staff should encourage customers to handle the product and talk about their situation so that the most relevant points about the product can be presented. Encourage customers to take information and samples. Just because the materials are there does not mean they will be picked up.

## Follow Up

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Be sure to have a plan for follow up prepared before the trade show, with deadlines for re-contacting interested parties. Follow up should be immediate, and it is best to let customers know in advance when and how they can expect to be re-contacted.

## Publicity

**Publicity** provides free advertising for the producer through news stories in newsletters, newspapers, magazines and television. Publicity can be attained by sending a media release to the various radio, television, newspaper and magazine offices. A media release is a one page letter identifying a newsworthy event and outlining the who, what, when, where and why of the story. A media release is appropriate to announce the startup of a new business, introduction of a new product, or any other success story related to the company. The media will publish or announce the story as a news item and consequently there is no expense for the processor. Publicity is one of the most effective and least costly means of advertising.

The media is interested in obtaining local news and most often will be positively supportive of local economic initiatives, particularly in small and medium sized urban centers. Your local Chamber of Commerce will help you make a list of contacts with the appropriate media people to receive your media releases.

Establishing communication with the local media will also aid in the handling of any future public relations issues. It is important that the media have the true facts in situations, such as an expansion announcement or a problem (such as a fire).

See also **Local Area Advertising** (page 11-7).

# In Store Demonstrations

**Demonstrations**, sometimes referred to as product samplings, are an effective and inexpensive means to promote a new or existing product.

## Types of Demonstrations

There are three types of in-store demonstrations:

- Live Demonstrations;
- Mobile Demonstrations; and
- Static Display.

### 1. Live Demonstrations

Live demonstrations include a staffed area with activity such as simple preparation. This is best with a new product that requires information or answers for questions, or for a product that requires special preparation. One advantage of a live demonstration is that you can encourage the customer to purchase the product. One disadvantage is that a great deal of time and large quantities of product samples are required for the demonstration and therefore costs can be high.

### 2. Mobile Demonstrations

Mobile demonstrations are a form of live demonstration and occur when a demonstrator walks throughout the store offering samples. The demonstrator usually has a base operation near the product sales display. Not all stores allow this type of demonstration.

### 3. Static Display

Static display includes an area displaying the product and offering unattended samples. One advantage of a static display is that they are very cost effective. One disadvantage is that there is no control on how much sample is used or on the purchasing decision. This type of demonstration requires consumer familiarity with the product.

## Steps in Planning Demonstrations

1. Determine what type of demonstration you are going to use.
2. Decide which stores you are going to target. Choose a store that stocks your product.
3. Find out the store policy on how to set up in-store demonstrations. Every store has different policies.
4. Decide if you wish to hire a demonstration company or if you will do them yourself. Consider time, energy, ease of demonstration and budget when making this decision. The manufacturer of the product may not be the best person to

demonstrate the product. Performing the demonstrations yourself will take you away from your business; however, hiring a demonstrator will increase the cost of the demonstration.

5. Talk to the store managers. The better the relationship you have with them and the better they know your product, the more co-operative they will be. Talk to them about 2 weeks prior to the demonstration, so that they will have product on hand and on the shelves.
6. Be prepared to work the whole weekend, not just peak hours. The normal run of a demonstration is during store hours on Thursday, Friday and Saturday.
7. The store may want incentives from you, such as cost cuts on product. If possible, get the store to special your product during the demonstration. Be prepared to pay for this opportunity.
8. Try to place the demonstration area where the product is stocked.
9. During the demonstration, hand out simple information on the product and coupons.
10. Be unique and try new ideas as you must stand out from the competition.
11. Know the competition but do not downgrade them during the demonstration.
12. Demonstrations normally do not provide access to a very wide market and consequently are only used as one segment of a marketing and promotional package.

## Coupons

**Coupons** can be an effective way to increase sales and profits, but there are certain costs that a company should be aware of:

- costs of physical distribution, mailing coupons, placing advertisements and paying the retailer a handling charge for redeeming the coupons;
- reduced contribution margins associated with the fact that coupons are price reductions; and
- coupons will be used by new customers as well as existing customers that would have bought the product at the regular price.

Any of the various printers in British Columbia can print coupons.

Managers must estimate various rates to determine the effectiveness of a coupon promotion. The estimates could be based on past performance or on experiments that run coupons in one city or in one part of a city. These rates include:

- **Redemption rates:** the percentage of buyers responding to the incentive;
- **Displacement sales:** made during a promotion but which would have otherwise been made to regular buyers at the regular rate;

- **Acquisition rates:** non-regular buyers who purchase the product during the promotion;
- **Stock-up rates:** sales made during a promotion that are borrowed from future periods because the customer stocks-up on the product at the discounted price; and
- **Conversion rates:** the conversion of non-regular buyers into regular buyers.

To estimate the effect on profitability, one must:

- estimate the increased contribution from incremental sales to new buyers;
- estimate the reduced contribution from displaced and stock-up sales; and
- subtract the direct costs of the sales promotion.

|        |  |          |  |          |   |
|--------|--|----------|--|----------|---|
|        | <b>Short Run Increase in Contribution from New Buyers</b>          | <b>=</b> | Estimated Sales to New Buyers          | <b>X</b> | <b>(</b> Normal Contribution Margin <b>-</b> Price Reduction <b>)</b> |
| Less   | <b>Reduction in Contribution from Displaced and Stock-up Sales</b> | <b>=</b> | Estimated Displaced and Stock-up Sales | <b>X</b> | Amount of Price Reduction   |
| Less   | <b>Direct Cost of Promotion</b>                                    |          |  |          |   |
| Equals | <b>Net Profit Effect of Promotion</b>                              |          |  |          |   |

## Coupon Distribution

Coupons can be distributed in a variety of ways. The most common vehicles for issuing coupons are: <sup>5</sup>

- **Products** In or on-pack self (coupons are on the item itself)  
In or on-pack cross (coupon is for a complementary product i.e. the customer buys cookies and gets a coupon for milk)  
Instantly redeemable
- **Media** Newspaper  
Free standing insert  
Flyers  
Magazine  
Direct mail (Solo, Co-op or selective)  
Internet
- **In-store** Shelf pads (or shelf dispensers)  
Handout (with product demonstration)  
Entrance (crew handout or self-serve dispenser)

<sup>5</sup> (Booklet) *An Industry Guide to Couponing Practices*. GPMC and CCGD. January, 1991. p. 5.

Cash register (bag stuffers, cash register tapes)  
Electronic coupons printed in-store

There are three organizations that can help the handling of coupons. The following is an outline of the services performed by redemption agents, clearing houses and billing agents.

#### **Manufacturer's Redemption Agent**

- performs coupon redemption service for manufacturer's marketing department;
- receives coupons that are sorted, counted, and tabulated, from retailer, retailer clearing house, or billing agent;
- verifies retailer, checks coupons, and reimburses retailer or retailer clearing house; and
- sends the coupon redemption report to manufacturer with invoice. Provides complete audit of moneys received from manufacturers and paid to retailers.

#### **Retailer Clearing House**

- performs coupon accounting service for retailer's accounting department;
- receives, unsorted and uncounted, all coupons accepted by retailer;
- sorts, counts and tabulates;
- bills out to applicable manufacturers or agents; and
- reimburses retailer, deducting service fee per coupon, plus any shipment adjustments.

#### **Retailer Billing Agent**

- performs coupon accounting service for retailers;
- receives, unsorted and uncounted, all coupons accepted by retailer;
- sorts, counts and tabulates;
- bills out to applicable manufacturers or agents in the name of the retailer; and
- invoices retailer service fee per coupon.

For more information please contact:

#### **Food and Consumer Products of Canada**

885 Don Mills Road  
Suite 301  
Don Mills, ON M3C 1V9  
Phone: (416) 510-8024  
Fax: (416) 510-8043  
Email: [info@fcpc.ca](mailto:info@fcpc.ca)  
<http://www.fcpc.ca>

## Additional Recommended References

Baker, Kim. *How to Promote, Publicize and Advertise Your Growing Business*. New York: Wiley, 1992.

Dennison, Dell. *The Advertising Handbook for Small Business: make a big impact with a small budget*. Vancouver: International Self-Counsel Press, 1994.

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Levinson, Jay Conrad. *Guerrilla Marketing: Secrets for Making Big Profits From Your Small Business*. Boston, MA: Houghton Mifflin Co., 1998.

National Film Board. *Pitchmen (video)*. Montreal: National Film Board of Canada, 1985.

*Promotion: Solving the Puzzle. (video)* Series: Small Business Video Library, v.3  
Publisher: Bell Atlantic, 1990.

## Promotion Checklist

- Find out how my competitors promote their products.*
- What forms of promotion will work best for my products? What are the advantages, disadvantages and costs of these forms?*
- Sit down and work out my promotional objectives and strategies to help guide my decisions.*
- Do any of my retailers offer co-operative advertising? Find out how to sign up.*
- Make a list of the trade shows I would like to attend. Find out what programs are available to help me.*
- What activities in my company are worthy of publicity?*

# Section 12 - Place: Distribution of a Product

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## Distribution Channels

**D**istribution channels are the paths that goods—and title to those goods—follow from producer and/or processor to consumer.<sup>1</sup>

Proper distribution channels serve various functions, including:

1. Reducing the number of marketplace contacts and resulting in a more efficient system;
2. Matching the requirements of individual consumers to the outputs of various producers;
3. Standardization to improve the efficiency of the system;
4. Holding inventory to increase market response and to lower transportation costs; and
5. Physical distribution of products to ensure that they are available for customers to purchase on demand.

### Definition of Terms

- **Direct selling** occurs when food processors sell products directly to consumers. Methods of direct selling include catalogues, home parties, door to door selling, telephone sales, retail outlets at the plant, and retail craft shows.
- **Indirect selling** occurs when processors sell to an intermediary, as opposed to an end user. Methods of indirect sales include selling the product to a retail store, as well as, using a wholesaler, distributor, merchandiser, broker or agent. Indirect selling occurs when goods are sold to grocery chains, department stores, club chains, specialty food shops, health food stores, gift shops, hotels, restaurants, and institutions.
- **Wholesaler** and **distributor** are two different terms used to describe the same distribution channel. A wholesaler or distributor purchases products from producers and normally sells the goods to retail stores. When using a wholesaler or distributor, the processor must still convince each individual store to stock the product. Therefore, it is best to use this distribution channel when the business owner has detailed information on retailers or previous sales experience. A wholesaler or distributor usually represents complementary products and takes title of the goods.

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<sup>1</sup>(Book) Committee on Definitions. *Marketing Definitions, A Glossary of Marketing Terms*. Chicago: American Marketing Association. 1960.

- A **merchandiser** is a broker who does detail selling to retail shops. Depending on the contract, the merchandiser will also handle deliveries of small items or lots. A merchandiser may best suit a situation where the processor cannot afford a broker or wishes to reach a specified group of retail outlets which require detail service that a larger broker will not provide. A merchandiser may sometimes take title to products as the most efficient means of combining selling, detailing and delivery. Care must be taken to define closely the particular responsibilities of a merchandiser and to contract accordingly.
- **Broker** and **agent** are two different terms used to describe the same distribution channel. Unlike a wholesaler, a broker does not take title of products. Instead, a broker provides a sales force to sell goods for the producer. This distribution channel is best used if the product falls into a mainstream category, such as frozen food, dry grocery, deli, or beverage.

When making decisions regarding direct selling, indirect selling, broker/agent, wholesaler/distributor or merchandiser, the company should look at competitor practices and consumer needs. As well, producers do not always have a choice on distribution channels, as industry norms often determine which channels to use. For example, large retailers (grocery chains, department stores, and club chains) often purchase exclusively through wholesalers/distributors and agents/brokers.

## Distribution Channels<sup>2</sup>

### Direct Channel

Processor ⇒ End User

- preferable when technical specifications or rigorous performance requirements apply;
- the volume of the product delivered to a customer must be of an economic delivery size so that freight is not a penalty.

### The One-Step Channel (Consumer Markets)

Processor ⇒ Retailer ⇒ End User

- in consumer markets, the intermediary is usually a retailer;
- the producer or manufacturer negotiates directly with the buyer of the retail chain.

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<sup>2</sup> (Book) Beckman, M. Dale; Kurtz, David; and Boone, Louis. *Foundations of Marketing*. Dryden Canada: Toronto, ON. 1992. pp. 338-391.

### **The One-Step Channel (Hotels, Restaurants, and Institutions - HRI Trade)**

Processor ⇒ Wholesaler ⇒ End User

- the wholesaler takes title to the goods they handle;
- the wholesaler's sales force is responsible for selling to the end user;
- the wholesaler can reach hundreds of HRI accounts more economically than the producer.

### **The Agent Channel (HRI Trade)**

Processor ⇒ Agent/Broker ⇒ Industrial User

- the agent becomes the manufacturer's sales force, making the sale, but never taking title to the product.

### **Traditional Channel (Consumer Markets)**

Processor ⇒ Wholesaler ⇒ Retailer ⇒ End User

- used by thousands of small processors who are producing limited lines of products and trying to sell to small retailers.

### **Agent/Wholesaler Channel (HRI Trade)**

Processor ⇒ Agent/Broker ⇒ Wholesaler ⇒ End User

- used when attempting to market a product into a new market area;
- an agent or broker familiar in the new market is used.

### **All-Aboard Channel**

Processor ⇒ Agent/Broker ⇒ Wholesaler ⇒ Retailer ⇒ End User

- used when products are produced by a large number of small companies who then use a broker to bring buyer and seller together;
- the broker is an independent sales force used in contacting large, scattered wholesalers;
- used when a product can deteriorate and a buyer must be found quickly.

# Deciding on a Distribution Channel

**T**here are a number of questions to answer when deciding on a distribution channel.<sup>3</sup> They are:

## 1. Market Factors

Short channels of distribution tend to be used if:

- potential customers are geographically concentrated in a specific region;
- there is a small number of buyers;
- orders are relatively few in number but large in size; or
- specialized knowledge, technical expertise, and regular service are required by the customer.

## 2. Product Factors

Short channels of distribution tend to be used if:

- the product is perishable;
- products are highly technical; or
- products have a high per unit value.

As a generalization, the lower the per unit value of the product, the longer the channel.

## 3. The Processor

Short channels of distribution are more likely if the processor:

- has adequate resources so that it can hire its own sales force rather than relying on the sales force of the wholesaler; or
- has a broad product line making it feasible to cover the selling costs over a large volume.

## 4. Competitive Factors

Short channels of distribution are more likely if the manufacturer feels that independent intermediaries are not adequately promoting the product.

## Required Information

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<sup>3</sup>(Book) Beckman, M. Dale; Kurtz, David; and Boone, Louis. *Foundations of Marketing*. Dryden Canada: Toronto, ON. 1992. pp. 400-401.

The distributor will want certain pieces of information from a processor requesting his assistance. The following list is not exhaustive.

- A description of the product;
- The product's size;
- Is the product fresh, frozen, etc.;
- What is the product's shelf life;
- Is the product seasonal;
- Packaging (Is the package prone to breakage? Who takes credit for breakage?);
- What market is the product currently in? What markets do you want the product to enter;
- What are the distributor's costs? (what he can sell it for);
- What are the store's costs? (suggested retail selling price) The stores require an average margin of 30%; and
- Present and future sales promotion activities (sampling, merchandising, coupons, or allowances).

## Listings

**G**etting on a wholesaler or retailer's product list is an important move for a manufacturer. Many wholesaler and retailers only purchase products on their list.

The **British Columbia Ministry of Agriculture and Lands** provides a guide that identifies the steps and procedures involved in getting food and beverage products listed with major B.C. retailers. For further information, please refer to *“How to Sell to Major Food Retailers in British Columbia - Guide”* at:

<http://www.al.gov.bc.ca/foodprocessing/factsheets.htm>

With all the products on the market, obtaining a **listing** means that someone else's product will have to be bumped. Therefore, it is that much more difficult to convince the wholesaler/retailer that a company's product is different and better than the other products on the market. To do this, a manufacturer must convince the retailer/distributor of the product's uniqueness through careful, deliberate consideration and detailed explanation of the following:<sup>4</sup>

- the product itself - does it truly deliver a unique benefit to the marketplace?;
- its planned positioning in the marketplace;
- the size and growth pattern of the market or category;
- its recommended shelf placement for retail and type of operation (for example: fast food or hospital);
- its recommended selling price;
- its packaging;
- the amount of co-operative advertising and incentive plans including introductory allowances, payment terms and volume allowance programs needed to gain listings;
- the type and amount of consumer and trade advertising; and
- the type and amount of consumer promotion.

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<sup>4</sup>(Booklet) Alberta Agriculture, *Marketing Food in Alberta, an access directory*.

## Brokers

**B**efore hiring a **broker**, make sure that the product requires the broker's assistance. For example, products sold to President's Choice may need a broker while goods sold to Sam's may not. Using a broker is equivalent to hiring a sales force, as it is immensely important to the success of the company. The benefits of hiring a broker compared with a salesperson include:

- Food brokers represent the products of many companies and can achieve better market coverage for less cost; and
- The producer attains a sales force at minimal cost.

Therefore, a broker can get wide geographic coverage for the product for less cost than a company's own sales force.

For small companies, convincing a broker to handle their products can be difficult. The overly enthusiastic broker should be thoroughly checked out as the new line may be their only line. Ask for references and check them to confirm that their other customers are satisfied.

## Selecting a Broker

### 1. Define the Market's Needs

- Is a broker needed to service both the wholesale chain and supermarkets, to service the food service trade, or are the company's products destined to the industrial or bulk markets? Unless the brokerage firm is very large, seldom does the broker service multiple markets.
- Is the broker a specialist in a particular area?
- What type of coverage is required for each class of trade? How much detailing is required? How much time will be required of the broker's staff?
- What is the projected annual volume of product? What is the company's positioning relative to competitor products? This information will allow a discussion with the broker as to how the product fits with the other products they handle.
- Will the company require assistance in market planning? Discuss whether the broker has the interest and expertise to advise the company on local sales conditions and market information.

### 2. Gathering Information

The information that should be on hand to give to a broker is listed below.

- Corporate profile including ownership, plant locations, and years in business.
- Test market results for a new product or market share data for an established product will allow the broker a perspective on the company and product.
- A summary of dollars and plans available for introductory allowances, advertising and promotional support.

- Long term marketing strategies to allow the broker to assess whether they will assist the company with only market penetration or long term product management.
- Historical price data relative to the competition.
- The brokerage fee they will earn as a percentage of sales as well as how and when it is paid.
- Outline of private label plans and commissions if applicable.
- Explain the commission policy on diverted product and direct sales.
- The handling of product returns and related paperwork by the broker.
- The company's requirements, if any, for exclusive representation of the product.
- Customer service capabilities in terms of warehouse and delivery locations.

### **3. Finding Broker Candidates**

A list of members can be obtained from the Canadian Association of Sales & Marketing Agencies (Formerly Canadian Food Brokers Association). You may also find a list of brokers in your local phone book, in the Food Products Brokers section. Similar lists can be obtained for the U.S. market. However, it's a good idea to contact Agri-Food Trade Service for assistance before approaching foreign brokers. The Team Canada Inc web site also contains information and tools for new or experienced exporters.

Contact:

**Canadian Association of Sales & Marketing Agencies  
(Formerly Canadian Food Brokers Association)**

Suite 301, 885 Don Mills Road  
Toronto, Ontario M3C 1V9  
Telephone (416) 385-2322  
Fax (416) 510-8043  
<http://www.casmaonline.ca>

For foreign markets:

**Agri-Food Trade Service**

Agriculture and Agri-Food Canada  
420-4321 Still Creek Drive  
Burnaby, BC V5C 6S7  
Phone: 604-666-6344  
Fax: 604-666-7235  
Email: [atsbc@agr.gc.ca](mailto:atsbc@agr.gc.ca)  
<http://www.ats.agr.gc.ca>

**Team Canada Inc**

1-888-811-1119  
<http://www.exportsource.gc.ca>

Trade associations and major wholesalers often hold exhibitions inviting brokers from target markets to attend. Federal and Provincial Government Trade Development groups also plan and manage trade shows in target market areas. These shows are often cost efficient as a variety of government support plans are available.

There are also National Associations of brokerage firms that hold annual exhibitions where those companies searching for representation exhibit their products in a trade show format.

Create a list of various brokers that are of interest and contact them by letter or telephone to see if they are interested in handling the account. For new products or companies, a letter may be more appropriate for the first contact as more information can easily be included. The next step is to follow-up with a phone call to determine if the broker shows a sincere interest.

#### **4. Evaluate the Final Candidates**

Call on stores and key customers serviced by the broker. Check to see:

- How are end aisles or special displays set up?
- Are displays not only close to the product, but in other parts of the store (such as salad dressing next to produce)?
- How many facings are on the shelf and what product sizes are stocked?
- Are there any leakers or dust covered products on the shelf?
- What kind of cross-marketing opportunities are your competitors using?
- Is product in the freezer close to the "best before" date?
- Are the prices uniform between stores that are in the same chain but are in different neighbourhoods?
- Are the shelves well stocked?
- Are there shelf strips showing the location and price of the product?
- Also phone their list of clients. Brokers will most likely give the names they want the processor to know about.
- Contact buyers for referral.

Look at a variety of the broker's products to ensure that a fair evaluation takes place. Eliminate all brokers that carry a competitor's line. Search for brokers that have complementary lines in the company's category.

#### **5. Interview Potential Candidates**

First, develop a clear picture of the management, sales and administrative capabilities of the firm.

Second, ensure that information is provided to the candidates so that they can make a decision about whether they wish to represent the company.

#### **6. Make the Final Choice**

- How was the field evaluation? Which brokers were clearly superior to others in terms of the job being done on the shelf? Which were the most highly regarded by other food companies and buyers?
- Observe the environment in the broker's territory. Have there been recent takeovers? Successful small brokers are often gobbled up by large firms. If the company is a small manufacturer with intent to capture only a minuscule

percentage of register sales, a large broker will not be enthusiastic about the line. However, a small or medium sized broker will give the line more attention.

- How does each broker compare in terms of the organization, size and calibre of people doing the job?
- How does each broker compare in terms of time availability and commitment?
- How enthusiastic is each broker towards the job?
- How do you think the company will get along?
- Find out who will take over the account should the broker representative decide to retire, quit, or otherwise leave the firm.

### **7. Letter of Appointment**

After you choose the broker, you should draw up a letter of appointment. It should include:

- Territory and accounts to be called upon and products to be handled;
- Provide a price list identifying purchase terms, minimum quantities, code-dating, shelf-life, case dimensions, UPC, product handling details, skid quantities and dimensions, product return policy, and pick up allowances;
- The specific rate of commission that will be paid as a percentage of sales, and terms of payment. The amount of the retainer fee should be listed in the letter;
- Outline sample and introductory allowance programs;
- The company's trade show plans and broker participation requirements;
- Terms of termination for either party;
- The special services to be provided by the broker and related compensation;
- Identify who the contact will be in the company as well as in the brokerage firm. Ensure that communication channels are effective;
- Identify the type of reporting that is required from the broker;
- Where the products will be warehoused, order lead time requirements, delivery schedules and drop shipment potentials;
- Provide the broker with product recall procedures; and
- Ensure that the broker informs the company of new lines added or discontinued.

### **8. Advise Unsuccessful Brokers**

Advise unsuccessful brokers so that the company's image will be upheld. These brokers may be of assistance in the future.

### **9. Start Off With a Bang**

It is important that the relationship with the broker begins with a bang so that excitement can be created and some momentum starts.

The other key to this successful relationship is involving the broker in strategy sessions and seeking their input throughout the process. The broker then buys into the objectives and feels like a member of the team.

## Selling Skills

**W**hether selling directly to the end user (direct selling) or selling to a wholesaler/distributor, broker/agent or retail store (indirect selling), the processor must use selling skills.

**Selling** involves four steps:<sup>5</sup>

- preliminaries;
- investigating;
- demonstrating capability; and
- obtaining commitment.

### Preliminaries

A salesperson must do research before contacting prospective buyers. The more information on the buyer the better. To be considered a prospect, the customer must have:

- the *authority* to purchase; and
- the *financial means* to purchase.

### Sources of Leads

**Regular customer:** Calling on regular customers on a periodic basis to tell them about products or services. Do Not Overuse!

**Personal Observation:** Look and listen for evidence of good prospects.

**Cold Canvassing:** Make "cold calls" on potential prospects.

**Enquiries to Advertising:** Respond to customer enquiries generated from company advertising.

**Cultivate Visible Accounts:** Cultivate visible and influential accounts that will influence other buyers.

**Hold or Attend Trade Shows:** Organize or participate in a trade show directed at potential prospects.

**Phone and/or Mail Enquiries:** Respond to phone or mail enquiries from potential prospects.

**Referral Approach:** Ask each prospect for the name of another potential prospect.

**Introduction Approach:** Obtain introductions from one prospect to others via phone, letter or in person.

**Community Contact:** Ask friends and acquaintances for the names of potential prospects.

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<sup>5</sup>(Book) Rackman, Neil. *Spin Selling*. McGraw-Hill Book Company: Toronto, ON. 1988. p.154.

**Non-Competing Salespeople:** Seek leads from non-competing salespeople.

**Bird Dogs:** Have junior salespeople locate prospects that senior salespeople will contact.

**Contact Organizations:** Seek sales leads from service clubs, chambers of commerce, etc.

## Investigating

This is the most important stage to a call's success. Its purpose is to determine the implied needs of the customer and turn these into explicit needs.

**Implied needs** are statements by the customer of problems, difficulties and dissatisfactions. **Explicit needs** specify customer statements of wants or desires.<sup>6</sup>

Throughout the investigation, the salesperson uses four types of questions in order to move the customer from implied needs to explicit needs.

- **Background Information Questions:** Asking questions to obtain information and facts on the customer's existing situation. These questions can become boring so a good salesperson gathers as much of this information as possible in the preliminary research.
- **Problem Questions:** Questions designed to explore problems, difficulties, and dissatisfactions in areas where the seller's products can help. These questions uncover the implied needs. Successful sales people use a higher proportion of problem questions to background questions.
- **Implication Questions:** Take the customer's problem and explore its effects or consequences to help the customer understand a problem's seriousness or urgency. The seriousness or urgency must be pointed out to the customer before solutions are offered.
- **Value of the Solution Questions:** Questions designed to show that the seriousness of the problem warrants the cost of the solution. The problems that have been uncovered must grow and become big enough to get the customer talking about action (explicit needs). Through questions, the salesperson tries to get the customer to talk about how a solution will help by describing the benefits of the product or service in his or her own words.

Before the call, list at least three potential problems that the buyer may have and those which the products or services can solve. Then write down some examples of problem questions that could be asked to uncover each of these potential problems.

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<sup>6</sup>(Book) Rackman, Neil. *Spin Selling*. McGraw-Hill Book Company: Toronto, ON. 1988. p.57.

## Demonstrating Capability

To properly demonstrate the capabilities of a product or service, the sales person must understand the difference between features, advantages, and benefits.

- **Features:** Describe facts, data, and product characteristics. Highlighting features has little or no impact on the success of a sale.
- **Advantages:** Show how products, services, or their features can be used or can help the customer. Highlighting advantages has a slight positive impact on the success of a sale.
- **Benefits:** Show how products or services meet explicit needs expressed by the customer. Stating benefits have a very positive impact on the success of the sales.

Three points to consider:

- Do not demonstrate the capabilities of the product too early in the call.
- Always keep the distinction between advantages and benefits clear.
- With new products, always ask "What problems do they solve?"

### 1. Points on Presentation

- There is a need for prospect involvement in the presentation (for example, have them try on the watch or taste the cookie).
- The salespersons need to be polished, professional, and prepared.
- Know the presentation cold.
- Learn as much about the client in advance as possible.
- Know the product but sell the benefits.
- Limit the choices (No more than 3 items in one demonstration).
- Adjust the presentation to the customer.

### 2. Preventing Objections

The more objections in a call, the less likely it will be successful. The best approach is to avoid objections in the first place.

- To avoid objections, ask enough questions to develop strong needs and only then offer solutions and capabilities. If solutions are offered too early in the call, objections will occur.
- To avoid price objections, cut down on the use of features, and ask more Problem, Implication and Value of the Solution questions. Giving too many features results in price concerns by the customer.
- Giving a lot of advantages raises objections by the customer.
- Giving a lot of benefits results in support or approval by the customer.
- Offering a solution before building the need results in objections.

- If value has been established, the objection will not arise.
- First build up needs and then ask Value of the Solution questions.

### **3. Overcoming Objections**

- a. **Acknowledge and Clarify**  
When asked whether the product or service has a specific feature, repeat the question and then ask whether that feature is important to the prospect. This tells the prospect that the question was heard and understood and provides a guide as to how much detail the customer needs.
- b. **Yes, But...**  
"Yes, it does look expensive, but it is excellent value."
- c. **Counter Question**  
"Why do you feel it looks expensive?"
- d. **Restate Objection**  
"You feel it looks expensive?"
- e. **Direct Response**  
"The product has been designed to look expensive for the buyer demanding quality."

## Obtaining Commitment

1. Develop the relationship. Spend adequate time in the Investigation Stage so that customers realize they have an urgent need for the product or service.
2. Check to ensure that key concerns are covered by asking the buyer whether there were any further points or concerns that need to be addressed.
3. Summarize the key points of the discussion, especially the benefits.
4. Propose a commitment as to the appropriate next step for the customer. This is more effective than asking for the sale. The commitment will:
  - advance the sale or move it forward in some way; and
  - be within the achievable limits of the customer.

Once the sale has been made, following up with the customer is an important step. The follow-up builds goodwill and repeat business and may include:

- ensuring that delivery occurs as promised;
- phoning to find out if the customer is satisfied; and
- sending a thank you note.

## Additional Recommended References

*“How to Sell to Major Food Retailers in British Columbia”*. 2005. British Columbia Ministry of Agriculture and Lands. <http://www.agf.gov.bc.ca/foodprocessing>

Kendall, Dick. *Nobody Told Me I'd Have to Sell: How to Sell Your Services and Skills, Even if You're Not in Sales*. Secaucus, NJ: Carol Publishing Group, 1995.

Schiffman, Stephan. *25 Most Dangerous Sales Myths: And how to avoid them*. Holbrook, Mass.: Adams Media Corporation, 1995.

Scott's Directories. *National Distributors*. CD-Rom. Don Mills, Ontario: Scott's Directories, 2005.

Thornton, Virden J. *Building & Closing the Sale: proven methods that work*. Menlo Park, CA: Crisp Publications, 2001.

## Distribution Checklist

- Check and see how my competitors are distributing their products.*
- Choose the best way to distribute my products.*
- Prepare a list of the information required by retailers and brokers for my product.*
- Talk to the retailers to see if I can get product listings with them.*
- Start looking for a broker if it is required.*
- Brush up on my selling skills.*

# Section 13 - Financial Planning

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## Financial Plans

**A financial plan** is an externally-oriented tool that will help a company obtain financing. It needs to answer the following questions:

- Why are the funds needed?
- How much will be needed?
- What equity can the owners contribute?
- Do the writers appear capable of building this project into a success?

A financial plan must focus on management and their commitment to the business, as well as the nature of the business and its unique aspects. The amount of money needed and the sales and earnings forecast must be clear, so the investors can see that they will get their money back on time and with interest. Contact your local bank or credit union for more information on writing a financial plan:

|                       |   |
|-----------------------|---|
| BMO Bank of Montreal  | <a href="http://www.bmo.ca/business">http://www.bmo.ca/business</a>   |
| CIBC                  | <a href="http://www.cibc.com/smallbusiness">http://www.cibc.com/smallbusiness</a>                                     |
| Coast Capital Savings | <a href="http://www.coastcapitalsavings.com/business">http://www.coastcapitalsavings.com/business</a>                 |
| HSBC                  | <a href="http://www.hsbc.ca/hsbc/business_en/small-business">http://www.hsbc.ca/hsbc/business_en/small-business</a>   |
| Royal Bank of Canada  | <a href="http://www.rbcroyalbank.com/business/resources.html">http://www.rbcroyalbank.com/business/resources.html</a> |
| Scotiabank            | <a href="http://www.scotiabank.com/smallbusiness">http://www.scotiabank.com/smallbusiness</a>                         |
| TD Canada Trust       | <a href="http://www.tdcanadatrust.com/smallbusiness/">http://www.tdcanadatrust.com/smallbusiness/</a>                 |

A company can develop its financial plan, but often this is not done due to time constraints. If time is a problem, there are various consultants and other professionals who can help. Business Development Canada's professional business advisors can assist with financial planning, creating a business plan, or with other pertinent topics. For more information contact:

Business Development Canada (BDC)  
Consulting Group  
Toll-free: 1 (877) 232-2269  
[http://www.bdc.ca/en/business\\_solutions/consulting\\_group/](http://www.bdc.ca/en/business_solutions/consulting_group/)

# Types and Sources of Financing

**T**here are two main forms of financing:

- debt financing; and
- equity financing.

## Debt Financing

Whenever money is borrowed for a company, the company is engaging in **debt financing**. The principal behind debt financing is that the lender must be compensated for the risk of the loan. The loan must be fully repaid, in specific installments, with interest. The lender does not usually assume any ownership in the business.

Debt financing is useful in:

- meeting short-term deficits in the cash-flow; or
- financing lower-risk projects.

## Equity Financing

All the money that is invested and raised in the company that is not debt is considered **equity financing**. Equity financing usually results in the provider gaining some ownership in the business. The investment is not repaid unless the company redeems the capital or the shares are sold; however, a dividend might be paid to the equity capital holders.

Equity financing does result in some dilution of the ownership of the company. Therefore, it is advisable to select the investors carefully.

Equity financing is appropriate for:

- large projects that require additional time and expertise;
- high-risk ventures where it might be too costly to obtain a loan; or
- ventures that are growing rapidly and constantly need additional financing.

### Types of Equity Financing

#### Common Shares

- the controlling shares of a corporation;
- carry the right to attend shareholder meetings and to vote; and
- earn dividends.

#### Preferred Shares

- represent partial ownership of the company;
- preferential right over common shares;
- no right to attend shareholder meetings or vote; and
- can be redeemed by the company.

Both debt and equity financing carry many costs. With debt financing, there are the costs of borrowing to consider when approaching a traditional lender, as well as the costs of drafting the documentation and registering any security that is given. Where equity financing is available, there may be costs associated with amending the Articles of the company in order to provide for a class of shares that carry the attributes demanded by the equity investor.

## Sources of Debt Financing

### **Demand Loans**

Loans payable on demand, at any time, when the creditor feels at risk.

### **Operating Loans or Lines of Credit**

Used to support the day to day working capital needs of a company. Generally revolving in nature with interest accruing daily.

### **Bridge Financing**

Temporary financing intended to see the business through until more long-term arrangements can be put in place.

### **Conditional Sales Purchase**

The vendor will maintain a security interest in an asset until it is paid for in full. At this time, full ownership is transferred to the owner.

### **Floor Financing**

Allows a business to have a considerable volume of inventory on the floor and available for sale without having to pay for it in advance. The lender maintains legal ownership of the asset while the borrower has possession of it and can display the asset for sale.

### **Letters of Credit**

Forms of guarantee that a bank will issue on behalf of the owner to a supplier and is usually used in the context of importing or exporting goods.

### **Accounts Receivable Financing**

Lenders pay advances to businesses and use the business accounts receivable to secure the financing.

### **Factoring**

Obtaining financing by selling the accounts receivable to a factor. This is not a loan relationship, but the sale of an asset at a discount to raise immediate cash.

### **Inventory Financing**

Debt is secured against the raw materials, work in progress or finished products of a business, and used to support additional credit or to increase inventory.

### **Trade Credit**

Suppliers provide a business with time to pay so that services or goods supplied do not have to be paid for in advance.

**Small Businesses Improvement Loans**

Industry Canada assists new and existing small businesses to obtain intermediate term loans to help finance specific fixed asset needs. Business improvement loans are made directly by approved lenders to small businesses, with Industry Canada providing for loss-sharing arrangements between the lenders and the federal government.

**Personal Loans**

Financing can be arranged personally and then the money can be used for the business.

Sources of Equity Financing

**Informal sources**

Sometimes called 'love money'. This can come from friends or relatives.

**Employees**

Incorporated companies might consider a form of profit sharing by selling shares to employees.

**Informal Venture Capital**

Various professionals, such as lawyers or accountants, may be interested in investing in a company.

## Debt and Equity Financing Contacts

These organizations will consider debt and/or equity financing of BC business initiatives:

### **WD Sponsored Loan Programs**

Western Economic Diversification Canada (WD) has created new and alternative sources of capital for small and medium-sized businesses by working closely with financial institutions to create a specialized series of loan programs. These loan programs target industry sectors important to Western Canada and provide patient and flexible debt capital on terms especially suited to the unique needs and cash flow requirements of these small businesses.

To help small and medium-sized businesses access these specialized loan programs, WD assists with: expertise for developing and refining business plans; completing technology reviews; and preparing other documentation required by a lending institution. For more information about WD Sponsored Loan Programs call: 1 (888) 338-9378 or visit: [http://www.wd.gc.ca/finance/xnetwork\\_e.asp](http://www.wd.gc.ca/finance/xnetwork_e.asp).

Contact:

Western Economic Diversification Canada  
700 - 333 Seymour Street  
Vancouver, BC V6B 5G9  
Phone: (604) 666-6256  
Fax: (604) 666-2353  
BC Toll Free: 1-888-338-9378  
<http://www.wd.gc.ca>

### **Community Futures Development Corporations**

Each CFDC delivers a variety of services ranging from strategic economic planning, technical and advisory services to businesses, loans to small and medium-sized businesses, self-employment assistance programs, and services targeted to youth and entrepreneurs with disabilities.

Contact:

**Community Futures Development Corporation**  
Email: [info@communityfutures.ca](mailto:info@communityfutures.ca)  
<http://www.communityfutures.ca/provincial/bc/>

### **Business Development Bank of Canada (BDC)**

The Business Development Bank of Canada exists to promote and assist small and medium-sized businesses in Canada. It can provide loans, loan guarantees, venture capital and management services. Management services include counseling and assistance in strategic planning, financial packaging, do-it-yourself kits, management training, and community business initiatives.

The BDC has offices throughout British Columbia to serve and assist local business development. Please find a complete listing of offices and phone numbers in Appendix A.

Contact:

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**Business Development Bank of Canada**

1-505 Burrard Street, Main Floor PO Box 6  
Vancouver, BC V7X 1V3  
Phone: (604) 666-7850  
Fax: (604) 666-7859  
Toll Free: 1-888-463-6232  
<http://www.bdc.ca>

**Export Development Canada**

Export Development Canada provides Canadian exporters with financing, insurance and bonding services as well as foreign market expertise.

Contact:

Export Development Canada  
Suite 1030  
505 Burrard Street, Box 58  
Vancouver, BC V7X 1M5  
Tel: (604) 638-6950  
Fax: (604) 638-6955  
Toll free: 1-866-278-2300  
<http://www.edc.ca/>

**Farm Credit Canada**

FCC is Canada's largest provider of business and financial services to Canadian farmers and agribusiness operators helping them to grow, diversify and prosper. FCC is self-sustaining, has competitive interest rates and partners with other lending institutions.

Contact:

Farm Credit Canada  
200-1520 McCallum Road  
Abbotsford, BC V2S 8A3  
Tel: (604) 870-2417  
Fax: (604) 870-2431  
Toll free: 1-888-332-3301  
<http://www.fcc-fac.ca/en/index.asp>

Fax: (604) 689-5401  
Toll Free: 1-800-563-3863  
<http://www.growthworks.ca/funds/wof/>

**Aboriginal Capital Corporation (ACC)**

A number of Aboriginal commercial lending corporations have been set up with capital provided under the former Native Development Program. Industry Canada's ACC builds on these lending corporations, and as a result, aboriginal communities with ACC are able to manage their own business and meet financing requirements.

Contact:

**Aboriginal Business Canada**

Industry Canada  
21st Floor, 300 West Georgia Street

Vancouver, BC V6B 6E2  
Phone: (604) 666-3871  
Fax: (604) 666-0238  
<http://www.abc.ic.gc.ca>

### **Venture Capital Firms**

These companies provide financing and managerial assistance to firms in the early stages of their development, or to small firms in the process of expansion. Most of the firms that receive financing from venture capital companies are unable to raise funds through bank loans. Venture capital firms can be a source of significant funds, but they require a quick turnaround time and significant control and ownership in the company.

### **Working Opportunity Fund (WOF)**

The WOF is a labour-sponsored venture capital fund that provides equity capital to small and medium sized BC companies. The objective of the fund is to create jobs. Employee investors receive Federal and Provincial income tax credits. The fund targets investment in businesses that are in the early stage of development, expansion financing, internal acquisition and turnaround financing.

Contact:

**Working Opportunity Fund  
Growthworks Capital Ltd.**  
2750 – 1055 West Georgia Street  
PO Box 11169  
Vancouver, BC V6E 3R5  
Funding availability enquiries: (604) 688-9631

### **Small Business BC**

Provides assistance on debt and equity financing options, as well as advice on choosing the right option for your business.

Contact:

**Small Business BC**  
601 West Cordova St  
Vancouver, BC V6B 1G1  
Phone: (604) 775-5525  
Fax: (604) 775-5520  
Toll Free: 1-800-667-2272  
Email: [askus@smallbusinessbc.ca](mailto:askus@smallbusinessbc.ca)  
<http://www.smallbusinessbc.ca>

### **Ministry of Agriculture & Lands**

Ministry of Agriculture and Lands maintains a list of financial programs available to BC food processors. To view the list visit:

<http://www.al.gov.bc.ca/foodprocessing/contacts.htm#finpgm>

## How to Raise Financing

**W**hen approaching an institution for financing, a company must have a financial business plan outlining the company and its requirements. In addition to the business plan, there are certain factors that lenders look for prior to granting credit.<sup>1</sup> Before granting a business loan, banks need to be assured that the owner and the business meet specific credit criteria. These are sometimes referred to as the 7 C's of credit:

- **Character:** This is where one's personal credit rating is important.
- **Capability:** Demonstrate the ability and willingness to repay the loan. One's past record will help determine this.
- **Capital:** Debt-to-equity ratio of the proposal.
- **Circumstances:** Lenders will look at the particular industry one is trying to enter into and assess its health.
- **Coverage:** The bank will want to know if the money will be protected should something happen to the business. Therefore, insurance is very important.
- **Cash Flow:** Is the projected cash flow healthy and does it include all relevant costs and expenses?
- **Collateral:** What personal or business assets are being offered to support the loan request?

Many pamphlets on opening and operating a small business are available at local banks and business resource centres.

You may be interested in consulting **The B.C. Exporter's Guide to the Internet**. This free guide has a section of listings for Export Financing and Banks (including international development banks) and is available online at <http://atn-riae.agr.ca/>  
Contact:

Agri-Food Trade Service  
Agriculture and Agri-Food Canada  
420-4321 Still Creek Dr  
Burnaby, BC V5C 6S7  
Phone: (604) 666-6344  
Fax: (604) 666-7235  
Email: [atsbc@agr.gc.ca](mailto:atsbc@agr.gc.ca)  
<http://www.agr.gc.ca>

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<sup>1</sup> Royal Bank of Canada *Your Business Matters- Starting Out Right*, p. 58.

## Additional References

Magos, Alice H. *Small Business Financing: How and Where To Get It*, 2<sup>nd</sup> ed. Riverwood, IL: Cch Incorporated, 2002.

Mohr, Angie. *Financing Your Business: Get a Grip on Finding the Money*. North Vancouver, BC: Self-Counsel Press, 2004.

Moser, Catherine. *What's New in Debt Financing for Small and Medium Sized Enterprises?* Ottawa: Conference Board of Canada, 1997.

Riding, Allan Lance. *Beyond the banks: Creative Financing for Canadian Entrepreneurs*. Toronto: J. Wiley and Sons Canada, 1997.

Sherman, Andrew J. *Raising Capital: Get The Money You Need To Grow Your Business*, 2<sup>nd</sup> ed. New York: Amacom Publishing, 2005.

Sisson, Robert. *Financing the Small Business: A Complete Guide to Obtaining Bank Loans and All Other Types of Financing*. Adam Media Corporation, 2002.

Williamson, Iain. *Your Guide to Arranging Bank & Debt Financing for Your Own Business in Canada*. Toronto, ON: Productive Publications, 2001.

### Web Resources

The following sites provide further information on financing options for start-up small businesses.

- Business Development Bank of Canada <http://www.bdc.ca>
- Canada Business Service Centre <http://www.cbsc.org>
- Export Development Canada <http://www.edc.ca>
- Industry Canada: Guide to Government of Canada Services and Small Business Support: [http://strategis.ic.gc.ca/sc\\_mangb/engdoc/homepage.html](http://strategis.ic.gc.ca/sc_mangb/engdoc/homepage.html)
- Ministry of Economic Development <http://www.gov.bc.ca/ecdev>
- Strategis Canada Financing [http://www.strategis.gc.ca/sc\\_x/engdoc/financing.html](http://www.strategis.gc.ca/sc_x/engdoc/financing.html)

## Financial Planning Checklist

- Establish a future plan for the company.*
- Determine if I have any financial requirements that will need a financial business plan. Look at the sources of financing available to me.*
- Consult information booklets and/or websites on financing from local financing institutions.*
- Examine types of financing needs for my company.*
- Look at how I can raise financing and prepare an action plan to achieve it.*

# Appendix A - Support Services

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## Government of Canada Resources

### Agriculture and Agri-Food Canada (AAFC)

#### **Agriculture and Agri-Food Canada (AAFC) Electronic Information Service**

AAFC Online is your best choice for information relating to Canada's agriculture and agri-food industries. It provides direct access to information on federal and provincial funding and assistance programs for the agri-food industry.

Contact:

#### **Agriculture & Agri-Food Canada Electronic Information Service (AAFC)**

Help Desk: 1-800-410-7104

Fax: (613) 759-7982

Email: [agr@em.agr.ca](mailto:agr@em.agr.ca)

<http://www.agr.gc.ca>

#### **Food Value Chain Bureau**

The Food Value Chain Bureau works in partnership with industry and governments, and is the primary centre of knowledge of the Food Industry (the food and beverage processing, distribution and retail sectors) within the department.

The Food Value Chain Bureau web site (<http://www.agr.ca/food/>) includes information on:

- publicly funded food research establishments and their pilot scale processing equipment;
- North American consumer food trends; and
- agri-food industry associations.

#### **AAFC's Market and Industry Services Branch (Head office)**

AAFC's Market and Industry Services Branch provides assistance to the food industry through its Food Bureau. Regional contacts are also listed for referral.

Contact:

#### **Market and Industry Services Branch**

Agriculture and Agri-Food Canada

Food Bureau

Room 5101 - 5th Floor, 930 Carling Avenue

Ottawa, ON K1A 0C5

Phone: (613) 759-7539

Fax: (613) 759-7480

<http://www.agr.gc.ca>

### **Market and Industry Services Branch**

Agriculture and Agri-Food Canada  
420-4321 Still Creek Dr  
Burnaby V5C 6S7  
Phone: (604) 666-6344  
Fax: (604) 666-7235  
<http://www.agr.gc.ca>

### **Pacific Agri-Food Research Centres (PARC)**

The Research Branches of Agriculture and Agri-Food Canada can provide assistance to the food industry.

Contact:

**Agriculture and Agri-Food Canada**  
Pacific Agri-Food Research Centre (PARC)

#### **Summerland, BC**

4200 Highway 97  
Summerland, BC V0H 1Z0  
Phone: (250) 494-7711  
Fax: (250) 494-0755  
Email: [parc@agr.gc.ca](mailto:parc@agr.gc.ca)  
[http://res2.agr.ca/parc-crapac/summerland/index\\_e.htm](http://res2.agr.ca/parc-crapac/summerland/index_e.htm)

#### **Agassiz**

P.O. Box 1000  
Agassiz, BC V0M 1A0  
Phone: (604) 796-2221  
Fax: (604) 796-0359

### **Science Horizons in Agriculture and Agri-Food**

This program matches leading agri-food researchers with young science and veterinarian graduates to provide technical expertise, practical experience and guidance of an expert mentor. AAFC will contribute approximately \$1 million annually to private sector research projects that employ students and recent graduates. Each project will be eligible to receive up to \$12,000 in matching funds.

Contact

**Government of Canada**  
Youth Info Line: 1-800-935-5555  
[http://www.agr.gc.ca/progser/sh\\_e.phtml](http://www.agr.gc.ca/progser/sh_e.phtml)

### **Business Development Bank of Canada (BDC)**

The BDC is a Federal Crown Corporation that exists to promote and assist small and medium sized businesses in Canada. It offers the following services:

- Loans and loan guarantees
- Venture Capital
- Management Services - including management counseling, strategic planning, financial packaging, do-it-yourself kits, management training, and community business initiatives.

Contact :

**Business Development Bank of Canada**

BDC Tower, Main Floor  
1 Bentall Centre, 505 Burrard Street  
Vancouver, BC V7X 1V3  
Phone: (604) 666-7850  
Fax: (604) 666-7859  
Toll Free: 1-888-463-6232  
<http://www.bdc.ca>

(Note, the BDC has regional offices throughout B.C., as follows):

|                                       |  |
|---------------------------------------|--|
| Campbell River - Phone (250) 286-5811 | North Vancouver - Phone (604) 666-7703 |
| Cranbrook - Phone (250) 417-2201      | Prince George - Phone (250) 561-5323   |
| Fort St. John - Phone (250) 787-0622  | Surrey - Phone (604) 586-2410          |
| Kamloops - Phone (250) 851-4900       | Terrace - Phone (250) 615-5300         |
| Kelowna - Phone (250) 470-4812        | Vancouver - Phone (604) 666-7850       |
| Langley - Phone (604) 532-5150        | Victoria - Phone (250) 363-0161        |
| Nanaimo - Phone (250) 390-5757        |  |

## Industry Canada

Industry Canada works with Canadians throughout the economy and in all parts of the country to improve conditions for investment, improve Canada's innovation performance, increase Canada's share of global trade and build a fair, efficient and competitive marketplace. Program areas include developing industry and technology capability, fostering scientific research, setting telecommunications policy, promoting investment and trade, promoting tourism and small business development, and setting rules and services that support the effective operation of the marketplace.

Industry Canada also maintains Canada's most comprehensive Internet site for businesses and consumers – *Strategis*. The site contains an extensive database of financial providers for small and medium-sized businesses and diversified resources to help build knowledge of financing.

Contact:

**Industry Canada (Pacific Region)**  
300 West Georgia Street, Suite 2000  
Vancouver, BC V1B 6E1  
Phone: (604) 666-5000  
Fax: (604) 666-8330

<http://www.strategis.gc.ca> (Click “Financing” under Strategis Guides)

## **Technology Partnerships Canada**

Technology Partnerships Canada (TPC) is a technology investment fund. TPC advances and supports research, development and innovation in: environmental technologies; enabling technologies (advanced manufacturing and processing technologies, advanced materials processes and applications, applications of biotechnology, and applications of selected information technologies); aerospace and defence.

Government agencies and universities may be allowed as members of alliances, but not as lead recipients. Actual repayment terms are negotiated on a case-by-case basis and are based on an assessment of the nature and risk of the project, need of the applicant and benefits to Canada. TPC’s sharing ratio will normally range between 25 per cent and 30 per cent of eligible costs of the project; in exceptional cases, the sharing ratio may reach 50 per cent. Prepare and submit an “Investment Outline” using the format and instructions provided in the Investment Application Guide.

Contact:

### **Technology Partnerships Canada**

Industry Canada  
235 Queen Street, 7th Floor  
Ottawa, ON K1A 0H5  
Tel: 1-800-266-7531  
Fax: (613) 954-9117  
E-mail: [tpc@ic.gc.ca](mailto:tpc@ic.gc.ca)  
<http://tpc.ic.gc.ca>

## **Aboriginal Business Development and Joint Ventures Program**

Industry Canada’s Aboriginal Business Canada promotes the growth of Aboriginal businesses by providing services, information and support to clients in all sectors of the economy. The program is acting on strategic priorities that respond to emerging opportunities for growth in regional, national and international economies. These priorities include: youth entrepreneur development, innovation, trade and market expansion (including tourism), and strengthening Aboriginal financial and business organizations. Services and assistance are available to Canadian Status and Non-Status Indians, on or off-reserve, Inuit and Metis people. Further information can be obtained from any of the offices across Canada or the Aboriginal Business Canada Website, which offers links to other resources for aboriginal people.

Contact:

### **Aboriginal Business Canada**

Industry Canada  
21st Floor, 300 West Georgia Street  
Vancouver, BC V6B 6E2  
Phone: (604) 666-3871  
Fax: (604) 666-0238

Email: [abcvan@ic.gc.ca](mailto:abcvan@ic.gc.ca)  
<http://www.abc.ic.gc.ca>

## Export Development Canada

### Export Financing and Lines of Credit

Operating under the *Export Development Act*, the corporation provides a comprehensive financing package to assist small, medium, and large companies with their export financing requirements.

Contact:

**EDC Vancouver Office**

Phone: (604) 666-6234

Small Business financing:

[http://www.vancouvereconomic.com/tools\\_programs/small\\_business\\_info.htm](http://www.vancouvereconomic.com/tools_programs/small_business_info.htm)

## Farm Credit Canada – FCC

### Business Loans

FCC offers a wide range of flexible financing products and services supporting farmer-controlled diversification initiatives and value-added operations beyond the farm gate. FCC also delivers joint programs and services with government agencies and other financial institutions. FCC can lend money for any farm-related purpose – land, buildings, equipment, land improvements, quota, livestock, agribusiness or value-added enterprises and diversification initiatives. FCC can lend to new and established farmers with or without off-farm income, for any size of operation, provided the borrower is of legal age and a Canadian citizen (or permanent resident). Aquaculture and forestry-related agriculture are also included.

Contact:

**Farm Credit Canada**

Phone: 1-888-332-3301 for referral to the FCC office in your area

Email: [csc@fcc-fac.ca](mailto:csc@fcc-fac.ca)

<http://www.fcc-sca.ca/>

## Western Economic Diversification Canada (WD)

Contact:

**Western Economic Diversification Canada (WD)**

700 - 333 Seymour Street

Vancouver, BC V6B 5G9

Phone: (604) 666-6256

Toll Free: 1-888-338-9378

Fax: (604) 666-2353

<http://www.wd.gc.ca>

## Growth Capital Program

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The Growth Capital Program is designed to provide an innovative source of debt financing for projects not normally financed by traditional financial institutions. Successful applicants can receive a loan for projects that could include, but are not limited to:

- general working capital to support growth (i.e., expanded inventories and/or accounts receivable);
- purchase of specialized fixed assets which lack tangible value in a conventional financing sense;
- on-going research and development;
- commercial product development;
- market development;
- new production and services capacity; and/or
- export expansion.

Contact:

**Growth Capital for Traditional Industries**

Western Economic Diversification Canada (WD) and VanCity Capital

Phone: (604) 666-6425

Toll Free: 1-888-338-9378

<http://www.wd.gc.ca/eng/finance/programs/xgcp.html>

**Vancity Credit Union**

Phone: (604) 877-7000

Toll Free: 1-888-826-2489

<https://www.vancity.com/MyBusiness>

**Self-Reliance Loan Program**

The Self-Reliance Loan Program is designed to provide access to credit for projects not normally financed by traditional lenders. These would include: research and development of projects leading to commercialization; pre-commercial and commercial product or service development; domestic and international market development; new production and service capacity enhancements; acquisition and application of new technology; and lines of credit for business operations. The loan terms are designed to be flexible to help programs maintain adequate cash flows throughout the year. Loans are up to \$35,000 per borrower.

For more information, contact:

**Western Economic Diversification Canada**

Phone: (604) 666-6425

Toll Free: 1-888-338-9378

<http://www.wd.gc.ca/eng/finance/programs/xvancity.html>

**Vancity Credit Union**

Phone: (604) 877-7000

Toll Free: 1-888-826-2489

<https://www.vancity.com/MyBusiness>

## Community Futures Development Corporation

Established in 1992, the Community Futures Development Association of B.C. (CFDABC) represents 31 individual Community Future Development Corporations (CFDCs) located throughout rural British Columbia. The CFDCs foster local entrepreneurship, promote, coordinate and implement a variety of community development initiatives within their respective communities. The CFDCs offer a variety of entrepreneurial programs, business counseling, loan programs and business information to community members interested in expanding or starting their own businesses. Programs are unique to different areas of British Columbia. Please see their website for the Community Futures office nearest you.

Contact:

**Community Futures Development Corporation**

Email: [info@communityfutures.ca](mailto:info@communityfutures.ca)

<http://www.communityfutures.ca/provincial/bc/>

## The National Research Council

### The Industrial Research Assistance Program (IRAP)

The National Research Council aims to help Canadian firms by adapting the technological expertise available to suit a firm's needs. Linkages between companies and sources of appropriate technology and expertise are provided through the IRAP Technology Network. In addition, IRAP offers field advisory services, technology enhancement projects and research, and development and adaptation projects.

Contact:

**National Research Council**

Industrial Research Assistance Program (IRAP)

3250 East Mall

Vancouver, BC V6T 1W5

Phone: (604) 221-3100

Fax: (604) 211-3101

Toll Free: 1-888-994-4727

Email: [publicinquiries.irap-pari@nrc-cnrc.gc.ca](mailto:publicinquiries.irap-pari@nrc-cnrc.gc.ca)

<http://www.nrc.ca/irap>

### Plant Biotechnology Institute (PBI)

PBI offers business incubation services, contracted research and technology licences. In addition, it provides technological and species multiplication support to aid the commercialization of transgenic plants on a cost recovery basis.

Contact:

**Plant Biotechnology Institute (PBI)**

National Research Council of Canada

Information Officer

110 Gymnasium Place  
Saskatoon, SK S7N 0W9  
Phone: (306) 975-5571  
Fax: (306) 975-4008  
<http://www.pbi.nrc.ca>

## International Trade Centres

These provide one-stop trade services to new and experienced Canadian exporters. Services provided include:

- basic export counseling;
- help to identify market opportunities;
- help to develop a foreign marketing plan;
- providing information on technology transfer and joint venture opportunities;
- New Exporters to Border States (NEBS): a program designed to introduce new exporters to various markets;
- recruiting participants for trade fairs and trade missions abroad; and
- arranging trade-related conferences and seminars.

Contact:

**Agri-Food Trade Service**  
Agriculture and Agri-Food Canada  
420-4321 Still Creek Dr  
Burnaby, BC V5C 6S7  
Phone: 604-666-6344  
Fax: 604-666-7235  
Email: [atsbc@agr.gc.ca](mailto:atsbc@agr.gc.ca)  
<http://www.agr.gc.ca>

**International Trade Centre**  
Industry Canada  
Suite 2000, 300 West Georgia Street  
Vancouver, BC V6B 6E1  
Phone: (604) 666-0434  
Fax: (604) 666-8330  
<http://www.itcan.gc.ca>

For information, programs and services on how to expand internationally into new export markets, as well as a listing of trade events, visit the Trade Team BC website.

**Trade Team BC**  
<http://www.bctradeevents.com>

## Scientific Research and Experimental Development (SR&ED) Program

Canada Revenue Agency provides income tax incentives to Canadians who conduct scientific research and experimental development (SR&ED) in Canada. The program encourages industry, including small business and start-up firms, to develop

technologically advanced products and processes in Canada. Claimants can apply for SR&ED investment tax credits for expenditures such as wages, materials, machinery, equipment, some overhead, and SR&ED contracts. Taxpayers have to complete and submit forms with their tax return for the year:

Contact:

**SR&ED Division**  
**Canada Revenue Agency**  
1166 West Pender Street,  
Vancouver BC, V6E 3H8  
Phone: 1 866 317-0473  
Fax: (604) 666-0222  
<http://www.cra-arc.gc.ca/taxcredit/sred/>

# British Columbia Government Resources

## BC Ministry of Agriculture and Lands (MAL)

The Ministry of Agriculture and Lands has provincial responsibility to assist and support the development of B.C.'s food industry. The Ministry should be contacted early in the process of developing or expanding new business and can provide general counseling on the issues and approaches concerned with specific endeavours.

Contact:

Ministry of Agriculture and Lands  
Location: 808 Douglas Street  
Victoria, B.C. V8W 2Z7

Fax: (250) 356-2949  
<http://www.al.gov.bc.ca>

Mailing Address  
PO Box 9120, Stn Prov Govt  
Victoria, BC V8W 9B4

The Ministry of Agriculture and Lands provides food processing-related information on **InfoBasket**, a central website. In addition, information is available on marketing, export, product development, food safety and regulatory information for microprocessors as well as more established operations. <http://www.infobasket.gov.bc.ca>

To call any British Columbia government office at no charge, use the **Enquiry B.C. system**. In Vancouver call (604) 660-2421, in Victoria call (250) 387-6121 and in the rest of B.C., call 1-800-663-7867. Request the number or office required for connection.

## Investment Agriculture Foundation of British Columbia

The Investment Agriculture Foundation of BC (IAF) is a non-profit organization that invests provincial and federal funds in innovative projects that help the agri-food industry adapt to change. IAF is industry-led and comprised of member organizations from across the agri-food industry.

The initiatives in which IAF invests must produce benefits that flow to and beyond applicants, to be shared by the BC agriculture industry as a whole. IAF accepts proposals from industry organizations or other groups and firms whose ideas will lead to sector-wide growth.

The Foundation supports ideas that capture marketplace opportunities, enhance food safety and quality, promote environmentally sound practices, increase competitiveness, strengthen rural development, increase human resource capabilities, and develop co-operation, strategic alliances and partnerships.

Contact:

**Investment Agriculture Foundation of BC**

PO Box 8248

Victoria, B.C. V8W 3R9

Phone: (250) 356-1662

Fax: (250) 953-5162

Email: [info@iafbc.ca](mailto:info@iafbc.ca)

<http://www.iafbc.ca>

## British Columbia Ministry of Health

The **FOODSAFE** program trains food workers in safe food handling and hygiene. Contact your Environmental Health office for details. The publication *Food Protection Vital to Your Business* can be obtained on the web through the Government of British Columbia's Publications Index at <http://www.publications.gov.bc.ca>

Contact:

**The FOODSAFE Program**

Ministry of Health Info Line: 1 800 465-4911

Phone: (250) 388-6070 in Victoria

Fax: (250) 388-9273

<http://www.foodsafe.ca>

## Ministry of Economic Development

There are many challenges to owning a small business. Among them, access to capital. The Ministry of Small Business and Economic Development offers three key programs to help small business gain access to capital. These programs offer tax credits to investors so that small businesses may continue to lead the economic future of British Columbia.

Contact:

**Marketing, Investment and Trade Division**

**Ministry of Economic Development**

Suite 730, 999 Canada Place

Vancouver, BC V6C 3E1

Phone: (604) 844-1900

<http://www.gov.bc.ca/ecdev>

## Employee Share Ownership Program (ESOP)

The Employee Share Ownership Program is the employee investment incentive program provided by the government of British Columbia. The purpose of the program is to encourage employees to make equity investments in their own companies for the purposes of job creation, job protection, improving the capitalization of companies, encouraging a more cooperative style of management, and providing a mechanism for retiring owners to sell their businesses to employees. Funds received from employee investment can be used for most business purposes. The Provincial Government provides a 20% tax credit up to a maximum of \$2000.00 per year (lifetime maximum of

\$10,000.00) to each employee who invests in a registered Plan. There are no fees payable when you register your ESOP plan or apply for tax credits.

Contact:

**Employee Share Ownership Program**  
**Ministry of Economic Development**  
Suite 730, 999 Canada Place  
Vancouver, BC V6C 3E1  
Toll Free: 1-800-665-5457  
Phone: (604) 775-2152  
Fax: (604) 660-1719  
Email: [esop@tbc.gov.bc.ca](mailto:esop@tbc.gov.bc.ca)

## Venture Capital Programs

The government of British Columbia provides investors with a tax credit equal to 30 percent of their investment in a Venture Capital Corporation (VCC) or Eligible Business Corporation (EBC). The Equity Capital Program provides tax credit incentives to stimulate early-stage investment in small businesses throughout the province, while the Community Venture Capital Program assists small businesses located outside of the Greater Vancouver and Capital (Victoria) Regional Districts. The investment in a small business under the programs must result in expansion or new economic activity with a corresponding net economic benefit to the province. The investment must also result in new equity capital being available for the small business' use.

## Labour Sponsored Investment Funds

In B.C. there are currently two labour-sponsored investment funds ("LSIFs") registered as employee venture capital corporations under the Employee Investment Act. The objectives of these LSIFs are to earn a competitive return for shareholders, through long-term equity investments in small to medium sized businesses in B.C.'s emerging markets. BC investors receive a combined federal and provincial tax credit of up to 30 percent on their investment in a LSIF that can be used to reduce income taxes payable.

Contact:

**Investment Capital Branch**  
Ministry of Economic Development  
PO Box 9800, Victoria, BC V8W 9W1  
Phone: (250) 952-0136  
Fax: (250) 952-0371  
Email: [ecp@tbc.gov.bc.ca](mailto:ecp@tbc.gov.bc.ca)  
<http://www.gov.bc.ca/ecdev>  
(Click "Investment Capital")

## Working Opportunity Fund (WOF)

The WOF is a labour sponsored venture capital fund that provides equity capital to small and medium sized B.C. companies developing innovative technologies. It seeks investments in BC businesses that have high growth potential. It has primarily invested in technology companies to date but its eligible investments are similar to those for other equity capital programs.

Contact:

**Growth Works Capital**  
Box 11169, Royal Centre  
2750-1055 West Georgia St.  
Vancouver, BC V6E 3R5  
Fax: (604) 662-8987  
Toll Free: 1-800-563-3863  
Email: [info@growthworks.ca](mailto:info@growthworks.ca)  
<http://www.wofund.com/wofund>  
<http://www.growthworks.ca>

## Other Resources

### Industry Associations

Industry associations can act as lobby groups for members and can also be a useful source of information to members on industry technology, issues, and statistics. Information will be provided to some extent to potential members.

Industry associations can be a useful source of names of companies for potential alliances or for direct contact with individual members on matters of mutual interest. (Examples might be custom manufacture or packaging and co-operative marketing programs). The BC Food Processors Association and the Small Scale Food Processor Association provide support and resources to companies in addition to a central voice (see below for contact information).

Contact:

**British Columbia Food Processors Association (BCFPA)**

Mailing Address:

Dept. 61 Box 4276

Victoria, BC V8X 3X8

Phone: (250) 356-1660

Fax: (250) 356-2949

Email: [info@bcfpa.ca](mailto:info@bcfpa.ca)

<http://www.bcfpa.ca>

**Small Scale Food Processor Association (SSFPA)**

2214 Sun Valley Drive

Nanaimo, BC V9T 6E8

Phone: (866) 547-7372

Fax: (250) 954-3723

Email: [info@ssfpa.net](mailto:info@ssfpa.net)

<http://www.ssfpa.net>

**Food Processors of Canada**

350 Sparks Street

Ottawa, ON K1R 7S8

Phone: (613) 722-1000

Fax: (613) 722-1404

Email: [fpc@foodprocessors.ca](mailto:fpc@foodprocessors.ca)

<http://www.foodprocessors.ca>

**Food and Consumer Products of Canada**

Suite 301-885 Don Mills Road

Toronto, ON M3C 1V9

Phone: (416) 510-8024

Fax: (416) 510-8043

<http://www.fcpc.ca/>

**Canadian Institute of Food Science and Technology**

P.O. Box 152

Apple Hill, ON K0C 1B0  
Phone (613) 525-2833  
Fax (613) 525-4238  
Email: cifst@cifst.ca  
<http://www.cifst.ca>

**British Columbia Food Technologists**

c/o 210-13911 Maycrest Way  
Richmond, B.C. V6V 2J4  
Phone: (604) 270-4773  
Fax: (604) 270-4748  
Email: randr@axionnet.com  
<http://www.bcft.ca>

**Packaging Association of Canada  
Ontario**

E330-2255 Sheppard Avenue East  
Willowdale, ON M2J 4Y1  
Phone: (416) 490-7860  
Fax: (416) 490-7844  
Email: info@pac.ca  
<http://www.pac.ca>

**Vancouver**

600 Chester Road  
Annacis Business Park  
Delta, BC V3M 5Y3  
Phone: (604) 515-6861  
Fax: (604) 526-0788

Food Information/Industry Service – UBC, BCIT

The **Food Information Service** provides free information to the general public on food production, preservation, nutrition retention, and safety. The **Food Industry Service** aims to assist the BC industry and entrepreneurs with process and product development. The Service provides access to pilot plant facilities, research and development, and literature on a fee-per-service basis. It is offered through both UBC and BCIT, and it is sponsored by the Investment Agriculture Foundation and BC Food Technologists Network.

Contact:

UBC  
6640 NW Marine Dr  
Vancouver, BC V6T 1Z4  
Phone: (604) 822-4100  
Fax: (604) 822-3959  
Email:  
[fis@interchange.ubc.ca](mailto:fis@interchange.ubc.ca)  
<http://www.fis.agsci.ubc.ca>

BCIT  
3700 Willingdon Ave.  
Burnaby, BC V5G 3H2  
Phone: (604) 432-8320  
Fax: (604) 434-6986  
<http://www.fis.agsci.ubc.ca>

## British Columbia Institute of Technology (BCIT)

**BCIT** provides technology services to industry along with training. These services for the food industry include shelf life testing, product development and biotechnology for potential products. BCIT offers training in food processing and Hazard Analysis and Critical Control Points (HACCP).

Contact:

### **British Columbia Institute of Technology**

Food Technology Program  
3700 Willingdon Avenue  
Burnaby, BC V5G 3H2  
Phone: (604) 432-8561  
<http://www.bcit.ca/health/food/>

## Literature and Statistics Search

The Vancouver Public Library provides access to a full range of business publications, magazines and statistics. Clients interested in custom research can contact **InfoAction**, Vancouver Public Library's custom information and research centre.

Contact:

### **Vancouver Public Library**

Library Square, 350 West Georgia Street  
Vancouver, BC V6B 6B1  
Quick Info Line: (604) 331-3603  
Fax: (604) 331-3800  
Info Action: (604) 331-3613 (Contract research)  
Email (InfoAction): [infoact@vpl.ca](mailto:infoact@vpl.ca)  
<http://www.vpl.ca>  
**InfoAction:** <http://www.infoaction.ca>

Other organizations to contact include:

### **Statistics Canada Publications**

Advisory Services  
Suite 300-600 West Georgia Street  
Vancouver, BC V6B 6C7  
Phone: (604) 666-3691  
Fax: (604) 666-4863  
Toll Free: 1-800-263-1136  
Email: [stcvan@statcan.ca](mailto:stcvan@statcan.ca)  
<http://www.statcan.ca>

### **Greater Victoria Public Library**

735 Broughton Street  
Victoria, BC V8W 3H2  
Phone: (250) 382-7241  
Fax: (250) 382-7125  
<http://www.gvpl.ca>

## Small Business BC

Small Business BC, a member of the Canada BC Business Services Society, is a joint effort between the federal and British Columbia governments to provide a single location for information on federal and provincial programs for business. Small Business BC

provides extensive resources on business financing, exporting techniques, marketing research and various resources.

Contact:

**Small Business BC**

601 West Cordova Street

Vancouver, BC V6B 1G1

Enquiries - Phone: (604) 775-5525

Fax: (604) 775-5520

Toll Free: 1-800-667-2272

<http://www.smallbusinessbc.ca>

## Aboriginal Business Service Network (ABSN)

The Aboriginal Business Service Network's provides access to and use of business information and services.

ABSN is comprised of a variety of agencies and organizations, including federal and provincial governments, non-profit agencies and aboriginal organizations. This representative body specializes in the business development situation in BC.

Contact:

**Aboriginal Business Service Network**

880-355 Burrard Street

Vancouver, BC V6C 2G8

Tel: (604) 685-2330

Fax: (604) 828-6575

Email: [absn@firstbusiness.ca](mailto:absn@firstbusiness.ca)

<http://www.firstbusiness.ca>

## Canada's Venture Capital & Private Equity Association

Full members of the Canadian Venture Capital Association are comprised of venture capital companies with funds under management and available for investment. The following directory represents profiles of those companies, many of which will consider investments in the food processing sector in Western Canada.

Contact:

**Canada's Venture Capital & Private Equity Association**

Suite 200, 234 Eglinton Avenue

East Toronto, On M4P 1K5

Phone: (416) 487-0519

Fax: (416) 487-5899

E-Mail: [cvca@cvca.ca](mailto:cvca@cvca.ca)

<http://www.cvca.ca/>

## Women's Enterprise Society of BC

### Women's Enterprise Society of BC Loans Program

This program is to encourage the establishment and growth of businesses in B.C. that are owned and controlled by women. To apply for a loan, the operation must be 51% owned and controlled by a woman or women, operating or about to operate in British Columbia, and the applicant must be a Canadian Citizen or Landed Immigrant; or a Legal Entity owned by such a woman or women. Applicants must also reside in BC as well as enjoy good standing on any existing financing with the WESBC. Applicants must submit a comprehensive Business Plan with substantiated financial projections. The management overview must demonstrate that the experience, skills and knowledge of the applicant(s) is sufficient to carry out the business plan. A minimum cash equity contribution of 25% towards your own business is also required when you apply.

Contact:

**Women's Enterprise Society of BC**

**Vancouver**

Suite 82, 601 West Cordova St

Vancouver, BC V6B 1G1

Toll Free: 1-800-643-7014

<http://www.wes.bc.ca>

**Kelowna (Head Office)**

Suite 201, 1726 Dolphin Ave.

Kelowna, BC V1Y 9R9

Local Tel: (250) 868-3454

Fax: (250) 868-2709

Toll free 1-800-643-7014

Email: [info@wes.bc.ca](mailto:info@wes.bc.ca)

<http://www.wes.bc.ca/services/financing.htm>

## Vancity Capital Corporation

### Vancity Capital Corporation Loans

VanCity specialises in providing subordinated debt, otherwise known as sub-debt, mezzanine or bridge financing, in the \$100,000 to \$1,000,000 range. It is term loan financing that relies on a company's proven cashflow rather than collateral assets. Subordinated debt (unsecured with proven cashflow) is a hybrid between conventional debt financing (fully secured with proven cashflow) and equity financing (unsecured with unproven cashflow). Financing is available for a variety of intangible growth-related expenses including: on-going R&D, marketing costs, channel development, e-commerce projects, software purchases, new product development, inventory, management buy-outs, etc. Special working capital loans are available for Co-ops and non-profits as well.

Contact:

**Vancity Capital Corporation**

7<sup>th</sup> Floor, 815 West Hastings St.

Vancouver, BC V6C 1B4

Phone (604) 877-6565

Fax (604) 871-5409

E-mail: [VanCity\\_Capital\\_Corporation@vancity.com](mailto:VanCity_Capital_Corporation@vancity.com)

<http://www.vancitycapital.com>

## Discovery Capital Corporation

### **Exceptional Technologies Funds (VCC) Inc.**

This is a venture capital based financing program for qualified B.C.-based technology companies. It specializes in financing emerging knowledge-based companies in the fields of: software, telecommunications, biotechnology, environmental technology, medical/informatics technology and other high-tech growth ventures. A business plan must be submitted for review.

Contact:

**Exceptional Technologies Funds (VCC) Inc.,**  
5th floor – 1199 West Hastings Street  
Vancouver, BC, Canada, V6E 3T5  
Phone (604) 683-3000  
Fax (604) 662-3457  
Email: [info@discoverycapital.com](mailto:info@discoverycapital.com)  
<http://www.discoverycapital.com>

## Tax Credits

An investment tax credit is an amount that can be deducted from taxes at the end of each year. Everyone has to pay taxes but there are a variety of credits available. Some of the more common ones are listed. Talking to a tax accountant will allow a company to stay on top of constantly changing tax regulations.

### Small Business Investment Tax Incentives

Tax regulations provide specified incentives for small business investments that relieve the tax burden on investment capital and profits up to \$200,000.  
Please read:

***T2 Corporation Income Tax Guide***

Canada Revenue Agency, section: Small Business Deduction

Available through your local Canada Revenue Agency Taxation Office or online at:

<http://www.cra-arc.gc.ca>

### Ministry of Economic Development

Refer to Ministry of Economic Development under British Columbia Government

Resources for information about tax credits provided by BC government for investment in eligible businesses.

## Working with a Consultant

**Consulting** is an advisory service contracted for and provided to organizations by specially trained and qualified persons who assist, in an objective and independent manner, the client organizations to identify management problems, analyze such problems, recommend solutions to these problems, and help, when requested, in the implementation of solutions.<sup>1</sup>

A consultant should be considered a temporary employee with special expertise. They are there to work with the company and for the company.

Consultants are generally used in short term roles when specific expertise that does not exist in the organization is needed. Consultants may be used to:

- coordinate and facilitate the planning process or a new project;
- tie into a knowledge base;
- provide independent and unbiased judgment;
- present new ideas and a fresh approach;
- possess the ability to diagnose problems and evaluate solutions;
- perform tasks with technical skills infrequently needed;
- supplement present skills of staff and management; or
- implement systems and train employees.

The owner or manager may want to have the consultant sign a confidentiality agreement prior to any discussions. This is a common approach of many experienced entrepreneurs in order to protect the property rights of their inventions or ideas. Professional consultants expect this type of arrangement and do not consider it an insult to their professionalism or intelligence.

## Hiring a Consultant

The **terms of reference (TOR)** is the general term used to define a contract between a client and a consultant. The terms of reference must include:

- the goals of the project;
- objectives;
- scope of work;
- expected output; and
- budget.

Clear terms of reference allow the company to specify what is needed and the consultant to quickly understand the project. Many times an idea can expand into a huge project. It is good to divide the idea into smaller, more manageable projects. This

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<sup>1</sup>(Book) Greiner, Larry E., Metzger, Robert O., *Consulting to Management*, Prentice-Hall Inc.: Englewood Cliffs, N. J. 1983. p.7.

allows the company to build in "go/no go" points that can prove to be time and money savers in the long run.

When the terms of reference have been developed and the proposals have been accepted from various consultants, the selection process can begin. Many people do not realize that they can ask the consultant for references. Follow up on the references. Good consultants have happy clients, and happy clients are willing to talk about good consultants.

If one does not feel comfortable with a consultant, one can keep looking. Consultants are listed in your local phone book under in the Food Beverage Consultants section. The consultant must work closely with the company and establish rapport. A lack of rapport can result in awkward situations that hinder the success of a project.

## Appendix B - Addresses

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## BC Ministry of Agriculture and Lands (MAL)

### **Victoria**

Location: 808 Douglas Street,  
Victoria, BC V8W 2Z7  
Phone: (250) 356-5815  
Fax: (250) 356-2949  
Mailing Address:  
PO Box 9120, Stn Prov Govt  
Victoria, BC V8W 9B4  
<http://www.agf.gov.bc.ca>

### **Vancouver**

Suite 2000  
300 West Georgia Street  
Vancouver, BC V6B 6E1  
Phone: (604) 666-5259  
Fax: (604) 666-3977

**Note:** You can contact any B.C. Government office toll free from a B.C. location by calling **Enquiry B.C.** and requesting the number desired. Enquiry B.C.'s local number in Vancouver is **660-2421** and in **Victoria 387-6121**. From elsewhere in B.C., please call **1-800-663-7867**.

Telephone Device for the Deaf (TTY): please call **775-0303** in Vancouver or **1-800-661-8773** in the rest of BC.

## Developing a Sanitation Program

### **BC Centre for Disease Control**

655 12<sup>th</sup> Ave W  
Vancouver, BC V5Z 4R4  
Phone: (604) 660-0584  
Fax: (604) 660-6066  
<http://www.bccdc.org/content.php?item=16>

### **BC Ministry of Health**

Phone: (250) 388-6070  
Info Line: 1-800-465-4911

### **Food Industry Service**

**UBC**  
6640 NW Marine Dr  
Vancouver, BC V6T 1Z4  
Phone: (604) 822-4100  
Fax: (604) 822-3959  
Email: [fis@interchange.ubc.ca](mailto:fis@interchange.ubc.ca)  
<http://www.fis.agsci.ubc.ca>

### **BCIT**

3700 Willingdon Ave.  
Burnaby, BC V5G 3H2  
Phone: (604) 432-8320  
Fax: (604) 434-6986  
<http://www.fis.agsci.ubc.ca>

### **Food Processors of Canada**

350 Sparks Street  
Ottawa, ON K1R 7S8  
Phone: (613) 722-1000  
Fax: (613) 722-1404  
Email: [fpc@foodprocessors.ca](mailto:fpc@foodprocessors.ca)  
<http://www.foodprocessors.ca>

### **Food Development Centre - Manitoba**

PO Box 1240  
810 Phillips Street  
Portage la Prairie, MB  
R1N 3J9  
Phone: (204) 239-3150  
Fax: (204) 239-3180  
Toll Free: 1-800-870-1044  
<http://www.gov.mb.ca/agriculture/fdc>

### **Canadian Food Inspection Agency**

#### **BC office**

Suite 400, 4321 Still Creek Dr.  
Burnaby, BC V5C 6S7  
Phone: (604) 666-6513  
Fax: (604) 666-1261  
<http://www.inspection.gc.ca/>

### **National Research Council**

Industrial Research Assistance Program  
<http://www.nrc.ca/irap/>

Industrial Technical Advisor  
c/o Agriculture and Agri-Food Canada  
Summerland Research Station  
4200 Highway 97  
Summerland, BC V0H 1Z0  
Phone: (250) 494-7711  
Fax: (250) 494-0755

Industrial Technical Advisor  
c/o Pace Technologies Inc.  
#503, 1726 Dolphin Avenue  
Kelowna, BC V1Y 9R9  
Phone: (250) 470-5095  
Fax: (250) 470-5083

### **American Institute of Baking (AIB)**

1213 Bakers Way  
PO Box 3999  
Manhattan, Kansas  
66505-3999 USA  
Phone: (785) 537-4750  
Fax (785) 537-1493  
Toll free: 1-800-633-5137  
<http://www.aibonline.org>

### **American Association of Cereal Chemists**

3340 Pilot Knob Rd  
ST. Paul, MN 55121 USA  
Phone: (651) 454-7250  
<http://www.aaccnet.org>

## Export Insurance

### **Export Development Canada**

1030-505 Burrard Street, Box 58  
Vancouver, BC V7X 1M5  
Phone: (604) 638-6950  
Fax: (604) 638-6955  
Toll Free in BC 1-866-278-2300  
<http://www.edc.ca/smallbusiness>

### **Agriculture and Agri-Food Canada**

Markets and Trade Branch - BC  
420 – 4321 Still Creek Dr.  
Burnaby, BC V5C 6S7  
Phone: (604) 666-6344  
Fax: (604) 666-7235  
[http://www.agr.gc.ca/mar\\_e.phtml](http://www.agr.gc.ca/mar_e.phtml)

Agri-Food Trade Service  
<http://www.ats.agr.gc.ca>

## Finding Broker Candidates

### **Canadian Association of Sales & Marketing Agencies (Formerly Canadian Food Brokers Association)**

Suite 301, 885 Don Mills Road  
Toronto, Ontario M3C 1V9  
Telephone (416) 385-2322  
Fax (416) 510-8043  
<http://www.casmaonline.ca>

### **Foodservice Sales and Marketing Association**

Suite 200, 9192 Red Branch Road  
Columbia, Maryland 21045  
Phone: (410) 715-6672  
Toll Free: (888) 488-0688  
Fax: (410) 997-9387  
Email: [info@fsmaonline.com](mailto:info@fsmaonline.com)  
<http://www.fsmaonline.com>

For foreign markets:

### **Agri-Food Trade Service**

Agriculture and Agri-Food Canada  
420-4321 Still Creek Drive  
Burnaby, BC V5C 6S7  
Phone: 604-666-6344  
Fax: 604-666-7235  
Email: [atsbc@agr.gc.ca](mailto:atsbc@agr.gc.ca)  
<http://www.ats.agr.gc.ca>

**Team Canada Inc**  
1-888-811-1119  
<http://www.exportsource.gc.ca>

## GST and Tax Credits

**Canada Revenue Agency**  
Toll Free: 1-800-959-5525  
<http://www.cra-arc.gc.ca/>

**Burnaby-Fraser Tax Services Office**  
PO Box 9070 Stn Main  
9737 King George Highway  
Surrey, BC V3T 5W6  
Fax: (604) 587-2010

**Southern Interior B.C. Tax Services Office**  
277 Winnipeg Street  
Penticton, BC V2A 1N6  
Fax: (604) 492-8346

**Vancouver Tax Services Office**  
1166 West Pender Street  
Vancouver, BC V6E 3H8  
Fax: (604) 689-7536

**Northern B.C. & Yukon Tax Services Office**  
280 Victoria Street  
PO Box 7500 Stn A  
Prince George, BC V2L 4X3  
Fax: (604) 561-7869

**Vancouver Island Tax Services Office**  
1415 Vancouver Street  
Victoria, BC V8V 3W4  
Fax: (604) 363-8188

## Tax Credits

**Canada Revenue Agency**  
1166 West Pender Street  
Vancouver, BC V6E 3H8  
Tax Credits for Business: **1-800-959-5525**  
TTY: 1-800-665-0354  
<http://www.cra.gc.ca>

## Human Resources

### **BC Human Rights Tribunal**

1170 - 605 Robson Street  
Vancouver, B.C. V6B 5J3  
Phone: (604) 775-2000  
Fax: (604) 775-2020  
TTY: (604) 775-2021  
Toll Free in BC: 1-888-440-8844  
Email:  
BCHumanRightsTribunal@  
gems9.gov.bc.ca  
<http://www.bchrt.bc.ca/>

### **Employment Standards Branch**

Ministry of Labour and Citizen's  
Services  
210-4946 Canada Way  
Burnaby, BC V5G 4J6  
Phone: (604) 660-4946  
Fax: (604) 660-7047  
Toll Free: 1-800-663-3316  
Prince George: (250) 612-4100  
<http://www.labour.gov.bc.ca/esb/>

### **Labour Relations Board**

Suite 600, Oceanic Plaza,  
1066 West Hastings Street,  
Vancouver, BC V6E 3X1  
Phone: (604) 660-1300

Fax: (604) 660-1892  
Email: [bc.lrb@lrb.bc.ca](mailto:bc.lrb@lrb.bc.ca)  
<http://www.lrb.bc.ca>

### **Workers Compensation Board of British Columbia (WCB)**

PO Box 5350, Station Terminal  
Vancouver, BC V6B 5L5  
6951 Westminster Highway  
Richmond, BC V7C 1C6  
Phone: (604) 276-3009  
Phone: (604) 244-6181 for  
registration  
Toll Free: 1-888-757-5552  
Fax: (604) 276-3291  
<http://www.worksafebc.ca>

### **Social Development Canada**

Human Resource Centre -  
Burnaby  
Suite 100, 4279 Canada Way  
Burnaby, BC V5J 4Y2  
General Enquiries:  
Phone: (604) 437-3761  
Fax: (604) 666-1015  
<http://www.sdc.gc.ca>

To order the *Human Rights Code and Occupational Health and Safety Act*:

### **Crown Publications**

521 Fort Street  
Victoria, BC V8W 1E7  
Phone: (250) 386-4636  
Fax: (250) 386-0221  
<http://www.crownpub.bc.ca>

### **Record of Employment and Record of Employment Distribution:**

Please call the toll free number **1-888-557-7111** or visit the website at:  
<http://www.hrsdc.gc.ca/en/gateways/topics/rxr-gxr.shtml>

## Industry Associations

**Association of British Columbia  
Winegrowers**

Site 14 Comp 13 RR 1  
Naramata, BC V0H 1N0  
Phone: 250-496-5962  
Fax: 250-496-4275  
info@winegrowers.bc.ca  
www.winegrowers.bc.ca

**Baking Association of Canada**

202-7895 Tranmere Dr  
Mississauga, ON L5S 1V9  
Phone: 905-405-0288  
Fax: 905-405-0993  
Other: 888-674-2253  
info@baking.ca  
www.bakingassoccanada.com

**BC Blueberry Council**

PO Box 8000-730  
Abbotsford, BC V2S 6H1  
Phone: 604-864-2117  
Fax: 604-864-2197  
bcblueberries@direct.ca  
www.bcblueberry.com

**Brewers of Canada**

1106-750 Pender St W  
Vancouver, BC V6C 2T8  
Phone: 604-659-2739  
Fax: 604-659-2747  
info@brewers.ca  
www.brewers.ca

**British Columbia AgriTourism Alliance**

PO Box 235  
Saanichton, BC V8M 2C3  
Phone: 250-544-0941  
Fax: 250-544-0942  
coordinator@agritourismbc.org  
www.agritourismbc.org

**British Columbia Association of Canadian  
Distillers**

1100-1200 73rd Ave W  
Vancouver, BC V6P 6G5  
Phone: 604-688-9891  
Fax: 604-264-6133

Other: 604-264-6166  
info@acd.ca  
www.canadiandistillers.com

**British Columbia Association of Farmers'  
Markets**

455B Alexander Ave  
Kamloops, BC V2B 3R5  
Phone: 250-376-1142  
Fax: 250-376-4492  
info@bcfarmersmarket.org  
www.bcfarmersmarket.org

**British Columbia Cattlemen's Association**

4-10145 Dallas Dr  
Kamloops, BC V2C 6T4  
Phone: 250-573-3611  
Fax: 250-573-5155  
info@cattlemen.bc.ca  
www.cattlemen.bc.ca

**British Columbia Chamber of Commerce**

1201-750 Pender St W  
Vancouver, BC V6C 2T8  
Phone: 604-683-0700  
Fax: 604-683-0416  
bcc@bcchamber.org  
www.bcchamber.org

**British Columbia Chefs' Association**

PO Box Main Post Office  
Vancouver, BC V6B 3P8  
Phone: 604-538-4547  
info@bcchefs.com  
www.bcchefs.com

**British Columbia Chicken Growers'  
Association**

PO Box 581  
Abbotsford, BC V2S 6R7  
Phone: 604-859-9332  
Fax: 604-853-4808  
bccga@telus.net

**British Columbia Chicken Marketing Board**

101-32450 Simon Ave  
Abbotsford, BC V2T 4J2  
Phone: 604-859-2868  
Fax: 604-859-2811  
bcchicken@bcchicken.ca  
www.bcchicken.ca

**British Columbia Cranberry Growers Association**

130-32160 South Fraser Way  
Abbotsford, BC V2T1W5  
Phone: 604-309-9868  
Fax: 604-854-6050  
bccga@shaw.ca  
www.bccranberrygrowers.com

**British Columbia Cranberry Marketing Board**

207-15252 32nd Ave  
Surrey, BC V3S 0R7  
Phone: 604-852-8585  
Fax: 604-542-9735

**British Columbia Dairy Council**

5805 Wales Street  
Vancouver, BC V5R 3N5  
Phone: 604-434-2434  
Fax: 604-434-4227  
gayhahn@avalondairy.com  
www.bcdairyCouncil.ca

**BC Dairy Foundation**

3236 Beta Ave  
Burnaby, BC V5G 4K4  
Tel: 604-294-3775  
Fax: 604-294-8199  
Toll free: 800-242-6455  
contactus@bcdcf.ca  
www.bcdairyfoundation.ca

**British Columbia Egg Producers**

150-32160 Fraser Way S  
Abbotsford, BC V2S 4P2  
Phone: 604-556-3348  
Fax: 604-556-3410  
bcep@bcegg.com  
www.bcegg.com

**British Columbia Fallow Deer Association**

28481 Starr Rd  
Abbotsford, BC V4X 2C5  
Phone: 604-857-5700  
Fax: 604-857-5748

**British Columbia Farm Industry Review Board**

PO Box 9129 Stn Prov Govt  
Victoria, BC V8W 9B5  
Phone: 250-356-8945  
Fax: 250-356-5131  
firb@gov.bc.ca  
www.firb.gov.bc.ca

**British Columbia Food Processors Association**

Dept. 61, PO Box 4276  
Victoria, BC V8X 3X8  
Phone: 250-356-1660  
Fax: 250-356-2949  
julie.labelle@bcfpa.ca  
www.bcfpa.ca

**British Columbia Food Protection Association**

400-4321 Still Creek Dr  
Burnaby, BC V5C 6S7  
Phone: 604-666-1080  
Fax: 604-666-6130  
president@bcfpa.net  
www.bcfpa.net

**British Columbia Food Technologists**

2870 10th Ave E  
Vancouver, BC V5M 2B3  
Phone: 604-270-4773  
Fax: 604-270-4748  
randr@axionet.com  
www.bcft.ca

**British Columbia Fruit Growers Association**

1473 Water St  
Kelowna, BC V1Y 1J6  
Phone: 250-762-5226  
Fax: 250-861-9089  
info@bcfga.com  
www.bcfga.com

**British Columbia Functional Food & Nutraceutical Network**

218-2205 East Mall UBC  
Food, Nutrition & Health Bldg  
Vancouver, BC V6T 1Z4  
Phone: 604-822-6920  
Fax: 604-822-5143  
info@bcfn2.com  
www.bcf2.com

**British Columbia Goat Milk Producers Association**

3421 Boundary Rd  
Abbotsford, BC V3G 2N1  
Phone: 604-823-0186  
Fax: 604-823-0186  
susan\_barker@telus.net

**British Columbia Grain Producers Association**

PO Box 6004  
Fort St. John, BC V1J 4H6  
Phone: 250-789-9289  
Fax: 250-789-9280

**British Columbia Hazelnut Growers Association**

1611 Tranmer Rd  
Agassiz, BC V0M 1A2  
Phone: 604-796-2550  
Fax: 604-796-2550

**British Columbia Herb Growers Association**

21195 32nd Ave  
Langley, BC V2Z 2E7  
Phone: 604-533-4669  
Fax: 604-533-4669  
info@bcherbgrowers.com  
www.bcherbgrowers.com

**British Columbia Hog Marketing Commission**

2010 Abbotsford Way  
Abbotsford, BC V2S 6X8  
Phone: 604-853-9461  
Fax: 604-853-0764  
info@bcpork.ca  
www.bcpork.ca

**British Columbia Honey Producers Association**

2810 Fairfield St  
Duncan, BC V9L 6B9  
Phone: 250-440-5689  
hardiehoney@shaw.ca  
www.bcbeekeepers.com

**British Columbia Milk Marketing Board**

200-32160 Fraser Way S  
Abbotsford, BC V2T 1W5  
Phone: 604-556-3444  
Fax: 604-556-7717  
info@milk-bc.com  
www.milk-bc.com

**British Columbia Milk Producers Association**

3236 Beta Ave  
Burnaby, BC V5G 4K4  
Phone: 604-294-3737  
Fax: 604-294-8199  
Other: 877-462-2672  
pthomas@bcmilkproducers.ca  
www.bcmilkproducers.ca

**British Columbia Peace River Grain Industry**

PO Box 6641  
Fort St. John, BC V1J 4J1  
Phone: 250-262-6585  
Fax: 250-785-9388  
gfdc@bcpeace.com  
www.bcpeace.com/GIDC

**British Columbia Restaurant and Foodservices Assn**

140-475 Georgia St W  
Vancouver, BC V6B 4M9  
Phone: 604-669-2239  
Fax: 604-669-6175  
Other: 800-663-4482  
jasonmcr@telus.net  
www.bcrfa.com

**British Columbia Sheep Federation**

Jay Springs Ranch  
Pinantan Lake, BC V0E 3E0  
Phone: 250-573-3609  
Fax: 250-573-3523  
jsr.cunningham@telus.net  
www.bcsheepfed.com

**British Columbia Shellfish Growers Association**

7-140 Wallace St  
Nanaimo, BC V9R 5B1  
Phone: 250-714-0804  
Fax: 250-714-0805  
Sophia@bcsga.ca  
www.bcsga.ca

**British Columbia Turkey Marketing Board**

106-19329 Enterprise Way  
Surrey, BC V3S 6J8  
Phone: 604-534-5644  
Fax: 604-534-3651  
admin@bcturkey.com  
www.bcturkey.com

**British Columbia Vegetable Marketing Commission**

207-15252 32nd Ave  
Surrey, BC V3S 0R7  
Phone: 604-542-9734  
Fax: 604-542-9735  
Other: 800-663-1461  
murray@bcveg.com  
www.bcveg.com

**British Columbia Wine Institute**

1737 Pandosy St  
Kelowna, BC V1Y 1R2  
Phone: 250-762-9744  
Fax: 250-762-9788  
Other: 800-661-2294  
info@winebc.com  
www.winebc.com

**Canadian Bottled Water Association**

24-328, 155 Beaver Creek Rd E  
Richmond Hill, ON L4B 2N1  
Phone: 905-886-6928  
Fax: 905-886-9531

info@cbwa-bottledwater.org  
www.cbwa-bottledwater.org

**Canadian Council of Grocery Distributors**

102-6940 Fisher Rd SE  
Calgary, AB T2H 0W3  
Phone: 403-250-6608  
Fax: 403-250-7022  
bwalton@ccgd.ca  
www.ccgd.ca

**Canadian Health Food Association**

205-550 Alden Rd  
Markham, ON L3R 6A8  
Phone: 905-479-6939  
Fax: 905-479-1516  
Other: 800-661-4510  
admin@chfa.ca  
www.chfa.ca

**Canadian Herbalist's Association of BC**

Site 18A Comp 4 RR 2  
Lumby, BC V0E 2G0  
Phone: 250-547-2281  
Fax: 250-547-8911  
rhp@chaof.bc.ca  
www.chaof.bc.ca

**Canadian Manufacturers and Exporters**

1330-1100 Melville St  
Vancouver, BC V6E 4A6  
Phone: 604-713-7800  
Fax: 604-713-7801  
werner.knittel@cme-mec.ca  
www.cme-mec.ca

**Canadian National Millers Association**

103-408 Queen St  
Ottawa, ON K1R 5A7  
Phone: 613-238-2293  
Fax: 613-235-5866  
gharrison@canadianmillers.ca  
www.canadianmillers.ca

**Canadian Restaurant and Foodservices Association**

1500-701 Georgia St W  
Vancouver, BC V7Y 1C6  
Phone: 604-685-9655  
Fax: 604-685-9633  
Other: 866-300-7675  
info@crfa.ca  
www.crfa.ca

**Canadian Snack Food Association**

301-885 Don Mills Rd  
Don Mills, ON M3C 1V9  
Phone: 416-510-8036  
Fax: 416-510-8044  
ileanal@fcpmc.com

**Canadian Vintners Association**

200-440 Laurier Ave W  
Ottawa, ON K1R 7X6  
Phone: 613-782-2283  
Fax: 613-782-2239  
info@canadianvintners.com  
www.canadianvintners.com

**Cattle Industry Development Council**

4-10145 Dallas Dr  
Kamloops, BC V2C 6T4  
Phone: 250-573-3611  
Fax: 250-573-5155  
cattlein@kamloops.net  
www.cattlefund.net

**Certified Organic Associations of BC**

8A-100 Kalamalka Lake Rd  
Vernon, BC V1T 9G1  
Phone: 250 260-4429  
Fax: 250 260-4436  
office@certifiedorganic.bc.ca  
www.certifiedorganic.bc.ca

**Chilliwack Agricultural Commission**

201-46093 Yale Rd  
Chilliwack, BC V2P 2L8  
Phone: 604-792-7839  
Fax: 604-792-4511  
agriculture@chilliwackpartners.com  
www.agrichilliwack.com

**Coffee Association of Canada**

301-885 Don Mills Rd  
Toronto, ON M3C 1V9  
Phone: 416-510-8032  
Fax: 416-510-8044  
info@coffeeassoc.com  
www.coffeeassoc.com

**Consumers Association of Canada**

PO Box 18112  
Delta, BC V4M 2M3  
Phone: 604-454-7827  
bcranbiz@telus.net  
www.consumer.ca

**Dial-A-Dietitian Nutrition Information Society of BC**

Suite 649 718-333 Brooksbank Ave  
North Vancouver, BC V7J 3V8  
Phone: 604-732-9081  
Fax: 604-732-9081  
dial@dialadietitian.org  
www.dialadietitian.org

**Dietitians of Canada, British Columbia Region**

PO Box 34175 STN D  
Vancouver, BC V6J 4N1  
Phone: 604-736-3732  
Fax: 604-736-3736  
jmacdonald@dietitians.ca  
www.dietitians.ca

**Food & Consumer Products of Canada**

301-885 Don Mills Rd  
Toronto, ON M3C 1V9  
Phone: 416-510-8024  
Fax: 416-510-8043  
info@fcpc.ca  
www.fcpc.ca

**Food Processors of Canada**

350 Sparks St  
Ottawa, ON K1R 7S8  
Phone: 613-722-1000  
Fax: 613-722-1404  
fpc@foodprocessors.ca  
www.foodprocessors.ca

**Fraser Valley Strawberry Growers Association**

100-32160 South Fraser Way  
Abbotsford, BC V2T 1W5  
Phone: 604-864-0565  
Fax: 604-864-0575  
Other: 800-366-8066  
info@bcstrawberries.com  
www.bcstrawberries.com

**Further Poultry Processors Association of Canada**

203-2525 St. Laurent Blvd  
Ottawa, ON K1H 8P5  
Phone: 613-738-1175  
Fax: 613-733-9501  
fppac@sympatico.ca  
www3.sympatico.ca/fppac/

**Grape Growers' Association of BC**

PO Box 2462 STN R  
Kelowna, BC V1X 6A5  
Phone: 250-762-4652  
Fax: 250-765-7820  
info@grapegrowers.bc.ca  
www.grapegrowers.bc.ca

**Island Farmers' Alliance**

PO Box 188  
Mill Bay, BC V0R 2P0  
Phone: 250-743-2243  
Fax: 250-743-1538  
info@islandfarmersalliance.org  
www.islandfarmersalliance.org

**Island Farms Dairies Co-op Association\***

2220 Dowler Pl  
PO Box 38  
Victoria, BC V8W 2M1  
Phone: 250-360-5200  
Fax: 250-360-5220  
info@islandfarms.com  
www.islandfarms.com

**Juice Council of British Columbia**

c/o 207-288 8th W  
Vancouver, BC V5Y 1N5  
Phone: 604-675-7163  
Fax: 604-682-4611  
dwong@righthookstrategies.com

**Kiwifruit Growers Association of British Columbia**

1485 Newton Heights Rd.  
Saanichton, BC V8M 1T6  
Phone: 250-652-3745

**Kootenay Livestock Association**

PO Box 173  
Cranbrook, BC V1C 4H7  
Phone: 250-426-4315  
Fax: 250-426-2193  
Other: 250-426-5990  
fstreet@kootenaylivestock.ca

**Mushroom Industry Development Council**

120-32160 Fraser Way S  
Abbotsford, BC V2T 1W5  
Phone: 604-850-6670  
Fax: 604-850-1124

**New Brunswick Food & Beverage Processors Association**

650-633 Main St  
Moncton, NB E1C 9X9  
Phone: 506-389-7892  
Fax: 506-854-5850  
info@nbfoodandbeverage.com  
www.nbfoodandbeverage.com

**Pacific Agricultural Certification Society**

3402 32nd Ave  
Vernon, BC V1T 2N1  
Phone: 250-558-7927  
Fax: 250-558-7947  
pacs@junction.net

**Packaging Association of Canada, B.C. section**

600 Chester Rd  
Annacis Business Park  
Delta, BC V3M 5Y3  
Phone: 604-515-3861  
Fax: 604-526-0788  
info@pac.ca  
www.pac.ca

**Raspberry Industry Development Council**

130-32160 South Fraser Way  
Abbotsford, BC V2T 1W5  
Phone: 604-854-8010  
Fax: 604-854-6050  
Other: 604-230-1687  
council@bcraspberries.com  
www.bcraspberries.com

**Salt Spring Farmer's Institute**

112 Robinson Rd  
Saltspring Island, BC V8K 1R6  
Phone: 250-537-4535  
willowcrest@saltspring.com  
www.islandsheritagelivestock.com

**Seabird Island Band**

PO Box 650  
Agassiz, BC V0M 1A0  
Phone: 604-796-2177  
Fax: 604-796-3729  
Other: 800-788-0322  
brianjones@seabirdisland.ca  
www.seabirdisland.ca

**Small Scale Food Processor Association**

2214 Sun Valley Drive  
Nanaimo, BC V9T 6E8  
Phone: 866-547-7372  
Fax: 250-954-3723  
info@ssfpa.net  
www.ssfpa.net

**Sto:lo Community Futures Development Corporation**

29-6014 Vedder Rd  
Chilliwack, BC V2R 5M4  
Phone: 604-858-0009  
Fax: 604-858-3829  
info@stolocf.com  
www.stolocf.com

**Sun Fresh Cooperative Growers**

3655 2nd St  
PO Box 219  
Naramata, BC V0H 1N0  
Phone: 250-496-5233  
Fax: 250-496-5413  
Other: 250-495-6518  
iroberts@bctree.com  
www.sunfreshgrowers.com

**United Fishermen & Allied Workers' Union**

1st Floor, 326 12th St  
New Westminster, BC V3M 4H6  
Phone: 604-519-3630  
Fax: 604-524-6944  
sbrice@ufawu.org  
www.ufawu-caw.org

**United Food and Commercial Workers of British Columbia**

4021 Kingsway Ave  
Burnaby, BC V5H 1Y9  
Phone: 604-434-3101  
Fax: 604-434-4145  
Other: 800-661-3708  
contact@ufcw1518.com  
www.ufcw.org; www.ufcw1518.com

**Women's Enterprise Society of BC**

103-1635 Abbott St  
Kelowna, BC V1Y 1A9  
Phone: 250-868-3454  
Fax: 250-868-2709  
info@wes.bc.ca  
www.wes.bc.ca

**Your Local Farmers Market Society**

PO Box 44506  
Vancouver, BC V5M 4R8  
Phone: 604-879-3276  
Fax: 604-253-3276  
info@eatlocal.org  
www.eatlocal.org

## International Market Research

### **Export Development Canada**

151 O'Connor Street

Ottawa, ON K1A 1K3

Phone: (613) 598-2500

Fax: (613) 237-2690

TTY: 1-886-574-0451

If your company exports less than \$1 million call Toll free: 1-800-850-9626

If your company exports more than \$1 million call Toll free: 1 866 278 2300

or

1030-505 Burrard Street

Vancouver, BC V7X 1M5

Phone: (604) 638-6950

Fax: (604) 638-6955

In BC Toll Free: 1-800-529-7323

<http://www.edc.ca>

### **Agri-Food Trade Service**

420-4321 Still Creek Dr

Burnaby, BC V5C 6S7

Phone: (604) 666-6344

Fax: (604) 666-7235

Email: [atsbc@agr.gc.ca](mailto:atsbc@agr.gc.ca)

<http://www.agr.gc.ca>

### **Business Development Bank of Canada**

1 - 505 Burrard Street, P.O. Box 6

Vancouver, BC V7X 1V3

Phone: (604) 666-7850

Fax: (604) 666-7859

Toll Free : 1-888-463-6232

<http://www.bdc.ca>

### **Canadian Food Inspection Agency**

Market and Industry Services Branch

4321 Still Creek Dr., Suite 400

Burnaby, BC V5C 6S7

Phone: (604) 666-6513

Fax: (604) 666-1261

<http://www.inspection.gc.ca>

### **Industry Canada**

International Trade Centre

Suite 2000-300 West Georgia Street

Vancouver, BC V6B 6E1

Phone: (604) 666-5000

Fax: (604) 666-0954  
<http://www.ic.gc.ca>

**Ministry of Economic Development**  
Marketing, Investment and Trade Division  
730-999 Canada Place  
Vancouver, BC V6C 3E1  
Phone: (604) 844-1900  
Fax: (604) 660-2457  
<http://www.gov.bc.ca/ecdev>

**Canada/B.C. Agri-Food Marketing Centre**  
Library Square  
Suite 2000-300 West Georgia Street  
Vancouver, BC V6B 6E1  
Phone: (604) 666-5259  
Fax: (604) 666-3977  
[http://www.agr.gc.ca/proqser/index\\_e.phtml](http://www.agr.gc.ca/proqser/index_e.phtml)

## Packaging and Labeling Information

### **Packaging Association of Canada**

Suite E330, 2255 Sheppard Avenue East  
Toronto, ON M2J 4Y1  
Phone: (416) 490-7860  
Fax: (416) 490-7844  
Email: [info@pac.ca](mailto:info@pac.ca)  
<http://www.pac.ca>

### Requirements

### **Canadian Food Inspection Agency**

Consumer Products  
4321 Still Creek Dr., Suite 400  
Burnaby, BC V5C 6S7  
Phone: (604) 666-6513  
Fax: (604) 666-1261  
<http://www.inspection.gc.ca>

### Universal Product Codes

For labels in Canada:

#### **GS1 Canada**

885 Don Mills Road, Suite 301  
Don Mills, ON M3C 1V9  
Phone: (416) 510-8039  
Toll free phone: 1-800-567-7084  
Fax: (416) 510-8043  
<http://www.gs1canada.org>

For labels in the US:

#### **GS1 US**

Suite 300, 7887 Washington Village Drive  
Dayton, Ohio 45459-8605 USA  
Phone: (937) 435 3870  
Fax: (937) 435-7317  
Email: [gs1-us@uc-council.org](mailto:gs1-us@uc-council.org)  
<http://www.gs1us.org>

*A Guide to Food Labeling and Advertising*

### **Canadian Food Inspection Agency**

Corporate Communications  
Public and Regulatory Affairs  
59 Camelot Drive  
Nepean, ON K1A 0Y9  
Phone: (613) 225-2342  
Fax: (613) 228-6653  
Toll free: 1-800-442-2342

The Canadian Food Inspection Agency food labelling and advertising document is also available online at:

<http://www.inspection.gc.ca/english/fssa/labeti/guide/toce.shtml>

**U.S. Guidelines**

Superintendent of Documents

P.O. Box 371954

Pittsburgh, PA 15250-7954

Toll Free: 1-866-512-1800

Fax: (202) 512-2250

GPO Access Online Bookstore database at: <http://bookstore.gpo.gov/>

**U.S. Government Bookstore**

732 North Capitol St. NW

Washington, DC 20401

Phone: (202) 512-0000

Phone (206) 553-4270

Fax (206) 553-6717

<http://www.access.gpo.gov>

## Lab Testing for Nutritional Content Claims and Listings

### **Food Development Centre**

810 Phillips Street  
PO Box 1240  
Portage la Prairie, MB R1N 3J9  
Phone: (204) 239-3150  
Fax: (204) 239-3180  
Toll Free: 1-800-870-1044  
[http://www.gov.mb.ca/agriculture/  
fdc](http://www.gov.mb.ca/agriculture/fdc)

### **British Columbia Institute of Technology**

3700 Willingdon Avenue  
Burnaby, BC V5G 3H2  
Phone: (604) 432-8269  
Fax: (604) 434-  
8561 <http://www.bcit.ca>

### **JR Laboratories Inc.**

3871 North Fraser Way  
Burnaby, BC V5J 5G6  
Phone: (604) 432-9311  
Fax: (604) 432-7768  
<http://www.jrlabs.ca>

### **Food Industry Service**

6640 N.W. Marine Drive  
Vancouver, BC V6T 1Z4  
Phone: (604) 822-4100  
Fax: (604) 822-3959  
<http://www.agsci.ubc.ca>

### **Cantest**

4606 Canada Way  
Burnaby, BC V5G 1K5  
Phone: (604) 734-7276  
Fax: (604) 731-2386  
Email: [cantest@cantest.com](mailto:cantest@cantest.com)  
<http://www.cantest.com>

### **Norwest Labs**

104-19575 55A Avenue  
Surrey, BC V3S 8P8  
Phone: (604) 514-3322  
Toll Free: 1-800-889-1433  
Fax: (604) 514-3323  
<http://www.norwestlabs.com>

### **SGS Canada Inc.**

General Testing Laboratories  
50-655 West Kent Ave. North  
Vancouver, BC V6P 6T7  
Phone: (604) 324-1166  
Toll Free: 1-877-728-1188  
Fax: (604) 324-1177  
<http://www.ca.sgs.com>

Please note that there are many laboratories that do analytical testing in British Columbia. Consult the yellow pages of your telephone book under Laboratories - Analytical. (The labs at BCIT and UBC only do lab analyses as part of ongoing research and development work.)

For a more extensive list of laboratories and research facilities, please visit the **BC Food Processor's Association** website at: [http://www.bcfpa.ca/services/services\\_intro.htm](http://www.bcfpa.ca/services/services_intro.htm)

## Legal Forms of Businesses

### **British Columbia Securities Commission**

701 West Georgia Street  
P.O. Box 10142, Pacific Centre  
Vancouver, B.C. V7Y 1L2  
Phone: (604) 899-6500  
Toll free: 1-800-373-6393  
Fax: (604) 899-6506  
Email: [inquiries@bcsc.bc.ca](mailto:inquiries@bcsc.bc.ca)  
<http://www.bcsc.bc.ca/>

### **Corporate and Personal Property Registries Ministry of Finance**

2nd Floor - 940 Blanshard Street  
Victoria, BC V8W 9V3  
Phone: (250) 387-7848  
Fax: (250) 356-1428  
Phone: (604) 775-1041 (Vancouver)  
<http://www.fin.gov.bc.ca/registries>

Mailing address:  
PO Box 9431 Stn Prov Govt  
Victoria, B.C. V8W 9V3

### **Ministry of Community Services**

PO Box 9490,  
Stn Prov Govt  
Victoria, BC V8W 9N7  
Phone: (250) 387-2191  
Fax: (250) 387-2935  
<http://www.gov.bc.ca/mcaws>

Location: Suite 229  
221 Market Square  
560 Johnson Street  
Victoria, BC V8W 9R1

### **The Canadian Co-operative Association (CCA)**

400-275 Bank Street  
Ottawa, ON K2P 2L6  
Phone: (613) 238-6711  
Toll Free: 1-866-266-7677  
Fax: (613) 567-0658  
Email: [info@CoopsCanada.coop](mailto:info@CoopsCanada.coop)  
<http://www.coopscanada.coop/>

or

### **BC Region**

212-1737 West 3<sup>rd</sup> Ave.  
Vancouver, BC V6B 1T4  
Phone: (604) 662-3906  
Fax: (604) 662-3968

### **Federation of Worker Co-ops of British Columbia**

S44, C39, R.R. #2  
Galiano Island, BC V0N 1P0  
Phone #1: (604) 251-6710  
Phone #2: (250) 539-9860  
Fax: (250) 539-9861  
<http://www.canadianworker.coop/>

### **Small Business BC**

601 West Cordova Street  
Vancouver, British Columbia,  
Canada V6B 1G1  
Phone: 604-775-5525  
Toll Free in BC: 1-800-667-2272  
TTY (Teletypewriter): 711  
(Long distance charges accepted)  
Fax: 604-775-5520  
Email:  
[askus@smallbusinessbc.ca](mailto:askus@smallbusinessbc.ca)  
<http://www.smallbusinessbc.ca>

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## Product Development Facilities

### **Agriculture and Agri-Food Canada**

The Lacombe Research Centre  
6000 C&E Trail  
Lacombe, AB T4L 1W1  
Phone: (403) 782-8100  
Fax: (403) 782-6120  
<http://res2.agr.ca/lacombe/>

### **Agriculture and Agri-Food Canada**

Morden Research Centre  
Unit 100-101, Route 100  
Morden, MB R6M 1Y5  
Phone: (204) 822-4471  
Fax: (204) 822-822-7207

### **Agriculture and Agri-Food Canada**

Pacific Agri-Food Research Centre  
4200 Highway 97  
Summerland, BC V0H 1Z0  
Phone: (250) 494-7711  
Fax: (250) 494-0755  
E-mail: [parc@agr.gc.ca](mailto:parc@agr.gc.ca)  
[http://res2.agr.ca/parc-crapac/summerland/index\\_e.htm](http://res2.agr.ca/parc-crapac/summerland/index_e.htm)

### **Alberta Agriculture**

Food Processing Development  
Centre  
6309-45<sup>th</sup> Street  
Leduc, AB T9E 7C5  
Phone: (780) 986-4793  
Fax: (780) 986-5138  
<http://www.agric.gov.ab.ca>

### **British Columbia Institute of Technology (BCIT)**

Food Technology Program  
3700 Willingdon Avenue  
Burnaby, BC V5G 3H2  
Phone: (604) 432-8269  
Fax: (604) 432-8561  
<http://www.foodtech.bcit.ca>

### **Food Development Centre**

810 Phillips Street, PO Box 1240  
Portage la Prairie, MB R1N 3J9  
Phone: (204) 239-3150  
Fax: (204) 239-3180  
Toll Free: 1-800-870-1044  
<http://www.gov.mb.ca/agriculture/fdc>

### **National Research Council of Canada**

Industrial Research Assistance  
Program (IRAP)  
3250 East Mall  
Vancouver, BC V6T 1W5  
Phone: (604) 221-3100  
Fax: (604) 221-3101  
<http://www.nrc.gc.ca/irap>

### **National Research Council of Canada** (contact for all regions)

Plant Biotechnology Institute (PBI)  
110 Gymnasium Place  
Saskatoon, SK S7N 0W9  
Phone: (306) 975-5571  
Fax: (306) 975-4839  
<http://www.pbi.nrc.ca>

### **Food Industry Service**

University of BC  
6640 N.W. Marine Drive  
Vancouver, BC V6T 1Z4  
Phone: (604) 822-4100  
Fax: (604) 822-3959  
<http://www.fis.agsci.ubc.ca/>

## Product Returns and Product Recalls

### **Canadian Food Inspection Agency (CFIA)**

In the event of an Emergency, Phone (604) 775-6085, 24 hours a day.

BC Mainland / Interior  
4321 Still Creek Dr., Suite 400  
Burnaby, BC V5C 6S7  
Tel: (604) 666-6513  
Fax: (604) 666-1261  
<http://www.inspection.gc.ca>

### **Health Canada**

British Columbia/Yukon  
Suite 405, Winch Building  
757 West Hastings Street  
Vancouver, BC  
V6C 1A1  
Tel: (604) 666-2083  
Fax: (604) 666-2258

Or contact your local health unit at 1-800-665-4347 immediately.

*Emergency (Health Hazard), Product Recall Procedure Guidelines*

### **Food and Consumer Products of Canada**

885 Don Mills Road, Suite 301  
Don Mills, ON M3C 1N8  
Phone: (416) 510-8024  
Fax: (416) 510-8043  
Email: [info@fcpc.ca](mailto:info@fcpc.ca)  
Order online at: <http://www.fcpc.ca/about/publications/>

This manual costs \$275.00 per copy

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 Programs and Services Available to Food Processors
**Canadian Food Inspection****Agency****BC Coastal Region**

Market and Industry Services

Branch

400-4321 Still Creek Drive

Burnaby, BC V5C 6S7

Phone: (604) 666-6513

Fax: (604) 666-1261

<http://www.inspection.gc.ca>**Canadian Agriculture and Food  
International Program Food  
Bureau - Agriculture and Agri-  
Food Canada**

Sir John Carling Building

5th Floor, 930 Carling Avenue

Ottawa, Ont. K1A 0C5

Phone: (613) 759-7543

Fax: (613) 759-7478

Email: [stead@em.agr.ca](mailto:stead@em.agr.ca)<http://www.agr.ca/>**British Columbia Institute of  
Technology (BCIT)**

Food Technology Program

3700 Willingdon Ave.

Burnaby, BC V5G 3H2

Phone: (604) 432-8561

<http://www.foodtech.bcit.ca>**Business Development Bank of  
Canada (BDC)**

BDC Tower, Main Floor

1- 505 Burrard Street,

Vancouver, BC V7X 1V3

Phone: (604) 666-7850

Fax: (604) 666-7859

Toll Free: 1-877-232-2269

(This contact serves all regions.)

<http://www.bdc.ca/>**Western Economic****Diversification Canada (WD)**

Phone: (604) 666-6256

Fax: (604) 666-2353

Toll free (BC): 1-888-338-9378

<http://www.wd.gc.ca>**British Columbia Ministry of  
Agriculture and Lands**

PO Box 9120, Stn Prov Govt

Victoria, BC V8W 9B4

Location: 808 Douglas Street

Victoria, BC V8W 2Z7

Phone: (250) 356-5815

Fax: (250) 356-2949

<http://www.al.gov.bc.ca>

Mailing Address:

**The Industrial Research  
Assistance Program (IRAP)**

National Research Council

3250 East Mall

Vancouver, BC V6T 1W5

Phone: (604) 221-3100

Fax: (604) 211-3101

Toll Free: 1-877-994-4727

<http://www.nrc.gc.ca/irap>**Industry Canada****Regional Office**

Library Square

Suite 2000, 300 West Georgia

Vancouver, BC V6B 6E1

Phone: (604) 666-5000

Fax: (604) 666-8330

<http://www.strategis.gc.ca>**Aboriginal Business Canada**

Industry Canada

21st Fl., 300 West Georgia St.

Vancouver, BC V6B 6E2

Phone: (604) 666-3871

Fax: (604) 666-0238

Email: [abcvan@ic.gc.ca](mailto:abcvan@ic.gc.ca)<http://www.abc.ic.gc.ca>

**Small Business BC**

601 West Cordova Street  
Vancouver, BC V6B 1G1  
Inquiries: (604) 775-5525  
Fax: (604) 775-5520  
Toll Free: 1-800-667-2272  
<http://www.smallbusinessbc.ca>

**Aboriginal Business Services  
Network**

880-355 Burrard Street  
Vancouver, BC V6C 2G8  
Phone: (604) 685-2330  
Cel: (604) 828-8816  
Fax: (604) 828-6575  
email: [absn@firstbusiness.ca](mailto:absn@firstbusiness.ca)  
<http://www.firstbusiness.ca>

**Ministry of Economic  
Development**

Marketing, Investment and Trade  
Division  
730-999 Canada Place  
Vancouver, BC V6C 3E1  
Phone: (604) 844-1900  
Fax: (604) 660-2457  
<http://www.gov.bc.ca/ecdev>

**Environmental Assessment  
Office**

Location:  
2nd Floor, 836 Yates Street  
PO Box 9426, Stn Prov Govt  
Victoria, BC V8W 9V1  
Phone: (250) 356-7479  
Fax: (250) 356-7440  
<http://www.eao.gov.bc.ca>  
Mailing Address:

**Office of the Queen's Printer**

2<sup>nd</sup> Flr, 563 Superior Street  
Victoria, BC V8W 9V7  
Phone: (250) 387-3309  
Fax: (250) 387-0388  
Mailing Address:  
PO Box 9452, Stn Prov Govt  
Victoria, BC V8W 9V7  
<http://www.qp.gov.bc.ca/>

**Food Processors of Canada**

350 Sparks Street  
Ottawa, ON K1R 7S8  
Phone: (613) 722-1000  
Fax: (613) 722-1404  
Email: [fpc@foodprocessors.ca](mailto:fpc@foodprocessors.ca)  
<http://www.foodprocessors.ca>

## Quality & Standards

### **Canadian Food Inspection Agency**

400-4321 Still Creek Drive  
Burnaby, BC V5C 6S7  
Phone: (604) 666-6513  
Fax: (604) 666-1261

<http://www.inspection.gc.ca>

In case of emergency or hazard, call (604) 775-6085, 24 hours a day from anywhere in British Columbia.

During the day call: (604) 666-3350

### **Food Industry Service**

6640 N.W. Marine Drive  
Vancouver, BC V6T 1Z4  
Phone: (604) 822-4100  
Fax: (604) 822-3959

<http://www.fis.agsci.ubc.ca/>

### **Standards Council of Canada**

270 Albert Street, Suite 200  
Ottawa, ON K1P 6N7  
Phone: (613) 238-3222  
Fax: (613) 569-7808

<http://www.scc.ca/>

### **Industry Canada**

2000-300 West Georgia  
Vancouver, BC V1B 6E1  
Phone: (604) 666-5000  
Fax: (604) 666-8330

<http://www.strategis.gc.ca>

### **Certified Organic Associations of British Columbia (COABC)**

3402 32nd Ave  
Vernon BC V1T 2N1  
Phone: (250) 260-4429  
Fax: (250) 260-4436  
Email: [office@certifiedorganic.bc.ca](mailto:office@certifiedorganic.bc.ca)

<http://www.certifiedorganic.bc.ca>

The web site lists the addresses of other member certifying agencies or you can contact them through the COABC office listed above.

## Raw Material Sourcing

### **Canadian Company Capabilities Directory**

#### **Industry Canada - Strategis**

Telephone: (613) 954-5031

Toll Free: 1-800-328-6189 (Canada)

Toll Free Hearing Impaired only TTY: 1-866-694-8389

Email: [strategis@ic.gc.ca](mailto:strategis@ic.gc.ca)

<http://strategis.gc.ca/> (Click "Company Directories")

## Regulations Governing the Food Industry

### **British Columbia Ministry of Health**

Contact Your Local Health Unit

Health Info. Line: 1-800-465-4911

<http://www.hlth.gov.bc.ca>

Food Protection Programs

BC Centre for Disease Control

655-12<sup>th</sup> Ave W

Vancouver, BC V5Z 4R4

Phone: (604) 660-5357

Fax: (604) 660-6628

<http://www.bccdc.org/division.php?item=7>

### **British Columbia Farm Industry Review Board (FIRB)**

3rd Floor, 1007 Fort Street

Victoria BC V8V 3K5

PO Box 9129 Stn Prov Govt

Victoria BC V8W 9B5

Phone: (250) 356-8945

Fax: (250) 356-5131

Email: [firb@gov.bc.ca](mailto:firb@gov.bc.ca)

<http://www.firb.gov.bc.ca/>

### **Canadian Food Inspection Agency**

Suite 400, 4321 Still Creek Dr.

Burnaby, BC V5C 6S7

Phone: (604) 666-6513

Fax: (604) 666-1261

<http://www.inspection.gc.ca>

### **Vancouver and Lower Mainland**

(Unregistered food processors, allergies, food recalls, food safety investigations)

3155 Willingdon Green

Burnaby, BC V5G 4P2

Phone: (604) 666-3350

Fax: (604) 666-3149

<http://www.inspection.gc.ca>

### **US Food and Drug Administration (FDA)**

#### **Office of Policy and Regulations**

5600 Fishers Lane

Rockville, MD 20857

Phone: (301) 827-3360

Fax: (301) 594-6777

<http://www.fda.gov/oc/op/>

### **Low Acid and Acidified Foods Coordinator**

200 C Street South West

Washington, DC 20204

Email: [lacf@cfsan.fda.gov](mailto:lacf@cfsan.fda.gov)

<http://www.cfsan.fda.gov/>

### **U.S. Department of Agriculture**

Policy Division

Room 2137, South Building

1400 Independence Avenue SW

Washington, DC 20250-3700

Phone: (202) 720-6400

Fax: (202) 720-7990

<http://www.usda.gov>

### **Industry Canada**

Measurement Canada (Weights & Measures)  
3625 Lougheed Highway  
Vancouver, BC V5M 2A6  
Phone: (604) 666-3834  
Fax: (604) 666-0839  
<http://www.mc.ic.gc.ca>

## Researching the Industry

### **Government Publications**

#### **Agriculture and Agri-Food Canada**

Sir John Carling Building  
930 Carling Avenue  
Ottawa, ON K1A 0C5  
Phone: (613) 759-1000  
Fax: (613) 759-6726  
<http://www.agr.gc.ca>

#### **Agriculture and Agri-Food Canada Online Electronic Information Service (ACEIS)**

Departmental Data Bank  
Help desk: 1-800-410-7104  
Fax: (613) 759-7977  
<http://www.agr.gc.ca>

#### **Statistics Canada Publications**

Advisory Services  
600-300 West Georgia St  
Vancouver, BC V6B 6C7  
Phone: (604) 666-3691  
Fax: (604) 666-4863  
Toll Free: 1-800-263-1136  
Email: [infostats@statcan.ca](mailto:infostats@statcan.ca)  
<http://www.statcan.ca>

#### **University of British Columbia**

Library  
1958 Main Mall  
Vancouver, BC V6T 1Z2  
Phone: (604) 822-2725  
Fax: (604) 822-9122  
<http://www.library.ubc.ca/govpubs>

#### **British Columbia Institute of Technology**

3700 Willingdon Avenue  
Burnaby, BC V5G 3H2  
Phone: (604) 432-8269  
Fax: (604) 434-8561  
<http://www.bcit.ca>

#### **Greater Victoria Public Library**

735 Broughton Street  
Victoria, BC V8W 3H2  
Phone: (250) 382-7241  
Fax: (250) 382-7125  
<http://www.gvpl.ca>

#### **Vancouver Public Library**

Library Square  
350 West Georgia Street  
Vancouver, BC V6B 6B1  
Phone: (604) 331-3603  
Info Action: (604) 331-3613  
Fax: (604) 331-3800  
<http://www.vpl.ca>

## Sources of Trade Journals, Industry Profiles, Customer Databases, Regulatory Guidelines, and Market Studies

### **Statistics Canada**

Advisory Services  
Suite 600, 300 West Georgia Street  
Vancouver, BC V6B 6C7  
Phone: (604) 666-3691  
Fax: (604) 666-4863 or 1-877-287-4369  
Toll free: 1-800-263-1136  
Email: [infostats@statcan.ca](mailto:infostats@statcan.ca)  
<http://www.statcan.ca>

### **Food Processors of Canada**

350 Sparks Street Ottawa, ON K1R  
7S8 Phone: (613) 722-1000  
Fax: (613) 722-1404  
Email: [fpc@foodprocessors.ca](mailto:fpc@foodprocessors.ca)  
<http://www.foodprocessors.ca>

### **Small Business BC**

601 West Cordova Street  
Vancouver, BC V6B 1G1  
Inquiry: (604) 775-5525  
Fax: (604) 775-5520  
Toll Free: 1-800-667-2272  
<http://www.smallbusinessbc.ca>

### **BC Ministry of Agriculture and Lands (MAL)**

Location: 808 Douglas Street  
PO Box 9120, Stn Prov Govt  
Victoria, BC V8W 9B4  
Fax: (250) 356-2949  
<http://www.al.gov.bc.ca>

### **BC Purchasing Commission**

Ministry of Labour and Citizen's  
Services 102-3350 Douglas Street  
PO Box 9476, Stn Prov Govt  
Victoria, BC V8W 9W6  
Phone: (250) 387-7300  
Fax: (250) 387-7309 Email:  
[PCADMIN@gems2.gov.bc.ca](mailto:PCADMIN@gems2.gov.bc.ca)  
<http://www.pc.gov.bc.ca/>

### **Canada/B.C. Agri-Food Marketing Centre**

Suite 2000-300 West Georgia Street  
Vancouver, BC V6B 6E1  
Phone: (604) 666-5000  
Fax: (604) 666-3977  
[http://www.agr.ca/progser/index\\_e.phtml](http://www.agr.ca/progser/index_e.phtml)

### **Canadian Food Inspection Agency**

4321 Still Creek Dr., Suite 400  
Burnaby, BC V5C 6S7  
Tel: (604) 666-6513  
Fax: (604) 666-1261  
<http://www.inspection.gc.ca>

## Sources of Equity Financing

### **Ministry of Economic Development**

Marketing, Investment and Trade  
Division  
730-999 Canada Place  
Vancouver, BC V6C 3E1  
Phone: (604) 844-1900  
Fax: (604) 660-2457  
<http://www.gov.bc.ca/sbed>

### **Business Development Bank of Canada (BDC)**

505 Burrard Street, Main Floor  
Vancouver, BC V7X 1V3  
Phone: (604) 666-7850  
Phone Toll Free: 1-888-463-6232  
Fax: (604) 666-7859  
<http://www.bdc.ca/>

(Note: The BDC has regional offices throughout B.C. See Appendix A)

### **Aboriginal Capital Corporations Industry Canada**

Aboriginal Business Canada  
21st floor, 300 West Georgia Street  
Vancouver, BC V6B 6E2  
Phone: (604) 666-3871  
Fax: (604) 666-0238  
Email: abc-vancouver@ic.gc.ca  
<http://www.ic.gc.ca>

### **Western Economic Diversification Program (WD)**

700 - 333 Seymour Street  
Vancouver, BC V6B 5G9  
Phone: (604) 666-6256  
Toll Free: 1-888-338-9378  
Fax: (604) 666-2353  
<http://www.wd.gc.ca/>

### **Growth Works Capital**

2600-1055 West Georgia Street  
PO Box 11170  
Vancouver BC V6E 3R5  
Phone: (604) 633-1418  
Fax: (604) 633-7605  
Toll free: 1-800-268-8244  
Email: investment@growthworks.ca  
<http://www.growthworks.ca/>

## Sourcing Equipment for Manufacturing

For a more complete listing of companies supplying food processing equipment consult your local library. You will find directories like **Scott's Directories and Western Industrial Directory** with lists of companies and their contact information.

### **Abstract Alloy Manufacturing**

304-31127 Wheel Ave.  
Abbotsford, BC V2T 6H4  
Phone: (604) 852-2120  
Fax: (604) 852-2130  
Toll Free: 1 866 852-2120  
Email: abstract@telus.net

### **Advanced Equipment Inc.**

2411 Vauxhall Place  
Richmond, BC V6V 1Z5  
Phone: (604) 276-8989  
Fax: (604) 276-8962  
Email: info@advancedfreezer.com  
<http://www.advancedfreezer.com>

### **Canadian Process Equipment and Control News**

29-588 Edward Avenue  
Richmond Hill, ON L4C 9Y6  
Tel: (905) 770-8077  
Fax: (905) 770-8075  
Email: cpe@cpecn.com  
<http://www.cpecn.com>

### **Dennett Enterprises Ltd.**

6750 Cariboo Road  
Burnaby, BC V3N 4A4  
Phone: (604) 415-6400  
Fax: (604) 415-6440  
Email: info@dennettenterprises.com  
<http://www.dennettenterprises.com/>

### **Food Processing Magazine**

Suite 301, 555 w. Pierce Road  
Itasca, IL 60143 USA  
Phone: (630) 467-1300  
Fax: (630) 467-1179  
<http://www.foodprocessing.com>

### **Metropolitan Wire (Canada Ltd.)**

3160 Orlando Drive  
Mississauga, ON L4V 1R5  
Phone: (905) 676-9890  
Toll Free: 1-800-268-0355  
Fax: (905) 676-9262  
<http://www.metro.com>

### **Prepared Foods**

Business News Publishing .  
1050 IL. RT 83 Suite 200  
Bensenville, IL. 60106 USA  
Phone: 630-694-4345  
Fax: 630-227-0527  
<http://www.preparedfoods.com>

## Trade-marks and Patents

### **Canadian Intellectual Property Office**

Patent Office  
Place du Portage 1  
50 Victoria Street, Rm. C144  
Gatineau, Que., K1A 0C9  
Phone: (819) 997-1936  
Fax: (819) 997-7620

Trade Mark Office  
(Same address as above)  
Phone: (819) 997-1936  
Fax: (819) 953-7620  
Email: cipo.contact@ic.gc.ca  
<http://www.cipo.gc.ca>

### **Small Business BC**

601 West Cordova Street  
Vancouver BC V6B 1G1  
Phone: (604) 775-5525  
Fax: (604) 775-5520  
Toll Free: 1-800-667-2272  
<http://www.smallbusinessbc.ca>

### **PATEX – Patent Research and Consulting Service**

5230 Patrick St.  
Burnaby, BC V5J 3B3  
Phone: (604) 438-5935  
Fax: (604) 438-5945  
Email: ron@patex.ca  
<http://www.patex.ca>

### **Patent Act, Patent Rules Government Publishing Centre**

50 Victoria Ave.  
Hull, PQ K1A 0C9  
Phone: (819) 997-1936  
Fax: (819) 953-7620  
<http://laws.justice.gc.ca/en/P-4/>  
<http://www.cipo.gc.ca>

### **POS Pilot Plant**

118 Veterinary Road  
Saskatoon, SK S7N 2R4  
Phone: (306) 978-2800  
Fax: (306) 975-3766  
Toll free: 1-800-230-2751  
Email: pos@pos.ca  
<http://www.pos.ca>

### **University of British Columbia Library**

1956 Main Mall  
Vancouver, BC V6T 1Z1  
Phone: (604) 822-6375  
Fax: (604) 822-3893  
<http://www.library.ubc.ca>

### **Corporate and Personal Property Registries**

2nd Floor-940 Blanshard Street  
Victoria, BC V8W 3E6  
Phone: (250) 387-7848  
Fax: (250) 356-0206

Mailing address:  
PO Box 9431 Stn Prov Govt  
Victoria, BC V8W 9V3

Greater Vancouver  
Phone: (604) 775-1041  
Fax: (604) 775-1044

Toll Free: 1-800-663-7867 or contact  
your local government agent  
<http://www.fin.gov.bc.ca/registries/>

## Trade Shows

### **Small Business BC**

601 West Cordova St.  
Vancouver, BC V6B 1G1  
Phone: (604) 775-5525  
Toll Free: 1-800-667-2272  
Fax: (604) 775-5520  
<http://www.smallbusinessbc.ca>

### **Trade Shows World Wide**

The Gale Group  
27500 Drake Road  
Farmington Hills, Michigan  
48331-3535 USA  
Toll Free: 1-800-877-4253  
Fax: (248) 699-8069  
<http://www.galegroup.com/bizdev/>  
(International directory of events,  
facilities, and suppliers)

### **Trade BC**

Available online at:  
<http://www.bctradeevents.com>  
(website contains information on trade  
missions, fairs, export preparation,  
market intelligence and more)

### **Canada/B.C. Agri-Food Marketing Centre**

Suite 2000  
300 West Georgia Street  
Vancouver, BC V6B 6E1  
Phone: (604) 666-5259  
Fax: (604) 666-3977  
[http://www.agr.gc.ca/progser/index\\_e.ph](http://www.agr.gc.ca/progser/index_e.ph)  
[tml](http://www.agr.gc.ca/progser/index_e.ph)

### **Vancouver Public Library**

Library Square,  
350 West Georgia Street  
Vancouver, BC V6B 6B1  
Phone: (604) 331-3603  
Info action line: (604) 331-3613  
Fax: (604) 331-3603  
<http://www.vpl.ca>  
Trade Shows World Wide  
(International directory of events,  
facilities, and suppliers available through  
Vancouver Public Library.)

### **Ministry of Economic Development**

Marketing, Investment and Trade  
Division  
730-999 Canada Place  
Vancouver BC V6C 3E1  
Phone: (604) 844-1900  
Fax: (604) 660-2457  
Toll free: 1-800-972-2255  
<http://www.gov.bc.ca/ecdev>

## Work Place Safety

### **Canadian Centre for Occupational Health and Safety**

153 Hunter Street East  
Hamilton, ON L8N 1M5  
Phone: (905) 572-4400  
Fax: (905) 572-4500  
Toll Free: 1-800-263-8466  
Email: [inquiries@ccohs.ca](mailto:inquiries@ccohs.ca)  
<http://www.ccohs.ca>

### **Workers Compensation Board of British Columbia**

6951 Westminster Highway  
PO Box 5350, Stn Terminal  
Richmond, BC V6B 5L5  
Prevention Services  
Phone: (604) 276-3100  
Toll Free:  
1-888-621-7233  
<http://www.worksafebc.ca>