

How to survive the tests of time

[Brad Cherniak](#) Sep 12, 2011 – 9:07 AM ET

Many small business owners are wrestling with how they should run their businesses in these turbulent times. Sales are like acorns after a nuclear winter – not very easy to find, and a lot of other squirrels are looking for them. Everyone is being squeezed.

Do you change corporate strategy? Do you get more aggressive or more defensive? Do you hold your hand out to the government? Jean-Pierre Cayer, a battle-tested Canadian entrepreneur who founded his current venture 25 years ago and a governor of the Canadian Federation of Independent Business, offers his thoughts on this. (Full disclosure: I feel privileged to serve on his advisory board and learn from his experiences and insights.)

Cayer has operated through vicious economic cycles, massive swings in the Canadian dollar, brutal foreign competition and financial panics, as well as several acquisitions, while remaining continuously profitable since inception.

His company, First Base Group, which is a diversified manufacturer and seller of office products worldwide, has an enviable average annual sales growth of almost 7% for the past five years, and looks to continue growing this year.

Cayer, who got his MBA from the Université de Sherbrooke in 1973, has worked in banking and for several large companies. "In my early career, I learned the rules of being a good employee. My MBA program, which focused on entrepreneurship, taught me how to break the rules that were not relevant and to create new ones," he says. Cayer's first startup failed primarily, he says, because of naïveté and misplaced trust. "Failure hurts, and those harsh lessons helped shape the course of my second attempt in 1986, which was First Base. Since then I have had to reinvent the business and adapt to change. More importantly, understanding the impact of trends allowed me to create and exploit new service/product opportunities."

Cayer has always avoided creating "me too" products, preferring to bring new solutions to emerging needs. The best new product is the one the world did not know it needed until it found it, he says. His product

development efforts have focused on niche markets to shelter the company from much larger competitors. He says being an entrepreneur has not been a smooth ride but it has been challenging, exciting and rewarding.

To achieve sustainable success and a balanced life, Cayer has been guided by the following premises:

Know what your stakeholders value Invest time and money in initiatives that will push you further along the path of achieving loyalty beyond reason with all stakeholders, whether they are customers, employees, suppliers, lenders or family.

Manage your capital If this is not a prime skill, master it.

Anticipate your customers needs Reading trends, anticipating what customers might value, and creating new solutions are some of the most difficult things to do. "What made Wayne Gretzky a great hockey player is that he could visualize where the puck would be, rather than dealing with where it was," Cayer says.

Integrity Do not lie or cheat, and look for the same in the people you do business with.

Humility Type-A entrepreneurs need to keep their egos in their back pockets.

Show courage and determination As important as this is to lead a productive, happy life, managing risk in your business requires a laser focus, the ability to make difficult decisions and admit to and quickly fix bad ones.

Think like a farmer Plant seeds of ideas, let them germinate and let others take the credit.

Avoid commodity hell Undifferentiated products or services will take you down the river of shrinking margins toward irrelevance.

Be honest with yourself about your strengths and capabilities As Aristotle said, "Where your talent and the needs of the world intersect, there lies your calling." When measured against the skills and talents needed to drive your business forward, the gaps you need to fill will become obvious.

Be an avid reader No matter how well educated you are, know that it has only taught you how to learn. Much of what you have already learned is obsolete.

- Brad Cherniak is co-founder and partner at Sapient Capital Partners, a Toronto-based advisory firm to companies from early stage to \$50-million in revenues. His column appears monthly in the Financial Post. He can be reached at brad@sapientcap.com.