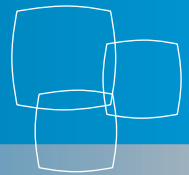


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An information bulletin for Community Future Development Corporations in Northern Ontario

November 2009 Volume 1, Number 01



Minister Clement announces the launch of the CF Stimulus Plan to Ontario CFDC delegates during the Community Futures National Event in Collingwood, Ontario last May.

FOR CFDC BOARD MEMBERS AND STAFF

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Message from the Minister

In May of this year, I released details of the Community Futures Stimulus Plan. The five-point plan contained key initiatives aimed at providing Ontario Community Futures Development Corporations (CFDCs) with greater flexibility to respond to the challenges brought about by the global economic downturn. CFDCs responded to the plan with great enthusiasm, as did their community partners and local small businesses.

I am pleased to report that the Stimulus Plan, along with the broad range of initiatives contained in Canada's Economic Action Plan, are already having a positive impact on our communities across Northern Ontario. Although still fragile, the economy is showing signs of a recovery. We must use this momentum and increase our efforts to ensure that

Northern communities and businesses take full advantage of the strengthening economy.

Your ability to encourage the development of small and medium-sized businesses and to partner with community stakeholders to promote local economic development priorities gives you an ideal vantage point to help guide our communities toward a brighter economic future.

Continue to work with your local business stakeholders to help protect jobs today and create long-term employment for tomorrow for your communities and for Canada.

Tony Clement
 Minister of Industry and Minister responsible for FedNor

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What is the Community Futures Stimulus Plan?

The CF Stimulus Plan provides specific measures aimed at helping CFDCs increase their investments in SMEs. The plan includes:

1 An increase in the lending limit of Ontario CFDCs to \$250,000 from \$150,000. This measure is in effect until March, 2011.

2 Support for incremental operational costs linked to increased lending activity. This temporary measure will

enable CFDCs to meet the additional workload using transfers from their Investment Fund.

3 Capitalization of Ontario CFDCs Investment Funds where feasible. FedNor is currently working with CFDCs to respond to capitalization needs on a priority basis.

4 Enhanced partnerships with the Business Development Bank of Canada (BDC), banks, and credit unions servicing

Northern areas. Efforts are under way to reinforce existing relationships and create new partnerships among Northern Ontario SME financing stakeholders.

5 Outreach activities to promote awareness of financing available through CFDCs. This measure will ensure that a greater number of SMEs and entrepreneurs are aware of the broad range of services and activities offered by CFDCs.

Summer Meeting Brings Together Northern Ontario SME Financing Experts

In July 2009, more than 50 representatives from Northern Ontario's 24 CFDCs, FedNor, the Northern Ontario Heritage Fund Corporation, the BDC and the Northern Credit Union met in Sault Ste. Marie to discuss financing options for SMEs and to look for new opportunities to improve access to capital. The meeting, organized by FedNor, was in response to the Government of Canada's Community Futures Stimulus Plan which calls for enhanced collaboration between SME financing stakeholders.

"The current global economic downturn has resulted in commercial financial institutions taking a much more cautious approach to SME financing," said Carmen DeMarco, FedNor Northeastern Ontario Manager. "This first meeting gave us a unique opportunity to share information, learn about our respective programs and services, and come up with ways to expand access to capital options for the small business sector."

SMEs are a vital part of the Northern Ontario economy. They account for just over half of the total number of businesses, as well as half of all new jobs created throughout the region. In a recent poll, small business owners and entrepreneurs in Northern



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de l'Ontario



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Ontario identified the difficulty in accessing capital as the most important barrier to success.

One of the key activities of the day-long meeting involved breakout sessions where participants discussed SME-related topics such as impediments to service delivery, solutions for improved partnerships, and information sharing and marketing tactics.

"Today's session has helped us understand how closely linked our various organizations are in their approach to supporting small businesses," added Mr. DeMarco. "I have no doubt that what we took away from this meeting will contribute to current and future efforts to better serve Northern Ontario SMEs."

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Q&A Session with the BDC's Laura Downs

Laura Downs is the Vice-President & District Manager of the Business Development Bank of Canada (BDC) for Northern Ontario. We asked Ms. Downs to answer a series of questions relating to the BDC's relationship with CFDCs and its approach towards the SME sector.

Q. *What are some of the key services offered by the BDC in support of the small business sector?*

A. With BDC's mission to help create and develop Canadian businesses with a focus on small and medium-sized businesses, our expertise centres around getting to know our clients and providing flexible solutions to finance working capital, equipment, real estate, and business transition financing. In order to maximize the value of our clients' businesses, we also provide consulting services to enhance operational efficiency, market development, business planning and management, human resources management and innovation, as well as Scientific Research and Experimental Development Tax Credit filing, to name a few. The BDC is different in that we will support projects that are higher risk than those of private financial institutions, particularly for higher risk sectors, and our offerings are tailored to each business.

Q. *Can you give us some examples of specific efforts being deployed by the BDC to help SMEs deal with the effects of the global economic downturn?*

A. In 2009, a new initiative known as the Business Credit Availability Program (BCAP) was established as a collective effort between the BDC, private sector lenders and economic development corporations to deploy five billion dollars of additional financing to the marketplace. This involves an enhanced relationship with financial institutions through partnering and other forms of credit support, mainly through grassroots networking, as well as the Operating Line of Credit Guarantee

Program. The OLCG is a solution available to financial institutions to share the risk and support Canadian businesses experiencing reduced access to working capital credit. The BDC can guarantee up to 80 percent of the incremental portion of a company's line of credit, whether to increase it or maintain it.

Q. *How does the BDC see its role in relation to CFDCs and commercial lenders?*

A. Our mandate at the BDC is to be a complementary lender to traditional financial institutions. Our goal is to fill the market gaps and ultimately maximize the financing alternatives at the disposal of Canadian entrepreneurs. It is also important to note that we do operate on a commercial basis, and need to be financially sustainable. A recent Economic Impact Study with Statistics Canada revealed that BDC clients who use BDC's financing and consulting services actually achieve higher revenue growth, have higher employment growth and survive longer than non-BDC clients.

Q. *How does the partnership between the BDC and CFDCs help Northern Ontario SMEs?*

A. The CFDC/BDC/SME partnership is a win/win/win for all involved. For the BDC, it extends our reach in rural Ontario where we do not have an extensive branch network. The BDC can also benefit from the CFDC expertise and knowledge within their local areas. The CFDCs benefit as the partnership provides their clients with additional access to capital. CFDCs do not have the capital base to be all things to all people, and by partnering with a larger institution, their clients can gain access to funds beyond the CFDCs' means. SMEs win because they have access to two organizations whose purpose is to assist in the growth and development of small and medium-sized businesses across Canada, which



Laura Downs relocated to Northern Ontario from Mississauga in May, 2009 and has been with the BDC, working in Quebec and Ontario for the past 10 years.

Ms Downs brings 33 years of commercial banking experience to her new role in Northern Ontario.

provides them with a wealth of support via direct lending, information, training and consulting.

Q. *How can the partnership be improved to the benefit of SMEs?*

A. For the partnership to be successful, the BDC and CFDCs in the North need to continue to get to know each other, and build on the existing relationships. The best way to do this is to arrange to visit each other's offices on a regular basis, and keep in contact via e-mail, telephone, etc. By doing this, we believe a deeper understanding and mutual respect for what each organization brings to the SME market will continue to develop. The partnership can also be improved by having more CFDCs signing the Partnership Agreement which allows both partners to be committed to the obligations within that agreement.

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Multiplying Fishbowls - It's no fish story



(L-R) Nickel Basin FDC's Mike O'Connor, stands with the proud owners of the Fishbowl Restaurants, Louise Cantin, Gilles Pepin and Lise Cantin, in front of their new Sudbury location.

Multiplying Fishbowls - It's no fish story

First established in Timmins in 1976 as a tiny fish and chip shop, the Fishbowl Restaurant has seen many expansions throughout the years, including the opening of a second location in Barrie in 2006.

As part of their longer-term ambition to

develop a franchised chain of Fishbowl Restaurants across Ontario and in other parts of Canada, the Cantin sisters, Louise and Lise, and new business partner Gilles Pepin, turned to the Nickel Basin Federal

Development Corporation (FDC) to acquire much needed capital to open a third location.

Nickel Basin FDC was able to assist with the entrepreneurs' expansion thanks

to FedNor's five-point CF Stimulus Plan. Using their new increased loan limit, the

"It has filled a financing gap that entrepreneurs too often encounter but seldom can overcome."

Corporation worked out a deal with the Fishbowl owners to support their new business venture in Sudbury.

"As part of our joint mandate with FedNor to promote the growth and retention of small businesses and employment in Greater Sudbury, we provided crucial assistance to this start-up by providing the balance of financing that the partners, and their traditional financial institutions, could not furnish," said Mike O'Connor, Executive Director, Nickel Basin FDC. "Sometimes, a little 'coup de pousse' can make wonderful things happen."

"We are thrilled with the support that Nickel Basin FDC has provided," added Louise Cantin, Co-Owner, Fishbowl Restaurant. "It has filled a financing gap that entrepreneurs too often encounter but seldom can overcome."

The Fishbowl Restaurants' newest location is expected to open its doors at 900 Lasalle Boulevard in Sudbury before the end of November 2009. The event marks an important milestone for the trio of Northern restaurateurs, as it brings them one step closer to developing the Fishbowl Restaurant brand into a major Canadian success story.

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This newsletter was developed specifically for you. If you have comments on this edition or suggestions for future articles, please forward your feedback to:

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