Finding the right funding formula for your business

By: Sandra Dupee, Policy Analyst, Greater Peterborough Chamber of Commerce

Every business fundraising story is as unique as the business itself. How do you know which funding is right for your business and when should you seek out various types of funding as your business grows? Last Tuesday, the Greater Peterborough Innovation Cluster (GPIC) and Peterborough Economic Development (PED) hosted an event that ran for small business Week (May 16). The event included a panel discussion on some of the funding options available to businesses. Speaking were Brenda Hogan of the Ontario Capital Growth Corporation (OCGC), Yvonne Luthehan of the Peterborough Region Angels Network (PRAN), Michelle Gracie of Community Futures Peterborough (CFDC), and Michael Gutierrez of the Business Development Bank of Canada (BDC).

Here's what they had to say:

What is your role in the funding landscape?

Ontario Capital Growth Corporation (OCGC)

Established out of provincial legislation in 2009, the principal business of the OCGC is to manage the first business angels network of the Government of Ontario in the Ontario Venture Capital Fund (OVCF) and the Northern Development Capital Fund (NDCF), and to manage and operate the Ontario Emerging Enterprise Fund (OEIEF). The group is looking for companies with exponential growth opportunities. They often require a seat on the board table. The OCGC venture capital specialty is emerging technologies, many venture capital groups have specialties so as a business you want to find a good fit.

Business Development Bank of Canada (BDC)

• A crown corporation that can help any commercial entity who has a need from startups to growing to growing to businesses that need a hand in forming around. Also offer business advisory programs.

Peterborough Region Angels Network (PRAN)

• Group of angel investors who meet regularly to invest in businesses in the life sciences and technology sector.

PRAN is part of an angel network that has provincial and national connections.

• They look to support early stage or start up companies.

• Willing to take high risks for high returns.

• Crowdfunding process is through OPG.

• Usually come into play after startup funding, family and friends, and existing business funding are exhausted.

• Usually invest a share in the company.

Community Futures Peterborough (CFDC)

• Offers loans to startups and expansion businesses.

• Loan committee meets twice a month to review applications

Government Grants / Loans

Angel Investors

Entrepreneur / Private Equity

What are the top three things you need to ensure a funding source will see from a business?

OCCG

1. How is the business and do they have skin in the game?

2. Goodwill- is the team from the business willing to learn and grow.

3. Can your business much larger markets?

BDC

1. Financial history, equity in the business and cash flow

2. What will be the result of the funding— e.g. increase in contracts of plans - is it a good fit.

3. Who are the people in the business? Are they a good team?

PRAN

1. Scalability of the company

2. Quality of the entrepreneur

3. Is it in an area of expertise technology and/or life sciences?

CFDC

1. Good credit history and cash flow

2. What is the time frame to receive investment funding?

3. Possible to see turnaround in 3-4 weeks

The loan committee meets twice a month

Presentation to the committee

Average loan is $50-70,000

BDC

1. Up to four weeks for $250,000+

2. Little bit longer for loans in the $50,000 - $250,000 range

3. Up to four weeks for $250,000 - $500,000

OCGC

1.苇- Angelines within the network often provide resources to make investments

2. BDC- Not available for loans $50,000 or less can be 48-72 hours

3. Up to 2 years for $250,000

4. OCGC

• Venture Capital very much relationship based.

• Select a member or venture capital fund that fits with your story.

• Reach out you like the money and not when you need the money.

The four speakers were also asked about success stories that they were able to share with the group. Michelle from the CFDC mentioned that in its 10 years Community Futures has helped over 700 businesses including RE Catering and Digital Bakeshop. Kendra Laing from OCGC mentioned a couple of companies that the group has invested in including Entomo Farms; Michael from BDC described how they helped a funeral home in Minden recover from a recent flood; and Brenda from OCGC spoke about how they invested in Ontario company that went on to open a branch in Europe, sell that company and start several other companies.

What else should you consider when looking for investors?

Who are the people in the business and do they have skin in the game?

Historical financials, equity in the business and cash flow

Technology and/or life sciences?

Presentation to the group is important

Angelines within the network often provide resources to make investments

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Member Milestones:

reaching new heights

Local women entrepreneur and named Chair of Canadian Manufacturers & Exporters

Congratulations to Brenda Barnet, VP Finance at Steelworks Design Inc., as was announced as the new Chair of the CME board of directors in Ottawa recently. “I am very pleased to be representing Peterborough at a national level. Peterborough has a great place to live and do business and this is a further proof that you can be located here and be involved in national and international networks,” said Barnet. More at steelworksdesign.com

Event Calendar

TUESDAY, November 1st, 2016 - 9:00am - 11:30am
Showcasing Arts & Entertainment Market Place Performing Arts Centre

WEDNESDAY, November 2nd, 2016 - 9:00am - 11:30am
Financial Literacy: How to Stay Out of Hot Water Kawartha Downs

TUESDAY, November 8th, 2016 - 10:00am - 1:00pm
Customer Validation Minimum Viable Product Building a Business Case Graphic provided by Greater Peterborough Innovation Cluster

STRENGTHENING BUSINESS

JOIN US ONE MEMBER AT A TIME.

They see the potential in all Fleming graduates

It doesn’t surprise me that, over the years, Nexicom has provided career opportunities for more than 50 Fleming graduates. After all, as a good corporate citizen who supports local events and organizations, Nexicom is also committed to community prosperity. And they don’t just hire from the obvious programs, like business administration and computer engineering, they’ve also recognized the potential in graduates from tourism, hospitality, and community & justice services programs.

In fact, they’ve hired graduates from more than 30 different programs!

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