

MINISTRY OF ECONOMIC DEVELOPMENT



Business Advisory Services



Partners in Growing your SME

BUSINESS ADVISORY SERVICES

Supporting High Performing Firms



- **Business Advisory Services** help high performing businesses that have tradeable goods or services to become more competitive and to grow both domestically and internationally.
- **26 business advisors in 12 regional offices in southern Ontario provide direct advisory services on and connections to:**
 - Exporting;
 - Leadership and growth management;
 - Marketing;
 - Energy conservation/lean manufacturing;
 - Financing;
 - Regulatory compliance; and
 - Networking/best practices, shows, event promotions, and recruitment.
 - Direct Contact to EDO's and Community

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Most Important Things Business Advisors do for SME'S?

- Single Point of Contact
- Access to services, programs and events of the Federal, Provincial and Municipal Governments
- Private Sector contacts for Productivity Improvement and Financing Resources
- Market Intelligence
- Export Assistance
- Support for Innovation and New Technology
- Help Companies to Increase Competitiveness and Grow Further

WINNING BUSINESS STRATEGIES

Supporting High Performing Firms



Business Advisory Services

- Cash is king
- Reduce operating costs through LEAN
- Play in defensible markets
- Embrace new technology – keep options open for expansion
- Purchase automation equipment to maintain low cost high quality/service provider standing
- Investigate new markets / products where vacancies have been created by the economic slump

WINNING BUSINESS STRATEGIES

Supporting High Performing Firms



Business Advisory Services

- Have appropriate level of staff
- Preserve equity
- Migrate to non-bank lenders if credit lines are being pressured: pay more in fees and interest rates but don't get into a position where bank's put you into receivership
- Eliminate high cost processes that don't meet hurdle rates
- Sell surplus equipment or eliminate losing lines
- Look for strategic partners – new markets may be attractive but usually not top of mind
- **Obtain as much government assistance as possible**



FINANCING OPTIONS

Look to EDC, BDC;

- Expanded products for working capital, project financing and export activities

Private Sector Lenders:

- Purchase Order Financing
- Accounts Receivable Financing-factors will provide more margin than Banks
- Inventory, Raw and Finished Goods-Asset based lenders higher margins
- Equipment and Other Assets: Formerly depreciated (many have hidden assets)
- Land and Buildings: Sale and Leaseback options are back

What all these kinds of debt have in common?

- Little to no reliance on balance sheet
- Is cash flow positive if goods are financed
- Transaction based business- worth the fees if survivability is at stake

SME SUPPORT INITIATIVES

Supporting High Performing Firms



Business Advisory Services

Select Government Program Review:

- Next Generation for Jobs Fund – Jobs & Investment Program (NGJF)
- Advanced Manufacturing Investment Strategy (AMIS)
- Export Market Access – A Global Expansion Program (EMA)
- FedDev Ontario



Next Generation for Jobs Fund (NGOJF): Jobs & Investment Program

- NGOJF is a \$1.15 billion program over five years to support job creation/retention in strategic areas of great potential for Ontario.
- The purpose of the fund is to support innovative investments in technology, research, development and commercialization across industries and attract new investments in strategic areas of Ontario's economy
- The Jobs & Investment Program will provide up to **15% of the total eligible costs** of a Project (including equipment and machinery, construction/leasehold improvements, one-time labour, material and overhead, R&D and training).
- Approved funding will be provided in the form of a conditional grant



NGOJF: Eligibility

- In order to be considered for funding, a Project must:
 - Provide economic and environmental benefits to the Province
 - Demonstrate innovation
 - Invest \$25M or create/retain 100 high value jobs within five years
 - Address one or more of the NGOJF “Jobs & Investment” Priority Investment Targets



NGOJF “Jobs & Investment” Priority Investment Targets

- Green auto research, parts production and assembly
- Clean fuels research, development and commercialization
- Environmental technologies, clean industries and bio-economy
- Advanced health technologies
- Digital media and information and communications technology
- Pharmaceutical research and manufacturing
- Financial services
- Anchor investments to support cluster development (including services sector)
- Strategic investments uniquely advantageous to Ontario



Advanced Manufacturing Investment Strategy (AMIS)

- The Advanced Manufacturing Investment Strategy (AMIS) is a \$500 million repayable loan program to encourage companies to invest in leading edge technologies and processes that will increase productivity and competitiveness.
- AMIS will provide up to 30% (previously 10%) of the total eligible costs of a Project – to a maximum of \$10 million – in the form of a repayable loan. Loans are interest free for five years provided the company meets agreed-upon job and investment targets.



AMIS - Program Objectives

- Increase the adoption of advanced manufacturing technologies and innovative practices in the province.
- Grow and retain highly skilled employment in a range of sectors.
- Leverage new investments in the province.
- Build on the strengths of the province's manufacturing sector.
- Allow Ontario manufacturers to better compete on a global scale

AMIS Program: Eligibility

- Manufacturing companies investing in leading edge technologies and processes to increase their productivity and competitiveness in Ontario are eligible
- Open to all sectors. Eligible Projects must create/retain either **50** or more jobs or have a minimum total project investment of **\$10 million over 5 years**. Eligible Projects must be situated at facilities within Ontario and undertaken by companies that operate or will operate, by virtue of the Project, in Ontario.



EXPORT MARKET ACCESS

A GLOBAL EXPANSION PROGRAM

An initiative of the Ontario Chamber of Commerce, with support and funding by the Government of Ontario.

Objectives:

To help SMEs

- Seek out, access and expand in new global markets, beyond and including the US
- Increase export sales of Ontario goods and services

Eligible Activities include, Direct Costs, Marketing Tools, Market Research and Foreign Bidding Projects

Criteria:

- Between 5 and 500 employees
- Minimum annual sales of \$500,000
- A registered company for at least 2 years
- Established and operating in Ontario
- Existing goods and services produced in Ontario
- Cannot be in receipt of public funds towards activities contained in the application other than from MEDT



Guidelines:

- Eligible costs are shared 50/50 between OCC and applicant
- Non repayable grant
- Maximum grant \$30,000
- Two approved applications per year



Federal Economic Development
Agency for Southern Ontario

Agence fédérale de développement
économique pour le Sud de l'Ontario

Qualify for SODP funds if located in Southern Ontario and meet one of the following criteria:

- **Is a commercial enterprise** (note that the focus of this program will be for small- and medium-sized enterprises (SMEs), defined as having up to 1,000 employees);
- ***(The focus of this program will be on existing businesses with a proven track record that are looking to expand, modernize, innovate, and/or improve their competitiveness.)***
- Business start-ups will not be supported.
- **Is an SMEs** group and/or association;
- **Is a non-profit organization** whose primary mission is business support or economic development;
- **Is an organization or institution** dedicated to the promotion and dissemination of knowledge and know-how, including **colleges, polytechnic institutes, universities and teaching institutions**;
- **Is an Aboriginal organization**;
- **Is a municipality**.



Funding Available

- Approximately \$100 million has been allocated to the SODP for 2009-10, including \$40 million for the first intake.
- Applications for funding in 2009-10 will be accepted from October 2, 2009, to December 1, 2009.
- FedDev Ontario favours projects that can be started quickly and completed by March 31, 2010.
- Multi-year projects may also be considered, if portions of the project costs can be incurred by March 31, 2010.
- Project participants must commit to measure and report on the results obtained through the implementation projects funded by FedDev Ontario.



Ineligible sectors

retail/wholesale;

- real estate;
- government services;
- accommodations and food services; and
- services of a personal or social nature

Eligible project categories and activities include:

- expanding capacity;
- improving technology or equipment;
- improving the productivity and competitiveness of your business;
- accessing new markets;
- innovation of products or services;
- commercialization of innovations; and
- improving community owned tourism facilities (e.g., conference centres, exhibition halls).



Priority will be given to organizations or enterprises located in communities in Southern Ontario with populations of 500,000 or less, as well as to communities whose economies are less diversified and/or are reliant on a limited number of employers.

Capital projects

Capital projects, up to 50% funding for eligible costs which include:

- The construction or acquisition of a building.
- Machinery and equipment needed for the project.
- Working capital requirements related to an expansion project.
- Site improvements such as land clearing and paving required for the project.
- Leasehold improvements required for the project.
- Leased equipment and expenditures under conditional sales contracts.
- Infrastructure (such as water and sewer) required for a specific business development initiative.
- Intangible assets such as patents, trademarks and licenses.
- Start-up costs such as insurance and interest capitalized during construction.



Non-capital projects, up to 75% funding available for eligible costs which include:

Marketing: Includes the development of a marketing plan, the hiring of marketing expertise, marketing activities, promotional materials, advertising, product demonstrations and participation at trade shows.

Training: Includes the development of a training plan, the hiring of training expertise, training materials, seminar fees, and wages during the time that employees received off-the-job training.

Productivity/Quality Improvement: Development of productivity or quality improvement plan, the hiring of expertise, and related activities such as obtaining a recognized quality certification such as ISO, and the cost of needed technical equipment.

Innovations: Includes costs related to researching and developing new or improved products, services and processes such as the labour costs of expertise, materials, special equipment, testing and patents.

Consultant Advice: Includes the cost of hiring a qualified consultant to prepare a business plan, feasibility study, investigate licensing opportunities, conduct a venture capital search, technology transfer search or provide advice to improve your business skills.

Contract bidding: Includes the cost of improving your competitive ability to bid on and acquire public and private sector contracts.

Business proposal development: Includes the cost of turning your idea into a viable business proposal, for example, the completion of feasibility study, prototype development, and gathering information on markets and raw material suppliers.



- Loans are offered to “eligible projects” with **no interest rate (0%)** repayment to **commence** by the third year.
- The repayment schedule is negotiable (i.e. monthly, bi-monthly)
- looking for **sound ROI** and **payback financial models** that demonstrate payback sooner than 3 years, if possible (i.e. 18 mos – 2 yrs). Must demonstrate Business Impact.
- Capital expenditures / leaseholds – maximum contribution by the government up to 50% of the project costs.
- **10-20%** from Working Capital or equity investor of the organization to contribute to the project. This **must be confirmed through objective evidence**. Financial data must be provided.
- The balance of the 50% must come from either equity or debt financing, and at the time of the application must be secured already. (i.e. terms of loan arrangement with bank, credit union, etc.)



The business proposal financing mix will be:

10-20% from the organization

40-30% from equity/debt financing already secured for the project

50% from SODP

Two major and critical components must be satisfied:

1. You must demonstrate “**Business Need.**” Explain how the \$\$ funding from the government is critical and in what aspects. Difficult to obtain financing elsewhere, etc.
2. You must demonstrate the “**Business Impact.**” This can translate into productivity, competitiveness, profitability, sales growth – exports, job retention/creation, economic benefits, regional benefits, etc.



PROGRAM WEBLINKS

- Next Generation for Jobs Fund – Jobs & Investment Program
http://www.ontario-canada.com/ontcan/en/nextgen_main_en.jsp
- Advanced Manufacturing Investment Strategy (AMIS)
http://www.ontariocanada.com/ontcan/en/progserv_amis_en.jsp
- Export Market Access – A Global Expansion Program
<http://exportaccess.ca/>
- SODP
<http://southernontario.gc.ca/eic/site/723.nsf/eng/00127.html>



OTHER PROGRAMS

More than 80+
Productivity, Finance, Market Development, cost saving,
Energy use Reduction, Green initiatives, Summer Jobs, First
Hire, etc.

First you need to contact your
Area Business Advisor

Many Advisors have 15+ years of private sector Senior Management / Ownership
Business Experience

Consultant, Advisor, Partner

Confidential

Specific to your growth plans

Services are

FREE

Supporting High Performing Firms



Business Advisory Services

Western Region : 519-873-4480

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Eastern Region: 613-241-3841

Website:

http://www.sbe.gov.on.ca/ontcan/sbe/en/st_busadvise_loc_en.jsp

http://www.sbe.gov.on.ca/ontcan/1med/en/progserv_bizserve_en.jsp



Business Advisory Services Offices



NOTE: MNDMF delivers field services for Northern Ontario



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