

## **Guidelines for Preparation of Business Proposals and Relocation and Investment Plans**

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Saskatchewan welcomes entrepreneurs wishing to take advantage of the many opportunities available to buy or establish a business in our province. In order to qualify under the Entrepreneur category of the SINP, applicants must submit a Business Proposal or a Relocation and Investment Plan for review by the SINP using the guidelines provided below.

Your Business Proposal or Relocation and Investment Plan should demonstrate that you have carefully considered your business intentions in relation to your experience, skills, financial resources and your plan's potential profitability. The Business Proposal or Relocation and Investment Plan is also required to determine the terms of the Performance Agreement you must sign with the SINP, and the conditions under which the deposit will be released.

All Entrepreneur category applicants will be obliged to establish a business in Saskatchewan following nomination, which will be outlined in a signed Performance Agreement that specifies the level of investment and specific industry as defined by the North American Industrial Classification System (NAICS) [www.naics.com](http://www.naics.com) code. In the event that the client does not establish their business, or an approved alternate business, the deposit will be forfeited to the province. To fulfill their Performance Agreement, all Entrepreneur category applicants must demonstrate that they have an active management role in the day-to-day operation of the business in Saskatchewan, and live in the province.

Business Proposals and Relocation and Investment Plans that involve investments in a Saskatchewan business where the applicant will not have a management or operating responsibility will be deemed passive investment schemes and disallowed. Examples of ineligible passive investments include loan companies, property rental companies and investment/leasing companies operated primarily for the purpose of deriving investment earnings, dividends or capital gains.

The SINP Entrepreneur Category is not intended for projects requesting multiple immigrant applicants. The SINP normally expects there will be one business applicant per business proposal. Business proposals with more than one applicant will only be considered in exceptional circumstances. All Entrepreneur category applicants must own at least 33.3 % of the business or have invested at least \$500,000 in their Saskatchewan business.

### **1. Guidelines for Business Proposals**

Guidelines for Business Proposals are tailored to the type and scope of the business opportunity you plan to undertake once you take up residence in Saskatchewan.

## NEW BUSINESSES (Start-up)

If you are contemplating establishing a new business, a more comprehensive business proposal is required that provides evidence of detailed planning and analysis. With a solid business proposal you can help put your new business on the road to financial success. It is in your interest to devote sufficient time to its preparation to reduce your risk and increase your confidence in the business. The complexity and length of a business proposal will vary with the nature of the business and the amount of capital invested. Standardized business proposal templates which ensure you address all information and planning requirements, including financial statements, are readily available from banks and management consulting firms and often available in downloadable form (see example below).\*

For proposals involving the establishment of a new business, the applicant should provide:

- What products or services will the company be offering, where is the business located, who will be the customers? Will the customers be local, regional, national, or global? How will the company market to these customers?
- Pro-forma financial statements (Income Statement, Balance Sheet, Cash Flow Statement) for two-year period following start-up to measure operating costs and potential profitability. See [http://strategis.ic.gc.ca/app/sbp/perfplus/profile/reportCriteria/capture.do;jsessionid=0000-XHgTEpWBA\\_2bqEXpokKrep:vihh19hp?language=eng](http://strategis.ic.gc.ca/app/sbp/perfplus/profile/reportCriteria/capture.do;jsessionid=0000-XHgTEpWBA_2bqEXpokKrep:vihh19hp?language=eng) for comparative industry measures\*\*
- Details of any licensing, permits and regulatory requirements.
- How many and what types of jobs do you expect to create, what is local labour supply.
- A brief analysis of the competitive environment for your business and your company's strengths and weaknesses in capturing market share.

\*Example Business Plan format is available from Business Development Bank of Canada: <http://www.bdc.ca>

\*\*A great deal of guidance can be found on Industry Canada's web site at: <http://strategis.ic.gc.ca> This site provides industry trends and key financial performance ratios for thousands of different businesses in Saskatchewan and Canada.

The applicant should also provide the source/basis for their own projections if the applicant's projections vary significantly from the ratios found on this web site and this should be explained in the notes.

## **PURCHASE OF AN EXISTING BUSINESS:**

For proposals involving the purchase of an existing business, the applicant should provide a description of the current scope of the business activity, and details regarding how the applicant will change the business (if at all).

The following supporting information should also be provided:

- A letter of intent between yourself and the existing owner defining the terms of sale, subject to applicant obtaining his/her immigration visa. Your personal net – worth statement should confirm availability of capital for the purchase.
- Financial Statements, supplemented by Income/Expense statements prepared for Revenue Canada, for the past 4 years or since the business commenced operations, if the business has been in operation for less time. These Financial Statements should demonstrate financial viability and include a Balance Sheet, Income Statement, and Statement of Changes to the Financial Position (Cash Flow).
- Explain if any temporary assistance is being provided by former owner that may bridge the transition to your ownership and management.
- Present employment levels and any anticipated changes.
- A 2-year financial forecast including Income Statement and Balance Sheet. Major changes to the business should be reflected in the forecast, and adequately explained.

## **PARTNERSHIPS/JOINT VENTURES**

- Provide a description of the current scope of the business and indicate the impact your equity investment will have on future operations, if any.
- Financial Statements, supplemented by Income/Expense statements prepared for Revenue Canada, for the past 4 years or since the business commenced operations, if the business has been in operation for less time. These Financial Statements should demonstrate financial viability and include a Balance Sheet, Income Statement, and Statement of Changes to the Financial Position, also termed Cash Flow statement.
- Provide a letter of intent between the existing owners and the applicant outlining the basic understanding between the two parties. This letter should not be binding and should be subject to a formal contract being entered into once the applicant has obtained their formal visa. The letter of intent should include information on:
  - anticipated level of investment
  - details of assets or shares to be purchased (percentage of ownership being acquired)
  - brief details of anticipated management responsibilities

## 2. Guidelines for Relocation and Investment Plans

As an alternative to a Business Proposal, applicants may submit a Relocation and Investment Plan indicating their general business intentions in Saskatchewan. The Plan must indicate the applicant's proposed level of investment, the industry in which the applicant plans to invest (as defined by the North American Industrial Classification System code [www.naic.com](http://www.naic.com) ), as well as details of the local professional and financial advisors (e.g. commercial lawyers, bankers, management accountants, realtors, or other appropriate professionals) that the applicant is likely to use upon landing. Applicants are not required to enter into agreement with advisors but must demonstrate that they have met and consulted on their proposed investment with advisors that they intend to employ when in Saskatchewan.

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