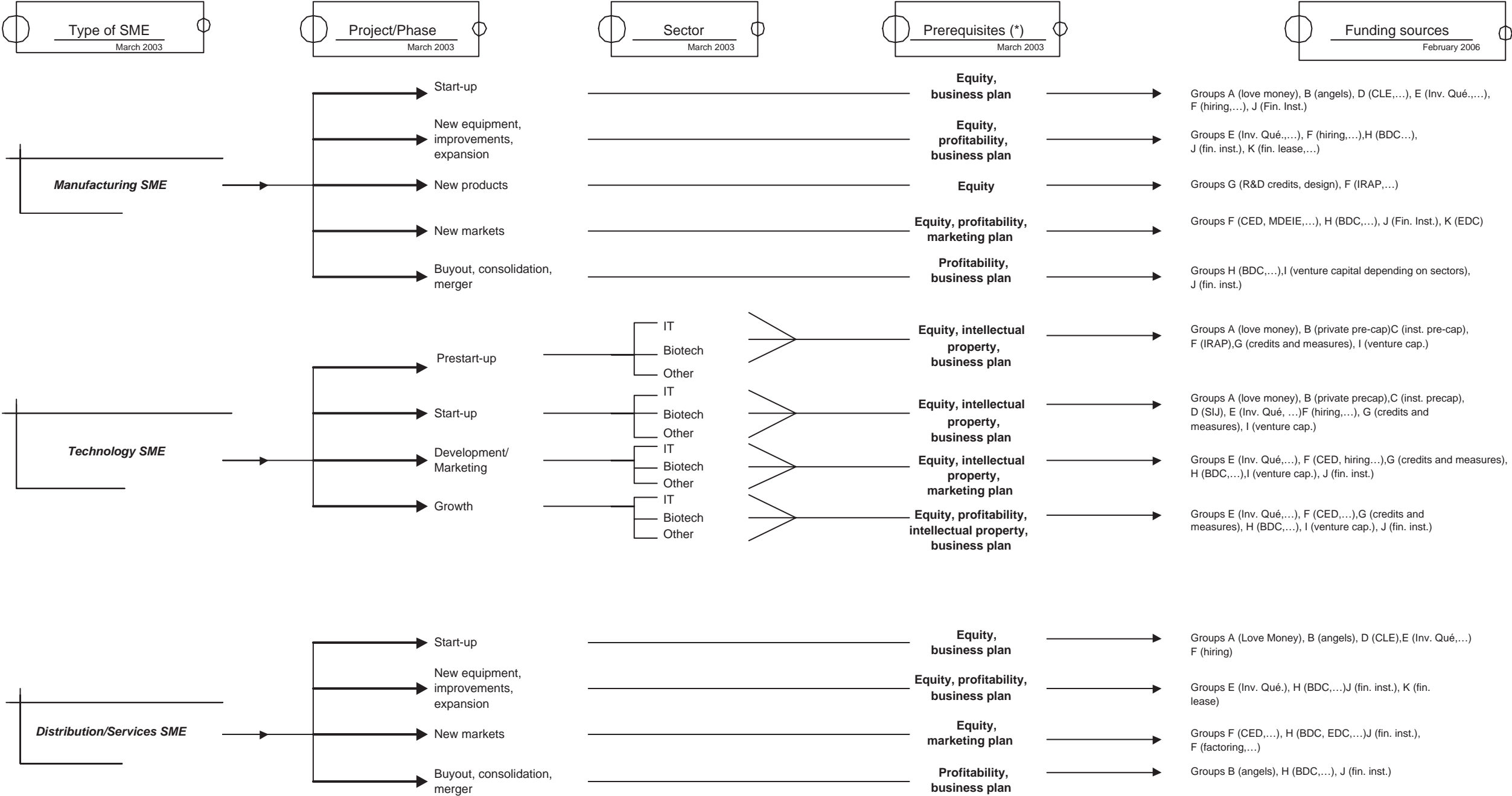


**SME Financing Chart**



(\*) more difficult to find funding without equity. Equity can mainly be obtained through Groups A, B and C.

**Cautionary note:** The Financing Chart is meant as a tool to direct entrepreneurs towards pertinent resources. Therefore, the resources indicated here do not represent all available resources.

## SME Financing Chart

### Definitions - Projects/Phases

**Prestart-up:** The project is not entirely defined and some R&D stages are still underway in order to finalize product(s). The enterprise doesn't yet have any customers and the business plan is not complete.

**Start-up:** The project is clearly defined or the prototype fully developed. The business has started to look for partners and/or to market its products. Its structure is being developed.

**Development/Marketing:** The enterprise has undertaken a structured marketing plan for its products on targeted markets.

**Growth:** The enterprise is registering an increase in sales and continues to improve its products in order to meet the needs of its clientele.

**New products:** The enterprise plans to develop new products.

**New markets:** The enterprise plans to develop new markets (geographic or segment of targeted clientele)

**New equipment, improvements, ...:** The enterprise plans to buy new equipment, expand or make improvements.

**Buyout, consolidation, merger:** The enterprise plans to purchase another business, to consolidate or merge with other businesses.

### Definitions - SME Types/Sectors

**Manufacturing:** Enterprises involved in the manufacture of value-added goods (e.g. food products, furniture, machinery...)

**Technology:** Enterprises with a strong focus on technology, i.e. in which technology plays a central role. R&D activities play an important role.

**IT or Information technologies:** Brings together equipment and services linked to information processing and transfer. Includes computer equipment and services, telecommunications equipment, electronic components and software.

**Biotechnologies:** Innovative enterprises having made recent progress in the field of biomolecular engineering, in areas such as human and animal health, agri-food biotechnology, forestry, environment, etc.

**Others:** Innovative enterprises involved in industrial technology and other new technologies (e.g. energy, ...).

**Distribution/Services:** Enterprises that distribute products and services or deliver services to businesses and individuals.

### Groups - Funding Sources

**Group A**  
(LOVE MONEY)  
**Form:** capital, loans, donations...  
**Source:** parents, friends, savings, RRSP, personal loans...  
**Amount required:** minimum 25% of entire project

**Group B**  
(ANGELS AND PRIVATE PRECAPITALIZATION)  
**Form:** loan, capital  
**Sources - angels:** Quebec Venture Capital Association, acquaintances...  
(general characteristic: involved in managing the enterprise)  
**Sources - private precapitalization:** private investors' groups networking with lawyers', accountants' and private fund managers' offices.  
**Amount:** depending on project

**Group C**  
(INSTITUTIONAL PRECAPITALIZATION)  
**Form:** capital, loans  
**Source:** CDPQ if SME has been incubated, BDC, Investissement Desjardins, CQVB, T2C2, RBC Venture, ...  
**Amount:** depending on project

**Group D**  
(FRONT-LINE GOVERNMENT PROGRAMS)  
**Form:** mostly loans, possibly quasi-equity  
**Source:** CLD, SADC, SOLIDEQ, SIJ, CRD, SDER, ...  
**Amount:** usually between \$5,000 and \$50,000; up to \$200,000 in some cases

**Group E**  
(SECOND-LINE GOVERNMENT PROGRAMS)  
**Form:** loan guarantees, loans  
**Source:** financial institutions (SBL, self-employed workers) Investissement Québec  
**Amount:** depending on program

**Group F**  
(SPECIFIC GOVERNMENT PROGRAMS)  
**Form:** repayable or non-repayable contributions, depending on programs  
**Sources - hiring programs:** Emploi Québec, MDEIE, CNRC-IRAP, ...  
**Sources - marketing programs:** CED, CNRC-IRAP (premarketing), MDEIE, ...  
**Sources - R&D programs:** CNRC-IRAP, Industry Canada/TPC, Centres spécialisés des collèges/PART, universities/NSERC, ...  
**Amount:** depending on program, usually cover 50% of expenses

**Group G**  
(REFUNDABLE TAX CREDITS AND TAX MEASURES (TAX HOLIDAY))  
R&D credits, design credits  
Sector credits (IT, multimedia...)  
Regional development and resources credits  
Credits tied to setting up in designated buildings (biotechnologies)  
**Amount:** % of expenses

**Group H**  
(BUSINESS BANKS)  
**Form:** mostly loans  
**Source:** BDC, Investissement Québec/La Financière agricole, EDC, ...  
**Amount:** average between \$500,000 and \$2 million

**Group I**  
(VENTURE CAPITAL)  
**Form:** capital, debentures...  
**Preferred clientele:** IT, biotechnologies/health and industrial technologies  
**Source:**  
regional funds such as FTQ, FID, ...  
institutional funds such as Innovatech, CDPQ, BDC, CSN, ...  
bank funds such as Edgestone/NBC, Bank of Montréal, Royal Bank, ...  
specialized funds (biotechnologies, IT, ...) such as Envirocapital, Logisoft, SGF-SOQUIA, ...  
private funds such as Technocap, GTI Capital, Novacap, ...  
foreign funds (specialized or general)  
**Amount:** based on project and estimated enterprise value

**Group J**  
(FINANCIAL INSTITUTIONS)  
**Form:** traditional loans, credit margins, tax credit financing, ...  
**Source:** NBC, Caisses populaires Desjardins, Royal Bank, ...

**Group K**  
(SPECIFIC FINANCE COMPANIES)  
**Form:** factoring, financial lease, ...  
**Source:** EDC (factoring), financial institution branches (factoring and financial lease) such as NatExport-Sodex/NBC, BMO, GE Capital, ...  
**Amount:** based on the value of goods being financed