WE BC

SUPPORTING
WOMEN ENTREPRENEURS
IN BC

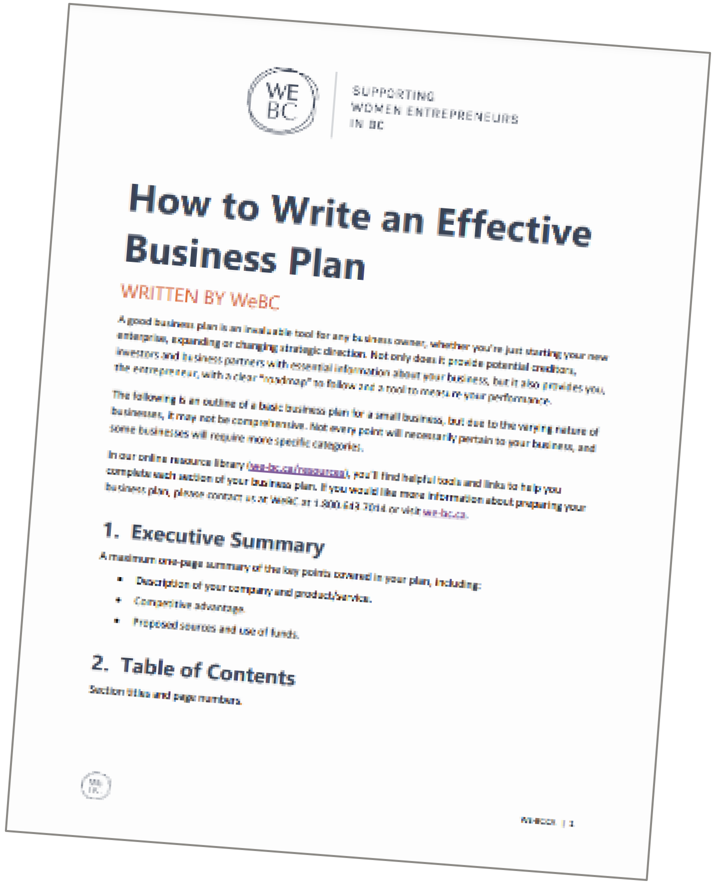
Business Loans Information Session

Welcome! The webinar will start at 12pm PST

Resources Will Be Sent to You

Business Loans Information Package

- Loan Application Checklist
- Business Lending Program Summary
- How to Write an Effective Business Plan Document
- WeBC Cash Flow Template
- Business Advisor Contact information



SUPPORTING WOMEN ENTREPRENEURS IN BC

How to Write an Effective Business Plan

WRITTEN BY WeBC

A good business plan is an invaluable tool for any business owner, whether you're just starting your new enterprise, expanding or changing strategic direction. Not only does it provide potential creditors, investors and business partners with essential information about your business, but it also provides you, the entrepreneur, with a clear "roadmap" to follow and a tool to measure your performance.

The following is an outline of a basic business plan for a small business, but due to the varying nature of businesses, it may not be comprehensive. Not every point will necessarily pertain to your business, and some businesses will require more specific categories.

In our online resource library (we-bc.ca/resources), you'll find helpful tools and links to help you complete each section of your business plan. If you would like more information about preparing your business plan, please contact us at WeBC at 1.800.643.7014 or visit we-bc.ca.

1. Executive Summary

A maximum one-page summary of the key points covered in your plan, including:

- Description of your company and product/service.
- Competitive advantage.
- Proposed sources and use of funds.

2. Table of Contents

Section titles and page numbers.

Session Overview

1. About WeBC
2. Program Overview and General Eligibility Criteria
3. Our Lending Approach
4. Equity and Security Requirements
5. Terms, Conditions, and How to Apply

OUR PLACE IN THE ENTREPRENEURIAL ECOSYSTEM

Who We Are

- Not-for-profit that provides support for women business owners to start, develop, lead and sell businesses
- Head office in Kelowna with a team across the province
- Provide a holistic approach to support, offering access to capital, capacity building, skills development and other resources

Janelle Eftoda and Jessie Porter, WeBC Clients
Twisted Orchid Beauty Supply
Terrace, BC

WHAT WE OFFER

Our Services

Business Loans up to $150k
to start, buy or grow a business

Business Advice
for entrepreneurs in all stages

Skills Development Workshops
on topics pivotal to business success

Mentoring Connections
uniting women with successful role models

Supportive Community
to help build networks and profile

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WHAT WE OFFER

Lending Programs

Lending Program	Maximum Loan Amount	Lender	Collateral Required?
Primary Lending Program	Up to $150,000	WeBC	Collateral Required
Equal Access to Capital Loan (EAC)	Up to $50,000	WeBC	No Collateral required if you meet program criteria
WEOC National Loan Fund	Up to $50,000	WEOC	Collateral encouraged but not required

Confused? Don’t worry! We will help you understand your options.

OUR PLACE IN THE ENTREPRENEURIAL ECOSYSTEM

Our Lending Program

- We do not offer grants or non-repayable contributions
- We are a developmental lender funded by the federal government (PacifiCan)
- Other developmental lenders include:
    - BDC
    - Community Futures
    - Futurpreneur (under age 40)
    - Indigenous Financial Institutions

We can partner with other lenders if you need more than $150,000 or if your lending needs are complicated

GENERAL ELIGIBILITY

Who Do we Lend to?

- We lend to Women-owned businesses:
  - 51% women-owned and controlled OR
  - Can generally accept 50/50 ownership for husband/wife teams where woman runs the business (we will work with the woman owner)
- All owners must apply and must provide a personal guarantee for the loan.
- Must be a Canadian citizen or have Permanent Residency (PR)
- Must operate and be registered in BC

GENERAL ELIGIBILITY

Who Do We Lend to?

Things we can fund:

- New businesses,
- Existing businesses (expansion), or
- Purchasing an existing business

Start-Up

Established

Growth/
Expansion

Things we can't fund:

- Not-for-Profits
- Multi-Level Marketing businesses
- Brand new franchises
- Refinancing existing debt (Taxes, credit cards, other loans)
- Technology businesses in the pre-revenue/start-up phase
- … and a few other things.

GENERAL ELIGIBILITY

Who Do We Lend to?

- We cannot fund businesses in the research and development stage. Examples:
  - Developing an app
  - Designing a prototype or ordering samples
  - Creating videos or materials for an online platform
  - Writing a book, filming a movie, etc.
- For R&D based businesses, you must already have multiple customers paying for your product or service (not including a pilot or beta launch)

Questions?

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OUR LENDING APPROACH

Viability Lender

- Many lenders are formula lenders
  - Pro: Lending decisions can be fast
  - Con: Not all borrowers fit within their criteria
- WeBC is a viability lender
  - Pro: Have more flexibility in lending decisions
  - Con: Lending process can take more time and effort
- We consider the following to determine viability:
  - Business Plan
  - Cash Flow Projection
  - Your personal experience and background

Viability:

Will your business make enough to cover your loan payments and earn a profit?

OUR LENDING APPROACH

Business Plan

- Must be comprehensive! (4 or 5 pages probably isn't enough)
- What to include?
  - Check out "How to Write an Effective Business Plan"
  - Use whatever template you like.
  - Join WeBC Small Business Information Session (SBIS) on Wednesdays at noon.
- Businesses operating for 2+ years can submit a "growth plan"

A business plan is how you tell us your story. How did you get started? Where are you now? Where are you going next?

OUR LENDING APPROACH

Market Research

This will help to support the revenue you are projecting in your cash flow

- Who is my target market?
- What do I know about my competition?
- What size is my market?
- What are the gaps my product or service will fill?
- What is the best way to reach this market?

OUR LENDING APPROACH
Cash Flow Projection

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1			(Company Name)______							FORECASTED CASH FLOW STATEMENT					
2					Monthly, Ending ______			(month)______	(year)						
3															
4		Start-Up	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
5	**Cash Inflows (Receipts)**														
6	1. Cash Receipts														$0
7	2. Accounts Receivable Collections														$0
8	3. Loan Advances (WEC)														$0
9	4. Loan Advances (Other)														$0
10	5. Owner Investment														$0
11	6. Other Cash Received														$0
12	**7. Total Cash Inflows**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
13															
14	**Cash Outflows (Disbursements)**														
15	**Variable / Cost of Goods Purchased**														
16	8. Cost of Materials/Inventory														$0
17	10. Variable Labor (commissions)														$0
18	11. Freight														$0
19	12. Packaging														$0
20	13. Other Direct Costs (merchant fees)														$0
21	***14. Subtotal Variable Costs (sum lines 8-13)***	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
22															
23	**Fixed / Operations Expenses**														
24	15. Advertising & Promotion														$0
25	16. Salaries & Benefits - Management														$0
26	17. Salaries & Benefits - Other														$0
27	18. Maintenance & Cleaning														$0
28	19. Licenses, Dues & Memberships														$0
29	20. Rental (premises, incl triple net)														$0
30	21. Rental (other)														$0
31	22. Utilities (heat, light, water, etc.)														$0
32	23. Insurance														$0
33	24. Telephone														$0
34	25. Vehicle														$0
35	26. Travel														$0
36	27. Office Supplies & Misc.														$0
37	28. Accounting & Legal														$0
38	29. Loan Repayment														$0
39	30. Other Operating Expenses														$0
40	31. Purchase of Fixed Assets														$0
41	32. Leasehold Improvements														$0
42	33. Contingency Allotment														$0
43	***34. Subtotal Operating Expenses (sum lines 15-33)***	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
44															
45	**35. Total Cash Outflows (sum lines 14 plus 34)**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
46															
47	**36. Net Cash Flow (line 7 minus**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
48															
49	37. Cash Balance at month start*		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
50	38. Cash Balance at month end**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

- Two years of month-by-month projections
- Best guess of money coming into and out of business
- We have a template but you can use whatever template you like

OUR LENDING APPROACH

Cash Flow Projection

- You need to back up your numbers, but how?
  - Call and get quotes for expenses
  - Look at industry statistics
  - Break down your revenue projections. How many customers per day? How much will they spend?
- Do an ‘optimistic’ scenario and a ‘pessimistic’ scenario
- Existing businesses must submit two years of historical financials (Income Statement and Balance Sheet)

If you’re an existing business, make sure your books are in good order before you apply!

OUR LENDING APPROACH

Personal Finances – Credit History

- Credit report tells us if you have had a bankruptcy, consumer proposal, or have gone to collections
- Credit scores
  - 800s – Excellent
  - 700s – Very Good / Good
  - 600s – Considered a weaker score
- If you provide collateral, we do not have a minimum credit score. There is a minimum score (650) for our EAC program.
- Recent bankruptcy? Must be discharged for two years and all credit in good standing since then.

It's always a good idea to check your credit report before you apply!

If you have had issues with your credit in the past, we are happy to talk to you about it


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WE
BC

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EQUITY AND SECURITY

Equity Requirements

- Equity refers to how much money you (or other shareholders) have invested in the business. This can be:
    1. Cash you have invested or will invest soon (Share Capital)
    2. Profits earned in the past that have been reinvested into the business (Retained Earnings)
- If you are an existing business, we will ask about how much equity is on your balance sheet (if you have one).
- Equity can be money that someone has given to you to invest.
- WeBC looks for equity to equal 25% of the total debt of the business. (4:1 Debt to Equity Ratio)

Examples

Total Loan:	$150,000
Equity Guideline:	$37,500
Total Loan:	$50,000
Equity Guideline:	$12,500

Equity Requirement Exceptions

- WEOC National Loan Fund does not have an equity minimum, but it is considered in the assessment process.
- If you are short on equity but have a strong business plan and meet all other requirements, we can sometimes make exceptions or help you look into other options.

It's hard to get a loan for a new business if you do not have any of your own money to contribute.

EQUITY AND SECURITY

Security/Collateral Requirements

- Security refers to how the lender can be sure that the loan will be repaid.
- Collateral is a form of security. This is when you pledge something valuable (like a house, car, or equipment) that you promise to give to the lender if you can't pay back your loan.
    - Collateral is required for loans over $50,000, and is encouraged for all loans if you have it available.
    - WeBC considers your loan to be 'secured' if you pledge collateral that is worth at least 30% of the value of your loan.
    - If you are borrowing less than $50,000, we can consider an EAC loan without collateral if you meet other program guidelines (credit score 650 or higher, strong business plan).
    - You can sometimes combine loans with other lenders to get more than $50,000 without collateral.

If you are applying for more than **$50,000,** you will need to offer collateral worth at least **30% of the loan value**

EQUITY AND SECURITY

Collateral Examples

Collateral Examples	Notes
Vehicles (Car, RV)	Must be paid off & less than ~5 years old
Property	$$$ to register a mortgage. Involves lawyers
Cash	Will be held in trust for you in a GIC for the term of the loan
Equipment	• Must be relatively new and valuable • Must have an identifying number (serial #) • Can't take small equipment

Things we can't take as collateral:

- Computers or printers
- Small wares and equipment (cups, plates, blenders, microwaves)
- Jewelry/Art
- Registered investments (RRSPs, etc.)
- Inventory or accounts receivable


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TERMS, CONDITIONS, AND HOW TO APPLY

Loan Terms and Interest Rates

- Interest Rate: Prime + 2% - 3%
  - Unsecured loan = Higher rate
  - Secured loan = Lower rate
- Can usually offer 6 months of interest-only payments or seasonal payments
- Term is usually 5 years
- Can offer seasonal payments

Make sure you include an estimate of your loan payment in your Cash Flow projection!

TERMS, CONDITIONS, AND HOW TO APPLY

Fees and Payment

- $75 Non-Refundable Application Fee
- Loan Disbursement Fee of 1% of loan amount
  - $100,000 loan = $1,000 disbursement fee
- No monthly or annual fees
- Can make additional payments or pay out the loan at any time without penalty

TERMS, CONDITIONS, AND HOW TO APPLY

Timelines and Process

- WeBC is not an ‘emergency’ lender – it takes 4 to 6 weeks to make a lending decision
- Make sure you have the time to go through the process (or it will take longer)
- Assessor may want to see your business in person
- Not all applications are approved

TERMS, CONDITIONS, AND HOW TO APPLY

How to Apply

Ready to apply?

Next step is to send us an email and tell us…

1. **A bit about your business**
2. **How much you would like to apply for**
3. **What you will do with the loan funds**

blis@we-bc.ca


Questions?

Thank you for joining us!

Visit we-bc.ca for information about our next sessions

WE BC

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