

Financing Issues Facing Women Small Scale Food Processors

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**Status of Women
Canada**

**Condition féminine
Canada**

TABLE OF CONTENTS

1. Executive Summary	3
2. Introduction	4
Scope and Purpose of the Survey:	5
Profile of Respondents:	5
Limitations:	6
3. Survey Methodology	7
Timeline:	7
Methodology:	7
4. Findings	7
Barriers:	7
Challenges:	8
5. Analysis:	8
Barriers	9
Challenges	10
6. Appendices	11
The Survey	11
Survey Narratives	19

1. EXECUTIVE SUMMARY

The Small Scale Food Processor Association's (SSFPA) gender analysis in 2018 showed that 66% of their members were women. Women members have consistently reported issues finding financing for their business. These facts led the SSFPA to apply to the Status of Women, Economic Development program for assistance over a 3-year period in delving into this issue with the goal of developing and implementing solutions. Several projects are being undertaken to move 'the Project' forward.

This is a report of one of the activities: an online survey of members aimed at gaining a more nuanced understanding of how problems accessing financing manifest themselves. It was assumed that being approved for financing was not a simplistic problem...there would be a complex context around the issue. This assumption proved correct as can be seen from the narratives provided by members in the Appendices of this report.

The results of the survey further substantiate the depth of the problems involved in the process when small scale food processors (SSFPs) approach a financing agency for funding for their start-up or growth plan. The most stunning result of this survey is that the majority of the women responding to this survey did not receive outside funding for their business! The problems women have in attempts to find financing probably relate to the poor recognition of the importance of the small processor in the food industry by financing agencies. The role of SSFPs who are limited to producing for the domestic food system is also not well understood not only by the financing industry but also by government programs. The Food Processing Industry in general, suffers from lack of investment ¹and those SSFPs with innovative ideas or passion about contributing to the local food movement and who intend to start 'small' are not understood to be important in the overall food system. We are defining this category of problems as BARRIERS that must be overcome in the food system and in the financial system.

Of equal importance, participants shared many instances of their own problems in attempting to find financing. We are defining this category of problems as CHALLENGES that the women are expected to overcome for themselves.

The inspiration gained from the materials gathered through this survey will be a component of the strategy that the Small Scale Food Processor Association will take up with supporters and partners who are working to address the barriers and challenges revealed through this and other activities in the Project. The goal is to clarify the issues, state them as problems, and then mobilize support to solve the problems in the interests of increasing domestic production. The second goal is to make sure women food entrepreneurs can successfully bring their wonderful ideas to market.

¹ <https://www.ic.gc.ca/eic/site/098.nsf/eng/00022.html>

The Government of Canada carried out an economic visioning exercise in 2018. The Agri-food Strategy Table set an aspirational goal of reaching \$140 B in domestic sales by 2025, an increase from \$110B in 2017.² This is an important goal given raised concerns about food security and food sovereignty amongst Canadian consumers. Processors are cited as providing a major market for farmer's products. A robust food processing industry can encourage farmers to grow more and better and can entice young people to consider farming as an exciting career. These facts encourage our efforts to ensure that small scale food processors can take their place as respected and effective contributors to the Canadian domestic food system.

2. INTRODUCTION

The Small Scale Food Processor Association (SSFPA) received a grant from Canada Status of Women in late 2018 to respond to the challenge put forward by their women members regarding the difficulties they experienced in accessing finance to start and grow their businesses. An analysis of the membership of the SSFPA showed that 66% were women so addressing this issue was clearly of critical importance in our efforts to provide support to our members. The activities of the project have been designed through a gender lens given the well-documented problems women face accessing finance for any small business initiative.

A series of activities were undertaken to create a strategic framework through which the issue could be defined in detail and solutions could be conceptualized and developed. The project is intended to continue until March 2021 so there is ample opportunity to mobilize partnerships and meet the goal of implementing solutions.

A Steering Committee of key members of the SSFPA was formed to provide support to the project and to ensure ongoing communication with the Board of Directors. The Steering Committee has been meeting quarterly to consider the progress of the project and to provide advice to the consultants carrying on the technical work. A national Advisory Panel was recruited made up of women representatives from key financing agencies and others from innovative financing projects across the country. The Advisory Panel members have provided information and advice. ZOOM workshops are planned at key points in the project.

A series of video interviews with 6 typical women SSFPs was conducted to 'introduce' the situation facing women small-scale food processors (SSFPs) to the Advisory Panel members. A new webpage is under construction so that information gathered for the Project will be available to all SSFPA members and supporters. These videos will be uploaded to the website, as they are instructive for anyone contemplating involvement in the food industry.

² ibid

A survey was designed with a view to delving more deeply into the situation facing SSFPs as they attempted to finance their businesses for start-up or growth. The survey was conducted in spring 2019 even though we knew it was a busy season for SSFPs. We asked respondents to tell us their story in narrative form as well as by providing answers to specific questions. The narratives provided show how hard SSFPs are working and how many barriers they need to overcome. We define barriers as those in the food and finance systems. The results also show that many SSFPs are not well prepared for the business side of their enterprise. We define these issues as challenges that the SSFP needs to deal with as part of preparing for their business. The results of this survey point to clear directions for the SSFPA to take in reducing industry barriers and assisting members to deal with their own challenges. While revealing the problems SSFP's face, the results also show the passionate motivation so many of them bring to their business. Many SSFPs come to the sector because of a health concerns in their family. They want to create food that will support their family members and others with the same condition by providing speciality foods. Others are passionate about producing good food for people in their locality. Others have innovative ideas they wish to bring to the marketplace. All in all, the survey result provides a compelling view of the lives and businesses of SSFPA members.

Scope and Purpose of the Survey:

The survey was designed to gather a great deal of information beyond issues relating to the specific problems that members face achieving reasonable financial support for business start-up and growth. Our assumption was that financing problems were part of an array of issues and that solutions would have to be developed within a complex context.

Our survey was designed to gather basic information about the businesses and their locations and to uncover actual experiences that women members faced.

Profile of Respondents:

In total, 229 members of SSFPA were invited to participate.

Women included	110
Women Responded	54

Respondents' Age Range

- Of the 25 – 50 year age range, 29% are women
- Of the over 50 year age range, 41% are women

Respondents' Business Revenue

- Most women respondents were in the \$10 - \$250,000 range. Some reported substantial revenues.

Respondents' Business Structure

- Most women respondents chose Incorporated Partnership, Incorporated with Share Capital, Incorporated without Share Capital, and Sole Proprietor structures. This shows that more women are taking their business seriously.

Respondents' processing facilities

- Most women respondents had their own processing facilities.

Respondents' financial goals

- Most women respondents' goals involve ongoing support of family with smaller percentage planning to sell the business eventually.

Respondents' business growth plans

- Most women respondents have plans to grow their business.

Respondents' Locations

- Most respondents had their businesses in the lower mainland

Respondent's financial support

- Shockingly, most women SSFPs were self-financed. Few were able to find financing support for a wide variety of reasons.

Limitations:

This survey will be only one tool for gathering information in support of this Project. We were also aware that our members are not particularly enthusiastic about surveys and that there have been other recent surveys that requested their input. One major survey was conducted for the Ministry of Agriculture's Food Hub development Project in 2019.³ The results of that survey firmly support the results of this survey and support the assumptions behind the Project. Capital or financing limitations were reported as constraints from 74% of the respondents in their survey.

Although the results of our survey are not statistically significant, trends show are interesting and evocative. We also recognize that women members often don't like to admit to their problems in other than in a face to face setting. SSFPA staff and consultants have heard many heartbreaking stories that didn't emerge here but that are simply extreme examples of the same set of issues. We are grateful to the members of the SSFPA who took the risk to tell us their stories.

The Steering Committee for the Project recommended that the survey should include our men members to see if differences could be recognized. However, few men participated, probably due to their awareness that this was a project

³ 2019, MNP. BC Ministry of Agriculture Food Hub Network Industry Survey

focused on the needs of women SSFP's. We have not attempted to provide comparisons for this report.

3. SURVEY METHODOLOGY

Timeline:

The survey was launched in March of 2019 and was open until May. Reminders were sent through the survey software.

Methodology:

Simple Survey, a Canadian web based software, was used given our goal to use Canadian on-line products wherever possible. The package was not as flexible as we had hoped; therefore, some analyses were not possible.

4. FINDINGS

Barriers:

This paper will illustrate barriers are in the system itself.

1. The Food System is highly regulated. Some regulations are particularly difficult for SSFPs. These barriers pose serious financial implications particularly for growth.
 - How can the training programs offered by the SSFPA and other agencies better assist SSFPs to prepare themselves for the business side of their undertaking?
2. Other barriers experienced by SSFP's relating to their interactions with the financial industry
 - Risk analysis protocols may not incorporate awareness of the food processing industry.
 - Would it be useful for the SSFPA through this project to develop a model risk profile for the information of financing agencies?
 - Women in general have more problems gaining financing than do men. Although there are many new programs assisting women small business owners, these programs are not at this point intersecting with the SSFP.
 - What help can be given to SSFPs to be able to benefit from these programs?
 - Small business financing does not appear to be sensitive to applications from food processors.
 - Is this best plan to provide financing agencies with assistance to work more effectively with SSFPs?
 - Would it be more effective for the SSFPA and partners to consider setting up special financing programs geared more carefully to the financing needs of the SSFP?

- There were only a very few respondents who had accessed equity financing. This problem seems to be partially due to lack of understanding by women SSFPs about how equity functions. Secondly, there are few if any equity programs aimed specifically at the food sector.
 - It appears that to remedy this situation, the SSFPA needs to develop training and information regarding financing options for their members.
 - Is there appetite within the fast growing impact investing sector for a specialized program for SSFPs?
 - The application process can be intimidating and overwhelming. How can these processes be made more user friendly for SSFPs?

Challenges:

We define challenges as those conditions that the SSFP themselves could control. Understanding how these challenges are experienced will help us build strategies and programs to help SSFPs overcome them.

1. What are SSFPs experiencing that they could overcome if there were specific supports they could call upon?
2. What supports can be provided through front-end assistance when SSFPs are starting their business journey?
3. What support do SSFPs need when they have proven their product in the marketplace and demand is calling on them to expand their operations?
4. Women SSFPs are eager to grow their businesses especially when their market demand spikes. However, growth requires substantial investment in larger and more sophisticated facilities and equipment. How can growth be managed more effectively? What tools are needed to assist in the growth journey? Are there ways for growing SSFPs to work together regionally to address this problem co-operatively?

5. ANALYSIS:

A high level analysis of the survey results recognized barriers regarding the Regulatory Framework for the Food Processing Industry, financial institutions, and government innovation programs. Analysis of the data also identified challenges faced for women in this business.

The challenges discovered from the survey include a gender-related lack of exposure to the financing world, which include well documented gender biases by banks (although many banks have recently established new programs aimed at women). There are few specific investment opportunities specifically directed at women in this industry. {The Women's Enterprise Centre, which does focus on women's small business needs, did not emerge in this survey although we are aware that women members do use their service from time to time. The WEC

reports that they do support some SSFP's from time to time. We will endeavour to address this issue with our Advisory Panel WEC members.}

The fact that so many women have created their own processing facilities speaks to the problems they face in attempting to scale up operations...scaling up means finding new facilities, equipment and processes. Commercializing recipes requires food technologist's advice. The cost of scaling up are often prohibitive for a SSFP that is under-capitalized.

The expressions of passion about their products from women may point to a problem in communication between them and financing agents who are less concerned about passion and more concerned about numbers.

Barriers

Regulatory Framework for the Food Processing Industry:

SSFPs have a hard time to grow due to the lack of facilities that can be licensed and the high costs to individual SSFPs if they take on building their own processing facility. This issue speaks to the lack of financing in the Food System generally⁴ and the financial barrier that the regulations create. No one wishes to produce unsafe food and all SSFPs need to meet the Safe Food For Canadians Regulations. They are fully aware that this is a requirement. Just when their business could leap forward, they either struggle in inadequately sized facilities or close their business due to their inability to gain financing they would be capable of servicing. This issue speaks to a huge problem insofar as although 94.5% of food processing businesses in Canada are 'small',⁵ there are few if any programs that support their growth.

Financial Institution's Barriers:

Some of the stories that women members provided show that women are still facing more stringent requirements than do men when they go forward for financing. This is common in the small business space although many efforts to address the gender issue in financing are being made⁶. However, the benefits of these changes are not yet available for women SSFPs.

- Lack of understanding of the food processing industry: in particular, the place of the SSFP in the industry emerged as a critical factor. This fact has been reiterated as a major problem in each activity carried out by the Project to date.
- This results in a risk analysis process by the financing agency of an SSFPs application that is too often not relevant to the industry

⁴ <https://www.ic.gc.ca/eic/site/098.nsf/eng/00022.html>

⁵ ibid

⁶ See Models report

itself. Some SSFPs report that the financing agent seems to think they should be judged as if they were a restaurant.

- Specific barriers faced by women SSFPs are:
 - Some women report that they must bring their husband in to sign for them
 - Some women who can show equity and strong credit records are still turned down for financing.

Government Barriers:

- Current government programs supporting 'INNOVATION' are only available for large businesses. The innovations that small-scale food processors bring to the market are ignored, in fact, are not even on the radar for any supportive government incentives.
- Government support is focused on encouraging export development. Because SSFPs can only function in their region due to licensing related to the size of their facility, SSFPs are focused on growing in the domestic market. Many are passionate about food security and food sovereignty and want to feed their families, friends, and neighbours. There are very few supportive programs available for scaling up domestic production.
- Women SSFP's report that applying for any program that might help them take too much time and require expertise that they may not have to deal with application requirements.
- Government programs require the expertise to prepare proposals in a competitive environment. This is daunting for the SSFP. Few appear to attempt to enter the fray.

Challenges

Challenges women can address and overcome with assistance from the SSFPA:

- Women are often very passionate about their product and less well prepared for the business side of their initiative.
- The problems women in general have in communicating their strength in the marketplace obtain for women SSFPs who often mention that the financial agent does not seem to 'understand' their explanation of their business in the financing interview.
- Banks did not show as strong contenders for financing SSFPs. Community Futures, the Women's Enterprise Centre can be more amenable, but the size of loans cannot support the kind of growth that some SSFPs could demonstrate
- Equity and impact investment options are almost unheard of for SSFPs. Part of this is because small business owners do not understand equity or are afraid of losing control of their businesses. Part of this is because most equity funds only engage at much higher financial levels.

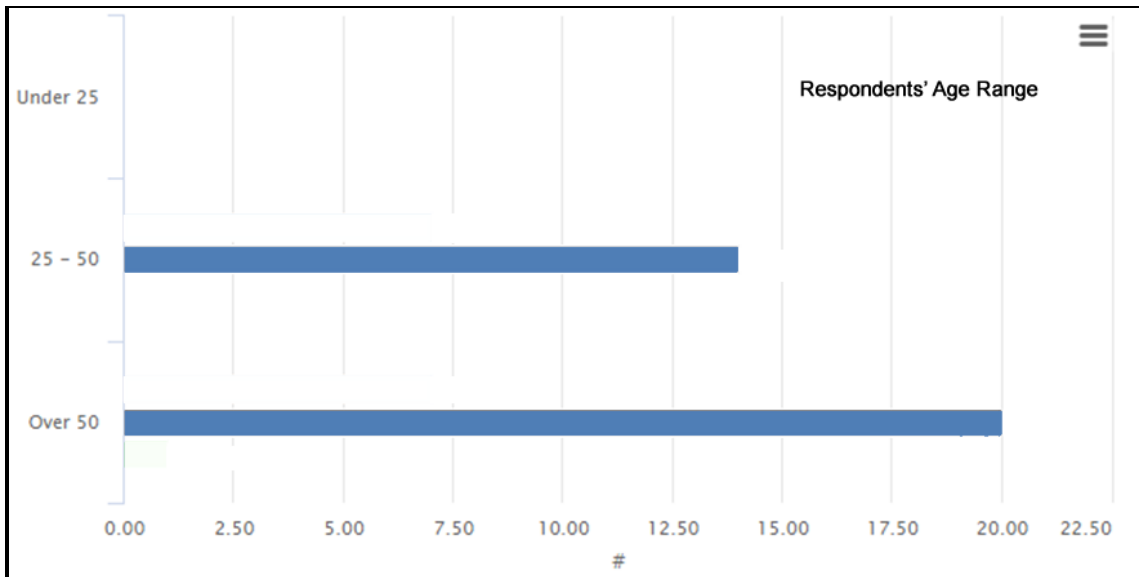
The Way Forward for the Access to Finance Project:

The information gathered in the survey will be aggregated with the information gained from all other activities in the Project. The Steering Committee and the Advisor’s Panel along with a Panel of Academics, who have come forward to support this work, will meet and discuss the issues and develop recommendations. The Project is aimed at creating specific solutions. Clear directions are emerging as the Project rolls out. The Steering Committee and Advisor’s Panel for the Project will be tasked with creating a new gendered ecosystem of support for Small Scale Food Processors thereby making a major contribution to the conversations about food security in Canada.

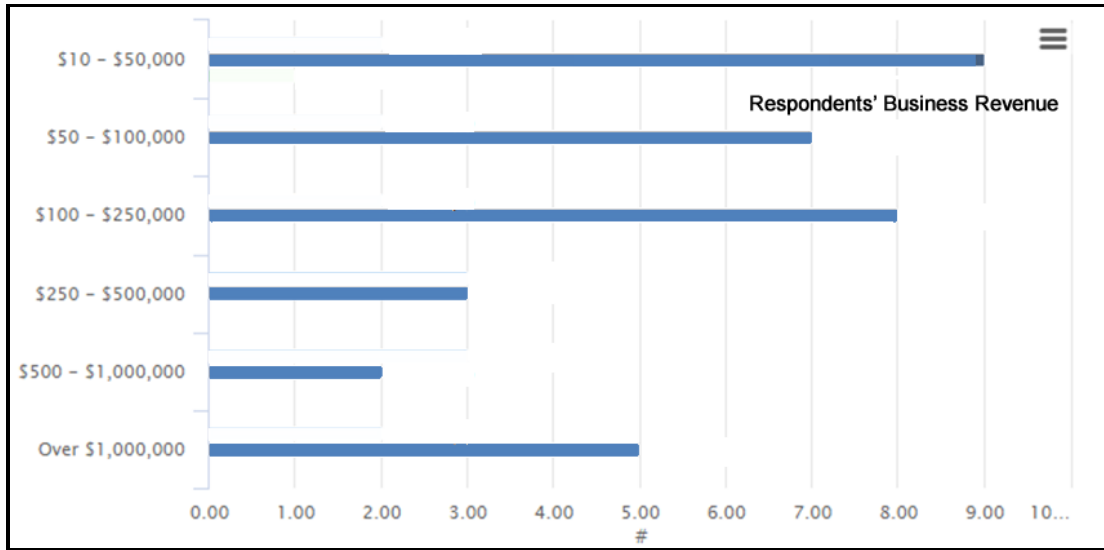
6. APPENDICES

The Survey

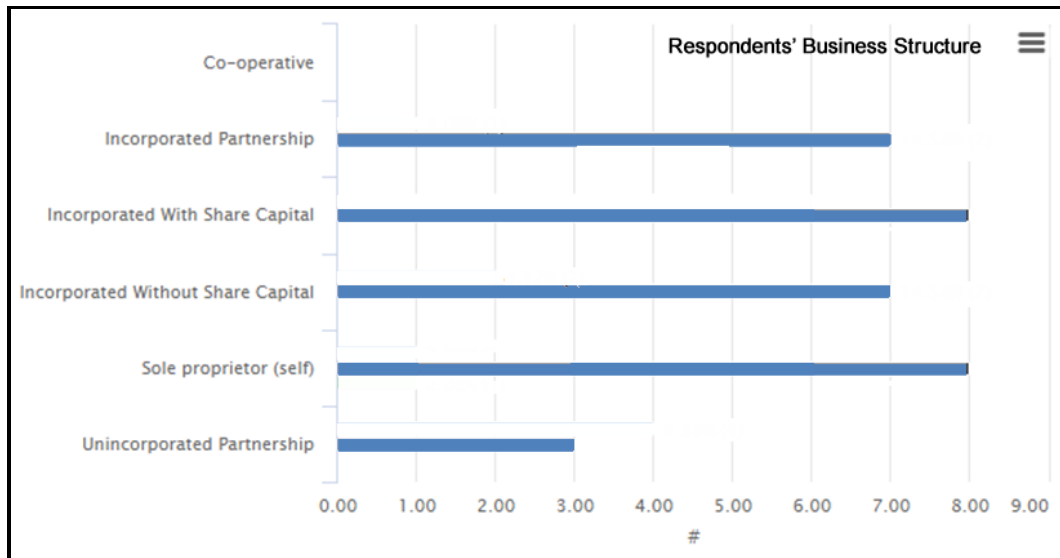
Respondents’ Age Range



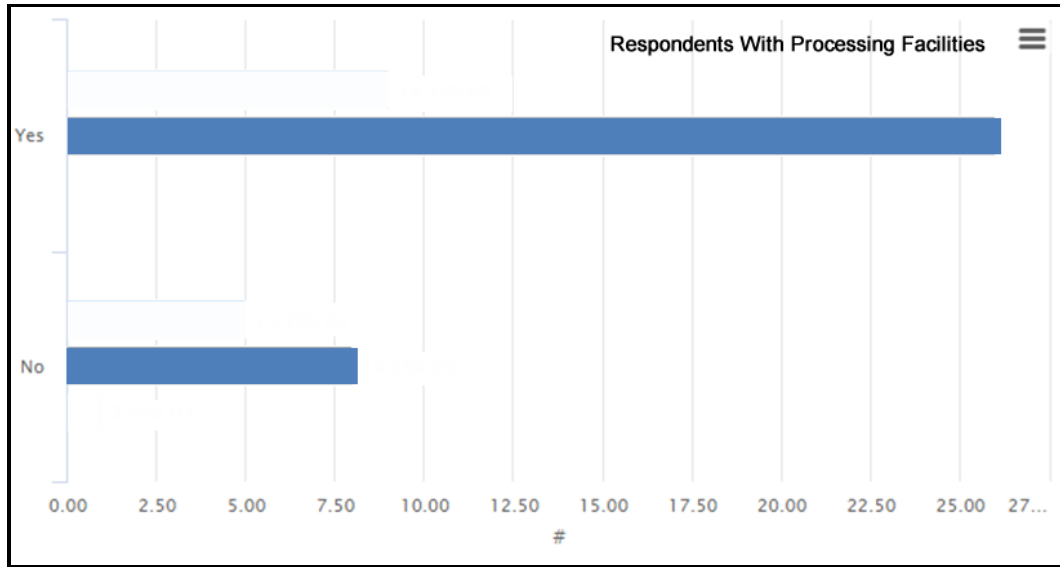
Respondents' Business Revenue



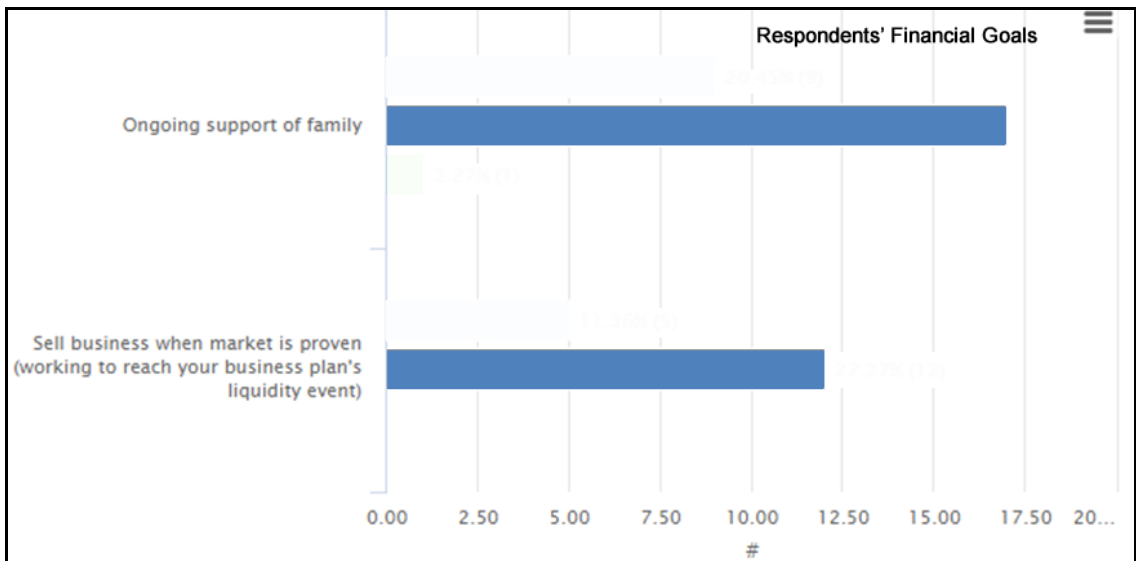
Respondents' Business Structure



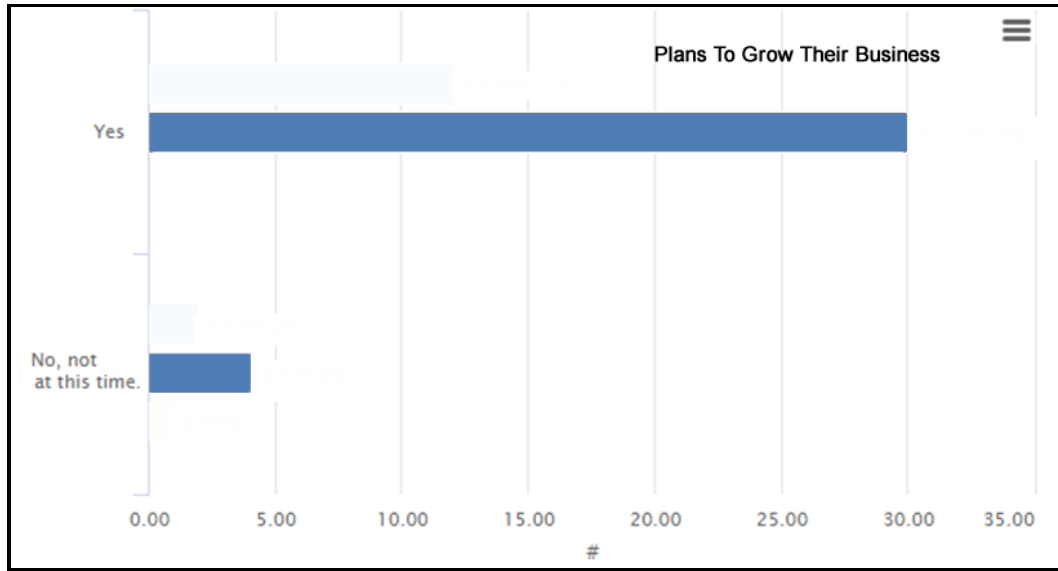
Respondents' Personally owned Processing Facilities



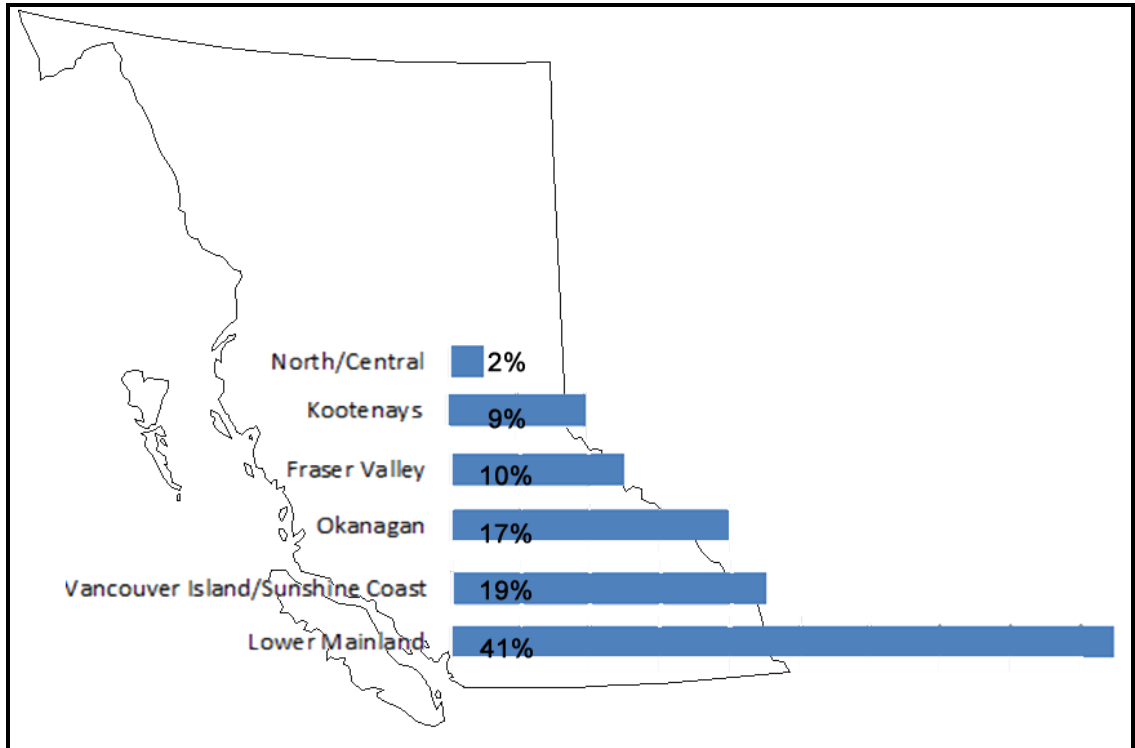
Respondents' Financial Goals



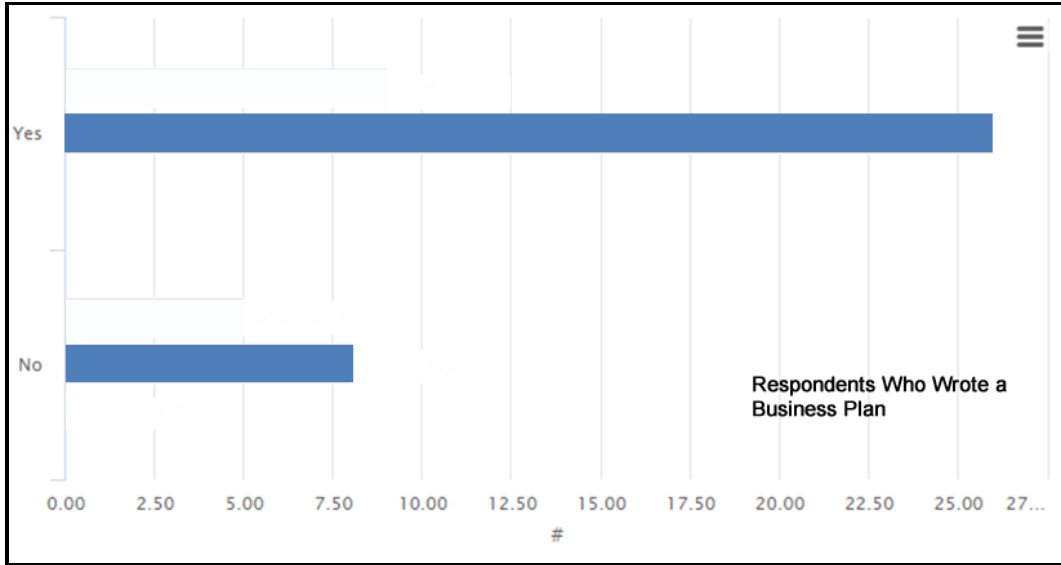
Respondents' Business Growth Plans



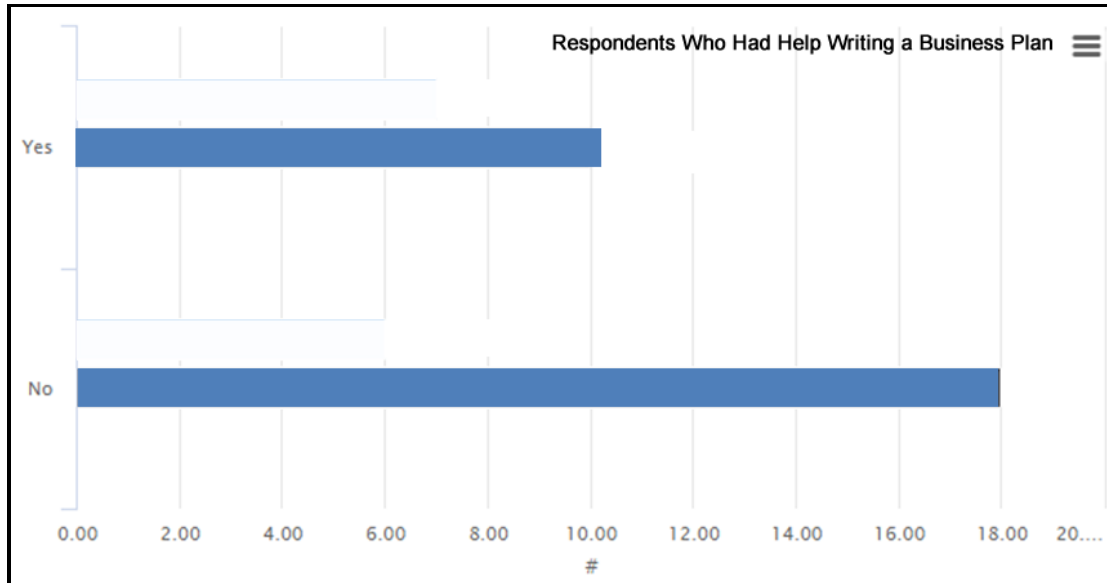
Respondents' Locations



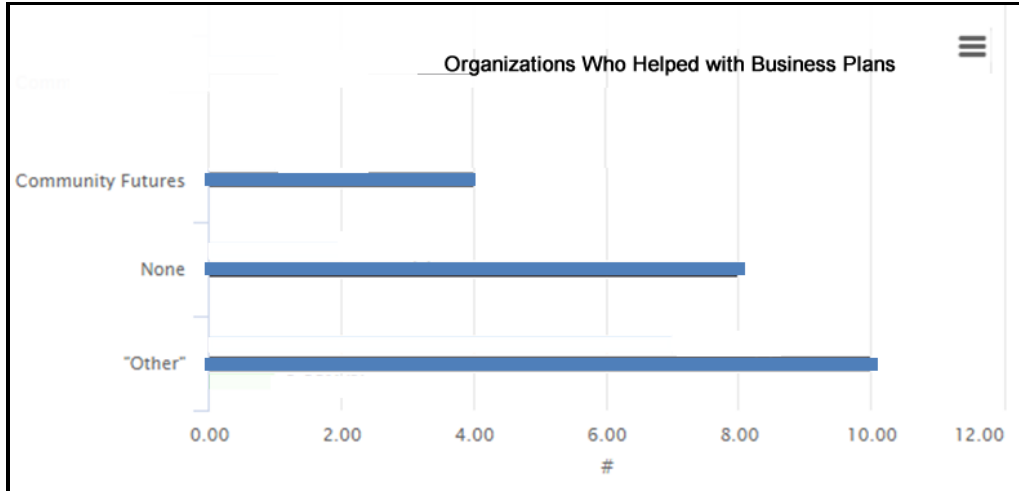
Respondents Who Wrote a Business Plan



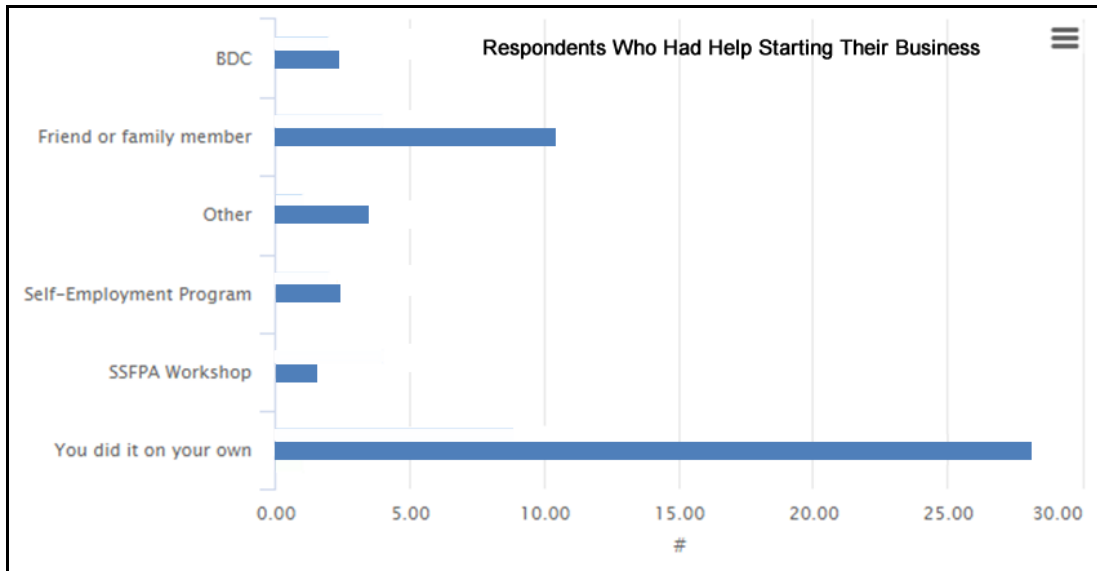
Respondents Who Had Help Writing a Business Plan



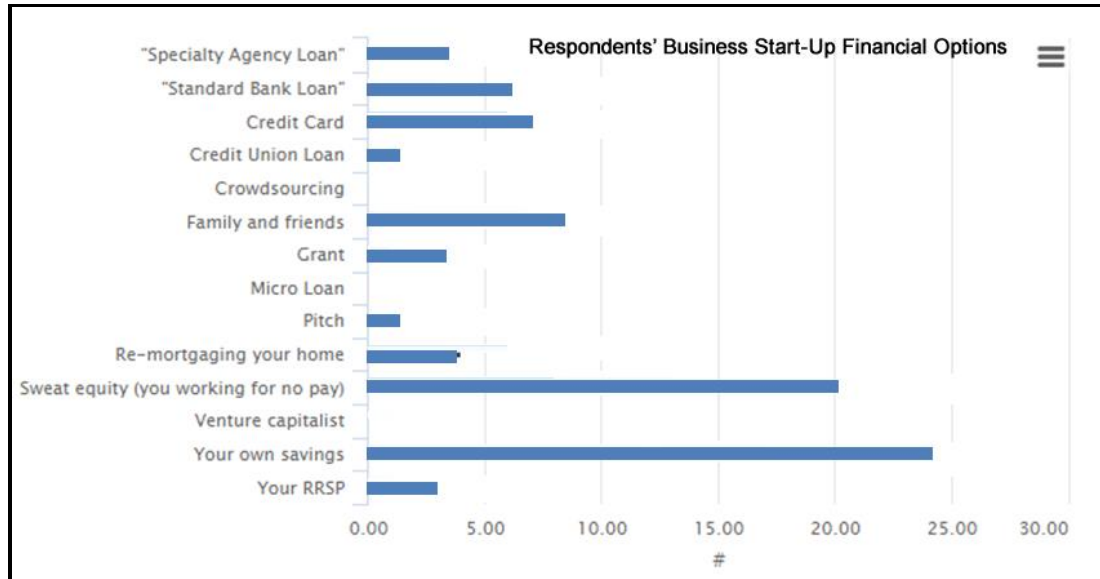
Respondents Who Had Help Writing a Business Plan by an Organization



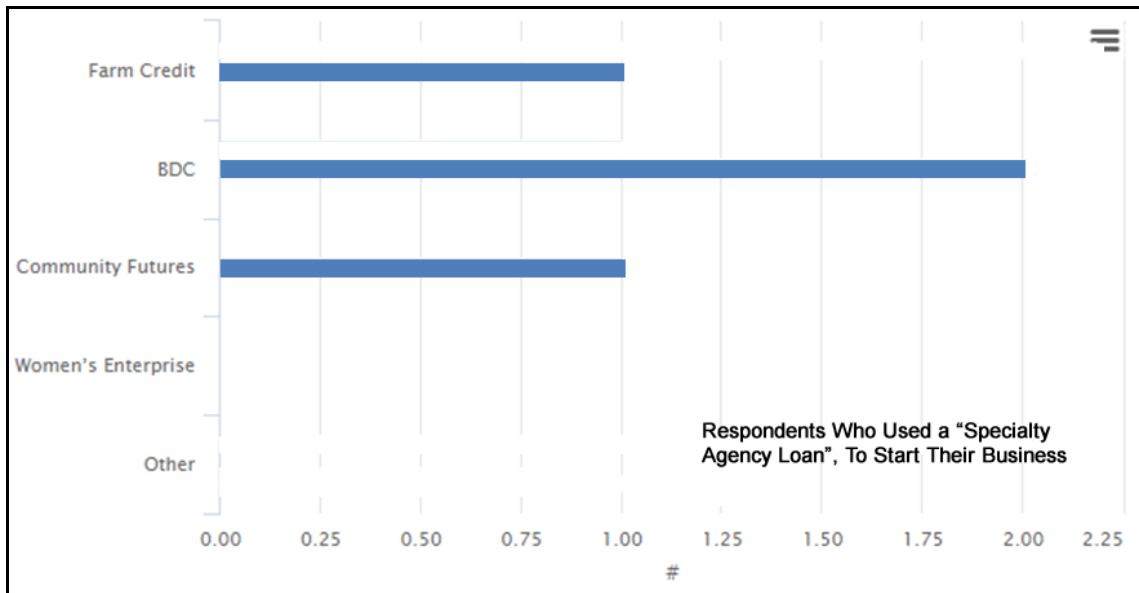
Respondents Who Had Help Starting Their Business



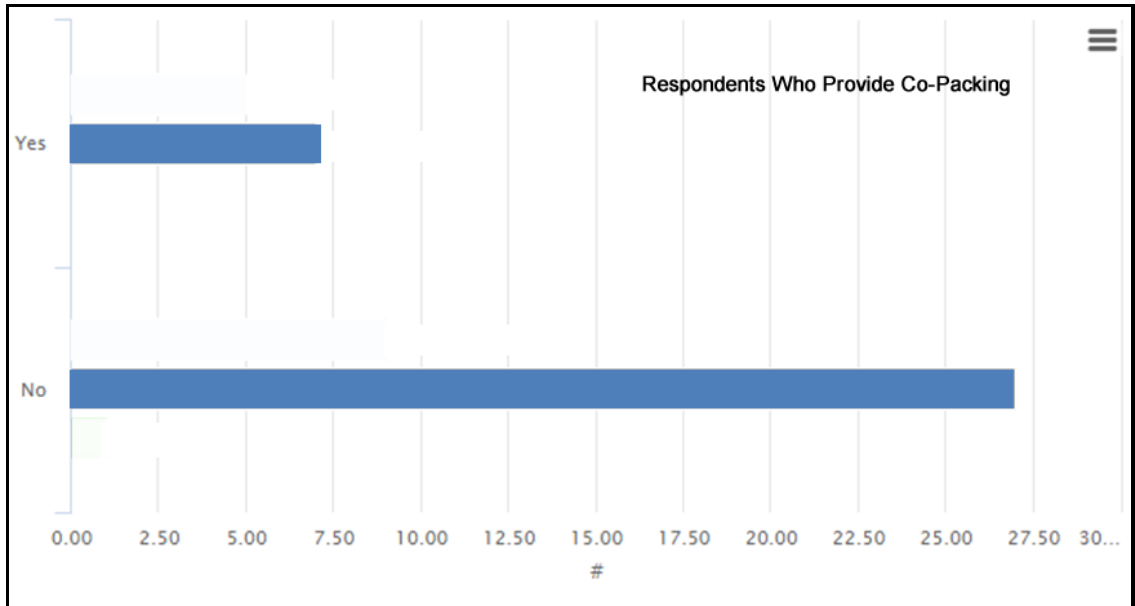
Respondents' Business Start-Up Financial Options



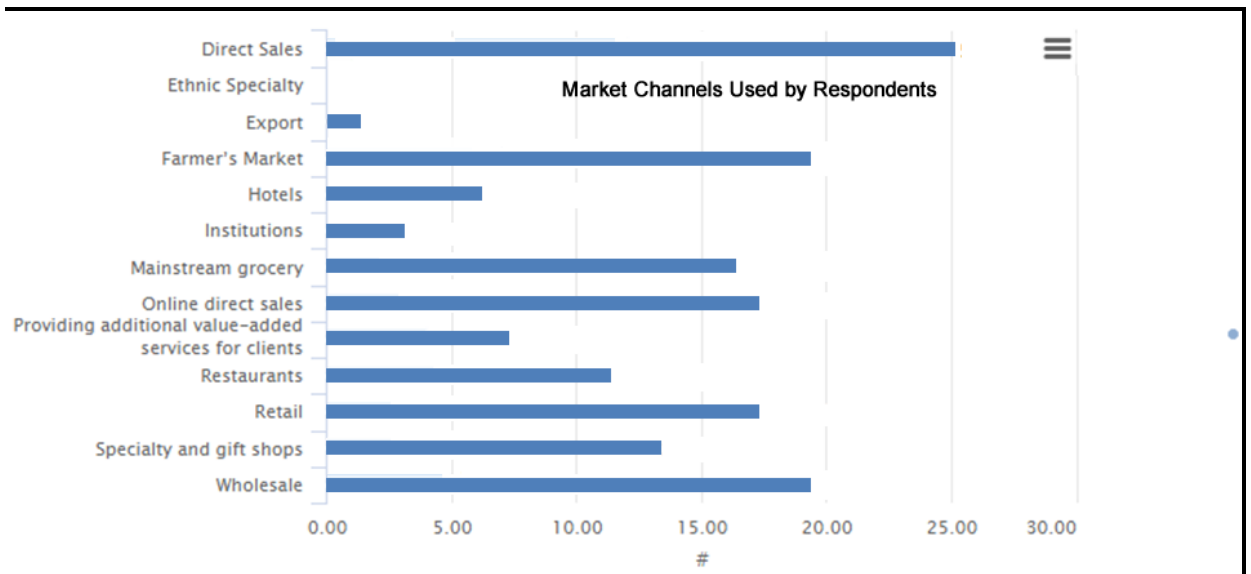
Respondents Who Used a "Specialty Agency Loan", To Start Their Business



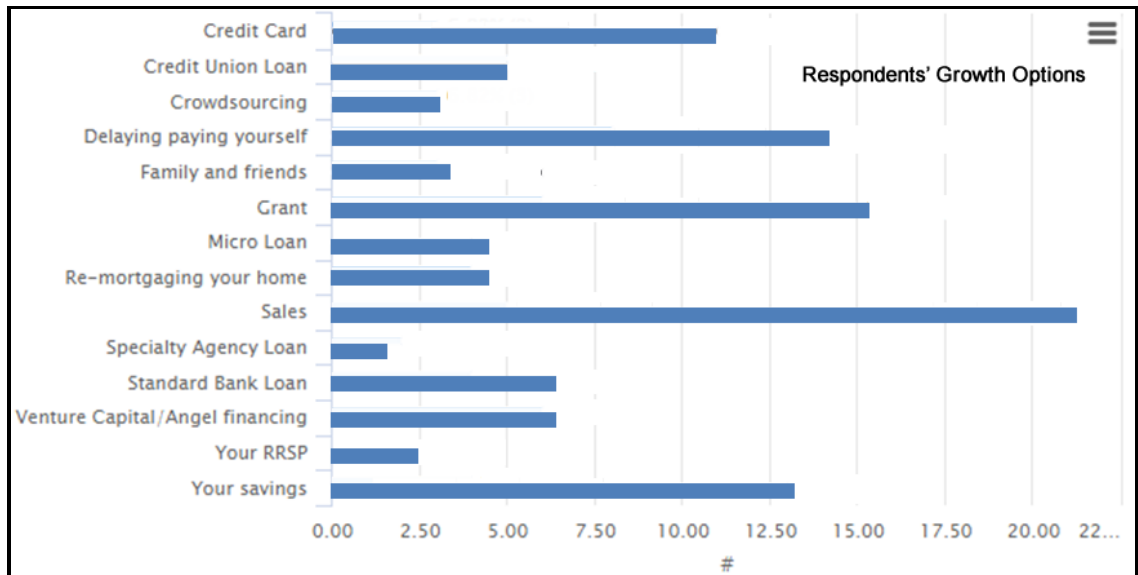
Respondents Who Provide Co-Packing



Respondents' Market Channels



Respondents' Growth Options



Survey Narratives

We asked a series of questions calling for narratives from respondents. We considered that this approach would provide us with a deeper understanding of the issues. We have categorized the responses in themes, which emerged from their stories. However, almost all the stories speak to more than one of our themes! We have edited them minimally for clarity and privacy. We asked the following questions:

- Please tell us the story of your business.
- Describe your product.
- Describe the challenges you face in finding start-up financing.
- Are there any other points you think we need to know about accessing financing that you have learned?

Learning Journey Stories

- * We started our business venture of producing natural health products by purchasing 5 acres from my brother's 11-acre property. We put in irrigation, fencing for deer and planted 10,000 seedlings, built a home, infrastructures for outbuildings, roads, commercial kitchen. We then pursued all kinds of regulatory approvals: certified organic, site license and natural health product numbers from health Canada; good manufacturing practices, courses in HACCP, etc. We created labels, sourced out packaging, experimented with formulas, created a web site, and now are just beginning to market three natural health products.

- * In 2009, we moved to a rural area with the intention of retiring. We were bored so started a specialty foods business based on products developed in Amsterdam in the late 1940's. We brought my brother on board as Vice-President. Shortly, my son and his fiancé joined us, and we had a family operation. My son was trained to make our products we produced healthy food, mostly by hand.. Now my son heads our company; we recently brought a Sales Manager on board and will soon hire a Marketing person
- * Family owned and operated in 1995, we bottled the first batch of salad on the family farm. More than two decades later, the dressing is still made with care in small batches. The family moved to the land in 1984 to farm organic vegetables. Ten years later, looking for a way to work from home while raising my twin daughters, I decided to try bottling the salad dressing I always serve with the organic greens from the farm. True to our values, I developed each dressing recipe using high quality, organic ingredients paired with handcrafted vinegars to produce unique, artisan flavours. As well, all the dressings are vegan, GMO-free, and produced using renewably sourced energy. At first, I made the famous Okanagan's Original Vinaigrette using raspberries, basil, and garlic that grew on the farm. When production got too big, I bought ingredients from other farmers. The business kept growing, and in 2014, production moved off the farm and into a production facility. In 2016, Jmy son became the company's Executive Director, continuing the family legacy. Making products in small, well-tended batches, and the company remains true to its founding values: creating wholesome, flavourful foods that support healthy eating, healthy living, and a healthy planet. Made with love, light, and gratitude ~ Enjoy.
- * We came here from Switzerland in our early 20's. we began with a ranch in the interior of BC and eventually added a slaughterhouse, butcher shops, and restaurants/accommodations all under our certified organic and biodynamic operation.
- * I started my business just over 2 years ago. The first year was spent at farmers markets and craft fairs, testing the market and learning how to sell my product. The second year, I moved into a commercial kitchen, became incorporated and started to wholesale to small retail stores. My sales doubled in the second year. It has been a big learning curve for me, and if I can expand my production, my sales will double again
- * When our contract for milk sales was cut back 30% we decided to sell yogurt to make up the lost sales of raw milk

- * I am a trained Chef having studied at Vancouver Community Center. She combined forces with her partner Matthew and started selling at every local farmers' market we could find! After two years of the farmers market circuit we knew one thing was clear- people absolutely loved our product. Through the transition from farmers market to retail, we made sure to align our product with local retailers that had the same core values as our company, which is supporting local products here in British Columbia. I love designing a product here in BC because we have access to some of the highest quality and ethically raised meat and poultry and farm fresh ingredients in the world. I believe everyone at every stage of life should have access to natural healing products. Healing truly starts in the gut!
- * We are a mid-size family owned pastry manufacturer. The business itself was established in 1984; we took over operations in 2010 and have grown it to what it is today. While bigger than a mom & pop shop we face many if not most of the same challenges small producers do. We sell our product throughout the province, primarily direct to retailer but have recently started using a distributor. We struggle with storage space and as a result typically have to produce for next day shipping. As we came into the business without formal training in food production, we struggle a little to 'learn as we go', especially when it comes to standard processes. We have learned a lot from resources provided by the SSFPA as well as other organizations but still have more to learn.
- * We are farmers and fermenters. We grow the vegetables that we use in our fermented food products. We sell our vegetables and ferments at Farmers Markets in Vancouver, Whistler, Pemberton, Lillooet, and Kamloops. We are slowly starting to sell wholesale at small independent health food and vegetable stores. We also have a retail store in Lillooet where we sell our products along with all locally made and grown products. This helps us pay our rent for our commercial kitchen, which is attached to the retail space.
- * I started on a whim, selling granola at local farmers' markets. It was well received so I decided to get it into stores. We are very lucky in Victoria with a handful of smaller, independent stores that support local food processors. Over the past 8 years I have continued to sell at farmers' markets while growing my online and wholesale market in stores

Challenges Faced In Finding Start-Up Financing:

- * Interest rates too high. we had to get a loan for mixer and are paying 18% interest
- * We applied to Farm Credit and a couple of other places, but we were entering a niche market without a financial track record and no one would give us money.
- * Banks don't understand that all small scale owners have debt, so they don't tend to want to lend money

- * No one willing to loan or give me money without a business plan. I am a great planner, but have difficulties getting it out on paper, as my brain does not work that way. Thus, I have grown my business incrementally as money and time allows. The time and energy it would have taken to write a business plan I wanted to invest in hands on growing of my business. Thus, I have a business that is successful because of my trust in my vision.
- * I had no trouble as I was buying from family and had previously worked and saved up.
- * The moment you say 'single female entrepreneur in the food industry' the door closes. Even with 11 years of experience running a successful business, trying to get money for my business is all but impossible without a co-signer or backer.
- * Finding workspace, sourcing materials, finding sales outlets, government requirements.
- * It took 2.5 years to complete construction getting through public hearings for zoning, ALR, waste. Plant design through CFIA approval. It was long and costly, but we succeeded.
- * No money to spare.
- * I didn't have enough collateral
- * Normal risk assessment based on cash flow & debt ratios
- * Although Community Futures helped me out from time to time, I did not have the courage to risk everything to grow my business. Further financing was mostly on low-interest credit cards.
- * In 1986, the interest rate was 12% and more not 4% and less.
- * lack of eligible assets, lack of standard bank support

Challenges Finding Growth Financing.

- * getting equipment into the country [perogy machine, potato peeler - coolers and freezer prices]
- * Confusing advice from different financiers on how to structure the loans we need. The main issue is my own lack of expertise and knowledge on the topic, but the stakes are extremely high.
- * The only reason I have been able to grow is because I own my own home, which has given me an asset to leverage. A mortgage broker had to work some serious magic to get me my mortgage, and I've never had a problem maintaining the mortgage and even showing that history (I've owned my home for 6 years) I STILL can't access the money I would like to grow my business. I finally refinanced my house in order to free up the equity I have, and this is how I have managed to put money back into my business.

- * We are in such critical labour shortage that the ability to stay open is in question weekly. After the 2017 wildfires, hiring local help has become impossible to find people that can work. Skilled butchers are impossible to find and hire, intolerable wait times to see if LIMAs are approved. To put it politely it a shit show, with the inability to complete orders on time, no one answering the phone for days. We need the cash flow, so we work brutally long hour with tonnes of overtime. To top all this off both provincial and federal governments have no problem telling it sucks to be you, just wait till the shortage gets worse, or maybe you need to change your business model more part time workers, coffee breaks are wifi breaks. More robotics and technologies that do not exist or not practical for business doing under 1,000,000 animals a year. All in all, growth will not be a reality for us without staff that can remember what their daily job description every day, the skilled production workers that don't seem to be available to our industry anymore. I am fully aware of the federal pilot program to help the meat industry, but we have no idea if it will be available to us or just export, when will it happen or will it not after the next election?? I could go on further about the lack of enforcement the selling of uninspected and unlicensed meat products that greatly affects business viability. Thank you for the opportunity to have a say
- * Any profits I make also go to paying the next expenses. Financing requires making payments. Costs and expenses have risen. How much can I raise the price of my preserves? What will someone pay for a jar of jam, for example?
- * I feel that I am so busy with day-to-day operations keeping business going from a day-to-day basis. Too many debts with my husband's health issues and do not believe anyone will lend me money plus afraid to owe more.
- * Health of Balance sheet primarily
- * Being a woman in a man's world turned out to be a little too intimidating for me.
- * No longer seeking financing.
- * The only financing supports we have been able to find aside from the BDC have been personal, or very high risk that leaves a bizarre notary trail that nobody will explain how to fix.

More Financing Stories

- * I started my business in 2011 and slowly grew it, investing most of the profit back into the company while maintaining contracts elsewhere to pay myself. My company is a 1-person show, with seasonal employees.
- * We started as a small farmer's market business, producing out of our home, in 2010. We have grown organically, and self-financing at each stage - which has limited us to a very slow growth, as we have been only able to take baby steps (not always a bad thing, but we have been unable to meet demand because of this).

- * We are a small business that was able to start business with the help of wealthy family members. We would have been considered a 'risky investment' because we were the first of our kind in Canada. In our experience, banks rely heavily on statistics and history, so innovative businesses lack funding resources.
- * Started the business in our home as just an interest. Due to high demand, we then realized that we could not keep up, so looked into financing to build a bakery in front of our home. Could not obtain outside financing, so built the bakery using whatever funds we had and maxing credit cards. Been slowly building having to obtain leasing for equipment. Had no real business education, so have availed ourselves of any free courses or funding through BDC to take one of their courses, to gain knowledge
- * My business is too small for many Grants and I'm not paying myself so I can't pay back a loan
- * With no money to start you have to start very small and grow very strategically and slowly so as not to shoot yourself in the foot. While looking for financing options, many will not look at me until I am a certain size.
- * I did not want to take on debt before I knew that I had a viable product, and so chose to boot strap the business. Even to get an operating line of credit I had to show my personal finance info to show history, even though my business had a completely different account etc.
- * No corporation wants to lend money for a start-up venture in farming. My husband worked off the farm to pay for what we needed ourselves. It took much longer to do and now we have no money left to pay someone to do the marketing for us. I have lost my enthusiasm for it all with all the bureaucracy involved. The marketing is through farmers markets and fairs etc. is the only way we have marketed so far as it appears the pricing of our product to market through an agent or wholesaling has to be so low in order to end up on the store shelves at a price that competes with the big manufacturers.
- * Bank requires equity in the valuation of 200%
- * We tried to obtain financing but were always denied. No particular reason given; we always thought it was because we were senior citizens
- * When we looked to build our own kitchen, we required a loan. I went to Van City, and was denied because I, personally, did not have enough money in the bank (at the time I had over \$50,000 in savings). I learned you need money to receive money.
- * We initially went to TD Bank. They were not able to finance the entire amount, so they suggested they fund partially and then ask BDC to fund the rest. The interest rate from TD, not to mention all the obligations we had to fulfill were ridiculous. BDC interest rate was also way too high. So, we contacted our mortgage broker who had since then branched out. She (Bridgestone Financing Pros) was able to find companies willing to finance with reasonable conditions.

- * Everywhere I have turned I have been met with "what we offer doesn't seem to fit you"
- * We are a small business and most banks do not return our emails or calls. They are not interested in financing small local business. This includes CIBC and Interior Savings who claim to want to help small local business.
- * Some banks, such as Vancity - advertise that they issue start up loan or micro loans to small business. They do not mention that the applicant needs a good credit rating. We tried a few other banks as well and they basically told us not to apply until we were profitable. BDC was the same. We ended up pitching to a friend/business associate and he liked what we were doing. We had to give up 30% of our equity and we are now struggling to get it back. At this time - we have a few options in regard to non-bank financing (investors are interested in our product).
- * Financing foremost. Needed someone to be able to really teach what a business plan was about and to help gather figures. When we started, we kept on hearing about business plans, but when we got templates for that type of thing, we did not even understand what they were wanting, the whole thing may as well have been written in Greek. When we tried to work with our adviser at the bank, she was unable to help as she said they were not allowed to assist - against bank policy. The other challenge is good advice about equipment to purchase.
- * Because our income is so low, the interest rates are high on loans. We did use our land as an asset at the beginning, which helped, but there is always that anxiety that if something went sideways, we could lose the land. I did not pay my husband for any of the ingredients he grew for the dressing. I did not pay my family members who helped me, nor myself. 24 years later cash flow is our greatest challenge as we try to grow and expand our business, which takes a lot of investment and without security, we are limited in borrowing.
- * Entrepreneurs work with faith, vision, and belief in their product. Banks and lenders work with quarterly profits. I have unique products with virtually no available direct market research. It is really hard to effectively tell the story through a proper business plan when the data really does not exist. It is really hard to be taken seriously when you don't tick off all of the boxes.
- * I really do not know where to go for large funding. For myself to start my business I had to spend 50k off my home line of credit which took three years to pay back and now as we are heading into scaling for HACCP & For equipment to streamline our production I am realizing I will be needing a lot more money. I do not have the funds this time to invest so I am really going to be needing financial assistance.
- * If we did not have our parents and family, we would have never qualified for a bank loan large enough or any other funding. We were in our early 20's when we started with no credit.

- * We are completely self-financed by selling our previous home, also selling off assets such as a travel trailer, truck, and boat. We have applied for numerous grants and pitched in contests but have not received any actual funds.
- * We started very small and grew at a comfortable pace. Also, we were a home based business for many years. So financing was not a huge issue in the start-up years. However, we did sweat equity for many years. The business had been in operation for over 15 years when we began paying ourselves more than our employees.
- * I have been in the food business since 1987. First, a chocolate manufacturing business, then a farm based food-processing business. We processed the fruits and berries that we grew on the farm and sold to Canadian markets, as well as to export. In 2014, I built a new processing facility. My goal was to purchase fruits and berries from farmers in the Okanagan and the Fraser Valley and to process them using low temperature dehydration, as well as hot fill processing utilizing steam kettles. I love what I do and the companies that we work with. We are focused on high-end foodservice markets - hotels, trains, cruise ships, with some attention to specialty retail.
- * In 1997, I was approached several times to take out a loan to expand the agri-tourism operation on my farm, by BDC. I was also told by BDC that I needed a business partner, as I was a single mother with five young children, and I had a business that was growing rapidly. I did not think that I needed a partner and was happy to let the business grow slowly. However, after many unsolicited meetings at my farm, I agreed to take on a business partner and BDC introduced me to a potential partner. We took out a business loan to build an automated processing line
- * Despite having over 100k in the bank, was unable to secure financing
- * Our farm not big enough nor our ask big enough for much attention. Hence more of a second mortgage
- * No one wants to give money to a new business
- * I did not really have trouble finding start-up financing as we had savings from selling our house to cover any potential default in payment.
- * Current Cost of produce makes the price per jar unattractive in the winter months, still researching options to make the financial aspects attractive on the business plan. Also jar supply does not exist in Okanagan. Forced to go to Vancouver for jars, which is extra cost.

- * We started in 2014 with my grandmother's recipe and two products- at three Christmas Farmers markets. We built the inspected kitchen in the basement of our home. This wee 180 sq. ft kitchen is the only reason that we have survived in that we have very low overhead costs. We live in a remote area and farmers markets are small and far apart. We were also very burnt out from years of markets with another business. We moved to primarily wholesale in 2016 and put a lot of effort into listings with Save on Foods, Choices and IGA. Most of which has come to not much income. We do well with specialty stores and tourism locations because of our unique product with effective branding, but it is very dependent on staff paying attention to the display. We exhibited at the Grocery and Specialty Foods Show West in 2017 and were awarded one of the top ten most innovative products. We are in year six, and still not able to make enough income to support our family fully. We use a personal line of credit to manage cash flow and have continued to downsize our personal life to survive. In order to grow we need an influx of cash for either marketing or equipment. At the moment, we are growing slowly using a sales rep. We have issues with stores paying attention to our display and with re-ordering. I still believe that most business is based on relationship and in many of the larger stores the managers and staff change on a whirlwind basis.
- * TRUST. We are incredibly hard working people and had backup plans if our original plan failed. We needed over \$100,000 to start; we did not even ask the banks as it seemed like a waste of time. General feeling was that they would not lend that amount. Grants were another avenue considered, but our original purchase was time sensitive and we needed the capital quickly to invest.
- * We had already committed capital from our business to build out another retail outlet and an opportunity came available to buy a warehouse/production facility near our flagship store and required 100%financing. Despite a successful longstanding business with consistent profits we found it difficult to find financing from traditional banks

Describe The Challenges You Face Finding Growth Financing. What Were Your Issues and/or Barriers?

- * I don't have a business plan
- * Knowledge and time.
- * The financing I require is for basic monthly expenses. My sales just do not cover my ever-increasing expenses. I think that if I could find the right distributor), I could probably adequately increase sales, but I in the double bind of not being able to afford a distributor who can get my product on shelves across BC.

- * I am very cautious around debt and would prefer to grow as I have the funds, however I have some big projects that I will need financing for. I have looked to various grants, but so far have not been successful in getting any capital that way. I will next look for a small loan from my credit union, or the women's enterprise centre
- * Nobody has time to speak to the little guy. I'm sorry you only have 30k in sales... call me back when your bigger. Other than what my bank would allow me to pull out of my house, I have given up on funding for the first two years...decide to put my head down to get the sales...
- * Making enough margin to support the additional debt
- * You asked for difficulties in start up financing above. 100 words were not enough. Growth financing wasn't an option as we did not want to go further with working off the farm to pay for more expenses for the farm and not get enough results in profit
- * Nothing recently. Currently we have been able to fund out of cash flow.
- * We are in business less than two years. Currently hard to get grants at this stage.
- * When I started in business on my I was a single mother with five young children. One of my children had serious health problems and while working to operate an orchard/farm, and a food processing business and agri-tourism operation on the farm, I was also seeking desperately medical help for my daughter, inside Canada and outside the country. It was very expensive. I had a very bad experience with Farm Credit, which left me paying for a loan of \$100,000.00 and trying to keep my family and business together. My bank manager offers to help me with a loan to help with the growth of my current business, but it scares me. I do not want to go through the horror again. Currently, we are experiencing very rapid growth and it is hard to keep up with the orders and the opportunities. It would be great to have a business advisor/ financial coach.
- * Interest rates are too high, adding a monthly increase to an already stretched cash flow (in light of how high rents and triple net is here in BC). Also, the standard of needing to show that you have a sizeable amount of cash in the bank already to qualify for a loan. (if I had the money, I wouldn't need a loan)
- * It seems much more difficult to source funding for infrastructure than studies
- * My plan was to grow the business with earnings, never to take out a loan.
- * No government funding that would help with what I need.

- * It is hard to know how to increase sales when you are just starting out and have never worked in the business before. My husband has been at this company for 20 years. He was the production manager. I quit my job when we purchased the company 6 months ago, and am trying to learn accounting, the rules and regulations, how to invoice, inventory, etc., not to mention payroll, and trying to figure out how to increase sales as one of the major clients was sold to a bigger company that no longer wants fresh pasta. Now, there are also new federal regulations for a new licence that we have to complete. Feeling overwhelmed!
- * We only grow as we can finance internally. Perhaps our original feeling of mistrust from banks remains. We would apply for grants or cost-sharing initiatives as they arise.
- * I feel like I have been searching high and low and talking to lots of people, and I just don't know where to begin looking.... I am too thinly spread with all the gazillion things that are part of growing a small organic business, to have time to properly sit down and search for funding and/or apply. And whenever I apply, I never seem to fit the molds of who the money is for...
- * We want to grow but cannot afford to hire people. We are draining savings to keep moving forward and realize that we must pay out of pocket to hire people. When we hire, we will be able make and sell more product but still question if we will be able to pay ourselves. We keep our costs low by growing all the vegetables that we need for our products. We actually made money last year after expenses but still not enough to pay ourselves something even remotely close to minimum wage.
- * HR issues
- * We are fortunate to have started out with some investor knowledge.
- * I have not pursued financing.
- * As we had to use our credit cards to finance the growth to this stage, our debt load is already high. 'Normal' sources of financing will not consider lending as they see it as risky. Also, finding a transporter to ship products (frozen) off the Island is extremely difficult and prohibitively expensive. Have had much interest in our products from Alberta, but so far, have not found someone to ship for us. We believe the major problem for us to get financing, is our debt load.
- * I made an attempt with several organizations that were listed in Government grants and was told that we did not qualify. Even though there is money available for women in business and farm practices. In all honesty, I should have dug deeper, but was disheartened and felt that it would require a lot of time for very little results. We are still proceeding with one venue.
- * That is one of the things we probably have not done very well. Should have been more on top of organizing financing for growth. We have always played the finance-by-sales approach.

- * Bankers and lenders only see profits and dept. repayment terms. Not every company can check off all of the boxes
- * BDC loan seemed to be better scenario as they don't restrict your cash flow and operation if you are not able to make a payment; they work with you.
- * Debt or equity ratio challenges
- * We have a large amount inventory that we have to invest in so that we get the best price we can afford (i.e., in terms of volume). This can be well over \$100,000 so that ties up money. We have over \$100,000 in accounts receivable and these days most accounts do not pay in our 30-day policy but drag it out to 43 days. We pay better than average and now have a health plan in place so that adds to higher expenses. We have maxed out our loan capacity with TD bank and it is difficult to find "bridge" financing, as we just need help with our cash flow as this year as we invested heavily in new equipment so we can expand our business. I will go back to using our Line of Credit at CIBC as that is the best interest rate, but it means they use our land as security. Years ago, we reached out to the Vancity Credit Union to see if they would help and we were very disappointed with the lack of response. It seems with many organizations the focus is more on the Lower mainland since the Okanagan focus is more on the wine industry, not the food processing industry. This is disappointing to feel the separation due to location.
- * To find a financier that really helps me and is not just out to get the highest return for themselves
- * Really, I would say it was lack of access to the resources out there for a small business to scale their company. Yes, you can watch Dragons Den and find an investor but for us we really did not have a clue where to turn other than to our own pockets. I did not want to have a large debt on the company, so I chose to take it as a loan repayment each year back to myself.
- * We have a really hard time with cash flow and always seem to be in our operating line overdraft
- * Our biggest financial issue was that the property was bare land. To place a mortgage on the land you must have between 50 and 60% down payment.
- * Main challenge now is lack of time to look for options and go through the application process. For example, we are filing all the information for Buy BC but due to lack of time have not been able to finish.
- * Four years ago, we had to increase our Credit Union LOC to 1 M to pay for a price jump in our two main products. We are having trouble bringing that debt back down to zero.

Other Points We Need To Know About Accessing Financing That You Have Learned

- * From my own experience, and the experience of all the other small-scale food processors I know, the real struggle is in paying monthly expenses. Running a small-scale food processing business is affordable as long as you are selling at the farmers' markets. When you make the leap from markets to wholesale, selling in stores, the investment, and ensuing costs become untenable. I have been working my tail off for 8 years and still have not paid myself a penny. Sorry if this sounds like a pity party. It is meant to be open and honest so that we can work to find a solution that supports food processors like myself. I have been in the fortunate position of having a working spouse and savings to compensate for no wages, but that is not a healthy business model. As I said, I do not feel that I am alone in this position.
- * There are too many barriers for small companies especially in our province where people are leveraged and cannot qualify on a personal level for further funding. It is not about the business it is about the person applying for the funding.
- * you need a viable business plan that will convince the lender you can succeed and pay back the loan
- * Don't think there is enough profit to be made in any farming venture on a small scale
- * A superb business plan with research data.
- * Grants are hard to find and harder to access
- * Banks are not fond of working with small business and BDC, Farm Credit are not interested in Small Businesses looking for financial assistance, without extensive security.
- * Buy land as a foundation for financing.
- * Address the retail system. Some large stores set us up for failure. Our products are shelved if the sales drop often as a result of changing locations. Lower shelves, no longer a gluten free section, staff does not order on time, nor has no product on the shelf when we have booked a demo well in advance. We are actively engaged with privately owned retailers. They are wanting us to succeed in a cooperative and beneficial relationship.
- * I feel a business plan is essential, with a realistic analysis of all the expenses that will be incurred, and a realistic look at how the product will be priced.
- * It would be helpful to have a link of options for financing on the SSFPA website. It is challenging and even more so in this day and age in my opinion, we are fortunate as we have been in the business for 24 years. It took a lot of hard work and "lean" practices on my part, being thrifty, practical, and possessing the gift of common sense has really helped!

- * Always ask for money when you do not need it, because when you need it, it is tougher to get. Have your business plan in place and work your plan.
- * Writing a proper business plan and applying through all of the hoops for traditional funding its way too intimidating approaching a bank. If the banks held planning workshops to work with producers and break down the barriers would go a long way to limit the intimidation of walking into the office for funding.
- * Trust in the feminine approach, which is based more on intuition and observation than old values based on patriarchal capitalism. My intuition is based on being a single mother with hands on, eco-based skills. Observing how nature grow and applying this model to business growth. We do not need to grow and grow, thus creating consumption and waste. We only need to grow enough to make what we need. Happiness is based in simplicity and relying on a local small network.
- * The only reason I have been able to grow is because I own my own home, which has given me an asset to leverage. A mortgage broker had to work some serious magic to get me my mortgage, and I've never had a problem maintaining the mortgage and even showing that history (I've owned my home for 6 years) I STILL can't access the money I would like to grow my business. I finally refinanced my house in order to free up the equity I have, and this is how I have managed to put money back into my business.
- * Our age, late 60s at the time, and our children would not commit to continue.
- * If I get financing, then I have to make payments. My business costs are high compared to the profit I get.
- * I did not need financing before, but we would like to grow, and I am realizing I do not know enough about it.
- * Federally offered grants are more effort than they are worth if you are not guaranteed to get one. Would you waste the same time on lottery scratch tickets that take WEEKS of valuable time to scratch? Heck no!
- * Depends on risk profile & operational experience
- * Being in a very rural area the only access I really had was to Community Futures. I was not really eligible for any financing through them, though they did support me shortly before I collapsed my business through the Self Employment Assistance Program. My big mistake was trying to take the step up from selling at farm markets to selling in stores. There was not much help/assistance for that except through SSFPA.
- * All changed now and much more difficult to get start up money.
- * Two single women who own their own home is not enough for financial institutions

Health Motivation Stories

- * As a young girl in the 70's and 80's, I struggled with what was to later be labeled an "eating disorder". Through my long journey to wellness and self-discovery I tapped into an insatiable thirst for knowledge both spiritual and health related. Later, as a mother to two daughters, I vowed never to place the emphasis on food and to do everything in my power to help my girls avoid the "food struggles" and "body image" issues that had so plagued not only my young adult life but also the lives of so many women around me. At 12 years of age, my first born began to exhibit disordered eating behaviours. Behaviours that I recognized and knew well. During the ensuing years of her journey to wellness, we met amazing mentors that were to forever change our outlook on life and ultimately change her path. Our combined mother/daughter experience through the stronghold of disordered eating catapulted us into an entirely different mindset that embraced mindful eating, eating to live, healing your body through whole foods, plant based living, organic and non-gmo, and the important links between physical and emotional wellness and food: the undeniable mind/body connection. Her fire and passion to serve ignited her deep love of cooking and guided her into the arena of health coaching where "smart food" and "nutrient density" were key players. Out of this cooking and living paradigm was born the recipe that was to become our business. We believe... ..that you can heal your body and your mind with food. ...in the importance of organic and non-GMO ingredients. ...that a whole food, plant based diet is the key to health in all areas including our planet. We live these values by creating outstanding chocolate truffles from the purist and cleanest ingredients.
- * We started experimenting and conceptualizing our business about 8 years ago. When our Founder's mother was undergoing chemotherapy where she had lost her sense of taste, with exception of the ability to taste soy sauce. This went on a quest to find a healthier soy sauce or the Ability to elevate Umami flavours and then discovered the other multitude of Koji Fermented Foods.
- * I fell passionately in love with Cacao during a visit at a Cacao farm in Peru, and I now make RAW ORGANIC VEGAN chocolate bars and snacks. Everything is made from scratch in small batches, with love and consciousness, as well as a sincere passion for the healing powers of food. 100% ORGANIC, RAW, VEGAN, GLUTEN FREE; Free of dairy and soy; ethically directly sourced; and ONLY sweetened with dried fruit!

- * We believe that small positive changes in our diet can lead to big positive results! We have created a line of unpasteurized Apple Cider Vinegar products that not only taste amazing...but also have naturally occurring benefits. FYI - unpasteurized ACV contains a prebiotic enzyme - AKA, the mother. When consumed, this enzyme stimulates your stomach acids and has been known to improve digestion. On its own, ACV is notoriously unpalatable. We make ACV taste amazing. Low sugar, caffeine free, non-GMO. We are focused on building a mindful brand and are working towards becoming 100% waste free and plan to sign up with 1% for the Planet at the end of 2019. At this time, we are on the shelves of 200 retail stores (BC only).
- * My daughter was diagnosed with celiac disease and Crohn's disease, and for her I developed a recipe for a nutrient dense and easy to digest granola, based on the learned writings of Elaine Gottschall. I decided to start the business in 2009, and my plans were accelerated when I was laid off from my job. I was able to enroll in an entrepreneur program at a local college while receiving employment benefits for nearly a year. The business began in 2010. First, I sold at markets, events, and hospitals. Then I was able to gain listings with about five chain and sell to grocery stores (chains and independents), health food stores, golf clubs, yoga studios, gift-basket whole-sellers. Like everyone, I survived and pushed through many set-backs, such as my rental commercial kitchens closing (three times), cold storage facilities closing (twice), feeling overwhelmed with too many orders or too few, grocery stores closing, managers changing, commodity prices for some ingredients going through the roof, my Dad's changing life and then dying, my broken wrist, my sister's car crash and broken bones, my nephew dying, my daughter's health, my son's transition from student to archaeologist. After nine full years in the business, it needed a major refresh for packaging, labeling and marketing. I chose to retire instead, and did so Dec. 31, 2018. I am still trying to sell the business, and so far, two people have looked seriously.
- * I make seven SKUs of granola - four with organic rolled oats, two with gf rolled oats, and my new Grain-Free granola. I pride myself on having one of the least sweet granolas on the market.

Innovation Stories

- * WE are a proud mother and daughter farm to fork business. We produce nutrient-dense and delicious Crisps and dip! Our Crisps are loaded with local organic produce and sprouted seeds. We have found a way to turn local farm food into fast food without compromising on ingredients, taste, or nutritional density thanks to the ancient practice of dehydration

- * After many years of experimentation with delicious results we have decided to start Canada's first ever Soy Sauce Microbrewery and Koji Fermented food Manufacturer located in the Fraser Valley. We started our journey eight years ago looking for a healthier soy sauce, which got me experimenting with Koji fermented foods. Now we are current making and selling miso and are building Canada's first authentic soy sauce using all Canadian organic ingredients.
- * Local Vancouver business looking to bring sustainable cricket protein into our food systems.
- * We have a small farm operation producing Big Leaf Maple Syrup. We purchased the property in 2015 and begun cultivation of additional trees. This year we were able to place 850 taps in the trees. Due to weather issues, we only produce 850 gallons of sap. This reduces to approximately 24 liters of syrup.
- * We grow and supply certified organic seed for growing sprouts and microgreens. The business began on our family farm in 1982. As the business grew, we began sourcing seed from other organic farmers in the province. In 2000, we moved the business from the farm to the nearby village of Parkside and re-purposed the town curling rink as our seed warehouse and offices. We now have over 20 staff and supply enough seed each year to grow over 20 million servings of sprouts and microgreens!

Ethnic Product Stories

- * Vankoji Founder, Tonami, began selling Shiokoji in 2013 at the Nikeii Japanese culture center. She discovered Shiokoji while making her own koji (a powdery fungus grown on rice) for homemade miso-paste. After reading about shiokoji's popularity back in her homeland, Tonami decided to introduce it to local Japanese. Since 2013, Vankoji has been producing and selling Shiokoji and other koji based seasonings at craft fairs and festivals. Every year, sales have grown as more and more people from different nationalities enjoy this product in their everyday cooking.
- * Retail and wholesale of Ukrainian foods...I created my own antipasto made it vegetarian and now gluten free. My Ukrainian recipes have been handed down from generation to generation-old prairie style cooking the way my Mother and her mother created for the family.

Local Food Motivation Stories

- * We started producing my grandmother's Relish after having so many orders from friends!! Now extended product line to include three other products- all worth a little heat and all made with locally sourced organic/clean produce. All products Gluten Free, Vegan friendly, GMO free, preservative and additive free! They are all sweet, sassy and a lil bad-assy

- * We are an artisan cheese producer. We own the land our facility was built on. We are family owned and operated and owners are all women. We love to educate the public about how cheese is made and where their food comes from.