



**SMALL SCALE FOOD PROCESSOR  
ASSOCIATION**  
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**ADVANCING THE ECONOMIC SECURITY OF WOMEN IN THE FOOD PROCESSING INDUSTRY**

**JUNE 2018 - MARCH 31, 2019**

**NEEDS ANALYSIS**

Helping Women Grow their businesses is an excellent economic stimulus strategy. Women-owned businesses need immediate, active policy and program support to realize their full economic potential<sup>1</sup>

## Introduction

The Small Scale Food Processor Association (SSFPA) with the support of Status of Women Canada launched a 36-month project aimed to address the systemic and institutional barriers impacting the economic security of women entrepreneurs in the food processing industry. The Goals of the project include:

- Development of effective partnerships with private sector partners
- With our members and other industry partners, seeking to understand the unique situation women food processors face in accessing finance that exists above and beyond the general issues women entrepreneurs face in the financing market place
- Develop a rationale regarding the place of small processors in the food processing industry to motivate our private sector partners to assist us in planning and implementing strategies, tools and solutions to the documented issues. Our messages are that their financing businesses will benefit as women food processors benefit. In achieving this goal, we will see an increase in sustainable private sector leadership and investment in women's food entrepreneurship.
- Test and implement solutions
- Share our results broadly across the country.

This project allows us to look for answers to the following questions:

- Can the SSFPA work with our partner financing agencies to develop a 'due diligence' process that is rooted in industry knowledge?
- Can the SSFPA find a way to coordinate access to finance strategies for women food processors such that there is a clear pathway from an open the door to a manageable loan or investment for a start up or growing food value-added company?
- What is the role of the SSFPA in building the financial ecosystem that will help strengthen the sector?
- Should the SSFPA develop and manage a financing program?
- What organizations across BC and across the country wish to partner with the SSFPA to scale the knowledge we gain so that the thousands of small scale food processors will have better options and opportunities to succeed in the market place?

## Organizational Capacity of the Small Scale Food Processor Association (SSFPA)

### 'Food Processor' Definition:

A business that creates value-added food product(s) by cutting, blending, flavouring, thermal processing, infusing, carbonating, drying, juicing, or otherwise transforming primary agricultural and food input(s) into food or drink for human consumption. <sup>2</sup>

The SSFPA was formed in 2002 to provide support to small scale food processors. We are a member-driven organization. We have developed an array of programs and services for small scale food processors. We also deliver government programs for which we have gained a reputation as an effective administrator. (Please see Appendix 1 for a Snap Shot of SSFPA programs and services.)

The Executive Director of the SSFPA (Candice Appleby) attended a GBA training in 2018. Her experience and report to the organization elevated informal discussions about the issues women members of our association were experiencing. A gender analysis of our membership showed that 66% of our members were women! The opportunity to delve into this issue and create new supports for small scale food processors aligns with our central mission. We now see this as a matter of urgency for understanding and resolution.

In considering the operations of our organization through a gender lens, we see that our lead executive officer has always been female and most of our board members over the years have been women food processors and food system consultants. We provide on-site and online training sessions for start-up and growing processors throughout BC and find that most of our trainees are women. Without a formal gender intention, it is clear that we have a strong gendered practice. However, when the opportunity to assess how we have performed vis a vis supporting financing for women, simply by asking the question we have opened a new and extremely important avenue to support women's economic security. The first focused conversation with our Board of Directors as we were considering a proposal to the Status of Women's program, immediately revealed huge problems that women have experienced that we had not directly addressed heretofore. Upon reflection, we see that our women members have seemed to accept the struggle to find affordable and relevant financing as part of their food processing journey and perhaps we have all previously accepted this reality. A case in point from a member posting on our member listserv:

*Hello All: We are a small business, Gerard's Specialty Foods Ltd. in Lake Cowichan, manufacturing frozen food, organic with no GMO's. We ship product ourselves from Victoria to Nanaimo and Salt Spring Island. Our frozen rolls and strudels are hand-made; our signature product is Puff Pastry that is vegan. Our Master Pastry Chef developed his recipes and special techniques; he passed away two years ago, and while he had trained his successor, it was a hit for us...but two hits because he was my husband and I am Gerard's manager.*

*It has been a struggle, especially for me on a personal level. We will be HACCP certified this year; two large chains want our products as do two distributors. But sometimes I wonder...be careful what we wish for...we might get it! We have been in business since 2012 and if our founder had not passed, we would be in a profit position today. But not because the large chains would handle our product, but because our best customers are the 'little guys'; they move more product and pay much faster. Our company is worth about \$100,000.00...but we funded our start-up ourselves...we were always denied financing. The fact that Gerard's is a 'real food' manufacturer...no GMO's, additives, preservatives, hormones, enzymes, antibiotics, soy, etc. should make us of prime interest to*

*lenders because our food is healthier than many. But, it makes no difference at all.*

*I understand all the frustration out there. Small businesses are the backbone of any community, but sometimes we seem to be treated like broken limbs! Good luck to all. - Glenda Osborne, April 2019: SSFPA listserv posting*

However, within weeks of launching this project, we see that by tackling this problem and tackling it systematically we will not only serve the needs of the individual processors but will also see our role more clearly vis a vis the overall food processing industry.

### Issue and Community Analysis:

#### Stakeholders:

The main stakeholders are our members represented by the SSFPA's Board of Directors and by a recruited Project Steering Committee of members. We invited our Allied Food Organizations to participate. Importantly, we were able to recruit a stellar group of representatives from financing agencies to form an Advisor Panel. Financing Agencies and Institutions that showed concern about food, women and providing financing in a more approachable fashion were invited. (See lists of participants, Appendix 2)

#### Current Situation:

There is considerable documentation of the problems that women face trying to finance their businesses at all stages of growth. Although a great deal of information was sought from many research documents, we are using the summary from the Report "Women Entrepreneurs-Financing and Growth" a report from a Status of Women funded project by the BC Women's Enterprise Centre and VanCity in 2011 as a backdrop onto which we will add the specific problems faced by women small scale food processors.

#### Issues:

New financing and support programs for women are proliferating globally, nationally and regionally. However, the impact of many of these programs is yet to be felt in our sector. Programs for food processors do not 'scale' to 'fit' small scale food processors' needs.

#### Root Causes:

Do people, in general, have any understanding of the complexity of the process to get a food product to market? Unless a person becomes involved in the food processing system, they will most likely have a simplistic view. This situation underlies the problem small scale food processors have with financing officers who rarely credit a small scale food processor with having addressed so many industry imperatives when building their product plan. The food processing industry comes with layers of challenge over and above those for anyone considering starting any business venture. When women decide to take their food product idea to market, they face substantial barriers due to the highly regulated nature of the food system.

#### Systemic Barriers:

- Small processors need to position themselves to compete in a consolidated system largely controlled by giant corporations. This reality creates major challenges in all aspects of small scale food processors business.
- Since food processors are a major market for farmers, market problems faced by farmers radiate into the small scale food processors' sphere.

- Being small is a challenge. The investment of time and effort into planning business growth is limited in the first and second stages of growth as the owner/operator is dedicated to running most production and business operations. 'Insufficient capacity to undertake activities to plan and grow the enterprise, find business collaboration opportunities and networks, and to access information and support can lead to obstacles to the growth of processing enterprises. A lack of capacity reduces the overall organization of the industry, which in turn leads to a dampened ability to cooperate on reducing inefficiencies, such as supply chain issues, production issues, and labour issues, throughout the industry.'<sup>3</sup>

## Women Entrepreneurs - Financing and Growth

### Motivations:

- 56% of women business owners choose not to grow their business;
- Of those who do, their reasons for growth are for higher income, self-fulfillment, and meeting untapped customer demand;
- The timing of growth intentions is crucial—more women decide to grow during first five years in business.

### Barriers:

#### Personal Barriers:

- Management and business skill training, need for mentors, and help with time management
- Family responsibilities, leading to timing issues—both in terms of when business growth is feasible, and in terms of availability for training;
- Financial strength, financial literacy, and overall confidence levels are issues for all, especially for aboriginal and immigrants.

#### Firm and External Barriers Exist in the Areas of:

- Cost management, competitive strategy, risk management, marketing, recruiting staff, government regulations and legal requirements, and obtaining financing;
- The main firm-related challenges are around financing and profitability issues, HR issues, and skills / training issues (in that order);
- Expanding the companies' customer base into B2B is an opportunity for higher growth.
- The women have clearly identified what help they need

#### Barriers to Accessing Capital

Financing challenges still exist, but solving them will involve the women themselves, lenders, and business service providers

- Lower perceived need for financing
- Smaller amounts borrowed
- Level of comfort with outside financing
- Different financing patterns at start-up
- Different financing patterns for business growth
- Lower approval rates for short-term credit
- Barriers to accessing financing
- More declines due to poor security and credit histories
- Higher documentation requirements

Successes:

Definitions of success differ between men and women business owners. Women indicate:

- Increasing importance of contribution to community;
- Higher importance for women for work / life balance and professional autonomy;
- Lower priority of personal disposable income.

Satisfaction:

Assessing satisfaction levels with regards to reaching business goals can be a challenge, because of the paradox of the contented female business owner – in spite of lower growth, they're satisfied because they have reached their business goals;

## Needs

### Data Collection, Analysis, and Methods:

General Comments:

Many of the issues we are documenting affect anyone who ventures into the food processing business. We are asking both women and men to respond to our formal survey and hope to be able to show differences in how they are treated as they seek financing. What is becoming clear is that all small scale food processors face substantial barriers due to the nature of the industry itself as well as to the way programs are designed and the way that financiers view the industry. However, as is the case so well shown in the literature, women face all the issues that all women face in the business world. Whereas women don't need to be coddled, women need relevant 'on ramps' which, when created will benefit everyone but will make the success of women in the business much more possible.

Literature Search:

We recognized we needed to learn about the whole issue regarding how women in general cope with finding financing for their entrepreneurial activities. We discovered these issues had been the focus of a great deal of research. The importance of supporting women's businesses is now well understood as critical to creating a stronger economy. The problems women have as entrepreneurs has been recognized at every level internationally and nationally. New programs supporting women entrepreneurs are proliferating. (This information can be found in our Alternatives paper). As well, there are trends in the food industry and trends in the financing industry that can underlie new thinking in our sector. (See Social and Market Trends section below)

Finding Leading Edge Financing Programs:

An online search supplemented by networking through a variety of organizations provided an abundance of information about new programs. Some of these programs focus on financing women and some focused-on financing food entrepreneurship. A report was prepared and circulated to our Steering Committee and our Advisors Panel. (See attached 'Alternatives' paper.)

Asking Our Members Through Video Case Studies:

Steering Committee members suggested that we should invite members who were active in business but who were 'on the cusp' of commercial success. Six members were invited to participate, and all eagerly agreed. They expressed their desire to share their experiences to help other women. They also held high hopes that this project would help them and others to find the financing support they need without the challenges and barriers that they have had to overcome.

### Asking Our Members Through A Survey:

We devised a survey and beta tested it with members of the Steering Committee. We circulated the survey to 220 current members and 247 former members. We know some of our former members have grown and are very active in the domestic market and some are launching into export markets. Others have sold successful businesses. We also know that many have given up. We are asking them to explain what led to their decision to close. Anecdotally, we have often heard how difficulties with finding financing have frustrated their efforts to the point that giving up was the only option. (A late opportunity to distribute our survey through our Allied partners arose so finalizing the results of the survey will be completed by the end of April. We don't expect many surprises.)

### Watching Discussion on Our Member's Listserv:

We have a well-used member's listserv where people can pose questions and rant if needed. In response to the Survey asking about their experiences, many are discussing these problems in heart-rending detail.

### Food System Trends:

Our organization is focused on the small scale food processor, but we recognize that these are not only small businesses needing resources but that they are part of a burgeoning food processing sector of very great importance to Canada's economy. We have tapped our relationship with Food and Beverage Canada <sup>4</sup> and our participation in Food Processors Value Chain Round Table <sup>5</sup> national discussions to better gauge the fit of the small processor in the bigger picture of the food economy. It is a Good Thing to support women in any business, but this project will also highlight that strategic and institutional support for small food processing businesses and critically for food processing infrastructure can make a major contribution to ensuring that the sector can meet the goals set out in the 2018 report of the Agri-food Economic Round Table.<sup>6</sup> Because of our involvement with our members, we know that the small processors are innovating, developing food products that fit specialized needs and many are devoted to contributing to building stronger local economies, recognizing in their approach the importance of health directives and environmental considerations. This report documented that over 90% of food processors are small businesses. We intend that this project will contribute to arguments to build a strong support system—in fact, an ecosystem <sup>7</sup> of support that can ensure the market success of many more of the wonderful products we are privileged to have tested. (A business ecosystem is the network of organizations — including suppliers, distributors, customers, competitors, government agencies, and so on — involved in the delivery of a specific product or service through both competition and cooperation...Businesses are moving beyond traditional industry silos and coalescing into richly networked ecosystems, creating new opportunities for innovation alongside new challenges for many incumbent enterprises).

## Consultation

### Recruiting our Advisor Panel:

Ours is a small organization funded entirely by our members and our work. We can feel discounted by organizations supporting large food manufacturing organizations. We have operated in a typical women's fashion by focusing on our membership's needs and issues and doing our best with limited resources to make a critical difference for them. We are proud of our accomplishments, many of which have been noted across Canada and from international groups. However, when asked to present our 'Risk Analysis' as part of our proposal, our fear was that the institutional representatives we planned to invite would not take our request seriously. However, in the many hours spent speaking to these people, we found that our concerns were of interest to them given their new focus on providing financing supports to women and all of those invited agreed to participate! There is growing excitement in the

financing industry for the importance of women in the economy. At the same time, there is a growing recognition that women often operate quite differently, especially at start-up and at key decision points in their business journey. Finding supportive interventions for women entrepreneurs is high on the list of international, national, and provincial financing institutions. Our project will ensure that women in the food processing sector are not left out and that their specific needs will be understood.

Recruiting Allied Organizations to the cause:

There are a plethora of organizations working to advance food security, support farming and advocate for better policies and programs. Our Executive Director is part of an informal group of (mostly) women leaders of these initiatives. They have agreed to assist this project and to benefit from the learning and prospects we will gain as a result. In a recent meeting, they heartily agreed that our project is timely and very important to women in farming as well as small scale food processors. (see Appendix 2 for listing)

Attendance at National Meetings for Food Processors:

The SSFPA is a member of many industry organizations and panels. As one of our Project Co-Managers is temporarily resident in Ontario, and because these meetings usually happen in Ottawa, participating in these meetings is assisting us to more clearly understand the 'location' of the small processor in the industry and how this relates to the focus of the financing issue. Much of the industry data we will refer to has been gleaned at these meetings. For example, we discovered informally that the Federal Ministry of Agriculture is launching an internal discussion about how women are supported by their programs as a result of their required response (from political directives) to apply the Gender Lens in their work.

Observing CEO's of the largest manufacturing companies reveal their concerns about how to maintain consumer trust underlines the advantage of the smaller processor who generally is in very close contact with their customers and doesn't share these fears (if their food safety protocols are managed in good order).

Participation in Provincial Government Initiatives:

Our Executive Director currently sits on the following provincial panels and has access to planned initiatives and internal reports before publication: BC Food Hub Network Committee; Feed BC Value Chain Committee; Sustain BC Leadership Council; Island Agriculture Show. She has a direct relationship with the current Minister of Agriculture. However, she reports that the experience of the founding Executive Director and her experience in the following 15 years has continued unabated showing a definite power imbalance when it comes to how the small scale food processor is considered. Is this because our organization is lead by women and is made up mostly of women? The members of our Board feel this may be the case. Even though our organization does not get the same kind of support as other organizations, we relish our independence and the power we have gained through loyal member support.

Data Analysis:

Our analysis to date confirms that our women members experience the same problems faced by any woman attempting to find financing for their business. A summary of these issues resulted from the Women's Enterprise Centre/VanCity Status of Women study in 2011. (See chart above)

However, there are additional problems faced by small scale food processors, and these issues will form the basis of our work in this project.

**Issues Faced By Small Scale Food Processors in Seeking Financing:**

The overriding issue faced by all small scale food processors is that financing agencies DO NOT UNDERSTAND THE FOOD PROCESSING SECTOR. When carrying out their due diligence, financial officers

do not often have an industry perspective. 'Is the business like a restaurant?' Well, it is well known by financing agencies that the risk for restaurants is very high and the rewards are 'chancy.' 'This business is too small to warrant financing given a focus on one line of products.' These statements do not recognize the potential for a small line's success in the market place. These kinds of concerns just add to an unwillingness to risk lending to women food processors who find they also face all the cultural and institutional barriers that all women face. Because of the centrality of this problem for small scale food processors, we see that work must be done to provide industry information and standards to small scale food processors and financing agencies in a fashion that can create a more balanced assessment of business viability for the small scale food processor.

The other major issue is the sheer complexity of the financial system and unless someone in the launch team has a financial background, or until a company can afford a financial planner, just finding the correct place to start the hunt for financing can add problems.

Finding a financier that has adopted a 'gendered lens' is an additional challenge.

Gender Lens Investing comprises two broad categories:

Investing with the intent to address gender issues or promote gender equity, including by:

- Investing in women-owned or -led enterprises
- Investing in enterprises that promote workplace equity (in staffing, management, boardroom representation, and along their supply chains); or
- Investing in enterprises that offer products or services that substantially improve the lives of women and girls

And/or investing with the following approaches to inform investment decisions:

- a process that focuses on gender, from pre-investment activities (e.g., sourcing and due diligence) to post-deal monitoring (e.g., strategic advisory and exiting); or
- a strategy that examines, concerning the investee enterprises:
  - Their vision or mission to address gender issues
  - Their organizational structure, culture, internal policies, and workplace environment;
  - Their use of data and metrics for the gender-equitable management of performance and to incentivize behavioural change and accountability; and
  - How their financial and human resources signify an overall commitment to gender equality. GIIN 2018<sup>8</sup>

## Industry Perspective

It is important for any entrepreneur to understand the industry that they are joining. For this project where we will take the role of 'capital entrepreneurs', it is important that our stakeholders understand how financing flows in the sector.

As part of an exercise analyzing key sectors of the Canadian economy, the Government of Canada supported an Agri-Food Strategy table. The report, published in 2018, paints a clear picture of the importance of the food industry: The following information is extracted from that report which can be found at the Government of Canada website.<sup>9</sup>

Agri-food is a significant contributor to Canada's economy

- Accounts for 2.9% (\$49.4 billion) of Canada's GDP and
- 12% 62.5 billion) of the country's exports
- Employs 575,800 people



What place does small scale food processing hold in the Canadian Food System? A recent report tells us that 'Of our 11,499 food and beverage processing establishments, 94.4% are small operations with fewer than 99 employees'.<sup>10</sup> Clearly small operators have a place in the system.

An ambitious strategy is needed to ensure our highest-potential companies obtain the support they need to scale up and be world-leading firms.

There are several critical obstacles standing in the way of us achieving our goals. The following elements need to be overcome for us to realize our ambitions:

- Internal regulatory barriers hinder innovation and competitiveness
- Investment is lagging across all sectors, particularly food and beverage processing
- Lack of strong Canadian firms to lead internationally
- Acute infrastructure bottlenecks disrupt flow of goods within Canada and to export markets
- Lack of reliable broadband limits ability to take advantage of new technologies
- Tight labour markets, restricted access to foreign workers, and evolving skillsets for the sector all pose challenges
- Trade barriers are increasing and becoming more complex

The Agri-Food Strategy report outlines the barriers faced by the entire agri-food system. We have heard from our members that **each of these barriers affect them**.

The Agri-food Economic Strategy group set aspirational goals for the sector and is calling on the Federal and Provincial governments for supportive policies and programs to help overcome institutional barriers felt by the entire industry.

For Canada's agri-food sector to succeed, we need:

- An agile regulatory system that supports innovation, provides certainty to industry, and protects health and safety
- A business climate that supports the scaling up of Canadian companies and makes us a top country in which to invest
- A smart, interconnected transportation system that is free of bottlenecks
- Broadband and IT infrastructure accessible in all communities and by all businesses
- A labour force that meets the range of skills and experiences required to achieve sector growth targets
- Access to global and domestic markets where goods are traded more freely

## High Level Overview of BC's Food Processing Sector

British Columbia's agri-food and seafood industry includes primary production in agriculture, aquaculture and commercial fisheries, and processing of food and beverages.

'BC's food processing industry is a large group of small enterprises accustomed to competing in new and novel niche markets with high product differentiation, high value-add, and high-quality boutique

offerings. The industry is fed by BC's diverse collection of local peoples, tastes, and lifestyles. As the vast majority of the industries are small enterprises competing for success in small niche markets, the industry is responsive to consumer demand, especially for established local and globally trending markets for ethnic, lifestyle, convenient, and healthy quality products. BC's food processors are well positioned to capitalize on export opportunities have the advantage of being close to a diversity of high-quality seafood and agricultural inputs. The comparative advantage of British Columbia's food processing industry comes from its tax rate, shipping infrastructure, dense composition of small enterprises, geographic location and demographics.

The disadvantage of British Columbia's food processing industry is a limited ability to compete on scale due to the finite local supply and high import costs, which is exacerbated by a decentralized industry separated by diverse terrain. A lack of food centers to foster innovation and collaboration within the industry, along with the finite supply of local agricultural inputs.'<sup>11</sup>

#### Some BC Food and Beverage Processing Facts

- Food and beverage processing made up 58 per cent of B.C.'s agri-food and seafood GDP in 2017.
- \$9.8 billion in food and beverage processing sales in 2017
- Growth in the food and beverage processing sector by 2.1 per cent from 2016.
- B.C. exported a record \$3.9 billion in agri-food and seafood products to 157 markets in 2017.
- Half of the food processing firms in BC are owner/operator businesses without staff; half of these earn less than thirty thousand dollars a year in revenue. A third of businesses are small businesses employing between five and ninety-nine staff, whereas only three percent of food processing firms are considered medium to large enterprises employing more than one hundred staff.

## Societal and Market Trends

### Social and Market Trends:

Many trends in society and the market place are quickly changing the landscape facing the small scale food processor as well as investors into the food system. Some of these trends favour small scale food processors, and some make it much more difficult for them. However, because they are close to their consumer, they can shift relatively quickly to accommodate these pressures.

### Public Trust:

Consumers are more and more engaged with the food they eat. Social media campaigns push the industry to report on their use of certain ingredients and processes and to change their practices to ensure that the food we eat is safe and healthy. This has led to the creation of a new policy thrust—how can the public trust in the food system be maintained and regained if there is a food safety event? Answering this question is part of the role of the Canadian Centre for Food Integrity.<sup>12 13</sup> Their recent report shows that 'Consumer concern increased across all life issues in 2018 compared to 2017. Women were more concerned about all issues than men.'

It is of great interest to our organization that many of our members are producing foods on the leading edge as a result of their concerns for these same issues. Many are focused on using locally produced

ingredients to support local food systems; many are using organic ingredients, many are ensuring that their products do not contain GMO, allergens or bad fats, sugars, colours, antibiotics etc.

### Increasing Demand for Ingredient Documentation:

While industry response has taken time, labelling is more and more demanded by consumers. However, many small processors are taking these demands to heart and self-labelling to showcase their high-quality ingredients and processes. Showcasing the contribution of the small processor to the mitigation of concerning issues is an important communication target for the SSFPA to consider.

### New Canadian Food Guide:

The updated Canada Food Guide offers guidance to food product designers regarding which foods to emphasize and which foods and ingredients to reduce. Some comments of relevance can be found at the CBC news site under health.<sup>14</sup>

### Food Security:

Over 4 million Canadians, representing 1 in 8 households, are food insecure, defined as inadequate or insecure access to food due to financial constraints.<sup>15</sup> Discussions about the insecurity of local, regional and national food systems is a driving force for some of our members. Many food programs are shifting to work as social enterprises thus joining the ranks of the small scale food processor. Those groups advocating for a more equitable secure food system were encouraged by 2019 federal budget highlights.

A Food Policy for Canada contains commitments for \$134.4 million over five years (p. 163) including:

- Local food infrastructure fund for 50 million over five years
- Northern community initiatives
- A pilot project to support non-seasonal agricultural workers gets a path to permanent residency.

“This budget shows the beginning of a serious commitment to local food and community led initiatives, as well as a more holistic vision of food policy for Canada.”<sup>16</sup>

### Farm Income:

Small scale food processors have a substantial role to play by adding value to primary products thus stimulating farmers to produce for them and stabilizing the farm’s economy. Farm profitability in many categories has been pushed to the point that in recent years farming has been a questionable career choice for young people while at the same time current farmers are ageing out. Supporting farmers to add value either by themselves or with processing partners can contribute to a stronger farming sector. Discussion of bio-regional food system development has led to the creation of new organizations at every level promoting methods to create sustainable food systems. Examples are found in our listing of our ‘Allied Organizations.’

### Climate Change:

The problems that agriculture poses to climate change are front and centre in the industry. We believe a robust regional food system could make a difference. The centralization of the food system has taken place over many years of corporate consolidation means that foods are travelling great distances and sometimes the best things grown in Canada are exported for big company requirements. The **same products** are imported to fulfill consumer and small processor’s needs. Does this make sense? We have come to realize that **investment in regional food system infrastructure, as well as investment in individual processors**, needs to be considered in this analysis and as part of our project. Much research has been done to support the concept of local food system development, but strangely not much of this research focuses on the importance of the need for infrastructure and services that would create a

sustainable food system, which meets business metrics. The ‘struggle’ that our members regularly report on our listserv would be immensely reduced if there were a committed focus on investment in bio-regional food infrastructure. Some provinces have food innovation centres, and some are supporting regional ‘food hubs’. Food system strategists in BC have worked long and hard to get this thinking onto the political agenda. We envy the tech sector with the support they get from ‘bootcamps’, ‘incubators’ and ‘accelerators’ with training, funding and contests supporting them.

### **Automation and Digital Technologies:**

Even very small food processors benefit from automation. Small machinery for processing, filling, packaging and labelling lines is abundantly available. Some providers will finance their purchase. Once the processor has proven her market, installing or using automated processes provided by co-packer services allows for a substantial increase in production. More and more digital technologies are being introduced into the food processing sector. Incentives to create new technologies is widely promoted. Ensuring that the small scale food processor has knowledge and access about relevant systems will be increasingly important. When food processors struggle with squeezed margins, one of the first ways they respond is to focus less on long-term investment, a short-term response that is understandable but has implications for future production. “The Canadian sector is behind in investment in technology - for every dollar invested per worker in the United States, we invest 62 cents,”. “Government and businesses should work together to increase investment in research and development and should be a priority for the food processing sector.”<sup>17</sup>

### **Interest Rates:**

Increasing borrowing rates can negatively affect the capacity of a small scale food processor’s chances in the market place.<sup>18</sup>

### **Trade Agreements:**

Although the number of small scale food processors involved in export is small, this opportunity is growing. An export financing program is currently being promoted to support cash flow for exporters.<sup>19</sup>*The Comprehensive Economic and Trade Agreement (CETA) coming into force, which paves the way for Canadians to gain greater access to the European market, the world's largest import market for agriculture and agri-food. The deal gives Canadian farmers, processors and exporters access to more than half a billion consumers.*<sup>20</sup>

Those processors with a desire to grow can take advantage of these international markets. However, they may need training and support to do so.

### **Promotion of the Concept Of ‘Inclusive Economic Growth’:**

Government, policy makers, businesses and thought-leaders are identifying a need for inclusive economic growth rather than economic growth at any cost. There is broad consideration in society and the market place considering ‘how to achieve inclusive economic growth that benefits all, rather than just the wealthiest few.’ The concept of working towards Inclusive Economic Growth ‘includes a Focus on the Equity of Health, Human Capital, Environmental Quality, Social Protection and Food Security In general. More and more economists agree that inclusive economic growth:

- generates economic value
- is distributed fairly
- is inclusive of all people and sectors and creates opportunities for all
- is sustainable
- Includes a focus on the equity of health, human capital, environmental quality, social protection, and food security.<sup>21</sup>

## Promoting Equity in Procurement:

Canada has yet to realize the full economic benefits of supplier diversity and strategic procurement. It is difficult for women to find Canadian and US-based companies that have supplier diversity procurement policies. Procurement is not yet on the 'diversity agenda' of most Canadian corporations. Many women do not know about supplier diversity agencies such as WEConnect Canada<sup>22</sup> and the Canadian Aboriginal and Minority Supplier Council.<sup>23</sup> Hospitals, restaurants and institutions such as Universities are being encouraged to source local food and developing diversity supplier policies which reduce barriers for women to enter these strong markets. WE Connect reports that 50% of businesses in Canada are led by women, but only 5% of government and corporate procurement contracts are awarded to women.

## The Rise of Social Enterprise:

Most small scale food processors would not have heard that their businesses might well fit the definition of a social enterprise. Social enterprises are community-based businesses that sell goods or services in the market place to achieve a social, cultural and/or environmental purpose; they reinvest their profits to maximize their social mission.<sup>24</sup>

Any list of social enterprises will show a heavy preponderance of food initiatives. This approach to social business creation has emerged over the past 30 years and has led to a burgeoning interest from social funders in how to think differently and thereby disrupt a system based on charity to a system based on the investment. Many foundations whose mandate has been the relief of poverty have carried out many projects to look at ways to meet issues in food security and over time, they have recognized that there is a pivotal role for investment to facilitate needed social changes. This new approach to mobilizing and facilitating investment and business development could benefit the small scale food processing sector.

## The Rise of Impact Investing:

'There is a growing appetite by investors of all kinds—to use their investment dollars to target critical societal needs...The overall RI (responsible investing) asset base in Canada exceeded \$2 trillion in 2017 after doubling from 2013.<sup>25</sup> 'Impact Investing' that takes its roots in concerns for the role of business in gaining social and environmental benefit. There is abundant proof that investors can 'win' for their bottom line at the same time as winning for the earth by making investments into businesses that can demonstrate their social and environmental impact as well as their financial success. Along with shifting to see small scale food processors as social enterprises, we will be considering how to intersect with impact investors as we work our way through this project.

## Innovation:

Funding and institutional infrastructure to advance innovation in the Canadian economy must also be considered in the food processing sector. We contend that small scale food processors are already on the leading edge of product innovation and value chain development. A glance at the Specialty Food Guide on our website shows the amazing diversity of ideas that small scale food processors are bringing to market.<sup>26</sup> Currently, the definition of 'innovation' seems to be vested in technology solutions.<sup>27</sup> We believe that innovation in the food sector is required in all aspects of the industry. We see our efforts to innovate in creating new financing arrangements could have a substantial impact. (the Small Scale Food Processor Association commissioned a study in 2009 on this topic.)

## Report and Options:

Our Survey results are still being accumulated, but everything we are learning about the problems coming from every angle reports the same scenario. We expect that we will continue to delve into the 'needs' work as this project progresses and as we find more specialized financing problems. For

example, we have not yet considered specialized financing needs such as when businesses consider the export market.<sup>28</sup> Although we recognize that we tend to focus on local food system development, some businesses can grow only through export once the local and regional markets are filled. Because of the problems facing interprovincial trade as experienced by our members and documented by the Agri-Food Strategy Table, it is too often easier to export than to sell across Canada for far too many product lines. Our organization has recognized the severity of this problem for some businesses and has carried out advocacy on this federally and provincially.

Another specialized financing issue arises when pressure from market demand for a product results in huge orders being placed for that product even though the processor will have trouble to finance ingredient purchases and processing facilities/equipment needs up front.

We expect we will continue to uncover these specialized needs as our project proceeds.

### **Report On Alternative Models for Financing:**

In our search for partners in the exercise, we have found many innovative approaches for financing food system businesses and women's businesses in Canada and abroad. We hope our project can help scale these innovations to benefit the entire small scale food processors across Canada.

To get a head start on thinking about the kinds of financing models we might consider, a report was prepared that is providing us with a great deal of inspiration. (The report is appended as a separate document.)

The report and the results of the literature search and discussions with members so far, speak to the concept of creation of a supportive ECOSYSTEM thus recognizing that there are many factors which are in play when a woman is ready to apply for financing. We will be considering the way we conceptualize our results within an ecosystem model as this will ensure that we have considered the problems holistically.

*Too many communities concentrate on attracting businesses from afar instead of growing them at home. In a thriving ecosystem, entrepreneurship empowers individuals, improves standards of living, and creates jobs, wealth, and innovation in the economy. But the success of an entrepreneurial ecosystem can't be bought; it has to be built.*<sup>29</sup>

*Currently, around the world, there is a great deal of interest in the importance of entrepreneurial ecosystems, and their role in sparking and supporting entrepreneurial activity across regions and countries. Effective ecosystems are typically thought to have high levels of human capital and knowledge; cultural values that laud enterprise and risk-taking; access to finance; ventures friendly markets; enabling policies and leadership; and a range of institutional and infrastructural support.*<sup>30</sup>

### **Sources Cited:**

As well as the sources cited in footnotes, a few key reports were used as background information:

A Discussion Paper prepared by the Women's Enterprise Centre entitled "Women Entrepreneurs-Financing and Growth" which was produced in partnership with VanCity Community Foundation with funding support from the Status of Women in 2011 provided a stimulating and evocative thesis.

GEM CANADA REPORT ON WOMEN'S ENTREPRENEURSHIP 2013 and 2014 prepared by Karen Hughes from the University of Alberta was another foundational report that provides insights into women's experiences starting and growing a business.

'A Force to Reckon With: Women, Entrepreneurship and Risk'<sup>31</sup>

## Appendices

1. Snap Shot of SSFPA programs and services
2. Participant Listing: Steering Committee, Allied Organizations, Advisor Panel (see year one report)
3. Alternative Financing Overview Report (sent separately)

### Appendix 1: Projects and Programs of the SSFPA in our steps to achieve sustainability

<b>Program</b>	<b>Description</b>	<b>SSFPA Rep</b>
Advance Payments Program	The SSFPA is a Federal Government approved administrator of the Advance Payments Program, which is a loan guarantee program for primary producers. The AAFC/ SSFPA / Vancity have a tripartite agreement to enable the implementation of the program. A: SSFPA administers the loans B: Vancity provides the money for the loans C: AAFC guarantees the loans Crops include green house, storable vegetables, tree fruits, high bush frozen blueberries and field green peppers and other primary produce, in addition Hops (for all those Craft Breweries) and Alberta potted plants and green house growers	Nelson Barsi, Candice Appleby
BioMedix and Intrisk Partnership	Partners for Community Food Analysis Laboratories initiative and training and certification programs in safe food practices.	Intrisk Training Solutions Ltd. is a for profit initiated by the SSFPA and owned exclusively by the Agrarians Foundation
SSFPA Foundation is now called the Agrarians Foundation	This is a charitable foundation which is also an initiative of the SSFPA and is the sole shareholder of Intrisk Training Solutions Ltd.	The Agrarians Foundation is chaired by Dr. Bill Code
Food Business Workshops and SSFPA	The BC Minister of Agriculture has approved the SSFPA facilitators Candice Appleby to offer these popular workshops throughout the province in 2018.	
Strategic Planning Sessions	The SSFPA Board of Directors met June 2018 to undertake a strategic planning session.	
Courses have been developed by SSFPA	All courses are listed on the SSFPA website, including the free on-line course Recipe For Success	
Canada Post Corporation	SSFPA has a master agreement, which allows members to access group rates for shipping at a discount for domestic and international shipping of shelf stable products.	Candice Appleby
Capri Insurance	SSFPA member benefit program offers a group commercial general liability insurance benefit program through Lloyds of London via Capri Insurance.	Candice Appleby
Total Snap / Hosting Nation	SSFPA has an agreement which allows members to access group rates for development of web sites and hosting services	Candice Appleby

<b>Program</b>	<b>Description</b>	<b>SSFPA Rep</b>
The listserv is a popular forum for members.	Members may post questions and comments.	

## Appendix 2: Stakeholders and Advisors

<b>SSFPA Status of Women Advisors Panel 2018</b>				
Pamela Baxter, President SSFPA	Owner Cascadia Gluten Free	3474 Greentree Lane North Vancouver, BC V7R 4C4	604-985-8377	pambaxter@shaw.ca
Carmen Wakeling, Vice President SSFPA	Eatmore Sprouts & Greens Ltd	2604 Grieve Rd. Courtenay, BC V9J 1S7	250-338-4860	eatmorecarmen@gm ail.com
Cheryl Johnson, Executive Director	CFDC BC	C230-7871 Stave Lake Street, Mission, BC V2V 0C5	604 289-EXT. 2254222	cjohnson@communit yfutures.ca
Line Robert, CEO	Island Coastal Economic Trust	#108 - 501 4th Street, Courtenay, British Columbia, Canada V9N 1H3	250-871-7797 ext 227	Line.robert@islandco astaltrust.ca
Chris Little, Director, Finance	Tides Canada	400-163 W Hastings St., Vancouver, BC V6B 1H5	604.647.6611	Chris.Little@tidescan ada.org
James Street, Industry Consultant, Food Processing	Sector Development Branch   BC Ministry of Agriculture	BC Ministry of Agriculture 800 Douglas St. Victoria BC	250.356.6373 Cell: 778-678-0267	James.Street@gov.bc .ca
Trevor Kempthorne, Former Manager, Aboriginal Lending Association	Community Futures Development Corporation of the Central Interior First Nations	#208-345 Chief Alex Thomas Way Kamloops, BC V2H 1H1	250-828-9833	trevorkempthorne@ shaw.ca
Melanie Rupp, Business Advisor	Women's Enterprise Centre	Suite 201, 1726 Dolphin Avenue, Kelowna, BC, V1Y 9R9	250.868.3454 or 1.800.643.7014 ext 204 Cell: 604-671- 1142	melanie@womensen terprise.ca
Carrie Wertheim, Regional Manager	Community Business Vancity	183 Terminal Avenue Vancouver, BC V6A 4G2	778.628.5248	carrie_wertheim@va ncity.com



<b>SSFPA Status of Women Advisors Panel 2018</b>				
Rosalind Lockyer, Executive Director	PARO Centre for Women's Enterprise; founding president Women's Economic Council; Co-chair Social Finance for the Ontario Social Economy Round Table	110-105 North May Street Thunder Bay, ON P7C 3N9	1-800-584-0252	rlockyer@paro.ca
Phillipa Weins, Senior Program Manager for the Social Procurement and Investment Readiness Fund	Canadian CED Network		613-668-0450	p.wiens@ccednet-rcdec.ca
Irene Knezevic, Assistant Prof	School of Communication and Journalism, Carleton Food system researcher		613-520-2600, ext. 4121	irena.knezevic@carleton.ca
Susan Keenan Business Loans Manager	All Nations Trust Company	520 Chief Eli LaRue Way, Kamloops, BC V2H 1H1	778-471-4110	susank@antco.bc.ca
Snita Balsara Investment Manager,	Stand Up Ventures (BDC fund for women entrepreneurs)	MaRS Discovery District 101 College St. Toronto, ON M5G 1L7	647-255-1080	standupventures@marsdd.com
Candace Hill, B. Mgmt., Manager, Special Projects – Women in Agriculture	Farm Credit Canada	1800 Hamilton Street, PO Box 4320 / 1800, rue Hamilton, CP 4320 Regina SK S4P 4L3	306-780-3320 Cell 306-541-8371	candace.hill@fcc-fac.ca
Linda Best, Founding Director	Farm Works Investment Cooperative	70 Eden Row Wolfville, NS, B4P 2R2	1-902-542-3442	lbest@ns.sympatico.ca
Sally Miller, Manager, LFFC Project	Fair Finance Program	719 Sutcliffe Rd., Warren, ON POH 2N0	647-702-9179	sally@localfoodandfarm.coop
Amy Melmock, Manager	Economic Development Cowichan	135 Third Street Duncan, BC V9L 1R9	250.746.7880 ext 248	amelmock@cverd.bc.ca
Kathleen Sullivan, CEO	Food and Beverage Canada	533 Fielding Drive, Ottawa, K1V 7G7	613-402-3495	ksullivan@fbc-abc.com

<b>SSFPA Status of Women Advisors Panel 2018</b>				
Sandy Mark, Founding Executive Director	Co-Manager, SOW Project	Box 2913 Grand Forks BC V0H 1H0	778 969 0003	WI@ssfpa.net
Candice Appleby, Executive Director	Co-Manager, SOW Project	PO Box 228 Parksville, BC V9P 2G4	866-547-7372	info@ssfpa.net

<b>Allied Organizations Contacts</b>				
Albert Chambers Executive Director	Canadian Supply Chain Food Safety Coalition	Ottawa, ON	613-233-7175	cscfsc@monachus.co m
Heather O'Hara	BC Association of Farmer Markets	203-2642 Main St., Vancouver, BC V5T 3E6	604-734-9797	heather.ohara@bcfa rmersmarket.org
Heather Pritchard Cooperative Developer	Foodlands Cooperative of BC - a Provincial Land Trust	1322 256th Street, Aldergrove, BC V4W 2J4	604-857-9057 604- 916-9658	heatherpritchard69 @gmail.com
Jen Gamble	Certified Organic Association of BC	202-3002 32nd Ave. Vernon, BC V1T 2L7	250-260-4429	edo@certifiedorgani c.bc.ca
Jennefer Griffith Executive Director	Food Processing Skills Canada	201-3030 Conroy Road Ottawa, ON K1G 6C2	613-237-7988	jgriffith@fpssc- ctac.com
Nova Woodbury	BC Association of Abattoirs	PO Box 130, 6200 Highway 97, Falkland, BC, V0E 1W0		nova.woodbury@bc meats.ca
Sara Dent	Young Agrarians	Suite 203, 1661 Duranleau Street Vancouver, BC V6H 3S3	778-968-5518	farm@youngagrarian s.org
Tia Loftsgard Executive Director	Canada Organic Trade Association	4 Florence Street, Suite 210 , Ottawa, ON K2P 0W7	613- 482-1717	tloftsgard@canada- organic.ca

<b>SSFPA Status of Women Steering Committee 2018</b>				
Pamela Baxter, President	Cascadia Gluten Free Foods Ltd.	3474 Greentree Lane, North Vancouver, BC, V7R 4C4	604-985-8377	pambaxter@shaw.ca
Carmen Wakeling, Vice President	Eatmore Sprouts & Greens Ltd.	2604 Grieve Rd., Courtenay, BC V9J 1S7	250-338-4860	eatmorecarmen@gm ail.com
Nancy Ross, Director	Ross Food Consulting Ltd.	315-8623 Granville St., Vancouver, BC V6P 5A2	604-319-3930	info@foodquality.ca
Susan Snow, Director	Snow Farms Ltd.	3531 64 Street, Delta, BC, V4K 3N2	778 434 5031	snowfarms@dccnet.c om
Thea Haddow, Director	Beez & Treez Specialty Foods Co.	#9 - 30465 Progressive Way, Abbotsford, BC V2T 6W3	604-776-1009	beezandtreez@shaw. ca
Kristen Trovato, Director	Okanagan Mobile Juicing Inc	5955 Lytton Road, Vernon, BC V1B 3J9	250-550-8885	info@mobilejuicing.c om
Johan Gouws, Director	Meat Republic	PO Box 29202 OKM, Kelowna, B.C. V1W 4A7	778-363-7377 778- 821-1855	johan@meatonly.ca
Yan-Yan Lee, SSFPA Member	Good to Grow	5235 Inverness St., Vancouver, BC V5W 3N9	604-512-7242	yylee@shaw.ca
Andrea Gray Grant, SSFPA Member	Good To Grow	#105-838 Harbourside Dr, North Vancouver, BC V7P 3R9	604-904-0076	andreagg@telus.net
Lisa Mumm, SSFPA Member	Mumm's Sprouting Seeds	PO Box 80, Parkside, SK S0J 2A0	306-747-2935	mumms@sprouting.c om
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Candice Appleby, Executive Director	Contractor - SOW	PO Box 228, Parksville, BC V9P 2G4	866-547-7372	info@ssfpa.net

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