

# Financing 101

A guide to help consumer goods entrepreneurs bring their products to market.



# Things to Know



Packaged goods brand owners have a wide range of financing approaches to consider.



Financing is categorized broadly as debt (repayable loans) or equity (selling company shares).



It is important for brand owners to review both the risks and benefits of their financing options.



Each financing organization has their own criteria, approval process and payment terms.



Finding the right approach is influenced by business stage, goals and preferred ownership structure.



It is beneficial for brand owners to find a financing partner that shares their vision for company success.

# Getting Started

## Plan Ahead

Establish short and long term goals and be specific with how financing will help achieve them.

## Research Options

Learn about the range of financing approaches available to early stage packaged goods companies.

## Focus The Search

Identify the financing option that suits your current financial state, repayment ability, and company ownership goals.

## Be Prepared

Create a business and financial plan to communicate financial picture and goals to lenders and investors.

## Protect Your Business

Understand the risks, costs and payment terms for debt financing and the short and long term impact of equity financing arrangements.

# Approaches

These insights will help you get started.

Continue to research to find the right path for your business.

- Bootstrapping: founder's personal funds.
- Friends and family: loans (debt) or selling shares (equity) to members of the founder's network.
- Crowdfunding: selling shares (equity) by using online platforms to reach a large audience, typically receiving small amounts from a large number of funders.
- Grants: government or industry organizations offering non repayable funds to support specific initiatives.
- Banks: small business loans (debt) designed to support cash flow needs, operations and growth.
- Angel investors: individuals who purchase early-stage shares (equity) and may become involved in the business operations.
- Venture capital: investment funds that purchase shares (equity) in early-stage companies.

# Tips

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Continue to research to find the right path for your business.

- Research debt financing options:
  - often more risk averse and focused on supporting purchase of an asset (ex: machinery)
  - lenders typically seek evidence of predictable cash flows
  - requirements for collateral, terms, interest rates and fees
  - does not impact ownership structure
- Research equity financing options:
  - venture capital investment funds focus on high potential early stage companies
  - angel investors may take on risk for a product and founder they believe in
  - often based on market potential, proof of concept and the founder themselves
  - ownership structure changes, seek legal review
- Prepare a detailed business and finance plan including:
  - market research, early market sales testing
  - operations, sales and marketing plans
  - balance sheet, cashflow and profit/ loss statement
  - sources and use of funding tables
  - short and long term goals and action plans

# Places To Look

click the links below



## Business Development Resources

[BDC Entrepreneur Toolkit](#)

[BDO Canada](#)

[Futurepreneur](#)

[Small Business BC](#)

[Alberta Business Link](#)

[SK Startup Institute](#)

[Manitoba Business InfoCentre](#)

[Small Business Centres Ontario](#)

[Canada Economic Development For Quebec](#)

[Atlantic Canada Business Information Services](#)



# Places To Look

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## Debt Financing Leads

[Canada Banking Small Business Financing Program](#)

[Government of Canada Business Resource Finder](#)

[Womens Enterprise Organizations of Canada](#)

[Farm Credit Canada](#)   [BDC](#)   [Futurepreneur](#)

[Canada Banking Small Business Financing Program](#)

[Canada Business Benefit Finder](#)

Search Tools: [Finder](#), [Comparewise](#),

**These industry leads will help you get started.  
Continue to research to find the right match for your business.**



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## Investment Leads

[District Ventures Capital](#)

[Avrio Subdebt](#)

[Lyra](#)

[Renewal Funds](#)

[Forage Funds](#)

[Business Development Fund Canada](#)

Search Tools: [Angellist](#), [OpenVC](#)

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