

**Access to Capital  
Opportunities Summit**

**Summary Report**



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## BACKGROUND

### Context

The Jobs Board Secretariat was established to support the Jobs Board and its mandate to foster a jobs and economic growth agenda for New Brunswick. The opportunities-based economic development model is based on the idea that the competition for business investment and for highly ambitious entrepreneurs and talent has never been as high as it is today. We need to identify and align our resources to develop tangible, highly valuable and profitable opportunities that will attract investment from local businesses, communities, ambitious new entrepreneurs and multinational firms.

In order to ensure that we are considering the largest range of potential opportunities for NB's growth, the JBS has organized a series of Opportunities Summits around the province, between late September and March 2016, in partnership with Opportunities NB (ONB) and lead departments.

### Summit Objectives

- Identified opportunities to improve access to capital
- Identified current challenges for businesses/ideas to access capital
- Participants had a positive experience and felt their contribution mattered
- Participants felt heard

### Summit Agenda and Participants

On January 12th from 10am-2:00pm at the Fredericton Trade and Convention Centre, Fredericton, NB, over 40 stakeholders gathered to discuss the challenges and opportunities related to accessing capital in NB. For a full list of attendees see Appendix A.

10:00am	Welcome and Mingle
10:10am	Remarks Minister Rick Doucet – Minister Responsible for ONB
10:15am	Premier Gallant's Remarks
10:30am	Welcome and Introductions – Susan Holt – NB Jobs Board Secretariat
10:40am	Current and Future Trends in Lending – VP Commercial Banking TD, Brian Ostroski
10:50pm	Group Discussion – What challenges have you observed as your clients try to access capital for their businesses/ideas?
12:00pm	Lunch
1:00pm	Group Discussion – What are the opportunities to improve access to capital for NB Businesses?
1:40pm	Premier Gallant Remarks
2:00pm	Next Steps and closing

# WHAT WE HEARD

## Opportunities

Participants were divided into 7 tables of 6 and were given 40 minutes to discuss challenges their clients face when trying to access capital for their businesses or ideas. They were then asked to choose the top three challenges and present them to the larger group.

## What challenges have you observed as your clients try to access capital for their businesses/ideas? Those challenges are outlined below:

### Financial Literacy (7 of 7 tables mentioned this topic)

- Lack of financial literacy
- Knowledge/tools for entrepreneurs – finance deals, manage, scale up businesses
- Business must understand cashflow language – not just their accountant
- Ownership and credibility of business plan
- Investment readiness, pitching to investors, business acumen

### Culture (4 of 7 tables mentioned this topic)

- Applicants need to focus more on sales – capital providers looking for validation of business viability
- Lack of resourcefulness when seeking funding
- Are Government programs helping?
- Entitlement/expectation of free/government money (i.e. cultural expectations in smaller provinces) i.e. can't access MP's in Ontario

### Awareness (3 of 7 tables mentioned this topic)

- Awareness of potential sources of financing (niches)
- Life cycle and timing of capital needs
- Lack of understanding and knowledge of where to go when help is needed – from all stakeholders (clients and financiers)

### Equity Appetite (3 of 7 tables mentioned this topic)

- Lack of personal equity
- Entrepreneurial risk appetite – no skin in the game
- Debt vs equity – types and availability, suitability and requirements

### Financing Soft Assets (2 of 7 tables mentioned this topic)

- Lack of tangible securities
- Difficult to finance soft assets i.e. intellectual property, technology, etc.

### Succession (2 of 7 tables mentioned this topic)

- Financing succession of existing NB Businesses – banks 75%, who finances the remaining 25%?
- Difficulty financing the sale of businesses

### Other (each of these were mentioned at one table)

- Transactions growing in complexity, costs going up and delays
- Need for increase in partnerships in the region – attract more vc's, subsidize direct flights US-NB
- Lack of large pools of capital to fund innovative solutions to complex problem solving (i.e. Social Impact Bonds)

## What is working now and what needs to happen next?

Groups were divided by the major themes identified above and asked to discuss that is working currently to help address this challenge and what needs to happen next?

### Challenge – Financial Literacy

#### What is happening now?

- Educating seniors on scams (#1 topic)
- Venn Garage
- National Bank
  - ‘my business model’
  - Offers workshops
- BMO
  - Financial literacy for kids of wealthy people and spouse of wealthy people
- RBC
  - Online models
  - Focusing on local level
  - Types of capital
  - How financing is done
- One-on-one coaching through local accountants and front line staff
- FCNB – online information and education
- Seems like a large number of organizations providing similar mandates, including mentoring
- More mentoring available for ‘sexy’ sectors but what about small businesses, farmers, etc.
- Online mentoring
- Do entrepreneurs know there is a gap in financial literacy?
- 3 skills needed
  - Technical
  - How to run a business
  - Selling

#### What needs to happen next?

- How do we sell financial literacy?
- Make literacy workshop part of financial plan/approval
- Marketing
  - What resources already exist?
- Create demand
  - Promote value of financial literacy
- Materials/content already exist, we just need to sell it
- Industry sector champions – what makes them successful?
- Associations to promote financial literacy
- Change approach – present the problem of lack of financial literacy to entrepreneurs/small businesses and get them to find a solution (we’ve been pitching solutions!)
- Value proposition (increase financial literacy = more financial assistance from FI)
- Business succession – how to prepare your company for succession

## Challenge - Culture

### What is happening now?

- Currently no 'side-car' funding program in NB (i.e. in Quebec and Ontario government is not assessing business plans but is outsourcing that to people's whose business it is to assess business plans.
  - Build Ventures NB
  - Takes out the political pressures
- ONB tailored approach with accountability (but this still can re-enforce bad behavior)
- Lack of cash/equity to get into a deal or even the knowledge of where to go
- Lack of financial literacy
- Lack of resourcefulness

### What needs to happen next?

- Bring 'side-car' funding to NB. Rick Hancox has examples from other regions to share.
- Stronger mentorship – setting expectations/reality
- There need to be winners and losers when funding
- Dilution of pertinent expertise amongst 60 organizations

## Challenge – Awareness of existing eco-system

### What is happening now?

- Lack of knowledge among the key industry players
- ACOA – ProfitLearn, Commercialization and Mentoring program
- Accelerators – Propel, Planet Hatch, Be 4 Change
- Mentra – platform for mentoring
- CBDC – Entrepreneurial training fund, business management skills training
- Farm Credit Canada – sector specific training on business fundamentals
- Banks

### What needs to happen next?

- Communication strategy to better connect private sector (i.e. commercial banks) to entrepreneurial eco-system
- Financial Literacy must be embedded into education system
  - Personal financial management
  - Business financial management
  - Raising capital
  - Must be practical element/experiential learning
- There is a gap in supporting companies that can scale, increase export readiness, global competitiveness
- Consolidation of economic development agencies

## Challenge – Equity Appetite

### What is happening now?

#### Enterprises

- Not willing to give up control, not willing or able to put skin in the game. They aren't to the people they know
- No appetite for going public

#### Network/Ecosystem

- # of high net worth investors is small
- No formal angel networks aside from First Angel Network

#### Banks

- Start-up community is not well served

#### Policy/Government

- Loan guarantees (charge 1.5% fee and look at the overall economic benefit vs risk)
- SBIC
- CEDIF

### What needs to happen next?

#### Enterprises

- Education on what investors expect
- Sharing of success stories
- Culture change next generation (i.e. Brilliant Labs)
- Early stage investors and network supports
- Inform people of the options of going public vs M&A (40% difference US vs Canada – Canadian businesses grow to sell not go public)
- All eggs in few baskets vs. natural variety of options (M&A, public, etc.)

#### Network/Ecosystem

- Education and awareness to encourage more angel investors
- Grow and formalize (i.e. women's angel network, location based, etc.)

#### Banks

- For the banks need to fund NB even though smaller returns

#### Government/Policy

- Keep and redeploy the money
- Always push SBIC investment
- CEDIF program in NB in tax credit portfolio
- Wisconsin – 1-17 strategic investments

## Challenge – Financing Soft Assets

### What is happening now?

- Banks not willing to take risks in unknown industries, noting tangible
- Sub-financing available now
- Angels, VC, NBIF, and others focused here in s/w space
- ONB focus includes s/w space
- Valuations hard to fully understand
- Cashflow is KING
- Is there enough financing for growth stage of s/w companies
- Location in Eastern Canada is seen as a challenge
- FI's support once commercialized – not going to happen before that phase
- Preparation, financial readiness is a lot of work and skills are not strong here

### What needs to happen next?

- More support to find markets
- More assistance for these people and companies around financial preparation
- Government stay focused on this market – good fit for soft assets
- Credibility and preparedness of the entrepreneur
- More New Brunswickers engaged to provide financing
- Invest time to generate awareness to potential 'new angel investors'
- Educate on risk vs costs
- More engagement and participation from the private sector – they need to see the ROI
- FI to set up "innovation funds" to use and consider the use of the funds with different "rules"
- FI to get more educated in the start-up/soft asset ecosystem

## Challenge – Succession

### What is happening now?

#### Sellers' perspective

- CBDC's pilot project – "Seller Readiness" (3 regions)
- Business Transfer Managers – services
- Awareness campaigns (all levels)
- Unrealistic expectations (sellers)

#### Buyers' perspective

- New immigrant investors – Hives and immigration services
- Brokers
- Consulting services for new owners

### What needs to happen next?

#### Sellers' perspective

- Increase education and awareness
- Valuation services – willingness to access
- Identify family successor, if any

#### Buyers' perspective

- Access to capital – difficult to obtain
- Government incentives for NBER's to purchase companies
- Investment readiness/financial literacy

## LESSONS LEARNED

This summit was the fourteenth in a series of sector specific Opportunity Summits throughout the province therefore much was learned to improve for the future summits:

### What went well

- Great networking opportunities for stakeholders in the eco-system supporting capital access for businesses
- Great buzz of conversation
- Government participation at tables

### What could be improved

- Timing for arrival of the Premier's afternoon remarks was off resulting in delayed ending

## **NEXT STEPS**

### **Summit Survey**

Following the summit a survey was sent to the participants to collect additional input on the ideas discussed and the event itself. This feedback helps us to assess which discussions resonate beyond the summit, as well as to continue to improve future summits.

### **Summit-Specific Report**

Following each summit a report of the ideas generated (this document) and participant feedback (Appendix B) is shared with all participants following the summit.

### **All-Summits Report**

After the full series of summits have been completed a final report will be prepared and shared with all summit participants. This is meant to provide visibility of the ideas generated from other summits and to highlight common themes related to the opportunities.

### **Early Opportunities**

The Jobs Board Secretariat plans to identify and advance initial opportunities coming from the summits in partnership with Opportunities NB and lead departments, and to test the opportunities-model of economic development using the 5-policy pillar structure on these early opportunities. We will also identify opportunities that would benefit from further study and those that government is not well-positioned to lead, and share this assessment with the community of participants and interested New Brunswickers.

### **Implementing Policy Conditions for Growth**

Finally, with your help, we will identify the best growth opportunities for New Brunswick. The Jobs Board Secretariat will lead the formation of cross-departmental teams, the development opportunity plans and measures, and assist in the implementation of the necessary policies to create the conditions growth. GNB will then track the progress and outcomes of these efforts and report those findings.

### **Future Summits**

Consideration is being given to hosting follow-up summits in 2016 and early 2017 to explore whether this approach is demonstrating early results, discuss how it could be improved, and what has changed with the opportunities for NB's economic growth.

## APPENDIX A: ATTENDEES

Name / Nom	Organization
Brian Ostroski	TD Bank
George Tahan	TD Bank
Derek Hale	BMO
Stephane Dorais	BMO
Rejean Despres	Banque National du Canada
Jocelyn Longpré	Banque National du Canada
Luc Pellerin	RBC
Rodney Carrier	BDC
Kirk Cornell	BDC
Ryan Dillon	Scotia Bank
Basil Ryan	CBDC
Calvin Milbury	NBIF
Cathy Simpson	NBIF Chair
Faith Matchett	Farm Credit
Jeff Harriman	FCNB
Rick Hancox	FCNB
Peter Klohn	FCNB
Jeff MacArthur	EDC
John Sinclair	NBIMC
Line Doiron	CBDC
Lucien Sonier	CBDC
Rob Barbara	Build Ventures
Peter Clark	Growth Works
René Collette	Fédérations des Caisses Populaires Acadiennes
Karina LeBlanc	Pond Deshpande Centre
Ross Finlay	First Angels Network
Debbie Mackinnon	ACOA
Jackie Jardine	OMISTA Credit Union
Rhonda Calhoun	Progressive Credit Union
Michael Leonard	Atlantic Central
Mark Horne	Atlantic Central
Pat Duffield	Atlantic Central
Bill Mackenzie	New Brunswick Social Policy Research Network
Bryan Harn	Joint Economic Development Initiative

<b>GNB Participants</b>	
<b>Name</b>	<b>Organization</b>
Premier Brian Gallant	GNB
Minister Rick Doucet	Minister responsible, Opportunities NB
Jason Jessop	Regional Development Corp.
Susan Holt	GNB - Jobs Board Secretariat
Hemant Kumar	GNB - Jobs Board Secretariat
Rene Boudreau	GNB - Jobs Board Secretariat
Stephen Lund	Opportunities NB
Carol Sharpe	Opportunities NB
Serge Doucet	Opportunities NB
Lisa Lepage	Opportunities NB
Dan Seems	Opportunities NB
Jenna Gray	Opportunities NB

## APPENDIX B: PARTICIPANT FEEDBACK

Surveys sent – 34

Responses received – 20 (59%)

### Our objectives for the Access to Capital Summit were:

#### Information Gathering

- Identify opportunities to improve access to capital in NB
- Identify current and future trends in lending

#### Participant Experience

- Participants had a positive experience
  - Participants felt heard
- 

### **Q1. Which opportunity discussed most interested you?**

#### Theme – Education, Training and Awareness

- Financial literacy x 4
- Investment readiness x2
- Awareness x2
- Succession planning

#### Theme – Other

- Opportunities to improve access to capital x 3
- “Financing”
- “All items were very interesting - gained a great deal just from the table discussions with the other participants.”
- “Improving Equity Appetite in NB”
- “All”
- “I believe the province has an opportunity to clean the delivery and awareness (stream line services) offered by province”
- “a system for access to capital that supports business through growth stages”
- “Difficult question to answer, because the focus of the conversations was on challenges. There was little discussion about which challenges present the greatest opportunity to have a quick and meaningful impact”
- “Financing for software industry”

## Q2. How do you feel that your contributions were heard?

Not at all / Pas du tout – 0%

A bit / Un peu – 15%

A lot / beaucoup –60%

Completely / Complètement – 25%

## Q3. My biggest take-away from the Summit was:

### Theme – Communications and Awareness

- “A better understanding of the equity financing solutions available to NB companies”
- “Broader understanding of the total lending/capital markets available in NB”
- “We all have lots to learn”
- “This topic needs more in-depth discussion, access to capital is much broader than just lending.”
- “Significant confusion among participants on what was available to consumers presently”
- “Communication needs improving on knowing what is available and how to access it.”
- “collective agreement on the need for financial literacy”
- “That there is an opportunity to improve financial literacy to then increase access to capital for NB businesses.”

### Theme – Networking & Collaboration

- “lots more opportunity to connect better with what/who is in our own backyard”
- “Great efforts are being made to make it all work better but there is still lots of work to do”
- “Better communication amongst the group”
- “need for players in sector to work together and share information as different players have strengths in different sectors and different stages of growth”

### Theme – Government Communications

- “We appear to have lots of departments; I believe the number 60 came out. I realise banks continually drive strong bottom lines and people don't always like to see that, but from my perspective (understanding I'm a little bias) people should spend more time understanding the bank model as it clearly works. Just to provide a small example, I'm not sure how meals and vehicle expenses are managed at the province, but I'm ready to bet the company that makes billions of dollars doesn't pay nearly as much as what the province does, who is presently in line to deliver deficit for many years to come.”
- “theres way too many various Depts and numerous programs available to get Capital that are available that i,m wasn't aware of.(Lack of communication) As Business Leader, if I don't know then most if not all don't know. Common with other FI Leaders.
- “I need to know better the offerings of the various government departments”
- “Importance of communication. That government does seem to have a clear direction on its role in financing businesses.”

## Theme – Other

- “the traditional banks stick to the knitting and will not provide financing/lending to early stage tech companies”
- “There doesn't seem to be a lot of interest in taking more risk.”
- “We have a large group of people who want to make a difference.”
- “Challenges remain however this type of discussion / networking is helpful”

### **Q4. S'il vous plaît évaluer les éléments suivants du sommet / Please rate the following elements of the summit:**

	unsatisfactory / insatisfaisante	neutral / neutre	good / bon	great / excellente
Venue/ Lieu	0%	5%	30%	65%
Timing/Calendrier	0%	0%	55%	45%
Refreshments/Nourriture	0%	5%	47%	47%
Faciliator/Animateurs	0%	15%	30%	55%
Agenda/Ordre du jour	0%	15%	45%	40%

- “Great to have the Premier participate. He genuinely appeared engaged. Unfortunate that he was a bit delayed in the afternoon as I feel there was a drop in energy and focus in the room while waiting for him”
- “I found the room to be a bit small. Otherwise it was great”
- “The second stage was a little harder to do - the what's happening now, what will happen in the future didn't seem to lend itself to coming up with the most effective recommendations for action.”
- “It would have been helpful to have the agenda and some pre conference material in advance to consider prior to the meeting”
- “The agenda was quite narrow and 'light' considering the expertise in the room.”
- “We could have done more in the time allotted”
- “timing only off 30 min!”
- “Enjoyed the opportunity to meet various stakeholders”
- “I believe it’s a great initiative and signs of engagement from the province, which I will pass along to colleagues and friends when talking to them as open discussions is always the first step to solutions as the ideals of many always outweigh the ideals of just one person.”
- “venue was a little tight. It would also have been nice to have windows to the outside. I realize ti was most convenient location for Premier.”
- “Running over a bit of a challenge but hard for team to manage. Didn't feel like we got enough discussed. Good start though.”

**Q5. The best part of the Summit was / La meilleure partie du sommet a été :**

Theme – Networking, Collaboration and Sharing of Ideas

- Table Discussions x5
- Networking x 4
- Brainstorming x2
- “Meeting new people/discussing the issues”
- “discussions with a diverse cross section of the capital ecosystem”
- “The applicability, breadth & depth of the participants”
- “Meeting people and discussing ways to improve access to capital in NB”
- “Right people in the room, important topic”
- “dialogue-differerent points of view”
- “Encouragment of new ideas”
- “Meeting/discussing opportunities for accessing capital”
- “Meeting the equity players”

**Q6. The least valuable part of the Summit was / La partie la moins utile du sommet a été :**

Theme – None/ Positive Comments

- N/A x9
- “everything was great”
- “overall really don`t have anything negative to say”

Theme – Presentation

- Speeches/presentations x3

Theme - Other

- “downtime waiting for the Premier”
- “Conclusions at the end were somewhat unclear”
- “not enough time to fully engage in topics, sitting for 45 min waiting for a busy Premier to return”
- “The premier should be on time:) Mixing VC folks( 5 deals year) with lenders( 5 deals week) produces a lot of discussions but no solutions.”
- “short timing allowed for responses.”

## **Q7. Where would you like to see government focus their efforts to improve access to capital in NB?**

### Theme – Financial Literacy

- Financial Literacy x2
- “coordinated approach in delivering financial literacy in NB (and early in the process)”
- “Number 1 - Communication with lenders as to what is available as far as programs and financial literacy assistance.”
- “providing clarity to industry and small business on financial literacy resources”
- “Improving financial literacy for local businesses”
- “Supporting financial literacy, providing financing only when there is a partner( not last resort lender but project must be economically viable)”
- “Financial literacy and succession planning”

### Theme – Government

- “consolidate the many different Depts and better communication strategy”
- “Insist that NBIMC participate in funding early stage NB companies”
- “Aligning government policy, programs and infrastructure to support industry needs”
- “Streamlining and clarity on which entity from the province is responsible for what and their contacts to better assist banks, businesses and people”
- “We need to understand overlaps and gaps in all the government agencies engaged in access to capital. It feels like a must action step.”
- “refocus and reset expectations around govt assistance to business, if Govt invests, they expect a return, just like any other investor. Pursue sidecar fund concept.”

### Theme – Other

- “Explore ways to “unlock” capital in the region to encourage high net worth individuals and/or companies to participate in a fund to invest in high growth potential companies”
- “I heard many interesting ideas - I like the idea of a public side-car fund, or a gov't lead side car fund. I thought continuing to educate and promote the SBITC program were on point. Providing education to front line support staff at the agencies would be valuable as well”
- “Develop / communicate a clear strategy”
- “Support investor readiness programs; fill holes in financing landscape; allow private sector to take lead with government support”
- “facilitating/encouraging development of system so access to debt and equity options available at different stages of business”
- “Two things. Firstly, provide effective advisory support to SME to improve management skills. Secondly, developing risk sharing strategies to encourage lenders to provide debt financing to SME's”

## **Q8. What is something you will do to improve access to capital in NB?**

### Theme – Education and Awareness

- “continue delivering advice events to business owners”
- “Ensure that our lender's are armed with the information that they need.”
- “More education of private investors”
- “Continue to educate on all things Capital Markets”
- “Continue to make industry aware of our capital opportunity”
- “work with COI's and accounting firms to help to address the importance of the issues addressed in the meeting. “
- “continue to work on capital market development, financial literacy and education”
- “Continue to promote agencies and programs that are effective in new company formation and on-going growth”
- “offer myself as a mentor to businesses”
- “Share information with members of my team on the importance of financial literacy”
- “Continue to work with companies to inform them of available financing options”
- “Be more open minded to the different services offered by the province to assist with funding”

### Theme – Networking and Collaboration

- “Network with Venture Capital funds outside of the province to encourage investment in NB”
- “We are in discussions with credit unions across the country to consider additional strategies that may be in place in other provinces.”
- “leverage some of the new angel contacts made.”
- “Evaluate the work my team does. Organize session between ONB and NBIF to discuss”

### Theme – Other

- “Continue to look at each project on its merits and take appropriate risks”
- “Advocate for continual enhancements to SBITC”

## **Q9. Please share any other feedback you have on the Summit.**

### Theme – Constructive Feedback

- “Need to keep the agenda on track”
- “If you get this group together again I would suggest adding a section that would allow for debate amongst the group on current programs, what has worked in the past and what might work going forward. Consider asking for some type of commitment from attendees can sometimes be powerful.”
- “Heard a lot of same ideas from earlier summits - not much progress over the years moving the markers. Understand Premier is busy (as is everyone) should have fallback plan for when he is

tied up. Govt press release on summit and its focus was a little disingenuous - made it sound like 'bankers' were summoned by the Premier to 'get on with it.'"

- "we need more regular contact(maybe not the #'s) and we should include Karina from UNB in meetings"
- "more frequent meetings/communication"
- "Consider holding another summit in 18-24 months to assess what is working and what could be done more effectively"
- "Thanks for the invitation. Looking forward to seeing output!"

#### Theme – Positive Comments

- "Great opportunity - thanks for inviting me."
- "Overall a worthwhile day. Bankers should have a separate session"
- "A great day and information sharing with peers. Well facilitated."
- "Greater participation throughout the day of government / ONB senior leaders may help reinforce importance of session"
- "Very well designed event."
- "Good meeting. Would do it again."
- "Professionally organized and executed. Well done."
- "Thanks for the invitation. Looking forward to seeing output!"