



## A HIGH- DEFINITION NETWORK

2009-2010 ANNUAL REPORT

### ■ Message from the Honourable Denis Lebel



As Minister of State for Canada Economic Development, I have the privilege of travelling throughout Québec's regions and seeing for myself the vitality that drives communities and defines Québec's entrepreneurs. By sharing their talent, expertise and passion, the Community Futures Development Corporations (CFDCs) and the Community Business Development Corporations (CBDCs) not only contribute to the well-being of communities, but also to local development.

Our respective actions seek to achieve common objectives, which are to stimulate Québec's economy and help its communities thrive. In this spirit, our report presents the work accomplished by the Réseau des SADC over the past year and the changing role of CFDCs and CBDCs when it comes to economic and entrepreneurial growth in our regions.

Lastly, I would like to congratulate the 1,350 volunteers and 400 professionals that make up the Réseau. This report eloquently reflects their passion and commitment.

**The Honourable Denis Lebel**

*Minister of State for the Economic Development  
Agency of Canada for the Regions of Québec*

## ■ Message from the Chairperson and the Executive Director



Here we are at annual report time. Once again, our year was rich in notable achievements: the Business Support Fund, the Fund for Business Succession and Start-Ups, record business investments, many highly relevant initiatives, outstanding partnerships and increased visibility. The fact that we had our agreements extended — although it is the renewal of the Community Futures Program (CFP) that we are anxiously awaiting — is an encouraging sign. Our budgets and all our programs have been maintained despite this period of reduced spending.



Since we are at the end of a five-year plan, it is also time to see if our objectives were reached. We are pleased to report that the desired results are there! We were successful in proposing effective solutions to the government to help businesses face challenges. Our range of services are geared to specialized niches — business succession, e-commerce and market development — and to more focused community-based initiatives — economic diversification,

increased use of technologies, innovation. Our in-depth reflection on sustainable development has already resulted in concrete action, and we showed our solidarity this year by changing the name of the Réseau to include CBDCs.

So here is the question: **are we, as set out in the definition of our vision, “invaluable development players”?**

**The answer is a resounding “Yes”!** Indeed, a growing number of organizations call upon our services, depend on our expertise and solicit our cooperation, owing to the unique nature of our mission and the increasingly obvious lead we have over other development players.

Our brief on devitalized communities, *Osons la fierté locale* (Dare to show local pride), was recognized for its timeliness by the Fédération québécoise des municipalités (FQM) and the Ministère des Affaires municipales, des Régions et de l’Occupation du territoire (MAMROT). Partnerships and alliances have paid off, for example, our association with the FQM and the Association des centres locaux de développement du Québec (ACLDQ) to urge the Québec government to develop an entrepreneurship policy.

But the greatest and most positive declaration of our impact and the key role played by the Community Futures Program (CFP) in our communities came from the Canadian Senate in its report *Beyond Freefall: Halting Rural Poverty*.

The report contains many quotes, such as the one from Louise Paquette of FedNor, describing Community Futures as “one of the best investments in rural Canada”; and comments from the Senate committee: “In most rural communities, volunteers play key roles in formal community economic development” or “the committee also believes that the federal government should consider expanding the size of loans available under the program as well as the total financing envelope for the program”; and especially the following recommendation (13-3): **“The committee recommends that the federal government reaffirm its long-term commitment to the Community Futures Program.”**

We are proud of these results and encouraged by this acknowledgment. We are therefore prepared to undertake the new year, a good part of which will be devoted to showcasing our results and demonstrating the effectiveness and diligence of our organization, and to ensure the renewal of successful agreements with the Government of Canada.

**Pierre Marois**  
Chairperson,  
Réseau des SADC du Québec

**Hélène Deslauriers**  
Executive Director,  
Réseau des SADC du Québec

## ■ A clear picture of our year, a few pixels at a time...

■ The year 2009-2010 will certainly be a memorable one for the Réseau des SADC du Québec. **It proved to be the most prosperous year ever recorded in terms of business financing!** Indeed, in the space of a few months, the Fonds commun des SADC (Common Fund) saw some \$15 million of its liquid assets invested in businesses in the regions – an unprecedented amount! The Business Support Fund also provided key relief to businesses lacking cash. The Fund for Succession and Business Start-Ups also played its part by helping several SMBs remain afloat and creating new ones. All things considered, including the regular and youth loans made by CFDCs and CBDCs, an amount of nearly \$100 million was spent this year with the help of Canada Economic Development to support and create SMBs in the regions. A remarkable and noteworthy success!

■ It goes without saying that we had an exceptional year. Moreover, we have other initiatives underway, in addition to the above-mentioned programs, which will enable us to continue assisting the regions when it comes to creating jobs. Every year, throughout the Réseau, 400 jobs are available to young people through various programs. The first program that comes to mind is the new Small Business Internship Program (SBIP), which offers work experience to youth. This program was so appreciated by entrepreneurs that it was renewed for 2010-2011. Industry Canada also continued its partnership with the Réseau by renewing the funding envelope for the Community Access Program (CAP) Youth Initiative (YI), which promptly created several jobs for young people. For its part, Canada Economic Development, through its Student Employment program, gave close to one hundred young people the opportunity to work in their community. The Youth Strategy also continues to give great results.

■ These success stories are a testament to the growing trust that our partners have in us. Projects such as the Business Support Fund definitely forge links between the CFDCs or CBDCs and businesses. These close ties are not lost on a partner such as Industry Canada, which did not hesitate to ask us to manage the SBIP. It is these same close ties that have enabled the partnership with the Business Development Bank of Canada (BDC) to prosper over the years and that resulted in unprecedented joint investments this year. The BDC increasingly relies on the knowledge of our businesses so CFDCs and CBDCs can ensure their follow up. It is a great vote of confidence, which has not only been beneficial, but opens the door to new avenues for cooperation in the future.

### ■ It was also possible to weigh the merits of this close relationship between our agencies and businesses on television in 2009-2010.

Our involvement as the major partner of the *VoirGRAND.tv* program gave us the opportunity to present the expertise of CFDCs and CBDCs to thousands of viewers. There is no doubt that panel members, who represented us directly on set or in the video clips, greatly contributed to promoting our mission when business people consulting a CFDC or CBDC advisor were featured. In addition to TV and print media, an agreement with Éducaloi led to a website where quality legal information is posted in everyday language that exclusively targets entrepreneurs. Since last fall, the website [www.educaloi.qc.ca/en/](http://www.educaloi.qc.ca/en/) has a brand new section for “Entrepreneurs” containing various “Legal Infosheets” and a video clip on e-mail-based contracts.

■ With these accomplishments comes the end of our four-year agreement with Canada Economic Development, which we were able to renew for another year with the same budget envelopes. With the CFP that will certainly be extended throughout the country in coming months, a new agreement will allow us to continue our many projects. There is still much to accomplish. The focal point must remain on our abilities as we try to do our best for the regions in the years ahead.



## ■ **VoirGRAND.tv: The power of TV focusing on the regions**

This year, CFDCs and CBDCs actively participated in the second season of *VoirGRAND.tv*, an original television show promoting entrepreneurship in Québec. This project, in which the Réseau was the major partner, first involved holding a series of auditions during which close to 250 entrepreneurs from Québec's 17 administrative regions were met. Seven entrepreneurs were chosen as finalists for the show. Twelve episodes of *VoirGRAND.tv* were then broadcast on channel Vox between January and April 2010 to introduce each of the finalists. In all, thirteen CFDCs and CBDCs were featured on the show, either during video clips that presented some of the businesses they finance, or as expert panel members. Two of the finalists used CFDC or CBDC services to start their business. One was Edith Jolicoeur, who called upon the SADC Baie-des-Chaleurs, and the other was Alexandre L. Dihmène, who received assistance from the SADC d'Antoine-Labelle. The grand finale was held at the Capitole de Québec on April 13, during a gala evening.

In addition to providing unparalleled visibility to our agencies and clients, this concept is perfectly in line with our development mission. By introducing entrepreneurship through the true stories of passionate entrepreneurs from across Québec's regions, CFDCs and CBDCs seek to promote business succession and the creation of new businesses in our communities. It is said that a picture is worth a thousand words. These TV pictures therefore succeeded in showing the close relationship between our advisors and their clients in a balanced and insightful way to thousands of viewers. **It was essentially an excellent promotional exercise, clearly demonstrating our expertise** while showcasing some of our model businesses. The visibility objective was achieved and the experience has paved the way for other media-based initiatives in coming years.



## ■ **Camp Je: All for one and one for all!**

A brand new formula was adopted in 2009 for the Camp Je provincial camp. Young entrepreneurs from different regions took part in the event held last summer at camp Trois-Saumons, in Saint-Aubert. A contest called "Seeking Camp Je 2009 apprentice entrepreneurs" was held, during which CFDCs and CBDCs recruited 27 young people having distinguished themselves in their community. Divided into five teams, these extremely motivated 13- to 17-year-olds had a most extraordinary experience, unavailable elsewhere, which was to embrace and learn everything about running a business for two weeks, from the design of a product to its sale, with a business plan and financing in between, all in a vacation atmosphere. Campers even met a representative from the Business Development Bank of Canada to obtain financing! The concept behind Camp Je is to closely simulate real life and truly attempt to inspire each participant to become an entrepreneur and live in the regions, an objective directly linked to our mission.

Year after year, the success of the camps is unwavering. A survey conducted among some of the 1,300 young people having participated in the camp since 2000 revealed that 99% of them would recommend it to a friend and most developed their leadership skills and self-confidence. Since the oldest former participants are now in their mid-twenties, we could ask them in a few years time whether they still live in the regions and have started their own business. The future will tell us how this vanguard and innovative project will have contributed to the regions' development.

*"It was an unforgettable and enriching experience that helped me choose a career. I am more determined than ever to start my own business. We made floating candles and a magnificent bamboo holder. Each one made a \$10 profit!"*

**Louis Blanchette**  
Camp Je 2009 participant

## ■ Special Initiatives: Specific projects, promising results

The Special Initiatives Program, supported by Canada Economic Development, is divided into three components:

### 1 Student employment

Allocations go to CFDCs and CBDCs to hire students, from 15 to 30 years old, who are contemplating a career in business or local development. The young people perform different duties in the businesses that hire them.

#### Vital forces serving the community

In addition to supporting CFDCs and CBDCs in their mission to assist communities, this component allows young people hired to remain in their regions and make numerous professional contacts. In 2009-2010, a total budget of \$505,000 helped create 83 jobs, an undaunting achievement, despite certain difficulties with recruitment.

*My work experience at the CFDC encouraged me to stay in the region since I got to know it better and discovered how great it is. I want to contribute to its development.*

**Karelle Vachon**

SADC de la Vallée-de-la-Gatineau

### 2 Cost-shared communications

This component of the Special Initiatives Program allocates sums to CFDCs and CBDCs to develop communication tools and activities. Edition, public relations, office materials and publicity are among the activities that contribute to our agencies' reputation every year. **No fewer than 1,293 communication tools and activities were developed in 2009-2010** from an envelope of \$335,000. Again this year, advertising remained the most popular tool, used 697 times, slightly more than last year.

#### Converging forces for greater visibility

It is noteworthy that several ad campaigns with a regional outreach were initiated by several CFDCs that joined forces to maximize their impact. Examples include daily TV clips announcing good economic news, a joint initiative of the CFDCs from the Abitibi-Témiscamingue and Nord-du-Québec regions. Similar clips were also produced in Matawinie. What great examples of joint endeavours reflecting a spirit of unity among Réseau members!

### 3 Local development projects

The objective of this last component is to allow CFDCs to acquire information and data on development opportunities and issues in their communities. Such knowledge sheds light on the means and ways to reinforce the competitive edge of the businesses they accompany. Projects include studies, training activities and participation in conventions and tradeshow to promote regional products.

#### More data, better portrait

Accounting for 66% of the entire budget of the Special Initiatives Program, **the local development component made it possible to implement 437 projects and activities this year**. That impressive number should make way for substantial outcomes in the four corners of Québec.

## ■ Youth Strategy

Launched in 1997 by the Réseau des SADC and Canada Economic Development, the Youth Strategy has two components: financial support and technical assistance. It aims to respond to the financing difficulties experienced by young entrepreneurs and fulfill their need for follow-up. Youth may receive an interest-free personal loan of up to \$15,000 and benefit from accompaniment throughout their project. The assistance helps young developers carry out their projects and remain at the forefront of innovation through new technologies, exports, research and development, e-commerce, marketing, etc.

CFDC and CBDC involvement goes much further than mere financing, since special effort is made to urge business leadership among young people through projects in schools and joint initiatives with youth agencies in the community. Such joint ventures and vitality often lead to entrepreneurial succession.

### Dollars attracting more dollars

Financial institutions may not be overly generous to developers with little business experience and almost no collateral. This is where the Youth Strategy steps in, playing a lever role to provide more legitimacy to young people. **Every dollar granted by a CFDC or CBDC through this program generates 11.9 additional dollars** from institutions and youth agencies. That is what we call an impact with high definition!

This year, no fewer than 450 entrepreneurs benefited from \$5,322,411, i.e. an average of \$11,828 per person. Remarkably, loans were repaid in a proportion of 93.7% by beneficiaries, proving that today's youth are not only determined, but also responsible.

## ■ Small Business Internship Program (SBIP)

This brand new program, funded by Industry Canada, offers internships to young people between 15 and 30 years old to perform e-commerce in SMBs. The companies can better implement new technologies to market their products and services, while promoting the employability of the young people who take part.

### A first, implemented in record time!

Despite the fact that this program was offered for the first time, it was implemented in under one month and is already providing some interesting statistics. From a budget of over \$400,000, 78 internship projects are already underway.

*Through SBIP, we were able to build a very impressive website, giving us a competitive edge over other businesses our size, including those in the United States. With the site, we can inform our clients much faster. We have therefore attracted the attention of partners, who were not used to seeing this type of innovation in a young company like ours.*

**Tommy Gagnon**  
Machineries Automatech



## ■ Community Access Program (CAP)

Industry Canada's Community Access Program (CAP) offers thousands of Canadians affordable access to the Internet in places like schools, community centres and libraries. It is intended for people who might not have a computer or Internet access at home or work.

### ■ Community Access Program Youth Initiative (CAP YI)

#### Experience versus expertise, a great deal!

Linked to the Community Access Program (CAP), this initiative offers jobs to youth from 15 to 30 years old, students, new graduates, underemployed and unemployed. It helps them acquire experience in information technologies (IT). In turn, the young people's skills are highly useful to the managers of internet Community Access Centres (ICACs) and their clients.

**in 2009-2010, a total budget of \$957,600 created 153 internships in different ICACs.** Designed according to community need, these centres offer a variety of internships to young people who, in turn, give back their dynamism and innovative ideas. Their input is greatly appreciated by ICAC managers, often volunteers with few resources. In short, everyone wins!

### ■ Additional funding for quality Internet access

Implemented in conjunction with Industry Canada, this measure of the Community Access Program (CAP) offers financial support to ICACs. Since Internet access is not widespread in all regions and among all clientele, the centres answer a real need. They may also offer software workshops.

#### Additional funds to multiply results

Amounts redistributed by the Réseau to ICACs help ensure that the centres stay alive by helping purchase hardware or hire specialized resources. **This year, 44 ICACs benefited from the program, whose overall envelope was \$279,771.**

### ■ Tête-à-la-Baleine: less and less isolated

Due to this program, this community from the Basse-Côte-Nord region was able to get high-speed Internet for its ICAC, becoming the first and only place on the territory to offer that service. The tool made it possible for the community to pursue its development with activities that were previously unavailable. There is a great example of the program's positive impact on a community!

### ■ A study rich in findings

This year, the Réseau des SADC got back some research results involving the effectiveness of the Internet Community Access Program (CAP). The research study, done in cooperation with the Réseau, was led by a student from the École nationale d'administration publique (ENAP). Since the Réseau participates in delivering the program, it is in a position to note the initiative's different impacts in communities, one of which is to narrow the "digital divide" that separates some communities from better served regions.

### ■ Clear and accurate findings

Numerous findings came out of this comprehensive study, most of which were concordant with those already formulated by the Réseau concerning the program's performance. One of the findings states: **"It is important to accompany people toward full use of their skills, especially adults in continuous education settings, by generally improving complementary activities offered to job hunters and underskilled workers and offering specific activities for them to acquire new technologies."** That is one of the program's key success factors. Proper accompaniment generates effective use of information technologies, creating value in the community. Concretely, it can translate into business opportunities including e-commerce or an increase in an individual's employability.

## ■ Espace économique francophone

Launched in 2007, the aim of this joint initiative between the Réseau des SADC and the Réseau de développement économique et d'employabilité (RDÉE Canada) is to stimulate benefits for French-speaking business people and spur the Canadian economy. Using a common language, ties forged among French entrepreneurs often lead to new markets. This initiative also receives support from the Secrétariat aux affaires intergouvernementales du Canada (SAIC).



### More than business ties

The 2009-2010 year, the second in the three-year project, gave some rewarding results.

**No fewer than six commercial missions were undertaken, involving a total of sixty companies and some twenty economic development officers.** In

Québec, CFDCs from Abitibi-Ouest, Gaspé-Nord, Haute-Yamaska and the Vallée-de-la-Gatineau participated in these missions, visiting or receiving their counterparts from Manitoba, Saskatchewan, New Brunswick and Nova Scotia. Other agencies have been active in developing activities for the future, including the SADC des Îles-de-la-Madeleine and the RDÉE de l'Île-du-Prince-Édouard.

### Improbable encounters leading to sound results

The experience acquired throughout this project and the close ties among CFDCs and the entrepreneurs in their communities explain the success. The linguistic and cultural link shared by the different French business communities greatly enriches the meetings among entrepreneurs and contributes in creating relations that go well beyond a usual business relationship. We therefore saw some improbable encounters among business people from very different backgrounds. Who would have thought that the Granby Zoo would turn to a Manitoban company for trials of a new type of litter? That is what happened and the zoo's managers hope that a contract will soon be signed. Likewise, a company from Haute-Yamaska went to that province and then received a Manitoban delegation into its facilities. One sign of the networking potential is that the company has already placed an order with one of its counterparts and is planning a second trip to Manitoba soon for other projects. Beyond mere business relations, it is above all the human relations that distinguish this initiative. The result is new contracts, new markets and promising new business partners that may lead to other missions of the kind.



"A Quebec business person from Haute-Yamaska in discussion with another business person from Manitoba"

Credit: Espace économique francophone canadien ([www.rdee.ca](http://www.rdee.ca))

## ■ A fund that fulfills its mission

We can agree, with hindsight, that combining CFDC and CBDC liquidities under a same roof proved to be a wise move! **This year, 92% of members used the services of the Common Fund. Some 301 more loan applications were filed, for a volume of processed loans worth \$62 million. A record year!**

### Needed support, just in time

The Common Fund combines different initiatives, which the Réseau team manages from a coordination envelope. One such initiative, **the Business Support Fund, played a decisive role for businesses this year.** Facing an economic crisis that placed many companies in a highly precarious situation, the Réseau proposed that an emergency program be set up in 2009 to support them. That is how, very rapidly, the Business Support Fund, with the support and financial backing of CED, came into existence. Between April 1 and October 23, 2009, Phase II of the initiative made it possible to grant all available \$7 million to the 59 projects approved, also managing to maintain 1,993 jobs. It was manufacturing, a neuralgic sector for the regions, that most profited from the program, with 75% of projects. Including the loans paid during Phase I in March 2009, 150 businesses benefited from a cash flow of \$16.6 million within a few months to ease the crisis.

It was, above all, how quickly the program was implemented, in conjunction with Canada Economic Development and other partners, which made it possible to maintain jobs in hard times. Whether for paying employees, suppliers or others, the rapid flow of new capital was certainly the highlight of the program, an accomplishment for which all those involved can be proud and that future initiatives can use as inspiration.

### Start-up and succession, the effort goes on

The initiative involving the Fund for Succession and Business Start-Ups started on April 1, 2009. Designed to facilitate business access to venture capital at start-up or succession, the program now has 32 accepted projects, for total loans of close to \$8.2 million. Overall, **these business projects have helped create or maintain 614 jobs, 60% of which are in the manufacturing sector,** significantly impacting the nine regions that benefited from the funding. Total project costs reached \$81.5 million, creating a lever effect of one for ten from the CFDC and CBDC business investments. It is noteworthy that our agencies support projects that also receive major support from the community, venture capital firms and other backers.

Note that the Common Fund stems from a partnership with CED that mandates the Réseau to assume its coordination. This mark of confidence continues to rise, not only on the part of our main partner, but also on the part of others, such as the BDC and Industry Canada. It seems that the effort of recent years, devoted to sound budget management and the forging of strong partnering relations, has inevitably paid off.

*The Business Support Fund has provided some relief for the businesses cash flow. This lightened aspect allowed entrepreneurs to concentrate their efforts on two important points for the future of their companies:*

- *Improve their production costs in order to be more competitive in a downward market;*
- *Work on new products or markets in an attempt to compensate for decreasing sales.*

*The Business Support Fund thus helped to focus the energy on these two components that create value through better profitability and the creation or retention of jobs.*

**Johanne Jacques**

Executive Director, CAE Beauce-Chaudière

## ■ A resolutely sustainable network!

Development paradigms are currently undergoing major transformations and Réseau members are no exception. We are of course talking about sustainable development. Aware of the need to review our current development vision and the possibilities stemming from such a review, our agencies are committed at many levels to this movement.

### CFDCs at the heart of sustainable development initiatives

An increasing number of CFDCs are undertaking operations involving sustainable development. In the Haut-Saguenay region, the CFDC adopted an integral and sustained plan to accompany SMBs with the aim of improving their performance, in a context of emerging sustainable development. Now fourteen in number, they benefit from the guidance of a group of specialists, representing both industry and research and educational establishments. The group, set up by the CFDC, embodies sustainable development principles, meaning they are involved stakeholders interested in economic viability, social equity and respect for the environment.

### Well-planned action: a great example

Propur, an association of producers and packaging company for potatoes and processed vegetables in the Saguenay region, undertook, in conjunction with the SADC du Haut-Saguenay, a sustainable development process. Its main aims were to reduce its fossil energy and water consumption, improve its employees' work quality and reduce its waste production. To do that, the company developed a comprehensive Action Plan: creating new packaging for the potatoes, optimizing its transportation, developing a methanizer project, recycling the wash water from the potatoes and setting up different partnerships, including one with the Groupe CARA from the Cégep de Chicoutimi, to reduce the amount of chemical products used in its operations. The actions taken have not only allowed Propur to make substantial savings in resources and capital, but also to position itself as a leader in sustainable development on the agri-food market.

## ■ Always better equipped

In 2010, our toolkit for assisting businesses is more complete than ever and is constantly being improved. Whether it is the Geographic Information Module (MIG), i.e. the web interface that can produce a territory's cartographic diagnostics, increasingly used and whose merits are continually being discovered by our members and partners; the new human resource toolkit, distributed to all CFDCs and CBDs, a fantastic positioning tool that our agencies can use with businesses; or the research services of Ressources entreprises and Info entrepreneurs, widely called upon this year, with all bank hours used. In short, our tools are getting better - more quantity, more quality and more popularity!

*Human resource management (HRM) is an operation of utmost importance for the development, in fact the very survival, of small businesses. The HR national pilot project has made it possible to equip CFDC staff members in HRM, to the benefit of the businesses on our territory.*

**Brigitte Pouliot, General Manager**  
SADC du Kamouraska

## ■ Planning the future

Our achievements have paved the way for a new cycle of several years, for which proper strategic planning was set in place last October. Our vision will be: "Sustained by the strength of our directors, the expertise of our professionals and the relevance of our tools, CFDCs and CBDs will be the leaders and forerunners in the diversification of our communities, going forward in a sustainable manner." Certain objectives related to our planning have already begun to show, including that of *maintaining the invaluable aspect of our organizations and developing the sustainable character of our interventions*, and many others will be reached by 2015. Whatever happens, our 2009-2010 activities have led us to set new ever more ambitious objectives, and will have contributed, no doubt, in fulfilling our mission: that of developing the regions.