

Optimized Client Case Study Interview / Article

Small Business Overcomes Debt Using Government Loan

Luke M. of Okotoks, Alberta owns and operates a small property management **small business**, LCM Management Ltd, along with his wife. He got started working with his father but thought starting a business of his own was the best direction after moving away from home. When he found himself running up against a wall, he turned to the government for **business funding** from a \$40,000 government loan.

"I financed all of it myself, but I was finding it hard to grow without more financing," Luke informed us. "So I decided to seek out assistance."

LCM Management Ltd. primarily offers its property management services to "distressed, abandoned, vacant, and any other property." The company has been successfully operating since 2011 and has experienced annual growth. However, Luke believes it could see yet larger **business development** and expansion. Part of this dream is to take on additional employees (currently it is just he and his wife) instead of relying on temporary workers when they get busy.

Luke's small business was already operating under the burden of high-interest debt and cash flow concerns, however, so he went online and sought some **financing help**. That search led him to the Centre for Small Business Financing (CFSB) and its information services regarding **government loan**, **business grant**, and other types of **government support** programs.

Property Management Small Business Lands Government Loan for Growth

Luke explained the process to us. "I found CFSBF online, and through their database I was able to find [Business Development Bank of Canada] BDC as a loan source, as I had not previously thought of them." As is often the case with **small business owners**, Luke came to realize through the CFSBF how much **government funding** is available. He also learned how much is able to "sneak under the radar" because it is not adequately advertised to entrepreneurs.

"Had I not found this database," he went on to say, "I might have needed to shut down my business, or continue to carry high balances on high-interest credit."

The Business Development Bank of Canada is a **Canadian government**-owned corporation that is tasked with helping Canadian entrepreneurs and business owners via consulting, funding, and other types of government support. In the case of LCM Management Ltd., this government support came in the form of a \$40,000 **government loan** his small business was conditionally approved for.

"I had to have a currently operating business and be able to provide 2 years' worth of tax information, including financial statements, tax assessments, and tax notices."

Luke elaborated on how the CFSBF led him to the BDC and the **loan application** process to follow.

"I was directed to the BDC financing web page and was able to fill out the application all online. Prior to submitting the application, I was required to upload some documents as background. This included filed tax returns, notice of assessments, bank account statements for both the business as well as personal finance information."

Unlike many other Canadian government support programs provided to help small business owners, Luke found his experience with his BDC small business loan application to be quite straightforward.

"This process was easy and convenient," he assured us. "I was able to save the information, and work on it later as necessary. They [the BDC] communicated when they said they would, and the process was very smooth."

Business Development Now Possible Thanks to Government Loan

Knowing how bad off he would have been had he been turned down for the Canadian government loan, Luke can now look forward to the expansion he was hoping for. He doesn't bother denying he would have been in poor shape without the **government money**.

"I would have a high amount of high-interest debt, and my cash flow would be too tight to maintain operations efficiently. My business might have ceased, or it would have struggled for the next few years."

Instead of his business closing its doors, though, he used the BDC small business loan to pay off debt, purchase new trailers and other necessary equipment, and overall improve the company's current cash flow.

The experience left Luke with some good advice to pass along to other entrepreneurs who are looking for government funding but may not have yet found something that fits them or seems to be eluding their search.

"Look at each of the opportunities available," he suggests. "Consider adding to the reasons for the funding. Keep trying, and be prepared to provide whatever information they request." Indeed, he underscores the importance of preparing all the required information the program asks for—"[it] shows that you are organized."