

ACCESS

SASKATCHEWAN

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Micro Loans Fill a Gap in Small Business Financing for Saskatoon Entrepreneurs

by Heather Waldern Hinds

Makeup artist Melissa Germann faced a challenge. The province's film industry was growing and needed professionals like her, but no bank wanted to support her business plan for a private, post-secondary vocational school that would teach makeup artistry for fashion, films and photography.

"Banks went on collateral and credit ratings," explains Germann, who trained in Edmonton and moved to Saskatoon 12 years ago. "I didn't have that. I was 25 when I first started. So here I was, a young entrepreneur with no backing. Banks would give me credit applications when I went to see them, which didn't do me any good because I didn't have a credit rating."

Luckily for Germann, Western Economic Diversification Canada committed \$250,000 in 2000 for the **Saskatoon**



Melissa Germann from Master Mind Makeup Artistry Academy showcases her Miss Kittie Cosmetics line.

Credit Union (SCU) to create a \$1 million, five-year micro loan program for very small and start-up businesses in the city. The program supports eligible clients who have good ideas and appropriate skills, but few assets and little cash.

A \$7,000 micro loan helped Germann open her school, **Master Mind Makeup Artistry Academy**. Two years later, she moved to a larger location. And, in 2004 another loan helped her and a

former student open a hair salon, which currently employs five staff. The salon is also located in the school. This year, Germann will expand again by launching her *Miss Kittie Cosmetics* line.

"I wouldn't have been able to do this without the micro loan program," says Germann. "The program looked at the person

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for what they were doing and not just what backing they had.”

Eighty-one students have graduated from the Academy – two have opened their own businesses, a lot do freelance work with photographers, and one works for Disney Cruise Line.

Five years, 61 loans and 161 full-time and part-time jobs later, the micro loan program is a success. Only nine loans have been written off since 2000. “There is no end to the list I could provide of businesses that are too risky to lend to,” says Martin Chicilo, SCU’s community development manager. “However, we want the businesses to succeed because that helps the local economy, creates employment, generates wealth and the loans are repaid.”

Chicilo emphasizes that the community spin-offs from the program outweigh the credit union’s profits. “The smallest loan we have disbursed is about \$2,400 to a hair salon,” he indicated. “But the salon employs three staff part-time and the owner full-time.”

Ludy’s Jets Home Service Inc. is a good example of community spin-off. Mother and daughter co-owners Marge and Sue O’Neill had approached every bank in Saskatoon for a down payment on the cleaning business where Sue worked. “They all told us that we needed \$45,000 in a bank

account to use on a business loan,” explains Marge. “I told them if I had \$45,000, I wouldn’t be coming to see them.”

With a micro loan, the O’Neills bought the business and now have the largest independently owned cleaning company in Saskatoon. In four years, staff increased from 11 to 18 full-time employees, and the client base doubled.

Both the O’Neills and Germann credit a mentorship with Chicilo for helping them through the start-up process. “He was patient with all of our questions and told us things that we didn’t think about,” says Marge.

“The first three years are the most important,” explains Chicilo. “Sometimes there are crises in the businesses that require a lot of time to help them through it.”

If clients need help with the business plans required with applications, they are referred to business officers at the Community First Development Fund or the Canada-Saskatchewan Business Service Centre in Saskatoon.

For more information on the Saskatoon Credit Union Micro Loan Program, call (306) 934-4000, or visit www.saskatooncreditunion.com. ♣

Saskatoon

On the Brink of Scientific Discovery

by Jean Collins

Providing blood and/or urine samples for medical testing are routine practices. But have you ever *really* wondered how the test works?

Whether checking blood sugar levels for diabetes, cholesterol levels or other health factors, the lab technician is analyzing the metabolites in the sample. Metabolites are biochemicals used or produced by the biological processes of cells such as digestion. The metabolites present in the human body can indicate disease or medical conditions.

The global study of metabolites, called metabolomics, is an emerging science with enormous potential for discoveries in human health. Scientists are attempting to identify currently unknown metabolites as markers for disease. Typically, a sample is analyzed in a targeted fashion for known metabolites because until now the technology to seek and identify new metabolites in a non-targeted way was unavailable. A Saskatoon-based company, **Phenomenome Discoveries Inc. (PDI)**, has changed that. PDI is the only company in the world with the technology to conduct non-targeted metabolite analysis.

PDI co-founder Dr. Dayan Goodenowe developed the innovative system and, along with partner John Hyskha, PDI is actively pursuing a patent for this technology. Hyskha

says their Saskatchewan location lets them do business at half the cost of setting up in the United States. He also cites qualified grads from the University of Saskatchewan as a key advantage for Phenomenome's business.

The **First Jobs in Science and Technology Program** offered by Western Economic Diversification Canada (WD) provides small, start-up companies like Phenomenome Discoveries with salary assistance to hire graduates with the skills the company requires to develop new or adapt existing technology.

Phenomenome hired three graduates under the First Jobs program. "At Phenomenome Discoveries we are very pleased to offer first grads an opportunity to use and develop their skills in their chosen field while remaining in Saskatchewan," says Corinna Nydegger, human resources manager. "The First Jobs program has significantly contributed to our ability

to do this effectively."

For more information about Phenomenome Discoveries, visit their Web site at: www.phenomenome.com.

To learn more about the First Jobs program, call 1-888-338-WEST (9378) or visit WD's Web site at: www.wd.gc.ca/finance.♣



Saskatchewan

Water on Tap

by Jean Collins

How much will it cost to repair? That's everyone's first question when something breaks.

Saskatchewan's – indeed all of Canada's – aging water and transportation infrastructure is breaking down. Municipal governments are searching for the means to maintain and upgrade these basic services to ratepayers in a cost effective manner.

The communities of Balcarres, Margo and Porcupine Plain each faced this challenge. They were using old filtration systems for well water that had high iron and manganese content that resulted in color and odour problems. More importantly, these minerals interfered with the water filtration process, which created the potential for contaminants to remain in the water and pose a health risk to residents.

Their collective solution was the **Canada-Saskatchewan Infrastructure Program (CSIP)**.

"I've been on council for 20 years and the project has been in the planning stages that long," said Dwight Dixon, mayor of the **Town of Balcarres**. "Without the [CSIP] help we'd probably still be trying to figure it out."

CSIP provides up to two-thirds of the project's costs through federal and provincial contributions. The total cost

for the three municipal projects was \$890,357. CSIP invested \$593,568 to give the residents of these communities better quality drinking water.

"[The water] is right back to A-1," says Myrna Daviduk, mayor of the **Village of Margo**. Barry Warsylewicz, administrator for the **Town of Porcupine Plain**, agrees. He says the town receives compliments on its water quality.

Dixon noted that a spurt in home sales followed the upgrade of the Balcarres water treatment plant. In at least one instance, the new water treatment plant was referenced as a contributing factor in the purchase of a home.

Environmentally responsible projects like water and wastewater developments or upgrades, solid waste management and recycling, and improving the energy efficiency of municipally-owned buildings are the first priority for CSIP investments. Since 2001, the Government of Canada has invested more than \$111 million in 296 communities across Saskatchewan.

For more information about CSIP, visit www.wd.gc.ca/infrastructure or www.municipal.gov.sk.ca/mrd/procanadainfra.shtml. ♦