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Business Plan for a Quebec Startup: What Lenders Want

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Who reads your plan, and what they are testing

A business plan for a Quebec startup is rarely read for pleasure. It is read by someone deciding whether to lend you money, invest, approve a program application or sign a lease. Each of them is testing one thing: will this business generate enough cash to do what the founder says?

BDC, quoting Chad Fryling of Futurpreneur Canada, puts it plainly: lending institutions "want to assess the risk level of the loan. They want to know how the loan will be repaid and whether the company will spend the borrowed money wisely." They prefer "conservative assumptions about your sales and market forecasts, relevant scenarios (good, neutral and bad) and plans in case things don't go as expected" (BDC, [How to write an effective business plan](#)).

Who reads what:

Reader	What they look at first	What makes them say no
Bank or BDC	Repayment capacity, cash flow, collateral, your own investment	Optimistic sales with no basis; no cash flow forecast
PME MTL or another local fund	Eligibility, equity contribution, local economic impact	Missing REQ registration, less than 20% equity
Investor	Market size, growth path, team	No clear path to scale
Landlord or flexible-space operator	Ability to pay rent	No revenue history or guarantor
Your own team	Priorities and milestones	A plan nobody reopens after financing

Write for your primary reader. A loan application and an investor deck share facts but not emphasis.

How long should it be?

There is no standard length. BDC's adviser says he has seen "great business plans with just one paragraph, bullet points for each item, and a few charts" and "100-page plans that were completely ineffective because... they were all show and no substance" (BDC).

A practical target for a first loan application from a small Montreal startup: 10 to 20 pages of text plus a spreadsheet. Put detail in appendices.

The structure: BDC's four sections

BDC says "there is no standard format, but most plans cover the following four topics": company profile, sales and marketing, operations, and financial information (BDC). Use these as your table of contents.

1. Company profile

What BDC suggests including (same source):

- **Company description:** what you do, where, and whether this is a new business, an expansion or an acquisition.
- **Products or services** in detail, with features and costs. Fryling's tutoring example: saying "we charge \$50 an hour" is not enough; explain in-class or online, where, how many students, what curriculum.
- **Value proposition**, ideally backed by a customer survey or interviews.
- **Owners and team:** education, skills, experience, transferable skills and contacts.
- **History:** what you have done so far, with hard numbers.
- **Legal structure** and why it fits. If you have not decided, our [incorporation cost guide](#) lays out the fees.
- **Regulation and insurance:** permits, licences and insurance needs.
- **Business objectives:** measurable, dated, for example "\$50,000 in sales by July 31."
- **Project:** if you are seeking money for a specific project, what it is and how it will be carried out.

BDC also places **market research** in this part: market overview, target market and competition. Two of Fryling's warnings are worth quoting. On the target market: "People say their product is good for anybody 18 to 65 years of age... That's too general." On competition: identify three to five competing companies serving the same market, ideally slightly older than yours, rather than a massive well-known company (same source).

2. Sales and marketing

Show how sales will actually happen (same source):

- An **action plan** with your top three marketing activities, each with description, frequency, cost or time, expected results and metrics.
- **Pricing**, how you set it and how it compares.
- **Sales forecast rationale** for the first three or four months of your projections. BDC's example: a company forecasting 15 sales in April that has averaged 15 a month for six months and already has 10 prepaid April orders. That is "conservative and achievable." Fifteen sales because "the website is good" is not.

3. Operations

How the business works every day (same source):

- **Location**, and why it suits the business. BDC notes that a home-based consultant can simply explain the home office and its relation to clients, while a restaurant must describe layout, square footage, neighbourhood, parking and visibility.
- **Assets and production**: equipment, technology, process.
- **Procurement**: key suppliers, costs, location, lead times, cross-border issues.
- **Human resources**: staff and contractors, organization chart, recruiting, pay cycle.
- **Risk assessment** with contingency plans.

4. Financial information

This is the section that decides the outcome. BDC: "Cash flow forecasts are the foundation of the business plan." Present them **monthly, in a spreadsheet**, including start-up costs. An existing business adds its balance sheet, income statement, statement of cash flows and statement of retained earnings (same source).

Fryling's advice on order is unusual and useful: "The real story happens in the financials... It's also not a bad idea to start with the numbers and then complete the written part."

Do the numbers first: horizon and scenarios

Investissement Québec gives the time frame most Quebec lenders expect. A financing plan should "project the next three to five years while focusing on the next twelve months," and show monthly cash needs, "because profit does not necessarily mean cash." It also advises presenting "several hypotheses, both optimistic and pessimistic" (*Investissement Québec, Votre plan d'affaires n'est pas une mince affaire*, our translation).

For a bank loan proposal, BDC's checklist asks for financial statements and forecasts for the next 2 to 3 years (BDC, *How to prepare a winning business loan proposal*).

A workable package for a first-year startup:

Document	Horizon	Detail
Start-up budget	Before launch	Every one-time cost, with quotes
Cash flow forecast	12 months (24 for Futurpreneur)	Monthly
Projected income statement	3 years (5 if the lender asks)	Year 1 monthly or quarterly, then annual
Scenarios	Same 12 months	Base, pessimistic, optimistic
Assumptions page	n/a	Where each number comes from

Worked example: a two-person design studio in Griffintown

Illustrative figures only. Two founders open a branding studio, invest \$20,000 of their own money and seek a \$40,000 bank term loan for equipment and working capital. They price it at the Canada Small Business Financing Program ceiling for a floating-rate loan, prime + 3% ([Regulations, s. 12](#)): 4.70% prime (CIBC, effective October 29, 2026) + 3% = 7.70%. Over 60 months that is $\$40,000 \times 0.006417 \div (1 - 1.006417^{-60}) = \$805$ a month.

Start-up budget

Item	Amount
Computers and software	\$9,000
Incorporation and legal	\$2,500
Website and launch marketing	\$6,000
Workspace deposit and first months	\$4,500
Working capital reserve	\$38,000
Total project cost	\$60,000
Founders' equity	\$20,000 (33%)
Loan requested	\$40,000

First six months of the monthly cash flow (base case)

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Cash in: client payments	\$0	\$4,000	\$8,000	\$10,000	\$12,000	\$14,000
Cash out: founders' pay	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Cash out: workspace	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Cash out: software, insurance, other	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Cash out: loan payment	\$0	\$0	\$805	\$805	\$805	\$805
Net cash flow	-\$8,700	-\$4,700	-\$1,505	+\$495	+\$2,495	+\$4,495
Cumulative from \$38,000 reserve	\$29,300	\$24,600	\$23,095	\$23,590	\$26,085	\$30,580

Why month 2 has revenue but month 1 does not: invoices are paid 30 days after delivery. This is the "profit is not cash" point in practice.

Pessimistic case: revenue arrives two months later and at 70% of the base amounts (\$0, \$0, \$0, \$2,800, \$5,600, \$7,000). Against \$8,700 of monthly costs, \$9,505 once the loan payment starts, the cumulative balance runs \$29,300, \$20,600, \$11,095, \$4,390, then \$485 at the end of month 5 and -\$2,020 in month 6.

That tells the lender, and them, that the \$38,000 reserve is not padding, and that they need a fallback such as cutting founders' pay in the bad case. A plan that shows this openly is more credible than one that never dips.

Assumptions page entries: "Month 2 revenue: two signed contracts of \$2,000 each, deposits received"; "Workspace: published rate for a shared office, before taxes"; "Loan: \$40,000, 5-year term, floating at prime + 3% (7.70% at a 4.70% prime), \$805 a month from month 3; a 0.25-point prime increase adds about \$5 a month."

To cost the workspace line properly, including deposits and taxes, use our [workspace budget calculator](#).

What Futurpreneur asks for

If you are 18 to 39, Futurpreneur's Startup Program (up to \$25,000, plus up to \$50,000 from BDC) is often the first lender to read the plan. Its file is specific ([Futurpreneur](#), [Startup Program](#); [FAQ](#); [eligibility](#)):

- a **complete business plan** and a **24-month cash flow**, month by month, both uploaded in its MyFP portal before your 40th birthday. Futurpreneur provides a free Business Plan Writer and a Cash Flow Template;
- government photo ID (passport or driver's licence) and consent to a hard personal credit check;
- proof of training or experience related to the business;
- a business not yet operating or operating full time for 24 months or less, owned more than 50% by the applicants.

The 24-month horizon matters because the loan is interest-only for the first year, then repaid in principal and interest over the remaining four years. Your cash flow has to show the payment jump in month 13.

Futurpreneur says it contacts applicants within 5 to 10 business days. The full loan terms are in our startup loans guide.

What Quebec programs add: PME MTL as an example

Local funds have their own document lists on top of the plan. PME MTL's loan funds (FLS Montréal up to \$150,000 and Fonds PME MTL up to \$300,000) require, among other conditions ([PME MTL](#), [Fonds PME MTL et FLS Montréal](#)):

- a business establishment in Montreal and a head office in Quebec;
- legal constitution and registration with the Registraire des entreprises (REQ);
- a business plan or project summary, including current or forecast financial statements and a section on the company's sustainable development approach;
- demonstrated management experience, knowledge and skills;
- an equity contribution of at least **20% of total project cost**;
- Canadian citizenship or permanent residence.

The sustainable development section is easy to miss if you start from a generic template. In the example above, the founders' \$20,000 is 33% of the project, which clears the 20% bar.

PME MTL's advisers will also review a plan. Its FAQ says they can comment on elements and suggest improvements, identify what to strengthen to qualify for possible funding sources, and give an opinion on feasibility, while noting they cannot guarantee success ([PME MTL, FAQ](#)). Services are free. For the wider list of Quebec programs, see our guide to [Quebec SME financial aid](#); for incubators that help with early plans, see [Montreal startup accelerators](#).

The executive summary and the loan proposal

BDC's business plan article reports that Fryling advises leaving out the executive summary unless your partners ask for it (BDC). A bank loan proposal is the case where they usually do. BDC's loan proposal guide lists the sections a banker expects ([BDC, Loan proposal](#)):

1. **Executive summary:** the company, its industry, its competitive advantage, the project that needs financing and the amount needed.
2. **Description of the company:** history, current operations, strategy.
3. **Management team experience.**
4. **Key financial data:** statements and forecasts for the next 2 to 3 years.
5. **Marketing plan:** proven market, competitors, client profile, competitive advantage.
6. **Production plan:** capacity to deliver projected sales.
7. **Human resources management.**

BDC also recommends supporting documents (market studies, leases, subcontractor estimates, client testimonials, media coverage) to show the proposal is "based on facts," and plain language throughout (same source).

Where to start: government entry points

- The federal [Start a business](#) page lists "Planning a business" as step 1, covering readiness, structure, market research and writing a business plan, followed by naming and registration.
- Quebec's [Start an Enterprise](#) page covers registering, constituting or buying an enterprise and the support services available.
- BDC offers a downloadable business plan template, linked from its business plan article.

Common mistakes that sink a plan

1. **No monthly cash flow.** Annual totals hide the months when you run out of cash.
2. **Top-down market sizing.** "1% of a \$2 billion market" is not a forecast. Build sales from named prospects, conversion rates and capacity.
3. **No pessimistic scenario.** Investissement Québec explicitly asks for optimistic and pessimistic hypotheses.
4. **Revenue on the day of the invoice.** Model payment terms.
5. **Forgetting taxes and payroll costs.** Model GST/QST remittances and employer contributions as cash out.

6. **No equity.** PME MTL requires at least 20%; most lenders expect founders to have money at risk.
7. **A plan written once.** Update the forecast monthly with actuals; it becomes your management tool.
8. **Nobody outside the project has read it.** Investissement Québec recommends having someone not directly involved reread the plan to check that it is clear and that its facts are verifiable (Investissement Québec).

Sources

1. How to write an effective business plan (BDC)
2. How to prepare a winning business loan proposal (BDC)
3. Votre plan d'affaires n'est pas une mince affaire (Investissement Québec)
4. Fonds PME MTL et Fonds locaux de solidarité Montréal (PME MTL)
5. Foire aux questions (PME MTL)
6. Start a business (Canada.ca)
7. Start an Entreprise (Québec.ca)
8. Startup Program (Futurpreneur)
9. FAQ (Futurpreneur)
10. Eligibility (Futurpreneur)
11. Canada Small Business Financing Regulations, SOR/99-141 (Justice Laws)

For the location line of your operations section, 2727 Coworking's private offices in Griffintown come furnished with Wi-Fi, which keeps start-up costs and the workspace assumptions simple.

Source links

Links cited in this article, in order of first appearance. Full addresses are provided for readers using extracted text.

1. <https://www.bdc.ca/en/articles-tools/start-buy-business/start-business/how-write-business-plan>
2. <https://www.investquebec.com/fr/salle-de-presse/votre-plan-daffaires-nest-pas-une-mince-affaire>
3. <https://www.bdc.ca/en/articles-tools/money-finance/get-financing/how-write-proposal-business-loan>
4. <https://laws-lois.justice.gc.ca/eng/regulations/SOR-99-141/FullText.html>
5. <https://futurpreneur.ca/en/offering/core-startup>
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A business address alone does not establish tax residence, immigration status, banking approval or eligibility for a government program.

Website: <https://2727coworking.com>

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