

Young Jewish entrepreneurs receive capital incentives

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As the new millennium dawned, businessmen Stephen Bronfman and James Alexander were concerned about the future of the Montreal Jewish community. Young people were continuing to leave the province.

While they could not change the politics, the two knew they could do something to dissuade those whose primary reason for going was that they felt they had a better chance of starting a business elsewhere.

Bronfman and Alexander set up ProMontreal Entrepreneurs (PME) within a longstanding program at Federation CJA that aims to encourage young Jews to stay in Quebec. PME is now administered by the federation's Agence Ometz.

Its cornerstone is a fund into which "a good chunk of money" was invested by Bronfman and Alexander, said PME manager Katherine Korakakis. Extra dollars have been added over the years by other people and the federation.

About a half-dozen new businesses owned by young Jews are awarded startup capital of up to \$50,000 every year.

On its 15th anniversary, PME can say that it has been successful in fulfilling its founders' goal.

Korakakis said about 50 businesses have been established in that time, which have created approximately 300 jobs and generated over \$28 million in total revenue. Thirty-nine of those businesses are still viable – and headquartered in Quebec – a success rate of about 70 per cent, which is very good for startups, she said.

A few of them have become big, she said. Probably the biggest is Naked & Famous Denim, headed by Brandon Svarc, whose jeans, made in Canada with fabrics from Japan, can be found in stores around the world.

Another person whose business career has really flourished is Michael Elman,

who heads Budge Studios, which develops entertainment apps for children. PME provided capital to a previous business Elman co-founded, Wave Generation, an audio production company.

Recently, Elman joined the PME board of directors, mainly businesspeople, still including Bronfman and Alexander, who select which companies receive capital. It's gratifying to see someone once helped by the community now giving back to it, Korakakis said.

The criteria for application are that the company be no more than two years old (not counting any research and development stage) and that the majority of its ownership be in the hands of Jewish people between the ages of 18 and 40.

The capital is lent at the banks' prime rate – currently 2.85 per cent – and must be paid back within five years, with repayment waived the first year.

Recipients sign a promissory note, she said. They do not require guarantors or have to put up the collateral a bank would

demand. There has been very little defaulting over the PME's history.

In addition to the financial boost, PME also provides mentoring and other guidance, which Korakakis thinks is often the most important.

The winning entrepreneurs are paired with a mentor, a seasoned businessperson who spends one-on-one time with them, and they have ready access to the advice of any of the board members, she said.

"They have the connections, they can make the personal calls or make the introductions that can make a huge difference to a young person starting out," she said.

The accounting and management firm Richter provides its services free of charge.

The entrepreneurs also benefit from Korakakis' expertise. Before coming to PME two years ago, she was in charge for 10 years of the anglophone side of Quebec's Youth Entrepreneurship Challenge, initiated by then-premier Jean Charest. She can help clients apply for similar provincial or federal incentives if they



CoolWhey partners from left, Benjamin Outmezguine, Noah Bennett and Konstantinos Vassilou show the innovative product that earned them ProMontreal Entrepreneurs funding.

need more funds than PME offers.

She is also the one who screens applicants (applications are made online), deciding who will reach the next stage of making a presentation in person before the board.

PME supports any type of business, and although there is a significant representation from the tech, dot.com and health-care sectors, a brewer, a furniture maker and a pet groomer were among recent winners.

"The only exceptions are restaurants, nail salons and hair salons," she said. "That market is saturated."

The latest startups to receive funding are CoolWhey, which makes a protein-packed, low-fat, no added sugar ice cream; Gymbirds, an app for those looking for pay-as-you-go fitness centres or classes in the Montreal area; and Med-alpha, an online platform that connects users to mobile health-care professionals who provide services at convenient locations, including home or office. It targets busy professionals covered by private or corporate medical insurance plans.

All three were awarded the \$50,000 maximum.

"We wanted to bring something new, fun and healthier to the protein supplement market," CoolWhey partner Benjamin Outmezguine said. "PME provided us with everything we needed as a starting company: a great mentorship program [their mentor is Jeremy Richman], an interesting source of financing and real support from the community." CoolWhey was launched in September.

"This round showcases PME's commitment to help our young entrepreneurs innovate," Korakakis said. "Whether it's building on existing talent or helping ignite new ideas, PME is committed to helping turn their passions into a reality."

PME is now accepting applications for the next semi-annual round. The submission deadline is April 20 at 4 p.m. www.promontrealentrepreneurs.org.