



Business Development Component Guidelines 2019-2020

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Funding Limits

1. The total program funding limit per FACTOR fiscal year across all components of the Support for Eligible Music Companies program is
 - \$7,500 for companies rated 2, and
 - \$20,000 for companies rated 3, 4.

There are no further requirements as to how much can be spent in the Business Travel or Business Development components.

Eligible Activities

2. The Business Development component is intended to support the costs of outward-facing development projects that are incremental to, and expand the existing business of the company. Such projects must have a beginning and an end; they cannot go on indefinitely. Some examples might be
 - a. design and build of a new online property;
 - b. first acquisition of, or a major upgrade to royalty-reporting software,
 - c. launch of business in a new territory,
 - d. addition of a new division of the company, and
 - e. other projects that represent a significant expansion of the company's capacity and activities.
3. Applicants are required to submit a [Business Development Plan using the FACTOR-provided template](#), outlining the nature and scope of the business development projects. You are advised to discuss your proposed business development projects in advance with your Project Coordinator.

Eligible Costs – Business Development

4. The costs set out here are specific to this component. Please see the Program Guidelines under [Eligible Costs](#) for general rules of eligible costs. Applicants are strongly advised to read and understand these sections, and to contact FACTOR prior to submitting an application to ensure eligibility of the proposed costs.
5. Except as specifically set out below, Business Development funding is intended to contribute toward the company's third-party, out of pocket costs.

6. Other than costs which are captured by the Administration Fee set out below, Business Development funding may not be used toward company overhead and occupancy costs.
7. For applications approved at the April 25, 2019, deadline, FACTOR will recognize expenses incurred starting April 1, 2019 and ending March 31, 2020. For applications approved at the October 24, 2019, deadline, FACTOR will recognize expenses incurred starting after the application has been submitted and ending March 31, 2020. “Incurred” means the goods have been purchased and paid for, or the services have been delivered and have been paid for, within the window of eligibility.
8. Eligible costs for the Business Development component may include, but are not limited to
 - Design and development services for new online and digital properties;
 - Graphic design of new company branding materials;
 - Acquisition costs of new royalty-reporting software;
 - Personnel costs and contractor fees for persons who are not regular employees of the company, and who are engaged to work on the development project on a term basis. Such costs must be accompanied by a deal memo directly related to the provision of services for the project. The deal memo must set out the scope and nature of the services to be rendered, along with the fee. Such payments must also be supported by an invoice related to the fee set out in the deal memo;
 - Personnel and salary costs for existing/regular employees and contractors of the company working on an approved business development project. Claims for salaried employees must be supported by a detailed [Employee Time Allocation Form](#). Claims for contractors must be supported by a detailed invoice setting out the project name, nature of services, hours and rate;
 - Sales and chart reporting subscriptions (e.g. SoundScan, Nielsen Music Connect, BuzzAngle, Mediabase), where those reports are used as strategic and analytical tools for new market development. If the company maintains an annual subscription, then such costs should be allocated in proportion to the amount of time the company has allocated to new market and new business development;
 - Consultants’ costs provided that the person is engaged to help the company create or execute an approved new development project; and
 - Professional development costs, provided that such development is related to the business of the company. These could include workshops and seminars related to the music business, and courses to enhance general business management, software and programming skills, provided that these must be related to the development of the company and its services.
9. Corporate overhead and occupancy costs such as: rent, heat, lights, phone/fax, office equipment rental and office supplies (including stationery and business cards), ISP costs, ongoing website maintenance, general personnel costs, professional memberships, streaming music subscriptions and all other day-to-day costs will be covered by the 15% Administration Fee. These costs do not have to be set out in detail in the application and completion budgets.
10. If the business development project takes place in Canada and largely concerns the domestic presence of the company, non-Canadian costs will be capped at 50% of total eligible costs. If the business development project takes place outside of Canada and develops the company’s international presence, there will be no cap on international costs.
11. Ineligible costs for the Business Development component include
 - a. Costs incurred by or on behalf of a specific artist including artist registration fees, artist showcase fees, per diems, travel costs, accommodations, marketing expenses, etc.;

- b. Subscriptions to digital music services or administrative cloud services such as DropBox, Soundcloud, MailChimp, Spotify, Hightail, etc.;
- c. Company overhead costs exceeding the 15% administration fee;
- d. Any costs related to a person who is also being claimed as an eligible traveler in a Showcase or Tour Support application;
- e. Legal fees;
- f. Travel and registration costs for industry events. Those should be claimed in a Business Travel component;
- g. Costs associated with company parties or receptions; and
- h. All donated services and in-kind transactions.

Component Completion

Please review the [Completion Guide](#) for detailed instructions.

- 12. For every component of the project, applicants must compile and organize all invoices, receipts and proofs of payment; then enter the amounts being claimed into the FACTOR Cost Report, which can be downloaded from the Budget page of the completion. Applicants must upload the Cost Report and all related expense documentation, then complete and submit all other sections of the completion (including Budget, Results, Component Information, Public Funding).
- 13. Once submitted to FACTOR, the completion will be deemed by FACTOR to be the recipient's true, accurate, and final accounting, and may not be unsubmitted, amended or deleted.
- 14. **Logo and Acknowledgment Requirements:** all recipients of funding from this component must acknowledge FACTOR on all physical and digital materials, and on all press releases and promotional material, funded by this component, and on the company's website. See [FACTOR's Logo and Acknowledgment Guide](#).