



# **Business needs and potential solutions**

Survey report

Research and Market Intelligence at BDC  
May 2018



# Table of contents

01 Methodology

02 Summary of results

03 Detailed results



# 01. Methodology



# Methodology

- **Survey methodology:** Online.
- **Respondent profile:** Business owners and business decision makers from BDC Viewpoints panel and Maru/Matchbox (formerly Angus Reid) panel.
- **Survey dates:** April 18 to 30, 2018.
- **Margin of error:** The maximum margin of error for a probability sample of 865 respondents is  $\pm 3.3$  percentage points, 19 times out of 20.\*
- **Data processing and analysis** were performed by the BDC Research and Market Intelligence team.
- **Weighting factors:** Results were weighted by region and number of employees.
- **Data processing note:** Unless otherwise mentioned, calculation bases exclude respondents who preferred not to answer the question.

\*As this survey is based on a non-probability sample, these numbers should be interpreted with caution.



# 02.

## Summary of results



# Summary of results

## Use of Financing and Advisory Products and Services

- **Term loan** and **advisory services** are used most frequently: the larger the business, the more products and services used.
- The **larger** the business, the more likely to turn to **formal** sources of advice; smaller businesses are more likely to turn to **informal** or self-service resources.

## Opportunities, Obstacles to Success and Impactful Solutions

- Respondents most frequently identified **growth**, **innovation** and **market development** as their biggest opportunities. The main perceived obstacles to seizing opportunities are of **financial nature**, particularly for smaller companies.
- **Finding skilled employees** is seen as an impactful solution to their problems for most, but especially for larger companies.

*We opened our selection criteria. First, we look for motivated people and then we train them. [...] This is the strategy we will take for the future.*



## Summary of results (cont.)

### Ambition

- About a **third** of respondents are self-claimed **high achievers**.

### Business Transition

- The **larger** the business, the greater the intentions to **exit within 5 years**. Among those who intend to exit their business, about one-third intend to sell the company to **external buyers**.
- On the other hand, interview participants told us that **acquisition** is often a necessary route to growth, but it has many challenges.

*What I would find useful is to have a roadmap of the different steps I need to look into and identify what I need to do in order to not miss anything.*

### Internationalization Activities

- **Exporting** and **importing** are the most commonly reported activities. The **larger** the business, the more likely to be **active** at the international level.
- The **United States** remain the market in which Canadian businesses are most active. Larger businesses are significantly more present in the different American markets, as well as in Mexico.



# 03.

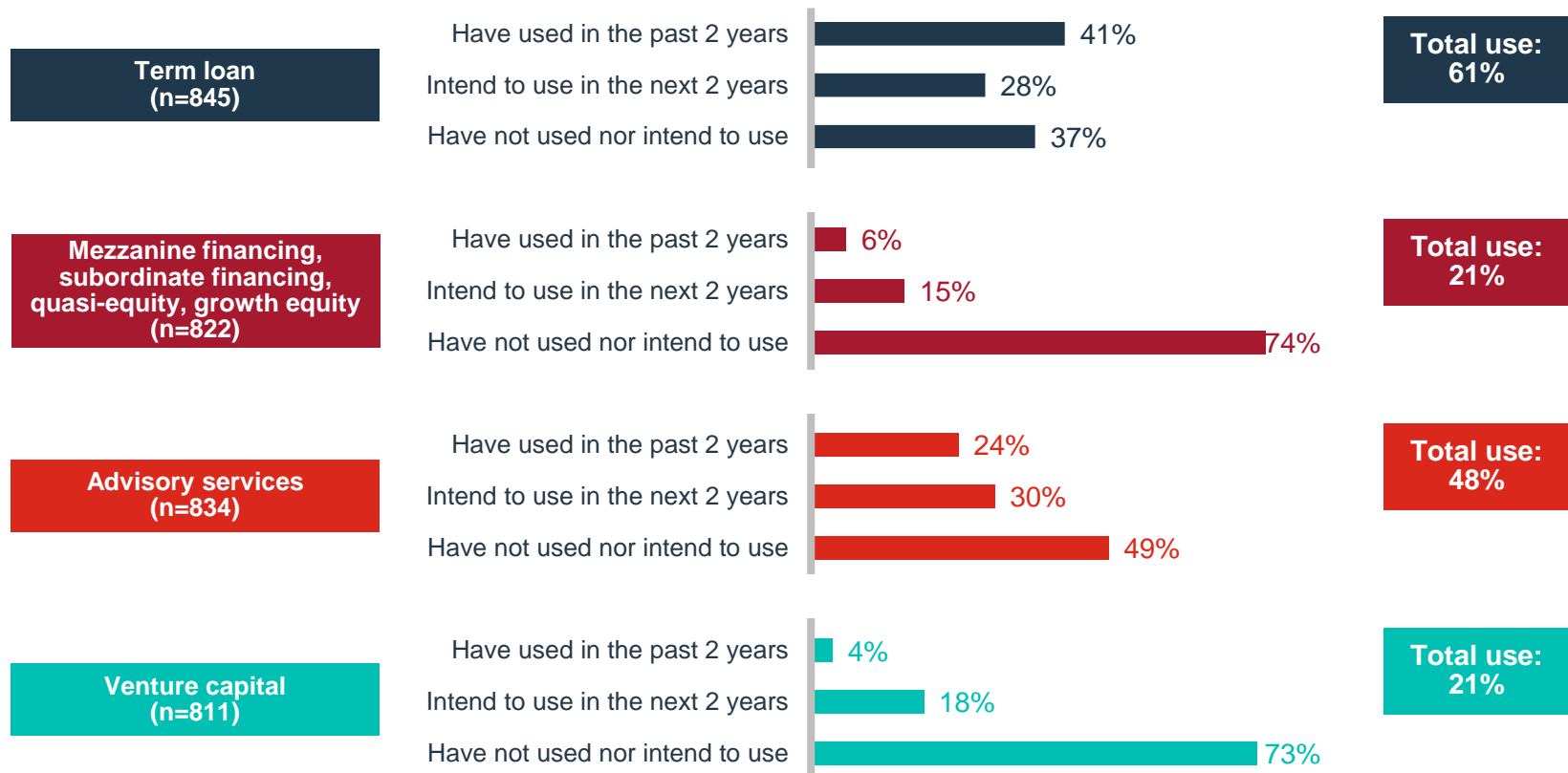
## Main results





# Term loan and advisory services are the most frequently used, overall.

Q.10 Have you **used** or do you **intend to use** the following services and types of financing?

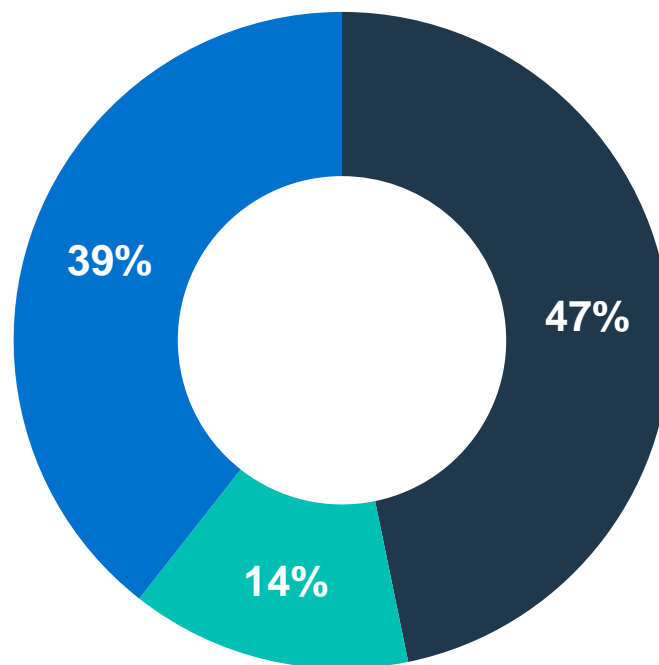


Base: All respondents. Those who preferred not to answer were excluded from the calculation base. Multiple answers were allowed, therefore total may not equal to 100%.

Nearly half of the funding is used or will be used to finance tangible assets, but the proportion of intangible financing is not negligible.



Q.11 What did you finance or what do you intend to finance with this money?



■ Tangible assets

■ Intangible assets

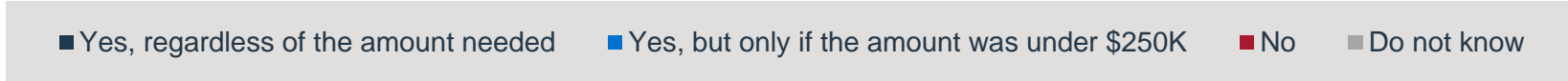
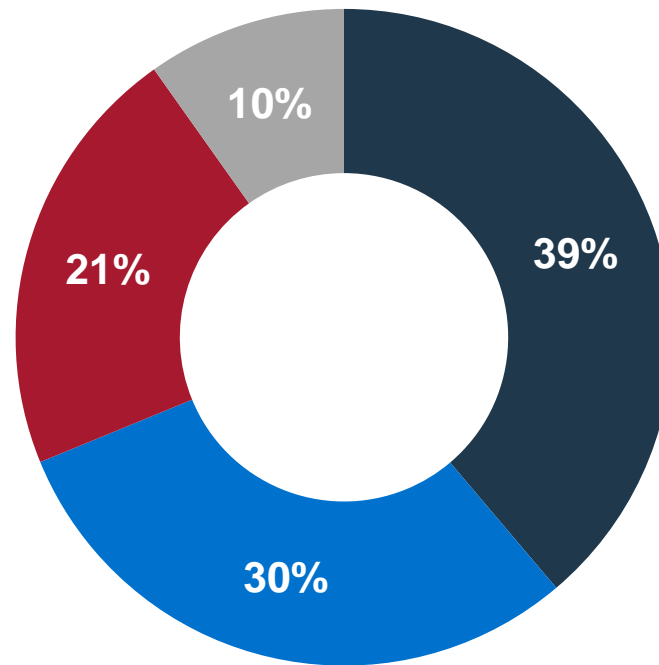
■ Both tangible and intangible assets

Base: Those who have used or intend to use a term loan, mezzanine financing, subordinate financing, quasi equity or growth equity (n=577). Respondents who did not know or preferred not to answer were excluded from the calculation base.



# Almost 7 in 10 respondents say they are open to applying for financing online.

Q.12 Would you be open to making your **request for financing online**, instead of meeting in person with the representative of a financial institution?

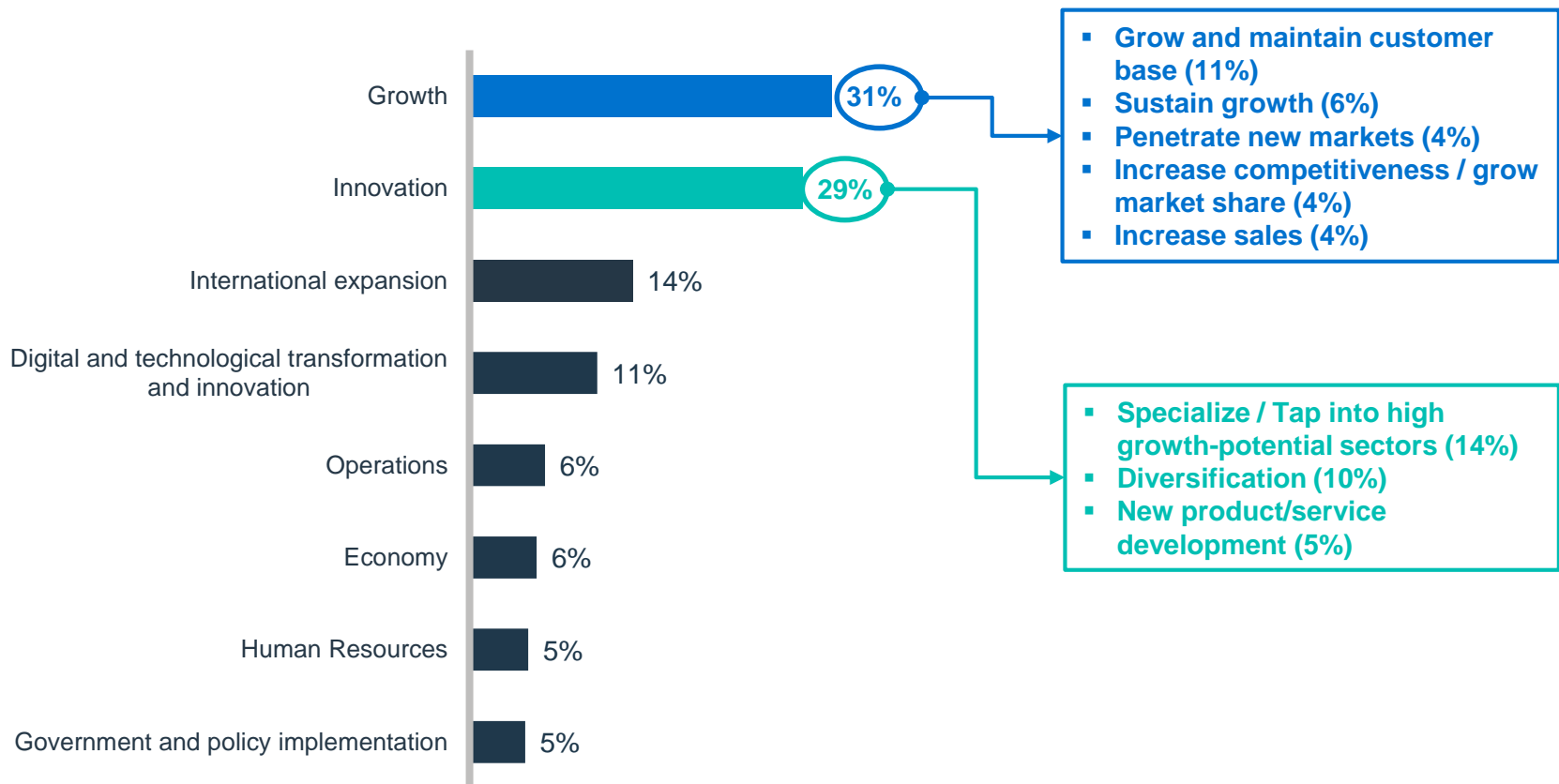


Base: Those who intend to use a term loan, mezzanine financing, subordinate financing, quasi equity or growth equity (n=309). Respondents who preferred not to answer were excluded from the calculation base.

# Respondents identified growth, innovation and market development, both at home and abroad, as their biggest opportunities.



Q.13 What is the **biggest opportunity** you see for your company?

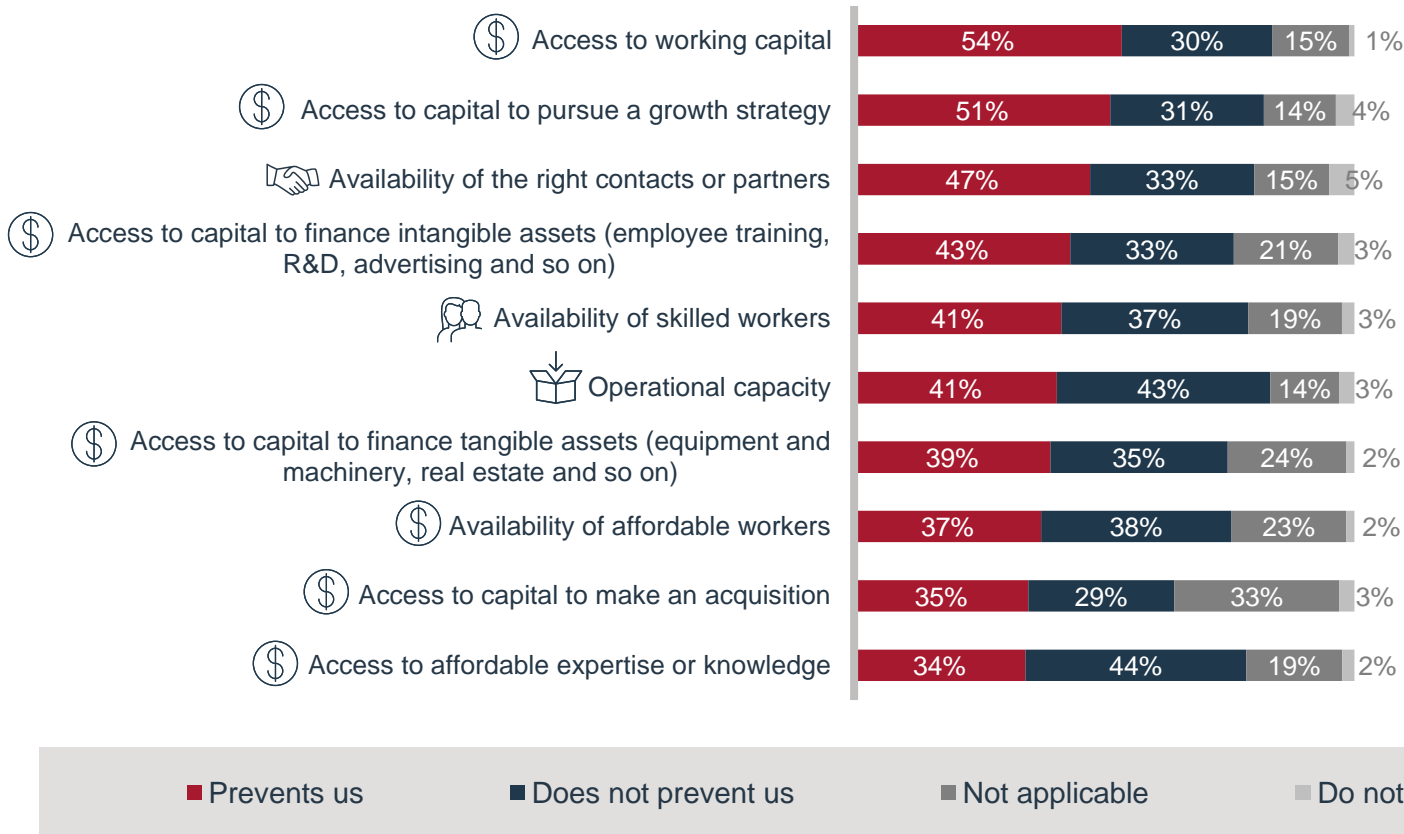


Base: All respondents (n=693). Those who did not know or preferred not to answer were excluded from the calculation base. Multiple answers were allowed, therefore total may not equal to 100%.



# The main perceived obstacles are of financial nature.

Q.14 What is **preventing you from seizing** [the biggest] opportunity [you see for your company]?





# Strategic and planning challenges are less often named.

Q.14 What is **preventing you from seizing** [the biggest] opportunity [you see for your company]?



■ Prevents us

■ Does not prevent us

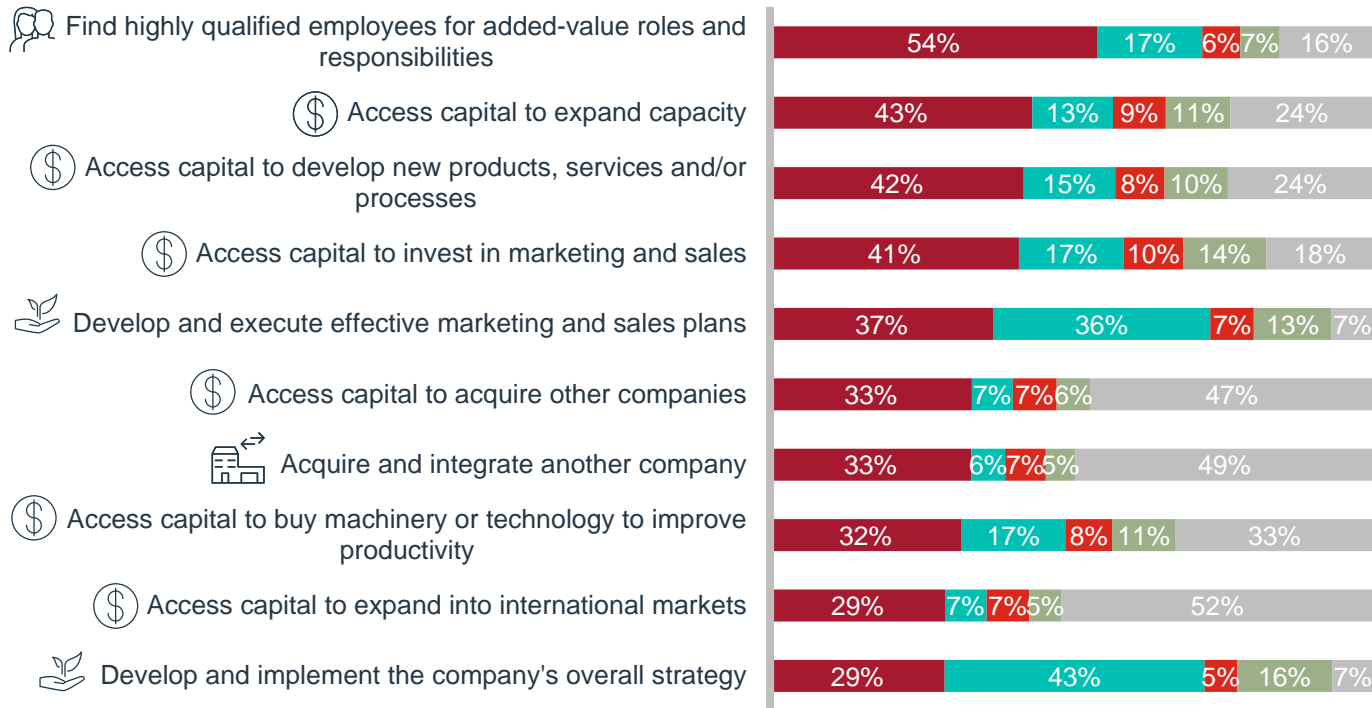
■ Not applicable

■ Do not know



# Finding skilled employees is seen as a solution for most.

Q.15 Here are some **actions** that could **affect** your business's success. Place each of them in one of the following boxes.



■ High impact and very difficult to do     
 ■ High impact and easy to do     
 ■ Low impact and very difficult to do  
■ Low impact and easy to do     
 ■ Not applicable



# Other impactful actions are more diverse in nature.

Q.15 Here are some **actions** that could **affect** your business's success. Place each of them in one of the following boxes.



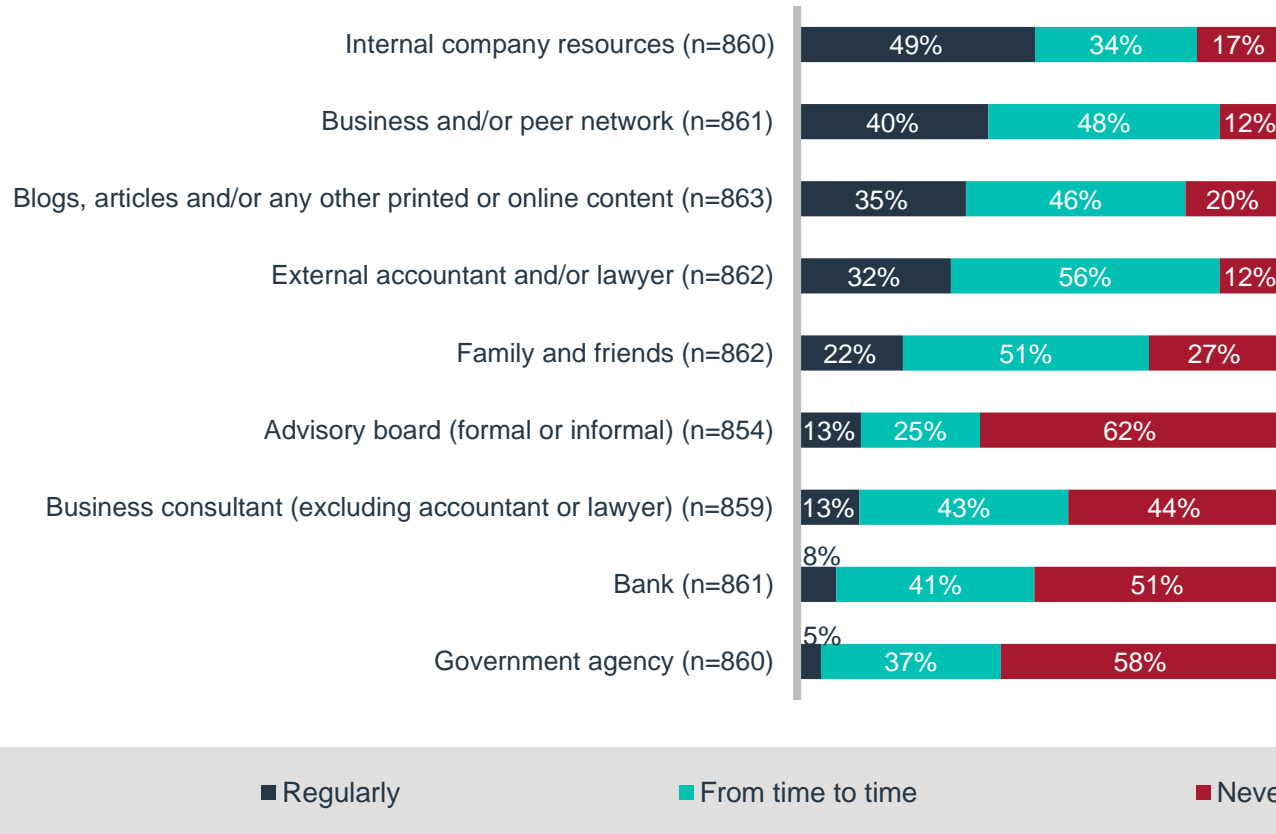
■ High impact and very difficult to do     
 ■ High impact and easy to do     
 ■ Low impact and very difficult to do  
■ Low impact and easy to do     
 ■ Not applicable





# Generally speaking, the larger the business, the more likely to turn to formal sources of advice.

Q.16 When you need **advice** for your business, who do you turn to?

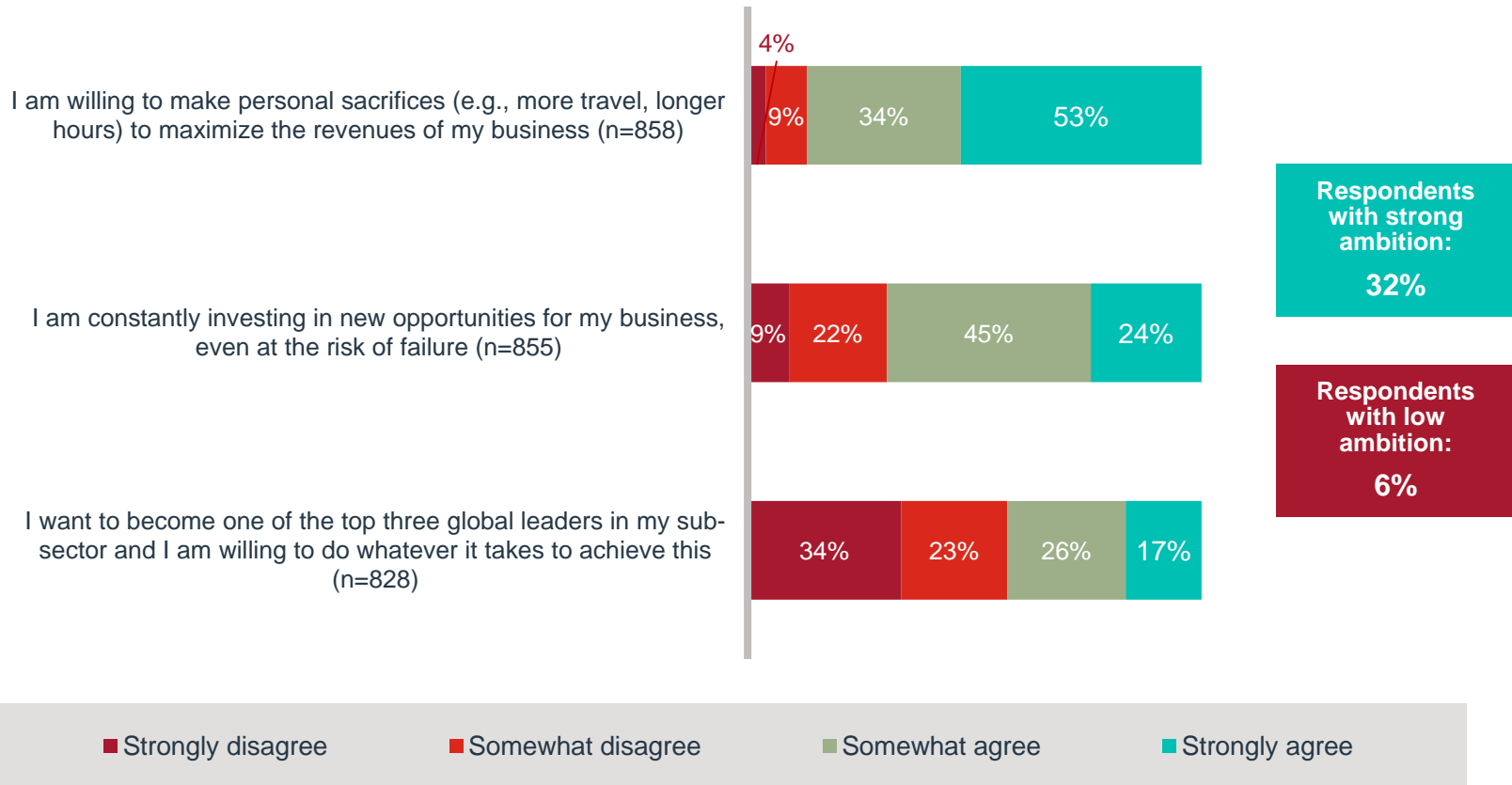


Base: All respondents. Those who preferred not to answer were excluded from the calculation base.



# About a third of respondents have strong ambition.

Q.17 Operating a business involves hard work. However, people differ in terms of the **trade-offs** they are willing to make to succeed. To what extent do you agree with the following statements?

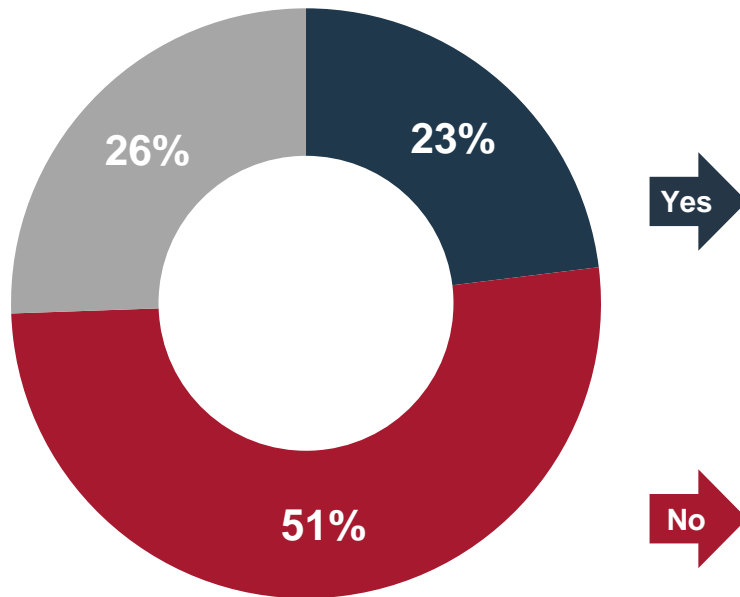


Base: All respondents. NOTE: Respondents with strong ambition are those who agreed (somewhat or strongly) with the three statements whereas respondents with low ambition disagreed (somewhat or strongly) with the three statements. Those who preferred not to answer were excluded from the calculation base.

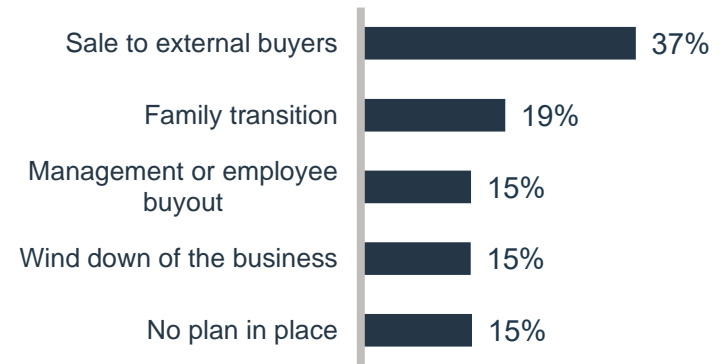


# Only half of respondents say they will not exit their business within 5 years.

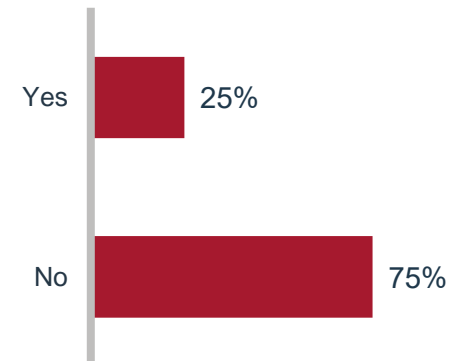
Q.18 Will you be **exiting** your company in the next five years?



Q.19 What type of **transition plan** do you have?



Q.20 Do you have a **transition plan**?

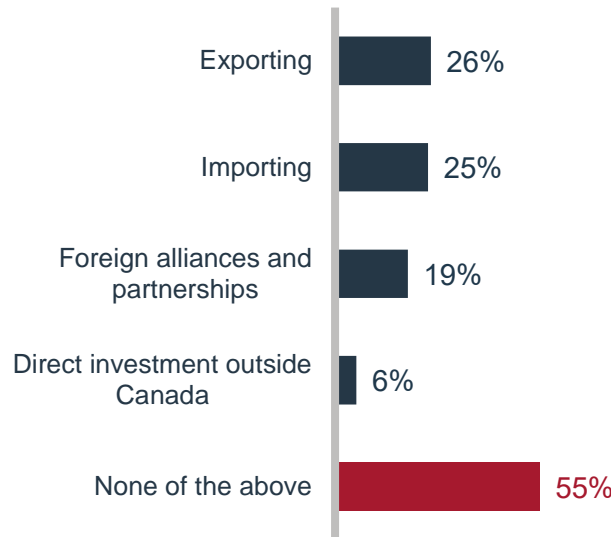


Base: Q.18 = All respondents (n=857). Those who preferred not to answer were excluded from the calculation base. Q.19 = those who will exit their business in 5 years (n=215). Q.20= those who will not exit their business in 5 years (n=418). For Q.19 and Q.20: Those who did not know or preferred not to answer were excluded from the calculation base.

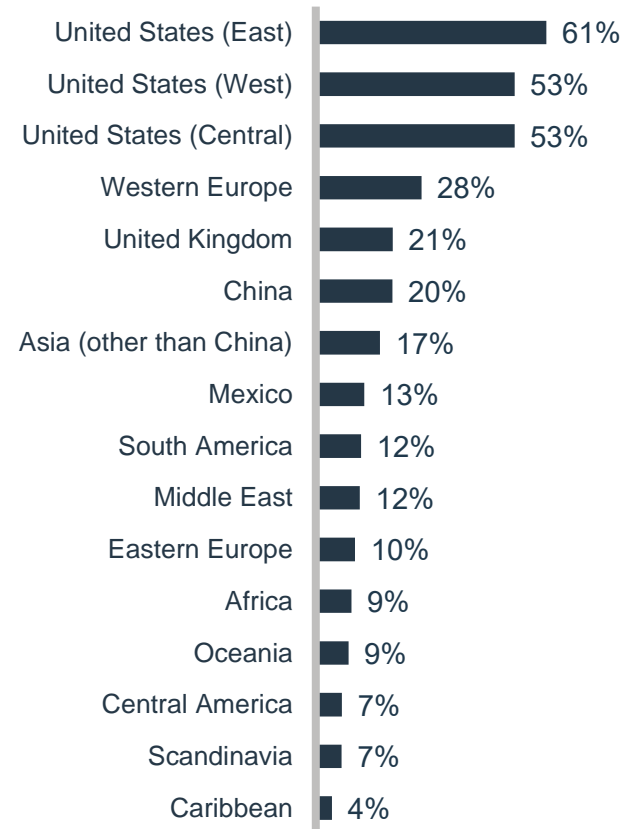


# The larger the business, the more likely to be active at the international level.

Q.22 What **internationalization initiatives** are you already carrying out?



Q.23 In **which markets** do you operate?



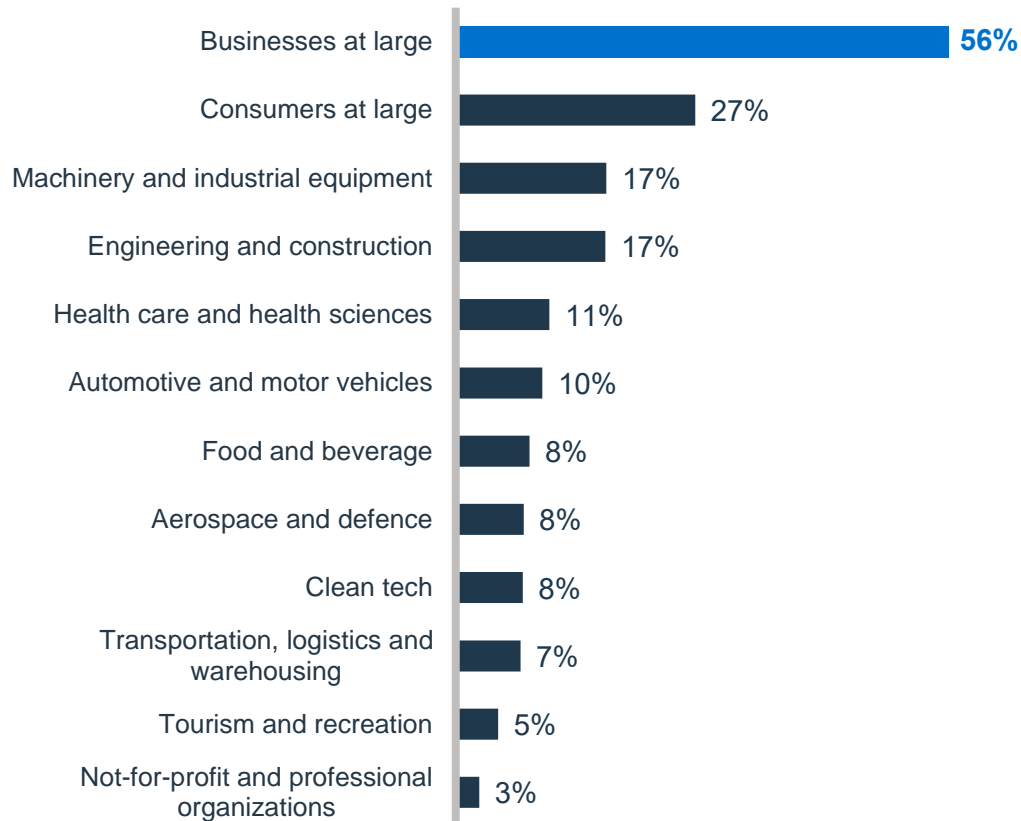
**Average percentage of annual sales that comes from international activities:**  
**33%**

Base: Q.22 = All respondents (n=852). Those who preferred not to answer were excluded from the calculation base. Q.23 = respondents who pursue international activities (n=376). Those who did not know or preferred not to answer were excluded from the calculation base.



# Over half of the companies in identified sectors focus on businesses at large (B2B segment).

Q.21 What **sectors of the economy** does your company primarily focus on?



Base: Respondents in these sectors: information and cultural industries; manufacturing; and other services (except public administration) (n=194). Those who preferred not to answer were excluded from the calculation base. Multiple answers were allowed, therefore total may not equal to 100%.

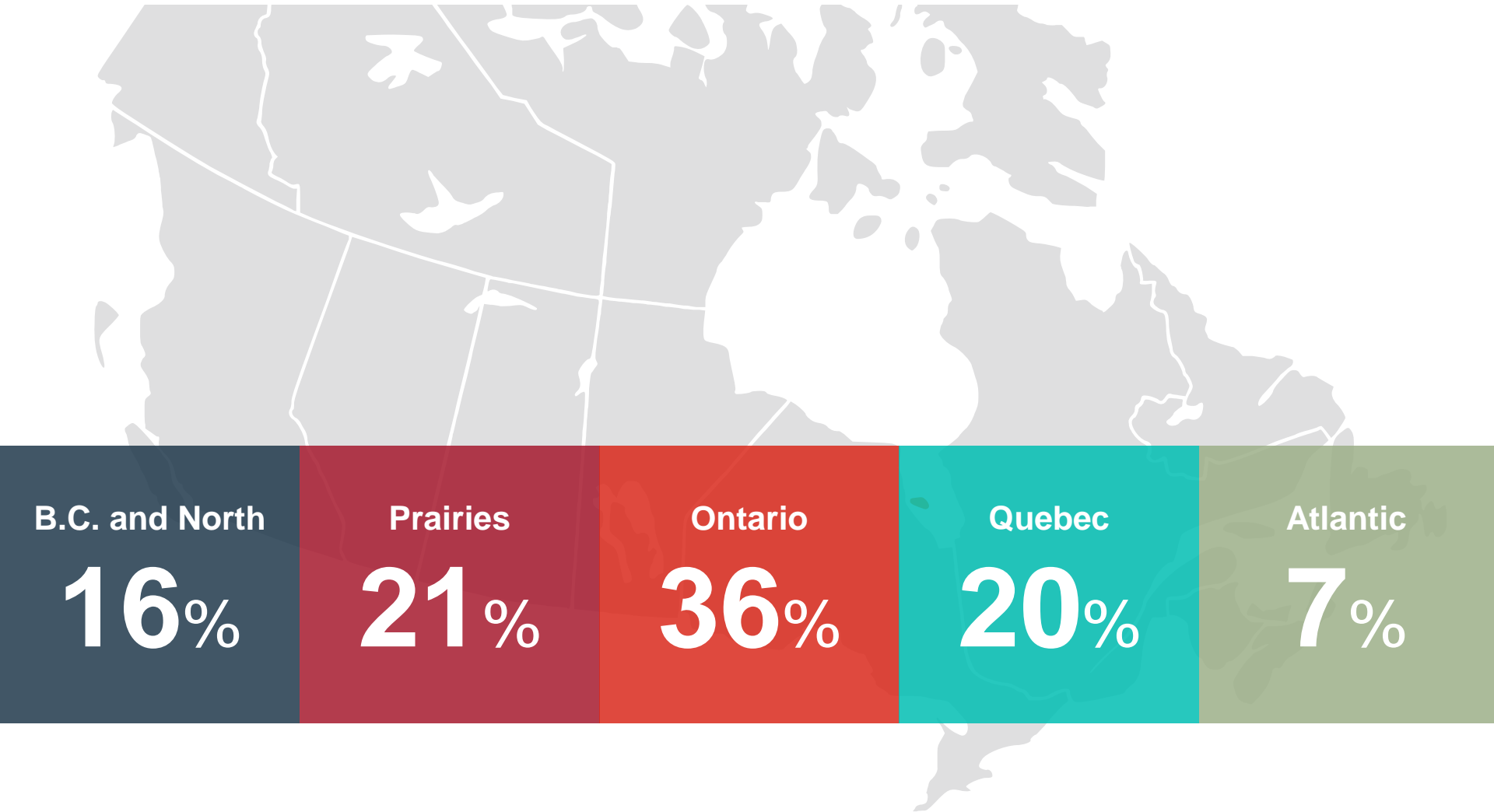


# 04.

## Respondent profile

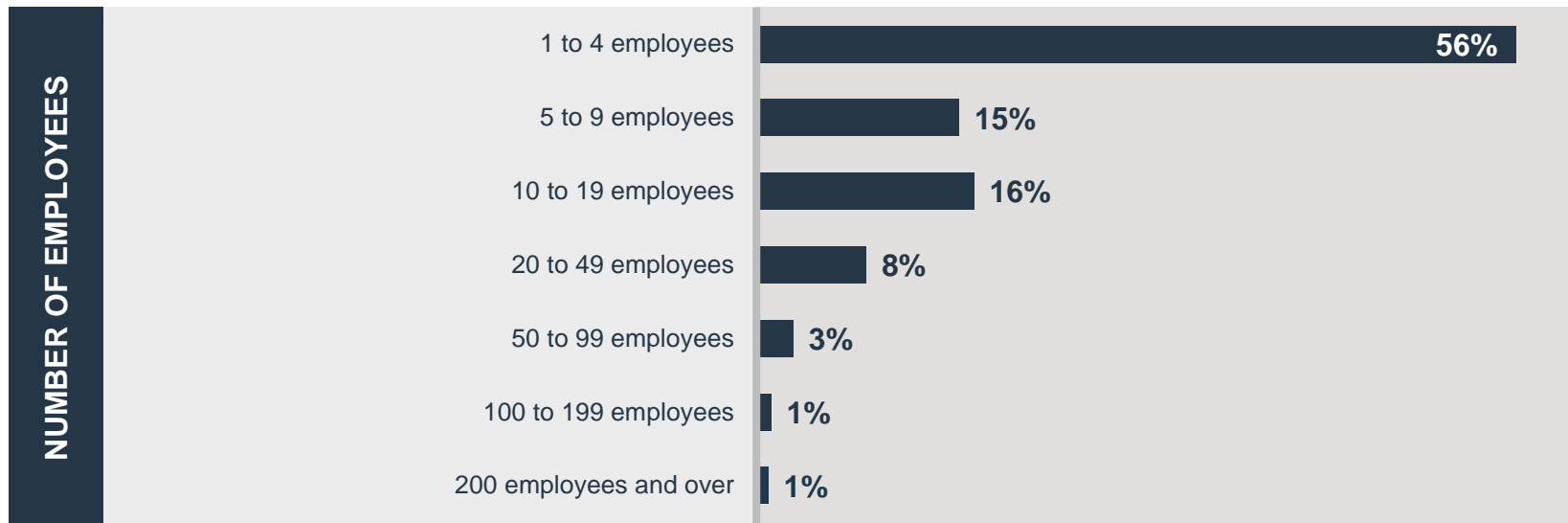


# Region





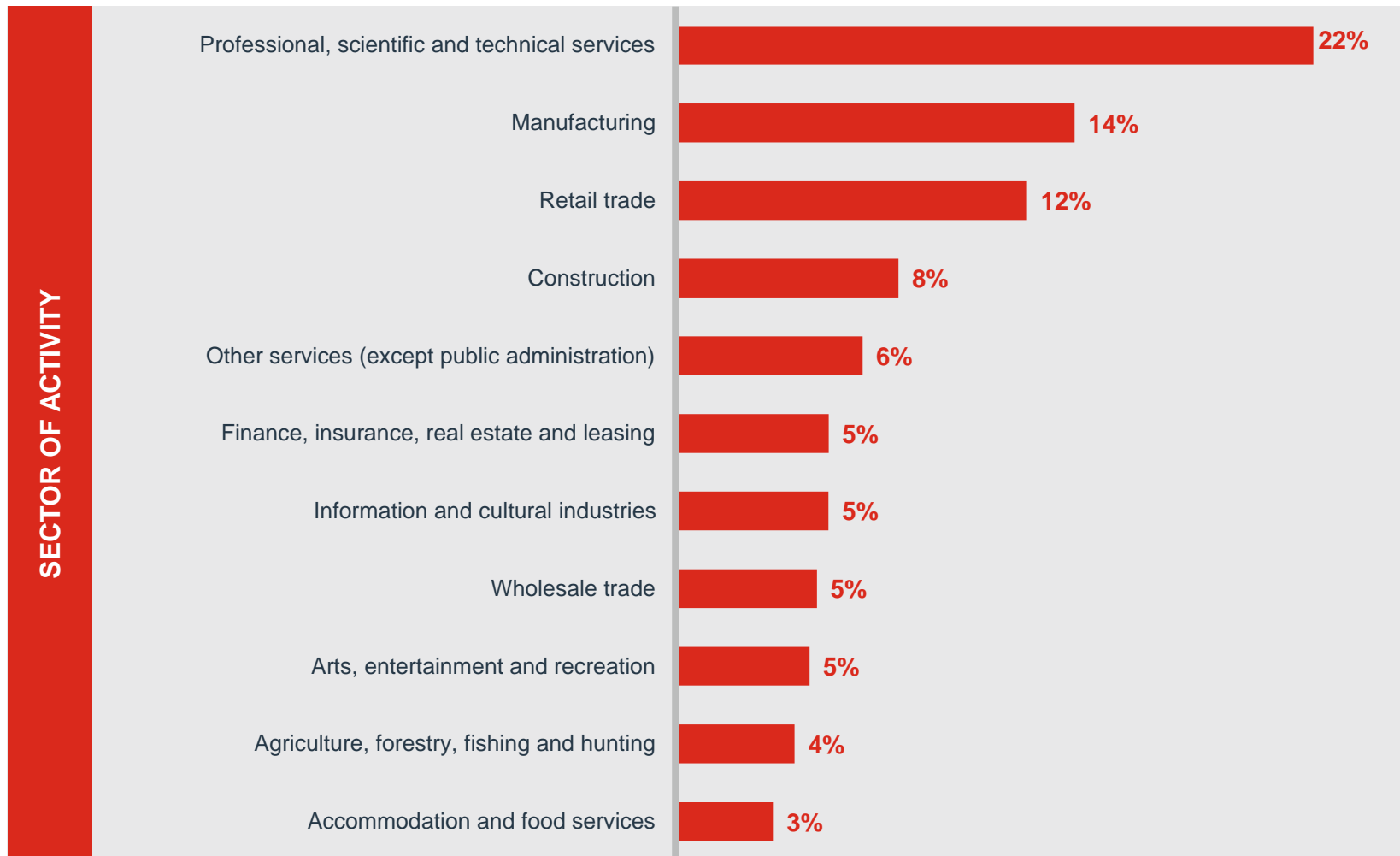
# Number of employees and company's age







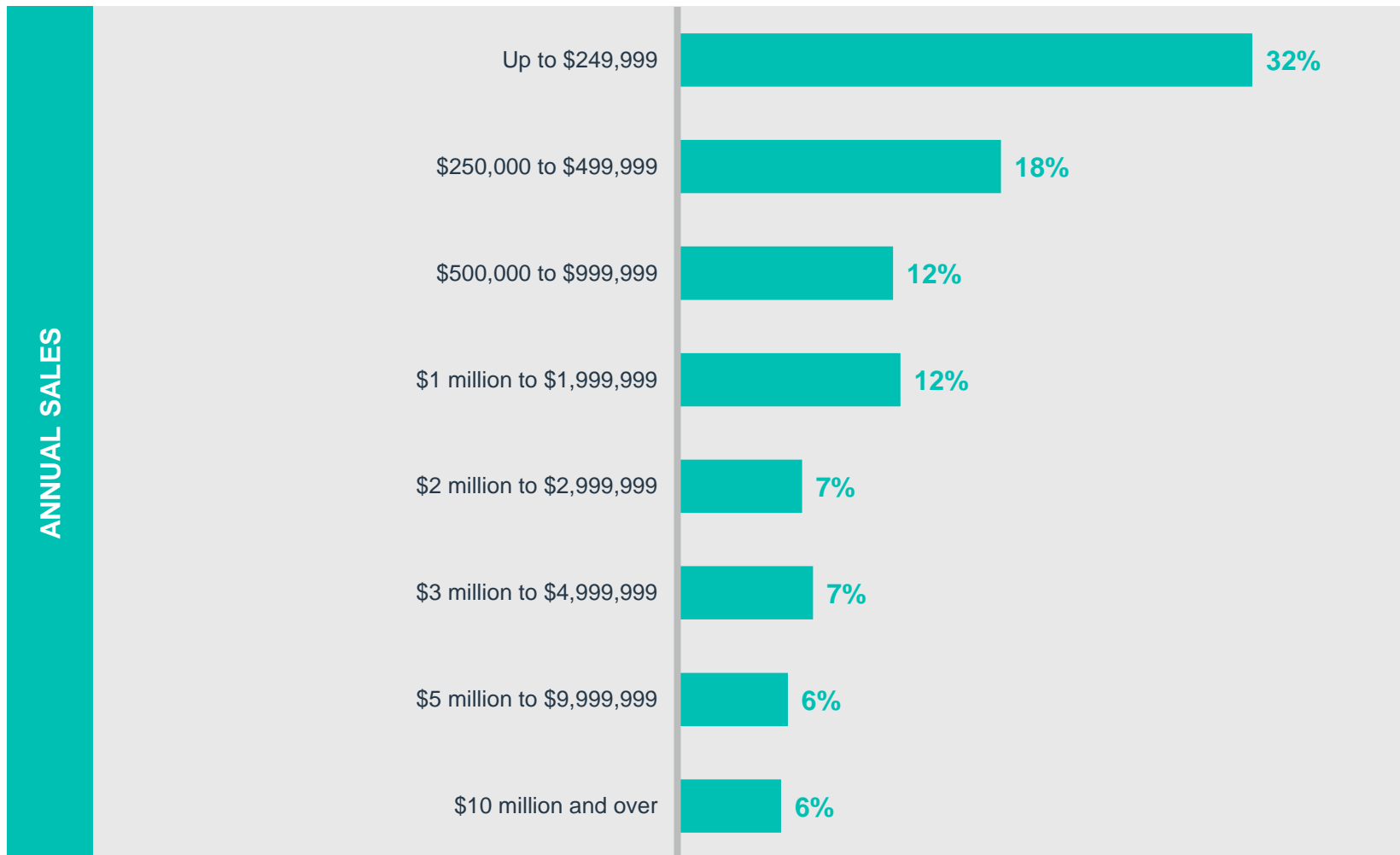
# Sector of activity



Base: All respondents (n=865). Only sectors with a minimum of 3% of respondents are shown.

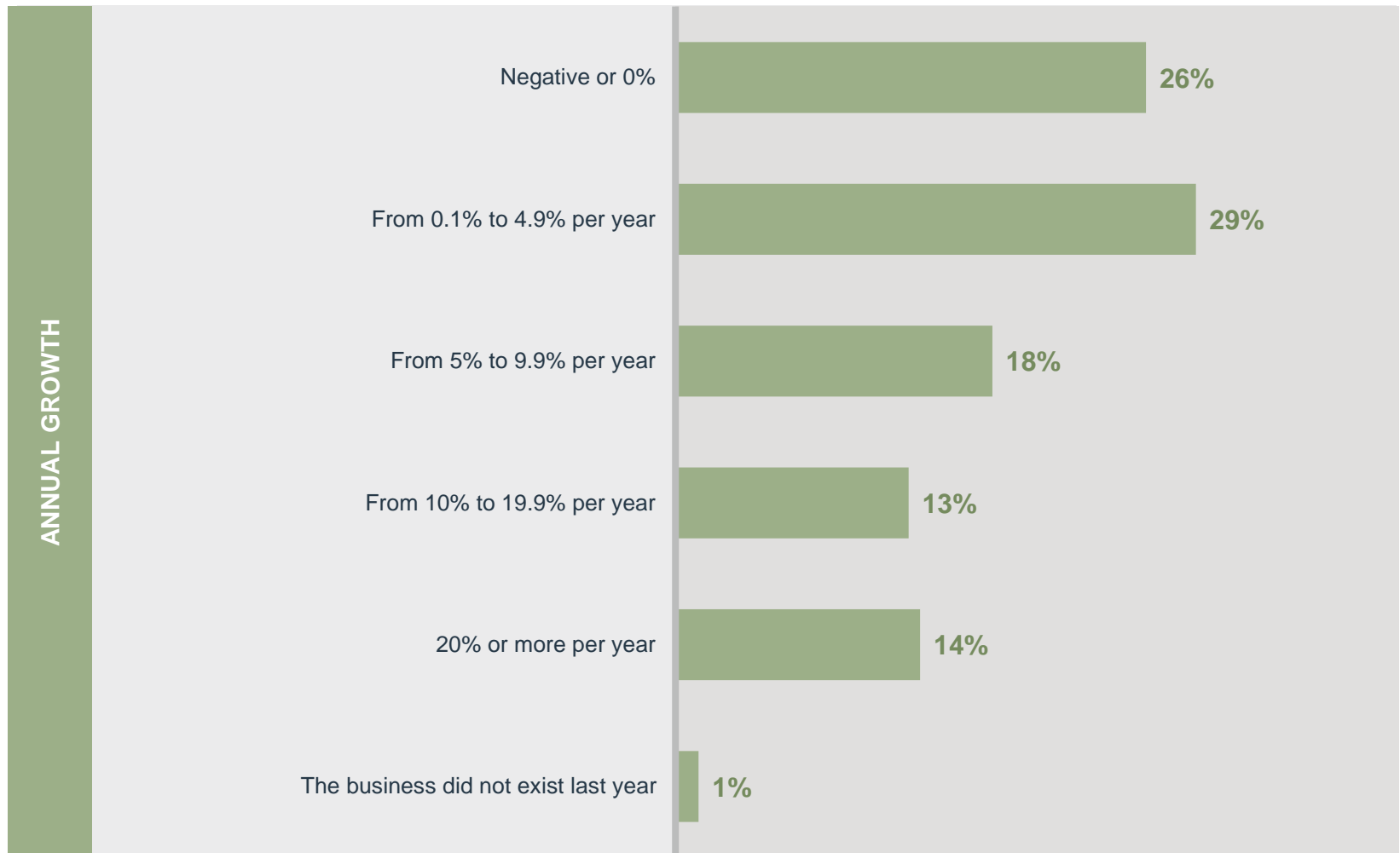


# Business annual sales



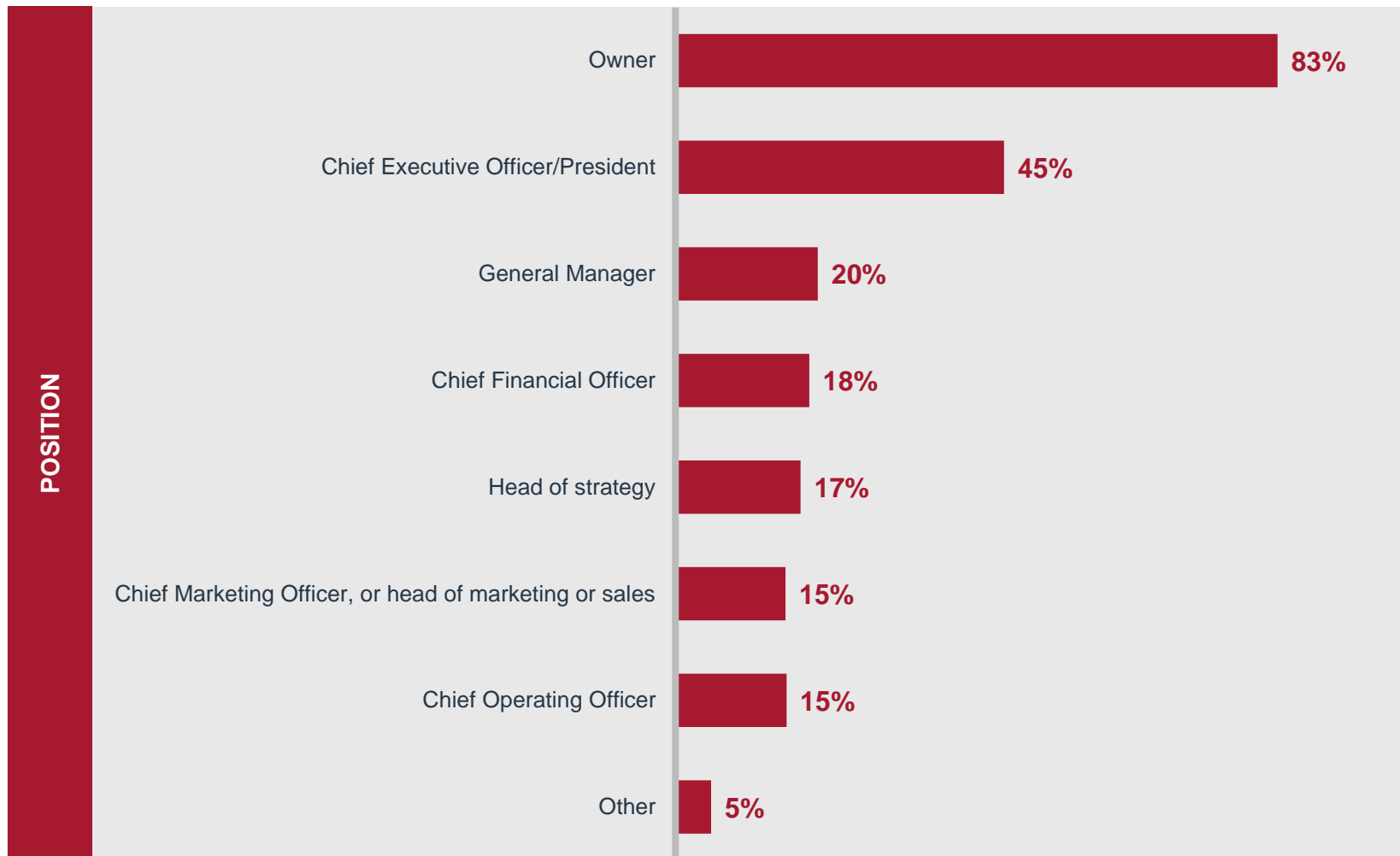


# Business annual sales growth





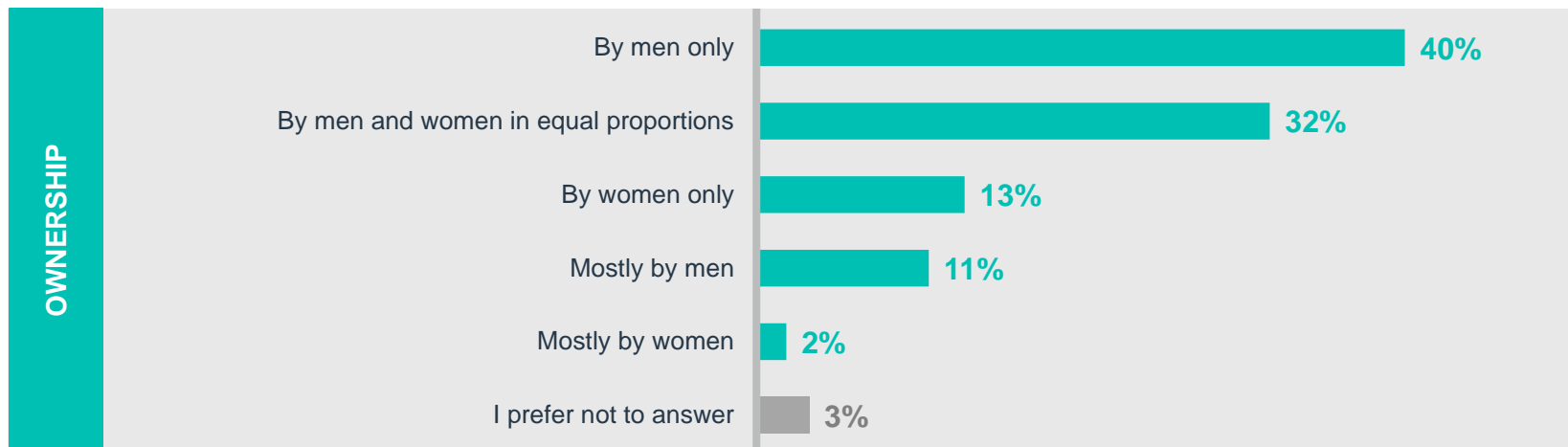
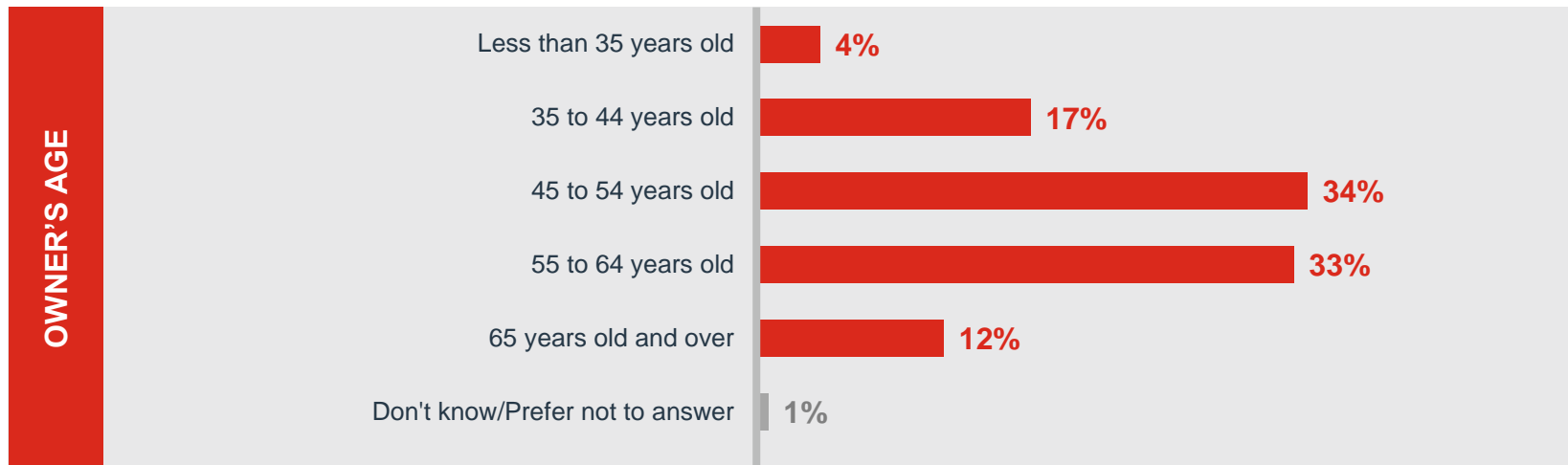
# Respondent's position in company



Base: All respondents (n=865). Note: for the position question, multiple mentions were allowed, therefore total may exceed 100%.



# Owners' average age and ownership by gender





**Thank you.**

Research and Market Intelligence

For more info, please contact us at:

[marketingresearch@bdc.ca](mailto:marketingresearch@bdc.ca)