



# Entrepreneurs' challenges and needs

Survey results

Research and Market Intelligence at BDC

November 2016





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# 01. Executive summary



## Executive summary

# Survey highlights

**Facing challenges and solving problems seem to be integral parts of the business journey. Indeed, entrepreneurs who do not experience at least one challenge with their company are an exception.**

§ When questioned about the problems they were facing, only 1% of respondents said they had no problems.

**Entrepreneurs' most common problems are related to finance and management.**

§ The four problems they cited most often are finding money to finance projects (49% of respondents), maintaining the business's profitability (42%), growing the company in an orderly manner (41%), and finding a balance between their personal and professional lives (35%).

§ As a general rule, problems appear to vary with the size, maturity and complexity of the business.

— Smaller, less mature businesses face more basic problems related to finance (finding money for projects) and management (balancing personal and professional lives, managing time effectively). Larger, more mature and therefore more complex businesses are more concerned with maintaining profitability, planning for succession, optimizing operations, recruiting and retaining qualified staff, and keeping their employees satisfied, for example.

§ We also observed differences between businesses based on their projected annual growth.

— As a general rule, the lower the projected growth, the more likely it is that companies will struggle with management and planning issues (maintaining business profitability, and planning for succession or the sale of the business). Not surprisingly, faster-growing businesses (projected annual growth of 10%+) are more likely to face management problems related to rapid growth (such as human resources, quality and process issues).

**When facing challenges, most entrepreneurs seek help from at least one internal or external source.**

§ Entrepreneurs who look for help when they face problems prefer to turn to a network of business people (44%) or a business partner (40%).

— Again, depending on the company's size and maturity, sources of help will differ. Larger, more mature companies are more likely to turn to external sources of advice (such as an accountant, external consultant, attorney or notary). Smaller, less mature businesses tend to use informal sources more (mentor or coach, family or friends), perhaps because their financial resources are limited.



## Executive summary

# Survey highlights

**We asked entrepreneurs who faced challenges what advice they would give their peers to turn these challenges into opportunities. The most common suggestions related to trust, patience, networking and a willingness to seek help.**

- § Respondents recommended seeking external help (from consultants, peers, mentors and trusted advisors), as well as taking the time to build a strong network and a solid team, and to develop strategic solutions to problems.
- § They also said planning is key, whether it relates to building a strong financial plan, making informed decisions or setting priorities.

**Although a majority of entrepreneurs told us they feel well equipped to grow their business, over one-quarter do not, mainly because they lack funds or qualified personnel, or face management challenges.**

- § A majority of respondents (70%) told us they feel well equipped to face business challenges, whereas slightly over one-quarter (27%) do not. A lack of funds to grow the business—and, sometimes, to maintain operations—is the most common reason respondents feel ill equipped to face challenges.
  - As a general rule, the larger and more mature the business, the more likely the entrepreneur is to feel well equipped to grow.
  - We also noted the following differences among other sub-groups:
    - Respondents with targeted growth of at least 5% are more likely to feel well equipped (73%+) than are those with lower growth targets: 44% of those expecting negative to 0% growth feel well equipped, and 64% of those planning positive growth of less than 5% feel that way.
    - Respondents with revenues of at least \$250,000 are more likely to feel well equipped (73% to 84%) than are those with revenues of less than \$250,000 (60%).
    - Respondents with at least 20 employees are more likely to feel well equipped (88%) than smaller companies are (68% to 72%).



# 02.

## Detailed results



Detailed results: Methodological note

## Groups used to present the results

### Size and maturity matter

§ When looking at this survey's results, we often noted differences among businesses based on their size and maturity. Therefore, we decided to present the results for three distinct groups of businesses, defined as follows.

Group A: Micro businesses	Group B: Small businesses	Group C: Mid-sized and large businesses
Fewer than five employees <i>and/or...</i>	Five to 19 employees <i>and/or...</i>	20 or more employees <i>and/or...</i>
annual sales up to \$249,999 <i>and/or...</i>	annual sales between \$250,000 and \$499,999 <i>and/or ...</i>	annual sales of \$500,000 or more <i>and/or...</i>
founded less than five years ago	founded five to 10 years ago	founded over 10 years ago

§ Since these groups are not mutually exclusive (due to *and/or* conditions), it was impossible for us to create three defined categories. In the tables on the following pages, the percentage indicated is for the smallest of the three categories (employee size, annual sales and year of foundation).

— For example, if percentages are 55%, 42% and 43%, respectively, the percentage in the table will be 42%+.

— If the three percentages are identical, no + sign will appear.

§ Therefore, the percentage highlighted in **red** is not necessarily different from a statistical point of view; it indicates a trend among the different percentages related to the statement to which they refer.



## Detailed results

# Problems entrepreneurs face

**Facing challenges and solving problems seem to be integral parts of the business journey. Indeed, entrepreneurs who do not experience at least one challenge with their company are an exception.**

§ When questioned about the problems they were facing, only 1% of respondents said they had no problems.

**Entrepreneurs' most common problems are related to finance and management.**

§ The four problems they cited most often are finding money to finance projects (49% of respondents), maintaining the business's profitability (42%), growing the company in an orderly manner (41%), and finding a balance between their personal and professional lives (35%).

**Challenges vary greatly, depending on a firm's maturity.**

§ Entrepreneurs in micro businesses are likely to need money to finance their projects (57%+) and to face personal management types of problems, such as balancing their professional and personal lives (35%+) and managing their time effectively (34%+). They are more likely to find writing or updating their business plan problematic (21%+).

§ Small businesses are likely to have difficulty finding money to finance their projects, but to a lesser extent than micro businesses (44%+).

— Moreover, planning for succession or the sale of the business, and maintaining a high level of employee satisfaction, are particularly challenging for businesses with five to 19 employees (22% and 11%, respectively).

§ Mid-sized and large businesses' challenges differ from those of smaller and/or less mature companies. Challenges generally relate to the businesses' more complex structure. These companies are more likely to experience challenges in:

- maintaining the business's profitability (45%+)
- optimizing their operations or improving their productivity (37%+)
- recruiting and retaining qualified staff (37%+)
- planning for succession or the sale of the business (22%+)
- delegating certain responsibilities (19%+)
- managing rapid growth (16%+)





Detailed results

# Problems entrepreneurs face

What problems are you faced with the most as a business leader or decision-maker?  
*You can choose a maximum of five answers for this question.*



Base: All entrepreneurs and decision-makers (n=1,155). Those who preferred not to answer were excluded from the calculation base.



## Detailed results

# Problems faced: Results by business profile

What problems are you faced with the most as a business leader or decision-maker?

Problems faced	TOTAL	Micro businesses	Small businesses	Mid-sized and large businesses
Finding money to finance our projects	49%	57%+	44%+	31%+
Maintaining the business's profitability	42%	36%+	42%+	45%+
Growing the business in an orderly manner	41%	43%+	39%+	36%+
Maintaining a balance between personal and professional lives	35%	35%+	32%+	28%+
Optimizing our operations/improving our productivity	34%	27%+	31%+	37%+
Managing my time effectively	30%	34%+	26%+	21%+
Recruiting and retaining qualified staff	30%	18%+	20%+	37%+
Surrounding ourselves with a team that we trust	20%	19%+	16%+	20%+
Managing rapid growth (HR, quality, processes, etc.)	17%	11%+	14%+	16%+
Writing our business plan or keeping it up to date	17%	21%+	13%+	10%+
Delegating certain responsibilities	17%	12%+	16%+	19%+
Planning for succession or the sale of the business	14%	4%+	8%+	22%+
Clearly understanding our competitors	12%	10%+	11%+	10%+
Communicating and sharing my vision with employees	11%	5%+	4%+	13%+
Maintaining a high level of employee satisfaction	8%	3%+	5%+	11%+
Complying with government regulations	1%	1%+	1%+	1%+
Attracting new clients	1%	2%+	1%+	1%

Base: All entrepreneurs and decision-makers (total n=1,155). Those who preferred not to answer were excluded from the calculation base. Multiple answers were allowed, therefore totals do not equal 100%. Numbers in **red** indicate a difference (significant or directional) from the other sub-groups.



Detailed results

## Sources of support

**When confronted by any kind of problem, most respondents will seek help from at least one source of support. That source could be internal or external, depending on the size of the company and its maturity.**

§ The three most common sources of support entrepreneurs turn to are a network of business people (44%), a business partner (40%) and their accountant (34%).

**The type of support entrepreneurs prioritize varies, depending on the business's size and maturity.**

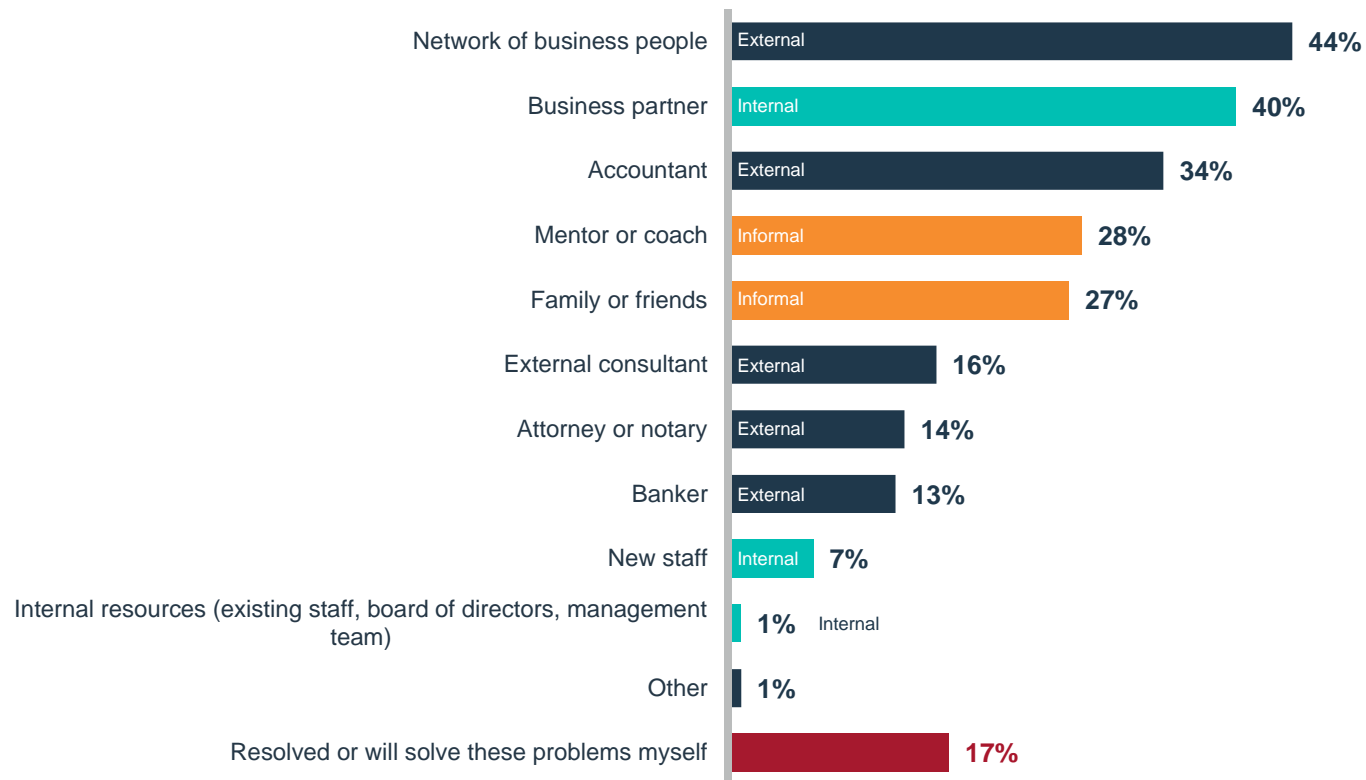
- § Since micro businesses are generally young, they may not have a structure or the resources to recruit more formal or external help. Hence, they will be more inclined to seek help from informal sources, such as mentors or coaches (33%+), and family members or friends (31%+).
- § Small businesses are more likely than micro businesses to work with accountants (33%+).
- § Mid-sized and large companies are more likely to work with external sources when they have problems, even though they also seek help internally. They consult the following sources more often than smaller businesses do: accountants (40%+) and, to a lesser extent, external consultants (18%+), attorneys or notaries (16%+), and bankers (15%+).



## Detailed results

# Sources of support

To **whom** do you turn or plan to turn to solve the problems with which you are faced?  
*You may choose more than one answer to this question.*



Base: All entrepreneurs and decision-makers who are facing at least one problem (n=1,142). Those who preferred not to answer were excluded from the calculation base.



## Detailed results

# Sources of support: Results by business profile

To **whom** do you turn or plan to turn to solve the problems with which you are faced?

Sources of support	TOTAL	Micro businesses	Small businesses	Mid-sized and large businesses
Network of business people	44%	45%+	40%+	40%+
Business partner	40%	36%+	37%+	35%+
Accountant	34%	24%+	<b>33%+</b>	<b>40%+</b>
Mentor or coach	28%	<b>33%+</b>	22%+	21%+
Family or friends	27%	<b>31%+</b>	23%+	19%+
External consultant	16%	13%+	12%+	<b>18%+</b>
Attorney or notary	14%	10%+	7%+	<b>16%+</b>
Banker	13%	7%+	12%+	<b>15%+</b>
New staff	7%	4%+	5%+	<b>9%</b>
Internal resources (existing staff, board of directors, management team)	1%	0.2%+	0.3%+	<b>1%+</b>
Other	1%	1%+	0.4%+	0.4%+
Resolved or will solve these problems myself	17%	16%+	16%+	13%+

Base: All entrepreneurs and decision-makers who are facing at least one problem (total n=1,142). Those who preferred not to answer were excluded from the calculation base. Multiple answers were allowed, therefore totals do not equal 100%. Numbers in **red** indicate a difference (significant or directional) from the other sub-groups.



## Detailed results

# Advice to other entrepreneurs

**Entrepreneurs were asked to give advice to other entrepreneurs going through challenges. Most recommendations relate to human resources, planning and financial aspects of a business.**

§ The following are some of the most common tips respondents provided:

- Seek help through various mechanisms, such as hiring consultants, or talking to peers or trusted advisors.
- Develop a good team of the best talent and trusted advisors.
- Build or make sure you are part of a good network of business people.
- Find a mentor you can trust.
- Thoroughly understand your business, your territory and your industry.
- Take the time you need to find solutions to your problems.
- Make informed decisions based on a proper analysis of available information.
- Plan for the long term, see the big picture and set priorities.
- Have a good financial plan that includes money before you even start a business, as you cannot always count on financial help from banks or even government programs.
- Be patient, don't give up and know that the road is not always easy.

Base: Entrepreneurs and decision-makers who agreed to give advice to other people who might be going through similar challenges. The results for this question are presented to illustrate respondents' views; the qualitative nature of the question does not allow for generalization.



## Detailed results

# Do entrepreneurs feel equipped to grow their business?

**A majority of entrepreneurs told us they feel equipped to grow their business.**

§ Most of the respondents (70%) said they feel either “very” (11%) or “somewhat” (59%) well equipped to grow their business.

**That said, when we look at the results by sub-group, we see a clear trend: the larger the company, the more likely entrepreneurs are to feel well equipped to grow their business.**

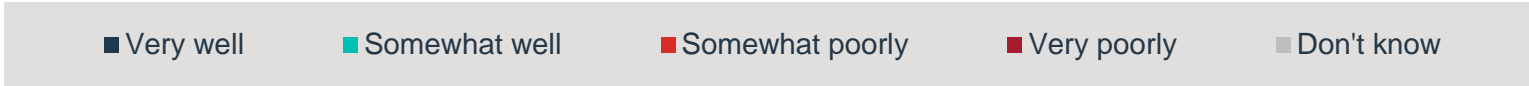
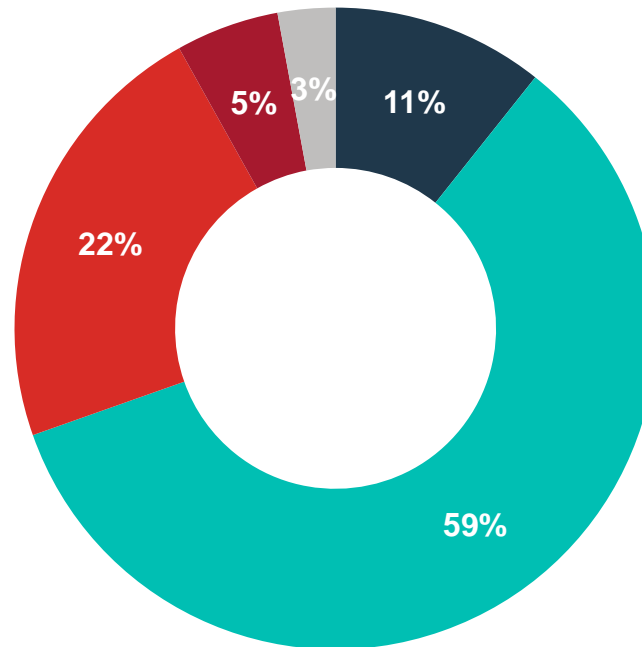
- § At least three out of five (60%+) respondents from micro businesses feel well equipped to grow. However, the proportions of those who feel either “somewhat” (25%+) or “very” (7%+) poorly equipped are higher than in the other groups.
- § Seven in 10 respondents from small businesses (69%+) feel well equipped to grow. However, at 21%+, the proportion of those who feel they are somewhat poorly equipped is quite high.
- § Results are very positive for respondents from mid-sized and large companies, as over three-quarters (77%+) feel well equipped to grow their business. In comparison to their peers from smaller businesses, a greater proportion of these respondents fall into the “very” (14%+) or “somewhat” (63%+) well equipped categories.
- § We also noted the following differences among other sub-groups:
  - Respondents with targeted growth of at least 5% are more likely to feel well equipped (73%+) than are those with lower growth targets: 44% of those expecting negative to 0% growth feel well equipped, and 64% of those planning positive growth of less than 5% feel that way.
  - Respondents with revenues of at least \$250,000 are more likely to feel well equipped (73% to 84%) than are those with revenues of less than \$250,000 (60%).
  - Respondents with at least 20 employees are more likely to feel well equipped (88%) than smaller companies are (68% to 72%).



Detailed results

# Do entrepreneurs feel equipped to grow their business?

Currently, do you feel that you are well equipped to grow your business?



Base: All entrepreneurs and decision-makers (n=1,149). Those who preferred not to answer were excluded from the calculation base.





## Detailed results

# Feeling equipped: Results by business profile

Currently, do you feel that you are well **equipped** to **grow your business**?

Feeling equipped	TOTAL	Micro businesses	Small businesses	Mid-sized and large businesses
Very well equipped	11%	8%+	6%+	<b>14%+</b>
Somewhat well equipped	59%	51%+	59%+	<b>63%+</b>
Somewhat poorly equipped	22%	<b>25%+</b>	<b>21%+</b>	10%+
Very poorly equipped	5%	<b>7%+</b>	3%+	1%+
Don't know	3%	3%+	2%+	1%+

Feeling equipped (groups)	TOTAL	Micro businesses	Small businesses	Mid-sized and large businesses
Well equipped (very + somewhat)	70%	60%+	69%+	<b>77%+</b>
Poorly equipped (very + somewhat)	27%	<b>32%+</b>	25%+	12%+
Don't know	3%	3%+	2%+	1%+

Base: All entrepreneurs and decision-makers who are facing at least one problem (total n=1,149). Those who preferred not to answer were excluded from the calculation base.



## Detailed results

# Reasons not to feel equipped to grow the business

**Participants considering themselves either “somewhat” or “very” poorly equipped to grow their business were asked to provide the reasons why they felt this way and to tell us what they would need to improve their situation.**

**Answers fall into four broad categories: funding, human resources, planning and advice.**

### § Reasons why they feel this way:

- Lack of funds to grow the business, and sometimes to maintain operations, is the most common reason for feeling poorly equipped to grow the business.
- Respondents mentioned shortages of qualified personnel as a challenge.
- Several respondents see planning as a challenge, especially when it comes to time management.
- Another issue, although mentioned to a lesser extent, is a lack of advice.

### § What they would need to improve their situation:

- Respondents mentioned funding most often as a resource to improve their situation.
- Those who talked about shortage of qualified personnel see an influx of qualified personnel as a resource they need to improve their situation.
- Respondents indicated that advice on time management is necessary.
- Some respondents told us they would feel better equipped if they had the help of a mentor or a business partner.

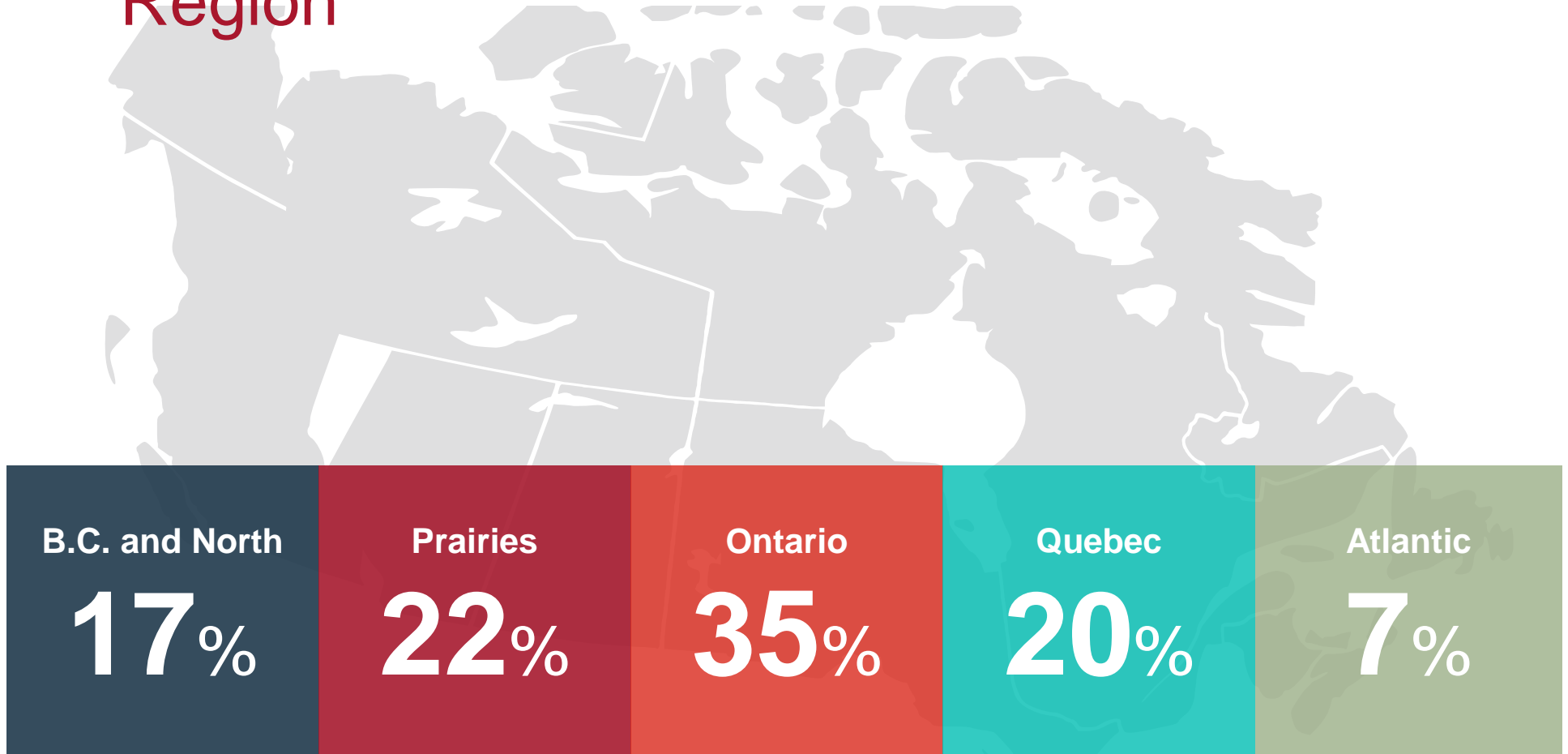
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# 03. Respondent profile



Respondent profile

# Region

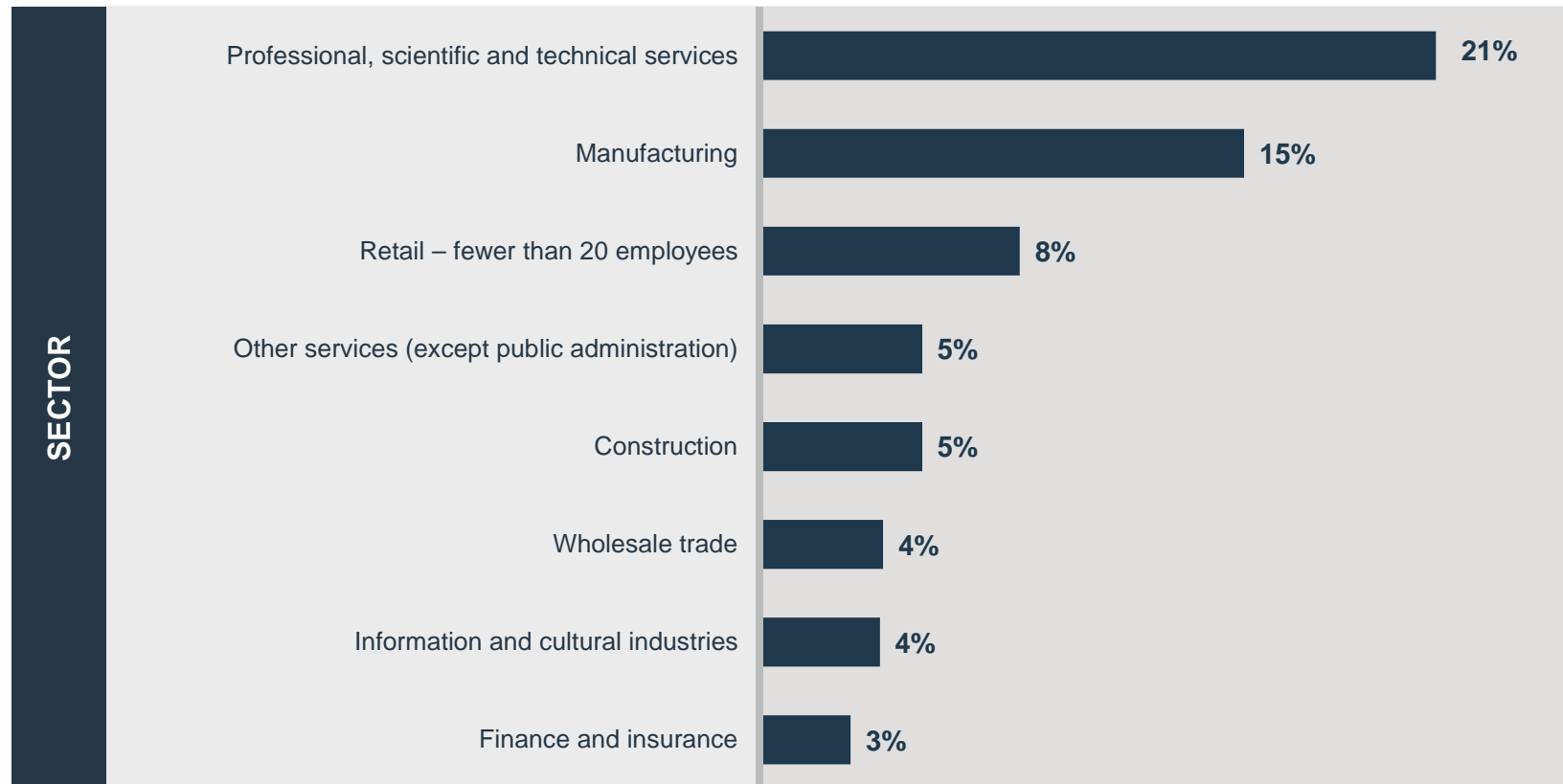


Base: All respondents (n=1,159).



Respondent profile

# Sector of activity



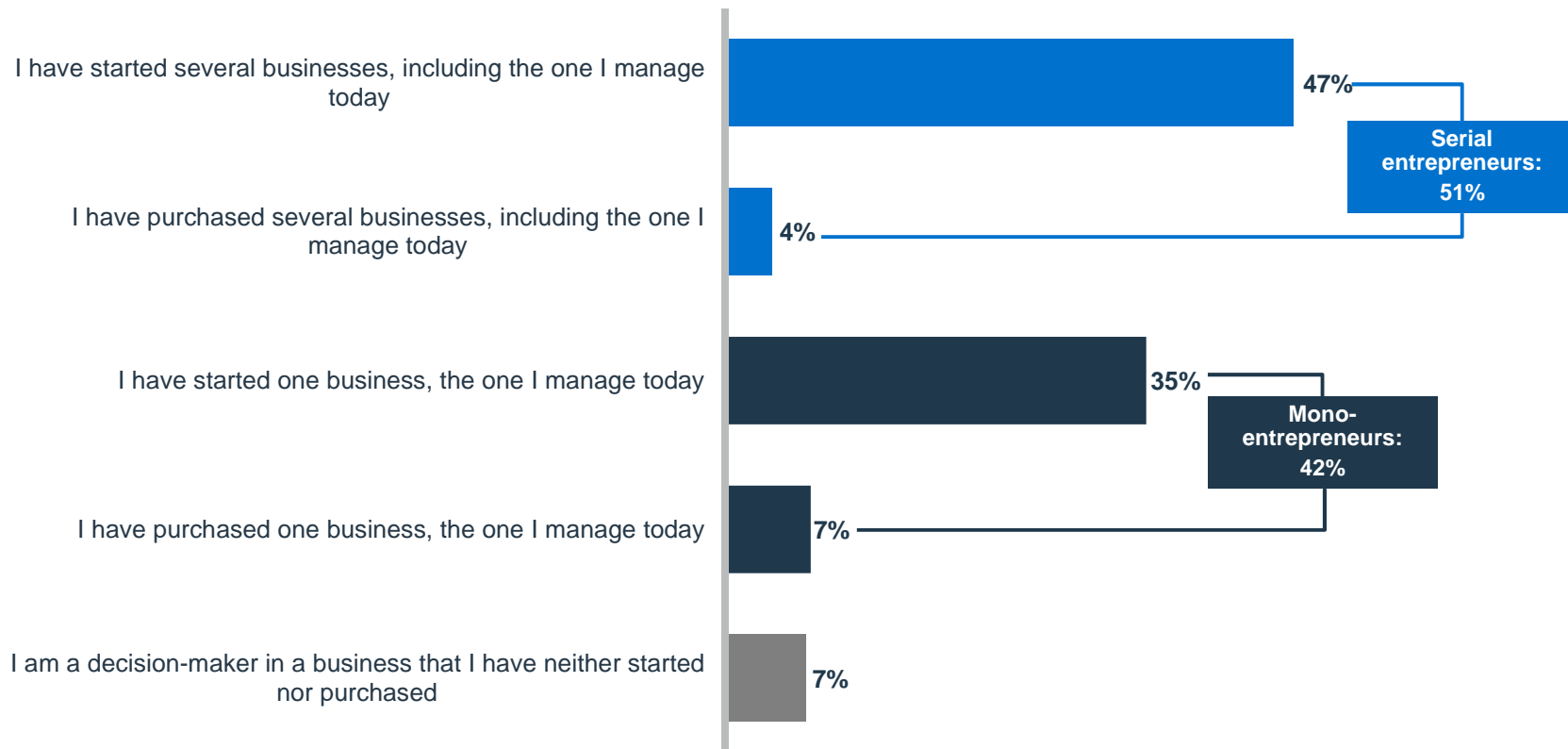
Base: All respondents (n=1,159). Only sectors comprising a minimum of 3% of respondents are shown.



Respondent profile

# Type of business owner

Which statement best **describes** you?

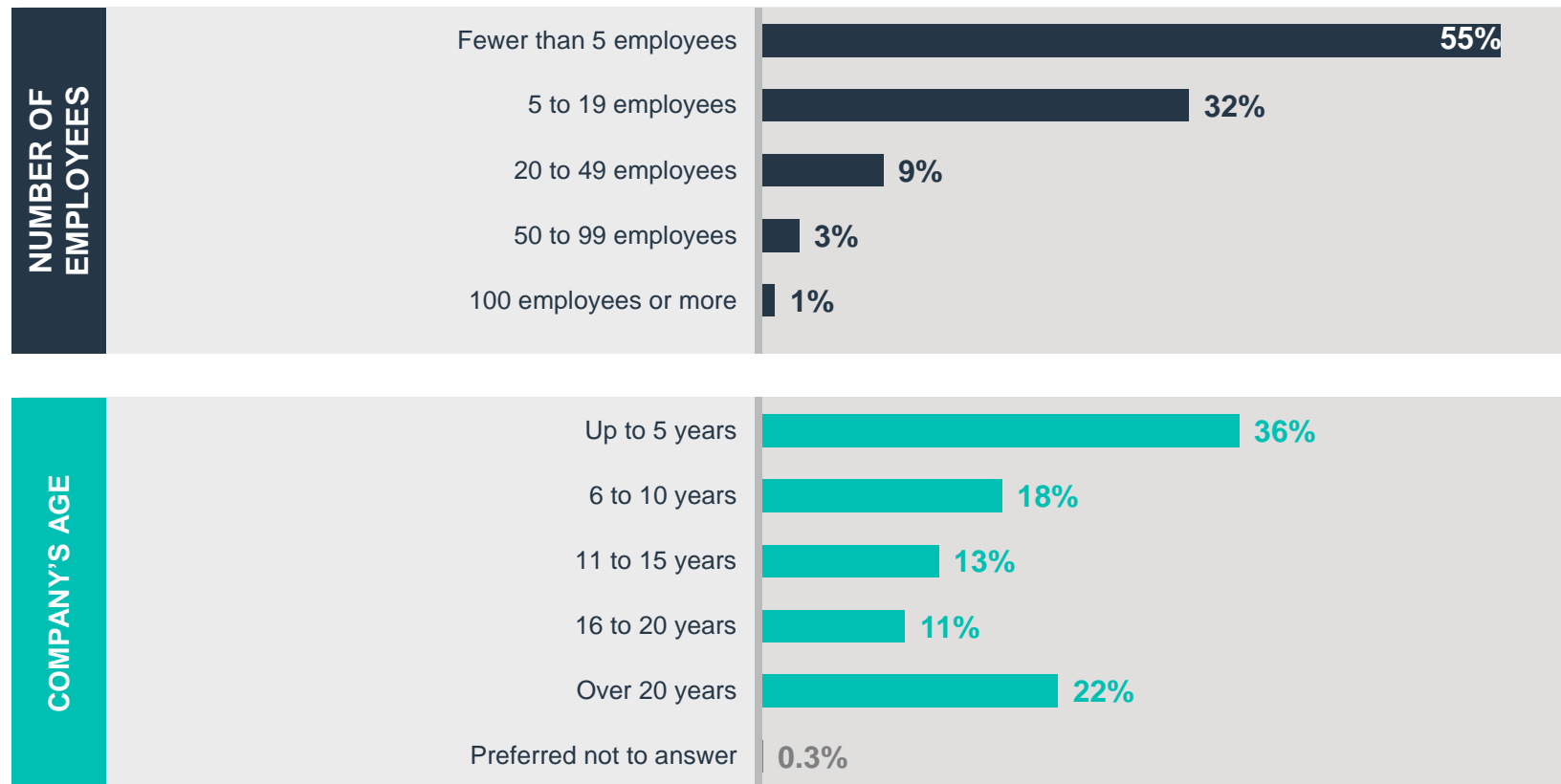


Base: All respondents (n=1,159).



## Respondent profile

# Number of employees and company's age

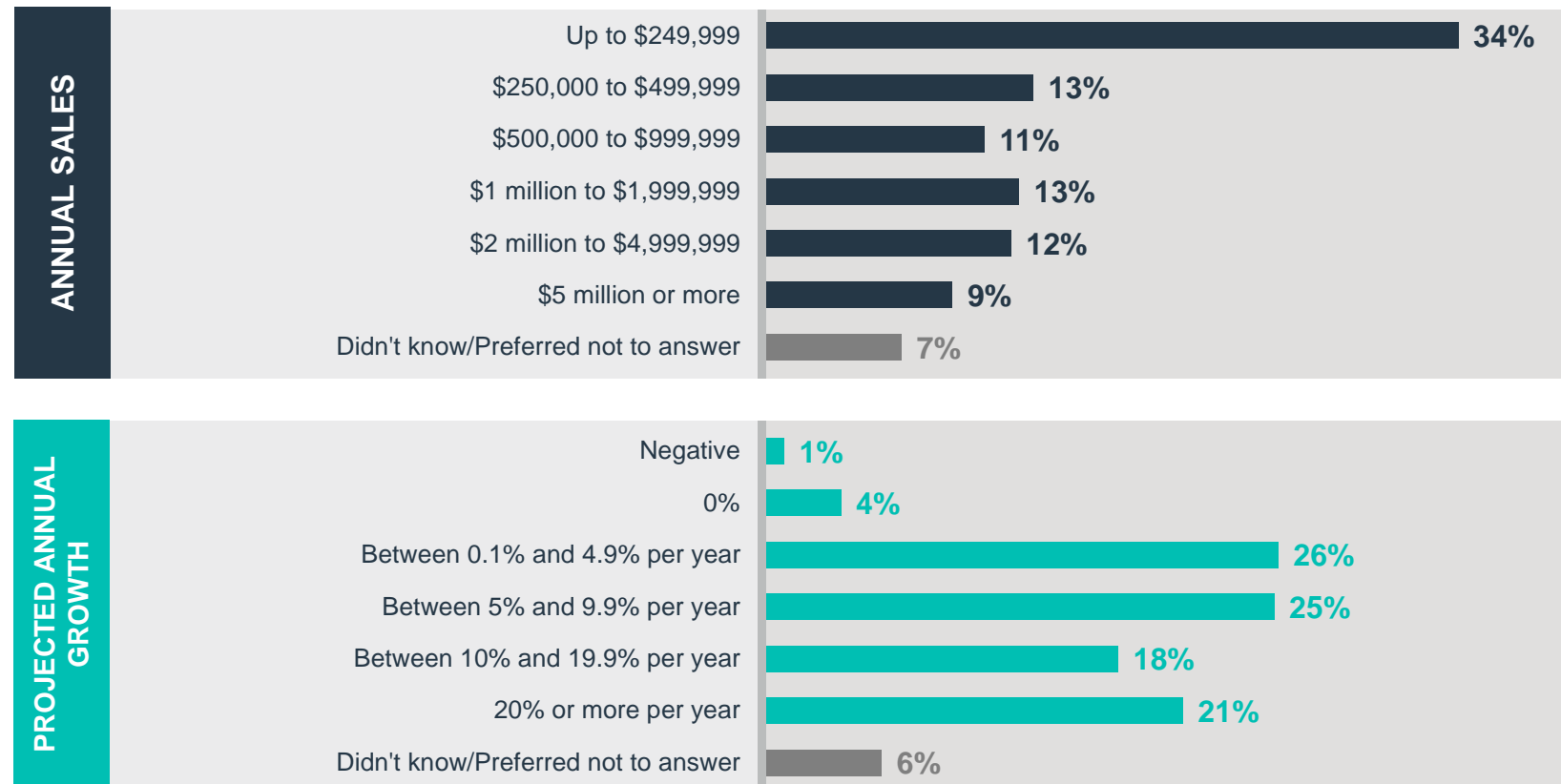


Bases:  
Number of employees: all respondents (n=1,159).  
Company's age: business owners (n=1,044).



Respondent profile

# Annual sales and projected growth



Base: All respondents (n=1,159).



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# 04.

## Context, objectives and methodology



Context, objectives and methodology

## Context and objectives

- § The Research and Economic Analysis team at BDC sought to gain insight into the challenges entrepreneurs face and the support they receive when solving their problems.
- § The goal of this survey was to compile and disseminate best practices to better meet entrepreneurs' needs.

## Methodology

- § **Survey methodology:** Online.
- § **Respondent profile:** Entrepreneurs and decision-makers from the BDC Viewpoints Panel.
- § **Sample size:** 1,159 respondents.
- § **Maximum margin of error:**  $\pm 2.9$  percentage points, 19 times out of 20.
- § **Survey dates:** November 1 to 11, 2016.
- § **Data processing and analysis:** Performed by the BDC Research and Market Intelligence team.



**Thank you.**

Research and Market Intelligence

For more information, please contact us at

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