



Finance and Treasury: BDC *ViewPoints* study

December 2011



Executive summary

Crowd funding

- > Less than half of entrepreneurs are **familiar with this new method of financing (44%)**.
- > For the most part, respondents believe this type of financing to be applicable mostly to start-up, young and/or small companies.
- > **The more familiar they are** with the concept, **the more comfortable entrepreneurs are** with the idea of **raising capital through such a method** for their own company.
- > Although one third of entrepreneurs (32%) would **not** consider crowd funding for their company, one quarter of them (26%) would consider crowd funding if the terms and conditions were more favourable than those of a financial institution or if they were unable to secure the financing elsewhere (25%).
- > The two main areas of concern are **legal issues** (e.g., intellectual property) and giving up part of the **ownership**, in certain cases.

Planning process

- > A **business plan** is the most commonly developed plan (**86%** of entrepreneurs have one). In most cases, the document **covers a period of up to three years and contains realistic projections**.
- > Over three quarters of respondents (78%) have a marketing plan. Most entrepreneurs have a short-term marketing plan (up to one year) with realistic projections.
- > Most entrepreneurs (85%) have a range of forecasts and budgets for the upcoming year.
- > Overall, most entrepreneurs have a business plan, a marketing plan, and forecasts and budgets. Most of these documents are limited to a short-term view and contain mostly realistic projections.
- > Although it is preferable to develop three levels of projections and corresponding resources, it is good to see that **some entrepreneurs have at least one detailed alternate plan (12%) or high-level alternate plan (44%)**.

Debt in economic uncertainty

- > To prosper or survive, most **entrepreneurs would attempt to reduce debt** during uncertain economic times, regardless of the overall health of their company.

Economic indicators

- > Entrepreneurs tend to focus on the **Bank of Canada interest rate**, the **unemployment rate** and the **consumer confidence index** to get a sense of where the economy is headed. Other notable mentions: inflation rates, stock market trends and exchange rates.

Occupy Wall Street

- > **A slightly greater percentage of entrepreneurs than Canadians in general seem to be unsympathetic to the protest movement**. There are, however, some regional differences.

Keeping employees engaged

- > **Communication** is key. Entrepreneurs emphasize the importance of keeping employees informed and involved.

Context and methodology

- > The BDC Market Intelligence team continues its ongoing research among Canadian entrepreneurs. The topic of this study was finance and treasury. In this study, the objective was to determine:
 - the level of familiarity with crowd funding, a relatively new method of financing
 - the perceived applicability of crowd funding to their business and to other types of companies
 - the obstacles they feel are associated with crowd funding
 - the various types of plans entrepreneurs have in place and the timeframes their plans cover
 - the position entrepreneurs take toward debt in uncertain economic times
 - the economic indicators entrepreneurs tend to focus on or track to get a sense of where the economy is headed
 - their overall attitude toward the Occupy Wall Street movement
- > As a side note, entrepreneurs were also asked to provide some insight into ways to keep employees engaged during periods of economic uncertainty.
- > BDC e-mailed 1,663 invitations to entrepreneur members of the BDC *ViewPoints* panel on November 30, 2011. The survey was available online between November 30 and December 9, 2011. A total of **465 entrepreneurs completed the survey**, for a completion rate of 28%.
- > **Results were weighted according to region and company size.** Final results were analyzed internally by the BDC Market Intelligence team.
- > The Appendix presents entrepreneurs' answers to the survey questions, by **region** and **business size**.

Detailed results

Familiarity with crowd funding

Few entrepreneurs are familiar with the concept of “crowd funding.”

- > Respondents were provided with the following brief definition of crowd funding:

Crowd funding - also called crowd sourcing - is a new method of financing in which a user accesses a group of potential investors who can each invest small amounts of money to collectively fund a business venture, usually through a website connecting investors with entrepreneurs. The purpose of funding could vary from raising it for a disaster relief, marketing and promoting a work of art, providing initial seed and/or growth capital to many potential start-ups.

(Source: Termium Plus, Translation Bureau, Government of Canada)

- > From the latter definition, BDC asked entrepreneurs to evaluate their level of familiarity with this concept. What was observed is that **fewer than one in five respondents (18%) is familiar with the concept.**

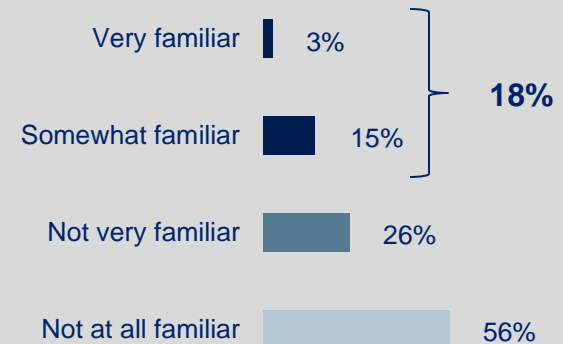
- The vast majority of entrepreneurs (**56%**) claim they **are not at all familiar** with this concept.

Crowd funding is an alternate method of financing that is still in its infancy in a business context. The idea, similar to that of micro-financing, is to enable smaller entities to access funding they may not be able to secure using traditional financing sources.

The financing structure can resemble the model applied in venture capital or angel funding, whereby business owners may exchange some of their ownership for liquidity, but the crowd funding model is not limited to such a trade-off. For example, business owners may not have to give up part of their ownership to access the funds, if the agreement stipulates that, in exchange for monies, investors would collect interest annually and their capital after a given time, just as they would on a treasury bill.

The concept of crowd funding is currently gaining momentum. How familiar are you with this concept?

(n=465)



Base: All entrepreneurs.



The reader is invited to visit the following websites for more information on crowd funding:

<http://cashtostart.com/10-crowdfunding-websites-entrepreneurs/>

<http://www.practicalecommerce.com/articles/2853-13-Crowdfunding-Websites-to-Fund-Your-Business>

<http://www.quora.com/Crowdfunding/What-are-some-great-crowdfunding-websites>

<http://www.socialmediaexaminer.com/11-tips-for-crowdfunding-how-to-raise-money-from-strangers/>

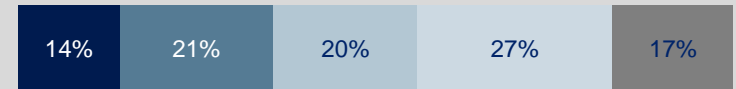
<http://www.inc.com/magazine/201111/comparison-of-crowdfunding-websites.html>

Crowd funding: Applicability and comfort level

Although a limited number of entrepreneurs are familiar with the concept, a relatively important proportion of them believe that they could use crowd funding to raise capital for their own business.

- > Just over one third of respondents (35%) said that crowd funding could be totally **applicable** (14%) or **somewhat applicable** (21%) to raising capital for their own business.
 - The more familiar respondents are with the concept (very or somewhat familiar), the more likely they are to say that crowd funding is applicable to raising funds for their business. In fact, 49% of entrepreneurs who said they are familiar with the concept believe that it could be applicable to their business, versus 32% of those who are not very or not at all familiar with the concept.
- > Based on their knowledge of the concept, entrepreneurs were then asked to determine their **overall comfort level** with crowd funding as a means of raising capital for their business. Just over one in 10 respondents (13%) said they are **very comfortable** with crowd funding as an alternative funding source. One quarter of them (25%) are **somewhat comfortable**, 21% are not very comfortable and 30% are not at all comfortable using this concept for their business.
 - A statistically greater proportion of entrepreneurs in Ontario (35%) are not at all comfortable with crowd funding as a source of financing, when compared to respondents elsewhere in Canada.
 - Conversely, a significantly greater proportion of those familiar with the concept are also more comfortable (55%) with crowd funding as a potential financing source.
- > **These results seem to indicate that the more entrepreneurs understand crowd funding, the more they may perceive it to be applicable to their business funding needs and the more they may be comfortable with such a financing tool.**

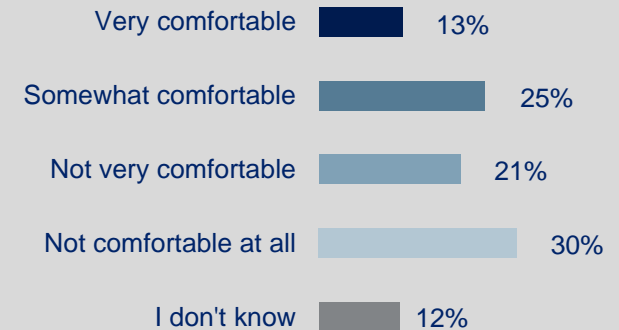
In your opinion - based on the definition you just read and on what you already know about crowd funding - to what extent do you think this concept would be applicable to raising capital for your own company?
(n=458)



■ Totally applicable ■ Somewhat applicable ■ Not very applicable
■ Not applicable at all ■ I don't know

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

How comfortable would you be with the concept of raising capital through crowd funding for your own company?
(n=460)



Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Applicability of crowd funding

The applicability of crowd funding tends to be first associated with the lifecycle of a company, then with its size.

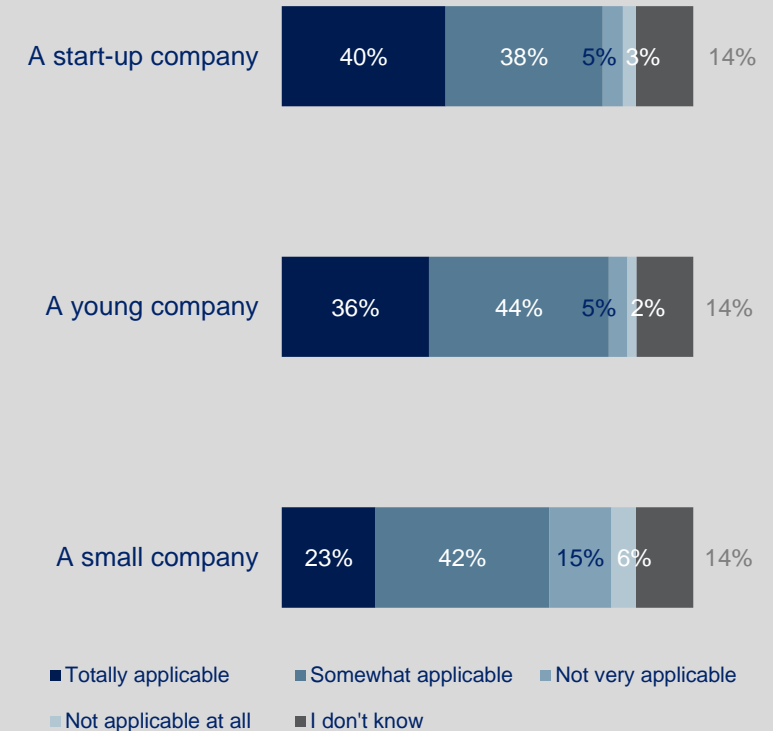
- > Four out of five entrepreneurs believe that crowd funding is totally applicable (40%) or somewhat applicable (38%) to a **start-up company**.
- > When it comes to the applicability of crowd funding to a **young company**, results are quite **similar to those obtained for a start-up firm**. That is, 36% feel it is totally applicable to a young company and 44% feel it is somewhat applicable.
- > Two thirds of those surveyed (65%) said that crowd funding could be applicable to a **small company** (23% said totally applicable and 42% somewhat applicable).

Familiarity with the concept

- > Again, the level of familiarity with the concept seems to be directly correlated with the respondents' answers. In this case, the percentage of entrepreneurs **familiar with the concept** of crowd funding who said that the concept would be either totally or somewhat **applicable** to these three types of companies is **greater than 90%**.

Note: The initial definition of crowd funding may have biased the answers slightly because the terms "seed money" and "start-up" were included in it.

*In your opinion - based on the definition you just read and on what you already know about crowd funding - to what extent do you think this concept would be applicable to raising capital for the following?
(n=459)*



Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Applicability of crowd funding (cont'd)

The applicability of crowd funding seems to dwindle when one looks at more mature and larger companies.

- > Generally speaking, because mature and large organizations tend to be more structured and financially sound than others, they can more easily access traditional funding sources. It is, therefore, not surprising that the proportion of respondents who said that crowd funding would be applicable to such companies is smaller than the proportion who said the same regarding start-up, young and smaller companies.
- > In terms of a mature company, 15% of respondents said the concept is totally applicable, while 22% said it is somewhat applicable.
- > For a medium-sized company, the sum of respondents who said the concept is totally applicable (14%) or somewhat applicable (33%) is also 47%.
- > The perceived applicability of crowd funding is lowest in relation to larger companies. In this case, less than one third of respondents said it is totally applicable (15%) or somewhat applicable (14%) to large companies.

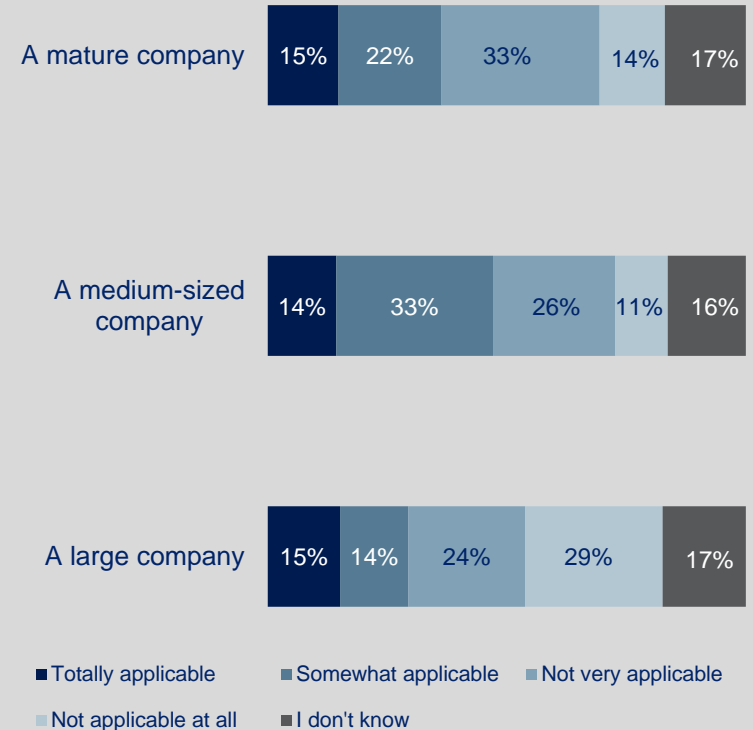
Regional differences

- > A statistically greater proportion of entrepreneurs in Quebec said that, in their opinion, crowd funding is not at all applicable to medium-sized firms (21%) or larger companies (44%).

Familiarity with the concept

- > Familiarity with the concept plays a very minor role in the perceived applicability of crowd funding when it comes to mature, medium-sized and large companies.

In your opinion - based on the definition you just read and on what you already knew about crowd funding - to what extent do you think this concept would be applicable to raising capital for the following?
(n=459)



Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Internalizing crowd funding

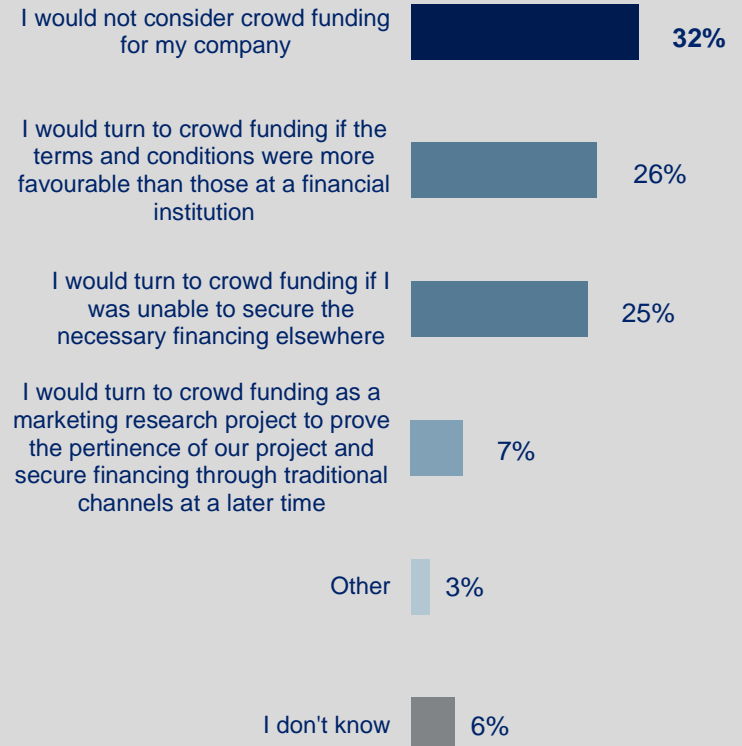
Over half of entrepreneurs would turn to crowd funding under specific circumstances.

- > First and foremost, one third of entrepreneurs (32%) would not consider crowd funding for their company. There are no statistical differences between respondents who said they are aware of the concept and those who did not.
- > If the terms and conditions were more favourable than those at a financial institution, one quarter of respondents (26%) would consider crowd funding.
- > A nearly equal proportion would turn to crowd funding if they were unable to secure the necessary financing elsewhere (25%)
- > Fewer than one in 10 entrepreneurs (7%) would use crowd funding as marketing research to prove the pertinence of their project, then secure the financing through traditional channels later.
- > Ultimately, crowd funding seems to be perceived as “just” another type of financing vehicle available to entrepreneurs.

As with any important business decision, the onus is on entrepreneurs to obtain as much information and advice as possible from members of their network and business professionals to help them make the best decision.

Which of the following statements best reflects your position toward crowd funding for your company?

(n=399)



Base: Entrepreneurs who answered “I prefer not to answer” were excluded.

Obstacles to crowd funding

Legal issues and loss of ownership are the main concerns associated with crowd funding.

- > The main obstacles associated with crowd funding pertain to **legal issues (58%)** and **partial loss of ownership (56%)**, in certain cases. These results are consistent throughout the four Canadian regions.
- > The second series of obstacles identified is more **technical** in nature. For many respondents, **partnering with the right media/website (28%)** and **gaining awareness for their funding project (26%)** are important challenges.
- > Although crowd funding may be an alternative mode of financing, it still requires those who want to capitalize on it to file certain documents with a securities exchange, for example. In fact, **financing issues** are a concern for over a quarter of respondents (27%) and for two out of five entrepreneurs in Western Canada (39%).
- > **Issues that may arise with their current financial institution (26%)** or with different **professionals** entrepreneurs deal with (15%) are also on respondents' minds when they are contemplating crowd funding as a financing option.
- > Finally, among other responses, several respondents mentioned certain concerns about the following:
 - potential fraud
 - the level of transparency and disclosure required
 - the complexity of registering the project
 - the potential to give competitors advance notice of projects
 - difficulty in finding the right partners and keeping them happy
 - loss of liquidity
 - repayment issues

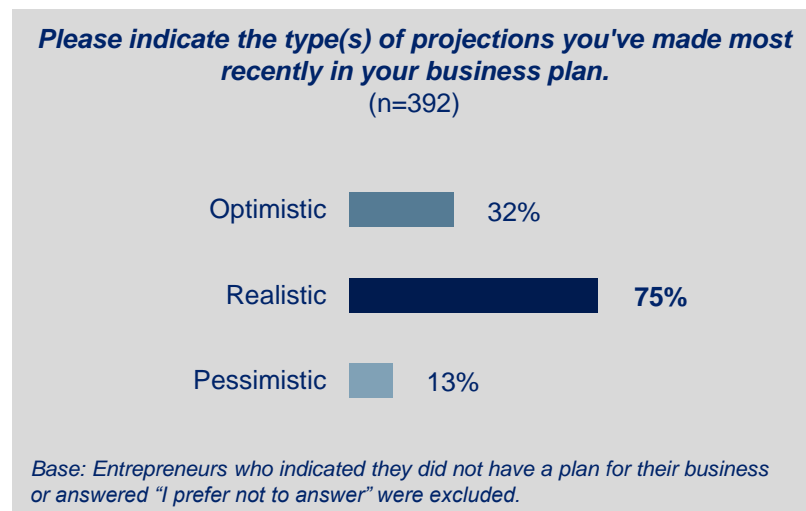
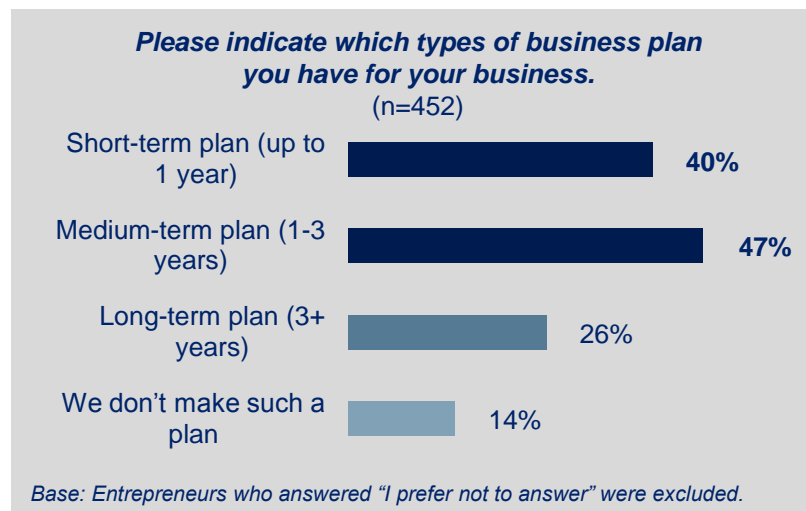


Business plan

The vast majority of entrepreneurs have a business plan in place. In most cases, the plan covers a period of up to three years.

- > More than four out of five entrepreneurs surveyed (**86%**) claim they **have a business plan**.
 - Entrepreneurs in Quebec (75%) and Atlantic Canada (81%) are less likely than entrepreneurs in Ontario (89%) or Western Canada (91%) to have a business plan.
- > Regarding the business plan:
 - nearly half of respondents (47%) have a plan that covers a period of **one to three years**
 - a slightly smaller proportion (40%) have a business plan **limited to one year**
 - one quarter have a **long-term** business plan (26%)
- > The **business plan** that most entrepreneurs have implemented contains what they consider to be **realistic projections (75%)**. One third of them include optimistic (32%) projections, while a smaller percentage have more pessimistic projections (13%).

The business plan often has a roadmap including the three levels of projections and actions required, should reality deviate from the plan. It may help entrepreneurs deal with an unforeseen change in the business environment with more agility and efficiency.



Marketing plan

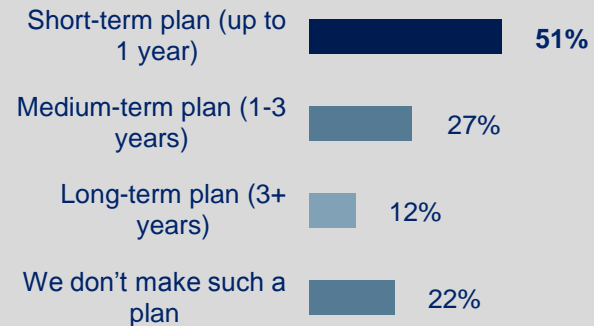
Most entrepreneurs have a short-term marketing plan with realistic projections.

- > More than three quarters of entrepreneurs (**78%**) have a marketing plan.
 - This ratio falls to 63% among entrepreneurs in Quebec.
- > Regarding the marketing plan:
 - in most cases, entrepreneurs have a **short-term marketing plan (51%)**
 - one quarter of them (27%) have a **medium-term marketing plan**
 - few have a marketing plan that covers a period of three years or more (12%)
- > The **marketing plan** entrepreneurs use contains what they see as **realistic projections (74%)**. Less than one third of them include optimistic projections in their plan (32%) and an even smaller percentage include more pessimistic projections (7%).

The marketing plan is among the documents a banker likes to see when dealing with a potential client. Along with the business plan, it helps different business professionals better understand the company and where it is going. Therefore, it is always a good idea to revisit this document regularly and modify it if necessary.

Please indicate which types of marketing plan you have for your business.

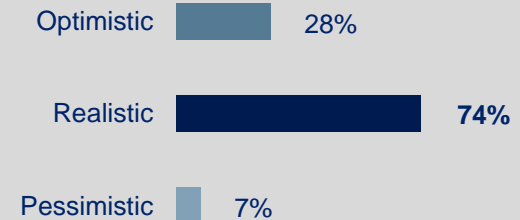
(n=453)



Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Please indicate the type of projections you've made most recently in your marketing plan.

(n=355)



Base: Entrepreneurs who indicated they did not have a plan for their business or answered "I prefer not to answer" were excluded.

Forecasts

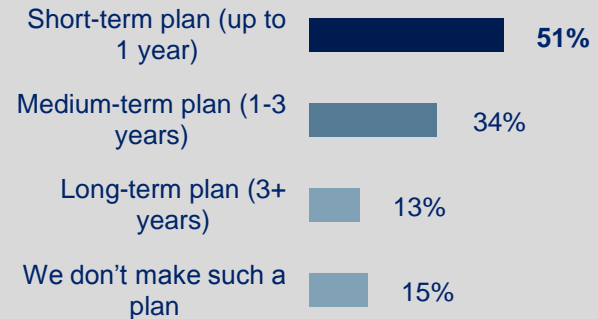
Half of all entrepreneurs surveyed develop short-term forecasts.

- > **Forecasts** are important financial documents. According to this study, **85% of entrepreneurs create them.**
- > In most cases, entrepreneurs develop **forecasts for the short term (51%).** One third of them have **medium-term forecasts (34%)** while 13% of respondents **develop long-term forecasts.**
 - A significantly greater proportion of entrepreneurs in Atlantic Canada (22%) and Ontario (20%) develop long-term forecasts.
- > The **forecasts** developed by entrepreneurs contain what they believe to be **realistic projections (70%).** The proportion of businesses that develop optimistic (27%) and pessimistic forecasts (23%) is much smaller.

Forecasts that contain financial projections are critical to the overall planning process and quite instrumental in securing funding requests.

Please indicate which types of forecasts you have for your business.

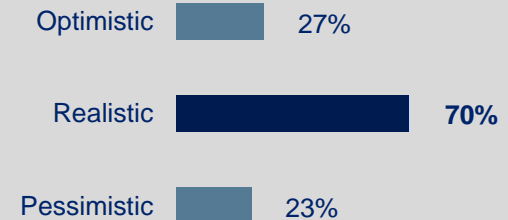
(n=452)



Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Please indicate the type of projections you've made most recently in your forecasts.

(n=386)



Base: Entrepreneurs who indicated they did not have a plan for their business or answered "I prefer not to answer" were excluded.

Budget plan

Creating budget plans is common practice for 85% of entrepreneurs.

> More than four out of five entrepreneurs (**85%**) have a budget plan.

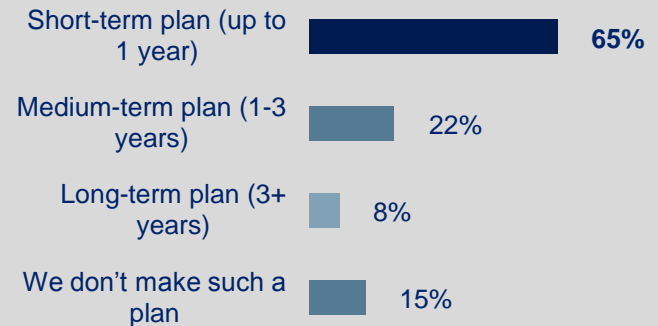
Budgets and forecasts go hand in hand. Both these documents speak volumes about overall business operations.

> Once again, **budget planning** tends to be **limited to a one-year range (65%)**. One in five businesses has a **medium-term budget (22%)** while fewer than one in 10 has a **long-term budget (8%)**.

> Most entrepreneurs tend to stick to **realistic projections (77%)**, but unlike the results for other types of plans, more entrepreneurs develop **pessimistic budgets (22%)** than **positive ones (12%)**.

Please indicate which types of budget plan you have for your business.

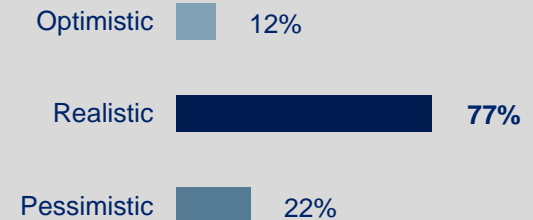
(n=449)



Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Please indicate the type of projections you've made most recently in your budgets.

(n=387)



Base: Entrepreneurs who indicated they did not have a plan for their business or answered "I prefer not to answer" were excluded.

Alternate plan

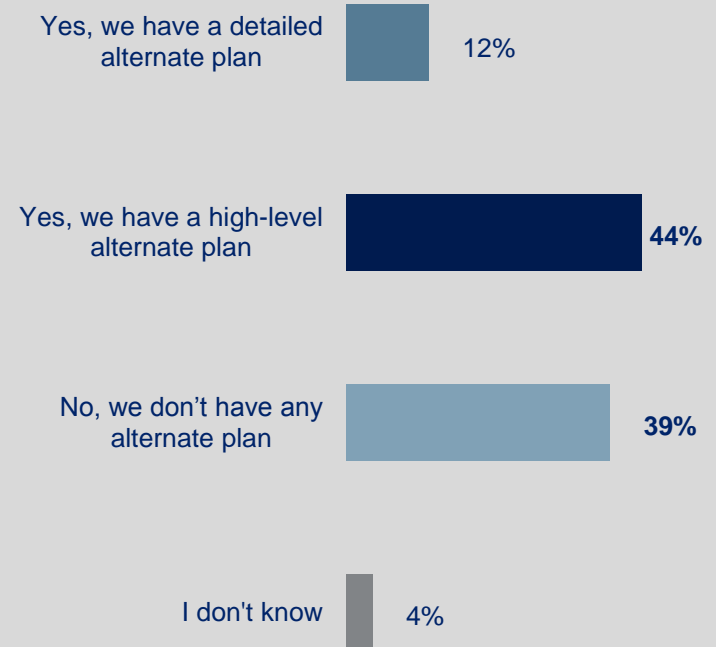
Most entrepreneurs have an alternate plan in place, should an important change in the business environment occur.

- > More than four out of 10 entrepreneurs (44%) have a **high-level alternate plan** for dealing with a worst-case scenario.
- > Very few entrepreneurs have a **detailed alternate plan** (12%).
- > Finally, two out of five businesses have **no alternate plan at all** (39%).

Although having an alternate plan is far from mandatory, it does help entrepreneurs move from a reactive position to a proactive one, should the business context deviate from business as usual. Obviously, no one can predict what the future holds, but it may be a worthwhile exercise to envision certain cases where important variables in the business environment would change drastically and then create various plans to address these issues.

Do you have an alternate plan or some clearly defined strategies in place, should you be confronted with a worst-case scenario?

(n=448)



Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Position toward debt in times of economic uncertainty

Regardless of the overall health of their business, most entrepreneurs would attempt to reduce debt rather than increase it to prosper or survive in uncertain economic times.

- > It is quite interesting to see that entrepreneurs operating businesses in the same overall health would adopt opposite stances.
- > First, one in five entrepreneurs (22%) would increase debt, if necessary, to prosper or survive in uncertain economic times. Nearly the same proportion (25%) would attempt to reduce debt in the same circumstances.
 - Healthy medium-sized firms (32%) are more likely than smaller ones (15%) to say that they would increase debt, if necessary, to survive or prosper.
- > When the company is in average health, more entrepreneurs would try to reduce debt (24%) rather than take on more debt (16%) to prosper or survive.

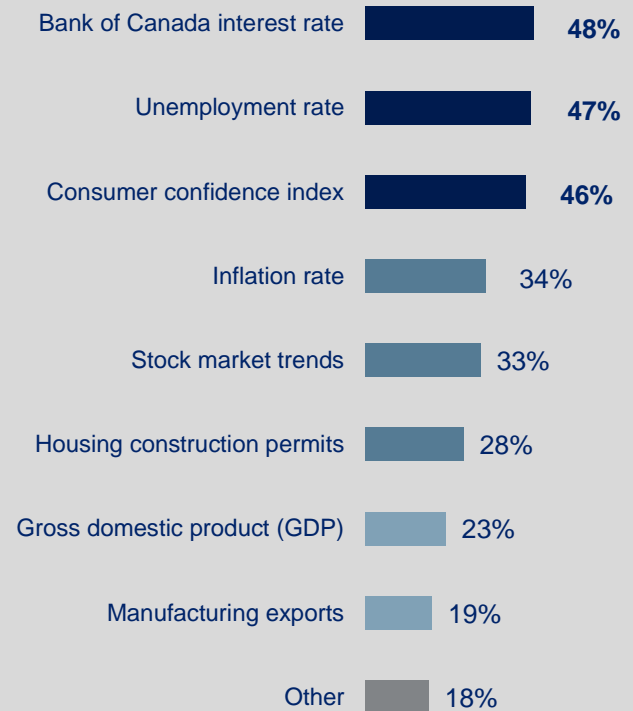


Economic indicators

The Bank of Canada interest rate, the unemployment rate and the consumer confidence index are the three main economic indicators entrepreneurs tend to focus on to get a sense of where the economy is headed.

- > A multitude of figures are compiled and published but not all of them carry the same weight. From the information gathered in this study, it seems that entrepreneurs tend to focus on three important figures: the **Bank of Canada interest rate (48%)**, the **unemployment rate (47%)** and the **consumer confidence index (46%)**.
- > It is no surprise that the Bank of Canada interest rate tops the list. First, the interest rates on loans are associated with the Bank of Canada overnight rate. Second, the Bank of Canada sets the interest rate and monetary policy by evaluating other economic indicators, such as inflation rates, gross domestic product and unemployment rates.
- > Furthermore, one third of entrepreneurs keep a close watch on **inflation rates (34%)** and **stock market trends (33%)**.
 - The inflation rate was mentioned by a statistically greater proportion of businesses with more than 50 employees (47%).
- > Entrepreneurs also track **housing construction permits (28%)**, **gross domestic product (23%)** and **manufacturing exports (19%)**.
 - Manufacturing exports were mentioned by a greater percentage of respondents in Quebec (29%) and Ontario (25%).
- > Several respondents offered other notable answers to this question, such as the **exchange rate** between the Canadian dollar and the U.S. dollar, **energy prices**, the interest rate on **10-year U.S. Treasury bills**, **government spending** and **retail trends**.

Which of the following economic indicators do you usually focus on or track to get a sense of where the economy is headed?
(n=435)



Base: Entrepreneurs who answered "I prefer not to answer" or "I don't know" were excluded.

Attitude toward the Occupy Wall Street movement

Entrepreneurs are divided regarding the Occupy Wall Street movement.

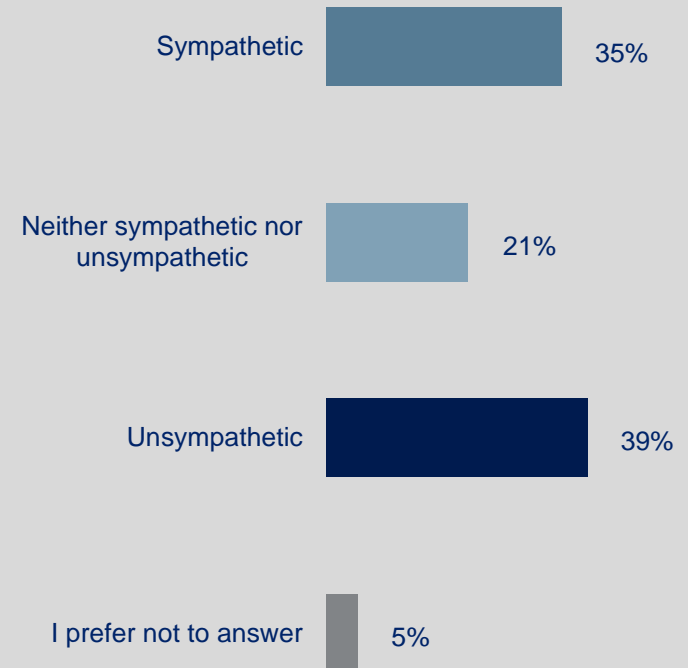
- > Generally speaking, members of the BDC *ViewPoints* panel are more likely than the Canadian general public to be **unsympathetic (39%)** to the Occupy movement. A slightly smaller proportion (**35%**) of panel members are **sympathetic** to the movement.
- > There are some statistical differences worth mentioning.
 - A statistically **greater** percentage of companies with **fewer than five** employees are **sympathetic** to the movement (40%)
 - **Quebec** has the largest proportion of respondents who indicated that they are **neither** sympathetic nor unsympathetic to the movement (38%)
 - Finally, respondents from **Western Canada** (48%) and **Ontario** (41%) were more likely to say they are **unsympathetic** to the Occupy movement than respondents from Atlantic Canada (30%) and Quebec (23%)

This question was initially submitted by a ViewPoints panellist. BDC decided to ask this question to see whether entrepreneurial opinions mirrored those in the general population.

Several studies have been conducted on the topic. Results of those studies, combined with this survey's results, show that respondents in the Canadian general public are slightly more likely than ViewPoints panellists to be sympathetic to the Occupy movement and slightly less likely to be unsympathetic to it.

How sympathetic are you to the Occupy Wall Street movement?

(n=465)



Base: All entrepreneurs.

Keeping employees engaged

The last question of the survey - “How to keep employees engaged during economic uncertainty?” - was submitted by a BDC ViewPoints panel member.

- > Although responses vary, **communication** is at the root of most responses. In fact, the vast majority of entrepreneurs who answered this open-ended question highlighted the importance of **communicating regularly and clearly** to employees, whether it be good or bad news, and the significance of **transparency**. Respondents did, however, caution others to convey **relevant information**. In sum, the idea is not to share everything; rather, it is to communicate what employees need to know to understand the context in which they are asked to contribute.

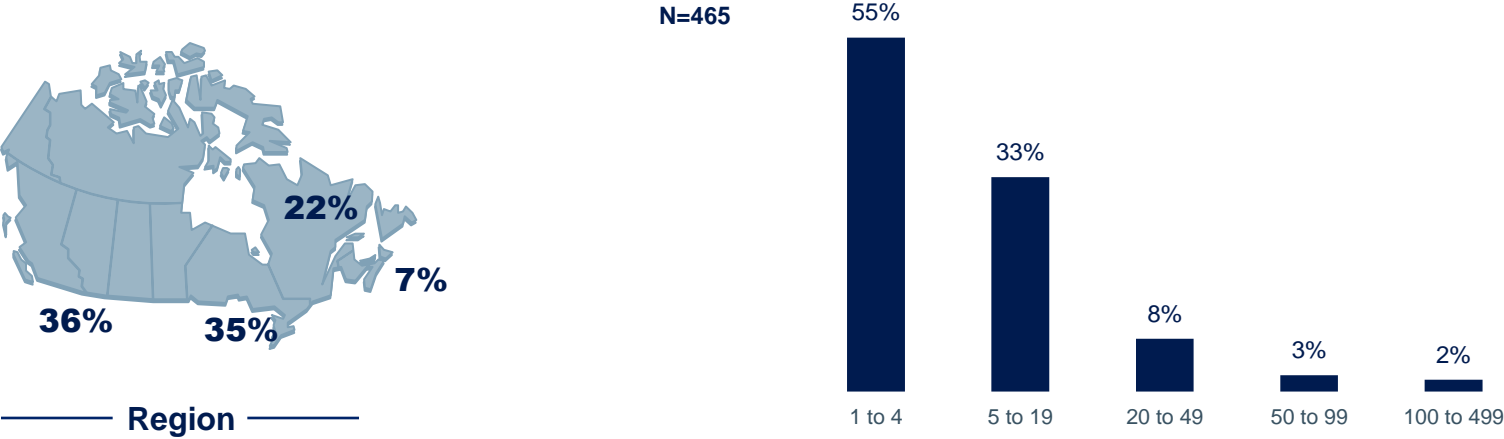
Other advice submitted

- > **Solicit employee participation in the decision-making process.** Inviting employees to **submit suggestions or recommendations** keeps them involved and engaged.
- > **Lead by example.** Don't let the workforce take all the hits!
- > **Pay employees well** and offer them the possibility of a **healthy work-life balance**.
- > Continue **investing internally** and **training** employees, even in tough times.
- > In the words of one panellist: *“Make sure their baseline is covered (compensation, insurance, time off, etc.) and then remember that respect and recognition trump compensation and perks!”*

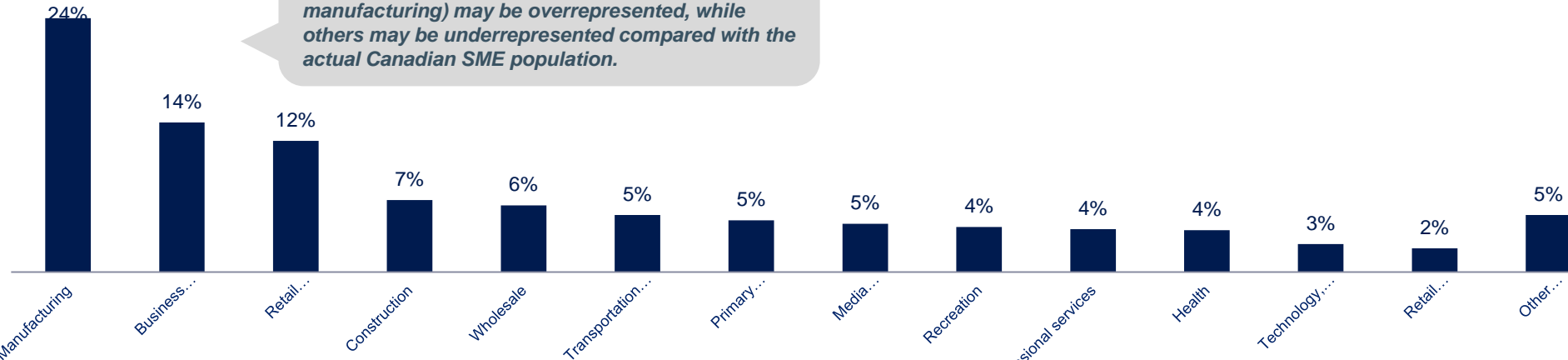
Respondent profile

Respondent profile

Entrepreneurs



Note that results were not weighted by sector of activity. For this reason, some sectors (namely, manufacturing) may be overrepresented, while others may be underrepresented compared with the actual Canadian SME population.



Base: All respondents. Note that results have been weighted by region and business size.

Appendix

Entrepreneur results, by region and business size

Familiarity with crowd funding

How familiar are you with this concept?	Total (n=465)	Atlantic Canada (n=46)	Quebec (n=128)	Ontario (n=138)	Western Canada (n=153)
Very familiar with this concept	3%	5%	0%	4%	3%
Somewhat familiar with this concept	15%	3%	11%	16%	21%
Not very familiar with this concept	26%	30%	30%	21%	28%
Not at all familiar with this concept	56%	62%	59%	60%	49%

How familiar are you with this concept?	Total (n=465)	Fewer than 5 employees (n=130)	5 to 19 employees (n=204)	20 to 49 employees (n=78)	50 or more employees (n=53)
Very familiar with this concept	3%	4%	2%	0%	4%
Somewhat familiar with this concept	15%	17%	14%	13%	13%
Not very familiar with this concept	26%	24%	26%	33%	34%
Not at all familiar with this concept	56%	55%	58%	54%	49%

Base: All entrepreneurs.

Applicability of crowd funding to your own company

Your own company	Total (n=458)	Atlantic Canada (n=46)	Quebec (n=125)	Ontario (n=135)	Western Canada (n=152)
Totally applicable	14%	12%	14%	17%	12%
Somewhat applicable	21%	21%	19%	16%	29%
Not very applicable	20%	22%	28%	19%	17%
Not applicable at all	27%	28%	25%	26%	30%
I don't know	17%	16%	15%	23%	12%

Your own company	Total (n=458)	Fewer than 5 employees (n=129)	5 to 19 employees (n=199)	20 to 49 employees (n=77)	50 or more employees (n=53)
Totally applicable	14%	17%	12%	5%	6%
Somewhat applicable	21%	23%	17%	27%	20%
Not very applicable	20%	16%	26%	27%	26%
Not applicable at all	27%	27%	28%	23%	37%
I don't know	17%	17%	17%	17%	11%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Applicability of crowd funding to a start-up company

A start-up company	Total (n=459)	Atlantic Canada (n=46)	Quebec (n=126)	Ontario (n=135)	Western Canada (n=152)
Totally applicable	40%	42%	37%	39%	42%
Somewhat applicable	38%	36%	41%	36%	39%
Not very applicable	5%	5%	9%	3%	4%
Not applicable at all	3%	0%	5%	5%	1%
I don't know	14%	18%	9%	17%	14%

A start-up company	Total (n=459)	Fewer than 5 employees (n=129)	5 to 19 employees (n=200)	20 to 49 employees (n=77)	50 or more employees (n=53)
Totally applicable	40%	40%	41%	29%	45%
Somewhat applicable	38%	36%	37%	54%	39%
Not very applicable	5%	4%	6%	8%	8%
Not applicable at all	3%	4%	3%	3%	0%
I don't know	14%	16%	14%	7%	8%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Applicability of crowd funding to a young company

A young company	Total (n=459)	Atlantic Canada (n=46)	Quebec (n=126)	Ontario (n=135)	Western Canada (n=152)
Totally applicable	36%	42%	34%	34%	38%
Somewhat applicable	44%	35%	49%	41%	45%
Not very applicable	5%	7%	5%	5%	3%
Not applicable at all	2%	4%	3%	3%	1%
I don't know	14%	12%	10%	17%	13%

A young company	Total (n=459)	Fewer than 5 employees (n=129)	5 to 19 employees (n=200)	20 to 49 employees (n=77)	50 or more employees (n=53)
Totally applicable	36%	39%	35%	19%	33%
Somewhat applicable	44%	41%	42%	64%	51%
Not very applicable	5%	2%	8%	8%	10%
Not applicable at all	2%	3%	2%	3%	0%
I don't know	14%	15%	14%	7%	6%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Applicability of crowd funding to a mature Company

A mature company	Total (n=459)	Atlantic Canada (n=46)	Quebec (n=126)	Ontario (n=135)	Western Canada (n=152)
Totally applicable	15%	20%	9%	19%	14%
Somewhat applicable	22%	20%	19%	17%	27%
Not very applicable	33%	32%	33%	31%	35%
Not applicable at all	14%	16%	22%	13%	9%
I don't know	17%	12%	17%	20%	15%

A mature company	Total (n=459)	Fewer than 5 employees (n=129)	5 to 19 employees (n=200)	20 to 49 employees (n=77)	50 or more employees (n=53)
Totally applicable	15%	18%	12%	8%	4%
Somewhat applicable	22%	20%	20%	37%	26%
Not very applicable	33%	35%	31%	26%	38%
Not applicable at all	14%	11%	17%	18%	19%
I don't know	17%	17%	19%	12%	14%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Applicability of crowd funding to a small company

A small company	Total (n=459)	Atlantic Canada (n=46)	Quebec (n=126)	Ontario (n=135)	Western Canada (n=152)
Totally applicable	23%	25%	20%	24%	23%
Somewhat applicable	42%	41%	37%	39%	48%
Not very applicable	15%	8%	20%	13%	15%
Not applicable at all	6%	9%	9%	8%	2%
I don't know	14%	18%	13%	16%	12%

A small company	Total (n=459)	Fewer than 5 employees (n=129)	5 to 19 employees (n=200)	20 to 49 employees (n=77)	50 or more employees (n=53)
Totally applicable	23%	27%	17%	20%	23%
Somewhat applicable	42%	42%	45%	35%	38%
Not very applicable	15%	12%	16%	28%	25%
Not applicable at all	6%	6%	7%	3%	4%
I don't know	14%	13%	16%	15%	10%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Applicability of crowd funding to a medium-size company

A medium-size company	Total (n=459)	Atlantic Canada (n=46)	Quebec (n=126)	Ontario (n=135)	Western Canada (n=152)
Totally applicable	14%	16%	9%	16%	16%
Somewhat applicable	33%	32%	30%	29%	38%
Not very applicable	26%	20%	22%	27%	27%
Not applicable at all	11%	19%	21%	8%	6%
I don't know	16%	12%	17%	20%	13%

A medium-size company	Total (n=459)	Fewer than 5 employees (n=129)	5 to 19 employees (n=200)	20 to 49 employees (n=77)	50 or more employees (n=53)
Totally applicable	14%	18%	10%	9%	7%
Somewhat applicable	33%	33%	30%	40%	42%
Not very applicable	26%	21%	32%	31%	27%
Not applicable at all	11%	10%	12%	10%	14%
I don't know	16%	17%	17%	11%	10%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Applicability of crowd funding to a large company

A large company	Total (n=459)	Atlantic Canada (n=46)	Quebec (n=126)	Ontario (n=135)	Western Canada (n=152)
Totally applicable	15%	14%	6%	23%	14%
Somewhat applicable	14%	13%	14%	10%	19%
Not very applicable	24%	29%	16%	21%	32%
Not applicable at all	29%	24%	44%	25%	24%
I don't know	17%	20%	20%	21%	12%

A large company	Total (n=459)	Fewer than 5 employees (n=129)	5 to 19 employees (n=200)	20 to 49 employees (n=77)	50 or more employees (n=53)
Totally applicable	15%	15%	17%	12%	17%
Somewhat applicable	14%	14%	13%	20%	14%
Not very applicable	24%	25%	22%	21%	37%
Not applicable at all	29%	27%	31%	35%	22%
I don't know	17%	19%	18%	12%	9%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Willingness to use crowd funding

How comfortable would you be with the concept of raising capital through crowd funding?	Total (n=460)	Atlantic Canada (n=45)	Quebec (n=126)	Ontario (n=136)	Western Canada (n=153)
Very comfortable	13%	22%	15%	9%	12%
Somewhat comfortable	25%	25%	21%	24%	28%
Not very comfortable	21%	29%	29%	18%	19%
Not comfortable at all	30%	10%	24%	35%	31%
I don't know	12%	15%	12%	14%	9%

How comfortable would you be with the concept of raising capital through crowd funding?	Total (n=460)	Fewer than 5 employees (n=128)	5 to 19 employees (n=202)	20 to 49 employees (n=77)	50 or more employees (n=53)
Very comfortable	13%	15%	9%	9%	11%
Somewhat comfortable	25%	26%	23%	28%	16%
Not very comfortable	21%	19%	23%	22%	34%
Not comfortable at all	30%	28%	32%	30%	29%
I don't know	12%	12%	13%	11%	10%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Position towards crowd funding

Position towards crowd funding	Total (n=399)	Atlantic Canada (n=38)	Quebec (n=111)	Ontario (n=112)	Western Canada (n=138)
I would turn to crowd funding if I was unable to secure the necessary financing elsewhere	25%	24%	28%	26%	23%
I would turn to crowd funding if the terms and conditions were more favourable than those of a financial institution	26%	30%	25%	27%	27%
I would turn to crowd funding as a marketing research project to prove the pertinence of my project and then secure financing through traditional channels at a later time	7%	8%	6%	7%	9%
I would not consider crowd funding for my company	32%	30%	34%	32%	32%
Other	3%	0%	4%	3%	2%
I don't know	6%	8%	4%	6%	7%

Base: Entrepreneurs who answered "I prefer not to answer" or "I don't know" on the previous question were excluded.

Position towards crowd funding (cont'd)

Position towards crowd funding	Total (n=399)	Fewer than 5 employees (n=109)	5 to 19 employees (n=175)	20 to 49 employees (n=67)	50 or more employees (n=48)
I would turn to crowd funding if I was unable to secure the necessary financing elsewhere	25%	28%	22%	25%	17%
I would turn to crowd funding if the terms and conditions were more favourable than those of a financial institution	26%	24%	28%	32%	28%
I would turn to crowd funding as a marketing research project to prove the pertinence of my project and then secure financing through traditional channels at a later time	7%	10%	3%	6%	7%
I would not consider crowd funding for my company	32%	28%	38%	32%	43%
Other	3%	3%	2%	3%	2%
I don't know	6%	7%	7%	3%	4%

Base: Entrepreneurs who answered "I prefer not to answer" or "I don't know" on the previous question were excluded.

Obstacles to crowd funding

Main obstacles	Total (n=457)	Atlantic Canada (n=46)	Quebec (n=125)	Ontario (n=134)	Western Canada (n=152)
Legal issues (e.g., intellectual property)	58%	61%	53%	62%	56%
Having to give up, in certain cases, part of the ownership	56%	45%	60%	57%	56%
Finding the right media to present my idea or partnering with the right website	28%	29%	29%	28%	28%
Financing issues (e.g., filing my funding request with a securities exchange)	27%	21%	16%	23%	39%
Gaining awareness for my funding project	26%	32%	35%	23%	21%
Issues that may arise with my current financial institution	26%	26%	19%	20%	34%
Issues that may arise with professionals I deal with, such as an accountant	15%	11%	13%	11%	20%
Other	6%	2%	4%	7%	7%
I don't know	11%	15%	9%	14%	7%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Obstacles to crowd funding (cont'd)

Main obstacles	Total (n=457)	Fewer than 5 employees (n=126)	5 to 19 employees (n=202)	20 to 49 employees (n=76)	50 or more employees (n=53)
Legal issues (e.g., intellectual property)	58%	63%	52%	58%	47%
Having to give up, in certain cases, part of the ownership	56%	52%	59%	69%	69%
Finding the right media to present my idea or partnering with the right website	28%	30%	27%	26%	24%
Financing issues (e.g., filing my funding request with a securities exchange)	27%	27%	28%	30%	25%
Gaining awareness for my funding project	26%	24%	28%	25%	28%
Issues that may arise with my current financial institution	26%	24%	26%	28%	33%
Issues that may arise with professionals I deal with, such as an accountant	15%	16%	14%	16%	12%
Other	6%	7%	5%	4%	10%
I don't know	11%	8%	16%	9%	5%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Business plan

Type of plan	Total (n=452)	Atlantic Canada (n=45)	Quebec (n=124)	Ontario (n=132)	Western Canada (n=151)
Short-term plan (up to 1 year)	40%	31%	30%	41%	47%
Medium-term plan (1-3 years)	47%	42%	39%	47%	52%
Long-term plan (3+ years)	26%	35%	21%	30%	24%
We don't make such a plan	14%	19%	25%	11%	9%

Type of plan	Total (n=452)	Fewer than 5 employees (n=123)	5 to 19 employees (n=199)	20 to 49 employees (n=77)	50 or more employees (n=53)
Short-term plan (up to 1 year)	40%	39%	41%	36%	42%
Medium-term plan (1-3 years)	47%	44%	50%	49%	52%
Long-term plan (3+ years)	26%	24%	30%	23%	20%
We don't make such a plan	14%	17%	11%	12%	7%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Business plan – Projections

Type of projections	Total (n=392)	Atlantic Canada (n=39)	Quebec (n=101)	Ontario (n=118)	Western Canada (n=134)
Optimistic	32%	37%	33%	23%	38%
Realistic	75%	79%	73%	76%	74%
Pessimistic	13%	12%	9%	14%	14%

Type of projections	Total (n=392)	Fewer than 5 employees (n=100)	5 to 19 employees (n=175)	20 to 49 employees (n=68)	50 or more employees (n=49)
Optimistic	32%	34%	32%	25%	18%
Realistic	75%	71%	78%	78%	84%
Pessimistic	13%	17%	8%	9%	11%

Base: Entrepreneurs who indicated they did not have a plan for their business, or answered "I prefer not to answer" were excluded.

Marketing plan

Type of plan	Total (n=453)	Atlantic Canada (n=45)	Quebec (n=126)	Ontario (n=132)	Western Canada (n=150)
Short-term plan (up to 1 year)	51%	51%	38%	53%	56%
Medium-term plan (1-3 years)	27%	34%	26%	26%	27%
Long-term plan (3+ years)	12%	14%	7%	17%	11%
We don't make such a plan	22%	25%	37%	18%	17%

Type of plan	Total (n=453)	Fewer than 5 employees (n=124)	5 to 19 employees (n=200)	20 to 49 employees (n=77)	50 or more employees (n=52)
Short-term plan (up to 1 year)	51%	49%	53%	55%	47%
Medium-term plan (1-3 years)	27%	25%	28%	30%	40%
Long-term plan (3+ years)	12%	15%	9%	7%	12%
We don't make such a plan	22%	26%	20%	17%	10%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Marketing plan – Projections

Type of projections	Total (n=355)	Atlantic Canada (n=35)	Quebec (n=87)	Ontario (n=108)	Western Canada (n=125)
Optimistic	28%	21%	23%	26%	35%
Realistic	74%	82%	81%	68%	74%
Pessimistic	7%	6%	3%	9%	8%

Type of projections	Total (n=355)	Fewer than 5 employees (n=90)	5 to 19 employees (n=156)	20 to 49 employees (n=63)	50 or more employees (n=46)
Optimistic	28%	28%	30%	29%	23%
Realistic	74%	75%	71%	71%	84%
Pessimistic	7%	8%	8%	5%	0%

Base: Entrepreneurs who indicated they did not have a plan for their business, or answered "I prefer not to answer" were excluded.

Forecasts

Type of forecasts	Total (n=452)	Atlantic Canada (n=43)	Quebec (n=125)	Ontario (n=134)	Western Canada (n=150)
Short-term forecasts (up to 1 year)	51%	56%	46%	54%	50%
Medium-term forecasts (1-3 years)	34%	29%	41%	28%	35%
Long-term forecasts (3+ years)	13%	22%	11%	20%	7%
We don't make such forecasts	15%	18%	14%	13%	18%

Type of forecasts	Total (n=452)	Fewer than 5 employees (n=122)	5 to 19 employees (n=200)	20 to 49 employees (n=77)	50 or more employees (n=53)
Short-term forecasts (up to 1 year)	51%	48%	54%	59%	48%
Medium-term forecasts (1-3 years)	34%	31%	36%	35%	46%
Long-term forecasts (3+ years)	13%	16%	11%	9%	6%
We don't make such forecasts	15%	19%	11%	12%	8%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Forecasts – Projections

Type of projections	Total (n=386)	Atlantic Canada (n=35)	Quebec (n=108)	Ontario (n=117)	Western Canada (n=126)
Optimistic	27%	28%	20%	25%	31%
Realistic	70%	83%	81%	62%	69%
Pessimistic	23%	13%	15%	31%	21%

Type of projections	Total (n=386)	Fewer than 5 employees (n=96)	5 to 19 employees (n=174)	20 to 49 employees (n=68)	50 or more employees (n=48)
Optimistic	27%	29%	27%	16%	15%
Realistic	70%	68%	68%	81%	85%
Pessimistic	23%	25%	22%	18%	15%

Base: Entrepreneurs who indicated they did not have a plan for their business, or answered "I prefer not to answer" were excluded.

Budget plan

Type of plan	Total (n=449)	Atlantic Canada (n=44)	Quebec (n=123)	Ontario (n=133)	Western Canada (n=149)
Short-term plan (up to 1 year)	65%	53%	63%	75%	61%
Medium-term plan (1-3 years)	22%	37%	23%	17%	24%
Long-term plan (3+ years)	8%	21%	6%	10%	5%
We don't make such a plan	15%	14%	16%	9%	20%

Type of plan	Total (n=449)	Fewer than 5 employees (n=122)	5 to 19 employees (n=197)	20 to 49 employees (n=77)	50 or more employees (n=53)
Short-term plan (up to 1 year)	65%	63%	66%	75%	72%
Medium-term plan (1-3 years)	22%	21%	24%	18%	31%
Long-term plan (3+ years)	8%	10%	8%	2%	2%
We don't make such a plan	15%	18%	13%	10%	5%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Budget plan – Projections

Type of projections	Total (n=387)	Atlantic Canada (n=38)	Quebec (n=107)	Ontario (n=119)	Western Canada (n=123)
Optimistic	12%	13%	9%	13%	12%
Realistic	77%	82%	78%	73%	79%
Pessimistic	22%	11%	23%	24%	23%

Type of projections	Total (n=387)	Fewer than 5 employees (n=99)	5 to 19 employees (n=168)	20 to 49 employees (n=70)	50 or more employees (n=50)
Optimistic	12%	11%	15%	5%	10%
Realistic	77%	73%	81%	82%	82%
Pessimistic	22%	27%	16%	23%	17%

Base: Entrepreneurs who indicated they did not have a plan for their business, or answered "I prefer not to answer" were excluded.

Alternate plan

Do you have an alternate plan should you be confronted with a worst case scenario?	Total (n=448)	Atlantic Canada (n=40)	Quebec (n=127)	Ontario (n=133)	Western Canada (n=148)
Yes, we have a detailed alternate plan	12%	6%	11%	11%	16%
Yes, we have a high level alternate plan	44%	39%	51%	48%	38%
No, we don't have any alternate plan	39%	49%	33%	36%	45%
I don't know	4%	6%	5%	6%	1%

Do you have an alternate plan should you be confronted with a worst case scenario?	Total (n=448)	Fewer than 5 employees (n=126)	5 to 19 employees (n=196)	20 to 49 employees (n=74)	50 or more employees (n=52)
Yes, we have a detailed alternate plan	12%	10%	17%	11%	11%
Yes, we have a high level alternate plan	44%	43%	44%	47%	57%
No, we don't have any alternate plan	39%	42%	36%	41%	32%
I don't know	4%	6%	3%	1%	0%

Base: Entrepreneurs who answered "I prefer not to answer" were excluded.

Position towards debt in economic uncertainty

Which of the following statements best describes your position towards debt during economic uncertain times?	Total (n=440)	Atlantic Canada (n=43)	Quebec (n=122)	Ontario (n=129)	Western Canada (n=146)
Our company is in good health; we will increase debt, if need be, to prosper or survive	22%	23%	31%	18%	21%
Our company is in good health; we will attempt to reduce debt to prosper or survive	25%	18%	28%	28%	22%
Our company is in average health; we will increase debt, if need be, to prosper or survive	16%	8%	17%	17%	16%
Our company is in average health; we will attempt to reduce debt to prosper or survive	24%	39%	16%	25%	25%
Our company is in poor health; we will increase debt, if need be, to prosper or survive	5%	9%	3%	5%	7%
Our company is in poor health; we will attempt to reduce debt to prosper or survive	7%	4%	5%	7%	10%

Base: Entrepreneurs who answered "I prefer not to answer" or "I don't know" were excluded.

Position towards debt in economic uncertainty (cont'd)

Which of the following statements best describes your position towards debt during economic uncertain times?	Total (n=440)	Fewer than 5 employees (n=121)	5 to 19 employees (n=191)	20 to 49 employees (n=75)	50 or more employees (n=53)
Our company is in good health; we will increase debt, if need be, to prosper or survive	22%	15%	30%	33%	30%
Our company is in good health; we will attempt to reduce debt to prosper or survive	25%	25%	25%	23%	26%
Our company is in average health; we will increase debt, if need be, to prosper or survive	16%	14%	16%	26%	22%
Our company is in average health; we will attempt to reduce debt to prosper or survive	24%	29%	19%	10%	17%
Our company is in poor health; we will increase debt, if need be, to prosper or survive	5%	6%	6%	6%	2%
Our company is in poor health; we will attempt to reduce debt to prosper or survive	7%	11%	3%	1%	3%

Base: Entrepreneurs who answered "I prefer not to answer" or "I don't know" were excluded.

Economic indicators

Economic indicators	Total (n=435)	Atlantic Canada (n=40)	Quebec (n=117)	Ontario (n=132)	Western Canada (n=146)
Bank of Canada interest rate	48%	60%	41%	46%	51%
Unemployment rate	47%	37%	45%	54%	44%
Consumer confidence index	46%	43%	48%	43%	47%
Inflation rate	34%	44%	31%	33%	36%
Stock market trends	33%	23%	32%	35%	33%
Housing construction permits	28%	37%	21%	24%	34%
Gross domestic product (GDP)	23%	12%	24%	23%	24%
Manufacturing exports	19%	5%	29%	25%	10%
Other	18%	8%	14%	14%	27%

Base: Entrepreneurs who answered "I prefer not to answer / I don't know" were excluded.

Economic indicators (cont'd)

Economic indicators	Total (n=435)	Fewer than 5 employees (n=120)	5 to 19 employees (n=191)	20 to 49 employees (n=73)	50 or more employees (n=51)
Bank of Canada interest rate	48%	50%	44%	45%	56%
Unemployment rate	47%	48%	44%	53%	52%
Consumer confidence index	46%	48%	41%	42%	59%
Inflation rate	34%	37%	27%	37%	47%
Stock market trends	33%	34%	32%	29%	30%
Housing construction permits	28%	31%	25%	26%	27%
Gross domestic product (GDP)	23%	23%	21%	26%	27%
Manufacturing exports	19%	19%	17%	30%	23%
Other	18%	19%	18%	16%	16%

Base: Entrepreneurs who answered "I prefer not to answer / I don't know" were excluded.

Attitude towards the “Occupy Wall Street” movement

How sympathetic are you to the “Occupy Wall Street” movement?	Total (n=465)	Atlantic Canada (n=46)	Quebec (n=128)	Ontario (n=138)	Western Canada (n=153)
Very sympathetic	10%	22%	13%	7%	8%
Somewhat sympathetic	25%	16%	20%	28%	28%
Neither sympathetic nor unsympathetic	21%	26%	38%	20%	11%
Somewhat unsympathetic	12%	7%	8%	17%	12%
Very unsympathetic	27%	23%	15%	24%	36%
I prefer not to answer	5%	5%	7%	3%	5%

How sympathetic are you to the “Occupy Wall Street” movement?	Total (n=465)	Fewer than 5 employees (n=130)	5 to 19 employees (n=204)	20 to 49 employees (n=78)	50 or more employees (n=53)
Very sympathetic	10%	12%	9%	3%	2%
Somewhat sympathetic	25%	28%	23%	17%	28%
Neither sympathetic nor unsympathetic	21%	20%	22%	26%	17%
Somewhat unsympathetic	12%	10%	13%	21%	17%
Very unsympathetic	27%	26%	27%	28%	37%
I prefer not to answer	5%	5%	6%	4%	0%

Base: All entrepreneurs.

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