

SMEs AT A GLANCE

AUGUST 2011

SME DISTRIBUTION

Small business is big in Canada: 98% of businesses have fewer than 100 employees.

Size of firm	# of firms	% of firms
Micro (1-4 employees)	621,968	54.6%
Small (5-99 employees)	494,455	43.4%
Medium (100-499 employees)	19,630	1.7%
Large (500+ employees)	2,708	0.2%
TOTAL	1,138,761	100.0%

Statistics Canada, Business Register, December 2010. Excludes enterprises without employees.

SME Distribution by Region	% SME	% Population
Newfoundland & Labrador	1.6%	2%
Nova Scotia	2.8%	3%
Prince Edward Island	0.5%	0.4%
New Brunswick	2.3%	2%
Quebec	21.7%	24%
Ontario	34.8%	39%
Manitoba	3.3%	4%
Saskatchewan	3.5%	3%
Alberta	13.6%	10%
British Columbia	15.5%	13%
Nunavut / NWT / Yukon	0.3%	0.3%

Statistics Canada, Business Register, Dec. 2010 and Census 2006

SME GDP CONTRIBUTION

In 2005, small and medium-sized businesses, including unincorporated businesses, represented 54.3% of GDP produced in the business sector.

SME Distribution by Industry	#	%
Retail trade	145,790	12.8%
Other services	130,970	11.5%
Construction	126,677	11.1%
Professional, scientific and technical services	125,378	11.0%
Health care and social assistance	96,570	8.5%
Accommodation and food services	75,501	6.6%
Wholesale trade	64,132	5.6%
Manufacturing	54,163	4.8%
Transportation and warehousing	51,703	4.5%
Administrative and waste management	52,579	4.6%
Agriculture, forestry, fishing and hunting	50,376	4.4%
Real estate and rental and leasing	44,227	3.9%
Finance and insurance	42,396	3.7%
Arts and entertainment	17,362	1.5%
Management of companies and enterprises	14,400	1.3%
Information and cultural industries	14,265	1.3%
Educational services	12,575	1.1%
Mining and oil and gas extraction	10,067	0.9%
Public Administration	8,231	0.7%
Utilities	1,399	0.1%
TOTAL	1,138,761	100.0%

Statistics Canada, Business Register, December 2010

Size of firm	\$M	% of GDP
Small (fewer than 100 employees)	414,093	41.9%
Medium (100-499 employees)	122,409	12.4%
Large (500+ employees)	451,935	45.6%
TOTAL	988,437	100.0%

Statistics Canada, Small, Medium-sized and Large Businesses in the Canadian Economy: Measuring Their Contribution to Gross Domestic Product in 2005, May 2011

EXPORTS

In a global economy, exports add significantly to economic growth. 86% of exporting companies are small (<100 employees), but produce only 25% of the total value of Canadian exports; the majority of exports – 57% – are provided by large firms.

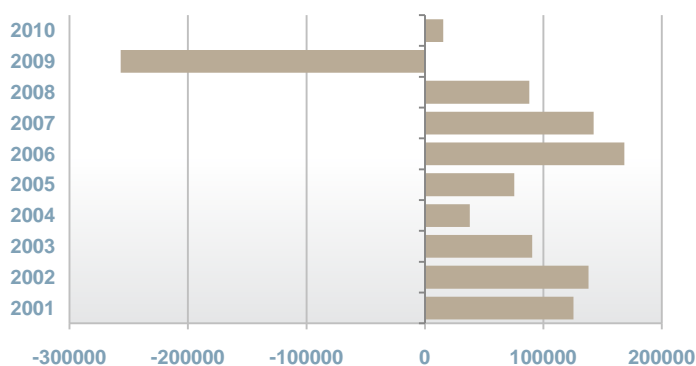
Exporters by size of firm	# of firms	% of firms
Small (fewer than 100 employees)	31,165	86.2%
Medium (100-499 employees)	3,868	10.7%
Large (500+ employees)	1,121	3.1%
TOTAL	36,154	100.0%

Statistics Canada, Exporter Register, 2009

SME JOB CREATION

SMEs employed 64% of private sector employees in 2010, or 6.8 million people across the country. In 2010, SMEs created about 15,000 jobs. Over the 2001 to 2010 period SMEs were responsible for 54% of all jobs created on average in the private sector.

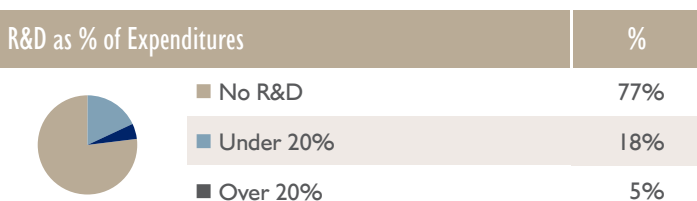
Relative contributions to the net change in private sector paid employment by SMEs



Statistics Canada, Survey on Employment, Payrolls and Hours, April 2011

RESEARCH & DEVELOPMENT

Less than 1 out of 4 SMEs invest in R&D, given that R&D represents a trade-off: investment can help drive product innovation and competitiveness, but it is difficult to fund from a company's own resources.



Statistics Canada, Survey on Financing of Small and Medium Enterprises, 2007

STAGE OF DEVELOPMENT

SMEs typically have a growth cycle, from start-up to growth, maturity and finally decline. Fast-growing, innovative firms contribute disproportionately to job creation: they account for only 2.6% of firms, high-growth firms employed 8.6% of the workforce in 2006), but also tend to be riskier ventures and with fewer tangible assets and can face difficulties in securing financing.

SMEs by Stage of Development	%
Start-up	5%
Fast growth	10%
Slow or moderate growth	38%
Maturity	35%
Decline	12%

Statistics Canada, Survey on Financing of Small and Medium Enterprises, 2007

SURVIVAL RATE OF SMEs

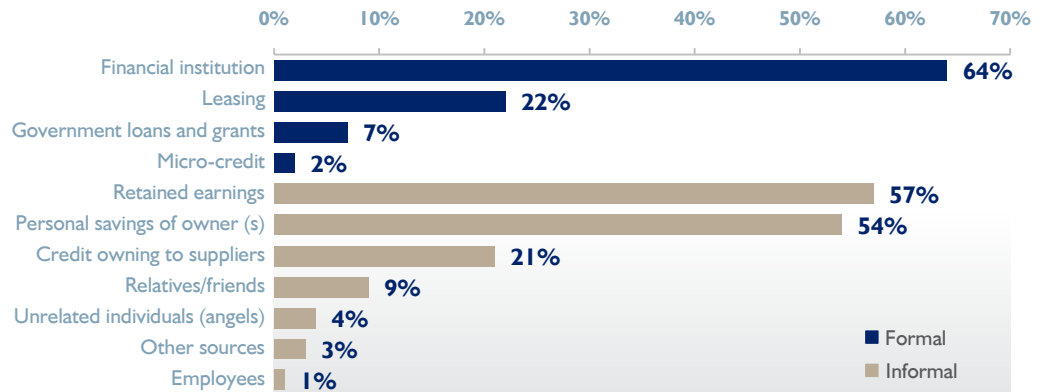
Each year, thousands of companies are created, and thousands others “exit,” with a net average of “entries” of around 20,000. “Entries” have ranged from 125,999 to 200,000 annually, whereas “exits” have ranged from 50,000 to 120,000 between 2001 and 2006.

Survival Rate of SMEs	%
1 year	88.2%
2 years	78.7%
3 years	72.1%
4 years	63.7%
5 years	53.0%

Statistics Canada, SME Data Warehouse, 2008

SOURCES OF SME FINANCING

As a company grows, its need for financing changes. For example, a start-up may use different sources than an established SME with equity and collateral. Many SMEs use a variety of sources, including both formal (e.g., banks loans) and informal (e.g., personal savings, loans from family or friends).



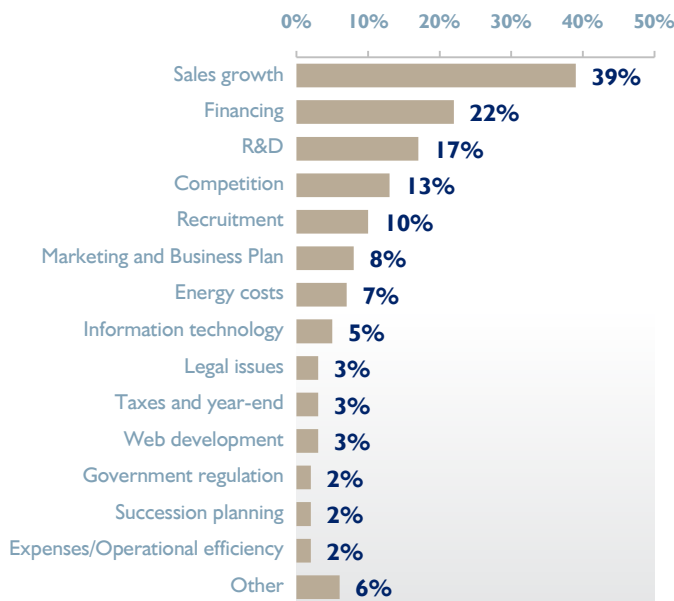
Statistics Canada, Survey on Financing of Small and Medium Enterprises, 2007

CONSULTING SERVICES

Compared to large businesses, SMEs have traditionally been infrequent and thrifty users of consulting services.

Many SMEs have similar consulting needs, such as management planning to sales growth or advice on how to access financing. Although the need for customized solutions can be significant, cost is often a deterrent.

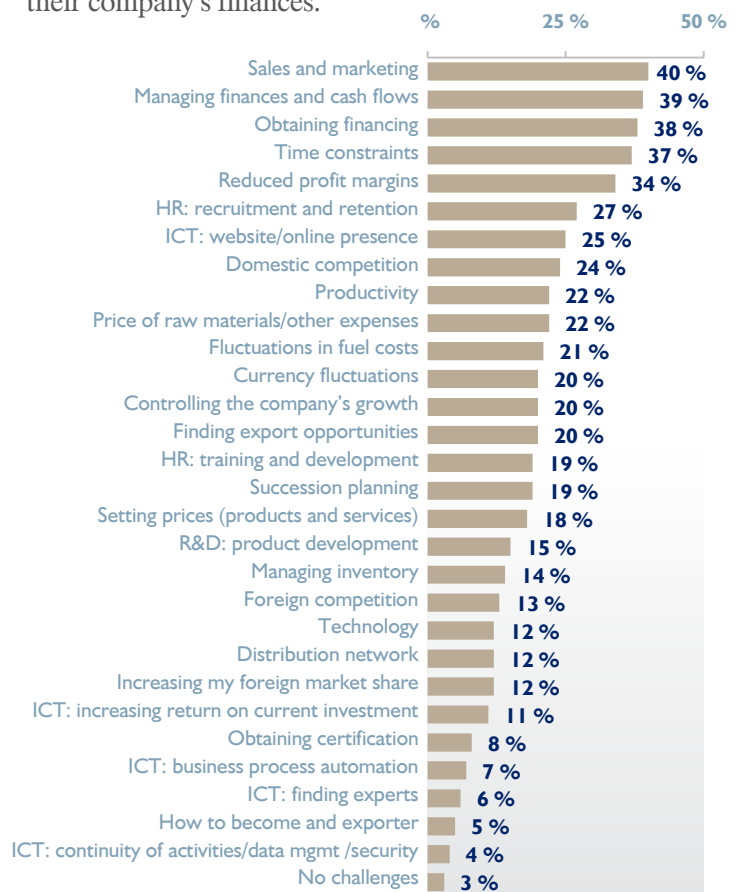
Consulting services required



BDC, Survey on opportunities among SMEs for consulting services, December, 2009

BUSINESS CHALLENGES

In a period of economic recovery, entrepreneurs are challenged by sales and marketing initiatives, as well as their company's finances.



BDC ViewPoints study, May 2011

SMEs at a glance is produced by BDC's Strategy and Corporate Development department using a variety of sources. Reliance on and use of this information is the reader's responsibility.