



***ViewPoints* online panel:
Opinion of the Canadian entrepreneurs on the
current economic situation**

May 2009



Survey methodology

- > We surveyed **entrepreneurs** who were members of the *ViewPoints* panel as of May 6, 2009. They received an email invitation to participate in this study. The study was conducted between May 6 and May 20, 2009.
- > Results of the survey were **analyzed internally** by the BDC Marketing Research team.
- > A total of **231 entrepreneurs** completed the survey. Details pertaining to the distribution are provided in the second section of this report.
- > Results were **weighted** according to the **size of the firm** and **region**. This was done in order to obtain results that are representative of the Canadian SME population.

Note: At the present time, the MRIA prevents its members of attributing a margin of error to surveys conducted online. In their opinion, online surveys are not a probabilistic sample. A probability sampling scheme is one in which every unit in the population has a chance (greater than zero) of being selected in the sample, and this probability can be accurately determined.

Survey results

Highlights: Perception of entrepreneurs

Tightening of credit : A concrete reality

- > Two out of five entrepreneurs (39%) have **experienced a tightening of credit**.
- > Nearly half of the entrepreneurs surveyed (46%) were recently **seeking financing**.
 - Among them, one-third obtained their financing (34%), while 40% did not. One quarter of the entrepreneurs (25%) were still waiting for a response.
- > For the most part, entrepreneurs were seeking **operating lines** (71%), and, to a lesser extent, term loans (28%), business credit cards (22%) and commercial mortgages (18%).

Factors which may affect business growth in the near future

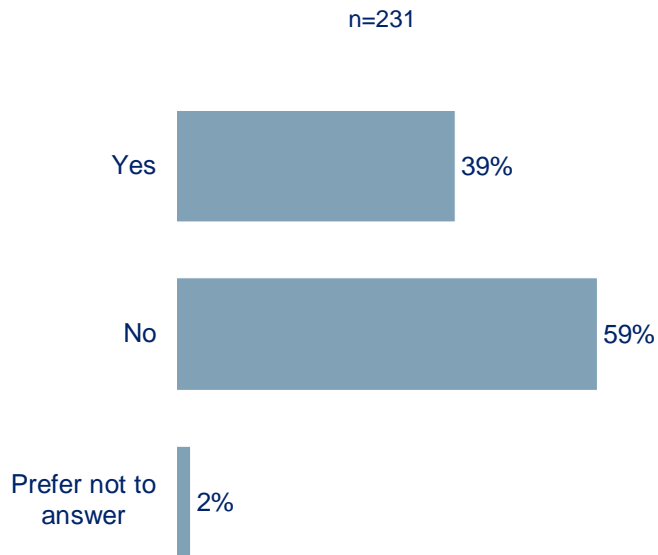
- > Entrepreneurs identified a tightening of credit (70%), the recession (65%), an increase in fuel costs (45%) and material (40%) as well as a challenging labour market (33%) as potential **factors which may adversely affect business growth**.
- > Conversely, a strong / stable economy overall (59%), the value of the Canadian dollar (41%) and a strong labour market (41%) were mentioned by entrepreneurs as key factors which **factors positively impact business growth in the near future**.

Optimism is at its highest at a micro level and decreases at a macro level

- > Generally speaking, **entrepreneurs are much more optimistic about their business than they are of their industry or the Canadian economy as a whole**. An impressive 86% of entrepreneurs are very or somewhat optimistic of their own business' growth potential. This ratio slides to 75% when focusing on their industry's growth potential and to 60% when considering the Canadian economy as a whole.

Experiencing a tightening of credit conditions

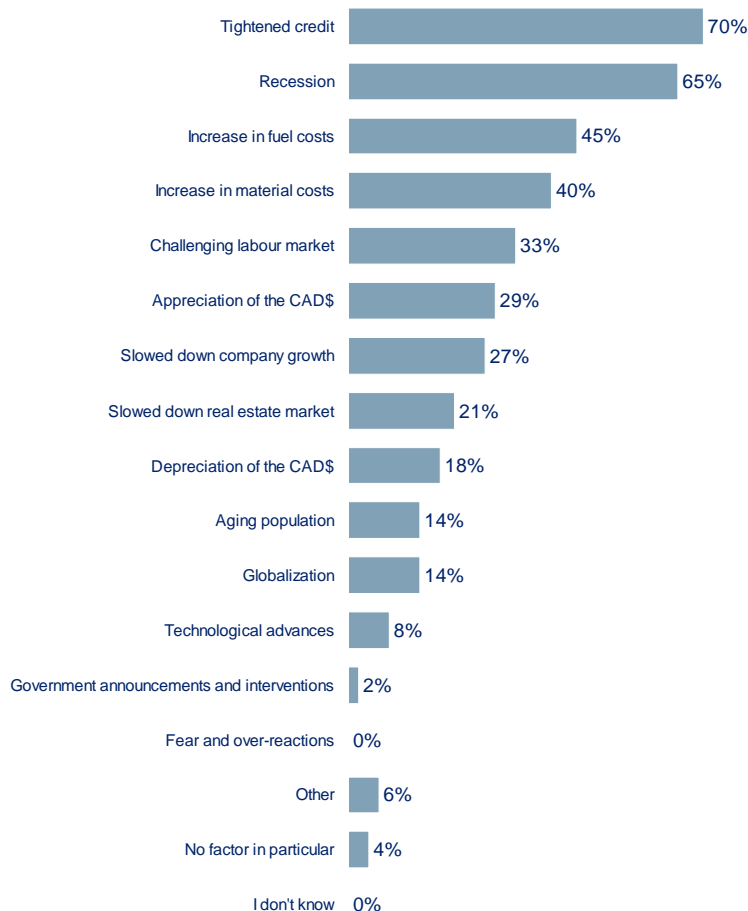
> Have you personally experienced a tightening of credit since the beginning of the current economic crisis?



> Overall, it would seem that two out of five entrepreneurs (39%) have **experienced a tightening of credit** since the beginning of the current economic crisis.

Negative factors affecting entrepreneurs and businesses

> According to you, what are the factors that might **negatively** affect business growth in the near future (next 12 months)?



> When asked to determine which factors might **affect negatively** business growth in the near future, the main answers provided by **entrepreneurs** are:

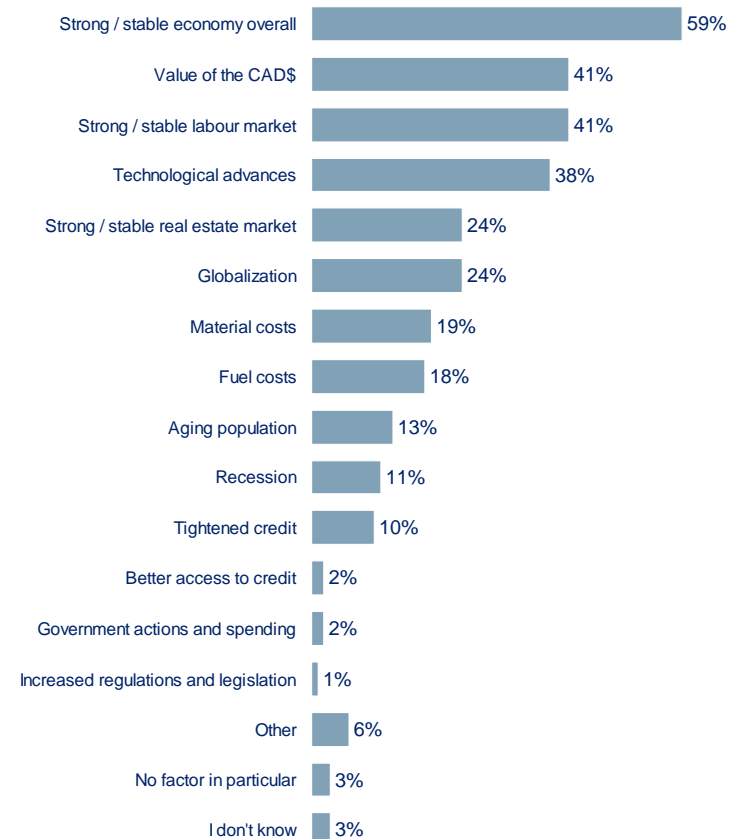
- A tightening of credit (70%);
- An economic recession (65%);
- An increase in fuel costs (45%);
- An increase in material costs (40%);
- And, a challenging labour market (33%).

Positive factors affecting entrepreneurs and businesses

> The main factors evoked by **entrepreneurs** which may **positively affect** business growth in the near future are:

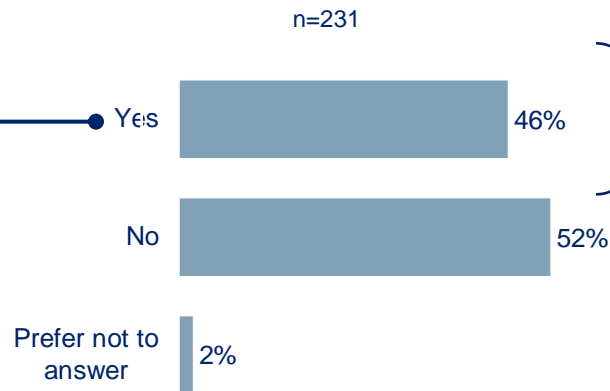
- A strong / stable economy overall (59%);
- The value of the Canadian dollar (41%);
- A strong / stable labour market (41%);
- Technological advances (38%);
- A strong / stable real estate market (24%);
- And, globalization (24%).

> According to you, what are the factors that might **positively** affect business growth in the near future (next 12 months)?

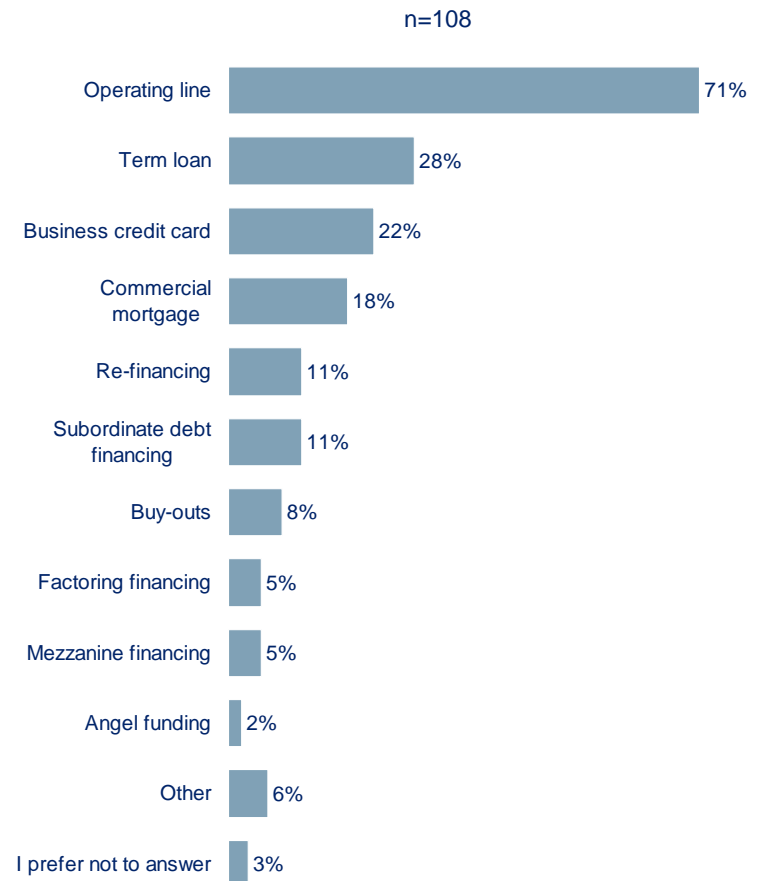


Funding currently sought and growing needs

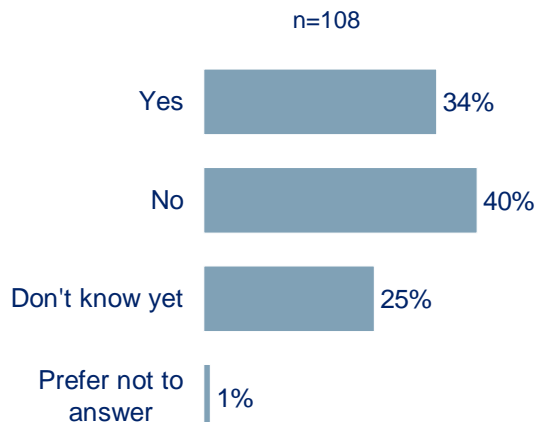
> Were you recently seeking financing for your business?



What type of funding were you seeking?



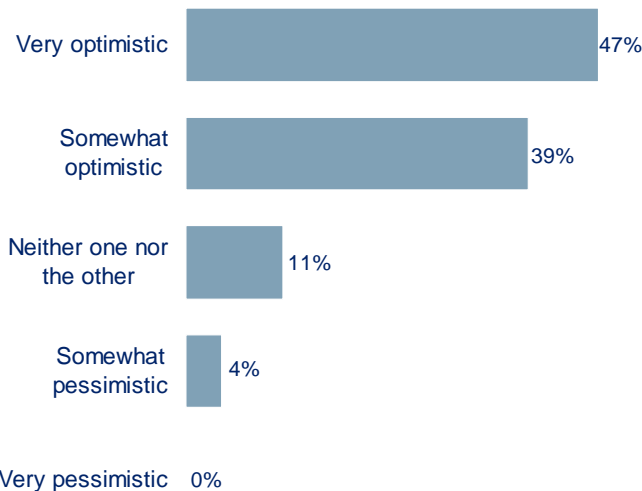
Did you obtain the funding you were seeking?



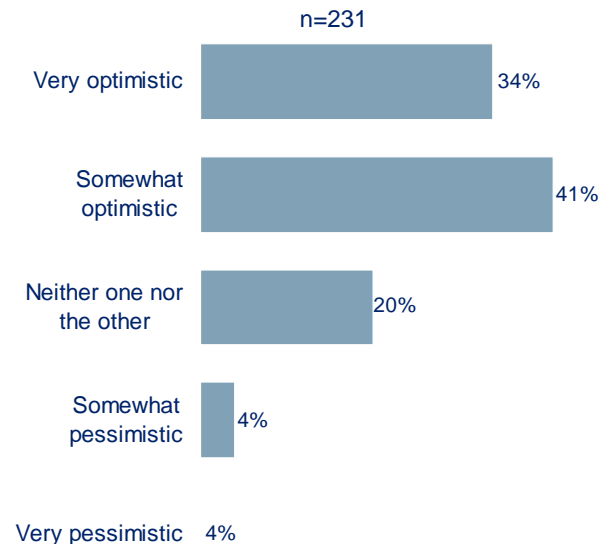
State of mind regarding growth potential and economy

- > The level of **optimism** is at its **highest** when assessing the **entrepreneurs' own business growth potential** (level of optimism 86% - 47% very optimistic and 39% somewhat optimistic). This incredibly high level of optimism most probably indicates that entrepreneurial optimism is **directly related to their realm of control**.
- > Since entrepreneurs have a smaller impact on their industry and an even smaller one on the Canadian economy, their level of optimism decreases. **Entrepreneurial optimism...**
 - > ...peaks at 86% for their business;
 - > ...drops to 75% for their industry; and
 - > ...is at its lowest when assessing the Canadian economy (60%).

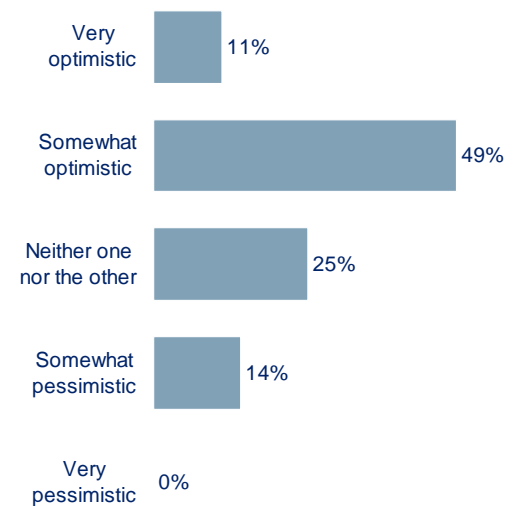
State of mind vs. one's business' growth potential



State of mind vs. one's industry's growth potential

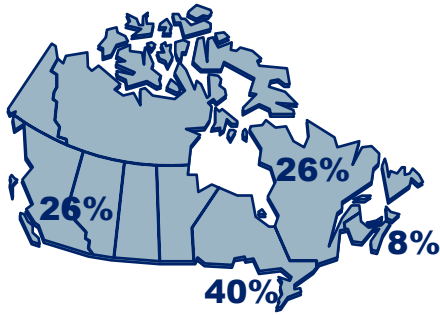


State of mind vs. Canadian economy as a whole

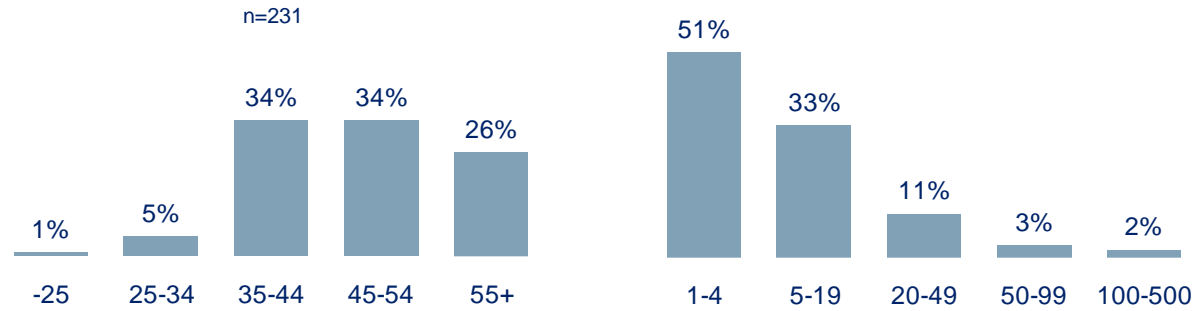


Respondent profile

Respondent profile

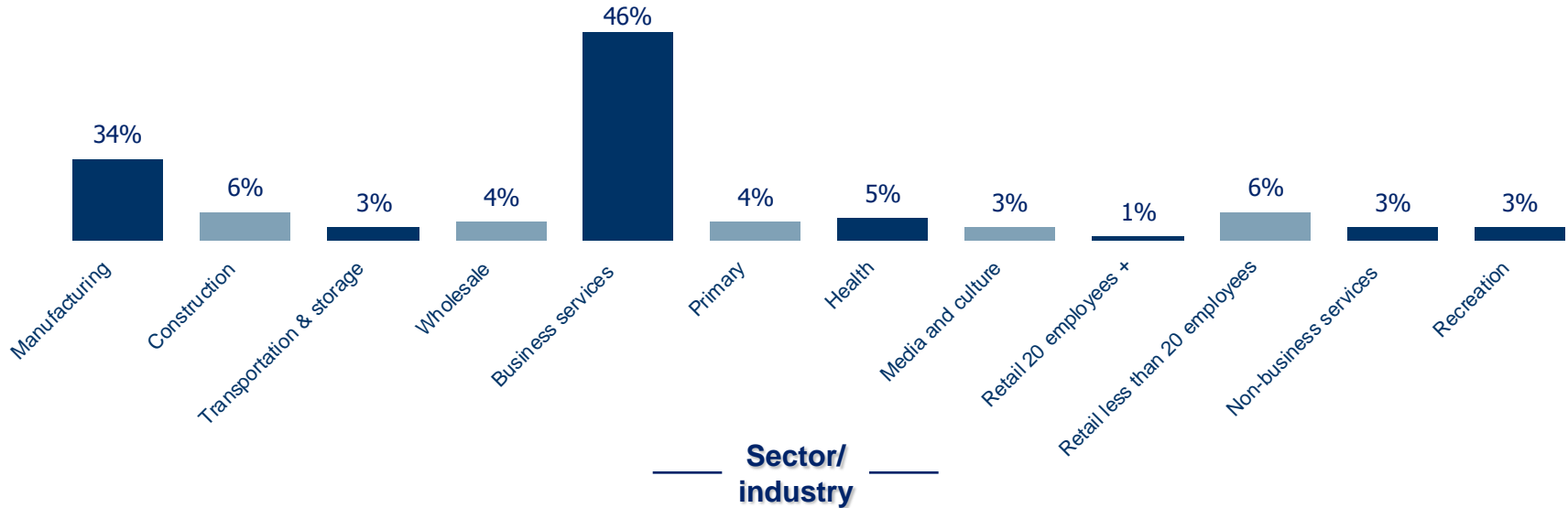


Region



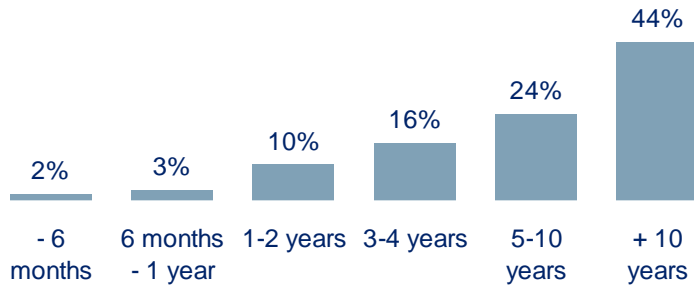
Age

Number of employees

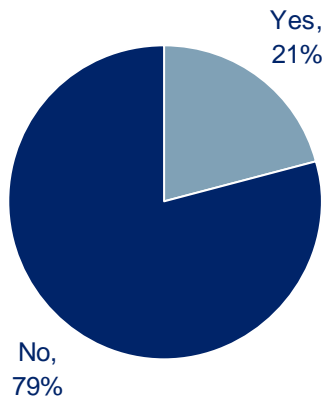


Sector/
industry

Respondent profile (cont.)

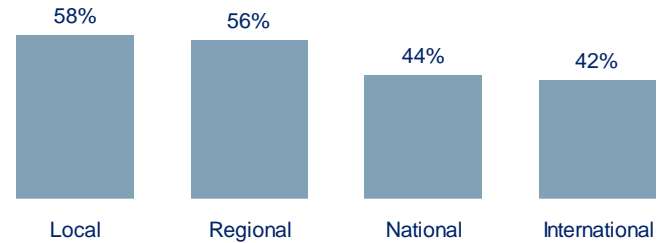


Number of years in business



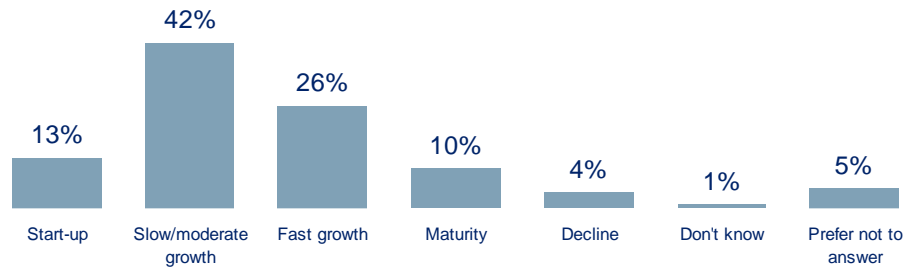
BDC client

n=231



Note: Multiple mentions were permitted. This question leaves room for interpretation, whereby market could be perceived as existing or potential.

Market



Business lifecycle stage

Marketing Research

Business Development Bank of Canada

marketingresearch@bdc.ca

Head Office – 5 Place Ville Marie, Suite 600, Montréal, Quebec H3B 5E7

