



Staying ahead of the pack: The essentials of good business management

Pierre Cl  roux, Chief Economist







5 Do's

Identify factors that are common to successful firms

- > BDC/Neilson survey of 1,139 small and medium firms across Canada
- > “Most successful firms” defined as the top 20% of firms surveyed
- > “All others” are the remaining firms





**Innovate—don't rest
on your laurels**



Innovate—don't rest on your laurels

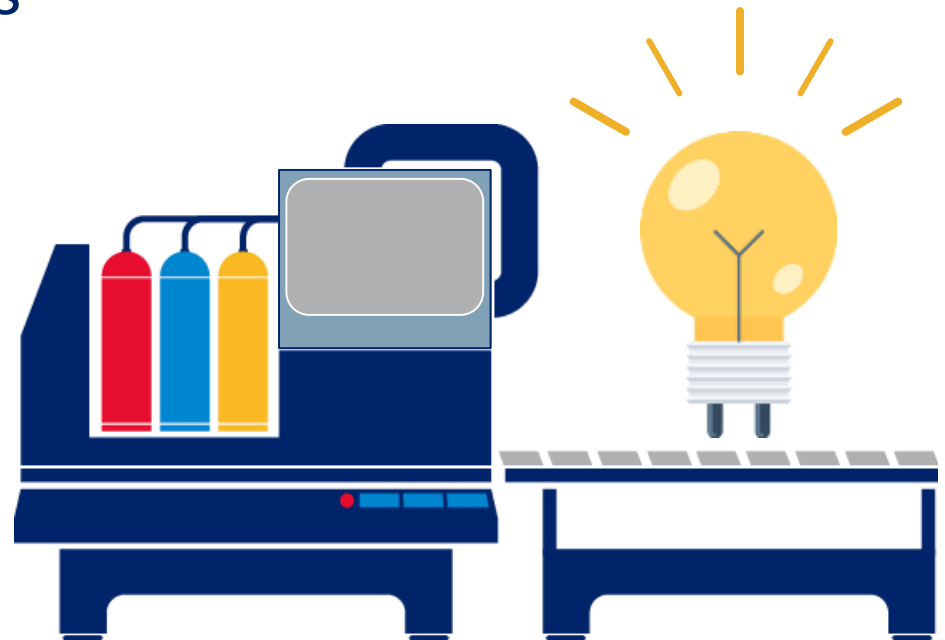
- > The most successful businesses offer new products and services more often





Innovate—don't rest on your laurels

- > The most successful businesses offer new products and services more often
- > They adopt new technology more quickly





Innovate—don't rest on your laurels

- > The most successful businesses offer new products and services more often
- > They adopt new technology more quickly
- > They improve their internal processes and enhance internal efficiency

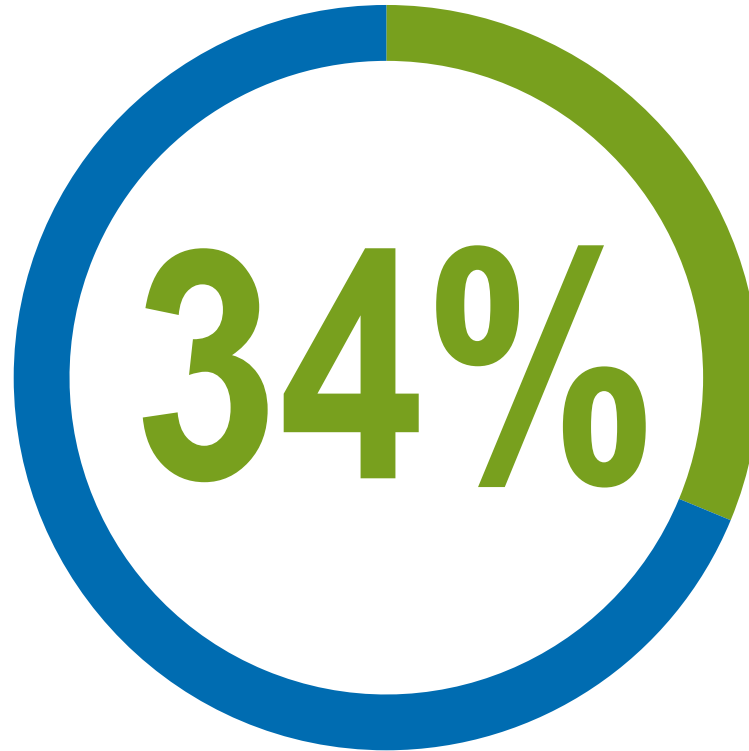




Ask for outside advice



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Use of formal advisory mechanisms,
such as advisory boards and
consultants by successful businesses



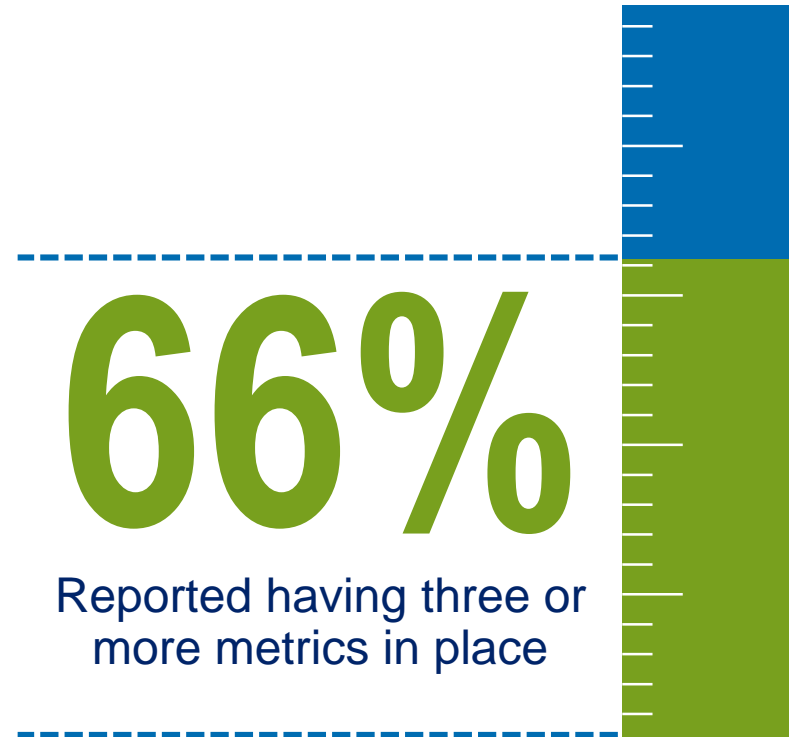
**Have a solid plan and
measure your progress**



Have a solid plan and measure your progress



Have a medium-term business plan with specific targets





Have a solid plan and measure your progress

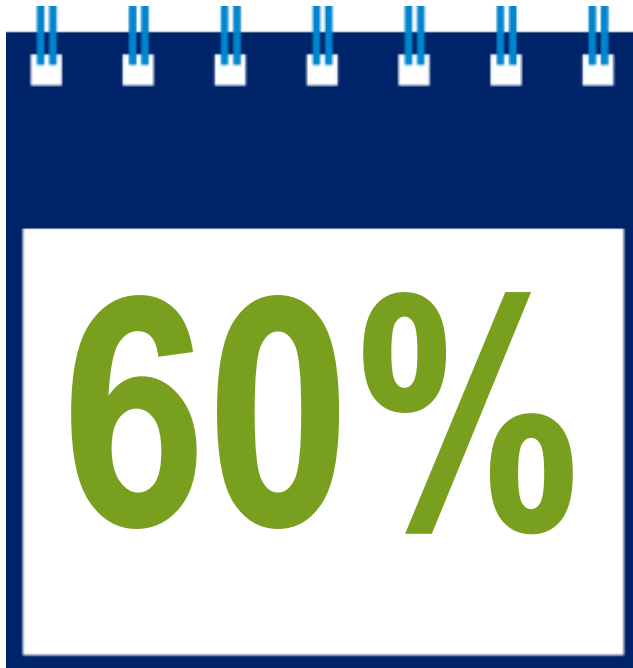
**Communicate
your plan
to your
employees**



**Hire the best and
keep them engaged**



Hire the best and keep them engaged



Are willing to take several months longer to hire the right person

Go beyond financial compensation —
employees are also looking for flexibility, trust and the chance to develop as part of a team.

Kicking Horse Coffee

- Flexible work hours and daily stretch breaks for line workers
- Introduced official fun days for kayaking, skiing or Christmas celebrations





**Build strong relationships
with your suppliers**



Build strong relationships with your suppliers



1/3

Felt supplier relationships were vital to their success



Supplier relationships were ranked by far the most important



5 Don'ts

Identify the most common firm-specific factors and events that led 118 firms to become unsuccessful.

Average firm:

- > \$7.8 million in revenue
- > 56 employees
- > 24 years in business





**Don't rely on too
few customers**



Don't rely on too few customers

Q. Can you afford to lose your biggest client?



Don't rely on too few customers



Nearly 1 in 6 firms

that ran into difficulties did so at least in part because they **lost a single major customer**

The Mandala Group has started to diversify its client base by partnering with smaller firms that it is helping expand globally.



Don't underestimate the importance of effective financial management



Don't underestimate the importance of effective financial management

-
- Q.** Do you know your cost of goods sold?
■ Do you have cash flow problems?
-



Don't underestimate the importance of effective financial management



The lack of financial management expertise is probably the single most-common factor that causes successful firms to run into difficulties.

Bonté Foods

- Restructured operations after severe cash flow problems
- Unloaded lower-margin divisions, narrowed focus
- Better manage receivables, payables and inventory





**Don't leave contingency
planning until it's too late**



Don't leave contingency planning until it's too late

Q.

Could your business continue to operate in the case of an unforeseeable event?



Don't leave contingency planning until it's too late



Loss of
**one or two
key employees**



Increase
in the cost of
raw materials



Loss of
a unique
supplier



**Natural
disasters**
like a fire
or a flood



Don't leave contingency planning until it's too late

30%

of firms that encountered financial difficulties reported unforeseeable events as a common source of problems



You need a contingency plan!



**Don't ignore what's
happening in your market**

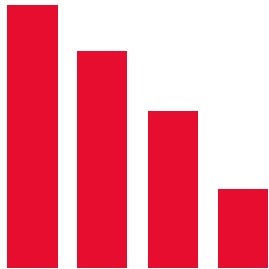


Don't ignore what's happening in your market

Q. What will your market look like in 2, in 5 years?



Don't ignore what's happening in your market



Failing to adapt to market changes can cause even the most successful businesses to fall behind



**Don't wait too long
to get help**



Don't wait too long to get help

Q.

Reach out regularly to people interested in the success of your business



Don't wait too long to get help



In our sample, businesses that waited had much lower chances of success

Thank you



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