



SME CHALLENGES

BDC VIEWPOINTS STUDY – SEPTEMBER 2015

Research and Market Intelligence at BDC



Canada 

Executive summary

- > The most challenging business functions for business leaders in Canada are **sales and marketing**, **finance** (treasury) and **human resources** (HR).
 - Although sales and marketing is the most challenging business function overall, we found that finance (treasury) ties sales and marketing as the most challenging for firms with revenues of \$2 million or less and that human resources is the most challenging for firms with revenues above \$2 million.
- > In most cases, the business leader is responsible for the business functions. Results are highest for **general management**, as 84% of respondents said they are **personally responsible** for that function, and lowest for information technology, as 56% of respondents said they are personally responsible.
 - Not surprisingly, personal responsibility for the functions tends to be higher among smaller firms.
- > The main **sales and marketing challenges** are increasing the number of customer prospects (58%), developing and executing a sales and marketing plan (54%) and converting prospects into customers (52%). Respondents have a slight preference for self-serve resources when it comes to learning about addressing marketing challenges and for hiring an external expert to help resolve such issues.
- > Obtaining additional financing (57%), managing cash flow (45%) and understanding the financing options available to their company (42%) are the main **finance-related challenges**.
 - There are some gender differences regarding finance challenges, which are highlighted on page 12.
 - Self-serve is the preferred method for learning more about and solving finance-related challenges and issues. However, firms with lower revenues have a slight preference for hiring an external expert to help them resolve financial challenges.
- > Recruiting employees (51%), establishing the right compensation mix (40%) and improving employee engagement (38%) are at the top of the list of **HR challenges**. To learn more about or to resolve HR issues, respondents slightly prefer using self-serve resources to leveraging a peer group.

N.B. Throughout this report whenever you see this icon  you can click on it to access relevant information pertaining to the topic at hand.

Executive summary (cont'd)

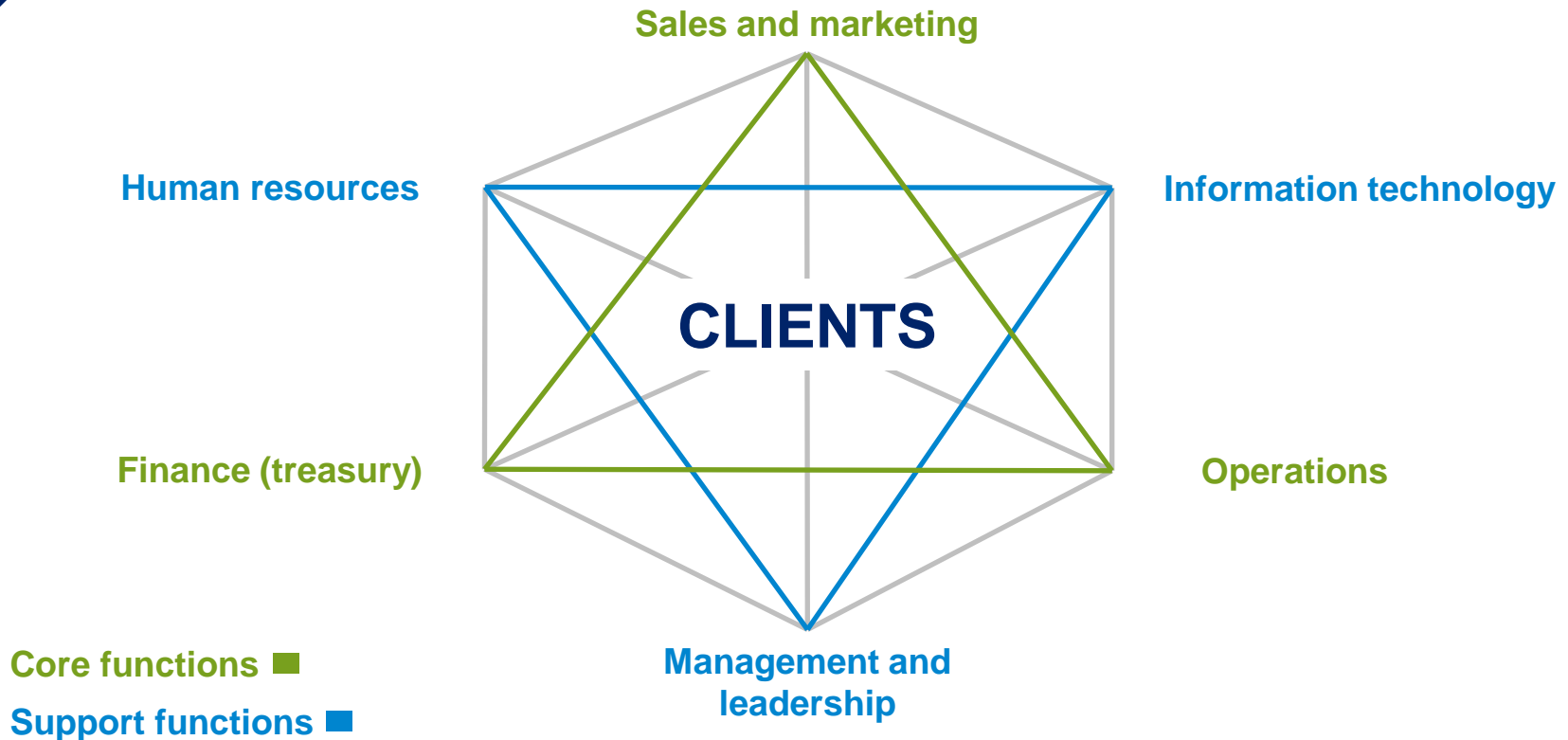
- > Respondents tend to be **more comfortable** with information technology (IT), operations and general management, but many face challenges related to these business functions.
 - In terms of IT, the main challenges are improving or developing a website and online presence (52%) and integrating or improving the use of social media and other digital channels (48%). Hiring external help is the preferred method for addressing IT-related issues.
 - Operations challenges tend to be more common in product-oriented firms. The main challenges for all firms are managing costs (45%), improving employee productivity and skills (40%) and obtaining additional financing (39%).
- > To keep abreast of issues and for training purposes, respondents use a **range of content formats**. The most widely used formats are document templates; internal training; infographics, short texts and articles; networking events and peer learning; and white papers, reports and eBooks.
 - We found that service-oriented firms are slightly more inclined to use these formats more regularly.
- > **In-house training** for employees by employees is the most common training format. It is followed by webinars, online training and e-learning courses, and peer networks.
 - The use of in-house training is significantly higher in companies with more employees.
 - Webinars, online training and e-learning resonate with a greater percentage of women and service-oriented firms.
 - Peer networks are appealing to both low- and high-revenue firms and to service-oriented organizations.
- > Respondents used **industry or business associations** and **private companies** more extensively than any other type of training supplier.
- > To get a sense of what **type of training** would be most beneficial to their organization, we asked respondents to identify the business function, the format and the supplier. We found that sales and marketing (44%) is the business function most would focus on. Respondents are most likely to prefer webinars, online training or e-learning courses (28%) and external trainers or consultants (25%). Furthermore, industry or business associations (41%) or private companies (27%) are the preferred providers.
- > The majority of business leaders consider **continuous improvement** to be important.
 - Business leaders in service-oriented firms are more inclined to participate in training activities and to extend that opportunity to employees.



HIGH-LEVEL RESULTS



Functions common to all businesses

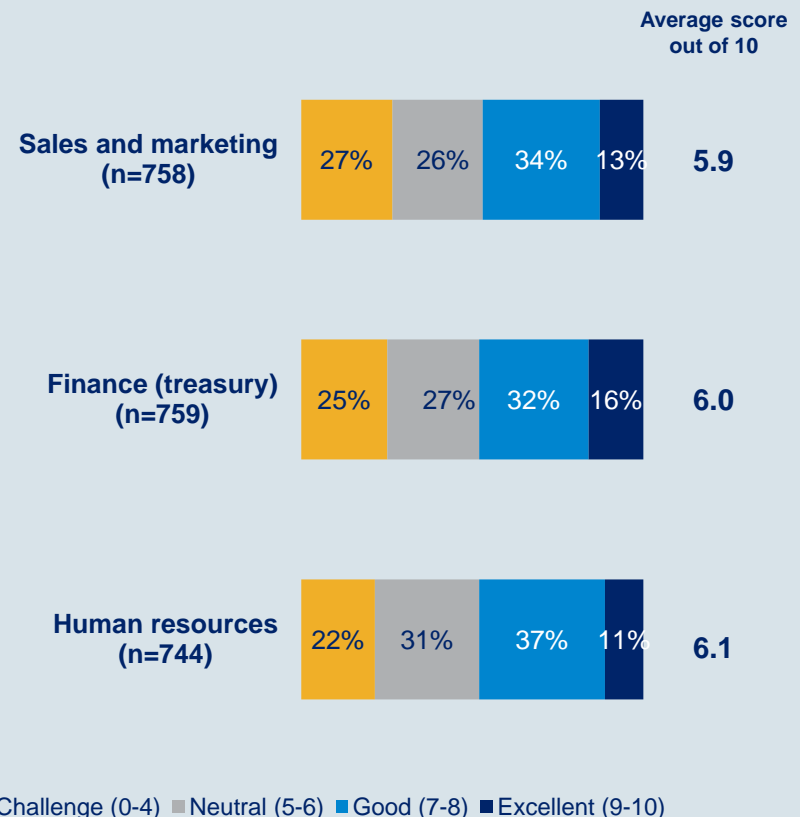


N.B. Throughout this report whenever you see this icon  you can click on it to access relevant information pertaining to the topic at hand.

Most challenging business functions

- > Overall, business leaders **struggle the most** with sales and marketing, finance (treasury) and human resources (HR).
 - These three functions tend to be a greater challenge for businesses in accommodation and food services, those in professional, scientific and technical services, and those with yearly revenues of less than \$500,000.
- > **Sales and marketing** is the most challenging function, with the lowest average score of the six functions respondents were asked to evaluate, particularly among the following:
 - Firms with revenues lower than \$500,000 (5.4), compared to those with revenues from \$1 million to \$2 million (6.5) or from \$2 million to \$5 million (6.4).
 - Firms that are strictly B2B (5.6), compared to those that operate in both the B2B and B2C realms (6.1).
- > **Finance** (treasury) is an important challenge for many Canadian businesses (6.0), especially the following:
 - Companies with fewer than five employees (5.7) or between five and 19 employees (6.1), compared to those with 20 to 49 employees (7.0) or 50 employees or more (7.3).
 - Those with revenues of less than \$500,000 (5.4).
- > Nearly half of respondents (score of 7 or more: 48%) said their company is quite comfortable with the **HR** function. It is a greater challenge for the following:

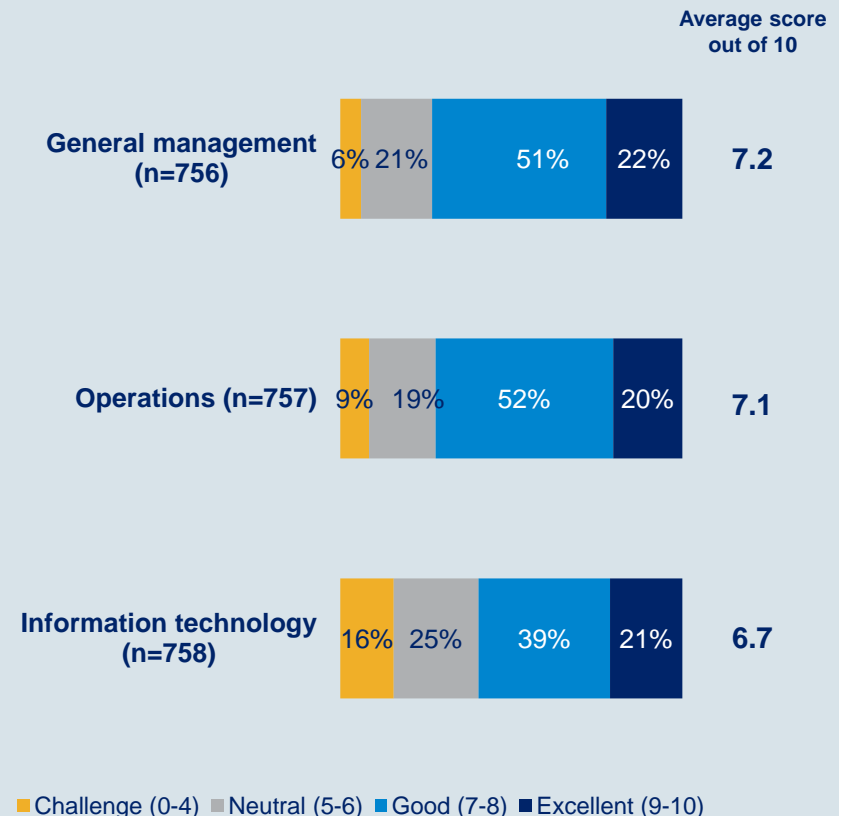
How would you describe your company's comfort level with each of the six main functions of the business? Please use a scale of 0 to 10, where 0 means "It's a challenge" and 10 means "We excel at it."



Least challenging business functions

- > Out of the six functions, respondents indicated that their company is **most comfortable** with general management, operations and information technology.
- > The **general management** function obtained the highest average score at 7.2 out of 10.
 - There are no significant differences between sub-groups for this function.
- > The **operations** function obtained an average score of 7.1 out of 10.
 - It represents a greater challenge for companies with more than 50 employees (6.9).
- > **Information technology**, a critical support function, obtained a respectable score of 6.7 out of 10. However, the following differences among sub-groups are worth mentioning:
 - Businesses offering professional, scientific and technical services (7.3) are much more at ease with the IT function than manufacturers (6.1).
 - This is also the case for businesses that have an active advisory board (7.5), compared to those that do not have an advisory board or board of directors (6.6).
 - Finally, companies that offer a mix of products and services (7.0) are much more comfortable with the IT function than product-oriented firms are (6.4).

How would you describe your company's comfort level with each of the six main functions of the business? Please use a scale of 0 to 10, where 0 means "It's a challenge" and 10 means "We excel at it."



Base: All respondents. Those who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding.

Responsibility for business functions

- > We asked respondents to indicate who in their company is responsible for the various business functions. We found that the owner, entrepreneur or main business leader is often **responsible for many of the functions**. This confirms our perception that many Canadian entrepreneurs **wear multiple hats** within the company.
 - It is, therefore, not surprising to see that respondents (business leaders) tend to be personally responsible for multiple functions in companies with **fewer employees, lower revenues and a single owner**. As the business expands, these responsibilities tend to shift to partners or key employees. For this reason, in many cases—especially among smaller firms—training and support should be geared toward business leaders.
 - Furthermore, we found that **women** in our survey were much more likely than men to be responsible for their company’s **finances** (82% vs. 67%) and **human resources** (77% vs. 62%).
- > Helping Canadian entrepreneurs delegate functions to key people in order to focus on more strategic aspects of the business would also help them transition from “being the company” to “running the company.”

	General management	Finance (treasury)	Sales and marketing	Operations	Human resources	Information technology
The business leader	84%	70%	69%	66%	66%	56%
A partner or co-owner	20%	18%	22%	27%	24%	17%
An employee assigned to this function	7%	13%	15%	15%	11%	13%
An assigned employee who is also responsible for other functions	4%	5%	7%	9%	9%	11%
Someone outside the company	0%	8%	6%	1%	3%	16%
Don't know/refused to answer	0%	1%	1%	1%	2%	1%

(n=760) Multiple answers allowed

Main sales and marketing challenges

Main sales and marketing challenges

(n=318)

Multiple answers allowed



- > More than half of the respondents who indicated that sales and marketing is a challenge have **difficulty** with **increasing the number of customer prospects** (58%), **developing and executing a sales and marketing plan** (54%) and **converting prospects into customers** (52%).
- > There are a few significant differences worth mentioning:
 - **Increasing the number of customer prospects** is particularly challenging for companies without an advisory board or board of directors (65%).
 - **Developing and executing a sales and marketing plan** is a greater challenge for service-oriented businesses (63%) than for product-oriented firms (40%).
 - **Identifying growth opportunities** was mentioned by a larger percentage of B2B firms (52%) than B2C companies (29%).
 - **Obtaining additional financing for sales and marketing activities** is a greater challenge for firms with fewer than five employees (41%) and women business leaders (49%).

Other sales and marketing challenges

Other sales and marketing challenges

(n=318)

Multiple answers allowed



- > Additional sales and marketing challenges were mentioned by one-third or fewer of the respondents who reported the sales and marketing function as challenging.
- > There are a few significant differences worth mentioning:
 - **Finding the right distribution channels for our products and services** is more challenging for women (38% vs. 23% for men).
 - **Finding, recruiting and retaining skilled sales and marketing employees** is particularly challenging for companies with five to 19 employees (34%) and for those with 20 to 49 employees (40%), compared to those with fewer than five employees (14%). In fact, results seem to indicate that finding, recruiting, and retaining skilled sales and marketing employees is increasingly challenging as a company gains more employees.

Base: Respondents who allocated a score of 0 to 6 to sales and marketing functions. Respondents were limited to answering challenge-related questions for up to three business functions.

Learning and problem-solving (sales and marketing challenges)

- > When it comes to **learning more about addressing sales and marketing challenges**, respondents have a **slight preference for using self-serve resources** (26%) followed by leveraging a peer group (23%) and hiring an external expert (23%).
- > As for business leaders' **preference for resolving an important issue related to sales and marketing**, they prefer the same three methods but in a different order: **hire an external expert** (29%), use self-serve resources (23%) and leverage a peer group (22%).
- > There are a few significant differences worth mentioning:
 - **Some respondents identified a preference for hiring an external expert to resolve important issues with their sales and marketing challenges.** Although the differences are not statistically significant due to the sample size, many respondents (65%) between the ages of 25 and 34 would prefer to hire an external expert. That is also the case among respondents from the Atlantic provinces (49%), and respondents in information and cultural industries (44%), transportation and warehousing (44%) and the construction industry (42%). There is also a greater preference for going that route among women (38%) than among men (26%).
 - **Product-oriented firms (35%) have a stronger preference for self-serve resources** than do service-oriented companies (16%) for resolving important issues in sales and marketing. Conversely, service-oriented firms (23%) have a significantly stronger preference for taking a group course than product-oriented companies do (7%).

Preference for learning more about addressing these challenges (n=305)



Preference for resolving an important issue related to these challenges (n=308)



Base: Respondents who allocated a score of 0 to 6 to sales and marketing functions. Those who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding.

Finance (treasury) challenges

Finance (treasury) challenges

(n=289)

Multiple answers allowed



- > The main challenges identified by respondents who face finance-related challenges are **obtaining additional financing** (57%), **managing cash flow** (45%), and **understanding the financing options available to them** (42%).
- > An important proportion of business leaders who face finance-related challenges **struggle with developing forecasts and budgets** (39%) and **establishing and tracking key performance indicators** (37%).
- > There are a few significant differences worth mentioning:
 - **Obtaining additional financing** was identified as a challenge by a significantly greater percentage of men (64% vs. 42% of women).
 - **Developing forecasts and budgets** is a greater challenge for women than for men (52% vs. 35%). So, too, is establishing and tracking performance indicators (49% vs. 34%).
 - The more service-oriented a company is, the more likely it was to identify **establishing and tracking key performance indicators** as a challenge (product-oriented 16%; mix of product and service orientation 36%; and service-oriented 50%).
 - **Gender differences** also exist in terms of **collecting accounts receivable** (men 25% vs. women 9%) and **meeting legal and government requirements** (men 26% vs. women 8%).
 - Although the differences are not statistically significant due to the sample size, **managing cash flow** is a greater challenge for more than seven out of 10 respondents in the arts, entertainment and recreation (81%), construction (77%) and accommodation and food services (73%) industries.

Base: Respondents who allocated a score of 0 to 6 to the finance function. Respondents were limited to answering challenge-related questions for up to three business functions.

Learning and problem-solving (finance challenges)

- > One-third of business leaders facing finance-related challenges (**34%**) prefer using self-serve resources to learn more about addressing finance-related issues, while one in five are more inclined to leverage a peer group (21%) or hire an external expert (20%).
- > There is a significant difference worth mentioning:
 - Compared to women (10%), **men (24%) are significantly more likely to prefer leveraging a peer group to learn more about addressing finance-related challenges.**
- > In terms of **resolving an important issue in finance**, respondents either prefer using self-serve resources (30%) or hiring an external expert (29%).
- > There is a significant difference worth mentioning:
 - Once again, **men (24%) are significantly more likely than women (10%) to prefer leveraging a peer group.**

Preference for learning more about addressing these challenges

(n=271)



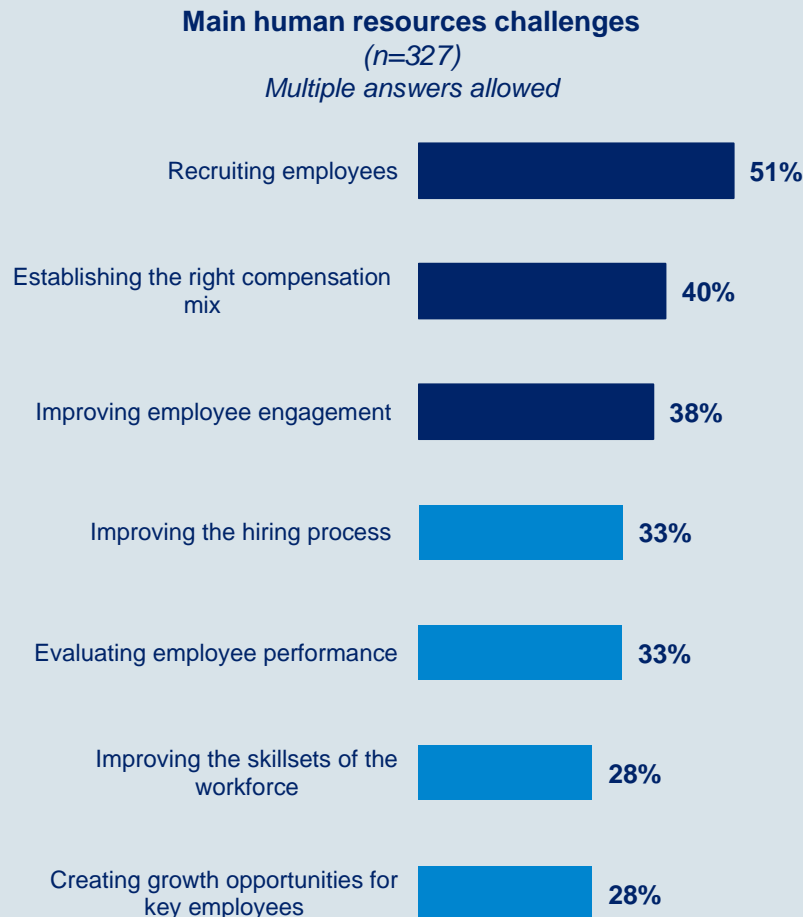
Preference for resolving an important issue related to these challenges

(n=276)



Base: Respondents who allocated a score of 0 to 6 to the finance function. Those who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding.

Main human resources challenges



- > The main issues reported by those facing human resources challenges are **recruiting employees** (51%), **establishing the right compensation mix** (40%) and **improving employee engagement** (38%).
- > More than one-quarter of respondents with HR challenges expressed a certain level of **difficulty in improving their hiring process** (33%), **evaluating employee performance** (33%), **improving the skillsets of their workforce** (28%) and **creating growth opportunities for key employees** (28%).
- > There are a few significant differences worth mentioning:
 - **Recruiting employees** is a greater challenge for firms with five to 19 employees (61%), compared to those with fewer than five employees (44%). Although the difference is not statistically significant due to the sample size, companies with 50 or more employees also expressed a challenge in recruiting (69%).
 - **Evaluating employee performance** was mentioned by a significantly larger percentage of firms with five to 19 employees (48%).
 - **Improving the skillsets of the workforce** resonates mostly among companies with five to 19 employees (38%) and those with 20 to 49 employees (45%).

Other human resources challenges

Other human resources challenges

(n=327)

Multiple answers allowed



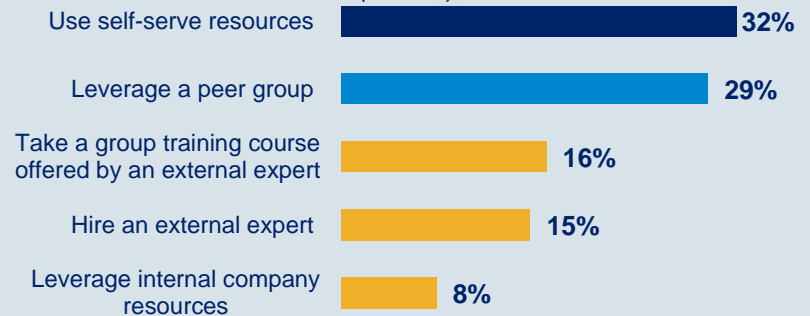
- > No more than one in five respondents with HR challenges selected any of the other HR challenges presented to them.
- > There are a few significant differences worth mentioning:
 - **Finding, recruiting and retaining skilled HR employees** is a greater challenge for firms with fewer than five employees (25%).
 - Once firms cross the threshold of five employees, they are significantly more likely to identify **developing a succession plan for all key positions** as an HR challenge (28%+).
 - **Retaining employees** tends to be a greater challenge for men (20%) than for women business leaders (7%).

Learning and problem-solving (HR challenges)

- > Both in terms of learning and problem-solving, **business leaders facing HR challenges and issues prefer using self-serve resources or leveraging a peer group.**
- > Similar percentages of respondents faced with HR challenges would **rather use self-serve resources (32%) or leverage a peer group (29%) to learn more about addressing HR challenges.**
- > **When it comes to resolving important issues in human resources, the top two preferences remain the same,** but greater percentages of respondents selected two of the less popular choices: hiring an external expert and leveraging internal company resources.
- > There are a few significant differences worth mentioning:
 - When it comes to learning about HR challenges, **B2B companies (21%) are significantly more likely to hire an external expert than B2C firms are (3%).**
 - The more product-oriented the firm, the more likely it is to prefer using self-serve resources to resolve HR issues (product-oriented 43%; mix of product and service orientation 35%; and service-oriented 18%).
 - Companies with **50 or more employees are significantly more likely to prefer leveraging internal company resources** to learn more about addressing HR challenges and to resolve such issues.

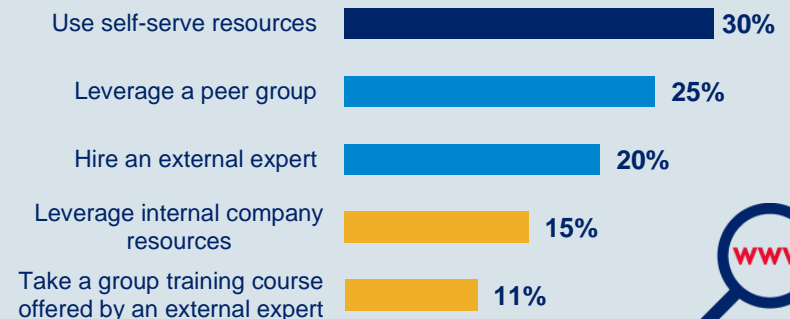
Preference for learning more about addressing these challenges

(n=310)



Preference for resolving an important issue with these challenges

(n=316)



Main information technology challenges

Main information technology challenges

(n=250)

Multiple answers allowed



- > The main items identified by respondents facing information technology challenges are closely related to marketing: improving or developing a **website and online presence** (52%) and integrating or improving the **use of social media and other digital channels** (48%).
- > Setting up and managing their **company's infrastructure**, such as telephone systems, servers, hardware and software, is an important challenge (38%).
- > At least three out of 10 business leaders said that keeping informed (33%), determining the right software investments (32%), dealing with technology security risks (30%) and finding the right technology service providers (30%) is a challenge for them.
- > There are a few significant differences worth mentioning:
 - **Finding the right technology service providers** tends to be a greater issue for **women** than for men (44% vs. 26%).

Other information technology challenges



- > From **responding to day-to-day technology issues** (29%) and **handling investment-related issues** (26%) to **reducing information technology costs** (23%) and **finding simple software solutions** (21%), these respondents are dealing with numerous and diverse information technology challenges.
- > There are a few significant differences worth mentioning:
 - **Reducing information technology costs** is a greater challenge for women than for men (46% vs. 17%) and for service-oriented businesses (31%) than for product-oriented firms (12%).

Learning and problem-solving (IT challenges)

- > Information technology is the only function of the six measured for which **business leaders preferred to hire an external expert to learn more about addressing challenges** (32%) and **to resolve important issues** (40%).
- > Respondents also like **using self-serve resources** to learn more about addressing challenges (27%) and to resolve issues (24%).

Preference for learning more about addressing these challenges

(n=237)



Preference for resolving an important issue with these challenges

(n=243)



Base: Respondents who allocated a score of 0 to 6 to the IT function. Those who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding.

Main operations challenges

Main operations challenges

(n=142)

Multiple answers allowed



- > **The most prevalent challenges among those reporting operations challenges are managing costs (45%), improving employee productivity and skills (40%) and obtaining additional financing for operations (39%).**
- > One-third of these business leaders struggle with finding, recruiting and retaining skilled workers (35%) and managing production capacity (33%).
- > Over one-quarter of respondents find it hard to deal with inadequate physical locations (28%) and manage inventory (27%).
- > Generally speaking, product-oriented companies were more likely than service-focused organizations to report operations challenges.
- > There are a few significant differences worth mentioning:
 - **Improving employee productivity** tends to become a greater challenge as a company's workforce grows. It is a challenge for 28% of firms with fewer than five employees and climbs to 56% among those with five to 19 employees. Although the difference is not statistically significant due to the sample size, a larger percentage of business leaders in Ontario (52%) mentioned productivity as a challenge.
 - More than four in 10 **product-oriented firms find managing inventory (44%) and managing suppliers and supply chain issues (48%)** challenging, in comparison to 5% or less of service-oriented firms.

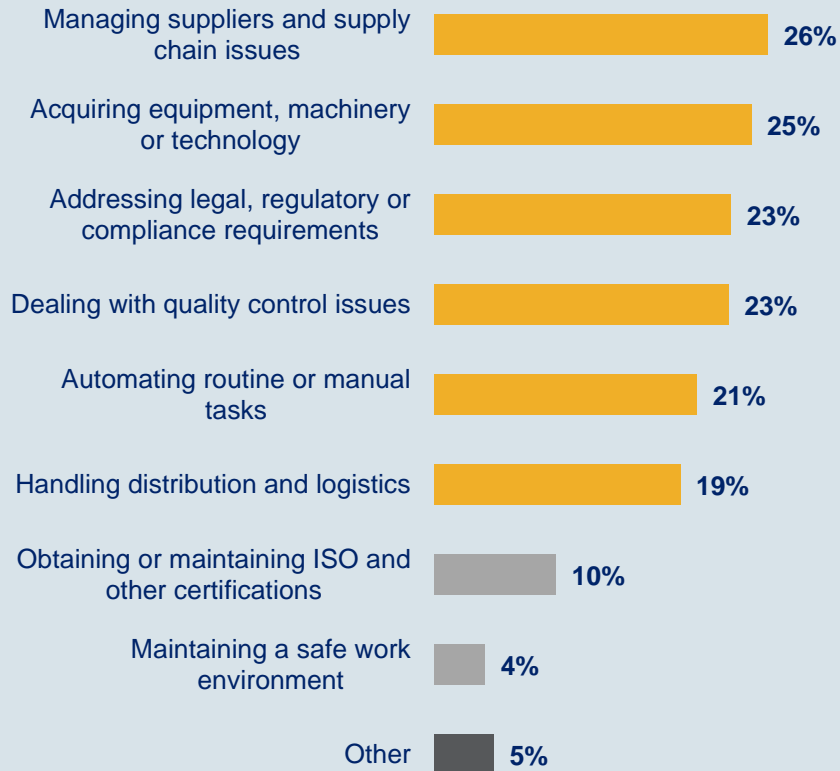
Base: Respondents who allocated a score of 0 to 6 to the operations function. Respondents were limited to answering challenge-related questions for up to three business functions.

Other operations challenges

Other operations challenges

(n=142)

Multiple answers allowed



- > Other operations challenges also affect an important proportion of these business leaders. In fact, one-quarter of them struggle with **managing suppliers and supply chain issues** (26%) and **acquiring equipment, machinery or technology** (25%).
- > Roughly one in five respondents find the following tasks challenging: **addressing legal, regulatory or compliance requirements** (23%), **dealing with quality control issues** (23%), **automating tasks** (21%) and **handling distribution and logistics** (19%)
- > There are a few significant differences worth mentioning:
 - **Addressing legal, regulatory or compliance requirements scores particularly high among service-oriented firms.** In fact, the proportion of respondents mentioning this as a challenge increases from 9% of product-focused companies and 25% of those offering both products and services to 35% of service-focused companies.

Learning and problem-solving (operations challenges)

- > More than half of these respondents said that when they want to **learn more about addressing operations challenges**, they prefer either to **use self-serve resources** (28%) or to **leverage a peer group** (24%).
- > Nearly one in five would turn to an **external expert** (18%) or a **group training course** (18%).
- > To **resolve important issues** with operations, there is no dominant preference among respondents. One-quarter of leaders would prefer to **leverage a peer group** (25%) and one out of five would **hire an external expert** (22%) or **use self-serve resources** (20%).

Preference for learning more about addressing these challenges

(n=136)



Preference for resolving an important issue with these challenges

(n=138)



Base: Respondents who allocated a score of 0 to 6 to the operations function. Those who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding.



Main management challenges

Main general management challenges

(n=140)

Multiple answers allowed



- > **Time is a precious commodity**, and it appears twice among the items mentioned by business leaders who face management challenges: making time for long-term planning (41%) and dealing with owners' time constraints (29%).
- > **Evaluating growth opportunities** (38%) is a key competitive challenge many of these business leaders face.
- > One-third of respondents mentioned the following items as challenges: **creating and updating the company's business plan and model** (34%) and **improving managerial skills and capabilities** (32%).
- > There are a few significant differences worth mentioning:
 - **Dealing with owners' time constraints** is an important challenge for nearly half of service-oriented companies (49%). The percentage stands at 7% among product-focused firms.

Other management challenges

Other general management challenges

(n=140)

Multiple answers allowed



- > **Many of the other management challenges are strategic in nature**, such as fostering innovation and continuous improvement (25%), measuring company performance (25%) and improving decision-making processes (24%).
- > Increasing communication and collaboration among leaders (22%) and carrying out a succession plan (21%) resonate among one in five business leaders facing management challenges.

Learning and problem-solving (management challenges)

- > **Business leaders facing management challenges have a slight preference for leveraging a peer group** to learn about addressing these challenges (26%) and to resolve issues in this field (28%).
- > **Self-serve resources are quite popular** among one-quarter of respondents to these two questions (learning, 25%; problem-solving, 23%).

Preference for learning more about addressing these challenges

(n=134)



Preference for resolving an important issue with these challenges

(n=135)



Base: Respondents who allocated a score of 0 to 6 to the management function. Those who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding.



Content format use

Content format	Use this format regularly	Use this format once in a while	Seldom use this format	Never use this format	Don't know/ No opinion
Document templates (business plan, cash flow spreadsheets)	42%	31%	14%	11%	2%
Internal training (employees training other employees)	41%	28%	14%	13%	5%
Infographics, short texts and articles	32%	31%	20%	14%	3%
Networking events and peer learning	28%	37%	22%	13%	1%
White papers, reports and eBooks	25%	29%	22%	21%	4%
Mentoring	24%	28%	23%	23%	2%
Webinars	23%	35%	22%	18%	3%
Podcasts and short videos	17%	33%	24%	23%	3%
Diagnostic tools and assessments	16%	29%	27%	22%	6%
External training (sending employees to training courses)	15%	35%	28%	18%	5%
Business coaching	15%	22%	29%	30%	4%
E-learning or massive open online courses (MOOCs)	14%	22%	29%	32%	3%
One-on-one consulting services	12%	25%	31%	29%	3%
Web-based business networking and discussion groups	12%	23%	30%	32%	3%

Content format use (cont'd)

- > The **most frequently used formats are document templates** (42% regularly) and **internal training** (41% regularly).
 - Use of **Internal training** is quite common among those in the Prairies and in B2C firms (51%). Furthermore, it tends to increase as revenues and the number of employees rise.
- > **Written content**, whether printed or electronic, is also quite popular. It includes **infographics, short texts and articles** (32% regularly), as well as **white papers, reports and eBooks** (25% regularly).
 - A significantly larger percentage of respondents in **companies with revenues less than \$500,000** and in **firms with fewer than five employees** mentioned using **infographics, short texts and articles**, as well as **white papers, reports and eBooks**, regularly. The latter are generally more popular among service-oriented companies.
 - Women are also more likely than men to use written content regularly.
- > **More visual formats, such as webinars** (23% regularly) and **podcasts and short videos** (17% regularly) **have gained in popularity** as business technology has improved.
 - Women are more likely than men to use them (33% vs. 20%).
- > A preference for **human interactions** is reflected in the fact that many business leaders participate in **networking events and peer learning** (28% regularly) and in **mentoring** activities (24% regularly).
 - More than one-third of service-oriented firms (37%) leverage networking regularly.
- > **One-third of firms with fewer than five employees** (32%) indicated that **they never use one-on-one consulting**.

Content format	Use this format regularly	Use this format once in a while
Document templates (business plan, cash flow spreadsheets)	42%	31%
Internal training (employees training other employees)	41%	28%
Infographics, short texts and articles	32%	31%
Networking events and peer learning	28%	37%
White papers, reports and eBooks	25%	29%
Mentoring	24%	28%
Webinars	23%	35%
Podcasts and short videos	17%	33%

- > There are a few significant differences worth mentioning:
 - Use of **external training** tends to increase with workforce size and revenues. It has greater appeal among service-oriented firms.
 - **Business coaching** is more predominant in firms that have both an advisory board and board of directors (29%) or simply an advisory board (28%). The same phenomenon can be observed regarding **mentoring** (41%+).

Training format use

- > **In-house training for employees by employees seems to be a common practice.** Half of business leaders said they use it regularly (51%) another third do so once in a while (33%). The training formats shown in the table below are used by at least half of business leaders at least once in a while.
 - **In-house training** increases significantly with workforce size (42% of firms with fewer than five employees do so regularly compared to 67% of companies with 20 to 49 employees do so).
- > Nearly one-third of respondents (31%) regularly use **webinars, online training or e-learning**.
 - A significantly greater percentage of women (46%), firms in professional, scientific and technical industries (44%), service-oriented companies (41%), and Ontario companies (38%) use these formats regularly.
- > One in five business leaders (21%) regularly use **peer networks**.
 - Firms with an active advisory board (43%) and service-oriented firms (27%) are especially likely to use peer networks.
- > The likelihood of using **external trainers or consultants** at least once in a while (55%) **increases with workforce size.**

	Use this format regularly	Use this format once in a while	Never use this format	Don't know/ No opinion
In-house training for employees by employees (n=744)	51%	33%	14%	2%
Webinars, online training or e-learning courses (n=751)	31%	50%	17%	2%
Peer networks (entrepreneurs addressing topics with other entrepreneurs) (n=749)	21%	47%	28%	3%
Off-site training (may include attendees from multiple companies) (n=748)	11%	58%	28%	3%
External trainers or consultants at your company site (n=750)	9%	46%	43%	2%
Other (n=668)	7%	17%	26%	51%

Note: Respondents who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding.

Training supplier use

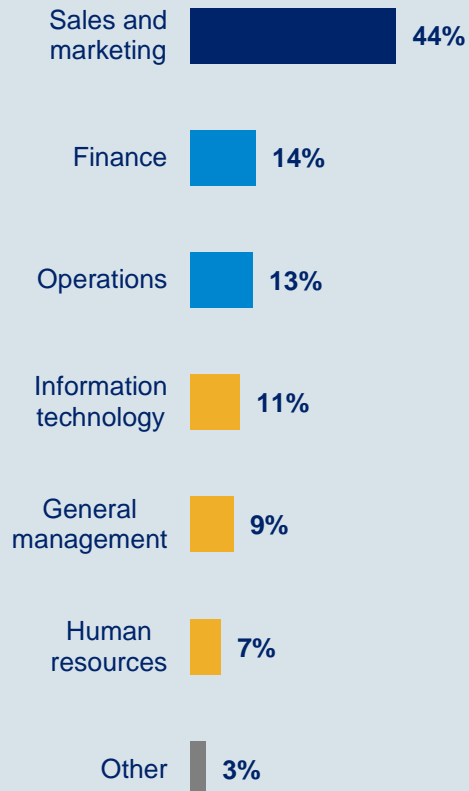
- > **Industry or business associations and private companies** are the training suppliers respondents use most often.
 - **Industry or business associations** are regularly used by at least 30% of respondents in Ontario (30%), the Prairies (32%) and B.C and the North (33%); in service-oriented firms (33%); and in firms with 20 or more employees (39%).
 - **Private companies** are regularly used by respondents in the Prairies (30%). Companies offering a mix of products and services (24%) or services (23%) are more likely to use them than product-oriented companies are (11%).
- > **Government programs** help one in 10 business leaders regularly (11%) and another 48% once in a while.
- > **University and technical institutes also help firms meet their training needs (9% regularly and 42% once in a while).**
 - A larger proportion of companies with 20 to 49 employees use these suppliers (18% regularly and 42% once in a while).
- > **Financial institutions are the least popular choice (53% never use them).**
 - Companies with 20 or more employees are more likely to regularly use financial institutions than are those with fewer than 20 employees.

	Use this supplier regularly	Use this supplier once in a while	Never use this supplier	Don't know/ No opinion
Industry or business associations (n=711)	27%	59%	12%	1%
Private companies (n=707)	21%	50%	28%	1%
Government programs (n=707)	11%	48%	41%	1%
University or technical institutes (n=706)	9%	42%	47%	1%
Financial institutions (n=705)	3%	41%	53%	3%
Other (n=634)	4%	10%	36%	51%

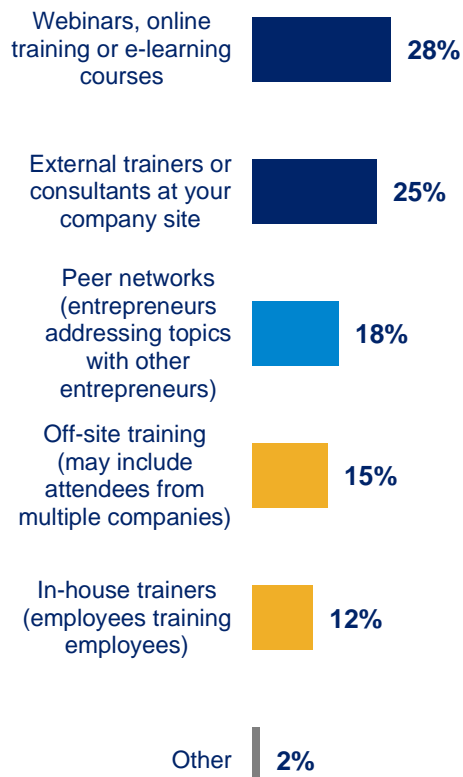
Note: Respondents who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding.

In summary: Most beneficial training

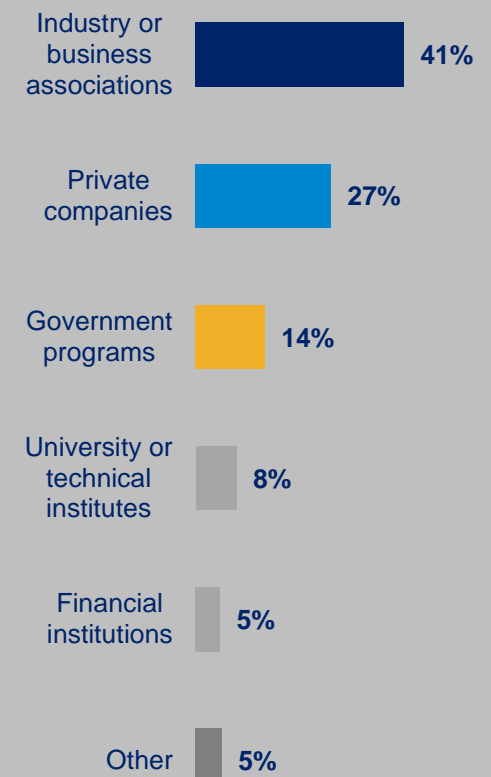
Training related to...
(n=730)



Training using...
(n=722)

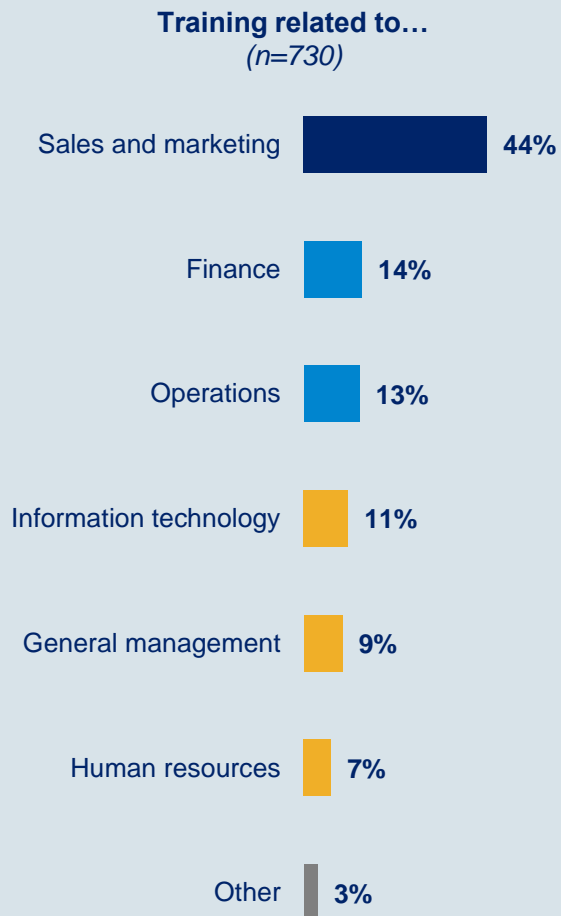


Training offered by...
(n=700)



Note: Respondents who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding.

Most beneficial training function



- > Many business leaders believe that **training related to sales and marketing** (44%) **would be the most beneficial for their organization.**
- > **Financial training** would be the most beneficial according to **14% of business leaders.**
- > **Operations resonates among 13% of respondents.**
 - This is especially true among firms with 50 or more employees (25%) and those with revenues ranging from \$5 million to \$10 million (29%).
- > Just over one in 10 respondents (11%) would most value training related to **information technology.**
- > Fewer than one in 10 respondents believe **general management** (9%) and **human resources** (7%) training would be the most beneficial types of training.

Most beneficial training format

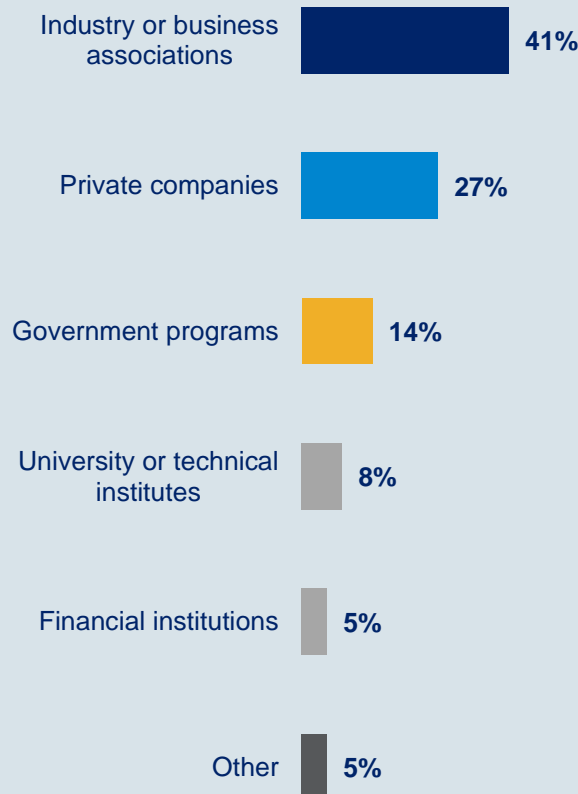


- > The highest proportion of respondents believe that training delivered via modern technology—**webinars, online training or e-learning**—is the most beneficial.(28%).
 - This format really appeals to companies with revenues of less than \$500,000 (37%), women (35%), and firms with fewer than five employees (34%).
- > **External trainers or consultants** at the company site (25%) are the second most beneficial format, according to respondents.
 - A significantly stronger preference for this format can be seen among respondents in firms with over \$10 million in revenues (46%), those in Atlantic Canada (42%) and those with 50 or more employees (38%).
- > Nearly one in five business leaders (18%) believe **peer networks** to be the most beneficial.
- > Fewer than one in five respondents said **off-site training** (15%) or **in-house training** (12%) would be the most beneficial.
 - In-house training tends to be particularly appealing to firms with 50 or more employees (26%), firms in B.C. and the North (17%), and men (14%).

Note: Respondents who preferred not to answer were excluded from the calculation base. Total may not equal 100% due to rounding.

Most beneficial training supplier

Training offered by...
(n=700)



- > The greatest proportion of respondents believe that **industry or business associations** would be the type of training supplier most beneficial to their business (41%).
 - This is the case everywhere in Canada (43%+) except Quebec (26%).
- > **Private companies** are the preferred choice of 27% of respondents.
 - Private companies are more appealing to firms with 20 or more employees (36%+) than to those with fewer than five employees (23%). Firms with four to five owners also selected them more frequently than other types of firms did (51%).
- > **Government programs** are deemed most beneficial by 14% of business leaders.
 - Although not statistically significant due to sample size, a larger percentage of respondents in the arts, entertainment and recreation sector (29%) and in the accommodation and food services sector (25%) selected government programs as the most potentially beneficial supplier.
- > Fewer than one in 10 business leaders (8%) selected **university or technical institutes**.
- > **Financial institutions** complete the list at 5%.

Training mindset

> **Most business leaders said that they participate in business training activities as needed (45%), while 30% of them do so regularly.**

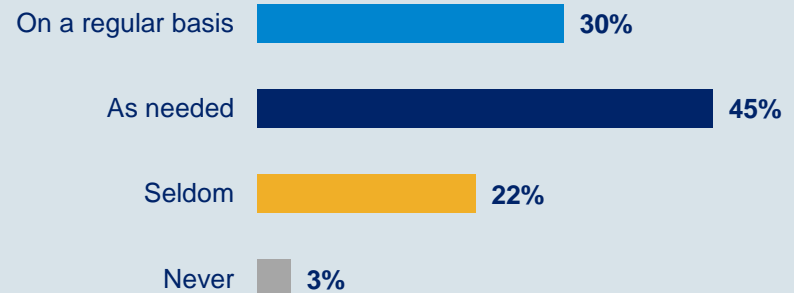
- Respondents in firms with **50 or more employees** (42%) and respondents from the **Prairies** (37%) are **more likely than others to participate in business training activities regularly.**
- A significantly **larger percentage of Quebec business leaders** indicated that they **seldom participate in such activities** (34%). The proportion of respondents who seldom participate in training activities is also higher among product-oriented firms (29%) than among service-oriented companies (17%).

> **Training as needed** seems to be the main philosophy (54%) when it comes **to employees.**

- Regularly offering training to employees is more common in the Prairies (29%), B.C. and the North (26%) and Ontario (26%) than it is in Quebec (12%). Moreover, the more service-oriented the business, the higher the percentage of respondents who said that employees regularly have the opportunity to participate in training activities (product-oriented, 7%; mix, 24%; and service-focused, 26%).
- This ratio also tends to increase with workforce size and revenues, and among business leaders who consider continuous improvement as an important component of the success of their business.

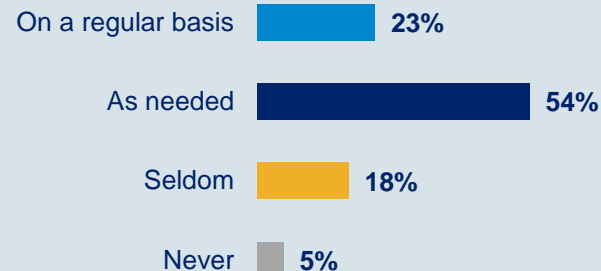
In terms of training, which of the following statements best reflects your **own position?** (n=759)

I participate in various business training activities...



With regard to **employee training at large**, which of the following statements best reflects your company's reality? (n=725)

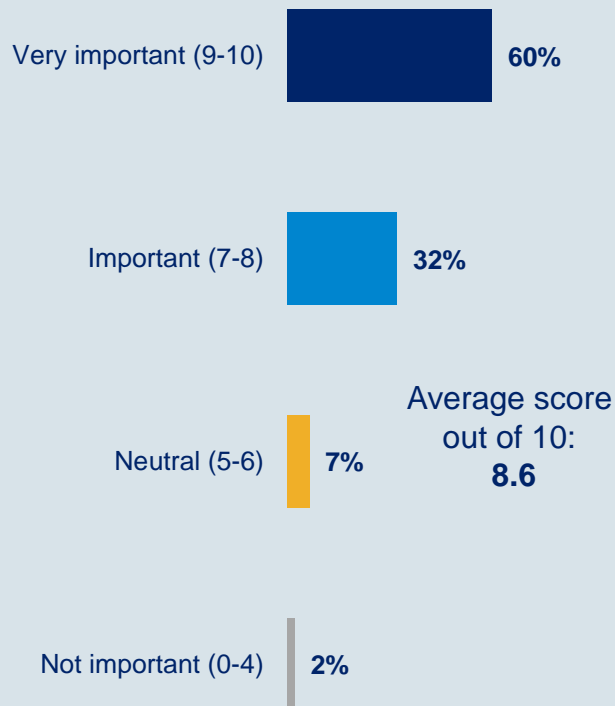
Employees are offered the opportunity to participate in various training activities...



Note: All respondents. Those who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding.

Continuous improvement

Importance of continuous improvement
on a scale of 0 to 10
(n=721)



> The majority of respondents consider continuous improvement to be very important (60%) to the success of their business. Respondents gave this priority an average score of 8.6 out of 10.

- Firms with yearly revenues ranging between \$500,000 and \$1 million are much more likely to consider continuous improvement very important (73% and 9.1 average score).
- Younger entrepreneurs (i.e., under 44 years of age) are much more likely than any other respondents to have allocated a score of 10 to the overall importance of continuous improvement.

Note: All respondents. Those who preferred not to answer were excluded from the calculation base. Total may not equal 100% due to rounding.

Added value beyond funding

In your opinion, how could BDC provide you with additional value beyond funding?
(n=314)

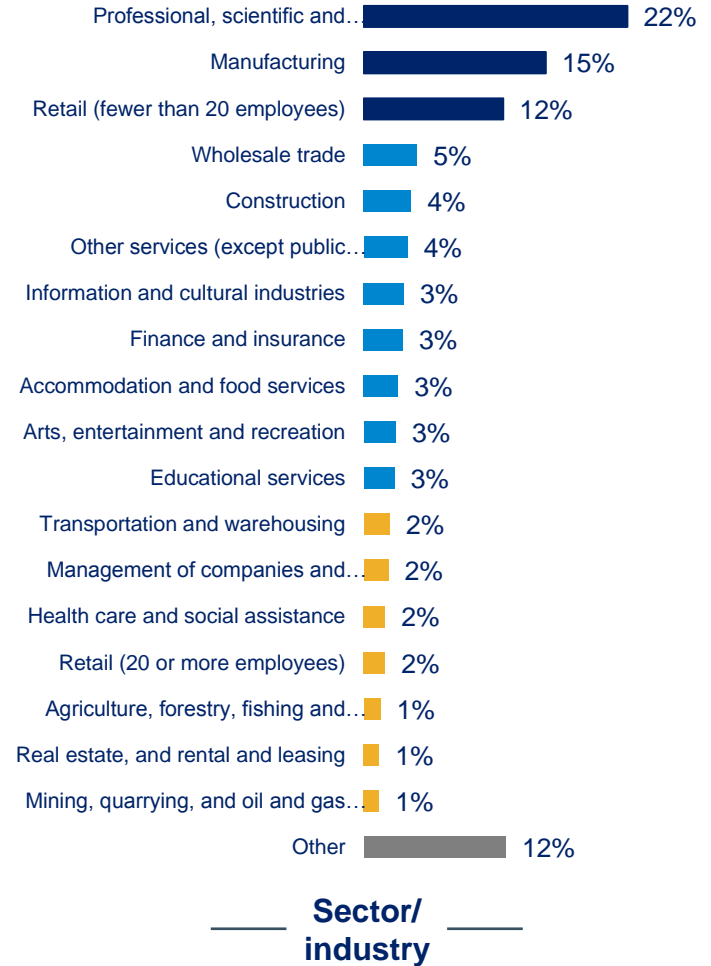
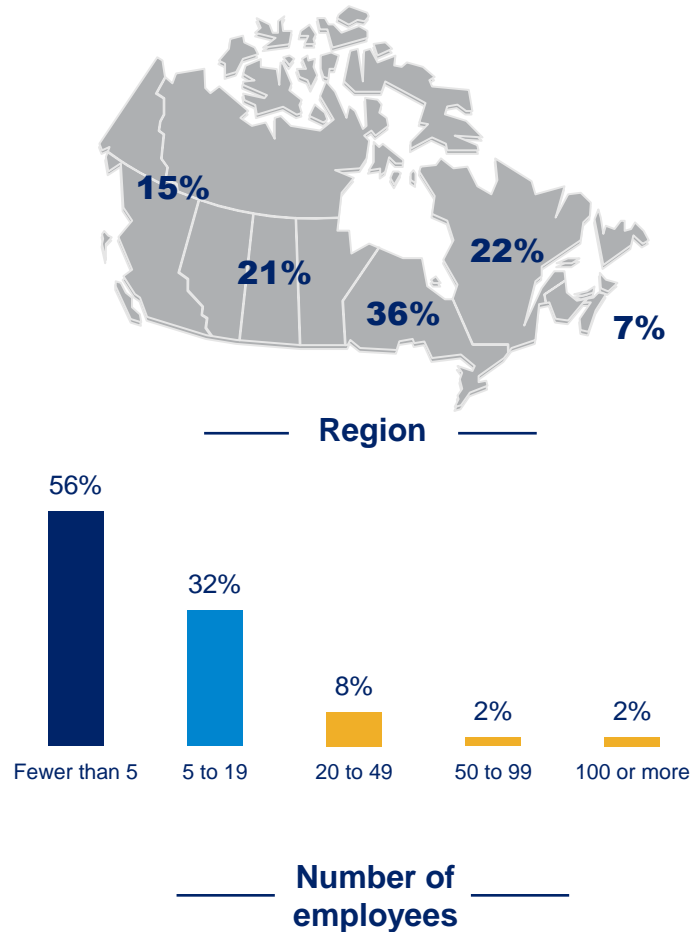
1. Provide training
2. Offer business coaching
3. Foster networking opportunities
4. Provide information for entrepreneurs
5. Foster internal and external collaboration
6. Offer mentoring
7. Miscellaneous responses



RESPONDENT PROFILE

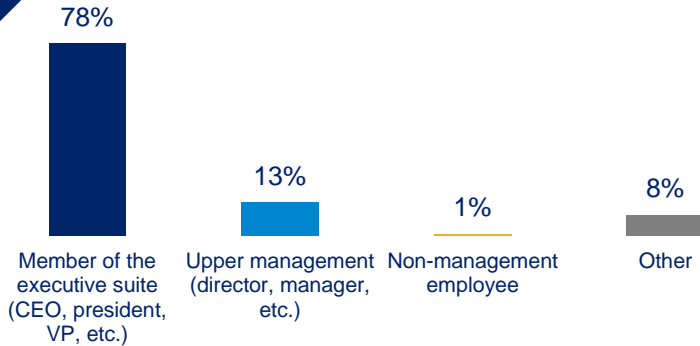


Overall profile I

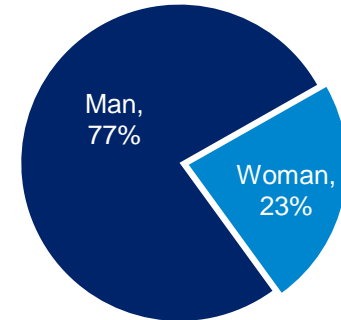


Note that results have been weighted by region and number of employees.

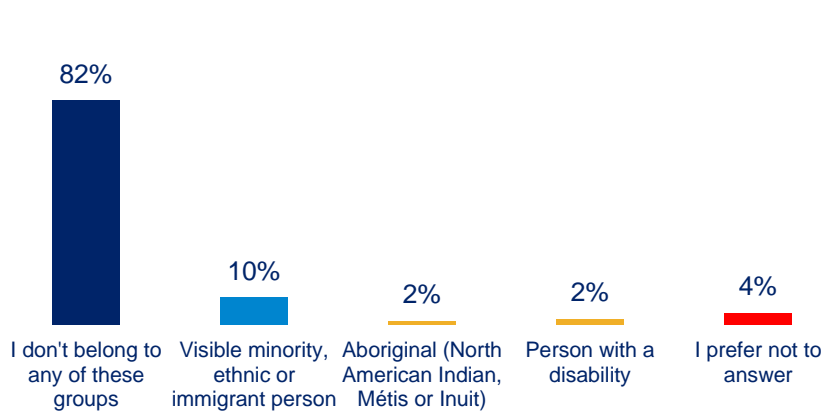
Overall profile II



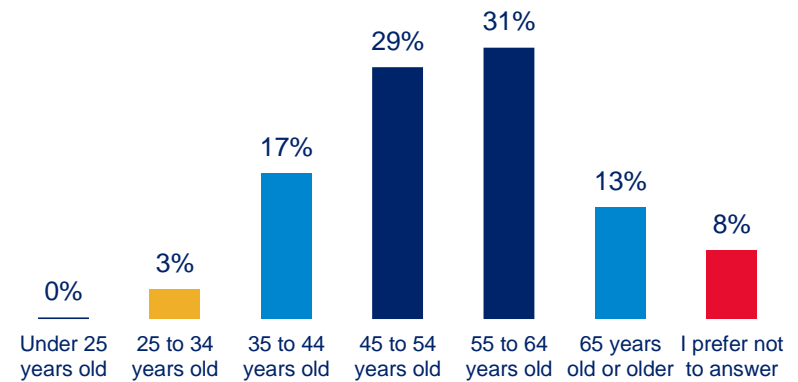
Role



Gender



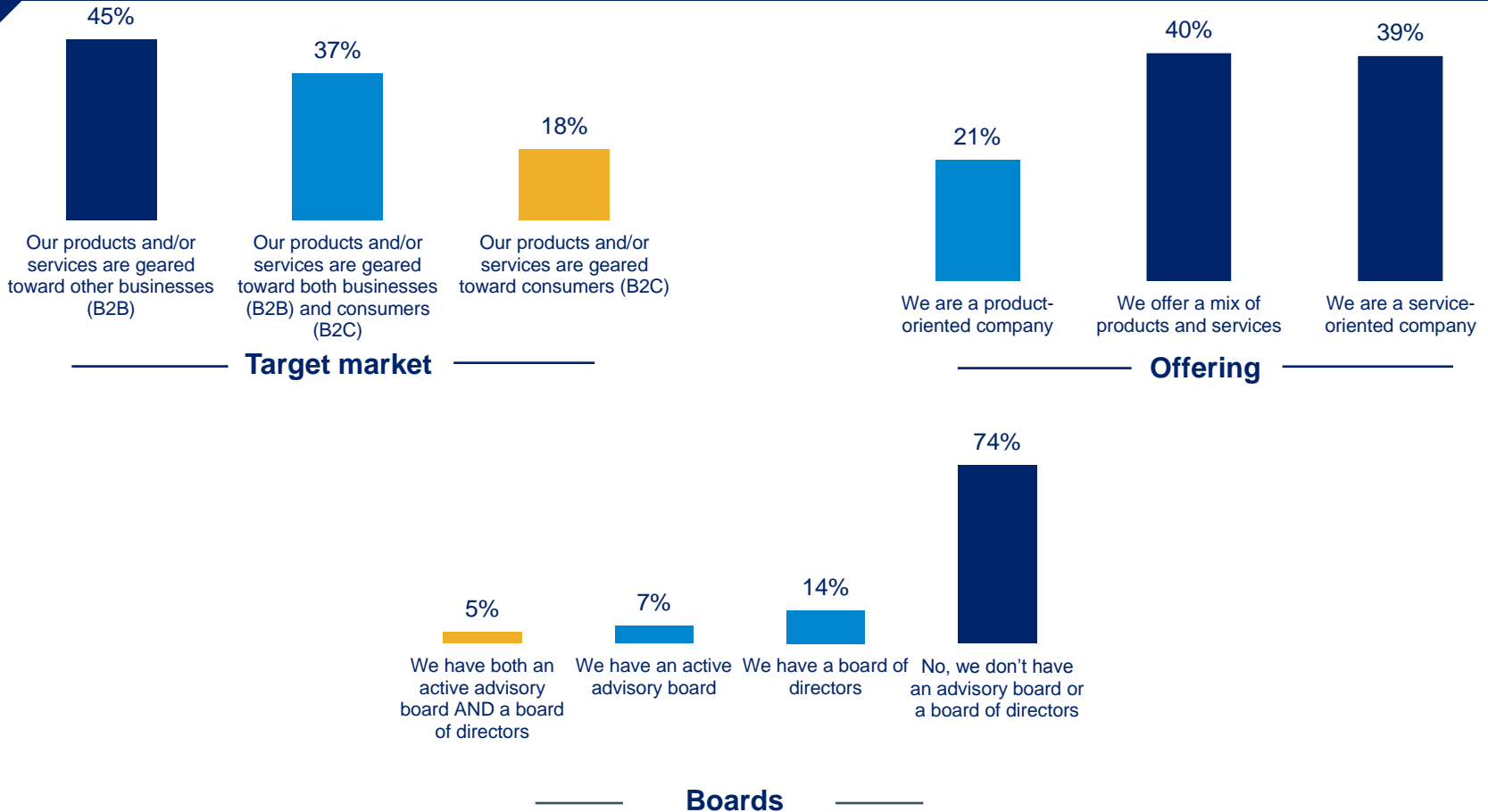
Diversity



Age group

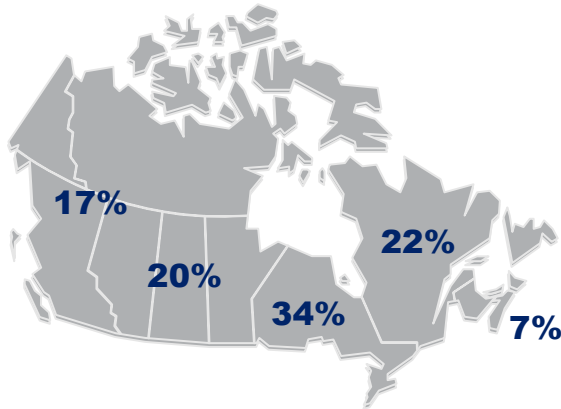
Note that results have been weighted by region and number of employees. Totals may not equal 100% due to rounding.

Overall profile III

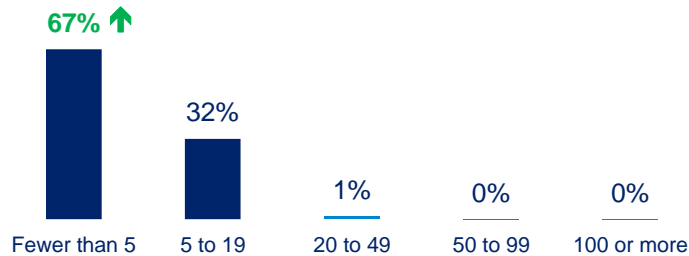


Note that results have been weighted by region and number of employees. Totals may not equal 100% due to rounding.

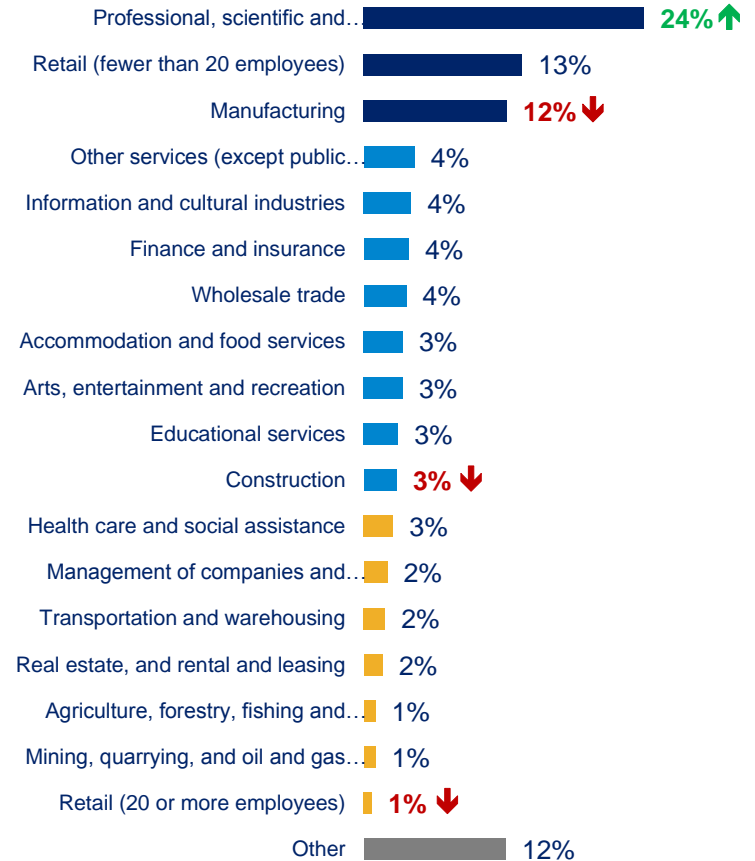
Profile I: Firms with revenues of \$2 million or less



Region



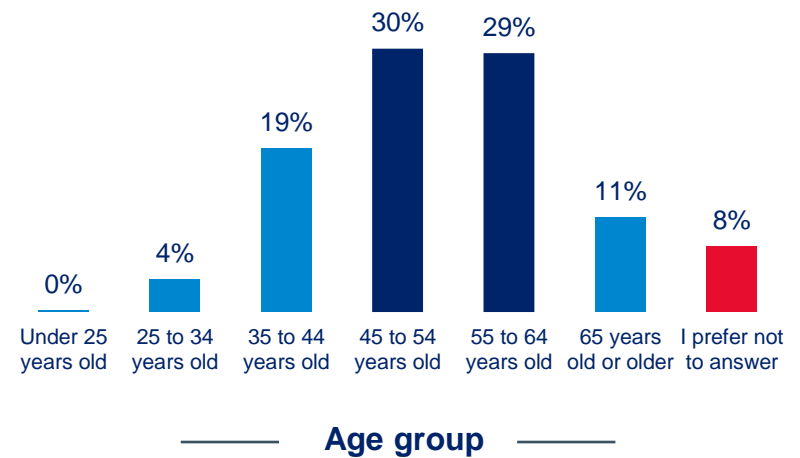
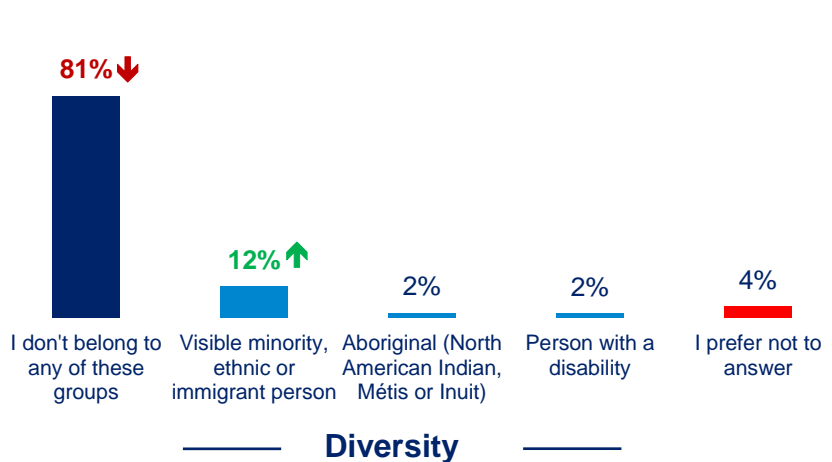
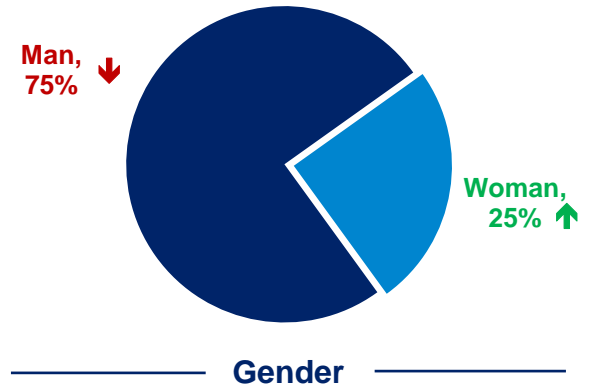
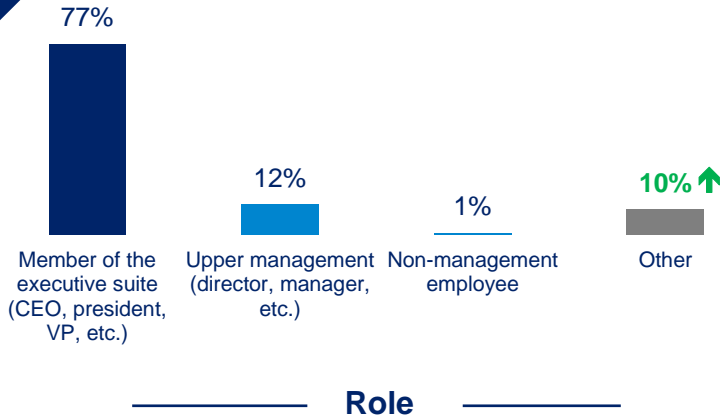
Number of employees



Sector/industry

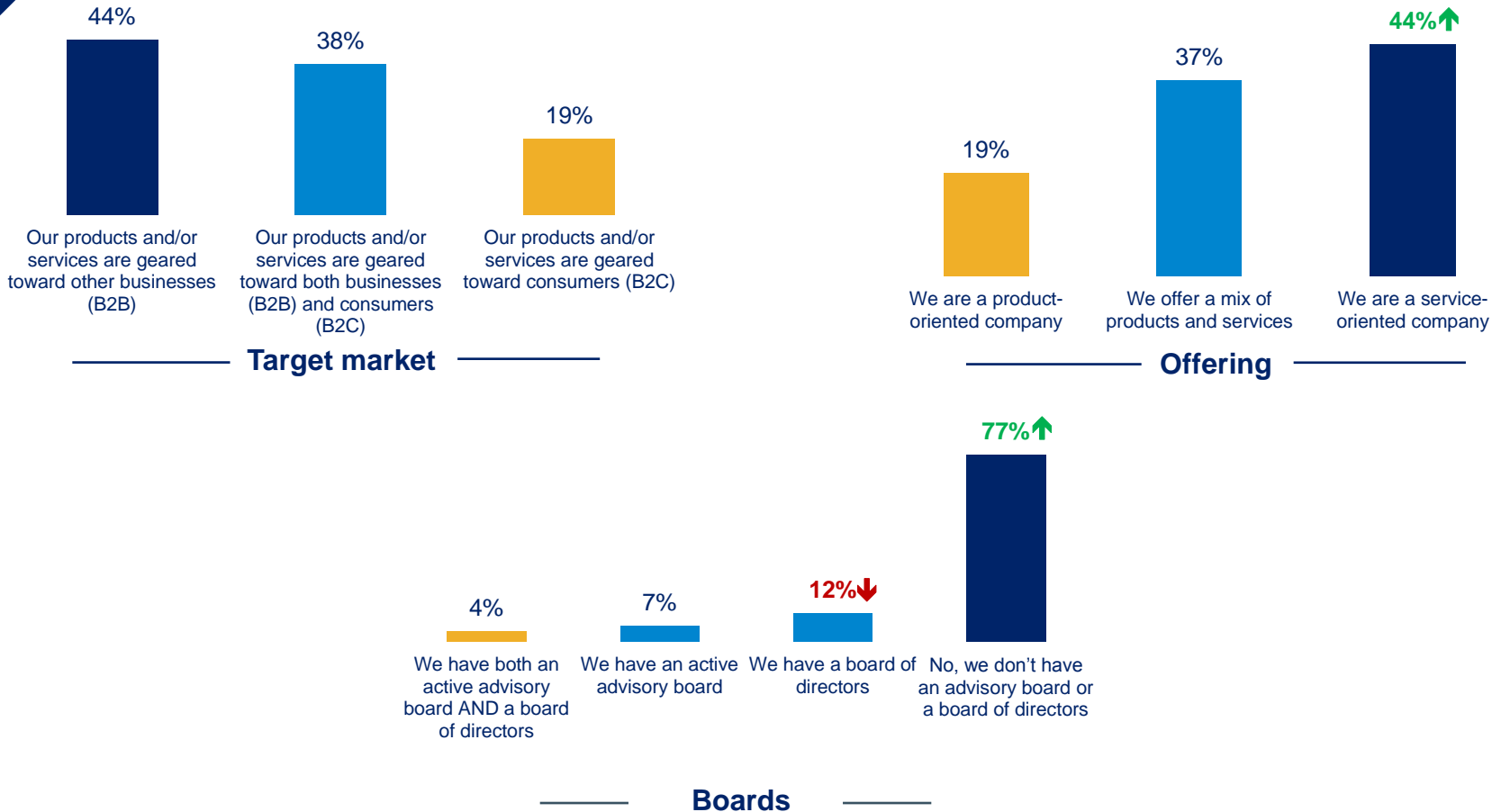
Note that results have been weighted by region and number of employees. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Profile II: Firms with revenues of \$2 million or less



Note that results have been weighted by region and number of employees. Totals may not equal 100% due to rounding. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Profile III: Firms with revenues of \$2 million or less



Note that results have been weighted by region and number of employees. Totals may not equal 100% due to rounding. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.



CONTEXT, OBJECTIVES AND METHODOLOGY



Context, objectives and methodology

- > The Consulting team mandated BDC's research and market intelligence (R&MI) team to provide insight on various entrepreneurial needs.
- > The objective of the study was to gain additional information regarding the following:
 - the business functions at which business leaders believe their organization excels and those they find more challenging
 - more in-depth information about the types of challenges associated with these business functions
 - those responsible for these business functions
 - business leaders' preference for learning about challenges associated with these business functions, as well as their preference for resolving issues related to the business functions
 - the types of content formats they use
 - the types of training formats they use
 - the types of training suppliers they use
 - business leaders' mindset about training and continuous improvement
 - information about the types of content, formats and suppliers that business leaders believe would be the most beneficial to their organization
- > The questionnaire was available online between June 16 and June 28. An email invitation was sent on Tuesday, June 16, to 4,277 business leaders who are members of the BDC ViewPoints panel. A total of **760 respondents completed the entire survey.**
- > Results were weighted by region and number of employees in order to extrapolate results to the entire Canadian business landscape.
- > The resulting report was written by BDC's R&MI team.



RESULTS, BY COMPANY REVENUE



Business functions

- > For firms with revenues of \$2 million or less, **finance (treasury) and sales and marketing are tied for the most challenging business function** (average score of 5.7 out of 10). As a reminder to the reader, the lower the average score the more challenging the business function is perceived.
- > **Human resources** rounds off the top three most challenging business functions (6.0)
- > Overall results (total) are nearly identical to those among firms with revenues of \$2 million or less.
 - This is due, in part, to the fact that firms with revenues of \$2 million or less tend to be smaller firms, which comprise the majority of businesses in Canada (companies with one to nine employees represent 75% of Canadian businesses).

	Total	Revenues of \$2 million or less	Revenues above \$2 million
Sales and marketing	5.9	5.7 ↓	6.4 ↑
Finance (treasury)	6.0	5.7 ↓	7.0 ↑
Human resources	6.1	6.0	6.1
Information technology	6.7	6.8	6.5
Operations	7.1	7.0	7.3
General management	7.2	7.2	7.3

Base: All respondents. Those who preferred not to answer were excluded from the calculation base. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Head of business function

> From the results presented below, we can clearly see that **in the majority of cases, these business functions are the business leader's responsibility**. This is especially true for firms with revenues of \$2 million or less.

Who is responsible?	General management			Finance (treasury)			Sales and marketing		
	Total	Revenues of \$2 million or less	Revenues above \$2 million	Total	Revenues of \$2 million or less	Revenues above \$2 million	Total	Revenues of \$2 million or less	Revenues above \$2 million
The business leader	84%	87% ↑	73% ↓	70%	76% ↑	52% ↓	69%	77% ↑	40% ↓
A partner or co-owner	20%	20%	23%	18%	19%	13%	22%	22%	25%
An employee assigned to this function	7%	4% ↓	19% ↑	13%	7% ↓	34% ↑	15%	9% ↓	39% ↑
An assigned employee who is also responsible for other functions	4%	4%	6%	5%	3% ↓	12% ↑	7%	6% ↓	12% ↑
Someone outside the company	0%	0%	0%	8%	10% ↑	4% ↓	6%	7%	4%
Don't know/refused to answer	0%	0%	1%	1%	1%	0%	1%	1%	1%

Base: All respondents. Those who preferred not to answer were excluded from the calculation base. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Head of business function (cont'd)

Who is responsible?	Operations			Human resources			Information technology		
	Total	Revenues of \$2 million or less	Revenues above \$2 million	Total	Revenues of \$2 million or less	Revenues above \$2 million	Total	Revenues of \$2 million or less	Revenues above \$2 million
The business leader	66%	73% ↑	39% ↓	66%	74% ↑	42% ↓	56%	64% ↑	29% ↓
A partner or co-owner	27%	25%	31%	24%	24%	21%	17%	17%	17%
An employee assigned to this function	15%	10% ↓	35% ↑	11%	7% ↓	27% ↑	13%	8% ↓	30% ↑
An assigned employee who is also responsible for other functions	9%	8% ↓	15% ↑	9%	6% ↓	21% ↑	11%	8% ↓	21% ↑
Someone outside the company	1%	1%	0%	3%	2%	3%	16%	15%	20%
Don't know/ refused to answer	1%	1%	0%	2%	2%	0%	1%	1%	0%

Base: All respondents. Those who preferred not to answer were excluded from the calculation base. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Sales and marketing challenges

	Total (n=318)	Revenues of \$2 million or less (n=213)	Revenues above \$2 million (n=93)
Increasing the number of customer prospects	58%	59%	47%
Developing and executing a sales and marketing plan	54%	53%	55%
Converting prospects into customers	52%	50%	50%
Identifying growth opportunities (e.g., new clients, markets, products, services)	46%	47%	44%
Differentiating our products and services from those of competitors	42%	42%	39%
Understanding the effectiveness of our marketing and sales activities	37%	36%	43%
Obtaining additional financing for sales and marketing activities	34%	36% ↑	14% ↓
Conducting market research	33%	35%	26%
Integrating or improving the use of social media and other digital channels	33%	34%	30%
Understanding the market and competitive landscape	31%	29%	34%
Improving or developing a website and online presence	29%	29%	33%
Determining the right pricing for our products and services	27%	28%	17%
Finding the right distribution channels for our products and services	26%	25%	19%
Finding, recruiting, and retaining skilled sales and marketing employees	24%	22% ↓	37% ↑
Determining the right product and service mix	22%	23%	12%
Integrating or improving marketing automation	20%	22%	17%
Leveraging analytics	18%	17%	27%
Other	2%	2%	2%

Base: Respondents who allocated a score of 0 to 6 to sales and marketing functions. Those who preferred not to answer were excluded from the calculation base. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Learning and problem-solving (sales and marketing challenges)

- > There is **no clear preference** among firms with revenues of \$2 million or less regarding learning or problem-solving challenges related to sales and marketing. In fact, at least one in five respondents selected using self-serve resources, leveraging a peer group or hiring an external expert, for learning or problem-solving.

Preference for learning more about addressing sales and marketing challenges	Total (n=305)	Revenues of \$2 million or less (n=206)	Revenues above \$2 million (n=89)
Use self-serve resources	26%	26%	22%
Leverage a peer group	23%	24%	17%
Hire an external expert	23%	23%	28%
Take a group training course offered by an external expert	19%	20%	13%
Leverage internal company resources	8%	6% ↓	21% ↑

Preference for resolving an important issue related to sales and marketing challenges	Total (n=308)	Revenues of \$2 million or less (n=208)	Revenues above \$2 million (n=89)
Hire an external expert	29%	28%	37%
Use self-serve resources	23%	25%	18%
Leverage a peer group	22%	21%	17%
Take a group training course offered by an external expert	17%	20%	8%
Leverage internal company resources	9%	7% ↓	19% ↑

Base: Respondents who allocated a score of 0 to 6 to sales and marketing functions. Those who preferred not to answer were excluded from the calculation base. Numbers in **red** and in **green** highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Finance (treasury) challenges

- > The top five finance-related challenges **are largely the same** for both companies with revenues of \$2 million or less and those with revenues greater than \$2 million.

	Total (n=289)	Revenues of \$2 million or less (n=209)	Revenues above \$2 million (n=65)
Obtaining additional financing	57%	58%	50%
Managing cash inflows and outflows	45%	46%	47%
Understanding the financing options available to my company	42%	42%	31%
Developing forecasts and budgets	39%	41%	41%
Establishing and tracking key performance indicators	37%	38%	40%
Managing expenses	27%	28%	20%
Collecting accounts receivable	23%	23%	26%
Meeting legal and government requirements	22%	22%	15%
Understanding financial reports	15%	18%	6%
Understanding how my business makes a profit	13%	14%	6%
Finding, recruiting and retaining skilled finance employees	11%	9% ↓	27% ↑
Other	3%	3%	5%

Base: Respondents who allocated a score of 0 to 6 to the finance function. Those who preferred not to answer were excluded from the calculation base. Numbers in **red** and in **green** highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Learning and problem-solving (finance challenges)

- > Although total results indicate a slight preference for using self-serve resources to learn about and resolve issues related to finance, one-third of firms with revenues of \$2 million or less (32%) prefer hiring an external expert to resolve an important finance-related issue.

Preference for learning more about addressing finance challenges	Total (n=271)	Revenues of \$2 million or less (n=199)	Revenues above \$2 million (n=58)
Use self-serve resources	34%	33%	36%
Leverage a peer group	21%	23%	17%
Hire an external expert	20%	19%	30%
Take a group training course offered by an external expert	18%	19%	10%
Leverage internal company resources	7%	6%	8%

Preference for resolving an important issue related to finance challenges	Total (n=276)	Revenues of \$2 million or less (n=204)	Revenues above \$2 million (n=58)
Use self-serve resources	30%	26%	41%
Hire an external expert	29%	32%	26%
Leverage a peer group	20%	22%	13%
Take a group training course offered by an external expert	13%	14%	15%
Leverage internal company resources	7%	7%	6%

Base: Respondents who allocated a score of 0 to 6 to the finance function. Those who preferred not to answer were excluded from the calculation base.

Human resources challenges

	Total (n=327)	Revenues of \$2 million or less (n=203)	Revenues above \$2 million (n=113)
Recruiting employees	51%	49%	58%
Establishing the right compensation mix	40%	39%	47%
Improving employee engagement	38%	36%	46%
Improving the hiring process	33%	30%	44%
Evaluating employee performance	33%	33%	36%
Improving the skillsets of the workforce	28%	27%	33%
Creating growth opportunities for key employees	28%	27%	31%
Finding, recruiting and retaining skilled human resources employees	20%	20%	15%
Developing a succession plan for all key positions	20%	15% ↓	35% ↑
Improving two-way communications with employees	19%	17%	27%
Providing or improving an employee benefits program	18%	19%	17%
Retaining employees	17%	16%	21%
Developing workplace policies	17%	18%	14%
Implementing a formal organizational structure	15%	17%	12%
Mitigating generational differences	11%	9%	18%
Addressing labour and union issues	4%	3%	4%
Maintaining a safe work environment	3%	3%	5%
Other	6%	7%	4%

Base: Respondents who allocated a score of 0 to 6 to the HR function. Those who preferred not to answer were excluded from the calculation base. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Learning and problem-solving (HR challenges)

- > Firms with revenues of \$2 million or less prefer to learn more about addressing and resolving human resources challenges by using self-serve resources or leveraging a peer group.

Preference for learning more about addressing HR challenges	Total (n=310)	Revenues of \$2 million or less (n=193)	Revenues above \$2 million (n=107)
Use self-serve resources	32%	33%	24%
Leverage a peer group	29%	31%	24%
Take a group training course offered by an external expert	16%	15%	21%
Hire an external expert	15%	15%	18%
Leverage internal company resources	8%	6%	13%

Preference for resolving an important issue related to HR challenges	Total (n=316)	Revenues of \$2 million or less (n=195)	Revenues above \$2 million (n=111)
Use self-serve resources	30%	31%	26%
Leverage a peer group	25%	28%	17%
Hire an external expert	20%	21%	20%
Leverage internal company resources	15%	11% ↓	27% ↑
Take a group training course offered by an external expert	11%	10%	10%

Base: Respondents who allocated a score of 0 to 6 to the HR function. Those who preferred not to answer were excluded from the calculation base. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Information technology challenges

	Total (n=250)	Revenues of \$2 million or less (n=157)	Revenues above \$2 million (n=89)
Improving or developing a website and online presence	52%	52%	50%
Integrating or improving the use of social media and other digital channels	48%	46%	50%
Setting up and managing our infrastructure	38%	38%	41%
Keeping informed about business technology trends and best practices	33%	34%	33%
Determining and making the right software investments	32%	31%	34%
Assessing and managing technology security risks	30%	29%	36%
Finding the right technology service providers	30%	30%	29%
Responding to day-to-day technology issues	29%	29%	32%
Evaluating existing technology assets and developing a roadmap for future investments	26%	22% ↓	40% ↑
Determining and making the right hardware investments	26%	28%	21%
Finding the right technology systems and integrators to meet complex needs across the business	24%	21%	34%
Reducing information technology costs	23%	21%	31%
Finding simple software solutions to address specific needs	21%	20%	27%
Finding, recruiting and retaining skilled IT employees	10%	8%	16%
Other	6%	4%	8%

Base: Respondents who allocated a score of 0 to 6 to the IT function. Those who preferred not to answer were excluded from the calculation base. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Learning and problem-solving (IT challenges)

- > When it comes to learning about and resolving challenges related to information technology, companies with revenues of \$2 million or less prefer to either hire an external expert or use self-serve resources. Their preference for hiring an external expert increases when it comes to problem-solving (38%).

Preference for learning more about addressing IT challenges	Total (n=237)	Revenues of \$2 million or less (n=148)	Revenues above \$2 million (n=85)
Hire an external expert	32%	30%	36%
Use self-serve resources	27%	30%	19%
Leverage a peer group	17%	19%	10%
Take a group training course offered by an external expert	12%	11%	16%
Leverage internal company resources	11%	9%	19%

Preference for resolving an important issue related to IT challenges	Total (n=243)	Revenues of \$2 million or less (n=151)	Revenues above \$2 million (n=88)
Hire an external expert	40%	38%	45%
Use self-serve resources	24%	27%	14%
Take a group training course offered by an external expert	14%	15%	12%
Leverage a peer group	12%	14%	8%
Leverage internal company resources	10%	7% ↓	21% ↑

Base: Respondents who allocated a score of 0 to 6 to the IT function. Those who preferred not to answer were excluded from the calculation base. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Operations challenges

	Total (n=142)	Revenues of \$2 million or less (n=98)	Revenues above \$2 million (n=41)
Managing costs	45%	49%	37%
Improving employee productivity and skills	40%	38%	51%
Obtaining additional financing for operations	39%	42%	20%
Finding, recruiting and retaining skilled workers	35%	34%	43%
Managing production capacity	33%	30%	39%
Dealing with an inadequate physical location	28%	28%	28%
Managing inventory	27%	23%	43%
Managing suppliers and supply chain issues	26%	23%	44%
Acquiring equipment, machinery or technology	25%	27%	11%
Addressing legal, regulatory or compliance requirements	23%	23%	21%
Dealing with quality control issues	23%	21%	37%
Automating routine or manual tasks	21%	21%	24%
Handling distribution and logistics	19%	21%	14%
Obtaining or maintaining ISO and other certifications	10%	9%	16%
Maintaining a safe work environment	4%	4%	5%
Other	5%	5%	3%

Base: Respondents who allocated a score of 0 to 6 to the operations function. Those who preferred not to answer were excluded from the calculation base.

Learning and problem-solving (operations challenges)

- > Respondents in firms with revenues of \$2 million or less prefer using self-serve resources (31%) or leveraging a peer group (26%) to learn more about addressing operations challenges. This contrasts with respondents in companies with revenues greater than \$2 million, who tend to prefer to hiring an external expert (25%) or taking a group training course (20%).
- > To resolve operations issues, firms with revenues of \$2 million or less have a slight preference for leveraging a peer group (28%).

Preference for learning more about addressing operations challenges	Total (n=136)	Revenues of \$2 million or less (n=93)	Revenues above \$2 million (n=40)
Use self-serve resources	28%	31%	18%
Leverage a peer group	24%	26%	19%
Hire an external expert	18%	16%	25%
Take a group training course offered by an external expert	18%	16%	20%
Leverage internal company resources	12%	11%	18%

Preference for resolving an important issue related to operations challenges	Total (n=138)	Revenues of \$2 million or less (n=96)	Revenues above \$2 million (n=39)
Leverage a peer group	25%	28%	16%
Hire an external expert	22%	21%	25%
Use self-serve resources	20%	20%	15%
Leverage internal company resources	17%	17%	22%
Take a group training course offered by an external expert	15%	13%	23%

Base: Respondents who allocated a score of 0 to 6 to the operations function. Those who preferred not to answer were excluded from the calculation base.

Management challenges

	Total (n=140)	Revenues of \$2 million or less (n=91)	Revenues above \$2 million (n=45)
Making time for long-term planning while managing day-to-day activities	41%	45%	31%
Evaluating growth opportunities (e.g., expansion, mergers and acquisitions)	38%	42%	23%
Creating and updating the business plan and model	34%	35%	31%
Improving managerial skills and capabilities	32%	34%	31%
Developing better networks, alliances and partnerships	30%	35%	14%
Dealing with owners' time constraints	29%	32%	24%
Clarifying the strategic orientation of the company	29%	27%	33%
Determining the value of the company	28%	33% ↑	12% ↓
Fostering innovation and continuous improvement	25%	22%	33%
Measuring company performance	25%	23%	27%
Improving decision-making processes	24%	22%	35%
Increasing communication and collaboration among leaders	22%	16% ↓	44% ↑
Carrying out succession planning (change of ownership)	21%	20%	23%
Developing a succession plan for all key positions	14%	13%	17%
Establishing an emergency and disaster continuity plan	13%	12%	12%
Creating and maximizing the expertise of an advisory board and/or board of directors	8%	9%	5%
Finding, recruiting and retaining skilled managers	7%	5%	14%
Other	4%	5%	4%

Base: Respondents who allocated a score of 0 to 6 to the management function. Those who preferred not to answer were excluded from the calculation base. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Learning and problem-solving (management challenges)

- > Respondents in firms with revenues of \$2 million or less prefer leveraging a peer group (28%) or using self-serve resources (28%) to learn more about addressing management challenges. They also prefer leveraging a peer group (30%) to resolve management issues.
- > Firms with higher revenues prefer to hire an external expert to learn about and resolve management challenges and issues.

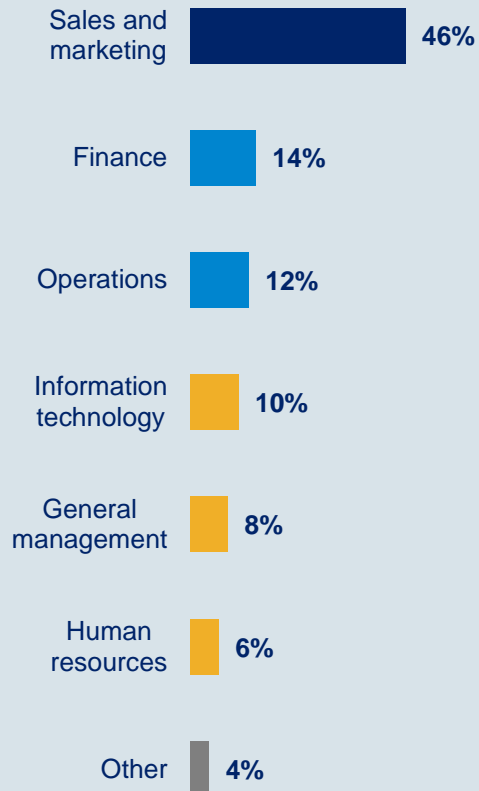
Preference for learning more about addressing management challenges	Total (n=134)	Revenues of \$2 million or less (n=89)	Revenues above \$2 million (n=42)
Leverage a peer group	26%	28%	22%
Use self-serve resources	25%	28%	8%
Take a group training course offered by an external expert	22%	21%	28%
Hire an external expert	20%	17%	34%
Leverage internal company resources	8%	7%	8%

Preference for resolving an important issue related to management challenges	Total (n=135)	Revenues of \$2 million or less (n=88)	Revenues above \$2 million (n=43)
Leverage a peer group	28%	30%	26%
Hire an external expert	23%	23%	27%
Use self-serve resources	23%	25%	10%
Leverage internal company resources	10%	7%	16%
Take a group training course offered by an external expert	15%	15%	20%

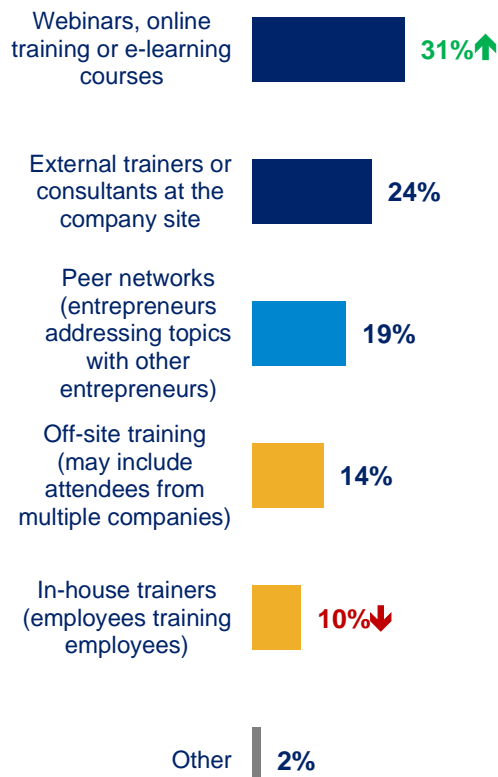
Base: Respondents who allocated a score of 0 to 6 to the management function. Those who preferred not to answer were excluded from the calculation base.

Most beneficial training for firms with revenues of \$2 million or less

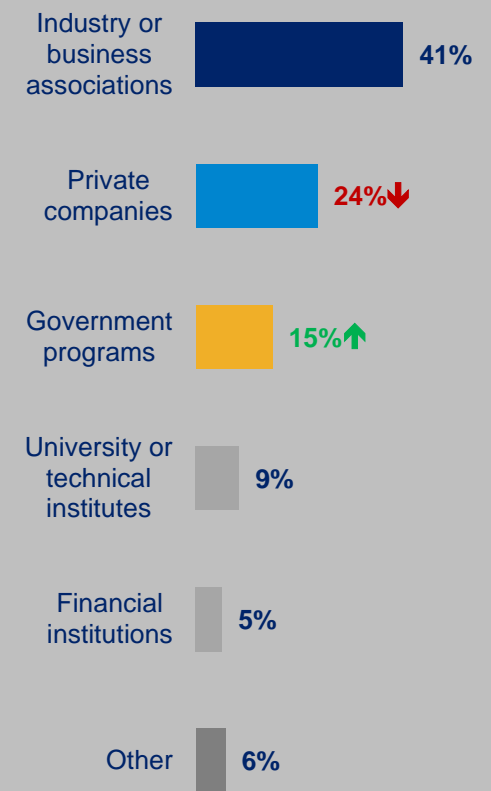
Training related to...
(n=468)



Training using...
(n=456)



Training offered by...
(n=444)



Base: All respondents. Those who preferred not to answer were excluded from the calculation base. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Training format use

- > All training formats are used to some extent. However, the frequency of use tends to be significantly higher for some formats among those with revenues above \$2 million.

Training format	Use this format regularly			Use this format once in a while		
	Total	Revenues of \$2 million or less	Revenues above \$2 million	Total	Revenues of \$2 million or less	Revenues above \$2 million
In-house training for employees by employees	51%	47% ↓	68% ↑	33%	33%	29%
Webinars, online training or e-learning courses	31%	32%	31%	50%	50%	54%
Peer networks (entrepreneurs addressing topics with other entrepreneurs)	21%	22%	18%	47%	49%	44%
Off-site training (may include attendees from multiple companies)	11%	10%	15%	58%	56% ↓	71% ↑
External trainers or consultants at the company site	9%	7% ↓	13% ↑	46%	41% ↓	65% ↑
Other	7%	8%	4%	17%	16%	17%

Base: All respondents. Those who preferred not to answer were excluded from the calculation base. Numbers in red and in green highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Content format use

Content format	Use this format regularly			Use this format once in a while		
	Total (n=760)	Revenues of \$2 million or less (n=480)	Revenues above \$2 million (n=250)	Total (n=760)	Revenues of \$2 million or less (n=480)	Revenues above \$2 million (n=250)
Document templates (business plan, cash flow spreadsheets)	42%	41%	47%	31%	32%	31%
Internal training (employees training other employees)	41%	35% ↓	61% ↑	28%	28%	30%
Infographics, short texts and articles	32%	35%	27%	31%	31%	32%
Networking events and peer learning	28%	29%	27%	37%	36%	39%
White papers, reports and eBooks	25%	26%	20%	29%	28%	31%
Mentoring	24%	22% ↓	32% ↑	28%	31%	22%
Webinars	23%	24%	23%	35%	34%	39%
Podcasts and short videos	17%	18%	14%	33%	35%	31%
Diagnostic tools and assessments	16%	14%	19%	29%	28%	33%
External training (sending employees to training courses)	15%	12% ↓	25% ↑	35%	33% ↓	43% ↑
Business coaching	15%	14%	17%	22%	20%	25%
E-learning or massive open online courses (MOOCs)	14%	15%	12%	22%	23%	18%
One-on-one consulting services	12%	13%	12%	25%	24%	27%
Web-based business networking and discussion groups	12%	13%	11%	23%	23%	21%

Training supplier use

- > The frequencies with which firms with lower revenues and those with higher revenues use various types of training suppliers are quite similar. Although the difference is not statistically significant, higher revenue firms use private companies more frequently than lower revenue firms do.

Training supplier	Use this format regularly			Use this format once in a while		
	Total	Revenues of \$2 million or less	Revenues above \$2 million	Total	Revenues of \$2 million or less	Revenues above \$2 million
Industry or business associations	27%	26%	31%	59%	60%	57%
Private companies	21%	20%	26%	50%	48%	58%
Government programs	11%	11%	9%	48%	49%	49%
University or technical institutes	9%	9%	10%	42%	42%	41%
Financial institutions	3%	2%	3%	41%	39%	48%
Other	4%	4%	2%	10%	10%	9%

Note: respondents who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding.

Training mindset

- > In terms of training mindset, there are no major differences between business leaders in firms with revenues of \$2 million or less and those in firms with higher revenues regarding participation in business training activities.
- > However, the reality is quite different for employees. Those in companies with higher revenues are much more likely to have the opportunity to participate in training activities regularly than are those in firms with lower revenues.

<i>I participate in various business training activities...</i>	Total (n=759)	Revenues of \$2 million or less (n=479)	Revenues above \$2 million (n=250)
On a regular basis	30%	30%	33%
As needed	45%	44%	45%
Seldom	22%	22%	20%
Never	3%	4%	2%

<i>Employees are offered the opportunity to participate in various training activities...</i>	Total (n=725)	Revenues of \$2 million or less (n=450)	Revenues above \$2 million (n=249)
On a regular basis	23%	20% ↓	33% ↑
As needed	54%	54%	54%
Seldom	18%	21% ↑	12% ↓
Never	5%	6% ↑	1% ↓

Note: All respondents. Those who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding. Numbers in **red** and in **green** highlight statistically significant differences between firms with revenues of \$2 million or less and those with revenues above \$2 million.

Continuous improvement

- > Continuous improvement is equally important to business leaders in firms with revenues of \$2 million or less and to business leaders in firms with revenues above \$2 million.

<i>Importance of continuous improvement</i>	Total (n=721)	Revenues of \$2 million or less (n=469)	Revenues above \$2 million (n=223)
Very important (9 to 10 out of 10)	60%	60%	59%
Important (7 to 8 out of 10)	32%	31%	36%
Neutral (5 to 6 out of 10)	7%	7%	4%
Not important (0 to 4 out of 10)	2%	3%	1%
<i>Average score</i>	8.58	8.55	8.63

Note: All respondents. Those who preferred not to answer were excluded from the calculation base. Totals may not equal 100% due to rounding.



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