

Majority (56%) of Entrepreneurs Consider the Recession to Have Had Positive or No Effect on their Business

Three out of Five (58%) of Small Business Owners don't Believe Recession is Over

Public Release Date: Thursday October 14, 2010, 6:00 AM EDT



Ipsos Reid

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Toronto, ON – As the economic downturn comes to an end, the majority (56%) of Canadian entrepreneurs say the recent recession had either no impact or a positive impact on their business, whereas over one third (36%) felt a negative impact on their business according to a new poll conducted by Ipsos Reid on behalf of RBC. Almost one in ten (8%) small business owners were unsure. Of the one-third of small business owners that experienced a negative impact as a result of the recession, three-quarters (72%) said their sales revenues decreased and over half (54%) had fewer business opportunities.

As signs of an economic recovery begin to slowly crop up, almost three quarters (72%) of small business owners are optimistic about the success of their companies over the next year, compared to 23% who are unsure. However, three out of five (58%) small business owners do not believe the recession is over yet compared to one in five (21%) who say it is and another one in five (21%) who say they do not know. Close to a quarter (23%) are confident that they will be hiring either full time or part time staff in the next year. Despite being unsure of the recession's end, two-thirds (65%) of entrepreneurs consider the outlook for the Canadian economy to be positive, deeming it 'good', 'very good' or 'excellent'.

Small Businesses and Large Problems

Small business owners face a unique set of challenges and the most common one expressed is finding clients and developing their market, according to 22% of entrepreneurs. Other challenges include 'keeping a steady workload' (13%) and 'maintaining sufficient cash flow/financing growth' (11%). When asked what advice they would give to other small business owners about how to grow a business, half (50%) would advise them to network and develop alliances. Other recommendations consist of knowing the competition (47%), researching the market (46%) and developing a business plan (45%).

When starting a new business, there are always mistakes made along the way. One-third (34%) of small business owners claim to have learned from their mistakes saying they would do things differently if they were to start over again. Three-quarters (73%) say they would network more and two-thirds (67%) would more aggressively solicit clients. Other ways entrepreneurs would conduct their business differently is by seeking more advice (66%), conducting more market research (59%) and developing a better business plan (54%).

Five Year Trending

Similar studies on behalf of RBC were conducted by Ipsos Reid in 2005 and 2007 and the results reveal some key trends.

- A higher percentage of entrepreneurs are women (52%) than men this year, compared to 2007 (44%) and 2005 (48%). Female entrepreneurs are most common in British Columbia as well as the Prairies, each at 58%.
- Over half (53%) of small business owners are over the age of 55, which is up by 14% from 2005 (39%). On the other hand, the age group consisting of 18-34 year olds who are entrepreneurs is declining slowly to 7% in 2010 from 15% in 2005.

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- One quarter (26%) of business owners were professionals before starting their business which is an 8 point increase from 2007 (18%).
- The majority (52%) of entrepreneurs claimed that the earnings from their business are less than they would earn from working for someone else, compared to 43% who said so in 2007.
- On a positive note, the challenges that entrepreneurs face when they initially start their business have improved. For instance:
 - Working long hours has gone down from 34% in 2005 to 22% in 2010.
 - Managing time is a challenge for 16% of entrepreneurs in 2010 compared to 26% in 2005.
 - Having enough funds to start a new business has decreased by 12 points from 27% in 2005 to 15% in 2010.

These are some of the findings of an Ipsos Reid poll conducted between September 7 and 15, 2010, on behalf of RBC. For this survey, a sample of 1,273 adults from Ipsos' Canadian online panel was interviewed online. Weighting was then employed to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. A survey with an unweighted probability sample of this size and a 100% response rate would have an estimated margin of error of +/-3.8 percentage points, 19 times out of 20, of what the results would have been had the entire population of adults in Canada been polled. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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