

BRITISH COLUMBIA  
CANADA

# Small Business Profile 2010



Western Economic  
Diversification Canada

Diversification de l'économie  
de l'Ouest Canada

Canada



BCStats

# SMALL BUSINESS PROFILE 2010

## British Columbia

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### **BC Stats**

Data Services  
553 Superior Street  
Box 9410 Stn Prov Govt  
Victoria, B.C. V8W 9V1  
250.387.0327  
[www.bcstats.gov.bc.ca](http://www.bcstats.gov.bc.ca)

*Information on provincial government programs and services can be found at:*

### **Ministry of Small Business, Technology and Economic Development**

Small Business Branch  
Box 9822 Stn Prov Govt  
Victoria, B.C. V8W 9N3  
250.387.4699  
[www.gov.bc.ca/sted](http://www.gov.bc.ca/sted)

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### **Western Economic Diversification Canada**

Suite 700-333 Seymour Street  
Vancouver, B.C. V6B 5G9  
604.666.6256  
1.888.338.9378  
[www.wd.gc.ca](http://www.wd.gc.ca)

*Western Economic Diversification Canada works with the provinces, industry associations and communities to promote the development and diversification of the western economy, coordinates federal economic activities in the West and represents the interests of western Canadians in national decision making.*

## CONTENTS

Preface	1
Highlights	3
1   Small Business Growth	4
2   Small Business Employment	9
3   Contribution to the Economy	16
4   Growth Industries and Specially Defined Sectors	22
5   Regional Focus	26
6   Small Business Exporters	29
Technical Notes	33



Western Economic  
Diversification Canada

Diversification de l'économie  
de l'Ouest Canada

**Canada**



**BRITISH  
COLUMBIA**  
The Best Place on Earth

# PREFACE

*Small Business Profile 2010: British Columbia* is an update of versions published annually since 1997 and reflects data from 2009. This report answers some common questions about the role of small business in British Columbia by examining trends in growth and, where possible, offering cross-provincial comparisons. Key indicators examined in this report include business counts, employment growth, earnings, economic contribution, industry distribution and small business exporting.

Statistical information in this report was prepared by BC Stats using data provided by Statistics Canada from databases such as the Business Register, Survey of Employment, Payrolls and Hours, Labour Force Survey, Exporter Registry and Survey on Financing of Small and Medium Enterprises.

*Small Business Profile 2010* is jointly produced by the federal and provincial governments. The report was prepared by BC Stats in the British Columbia Ministry of Citizens' Services in partnership with Western Economic Diversification Canada and the B.C. Ministry of Small Business, Technology and Economic Development.

## Small Business Export Success Stories:

British Columbia's small businesses are finding it easier than ever to export. With increasingly open trade policies and improved technological capabilities, the import and export of goods has become central to business growth in B.C.

Small businesses in B.C. shipped about \$12.5 billion worth of goods to international destinations in 2008, or 41 per cent of the total value of goods exported from the province.

To examine B.C.'s exporters is to discover a range of activities, destinations and sectors. While some small businesses export to Canadian markets, others reach across the world. And while some export goods, others focus on services, including those delivered online.

There are many benefits to exporting and lessons to be learned along the way, as shown through the eight small business success stories featured in this report.

To learn more about exporting, visit [www.tradestart.ca](http://www.tradestart.ca).

## Ziptrek Ecotours

Whistler, British Columbia

More than 15,000 people returned home from the 2010 Olympic and Paralympic Winter Games with a stand-out memory: ziplining six stories above Vancouver's lively downtown.

For Ziptrek Ecotours co-founder David Udow, setting up an urban zipline during the world-class event produced stand-out benefits for both his company and B.C. tourism.

"We were featured on the Today Show, the Oprah Show, and in national and international media, and viewers got a taste of how vibrant Vancouver is as a city, and how beneficial low-impact eco-tourism can be," said Udow.

Udow and lifelong friend and entrepreneur Charles Steele set up their first zipline tour in 2002 – the first of its kind in North America – in the temperate rainforest between Whistler and Blackcomb mountains. The friends followed a sustainable business model to create an educational and adrenaline-fuelled zipline tour that celebrates and supports the surrounding environment.

The company has since expanded its Whistler operation to include ten ziplines,



*"...We have always had the intent to expand our horizons and are constantly evaluating new locations..."*

seven suspension bridges and 28 treetop observation platforms. It has also opened a zipline tour in Queenstown, New Zealand, sharing technology, knowledge and staff with what Udow considers the home of adventure tourism.

"By entering an established eco-tourism market like Queenstown's, we came in as a complementary player," said Udow. "We have always had the intent to expand our horizons and are constantly evaluating new location options to ensure we set up only a handful of world-class sites."

Ziptrek followed its Olympic experience by partnering again with the Province of British Columbia to set up a 183-metre zipline in San Francisco's Embarcadero Square as part of the BC Experience showcase to attract United States travellers to the province.

"Certainly, the exposure from the Olympics has caused the phone to ring a lot more than before," said Udow. "But our vision remains the same: provide a superb experience that resonates so well with guests, they are compelled to tell others about it."

For more information, visit [www.ziptrek.com](http://www.ziptrek.com)



## HIGHLIGHTS

**Small Business** – There were approximately 395,900 small businesses operating in British Columbia in 2009, accounting for 98 per cent of all businesses in the province. About 82 per cent of these small businesses were micro-businesses with fewer than five employees.

**Small Businesses Per Capita** – In 2009, British Columbia ranked second only to Saskatchewan in terms of small businesses per capita, with 88.9 small businesses per 1,000 people. Saskatchewan had slightly more small businesses per 1,000 people, at 89.5, while third-ranked Alberta was well behind at 79.4. The national average was 72.0.

**Employment** – Small businesses in British Columbia employed 1,045,400 people in 2009. These jobs accounted for 57 per cent of private sector employment in the province, the highest rate in the country.

**Employment Growth** – The small business sector in British Columbia felt the effects of the global economic downturn as small business employment in the province fell 1.2 per cent between 2008 and 2009. However, small businesses fared better than larger businesses, which shed 4.6 per cent of their employees.

**Self-Employed** – In 2009, the total number of self-employed people in B.C. was 443,800. On average, the self-employed tend to be older, more often male, and more likely to work longer hours than employees working for others. Almost 35 per cent of the self-employed in British Columbia are women, slightly below the national average.

**Gross Domestic Product** – Approximately 32 per cent of British Columbia's gross domestic product was generated by small business in 2009, higher than the Canadian average of 28 per cent.

**High Technology Sector** – There were 8,555 small businesses in British Columbia's high tech sector in 2009, representing about 96 per cent of all high technology businesses in British Columbia. High technology experienced a 3.2 per cent rise in the number of small businesses between 2007 and 2009.

**Regional Focus** – The Thompson-Okanagan region recorded the highest net growth in the number of small businesses in British Columbia between 2007 and 2009, at 9.0 per cent.

**Exports** – British Columbia small businesses shipped about \$12.5 billion worth of merchandise to international destinations in 2008, representing just over 41 per cent of the total value of goods exported from the province.

### BREAKDOWN OF BUSINESSES IN BRITISH COLUMBIA, 2009

	No. of Businesses	% of Total
<b>TOTAL SMALL BUSINESSES</b>	<b>395,900</b>	<b>98%</b>
Self-employed without paid help*	226,700	56%
Businesses with less than 50 employees	169,200	42%
<b>TOTAL LARGE BUSINESSES</b>	<b>6,900</b>	<b>2%</b>
<b>TOTAL ALL BUSINESSES</b>	<b>402,800</b>	<b>100%</b>

\*Incorporated self-employed are not included in this figure to avoid double-counting, since they are already included in the count of businesses with fewer than 50 employees.

Source: BC Stats using data supplied by Statistics Canada

### NUMBER OF SELF-EMPLOYED BUSINESS OWNERS IN BRITISH COLUMBIA, 2009

	Incorporated	Unincorporated	Total self-employment
With Paid Help	102,500	39,300	141,800
Without Paid Help	75,300	226,700	302,000
<b>TOTAL</b>	<b>177,800</b>	<b>266,000</b>	<b>443,800</b>
Per cent	40%	60%	100%

For more information on incorporation, please see pages 11-12.

Source: Statistics Canada / Prepared by BC Stats

### **A business is defined as a small business if it either:**

- Has fewer than 50 employees, or
- Is operated by a self-employed person with no paid help.

A micro-business is defined as one with fewer than five employees.

### **Incorporated Businesses**

Incorporated businesses consist of those organized and maintained as legal corporations. A corporation is created (incorporated) by one or more shareholders who have ownership of the corporation, represented by their holding of common stock.

### **Self-employed**

Self-employed individuals are defined as individuals who spend most of their working hours operating their own businesses. The self-employed can be categorised as either incorporated or unincorporated. Each of these classifications can be further divided between those operating with paid help (i.e., with employees) or without paid help (i.e., working by themselves). This produces four major categories of self-employed workers.

### **Unincorporated Businesses**

Unincorporated businesses consist of those not organized and maintained as legal corporations, and wherein the tie between members need not be a legally enforceable contract.

**British Columbia ranks second in Canada for small businesses per capita.**

## **1 | SMALL BUSINESS GROWTH**

In British Columbia, the small business sector continues to be a key instrument of job creation and economic growth. It remains the primary provider of private sector jobs in the province, reflecting an important and ongoing trend toward economic diversification within the provincial economy. The small business sector is also a vital source of innovation, as in the case of businesses involved in high technology. In fact, about 96 per cent of high technology businesses in British Columbia have fewer than 50 employees.

The province's economic landscape has been positively affected by the growth in entrepreneurship. This trend is expected to continue for some time to come. Compared with other parts of the country, British Columbia's small business owners are consistently among the most optimistic about their future prospects, even when faced with an uncertain economy. According to the most recent data from a survey of members of the Canadian Federation of Independent Business (CFIB), confidence among owners of small businesses in British Columbia is among the highest in the country, and well above that of the average Canadian small business owner.<sup>1</sup>

Survey data, such as that from CFIB's Business Barometer Index, are useful subjective measures of the health of small business in the province. However, it is also important to examine objective measures such as business counts, employment, gross domestic product (GDP) and revenues to see if they paint a similar picture of the success of British Columbia's small business sector.

## **What is a small business?**

As a prelude to examining its scope and growth, it is essential to define "small business." A business can be classified as small, medium or large through a number of different methods including production levels and revenues. However, the most commonly used definition focuses on the number of individuals employed. In British Columbia, a small business is defined as one either with fewer than 50 employees or operated by a person who is self-employed without paid help.

<sup>1</sup>Mallett, Ted. (May, 2010). Business Barometer Index: Monthly Results of March-April, 2010 SME Business Outlook Survey. Canadian Federation of Independent Business.

## How many businesses operate in British Columbia and is that number growing?

In 2009, British Columbia recorded a total of 402,800 businesses, of which 98 per cent (395,900) were classified as small businesses. Just over 56 per cent of all businesses in the province were operated by self-employed people with no paid employees, slightly more than the national average of 54 per cent. Among the provinces, only Saskatchewan and Ontario (at about 58 per cent each) had a higher percentage of businesses run by self-employed individuals with no paid employees.

The number of small businesses operating in British Columbia grew by 3.0 per cent in 2009, a solid recovery from the dip recorded in 2008. The number of small businesses with employees saw an increase of 0.7 per cent. Overall, most of the growth in small business was attributable to a 4.8 per cent surge in businesses operated by unincorporated self-employed individuals without paid help.

Faced with a widespread economic downturn, it is possible that some larger businesses reduced employment and may now be reclassified as small businesses. This scenario is plausible given that the number of large businesses (50 or more paid employees) in British Columbia declined 1.3 per cent in 2009. It is also conceivable that a number of small businesses shed employees, with some owners perhaps opting to run their businesses alone. This may at least partially account for the increase in businesses run by self-employed persons with no paid help. A boost in self-employment could also be an indication that some workers, in the face of lay-offs, elected to start their own businesses.

## What is the size distribution of small businesses?

The majority of small businesses in British Columbia are micro-businesses with fewer than five employees. About 325,800 businesses fit this description in 2009, comprising 82 per cent of all small businesses. Of these, 57 per cent were self-employed without paid help and the remaining 25 per cent employed one to four individuals (Figures 1.1 and 1.2).

From 2007 to 2009, the number of small businesses in the province expanded by 2.9 per cent; however, all growth was in 2009, as there was a slight decline in businesses from 2007 to 2008<sup>2</sup>. The fastest growing group in the small business sector between 2007 and 2009 was self-employed workers with no paid help, which increased at a rate of 3.4 per cent, or approximately 7,400

<sup>2</sup>Due to a methodological change in 2008, consistent data for British Columbia are only available back to 2007 and, for other provinces, BC Stats has access only to data back to 2008. As a result, time series analysis is only possible for the 2007 to 2009 period for British Columbia and the 2008 to 2009 period for the other provinces. For a detailed discussion of the difference between business count methodologies, see Small Business Profile 2009: A Profile of Small Business in British Columbia.

FIGURE 1.1

### SIZE DISTRIBUTION OF SMALL BUSINESS IN BRITISH COLUMBIA, 2009

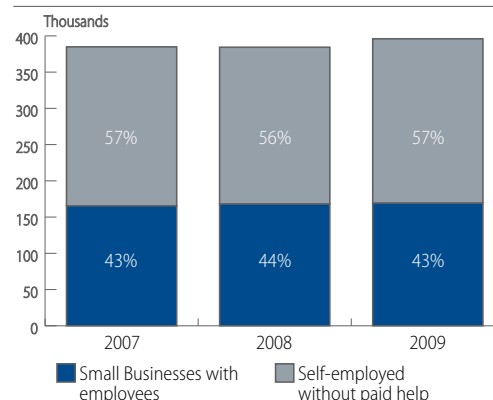
	No. of Businesses	% of Total
<b>TOTAL BUSINESSES WITH 0 to 4 EMPLOYEES</b>	<b>325,800</b>	<b>82%</b>
Self-employed without paid help	226,700	57%
Businesses with 1 to 4 employees	99,100	25%
<b>BUSINESSES WITH 5 TO 19 EMPLOYEES</b>	<b>57,100</b>	<b>14%</b>
<b>BUSINESSES WITH 20 TO 49 EMPLOYEES</b>	<b>13,100</b>	<b>3%</b>
<b>TOTAL SMALL BUSINESSES*</b>	<b>395,900</b>	<b>100%</b>

\*Figures do not add due to rounding

Source: BC Stats using data supplied by Statistics Canada

FIGURE 1.2

### NUMBER OF SMALL BUSINESSES IN BRITISH COLUMBIA, 2007-2009



Source: BC Stats using data supplied by Statistics Canada

FIGURE 1.3

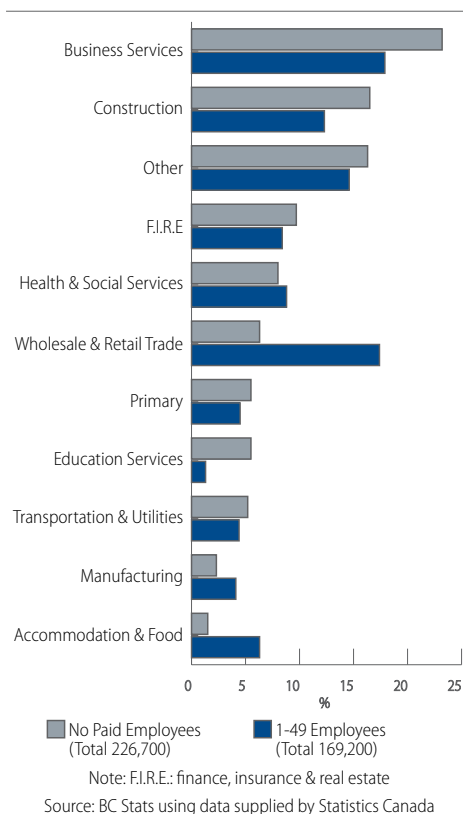
### NET GROWTH IN NUMBER OF BRITISH COLUMBIA BUSINESSES, 2007-2009

	Growth (#)	Growth Rate
<b>TOTAL SMALL BUSINESSES</b>	<b>11,100</b>	<b>2.9%</b>
Self-employed without paid help	7,400	3.4%
Businesses with 1 to 4 employees	2,800	2.9%
Businesses with 5 to 19 employees	700	1.2%
Businesses with 20 to 49 employees	200	1.9%
<b>TOTAL LARGE BUSINESSES</b>	<b>100</b>	<b>0.7%</b>
<b>TOTAL ALL BUSINESSES</b>	<b>11,200</b>	<b>2.8%</b>

Source: BC Stats using data supplied by Statistics Canada

FIGURE 1.4a

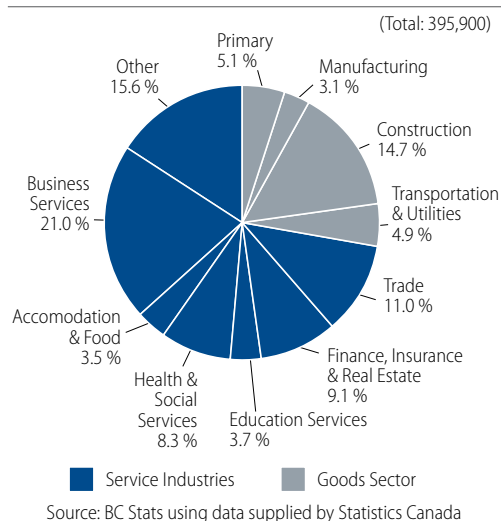
### SMALL BUSINESSES, WITH AND WITHOUT EMPLOYEES, BY INDUSTRY, 2009



**The largest concentration of small business in British Columbia is in business services.**

FIGURE 1.4b

### TOTAL SMALL BUSINESSES WITH 0-49 EMPLOYEES, 2009



new businesses. Overall, small business growth in the province outpaced that of large business. The increase in the number of large businesses was limited to 0.7 per cent, as a 1.3 per cent reduction in 2009 tempered growth over the 2007 to 2009 period (Figure 1.3).

## In which sectors are small businesses concentrated?

Small businesses in British Columbia are engaged in many diverse activities, which range from family-owned and operated restaurants to self-employed software engineers and small lumber mills. Nearly three quarters of all businesses in the province are in the service sector. Small businesses are only slightly less likely than large businesses to be providing a service.

In the small business service sector, the largest concentration is in business services, which in 2009 accounted for 21 per cent of all British Columbia small businesses (Figures 1.4a and 1.4b). These include occupations such as veterinarians and accountants. Next, at 16 per cent, were "other" services, which include occupations involving information, culture and recreation. Both business and "other" services are more concentrated among businesses with no employees, whereas businesses involved in trade are more likely to have employees. Wholesale and retail trade also has a significant presence in the small business service sector, an 11 per cent share of the province's small businesses in 2009. Figure 1.4a shows the industry break down for small businesses with employees compared to that for businesses operated by a self-employed person with no paid employees. Figure 1.4b provides the same dissection for small business overall.

Construction has the most small businesses in the goods-producing sector, accounting for close to 15 per cent of all small businesses in the province. Given that construction is more amenable to smaller operations than many other industries, such as those involved in manufacturing, it understandably has the largest concentration of small businesses among industries outside the service sector.



Some industries in the small business sector are dominated by businesses without employees, while other industries are dominated by businesses with employees. For example, among small businesses providing education services, about 85 per cent are comprised of self-employed individuals without paid help (Figure 1.5). Conversely, almost 76 per cent of small businesses in the hospitality industry employ staff.

## How does small business in British Columbia compare with other provinces?

In terms of businesses per capita, small business is consistently more prevalent in Western Canada than in the rest of the country. In 2008, British Columbia ranked first among the provinces in its number of small businesses per 1,000 people (Figure 1.6). By 2009, the province had increased its per capita small business rate, but was outpaced by Saskatchewan, which edged past British Columbia (with 89.5 small businesses per 1,000 people). Despite its slip to a second-place ranking, with a rate of 88.9, British Columbia remained well ahead of the other provinces. The only other provinces to exceed the Canadian average of 72 small businesses per 1,000 people were Alberta (79.4) and Prince Edward Island (76.5).

Between 2008 and 2009, the number of small businesses in British Columbia climbed 3 per cent, slightly below the national average of 3.7 per cent growth (Figure 1.7). Quebec (+5.1 per cent) led the country in small business growth, followed by Alberta (+4.7 per cent). Meanwhile, Newfoundland and Labrador (-4.3 per cent) and Manitoba (-3 per cent) were the only provinces to post declines.

FIGURE 1.5

### SMALL BUSINESSES BY INDUSTRY, SHARES WITH AND WITHOUT EMPLOYEES, 2009

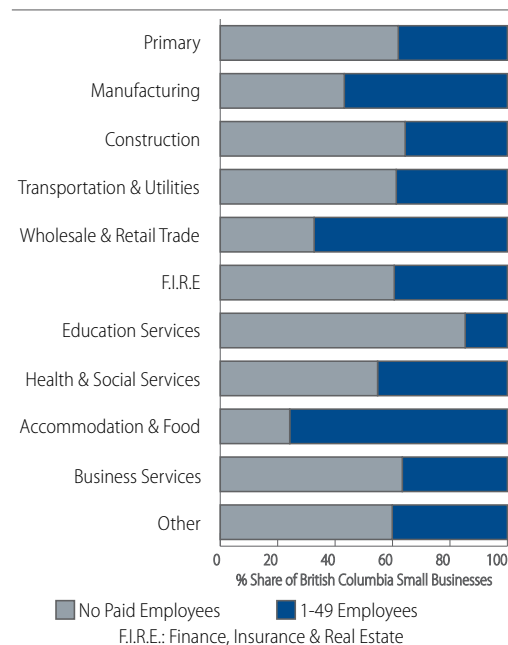


FIGURE 1.6

### SMALL BUSINESS PER 1,000 POPULATION, 2009

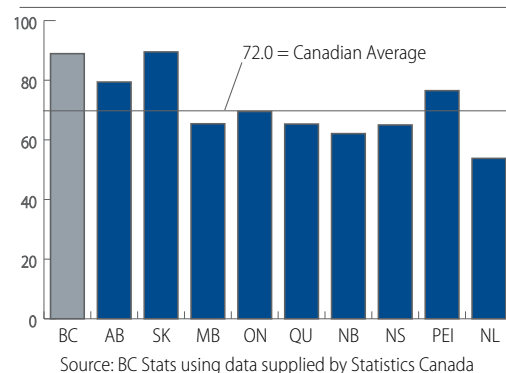
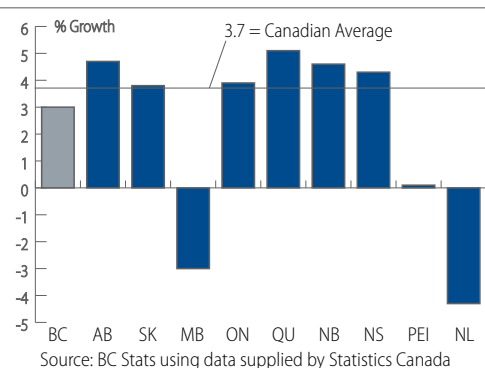


FIGURE 1.7

### SMALL BUSINESS GROWTH, 2008-2009



## Canadian Electric Vehicles

Errington, Vancouver Island

Randy Holmquist has reduced pollution around the world - while transforming a hobby into an export business.

Holmquist founded Canadian Electric Vehicles in 1991 after converting his own vehicle from gas to electric. The company's initial plan was to provide designs and parts to customers wanting to do the same, but this vision was expanded when the Los Angeles airport hired CEV to design and build a zero-emission aircraft refuelling truck.

The Los Angeles International Airport has since bought another 13 electric refuelling trucks, while hospitals, airports, campuses, municipalities and governments around the world are benefitting from CEV's other products: the 'Might-E Truck', a 40 km/hr electric utility truck, and the 'Might-E Tug' that helps tow loads of up to 10,000 pounds.

"Exporting is central to our business and has kept us going all these years," says Holmquist. "We initially assumed Canada would be our main market and instead discovered opportunities in Japan, Hong Kong, Dubai, Australia, New Zealand, the United States and more. The Internet



***"...We initially assumed Canada would be our main market and instead discovered opportunities in Japan, Hong Kong, Dubai, Australia, New Zealand, the U.S. and more..."***

and on-site demonstrations have been key tools in accessing markets and promoting our products."

Company sales rose 50 per cent last year from the year before, despite the economic downturn, and conversion kits are selling at two per month.

Meanwhile, Holmquist is exploring new pollution-reducing plans as wind power is introduced at CEV's Errington manufacturing plant, which currently

runs on solar power and is heated with waste vegetable oil.

"Things are certainly picking up for us as the general population accepts the big picture that we need to reduce pollution," says Holmquist. "With neighbourhood electric vehicles now Transport Canada certified, we hope governments and communities will ease the way for our vehicles to run on low-speed streets and spaces across Canada, and beyond. For us, it really is a belief over a business."

## 2 | SMALL BUSINESS EMPLOYMENT

### How many jobs does small business provide in British Columbia?

In 2009, approximately 1,045,400 jobs in British Columbia were derived from small business, accounting for 46 per cent of total employment in the province (Figure 2.1).

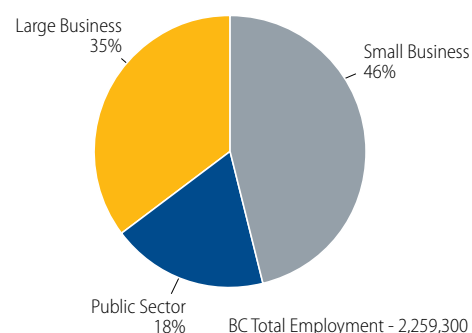
The private sector (both small and large businesses) employed approximately 1,842,400 people. The 1,045,400 people working for small business translates into 57 per cent of private sector jobs, a ratio that has remained stable over the past decade (Figure 2.2). In 2009, self-employed workers represented 24 per cent of total private sector employment, while 33 per cent were employed by small business.

In 2009, small business employment slipped for the first time in nearly a decade, dropping 1.2 per cent from 2008 levels. This was the first downturn since 2001, when the province saw a 1.6 per cent loss in small business employment. Given the economic slowdown, the shrinkage in small business employment in British Columbia (and other provinces) is understandable. Yet this decline was notably less than that of large businesses, which saw employment fall by 4.6 per cent. According to a recent report from the Canadian Federation of Independent Business, in a recession the smallest firms are best able to maintain their employment levels<sup>3</sup>. For businesses with fewer staff, the relative impact on retaining staff tends to be considerably higher than for larger firms. For example, losing one employee in a total staff of five is a workforce loss of 20 per cent. Moreover, small business owners are likely to retain staff to rebuild the business once the recession has subsided. In fact, many small business owners may even stop paying themselves in order to retain staff. By contrast, larger businesses tend to focus on the bottom line and, as a result, may be more inclined to cut staff in order to lower overall business costs.

The decline in small business employment in 2009 was the result of a 4.8 per cent drop in the number of employees of small businesses. On the other hand, self-employment is showing considerable strength with a jump of 4.2 per cent from 2008. Although self employment in British Columbia has been rather volatile in recent years, it has generally outperformed growth rates for employees of small businesses. In 2009, there were 54,700 more self-employed workers in British Columbia than in 2004, a 14.0 per cent increase over the five-year period. Coupled with a more modest 3.7 per cent rise in employees of small businesses, this increase made for a 7.8 per cent jump in overall small business employment (including self employed) between 2004 and 2009. Employment in large businesses jumped 9.7 per cent over this same period.

FIGURE 2.1

#### SHARE OF TOTAL EMPLOYMENT IN BRITISH COLUMBIA, 2009



Note: Figures do not add to 100 per cent due to rounding  
Source: BC Stats using data supplied by Statistics Canada

**Close to half of all jobs in British Columbia were in small business in 2009.**

FIGURE 2.2

#### PRIVATE SECTOR EMPLOYMENT IN BRITISH COLUMBIA BY SIZE OF BUSINESS, 2009

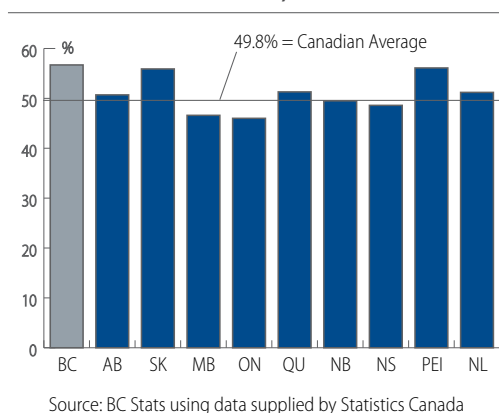
	Employment	% of Total
<b>TOTAL SMALL BUSINESS EMPLOYMENT</b>	<b>1,045,400</b>	<b>57%</b>
Self-employed	446,100	24%
Employed by small business	599,300	33%
<b>LARGE BUSINESS EMPLOYMENT</b>	<b>797,000</b>	<b>43%</b>
<b>TOTAL PRIVATE SECTOR EMPLOYMENT</b>	<b>1,842,400</b>	<b>100%</b>

Source: BC Stats using data supplied by Statistics Canada

<sup>3</sup>Mallett, Ted. (May, 2010). A Peek at the Trough: Small business employment outperforms mid-sized and large firms through the recession. Canadian Federation of Independent Business.

FIGURE 2.3

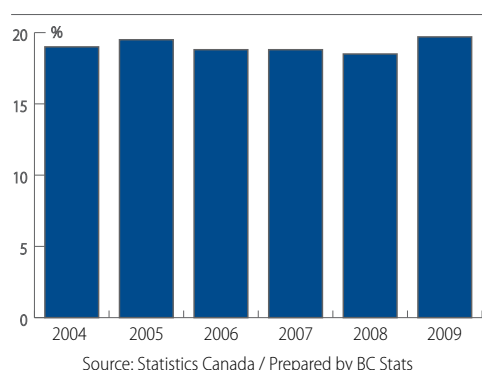
### SMALL BUSINESS AS A PER CENT OF PRIVATE SECTOR EMPLOYMENT BY PROVINCE, 2009



**British Columbia ranks first in small business as a per cent of private sector employment.**

FIGURE 2.4

### BRITISH COLUMBIA'S SELF-EMPLOYMENT AS A PER CENT OF TOTAL EMPLOYMENT, 2004-2009



## How does small business employment in B.C. compare with other provinces?

In 2009, British Columbia surpassed Prince Edward Island to rank first among the provinces in percentage of total private sector jobs in small business (Figure 2.3). Approximately 57 per cent of the province's private sector employment is provided by small business. Prince Edward Island ranked second (slightly over 56 per cent), followed by Saskatchewan (just under 56 per cent). Nationally, small business supplied half (50 per cent) of private sector employment. Ontario (46 per cent) had the least reliance on small business for private sector employment.

Significant variation exists among the provinces in small business employment, likely due to regional differences in economic structure. For example, British Columbia has a larger service sector than other provinces, which can account for a stronger presence of small businesses. Saskatchewan and Prince Edward Island have substantial agricultural and fishing sectors, respectively, and these sectors are commonly characterized by smaller operations with fewer employees. Ontario, by contrast, is more likely to have a higher percentage of employment in large business, being one of the country's manufacturing hubs (particularly in the automotive industry).

The 1.2 per cent decline in small business employment in British Columbia between 2008 and 2009 was more pronounced than the 0.6 per cent loss recorded nationwide. The overall decrease at the national level reflected weaknesses in six provinces. British Columbia, along with Alberta, Newfoundland and Labrador, and Prince Edward Island, had declines in small business employment of more than one per cent. Saskatchewan, by contrast, posted by far the most significant rise, at 2.3 per cent.

In British Columbia, the 2009 decrease in small business employment could be attributed largely to the construction boom that began in 2005 and eased last year. As well, this drop may have been exacerbated by a decrease in construction associated with the completion of the 2010 Winter Games. The global economic downturn also likely influenced the drop in demand for construction activities and undoubtedly affected employment growth in other sectors as well.

## SELF-EMPLOYMENT

### What proportion of total employment includes the self-employed?

Individuals classified as "self-employed" are those who spend most of their working hours operating their own businesses. Last year, self-employment accounted for 19.7 per cent of total employment, up more than a full percentage point from 2008 (18.5 per cent). Over the past five years, the proportion of British Columbia's workforce comprised of self-employed workers has remained sizeable, hovering between 18 and 20 per cent (Figure 2.4).

In 2009, for the third straight year, the province's share of self-employed workers was the highest in the country (Figure 2.5). Prior to 2007, Saskatchewan was the long-time leader. With its heavy reliance on family farming operations, it was the only province to have a higher proportion of self-employed workers than British Columbia. However, over the last 20 years or so, the number of farmers in Saskatchewan has been drifting downward, a trend reflected in that province's declining proportion of self-employed workers. In 2009, 19.1 per cent of Saskatchewan's workforce was made up of self-employed workers.

The construction industry is another sector that tends to have higher proportions of self-employed workers. In the last few years, parts of British Columbia have experienced a boom in the construction of housing and other facilities. Although construction has since slowed, the relatively larger share of self-employed people may be due, at least in part, to the accrued increase in the number of self-employed British Columbians working in the construction industry.

Other provinces have much lower proportions of self-employment. Other than British Columbia and Saskatchewan, Alberta (17.7 per cent in 2009) was the only other province to exceed the Canadian average of 16.0 per cent.

## How many self-employed people are in British Columbia and is this number growing?

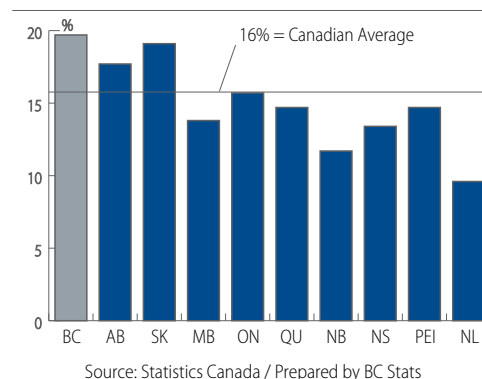
There were 446,100 self-employed workers in British Columbia in 2009, including 2,400 unpaid people supporting family businesses. This leaves 443,800 self-employed business owners<sup>4</sup> (Figure 2.6). Most (60 per cent) of self-employed businesses were unincorporated. Unincorporated individuals, working on their own with no employees, made up the largest class of self-employed small businesses. Over half (51 per cent) of all self-employed workers fit this description.

In 2009, the overall number of self-employed workers in British Columbia surged by 4.2 per cent, or by approximately 17,800 workers. This increase followed a comparatively small rise in 2008 and marked the second-largest gain in self-employment in British Columbia in the past decade. A number of factors can impact self-employment patterns. In 2009, the uneasy economic environment may have led some people to turn to self-employment in the face of layoffs or lack of job security<sup>5</sup>.

People also choose self-employment for its flexibility. Students, semi-retired persons, or even people looking to earn extra income may prefer self-employment to other options. Other potential factors include technological changes that allow people the flexibility to work from home, the increase

FIGURE 2.5

### SELF-EMPLOYMENT AS A PER CENT OF TOTAL EMPLOYMENT BY PROVINCE, 2009



**One out of 10 people living in British Columbia are self-employed.**

FIGURE 2.6

### NUMBER OF SELF-EMPLOYED BUSINESS OWNERS IN BRITISH COLUMBIA, 2009

	With paid help	Without paid help	Total	Per Cent
Incorporated	102,500	75,300	177,800	40%
Unincorporated	39,300	226,700	266,000	60%
<b>TOTAL SELF-EMPLOYMENT</b>	<b>141,800</b>	<b>302,000</b>	<b>443,800</b>	<b>100%</b>

Source: Statistics Canada / Prepared by BC Stats

<sup>4</sup>These numbers do not sum due to rounding.

<sup>5</sup>It should be noted here that it is also possible that some people, perhaps faced with cutbacks in work hours, have taken up self-employed work to supplement their salaried income. However, such workers are not included in figures quoted in this report. The 'self employed' as counted here are people for whom their self-employed work constitutes the job at which they work the most hours, except where specifically indicated otherwise.



FIGURE 2.7

### NUMBER OF SELF-EMPLOYED WITH PAID HELP COMPARED TO SELF-EMPLOYED WITHOUT PAID HELP, BRITISH COLUMBIA, 2004-2009

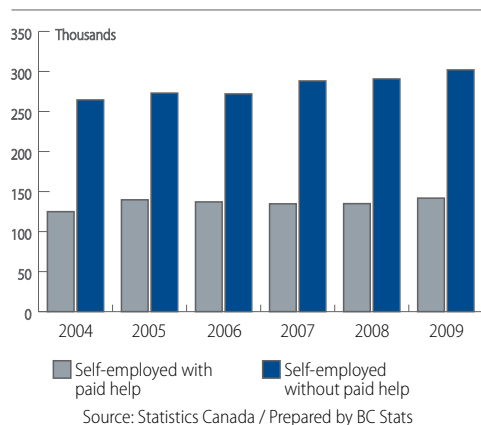
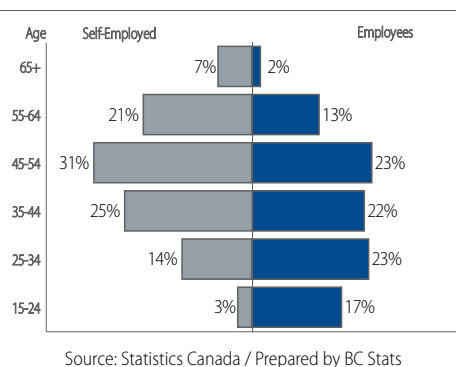


FIGURE 2.8

### AGE STRUCTURE OF SELF-EMPLOYED COMPARED TO EMPLOYEES IN BRITISH COLUMBIA, 2009



in dual-earner families and desire to balance family and work. Others are compelled by an entrepreneurial drive that induces them to build their own businesses.

Among the self-employed in British Columbia, sole operators are more common than employers with staff. This is not surprising, particularly when it is coupled with growth in the number of small businesses. Many businesses begin with one individual running their own business, often from home. As the business grows, these individuals may take on employees.

Over the last decade, the number of self-employed persons with employees, regardless of incorporation status, expanded at a much slower rate (11.0 per cent) than those without paid help (21.4 per cent). However, in recent years, both classifications have shown similar signs of growth. Between 2004 and 2009, the number of sole operators experienced a 14.2 per cent rise, while the number of employers with staff climbed 13.5 per cent (Figure 2.7). In 2009, growth among the self-employed with staff (up 5.1 per cent) outpaced that of those without employees (up 3.9 per cent).

## What is the profile of a self-employed person in British Columbia?

On average, self-employed people tend to be older, are more often men, work longer hours and are less likely to be Aboriginal compared to small business employees.

Over half (56 per cent) of British Columbia's self-employed are between the ages of 35 and 54, whereas only 45 per cent of employees fall into this age range (Figure 2.8). Similarly, while 40 per cent of employees are under the age of 35, just 17 per cent of self-employed business owners fit this description. At the other end of the scale, 28 per cent of entrepreneurs are aged 55 and over, compared to a mere 15 per cent of employees.

There are a number of reasons for the different age structure of self-employed persons and employees. Many younger people under the age of 25 lack the skills and capital to start and operate a business. By comparison, for older workers, self-employment may be used as a transition from full-time work to retirement. Indeed, seven per cent of self-employed business owners are 65 and over, but only two per cent of employees are in this age range. As well, as one reaches potential retirement age, a self-employed business owner might be more inclined to carry on working, as they are the main decision-makers of their business. Moreover, employees may be more inclined to retire at a socially pre-determined age thanks to the pension and/or retirement package available to them.

In British Columbia, self-employment as a percentage of all workers has been growing steadily in all age groups. However, among people over the age of 55, there has been a particularly sharp increase in the propensity

to be self-employed, which may be partly retirement-related. Many of those who have retired or semi-retired from their professions may seek alternative sources of income that offer the flexibility typical of self-employment. Also, on average, the self-employed tend to retire at an older age than the general workforce. The median retirement age (the age at which half of retirees are older and half younger) for all Canadian retirees in 2009 was 61.6 years, almost a year older than in 2008 (60.8 years). By comparison, the median retirement age for the self-employed in 2009 was 65.6 years of age, up notably from the previous year (63.9 years) and significantly higher than that of the average Canadian. It remains to be seen what sort of long-term effect the recent loosening of mandatory retirement in British Columbia could have on employment and self-employment of older Canadians, and whether the apparent increases in retirement age across most types of employment seen in 2009 will continue in upcoming years<sup>6</sup>.

Gender is another factor distinguishing the self-employed from employees. Self-employed individuals are more often male while employees are slightly more likely to be female. In 2009, close to two-thirds of British Columbia's self-employed were men. However, entrepreneurial women continue to increase their presence in business, both in British Columbia and in the rest of the country. In 2009, 34.8 per cent of all business owners in British Columbia were women, slightly below the national average of 35.3 per cent and the fourth highest rate among the provinces (Figure 2.9). British Columbia was marginally behind Ontario (35.5 per cent), while Quebec (37.2 per cent) and New Brunswick (38.2 per cent) had a much larger share of businesses owned by women.

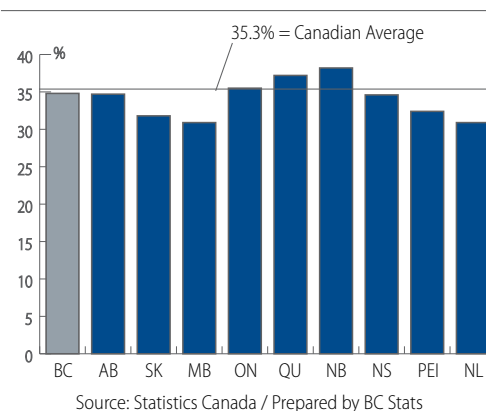
In British Columbia, differences in the number of hours worked per week also distinguishes the self-employed from employees (Figure 2.10). On average, the self-employed have much longer work days than employees. Roughly 27 per cent of self-employed individuals work 50 or more hours per week, compared to just four per cent of employees. By contrast, only 30 per cent of the self-employed work 35 to 40 hours per week, compared to 63 per cent of employees. In 2009, the average work week for self-employed workers was 38.3 hours, compared to 34.6 hours for employees. The disparity in work hours between the self-employed and employees has remained relatively unchanged over the last decade. The average work week for the self-employed has fluctuated only slightly (between about 38 and 40 hours) while the average for employees has remained even more stable, hovering around 35 since the beginning of the decade.

Self-employed Canadians who work long hours represent a larger portion of total self-employed than in British Columbia. In 2009, 32 per cent of self-employed workers in Canada averaged 50 hours or more per week, nearly five percentage points more than in British Columbia. Nationally, the average work week for self-employed workers is approximately 40 hours, almost two hours more than the average in British Columbia (38 hours).

<sup>6</sup>On January 1, 2008, British Columbia adopted legislation prohibiting mandatory retirement of persons who are 65 years of age and older.

FIGURE 2.9

### WOMEN AS A PER CENT OF SELF-EMPLOYED BY PROVINCE, 2009



**Entrepreneurial women continue to increase their presence in business, both in British Columbia and across the country.**

FIGURE 2.10

### SELF-EMPLOYED AND EMPLOYEES BY USUAL HOURS WORKED PER WEEK, BRITISH COLUMBIA, 2009

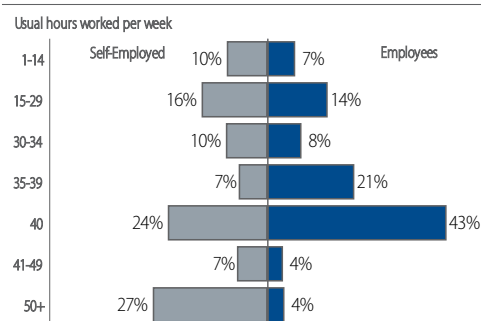
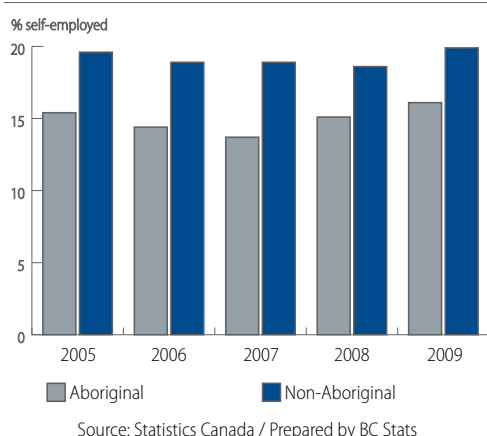


FIGURE 2.11

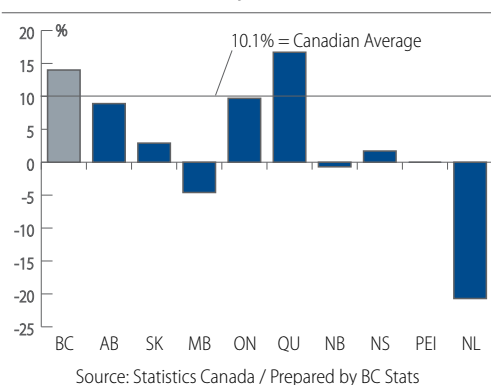
**PER CENT OF WORKING, OFF-RESERVE  
ABORIGINALS AND NON-ABORIGINALS  
WHO ARE SELF-EMPLOYED,  
BRITISH COLUMBIA, 2005-2009**



**Between 2004 and 2009,  
the number of British  
Columbia self-employed  
grew 14.0 per cent,  
well above the national  
average of 10.1 per cent.**

FIGURE 2.12

**SELF-EMPLOYMENT GROWTH BY  
PROVINCE, 2004-2009**



There are several possible reasons why some self-employed business owners work longer hours. These include lack of available staff to do extra work, or lack of capital to compensate staff for overtime. In some cases, self-employed individuals may have more passion for a business that they can call their own, and hence, more drive to work longer hours.

In 2004, Statistics Canada expanded its sampling of Aboriginal people on its Labour Force Survey. As a result, data on labour characteristics of off-reserve Aboriginal people became available on an ongoing basis, rather than only in Census years. Examining self-employment trends for Aboriginal people in British Columbia provides some insight on the diversity of small business owners in the province. Data for 2009 indicate that Aboriginal people living off-reserve continue to be significantly less likely to be self-employed than non-Aboriginals. Last year, 16.1 per cent of Aboriginal people in British Columbia were self-employed, compared to 19.9 per cent of non-Aboriginals who worked for themselves (Figure 2.11). One explanation for this difference may be the younger age distribution of Aboriginal people relative to the overall population, given the older age composition of self-employed individuals compared to those that are employees.

## How does self-employment growth in British Columbia compare with other provinces?

Over the last five years, British Columbia has shown substantial self-employment growth. The province's five-year growth rate of 14.0 per cent between 2004 and 2009 is well above the national average of 10.1 per cent (Figure 2.12). Only Quebec, with an increase of 16.7 per cent, saw greater growth in the number of self-employed. No other province exceeded the national average. Over this period, Newfoundland and Labrador saw by far the most notable decline in self-employment (-20.7 per cent), likely reflecting the ongoing drop in the number of independent fishing operations. Manitoba and New Brunswick were the only other provinces to see declines in the number of self-employed. Self-employment has been on the rise in British Columbia for three consecutive years, following a slight dip in 2006 (-0.5 per cent). Labour shortages that occurred in the province that year may have prompted some self-employed to opt for paid employment.

## Adventure Engine Inc.

Rossland, British Columbia

When Kelly Acheson and Amber Hayes set up their Rossland business in 2003, it was news – even to them – that they were starting a travel booking tech company.

Originally they set out to create an online databank of adventure tours, building on Hayes' back country and extreme skiing tour business. There was no repository for that kind of information; filling the void seemed a natural business.

Like many good business ideas, things didn't turn out as planned.

"We had grandiose ideas of travel agents racing to our site," says Acheson, "but it just did not happen."

Instead of walking away, they re-examined what they had to offer, demonstrating the kind of tenacity that is often critical to business success.

"We realized that we had a very robust booking management system tailored specifically for adventure and experiential operators," said Acheson, adding that advancements in Internet availability and tools over the past decade have pushed open the door for technology businesses to thrive in small British Columbia communities.



*"...Our clients are all over the world: Japan, the U.K, New Zealand, South America and North America..."*

There's been no looking back. Adventure Engine, an award-winning travel technology company, has grown about 200 per cent each year and started turning a profit last year. Six people are on staff, and they boast clients with sales ranging from \$100,000 to multi-millions from all over the world: Japan, the United Kingdom, New Zealand, South America and North America.

Those clients mostly learn about Adventure Engine through word of mouth and Google searches. What each

of them discover – whether a small rafting company in Kimberley or a trek operator in Nepal – is that Adventure Engine's reservation and online sales solutions trim administrative costs and increase their bottom lines.

Acheson sees a lot of potential in the adventure travel reservation business. "It's a small market niche – but it is wide open," she says.

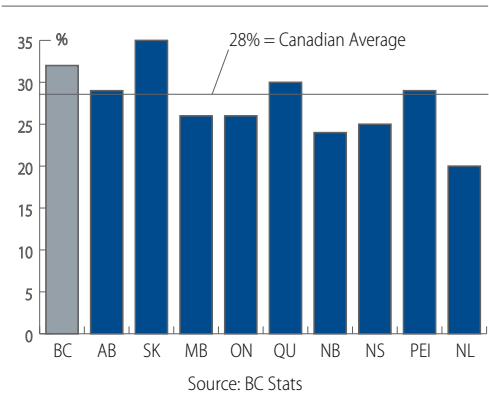
For more information, visit [www.adventureengine.com](http://www.adventureengine.com)

**Gross Domestic Product (GDP)**

refers to the total market value of all goods and services produced within national or provincial borders during a specified period. GDP growth rates provide an indication of how well an industry or economy is doing. The GDP of an industry (also referred to as value added) equals output by the industry minus the value of intermediate inputs that were purchased from other industries, domestic or foreign. Value added is a measure of how much an industry has contributed to the value of its output over and above the value of intermediate inputs. GDP by industry for the economy as a whole is the sum of values added by all industries resident in Canada.

FIGURE 3.1

**SMALL BUSINESS CONTRIBUTION TO GDP BY PROVINCE, 2009**



**British Columbia was ranked first in Canada for small business contribution to GDP.**

FIGURE 3.2

**CHANGES IN AVERAGE ANNUAL EARNINGS, BRITISH COLUMBIA, 2004-2009**

	Small Business	Large Business
Earnings 2004 (payroll/employee)	\$31,369	\$39,323
Earnings 2009 (payroll/employee)	\$37,486	\$43,724
PER CENT CHANGE	19%	11%

Source: BC Stats using data supplied by Statistics Canada

**3 | CONTRIBUTION TO THE ECONOMY**

**How large is the economic contribution of British Columbia small business, relative to other provinces?**

Small business contributes to the provincial economy not only by creating and maintaining jobs, but also through its production of goods and services and by meeting payrolls that support families and stimulate further economic activity.

The key measure of economic production of a sector is its gross domestic product (GDP). GDP represents the value that a sector adds to the raw inputs it uses, which is an important aspect of the sector's contribution to the economy.

In 2009, British Columbia's small business GDP accounted for 32 per cent of the provincial GDP, second only to Saskatchewan (35 per cent) and well above the Canadian average of 28 per cent (Figure 3.1). This measure indicates that small business in British Columbia plays a more significant role in the provincial economy than it does in most other parts of the country. The significant contribution of small business is due at least partly to the fact that British Columbia has traditionally been more service sector-oriented than most other provinces, and much of the nation's growth in small businesses has been concentrated in service sector industries. Quebec ranked next after British Columbia with 30 per cent of GDP derived from small business. The proportion was lowest in Newfoundland and Labrador (20 per cent), which likely reflects the increased role of large business in the offshore oil industry in that province's economy.

**How does average pay compare between small and large businesses?**

On average, small businesses have traditionally paid their employees lower wages compared to larger businesses. Small businesses compensate for much of this wage disparity by providing benefits not offered by some larger businesses, such as more flexible working hours. In 2009, the average small business employee earned \$37,486, compared to \$43,724 for employees of large business, which amounts to a difference of about \$6,200 (Figure 3.2). Part of this wage gap is likely related to productivity. Larger firms tend to be more productive than small businesses because they can take advantage of economies of scale and can better afford necessary capital improvements, such as machinery and equipment that can substitute for low-skilled labour. Consequently, larger firms tend to achieve more output per employee and can therefore afford to pay their employees higher wages. Another possible factor in the wage difference is that small businesses are far less likely to be unionized. In general, employees who belong to unions tend to earn higher wages than non-unionized employees.



Between 2004 and 2009, the difference between wages of employees of small and large businesses narrowed somewhat, as average earnings of small business employees increased at a faster pace than that of their large business counterparts. Employees of small businesses saw their average wages increase 19 per cent over that period, compared to only an 11 per cent boost for those working for larger businesses. At the beginning of the decade, the gap between earnings of employees of small and large businesses held fairly steady at approximately \$8,000, but has contracted significantly since 2005, such that by 2008, it had shrunk to \$5,300. However, in 2009, this pattern came to a halt as the gap widened by nearly one thousand dollars.

The province's five-year increase in wages among small businesses is probably related to the labour crunch experienced in British Columbia in the few years prior to 2009. In a tight labour market, small businesses have to compete with large businesses and one another for workers. Higher wages will act as a mechanism to both retain existing employees and attract new workers. In 2009, the economic downturn likely expanded the labour pool as businesses, both large and small, were forced to lay off workers. As a result, it was probably unnecessary for most small businesses seeking to hire new employees to offer higher wages. As well, some small businesses may have asked staff to take wage cuts to avoid layoffs.

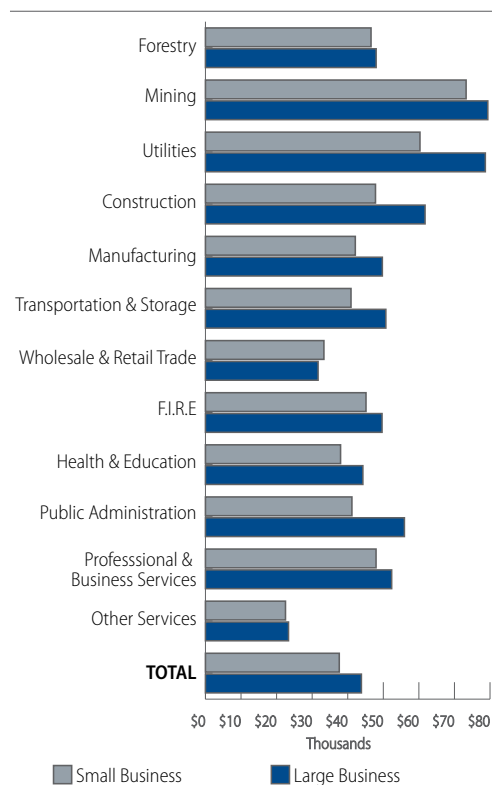
## How does average pay compare across industries for small versus large businesses?

With the exception of employees working in trade (wholesale and retail), small business wages continue to lag behind those of businesses with 50 or more employees for all major industry groupings (Figure 3.3). Workers in the trade industry continue to earn more on an average annual basis than do their counterparts working for large businesses. In 2009, this disparity remained localized in retail trade, which is a sector that often has difficulty retaining staff. Employers in retail trade tend to offer raises in order to maintain staffing levels needed for business operations. Among other industries, significant wage differences exist among workers of small and large businesses. The largest wage gap was in the utilities industry, where large businesses paid approximately \$18,400 more, on average, than their counterparts in small business. This was followed by public administration, with a gap of just under \$14,800. Another industry with historically significant wage disparities is construction. This was again the case in 2009, as employees working for small businesses earned roughly \$13,900 less per annum than those working for large construction companies. At less than \$900, the smallest gap between small and large business salaries is in "other services." This sector includes accommodation and food, whose employees earned the lowest wages of all industries, on average, regardless of business size. The highest wage earners in 2009 were in mining, oil and gas extraction<sup>7</sup>.

<sup>7</sup>Note that the wage data are from Statistics Canada's Survey of Employment, Payrolls and Hours, which does not include data for the agriculture and fisheries industries. Data for the accommodation and food sector does not include gratuities.

FIGURE 3.3

### AVERAGE ANNUAL EARNINGS BY INDUSTRY, BRITISH COLUMBIA, 2009



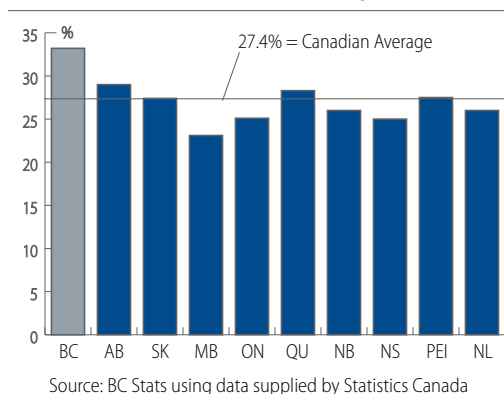
Note: F.I.R.E.: finance, insurance & real estate

Source: BC Stats using data supplied by Statistics Canada

**Between 2004 and 2009, British Columbia small business wages grew 19 per cent, nearly double that of wage gains in large business.**

FIGURE 3.4

### SMALL BUSINESS SHARE OF TOTAL PAYROLL BY PROVINCE, 2009



**British Columbia small business represents a third of the 2009 provincial payroll.**

## How does British Columbia compare in the portion of total payroll generated by small business?

Of all the provinces, British Columbia has the highest reliance on small business payrolls. In 2009, small business accounted for 33 per cent of wages paid to workers (Figure 3.4). Second-ranked Alberta was more than four percentage points lower than British Columbia, with about 29 per cent of its provincial payroll comprised of wages paid to small business employees. The Canadian average was just over 27 per cent. At 23 per cent, Manitoba was the province with the smallest percentage of payroll derived from small business. The high portion of payroll generated by small business in British Columbia is partly due to the large role that small business plays in the province's economy. Also, wages in some industries that are less prevalent in British Columbia, such as agriculture, tend to be lower, which can affect the size of payrolls in provinces that rely more heavily on these industries.

# Financing of Small and Medium Enterprises SPECIAL REPORT\*

One of the necessary elements for building a business is the availability of financing and the willingness to invest time and money in research and development. While relevant data are not readily available for small businesses as defined in this report, Statistics Canada has conducted a survey on financing of small and medium enterprises (SMEs) – defined as enterprises that employed fewer than 500 employees and generated annual gross revenue of less than \$50 million – for which data are available for 2007.

In British Columbia, 47 per cent of SMEs reported that they have requested financing at some point, which is the lowest percentage of any region. By comparison, almost two-thirds of SMEs in Atlantic Canada (65 per cent) have requested financing, as well as over half the SMEs in Quebec (62 per cent) and the Prairies (59 per cent), and 49 per cent of SMEs in Ontario.

While further research is needed to explain such regional variations, potential factors may include the types of financing requested (mortgages versus operating credit), the amount of financing requested, the different industrial structures and average size of businesses among the provinces and possibly cultural differences in terms of preferences relating to conventional money-lending.

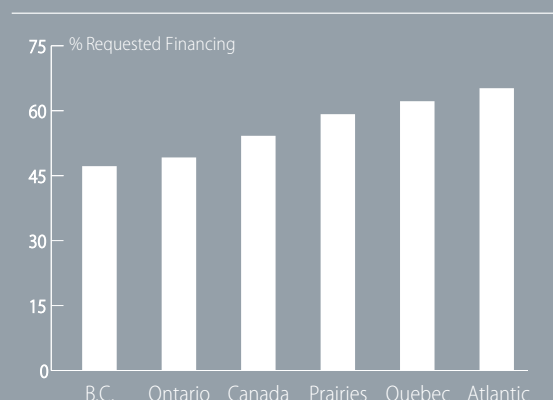
About 78 per cent of British Columbia SMEs were started from scratch, comparable to the national average of 76 per cent. Both Ontario and British Columbia SMEs tended to rely more on the personal savings of the owner for financing to start the business compared to SMEs in other regions and were less likely to obtain loans from financial institutions. In terms of financing instruments used for ongoing operations, the majority of SMEs depended on a combination of loans, personal savings and/or retained earnings. With regard to regional differences, SMEs in British Columbia were significantly more inclined to depend on small loans under \$25,000 compared to other regions, while SMEs in Atlantic Canada were more likely to use government

credit or grants to finance ongoing operations than elsewhere in the country. Businesses in British Columbia were by far the least likely to use this type of government financing.

Of those British Columbia SMEs surveyed, 41 per cent reported that they intended to expand their business and, of those, 67 per cent said their current financing was sufficient to fund their expansion plans. This was the highest ratio in the country, with the Prairies, at 60 per cent, ranking second and SMEs in Atlantic Canada, at 52 per cent, reporting the smallest number with sufficient financing. Among the obstacles to growth, rising business costs topped the list in all regions, but finding qualified labour was a problem for over half the SMEs in both British Columbia and the Prairies.

While research and development (R&D) can be an important factor in business expansion, very few SMEs actually spend money on R&D. In British Columbia, only 21 per cent of SMEs conducted R&D, which is in line with the national average of 23 per cent. About four per cent of all British Columbia SMEs allocated more than 20 per cent of total business expenditures to R&D.

**SME REQUESTED FINANCING  
BY PROVINCE**



Source: Statistics Canada / Prepared by BC Stats

\*Source: Statistics Canada's Survey on Financing of Small And Medium Enterprises, 2007

## Takaya Tours

Burrard Inlet, British Columbia

Takaya Tours is making waves with international tourists, a testament to British Columbia's growing Aboriginal cultural tourism industry. The company, operated by Tsleil-Waututh First Nation, is revitalizing and sharing local culture while at the same time building the community's economy.

"Visitors from around the world come to experience these waterways from a Coast Salish perspective....the medicinal plants, ancient village sites, and the songs and stories we share to keep our history alive," said Tsleil-Waututh Nation Chief Leonard George.

The Tsleil-Waututh founded the eco-tourism company in 1999, initially giving about 400 customers interpretive canoe and kayak tours up the Burrard Inlet and Indian Arm in North Vancouver. Today more than 2,000 people are attracted to the tours annually, many of them travelling from Germany, China and Japan.

By 2012 the Aboriginal tourism industry is expected to contribute over \$50 million to B.C.'s economy, up from about \$35 million today. It is one of the fastest growing sectors in the B.C. tourism industry.



***"...More than 2,000 people are attracted to the tours annually, from Germany, China and Japan..."***

"To bring the most benefits to our communities, First Nations must focus on outside relationships," said Chief George.

In 2007, Takaya Tours entered into partnership with its Cates Park neighbour, Deep Cove Canoe and Kayak Centre, giving the tour company the benefit from the rental and lesson shop's 25-years of business expertise, while solidifying the company's reputation as a community builder.

"We want Deep Cove to gain recognition as an eco-tourist destination

and are happy to work with the Tsleil-Waututh First Nation as it provides jobs in an environmentally-sustainable way," said Bob Putnam, Deep Cove Canoe and Kayak co-owner. "At the end of the day, we share the same goal: for more people to experience the West Coast from its waters."

Chief George agrees. "These ancient waterways have much to share and as people from across British Columbia, and the world learn of the Coast Salish, our culture is strengthened, and so is our economy."

## Acro Media

Kelowna, British Columbia

"One thing about being in business for over 11 years is that you learn what clients expect when it comes to service. Simply put, it's trust," said Shae Inglis, CEO of Acro Media Inc., a full service corporate web design firm based in Kelowna, British Columbia. And how does Acro earn this trust? By understanding the challenges clients face and the business goals they've set out to achieve. To accomplish this, Acro asks a lot of questions and listens to gain a full understanding of what companies are seeking and the results they expect.

Started in 1998, Acro Media has accumulated an impressive client list within British Columbia that includes companies like Telus and B.C. Liquor Stores. Clients within other Canadian markets such as Canada Egg Farmers of Ontario and McGraw-Hill Ryerson Canada have caught on to Acro's unique client service approach as well. Acro works with these companies to engage various international markets, using innovation to convert them into customers. The company has grown by 40 per cent every year for the last four years. The journey wasn't always



*"...Sharing a strong commitment, agreeing on the same principles, working as a cohesive bunch, and ensuring that the larger picture is always placed above whatever differences may arise..."*

so smooth. With little background in business, differences in working styles and so forth, the original company lasted merely eight months. But through perseverance and dedication, four of the five initial partners including Shae Inglis, Jason Poole, George Andres and Shane Spraggs continued and together launched Acro Media Inc.

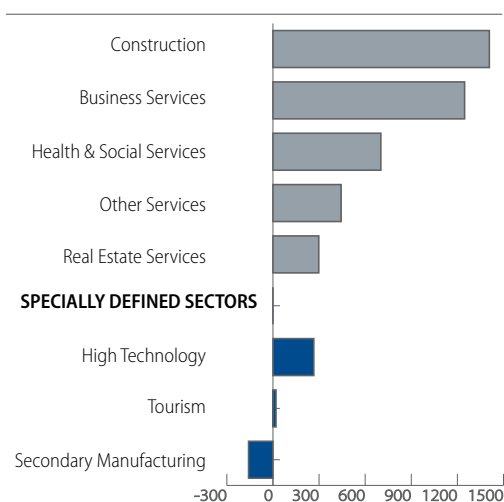
When asked what the most important thing is about starting a company with partners, Inglis responds, "Sharing a

strong commitment, agreeing on the same principles, working as a cohesive bunch, and ensuring that the larger picture is always placed above whatever differences may arise."



FIGURE 4.1

### NUMBER OF NET NEW SMALL BUSINESSES - FASTEST GROWING SECTORS IN BRITISH COLUMBIA, 2007-2009



Note: Excludes self-employed without paid help  
Source: BC Stats using data supplied by Statistics Canada

**The British Columbia construction sector recorded the largest small business growth.**

## 4 GROWTH INDUSTRIES AND SPECIALLY DEFINED SECTORS

Although resource extraction industries – namely forestry and mining – continue to play a prominent role in the provincial economy, sectors such as tourism and high technology have also come to represent a sizeable portion of the economy. The secondary manufacturing sector is also important, since adding value to goods constitutes a potential source of future economic growth for the province. These industries are far less reliant on capital-intensive resource extraction, and are therefore well-suited for development by small business. For example, in the high technology sector, small businesses account for 96 per cent of employers<sup>8</sup>. The basis for growth in this sector is innovation, and these services can be performed with few employees from small plants, offices and even homes.

## NUMBER OF SMALL BUSINESSES

### Which industries show the greatest increase in the number of small businesses?

In terms of numbers, the construction sector recorded the largest small business growth between 2007 and 2009, with a net addition of over 1,400 establishments (Figure 4.1). Despite the economic downturn in 2009, the residual effect of the recent boom in residential and non-residential construction, partly stemming from the anticipation of the Vancouver 2010 Olympics, remained a driving factor in construction growth, perhaps even managing to offset the effects of the downturn. After the construction sector, business services constituted the next highest rise in net new small businesses in this three-year period, adding approximately 1,250 establishments. Business services include services provided to other businesses, such as accounting and advertising.

At the other end of the spectrum, the most substantial decline in the number of small businesses occurred in the agriculture, forestry and fishing sectors, which experienced a loss of 372 establishments between 2007 and 2009. Nearly two-thirds of that decrease was recorded in 2009, and was mainly due to the slump in the forestry sector, particularly logging operations. The slump in the sector was likely the result of a drop in demand for forest products.

The subprime mortgage crisis in the United States housing market and the overbuilding that took place in 2007 and 2008 set the stage for a lull in American housing starts. This, in turn, caused a substantial decrease in demand for building products from British Columbia, including softwood lumber and other forest products. In 2009, housing starts in the United States plummeted 38.7 per cent, following a similar decrease in 2008. Consequently, the value of exports of solid wood products from British Columbia to the United States fell by over 30 per cent in both 2008 and 2009. The decline in

<sup>8</sup>Note that data for self-employment by industry are only available at a large industry aggregation and cannot be calculated for non-standard industries, such as high technology and tourism. Therefore, in order to maintain consistency and to enable a finer examination by industry, the figures provided in this chapter are for paid employees only and may differ from other parts of this report.

small forest product manufacturing businesses was not significant, as there were just 15 fewer in 2009 compared to 2007. However, closures of some large facilities did occur, resulting in significant job losses in the industry. Most of the logging operations are small businesses, which is why that particular industry segment took such a large hit. One positive development in the forestry sector is a significant rise in shipments of wood to China. This trend, if it continues, could help offset some of the lost market in the United States.

## Specially Defined Sectors

This section contains information on non-standard industries that are not defined under the North American Industry Classification System (NAICS) used by Statistics Canada. The tourism, high technology and secondary manufacturing sectors are called “specially defined sectors” in this report and are in fact composites of smaller parts of traditionally defined industries under NAICS. Tourism, for example, includes data from parts of the transportation industry, accommodation and food services, and information, culture and recreation services, among others. High technology includes both manufacturing and services components.

Of these three specially defined sectors, high technology has experienced the strongest growth in the count of small businesses between 2007 and 2009, adding a net of 266 new firms, such that there were a total of 8,555 high technology small businesses in 2009. However, all the gains were in high technology services, as the number of high technology manufacturing establishments actually declined over this period.

The divergent paths of the manufacturing and service sectors are not unique to the high technology industry. Increased competition from other countries has taken a toll on the manufacturing sector in both Canada and the United States. Other factors have also impacted manufacturing, such as the appreciation of the Canadian dollar and a reduction in demand in the wake of the global recession. The province's secondary manufacturing sector saw a net decline of 159 small businesses from 2007 to 2009. Declines in this sector are of particular concern, since adding value to products, rather than shipping just the raw materials, potentially has greater benefit for the provincial economy, both by increasing employment and through the revenue derived from British Columbia's resources.

In the tourism sector, the 2007 to 2009 period saw a net addition of 20 new businesses. The overall increase was based solely on the strength of gains made between 2007 and 2008, as 2009 marked a loss of businesses in this sector. As with the manufacturing sector, the appreciation of the Canadian dollar has likely had a negative impact on tourism in British Columbia. Other factors that may have influenced tourism in the province include higher fuel prices and the recent changes to United States passport requirements, which some perceive as a barrier to travel between Canada and the United States.

## Which industries show the fastest rates of growth in new businesses?

Among the standard industries, small businesses involved in mining experienced the fastest rate of growth in the number of new establishments between 2007 and 2009, posting an impressive 10.4 per cent increase (Figure 4.2). Some factors

### Special Sector Definitions

Tourism includes industries such as transportation, accommodation, food services and other tourism-related activities. [Information on the tourism sector is available at: [www.bcstats.gov.bc.ca/data/bus\\_stat/busind/tourism.asp](http://www.bcstats.gov.bc.ca/data/bus_stat/busind/tourism.asp)]

High technology industries may employ a high proportion of scientists and researchers or invest a high proportion of revenues in research and development. Other industries that produce high technology products are also included. [Information on the high technology sector is available at: [www.bcstats.gov.bc.ca/data/bus\\_stat/busind/hi\\_tech.asp](http://www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech.asp)]

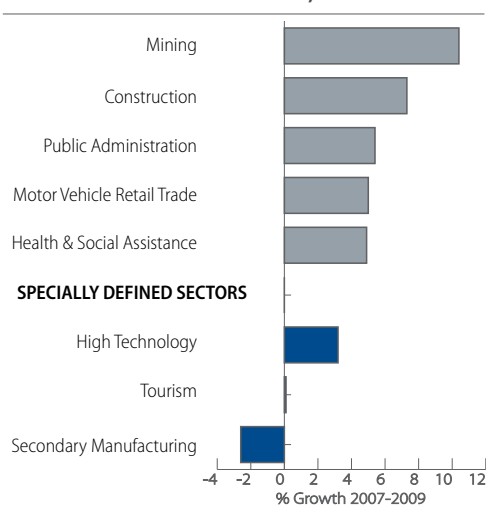
Secondary manufacturing industries are those that produce goods from the products of other manufacturers. For example, a sawmill is a manufacturing operation, but not a secondary manufacturer, because its logs do not come from another manufacturer. On the other hand, a factory producing wooden doors with lumber obtained from sawmills is a secondary manufacturer.

### North American Industry Classification System (NAICS)

The North American Industry Classification System (NAICS) is an industry classification system used in Canada, the United States and Mexico, which is designed to provide common definitions of the industrial structure of the three countries. NAICS is Statistics Canada's comprehensive system encompassing all economic activities. It has a hierarchical structure: at the highest level, it divides the economy into 20 sectors; at lower levels, it further distinguishes the different economic activities in which businesses are engaged.

FIGURE 4.2

### SECTOR GROWTH RATES FOR NUMBER OF SMALL BUSINESSES, 2007-2009

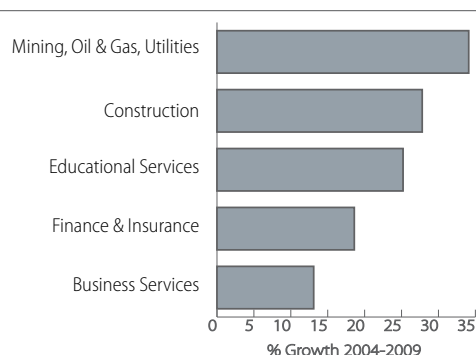


Note: Excludes self-employed without paid help  
Source: BC Stats using data supplied by Statistics Canada

**Between 2004 and 2009, employment in the British Columbia mining industry grew 34.1 per cent, highest among provincial industries.**

FIGURE 4.3

### SMALL BUSINESS EMPLOYMENT - FASTEST GROWING INDUSTRIES IN BRITISH COLUMBIA, 2004-2009



Source: BC Stats using data supplied by Statistics Canada

contributing to the recent boom in this sector include higher prices for metals and higher demand from fast-growing economies, such as China. With a 7.3 per cent growth rate over the same period, construction also recorded a notable gain in net new small businesses, as did public administration (up 5.4 per cent) and motor vehicle retail trade (up 5.0 per cent). As is the case for small business establishments overall, some of the rise in the number of small businesses in specific industries may be a reflection of the downsizing of larger businesses.

In the specially defined sectors, high technology continued to grow between 2007 and 2009, with a 3.2 per cent rise in the number of establishments. By comparison, the number of tourism firms inched up just 0.1 per cent, while secondary manufacturing experienced a 2.6 per cent loss in number of firms.

## SMALL BUSINESS EMPLOYMENT

### Which industries are experiencing the most job growth?

In British Columbia, the construction industry was the largest provider of new jobs between 2004 and 2009<sup>9</sup>. The industry recorded an employment increase of 27.8 per cent. As a result of the recent construction surge in the province, approximately 17,600 jobs were created in small businesses in this industry over the past five years. Until 2009, construction jobs had increased every year since at least the beginning of the decade, with the biggest jump seen in 2007 during the peak of construction in preparation for the 2010 Winter Games. This trend came to a halt in 2009, marking the first year in the past decade where construction jobs declined. The business services sector experienced a similar phenomenon, adding a substantial number of new jobs over the same period. Despite a drop-off in 2009, this industry increased its employment by 13.1 per cent and created nearly 11,900 new jobs between 2004 and 2009. This was also the case for many other industries. Although long-term advances in employment are evident, nearly every industry saw job losses between 2008 and 2009 as the effect of the global economic downturn took its toll.

The mining, oil and gas extraction, and utilities<sup>10</sup> industry recorded the most notable rate of growth in employment between 2004 and 2009, surging 34.1 per cent (Figure 4.3). Demand for non-ferrous metals was particularly pronounced in 2007, a year of significant employment gains. The overall increase in this industry was the result of extensive employment growth from 2006 to 2008, when demand for metals and coal used in industrial processes spiked. In the wake of the economic downturn in 2009, employment in mining, oil and gas extraction (including utilities) fell substantially, consistent with falling demand for some of the same products. Despite a poor performance across the board in 2009, construction (27.8 per cent growth) and educational services (25.2 per cent increase) experienced strong employment growth from 2004 to 2009. Conversely, job losses over the same period were most heavily concentrated in the forestry, logging and support, and manufacturing sectors<sup>11</sup>.

<sup>9</sup>Unlike business counts, there has not been a data break with regard to employment data, such that it is possible to analyze trends over longer periods than is the case for establishment counts.

<sup>10</sup>Due to data suppression, it is necessary to include utilities in this industry. However, based on years for which separate data are available, employment in the utilities industry appears to have remained relatively flat, so employment growth has most likely been due to increases in the mining, oil and gas extraction sector. The utilities sector is comprised of establishments primarily engaged in operating electric, gas and water utilities.

<sup>11</sup>Note that data on employment by size of business are not available for the specially defined sectors.

## Beediverse

Coquitlam, British Columbia

Margriet Dogterom is a biologist who has been researching bees for 20 years. She started Crop Pollination Consultants Ltd. (CPC) in 1999 to consult with farmers on bee management, seed production and pollination challenges. The company aims to address the growing concern of diminishing bee populations and the resulting impact on the environment and agriculture.

Beediverse, a division within CPC, uses the power of bees to assist growers, orchardists and gardeners to improve their pollination and fruit harvest. Beediverse offers a variety of products and services including workshops, interactive seminars and field days – all to assist people raise bees in both urban and rural settings.

Margriet's holistic approach to client care has helped launch Beediverse into an exporting success. The company receives orders daily to ship products to the United States and European destinations - expanding sales beyond the traditional peak season in March. As a biologist, switching to a business mindset was very challenging, but



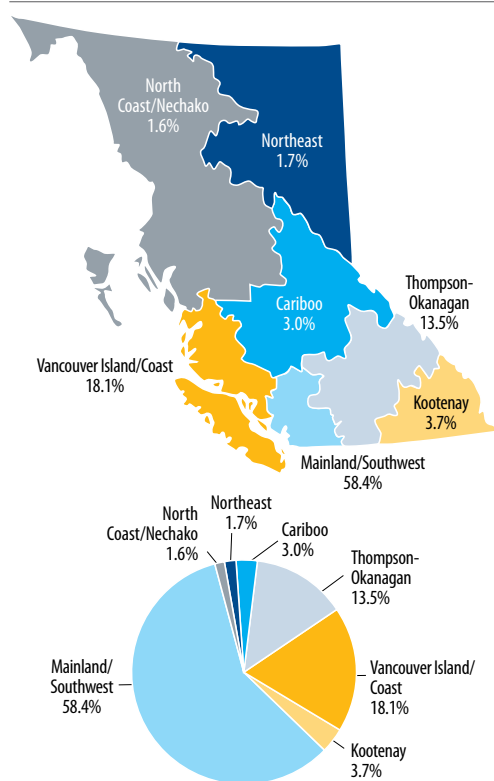
*"...Do something that you really like that excites you – never give up..."*

Margriet's love and dedication has played a vital role in the success of Beediverse. She has found a niche in a market that contributes to the well-being of agriculture, and continues to create innovative ideas to further her journey.

As for her motto for success, Dogterom replies, "Do something that you really like that excites you – never give up."

FIGURE 5.1

### SMALL BUSINESS DISTRIBUTION BY REGION, BRITISH COLUMBIA, 2009



Source: BC Stats using data supplied by Statistics Canada

FIGURE 5.2

### NET CHANGE IN NUMBER OF SMALL BUSINESSES BY REGION, 2007-2009

	Growth (#)	Growth Rate
Vancouver Island/Coast	3,300	4.8%
Mainland/Southwest	9,500	4.3%
Thompson-Okanagan	4,400	9.0%
Kootenay	-1,300	-8.2%
Cariboo	-1,400	-10.4%
North Coast & Nechako	-1,300	-16.9%
Northeast	-1,100	-14.3%
<b>PROVINCIAL TOTAL*</b>	<b>11,100</b>	<b>2.9%</b>

\*Figures do not add to the total because the provincial total includes some businesses for which the region is unknown

Source: BC Stats using data supplied by Statistics Canada

## 5 REGIONAL FOCUS

### Which regions have the greatest number of small businesses?

Predictably, British Columbia's most heavily populated regions account for the province's largest shares of small businesses. The relative importance of small business within each region is made clearer by comparing the distribution of businesses to share of population. In 2009, the Mainland/Southwest region, which includes Greater Vancouver, was home to about 58 per cent of the province's small businesses, appreciably less than its 60 per cent share of total provincial population (Figure 5.1). By contrast, the second most populous region—Vancouver Island/Coast—housed 18 per cent of small businesses, marginally higher than its 17 per cent share of British Columbia's population. Third-ranked Thompson-Okanagan had nearly 14 per cent of British Columbia's small businesses, also higher than its 12 per cent share of the province's total population. The remaining regions together accounted for 10 per cent of small businesses and almost 11 per cent of the province's population.

### In which regions are the greatest numbers of small businesses forming?

Between 2007 and 2009, three of British Columbia's economic regions recorded growth in the number of small businesses, while the other areas experienced significant declines (Figure 5.2). As a result, the province registered a net gain of 2.9 per cent, or around 11,100 businesses. Over this period, the Thompson-Okanagan region, where forestry and agriculture are among the key industries, led the province in small business growth. The two-year growth rate for this region was 9.0 per cent, amounting to a net increase of 4,400 businesses. With an increase of 4.8 per cent, Vancouver Island/Coast had the next highest growth rate, adding 3,300 net new small businesses over the two year period. In terms of actual numbers, Mainland/Southwest added the most new businesses to the province, amounting to about 9,500 establishments, which translates to a growth rate of 4.3 per cent. The other four regions all experienced a drop in the number of businesses, with each region losing in excess of 1,000 businesses between 2007 and 2009.



## In which regions is self-employment growing the fastest?

Four of British Columbia's regions recorded substantial growth in self-employment between 2004 and 2009 (Figure 5.3). The Thompson-Okanagan region led the province with a robust 24.7 per cent increase over the five-year period. Close on its heels was the Northeast region, with growth of 23.1 per cent. The two most populous regions also saw double-digit growth in entrepreneurs. Vancouver Island/Coast posted an increase of 18.5 per cent and Mainland/Southwest recorded a jump of 14.1 per cent. The region with the largest decline was North Coast and Nechako where self-employment declined 24.7 per cent over the last five years.

## In which regions are the specially defined sectors growing the fastest?

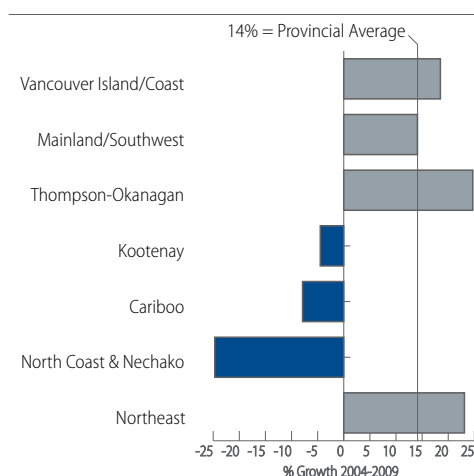
The two regions with the highest concentration of high technology firms experienced an expansion in the number of high technology small businesses between 2007 and 2009 (Figure 5.4). Over that period, the number of such businesses increased by 3.4 per cent in Mainland/Southwest and 4.6 per cent in Vancouver Island/Coast. The Thompson-Okanagan region also recorded a significant increase in high technology establishments, with growth of 7.0 per cent. The count was up 2.8 per cent in the Northeast region. However, three regions suffered declines in their high technology small businesses during this time: North Coast and Nechako (-5.8 per cent), Cariboo (-3.6 per cent) and Kootenay (-2.0 per cent).

The number of secondary manufacturing small businesses fell in four regions of the province between 2007 and 2009, including the three largest regions. Mainland/Southwest (-3.2 per cent), Vancouver Island/Coast (-1.2 per cent) and Thompson-Okanagan (-2.4 per cent) all lost secondary manufacturing businesses, along with North Coast and Nechako (-9.1 per cent). At the other end of the scale, the Northeast region saw the most pronounced growth in secondary manufacturing small businesses with a 14.8 per cent increase. Kootenay (6.9 per cent rise) and Cariboo (4.6 per cent increase) also made gains.

Some promising increases occurred in the number of tourism-related small businesses in the province between 2007 and 2009, with only the two northernmost regions failing to see gains. However, much of this growth happened between 2007 and 2008 and many regions saw tourism decline in 2009. Several factors may have contributed to the drop in 2009, including the economic downturn, the relatively high Canadian dollar and the global breakout of the H1N1 pandemic. All of these issues made 2009 a difficult year for tourism. While the number of visitors entering Canada via British Columbia has been declining for the last five years, it reached a 14-year low of 4.1 million in 2009 (an 8.4 per cent drop from 2008).

FIGURE 5.3

### SELF-EMPLOYMENT GROWTH RATE FOR REGIONS IN BRITISH COLUMBIA, 2004-2009



Source: Statistics Canada / Prepared by BC Stats

FIGURE 5.4

### NET CHANGE IN THE SPECIALLY DEFINED SECTORS BY REGION, BRITISH COLUMBIA, 2007-2009

#### HIGH TECHNOLOGY

Development Region	Net Change (#)	Growth Rate
Vancouver Island/Coast	64	4.6%
Mainland/Southwest	187	3.4%
Thompson-Okanagan	48	7.0%
Kootenay	-4	-2.0%
Cariboo	-6	-3.6%
North Coast & Nechako	-6	-5.8%
Northeast	5	2.8%

#### SECONDARY MANUFACTURING

Development Region	Net Change (#)	Growth Rate
Vancouver Island/Coast	-10	-1.2%
Mainland/Southwest	-132	-3.2%
Thompson-Okanagan	-18	-2.4%
Kootenay	11	6.9%
Cariboo	8	4.6%
North Coast & Nechako	-7	-9.1%
Northeast	8	14.8%

#### TOURISM

Development Region	Net Change (#)	Growth Rate
Vancouver Island/Coast	87	3.2%
Mainland/Southwest	13	0.2%
Thompson-Okanagan	2	0.1%
Kootenay	24	3.2%
Cariboo	22	3.7%
North Coast & Nechako	-2	-0.4%
Northeast	-34	-11.9%

Source: BC Stats using data supplied by Statistics Canada

## Dinoflex Group LP

Salmon Arm, British Columbia

With a vision of reducing the mountain of discarded tires that pollute British Columbia's soil and streams, Dinoflex Group LP emerged as a leading provider of innovative, durable, high-quality rubber-surfacing products for indoor and outdoor applications. Dinoflex uses tire castings to create surfacing products used in everyday life – on gym floors, local community arenas and residential playgrounds.

Based in Salmon Arm, this facility produces a range of products not only for appearance, but also for low maintenance, stain resistance, shock absorbency, noise reduction, and easy installation – products sought out by architects and designers.

Under the leadership of Terry MacLeod, Chief Executive Officer, Dinoflex offers the added benefit of using recycled rubber, with the majority of their products containing about 90 per cent post consumer waste.

What sets Dinoflex apart is their in-house ability to produce polyurethanes, the agent used to bind rubber crumb. This helps ensure quality control through all stages of product



***“...A lot of companies take the approach of ‘build it and they will come’ but starting a small business requires much more – it requires research and dedication to understand the market and the needs of the customers...”***

development. These measures have not gone unnoticed by the growing number of customers looking for environmentally sustainable surfacing alternatives.

“A lot of companies take the approach of ‘build it and they will come’ but starting a small business requires much more – it requires research and dedication to understand the market and the needs of the customers,” says MacLeod. “Dinoflex is committed to taking care of our customers and understanding their needs.”

## 6 | SMALL BUSINESS EXPORTERS

### How is a small business exporter defined?

An export can consist of either a good shipped to another country or a service that is provided to a foreign resident or business. Goods or services traded from one region to another within a country, such as from one province to another, may also be considered exports. Data on service exports and interprovincial trade are limited, and such data tabulated by business size are simply not available. Therefore, for the purposes of this report, an exporter is defined as a business that ships merchandise to one or more international destinations. A business with fewer than 50 employees that exports goods out of the country is defined as a small business exporter.

There is a one-year lag in the availability of export data for businesses by employee size and due to inconsistencies in coverage, these data are not produced in a manner that permits year-over-year comparisons. As a result, the figures reported here are for 2008 only. In addition, data for British Columbia by itself are not readily available. To meet confidentiality requirements, Statistics Canada has grouped the Territories (Yukon, Northwest Territories and Nunavut) into a region with British Columbia. As such, the data reported here include exporters in the Territories. However, based on years when data for the Territories were available separately, the inclusion of exporters from the Territories should not significantly influence the numbers. Most of the exports from the Territories are diamonds from the Northwest Territories, which generally make up large business exports. The numbers for small businesses in British Columbia are probably inflated by less than one per cent; however, the value of exports for large businesses may be slightly more overstated due to the inclusion of the diamond exports from the Northwest Territories.

### How many small businesses in British Columbia export?

In 2008, 6,384 businesses in British Columbia exported goods to international destinations (Figure 6.1). Of these, about 83 per cent were businesses with fewer than 50 employees<sup>12</sup>. These 5,281 small business exporters represented about 1.4 per cent of all small businesses in the province. In other words, 98.6 per cent of small businesses in British Columbia did not export goods in 2008. Those small businesses that did export goods employed 59,972 people, or almost six per cent of total small business employment.

British Columbia may have a low number of small business exporters because of the high start-up costs associated with an exporting business or the need to achieve economies of scale to compete internationally. Even though only a small fraction of small businesses were exporters in 2008, they shipped almost 41 per cent of the total value of merchandise exports from the province, or about \$12.5 billion worth of goods. In the last few years, exporters of all sizes in British Columbia have faced significant challenges. Demand for many of the goods produced in British

#### Small Business Exporter

A Small Business Exporter is a business with fewer than 50 employees that exports goods out of the country, regardless of the value of exports. Small firms can be large exporters and conversely, some large firms are small exporters.

FIGURE 6.1

#### NUMBER OF BRITISH COLUMBIA\* EXPORTERS, EMPLOYEES AND VALUE OF EXPORTS, 2008

	No. of Establishments	No. of Employees	Value of Exports (\$millions)
Small business exporters	5,281	59,972	\$12,507
Large business exporters	1,103	293,804	\$17,717
<b>TOTAL ALL EXPORTERS</b>	<b>6,384</b>	<b>353,776</b>	<b>\$30,225</b>

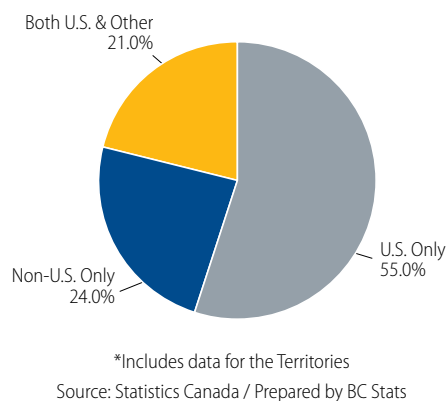
\*Includes data for the Territories

Source: Statistics Canada / Prepared by BC Stats

<sup>12</sup>Note that the business counts in this chapter refer to establishment counts, rather than business location counts, as the data in the Exporter Registry, which is the source of exports by business size, are still based on the establishment framework.

FIGURE 6.2

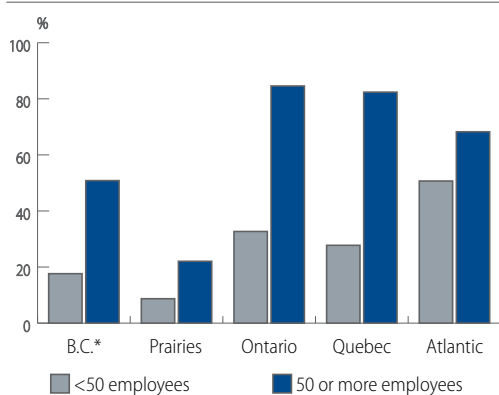
### BREAKDOWN OF SMALL BUSINESS EXPORTERS BY SHIPPING DESTINATION, BRITISH COLUMBIA\*, 2008



**Most British Columbia small business exporters shipped exclusively to the United States in 2008.**

FIGURE 6.3

### MANUFACTURING INDUSTRIES' SHARE OF DOMESTIC EXPORTS BY PROVINCE, 2008



Columbia has been reduced by the high value of the Canadian dollar and the global economic downturn. One of the consequences of this reduced demand was a 7 per cent decline in the overall number of exporters in the province between 2007 and 2008. Statistics Canada does not produce data on exporters by employee size that can be consistently compared from year to year, but given that over four-fifths of exporters were small businesses, many of those that either ceased to operate or did not export goods in 2008 were likely small businesses. Considering that the overall value of goods exported from British Columbia fell 24 per cent in 2009—the largest decline in at least 20 years—small business exporters in the province have probably experienced further negative impacts.

## What is the destination of goods shipped by British Columbia small business exporters?

In 2008, approximately 55 per cent of British Columbia small business exporters shipped exclusively to the United States (Figure 6.2). Another 21 per cent exported goods to the United States and at least one other country. Only 24 per cent of small businesses that exported did not ship any goods at all to the United States. There are likely a number of reasons for the focus on the United States. For one, many businesses may prefer the familiarity of American customers over the uncertainty of overseas markets. Another possible explanation is the lower cost of marketing, particularly compared to countries where there are language differences. Higher costs for transportation to overseas destinations, which add to the price of the product, could also factor into the decision to deal primarily with the American market. Since small businesses have a smaller profit margin than large enterprises, they are less able to absorb extra expenses, and higher costs could price them out of the market. Those businesses that did export to other destinations tended to ship greater volumes, which probably helped defray some of these overhead costs.

## What types of industries in British Columbia are more likely to be small business exporters?

Small business exporters are far less likely to be manufacturers compared to large businesses. In 2008, only 34 per cent of small business exporters were in a manufacturing industry, compared to 56 per cent of exporters with 50 employees or more. Moreover, only 18 per cent of the value of merchandise exported by small businesses in British Columbia was produced by the manufacturing sector (Figure 6.3). For large businesses, the comparable figure was 51 per cent. Nevertheless, small exporting businesses had a larger proportion of employment in manufacturing industries than large businesses. About 46 per cent of employment in small businesses that export was in manufacturing, compared to 41 per cent of employment in large exporting businesses.

The tendency for small business exporters to be in non-manufacturing industries is prevalent across the country, though to varying degrees. Small business exporters in the Prairies are the least likely to be in the manufacturing sector. Only 27 per cent of small business exporters in that region were manufacturers and these manufacturers shipped only nine per cent of

small business exports. Ontario had the largest proportion of small business exporters in the manufacturing sector, at 39 per cent; however, manufacturers in that province were responsible for only 33 per cent of small business exports, compared to 85 per cent of the exports of large businesses.

## How do British Columbia small business exporters compare to those in other parts of the country?

In 2008, British Columbia had almost as many small business exporters as the three Prairie provinces combined. This imbalance is due, at least in part, to the fact that many small farms in the Prairies have their exports handled by large co-operatives such as the Canadian Wheat Board. Ontario had the most small business exporters in the country, with more than double the number of second-ranked Quebec.

Export intensity, or the average value of exports per small business, varies significantly by region (Figure 6.4). For example, although the Prairies were home to only 15 per cent of Canadian small business exporters, that region was the origin of 46 per cent of the value of all Canadian small business exports. A possible explanation for this could be that Alberta oil and gas producers may be hiring small firms in the finance and insurance sector to deal with exporting their product. If so, this activity would explain the relatively high export intensity in the Prairies, given that oil and gas comprise over half the value of exports from that region. Average exports by small business exporters in the Prairies were about \$11.1 million per firm in 2008, well above the national average of \$3.7 million per business. By comparison, the average annual shipments of small business exporters in British Columbia totalled just under \$2.4 million, while Atlantic Canada's small businesses exported an average of \$9.7 million per firm. Although they had the most small business exporters in the country, Ontario and Quebec had the lowest average export value per firm, at \$1.7 and \$2.3 million, respectively. The variation in export intensity is likely related to the differences in the industrial structure of the various regions of the country.

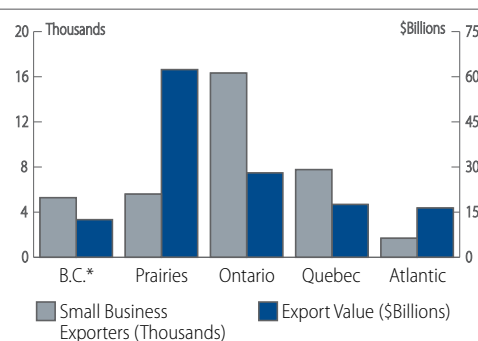
## How is technology affecting small business exporters?

Large firms generally have an advantage over smaller businesses in the export market because of economies of scale and other factors. However, one area where small businesses may be able to compete with large firms on a global scale is in niche markets. Small businesses may be better suited to produce specialized items for these smaller markets, but the challenge is getting the word out to customers around the world. The evolution of e-commerce may offer a solution that will give these businesses an opportunity to expand their marketplace internationally. Over the last decade, Internet sales of goods and services has increased substantially, and a growing portion of these sales have been to customers in other countries.

The growth in e-commerce and other communications technologies has allowed small businesses to get more involved in exporting than ever before. The small business sector is already an important part of the British Columbia economy and new technology could help it grow and become even more vital in the future.

FIGURE 6.4

### EXPORT INTENSITY FOR SMALL BUSINESSES BY PROVINCE, 2008



\*Includes data for the Territories

Source: Statistics Canada / Prepared by BC Stats

**Small business in British Columbia are leaders in the use of e-commerce and other web technologies and are well positioned to expand exports online.**



## EnvirEau Technologies

Richmond, British Columbia

With a passion to improve water quality and food safety around the world, EnvirEau Technologies set out to protect these basic human needs, one mineral-based protection product at a time. Frank Varseveld, EnvirEau Technologies President, discovered a natural mineral-based technology capable of controlling organisms that cause water and food-borne diseases in humans, livestock and plants. As an entrepreneur with no background in chemistry, he did his research, sought advice from experts and made the decision to bring this technology to market.

Incorporated in 2005, the company is now a thriving Canadian corporation owned by its employees, directors and associates. EnvirEau's corporate vision is to grow a manufacturing and distribution network that increases the quality of water and food. EnvirEau products have garnered interest from world markets including Asia, Europe, the Middle East and Africa. EnvirEau's technology is capable of efficiently making water and food biologically safe, thus reducing reliance on environmentally stressful synthetic pesticides and chemicals.



*"...Allow yourself to dream, be willing to risk more, expect more than other's think is reasonable..."*

When asked what advice he has for new entrepreneurs, Varseveld says, "Allow yourself to dream, be willing to risk more, expect more than other's think is reasonable –but most of all, have a supportive wife!"

# TECHNICAL NOTES

All statistics presented in this document are based on the best data available as of June, 2010. A comprehensive listing of all businesses operating in British Columbia or elsewhere does not exist; therefore, business counts must be estimated to some extent. BC Stats has combined data from several sources to produce estimates of the total number of large and small businesses operating in British Columbia and other provinces, as well as the employment and payrolls generated by these businesses.

The results may differ from estimates produced in other studies using different data and different methodologies. Differences will potentially be more in terms of absolute numbers, rather than the direction of trends or the relative standing of British Columbia compared to other provinces. This edition of the Small Business Profile incorporates statistical revisions, such that year-over-year comparisons should not be made using last year's edition.

## Data Sources

Estimates of the number of businesses have been produced using data from Statistics Canada's Business Register and Labour Force Survey. Estimates of employment and payrolls have been produced using Statistics Canada's Survey of Employment, Payrolls and Hours and Labour Force Survey. All self-employment numbers have been obtained directly from the Labour Force Survey. Data describing small business exporters are derived from Statistics Canada's Exporter Registry. Statistics Canada's Survey on Financing of Small and Medium Enterprises, 2007 was the source for financing data.

### Prepared by:

Jade Norton, BC Stats

Dan Schrier, BC Stats

Lillian Hallin, BC Stats

### *Small Business Success Stories*

#### **Contributed by:**

Acro Media

Adventure Engine

Beediverse

Canadian Electric Vehicles

Dinoflex Group LP

EnvirEau Technologies

Takaya Tours

Ziptrek Ecotours

## Ministry of Small Business, Technology and Economic Development

PO Box 9822, Stn Prov Govt, Victoria, B.C. V8W 9N3  
p. 250.387.4699 | f. 250.952.0113  
[smallbusinessbranch@gov.bc.ca](mailto:smallbusinessbranch@gov.bc.ca)  
[www.tted.gov.bc.ca](http://www.tted.gov.bc.ca)

## Western Economic Diversification Canada

700-333 Seymour St., Vancouver, B.C. V6B 5G9  
p. 1.888.338.9378 | f. 604.666.2353  
[info@wd-deo.gc.ca](mailto:info@wd-deo.gc.ca)  
[www.wd.gc.ca](http://www.wd.gc.ca)

## Aboriginal Business Service Network

*Business information and resources for Aboriginal entrepreneurs*  
**1.250.828.9833**  
[www.asbn.ca](http://www.asbn.ca)

## BizPal Business Permits and Licences

*Online tool to quickly and easily identify permit and licensing requirements for business activities*  
[bizpal@gov.bc.ca](mailto:bizpal@gov.bc.ca)  
[www.bcbizpal.ca](http://www.bcbizpal.ca)

## Canada Business

*The Government of Canada's main site for business information*  
**1.888.576.4444**  
[www.canadabusiness.ca/eng/](http://www.canadabusiness.ca/eng/)

## Community Futures British Columbia

*Business counselling and assistance for new and existing businesses in rural British Columbia*  
**1.604.685.2332**  
[www.communityfutures.ca/provincial/bc/index.html](http://www.communityfutures.ca/provincial/bc/index.html)

## FrontCounter BC

*Single window service for clients of provincial natural resource ministries and agencies to obtain information and authorizations needed to start or expand a business*  
**1.877.855.3222**  
[www.frontcounterbc.gov.bc.ca](http://www.frontcounterbc.gov.bc.ca)

## La Société de développement économique

*The Francophone Economic Development Organization enhances the vitality of minority language communities and assists with economic development*  
**1.877.732.3534**  
[www.sdecb.com](http://www.sdecb.com)

## OneStop Business Registry

*Online business registration and change of business address*  
**1.877.822.6727**  
[www.bcbusinessregistry.ca](http://www.bcbusinessregistry.ca)

## ServiceBC

*Province wide access to government services including key government transactions for business*  
**1.800.663.7867 (Enquiry BC) to be transferred to the nearest Service BC Contact Centre**  
[www.servicebc.gov.bc.ca](http://www.servicebc.gov.bc.ca)

## Small Business BC

*Comprehensive business information and business planning resources for starting and growing a business in British Columbia*  
**1.800.667.2272**  
[www.smallbusinessbc.ca](http://www.smallbusinessbc.ca)

## Women's Enterprise Centre

*Business information counselling and skills training for women entrepreneurs*  
**1.800.643.7014**  
[www.womensenterprise.ca](http://www.womensenterprise.ca)



Western Economic  
Diversification Canada

Diversification de l'économie  
de l'Ouest Canada

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