



SME Pulse

BDC ViewPoints survey results

Research and Market Intelligence at BDC
February-March 2021



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01.

Survey highlights

Level of worry¹ remains high but **decreased significantly** for worldwide economy since November 2020. SMEs in Quebec are significantly less worried than in other regions.



Entrepreneurs worry about...



73%

Canadian economy
(-1 points)



66%

Worldwide economy
(-5 points, significant)



56%

One's business
(+4 points)

2 out of 5
say they are worried¹
about their **level of debt**
and **borrowing capacity**



“As revenues have dropped due to lockdowns and shopping patterns, this puts some stress on our level of debt and repayment of debt. This could in some way effect future borrowing capacity depending how the bank will consider business performance under COVID circumstances.”

73% of **SMEs**
say they have used **government assistance** during the crisis

¹Results are presented in terms of scores of 7+ out of 10, 10 being “very worried”

Key indicators has remained **relatively stable** since November, except for **sales and revenues**, where the situation has improved. **Profitability** is still the biggest challenge for SMEs¹.



% for whom the situation is deemed “good” regarding...



Sales or revenues

43%



Level of debt

41%



Operating costs

39%



Borrowing capacity

39%



Working capital and liquidity

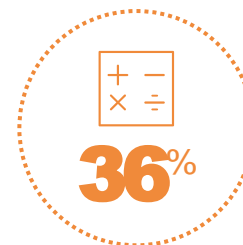
39%



Profitability

38%

Situation is perceived as being worse:



Even if things seem to have improved since November, when asked to **compare** their situation to that of the **last 6 months**, we can see SMEs are in a **fragile position**.

¹Results are presented in terms of scores of 7-10 out of 10, 0 being “very bad” and 10 being “very good”.

Business owners are more and more **optimistic** about the future of their business. They plan to focus on **improving their financial situation** over the next 12 months.



74%
of SMEs
are very likely to still be
in business next year

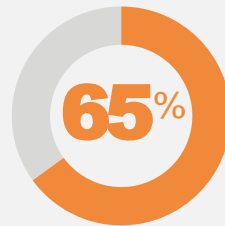
less true among...

59%
Women-owned

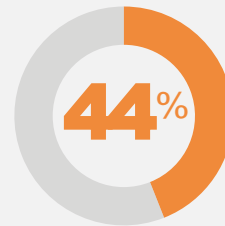
63%
Visible minority group

69%
Less than 5 employees

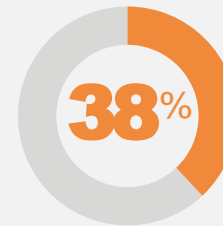
Intend to
focus on
these in the
next 12
months



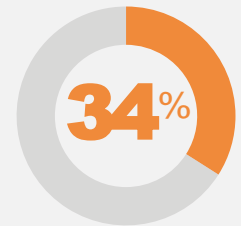
Improving their
financial situation



Repaying
debt



Online
sales



Technology
investments

58% feel they have **sufficient working capital** to pursue their business initiatives. Only 1 in 10 have no cash flow and no intention of borrowing.



02. Methodology



Methodology

Survey methodology

Online survey

Respondent profile

Business owners and business decision-makers from the BDC ViewPoints panel

Survey dates

February 24 to March 7, 2021

Margin of error

For a probability sample of 724 respondents, the maximum margin of error is ± 3.6 percentage points, 19 times out of 20. However, as this survey is based on a non-probability sample, this information is provided for reference only.

Data processing and analysis

Were performed by the BDC Research and Market Intelligence team.

Weighting factors

Results were weighted by region and number of employees (pre-COVID) to be representative of the Canadian SME population.

Note: Unless otherwise mentioned, those who preferred not to answer were excluded from the calculation base. Arrows indicate statistically significant differences between sub-groups.

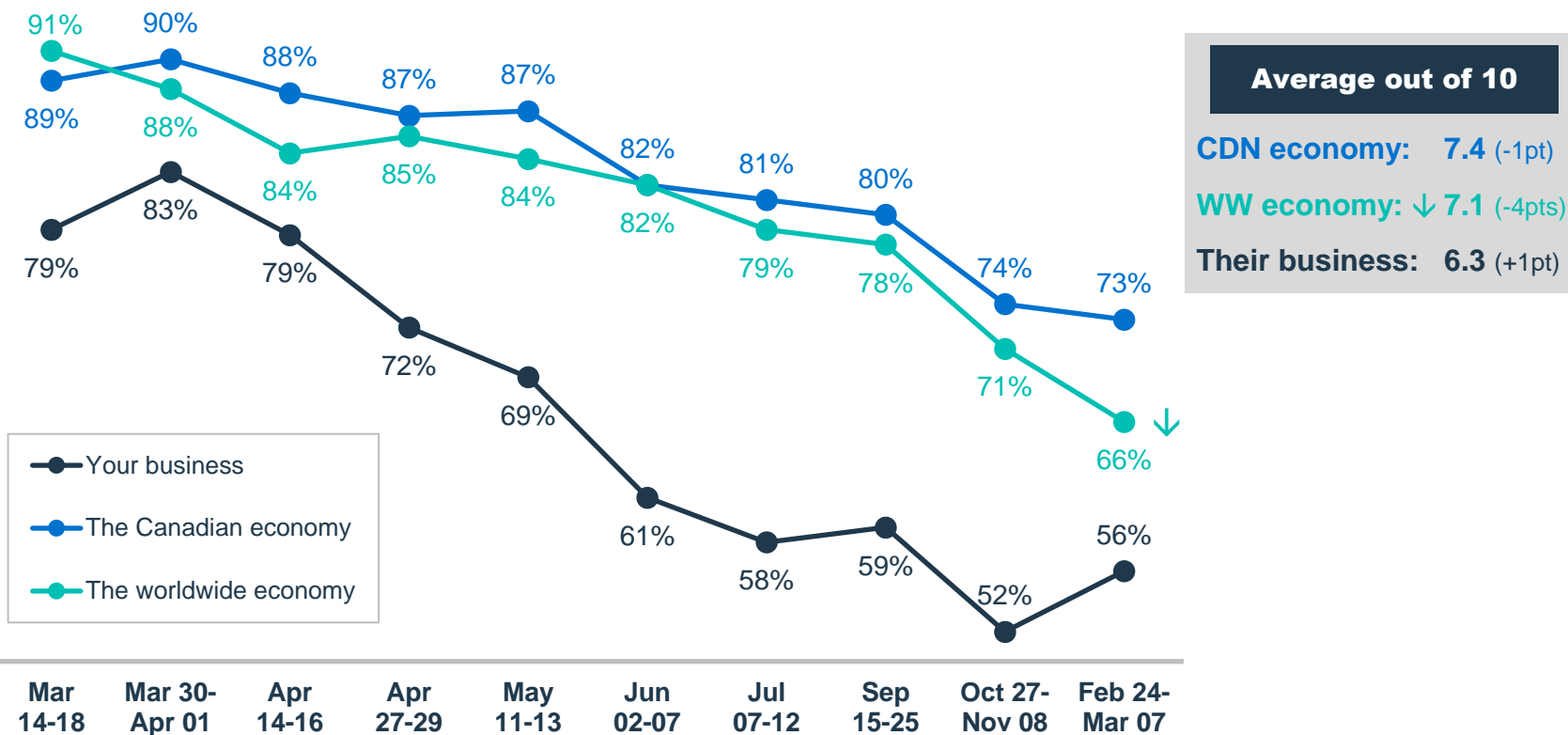


03. **Detailed results**

Worry about one's business has **increased directionally** since November 2020. Conversely, entrepreneurs are less worried about the impact of COVID-19 on the economy, especially worldwide.



Q0. How **worried** are you about the impact of COVID-19 on ...?

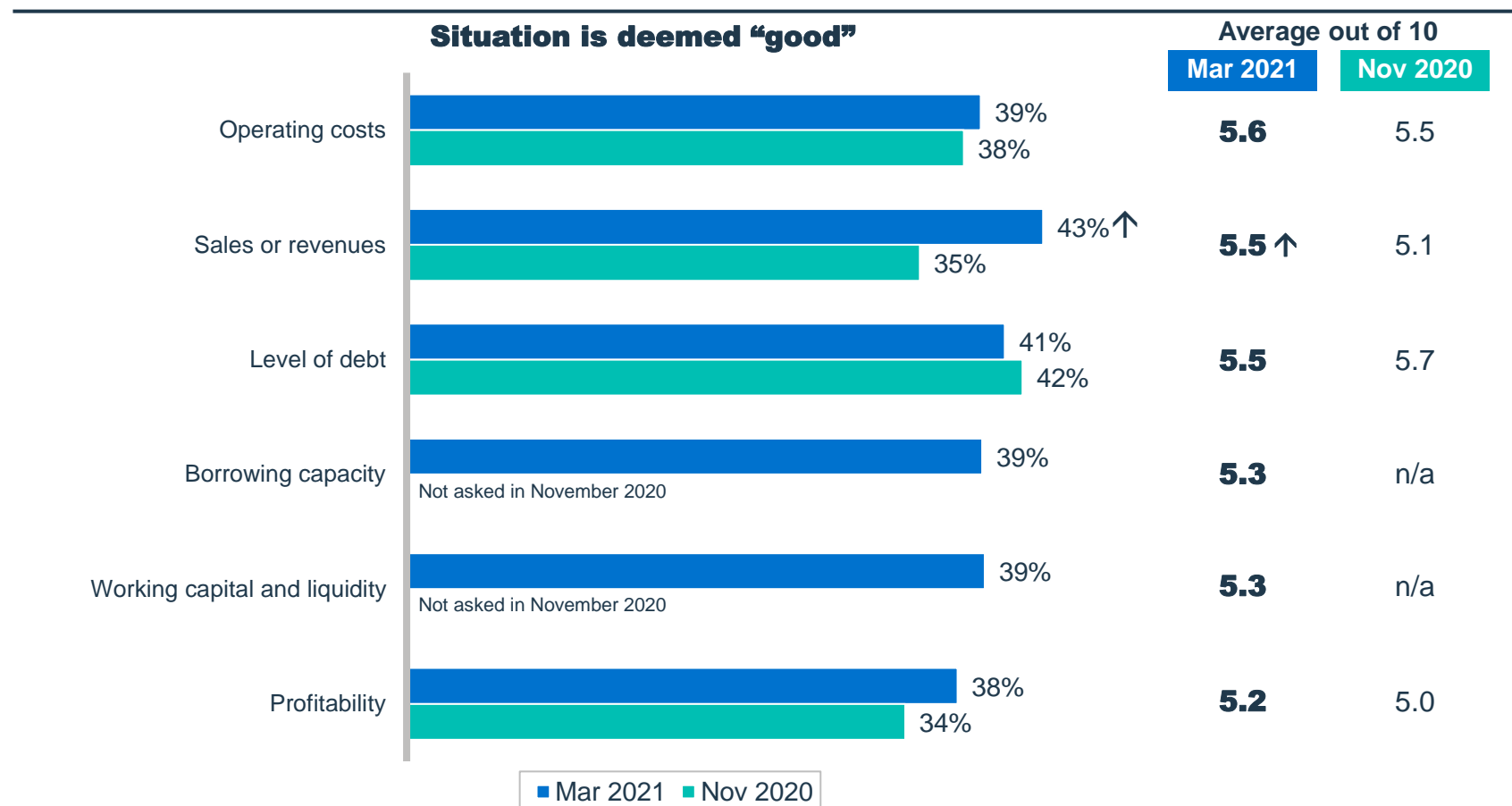


Base: All respondents (n=723). Results are presented in terms of scores of 7+ out of 10. Due to rounding, totals may not equal to 100%. The average score of the current survey wave was calculated by excluding those who didn't know or preferred not to answer, whereas the % of worried respondents includes undecided respondents. Opinions were expressed using a scale from 0 to 10, where 0 means "Not worried at all" and 10 means "Extremely worried".

The situation has remained **relatively stable** since November, except for **increased sales and revenues**. Profitability remains the most problematic area for the SMEs surveyed.



S2Q3. What is the **current situation** of your business for each of the following aspects?

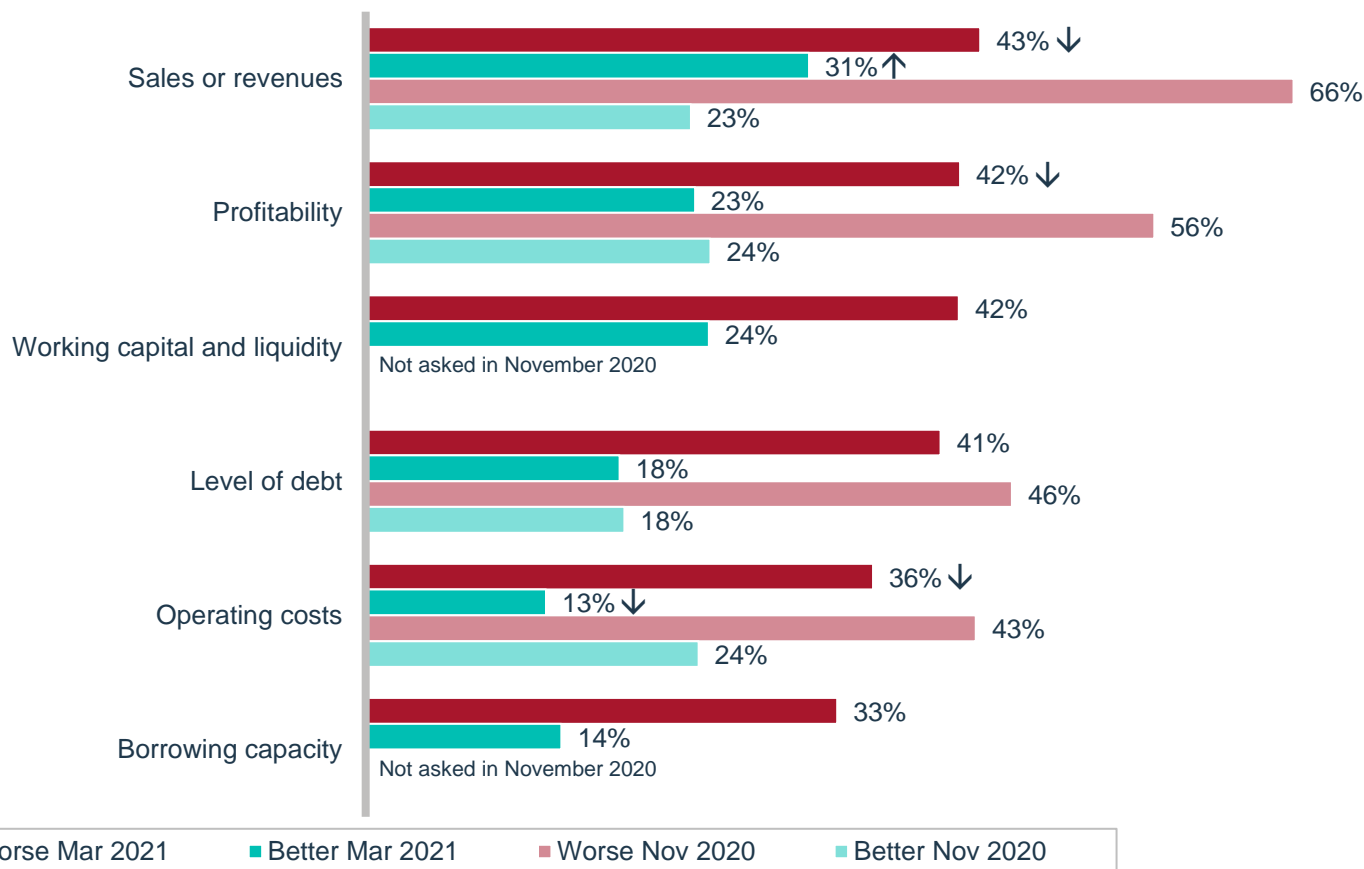


Base: All respondents (n=705-723). Those who did not know were excluded from the calculation base. Results are presented in terms of those who think the situation is “good” (scores of 7 to 10 out of 10). Arrows indicate statistically significant differences between March 2021 and November 2020.

The situation remains **fragile**. Although sales and revenues have improved significantly, over 2 out of 5 said that their profitability, liquidity and debt levels have **worsened** over the past 6 months.



S2Q4. How does the current situation **compare** to what it was six months ago for each of the following aspects?

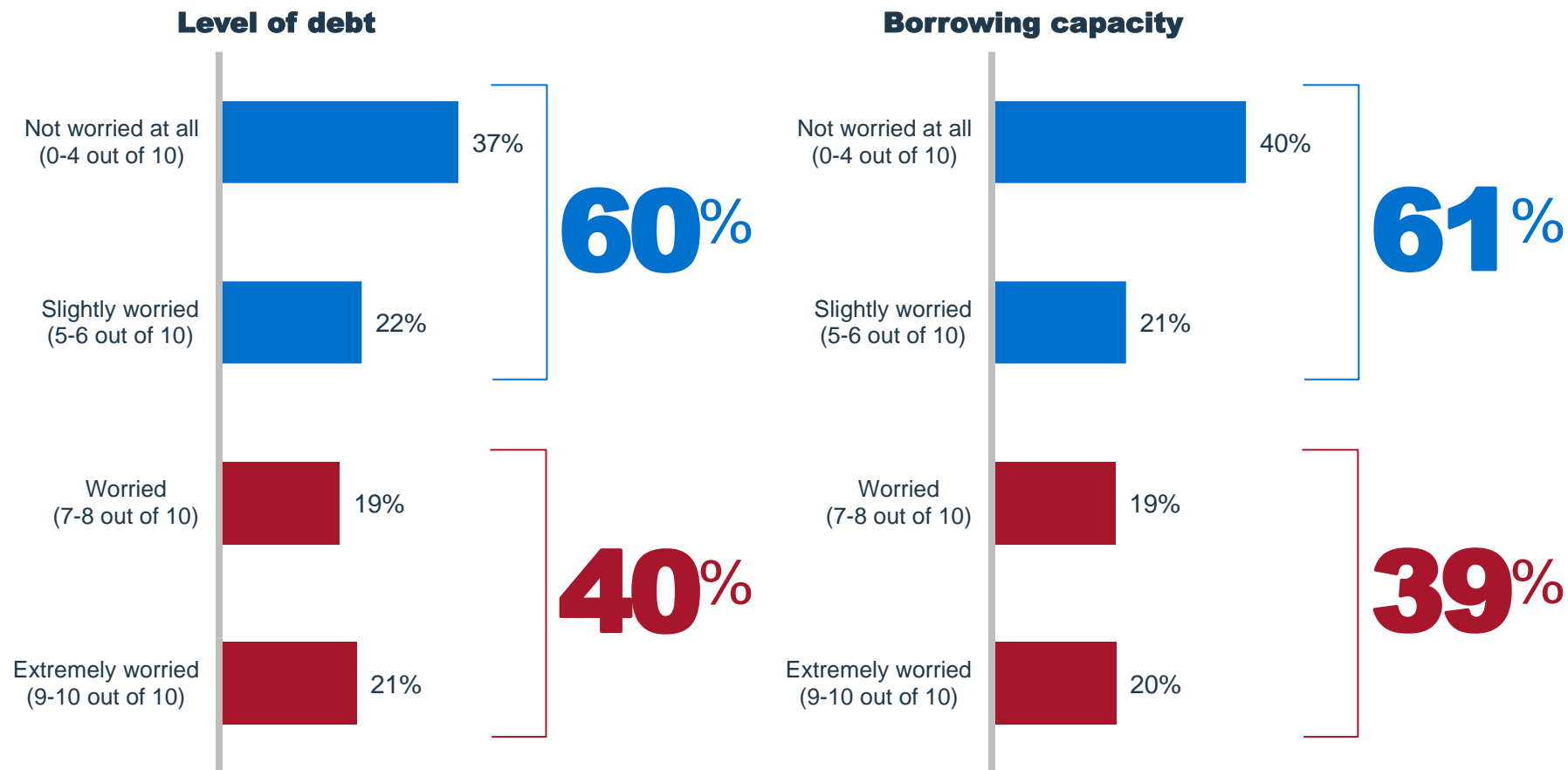


Base: All respondents (n=700-724). Those who did not know were excluded from the calculation base. Arrows indicate statistically significant differences between the two waves: "Better 2021" vs. "Better 2020" and "Worse 2021" vs. "Worse 2020". We did not present respondents who said that the situation has remained stable.

Entrepreneurs are **similarly concerned** about their level of debt and borrowing capacity. 2 out of 5 say they are worried about these aspects.



S2Q4B. How **worried** are you about your **level of debt** and your **borrowing capacity**?

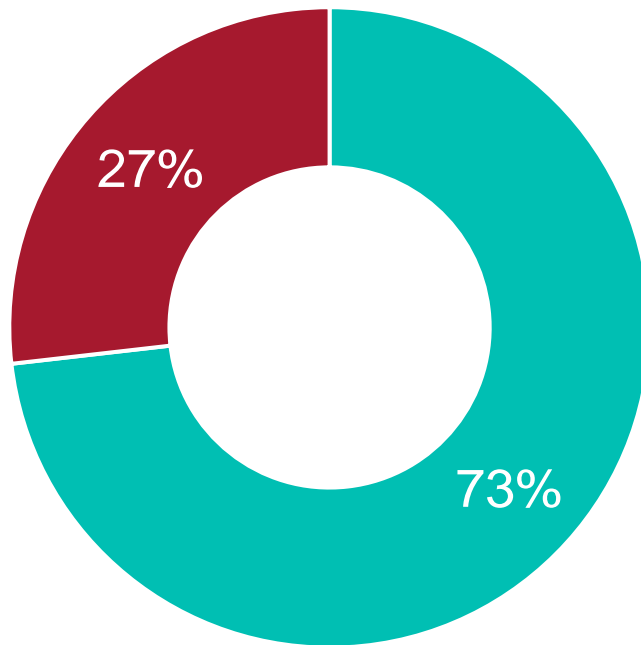


Base: All respondents (n=709-720). Those who did not know were excluded from the calculation base. This question was added in February 2021.

Three quarters of the SMEs surveyed say they **have used government assistance** during the crisis.



S2Q4d. Did your business receive **direct government financial assistance** during the pandemic?



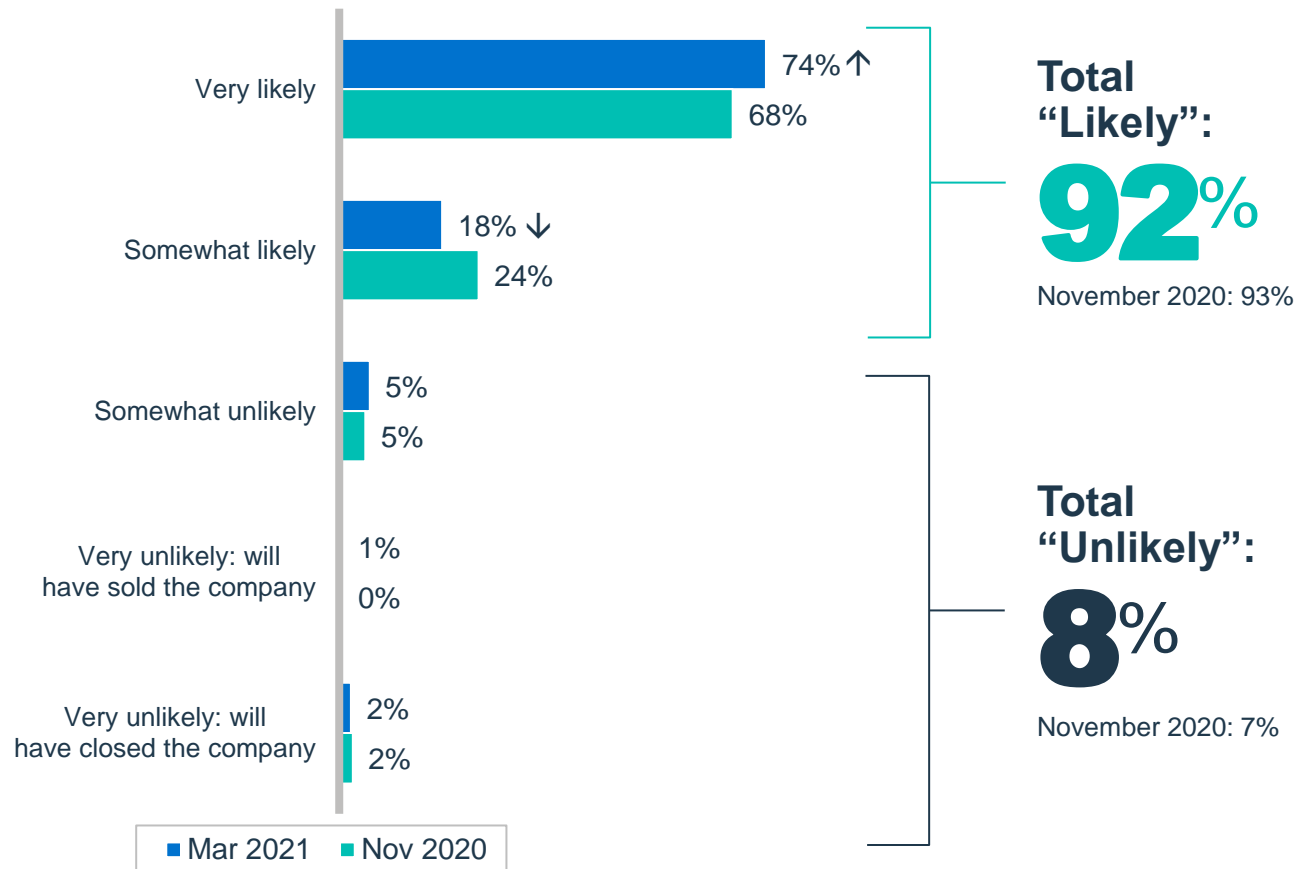
Businesses that are **more likely** to have used government assistance:

- Manufacturing sector (85%)
- Revenues of \$2M to \$10M (91%)
- 5 to 99 employees before COVID (91%-96%)
- Accommodation and food services (100%)

The likelihood of being in business a year from now has **strengthened** in this wave: three quarters of SMEs surveyed say they are "very likely" to still be in operation in 12 months.



S2Q5. How likely is it that you will **still be in business** 12 months from now?

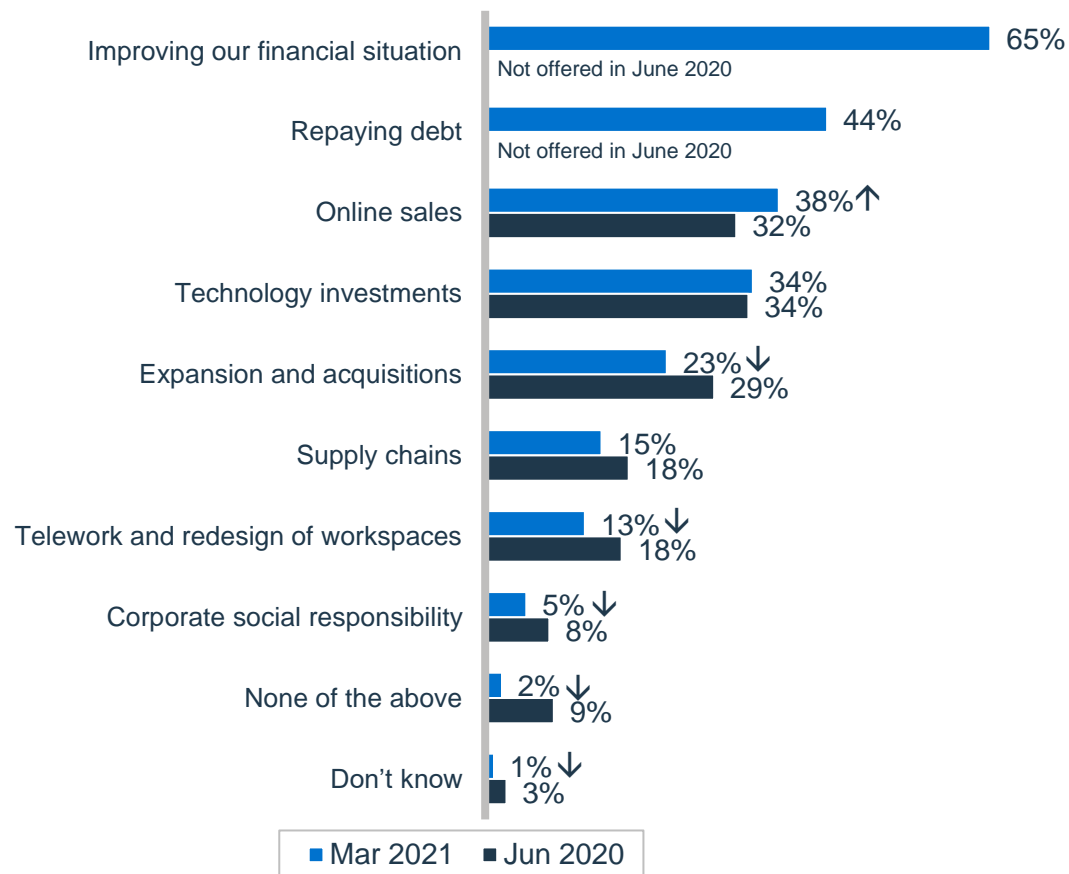


Base: All respondents (n=695). Those who did not know were excluded from the calculation base. Arrows indicate statistically significant differences between March 2021 and November 2020.

Two thirds of SMEs surveyed plan to focus on **improving their financial situation** over the next 12 months, with **debt repayment** their second highest priority.



Q9a. Which of the following aspects do you intend to **focus in the next 12 months**?*

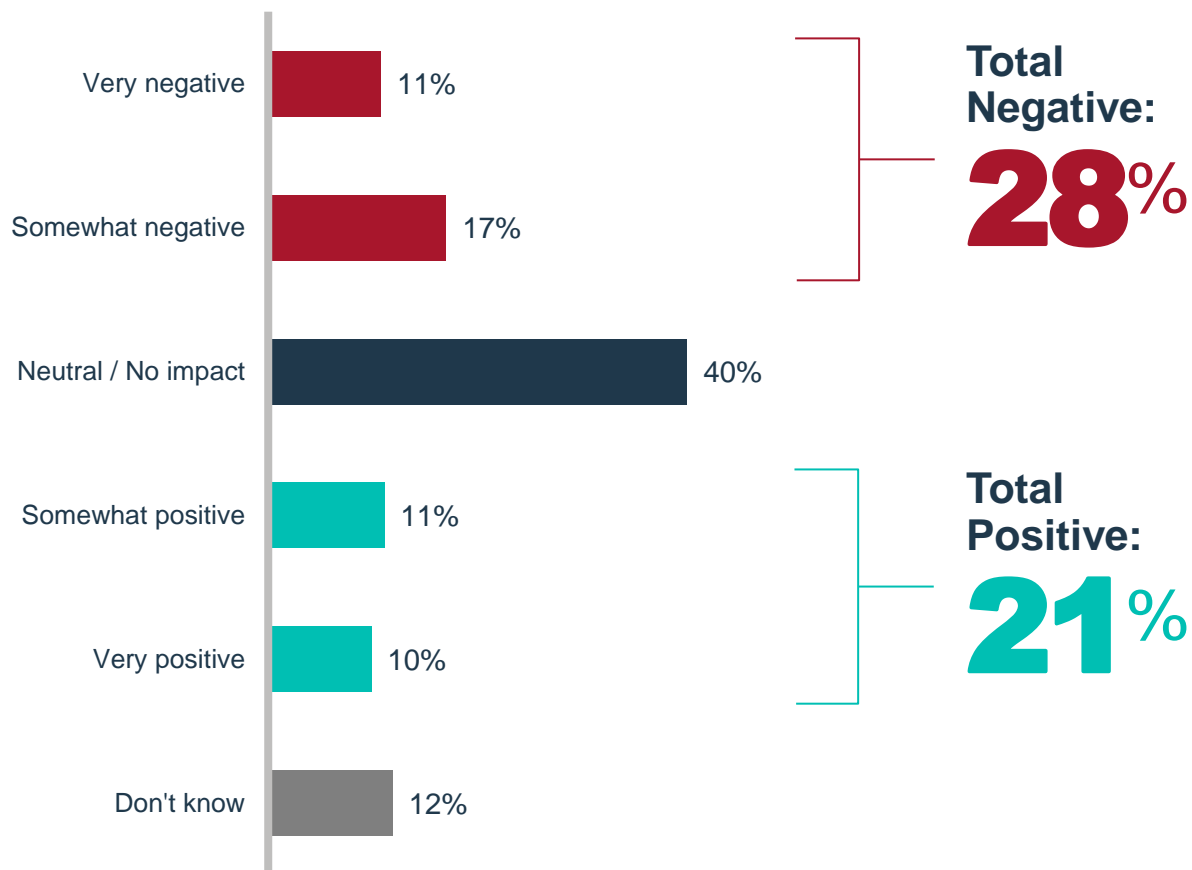


Base: All respondents (n=724). Question was modified slightly in Feb-Mar 2021. Multiple mentions were allowed, therefore total exceeds 100%. Arrows indicate statistically significant differences between March 2021 and June 2020.

Fewer than **3 in 10** SMEs expect the impact of the transition to a low-carbon economy to be **negative** for them, and on the contrary, **1 in 5** expect the impact to be **positive**.



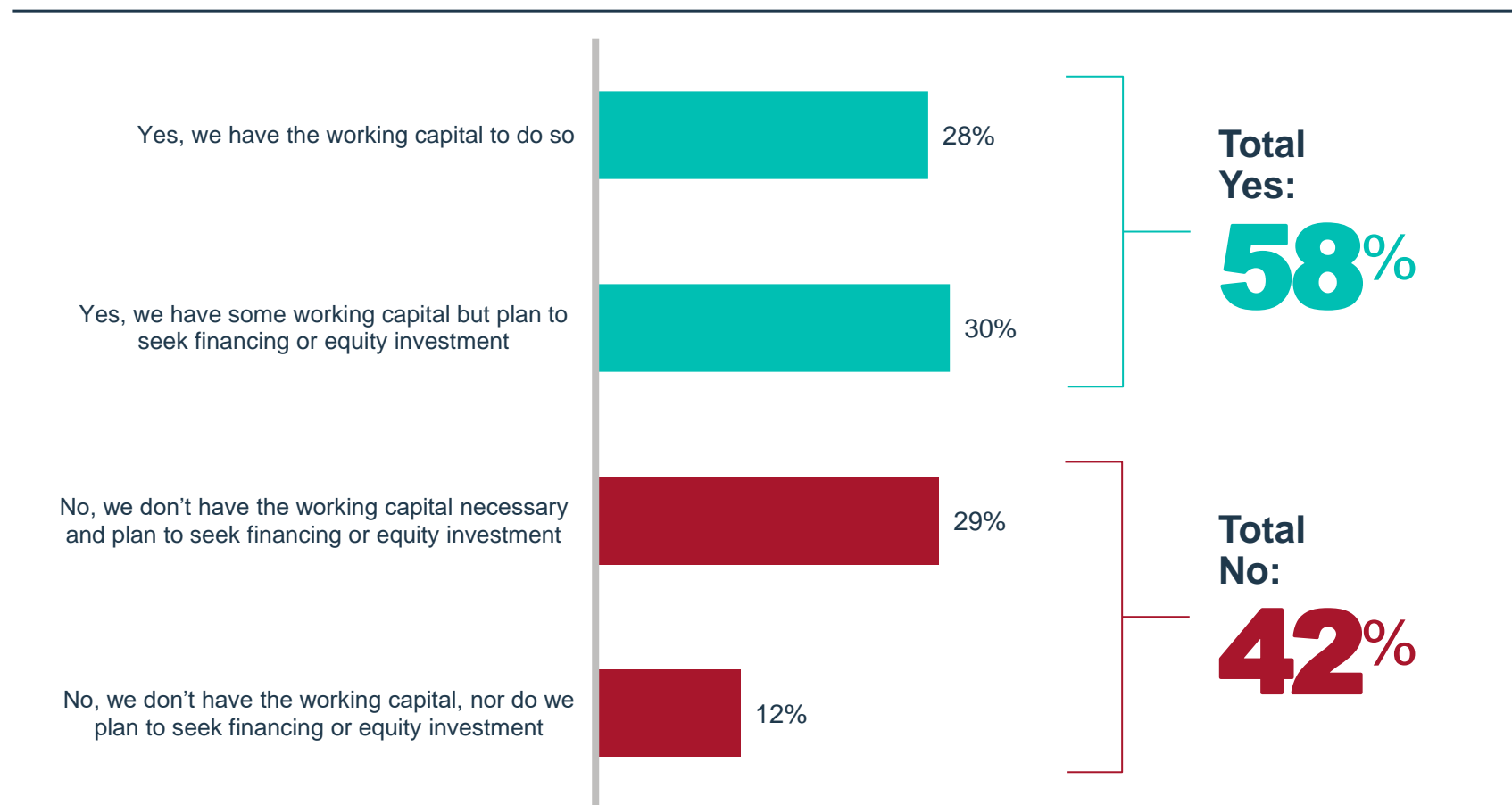
S2Q5b. What **impact** do you expect the transition to a **low carbon economy** will have on your company over the next decade?



Most entrepreneurs feel they have **sufficient working capital** to pursue their business initiatives. Only 1 in 10 have no cash flow and no intention of borrowing to invest in business projects.



S2Q5c. Do you have the **necessary working capital** (liquidity or cashflow) to pursue your business initiatives?



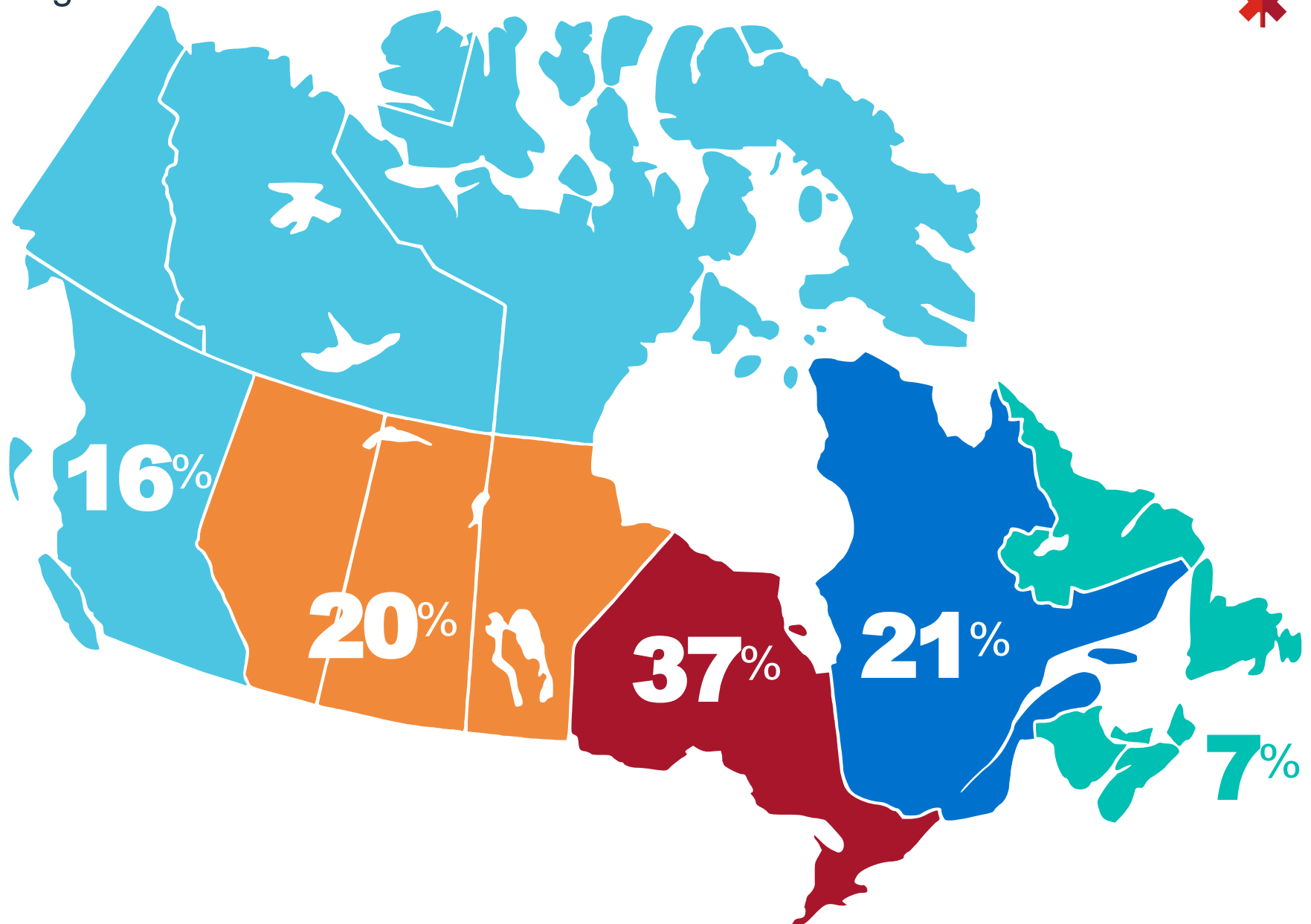


04.

**Respondent
profile**



Region



Base: All respondents (n=724).

Number of employees, annual sales and sector of activity



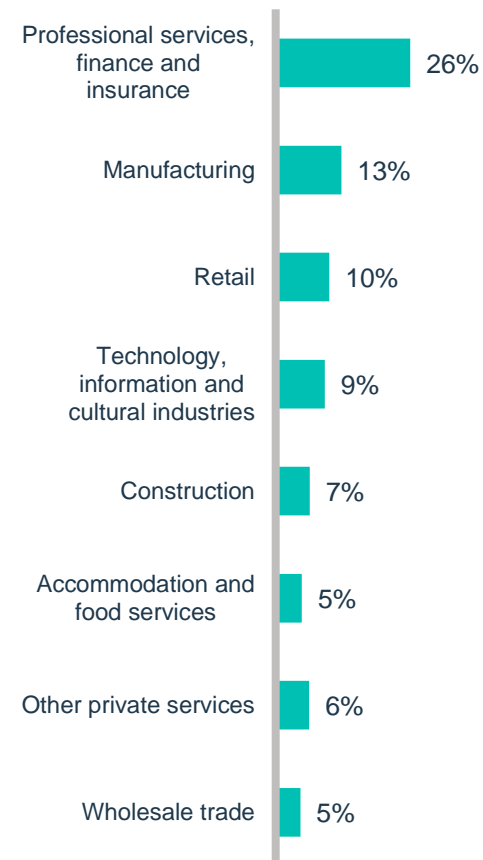
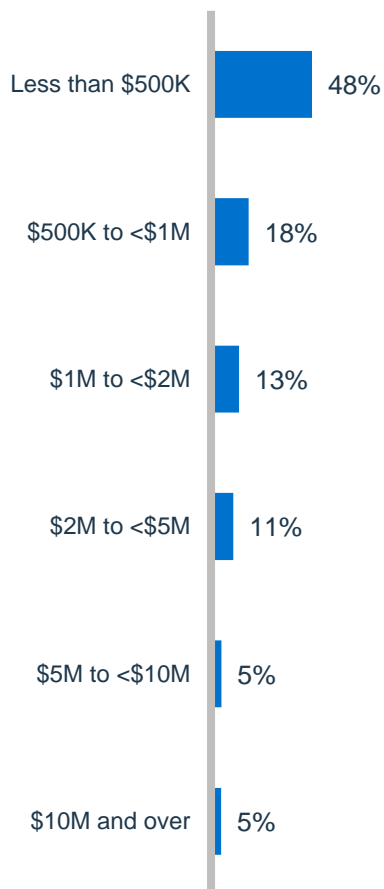
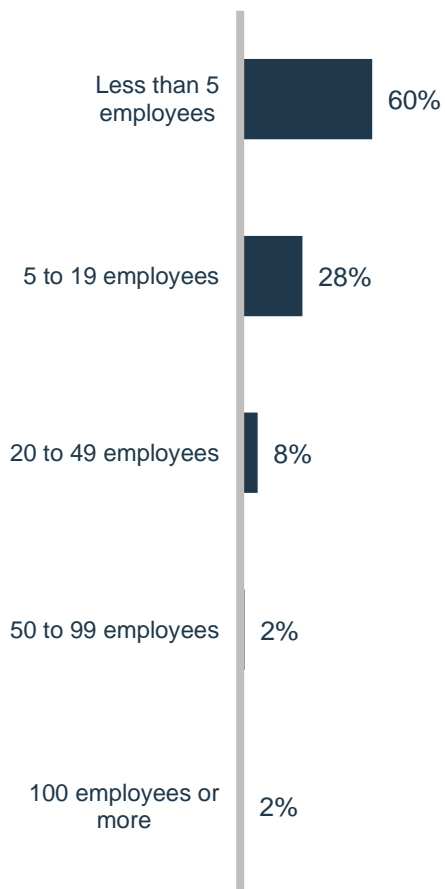
Number of employees (currently)



Annual sales



Sector of activity



Base: All respondents (n=724). Only sectors with 5%+ respondents are presented.

Business revenue growth, bankability status and sector of activity



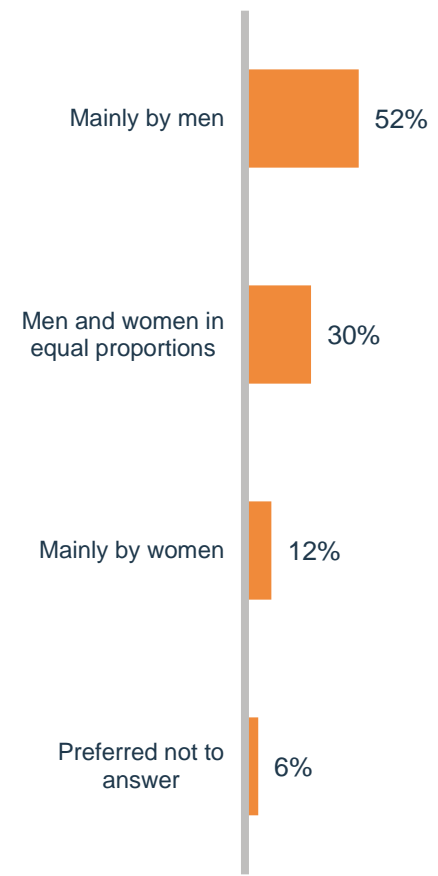
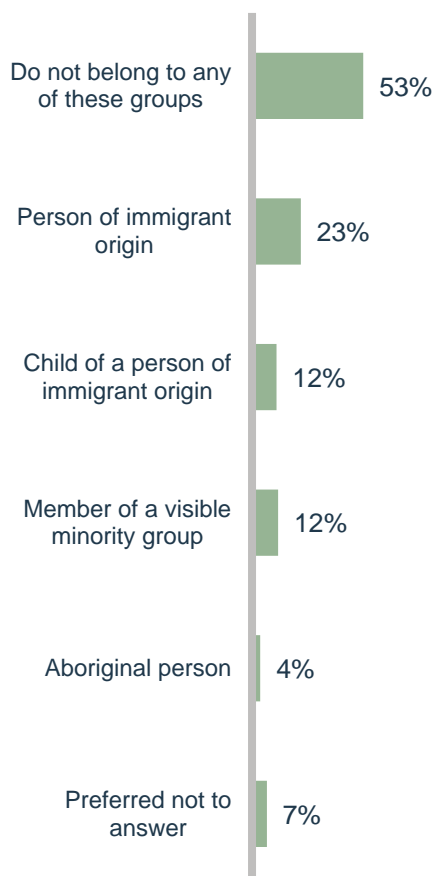
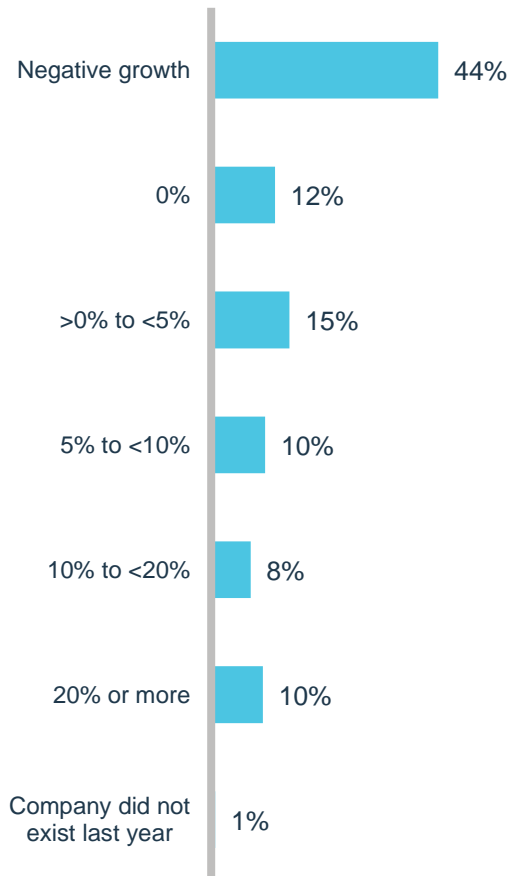
Revenue growth



Diversity groups



Gender ownership





04.

Appendix:
Results by region



Worrying about the impact of COVID-19



Q0. How **worried** are you about the impact of COVID-19 on ...?

	Region				
	Atlantic (n=44-45)	Quebec (n=198-199)	Ontario (n=232-234)	Prairies (n=125-127)	B.C. & North (n=116-117)
Proportion of “worried” (7-10 out of 10)					
About their business	67%	44% ↓	56%	63%	59%
About the Canadian economy	74%	59% ↓	75%	82% ↑	74%
About the economy worldwide	68%	58% ↓	69%	64%	72%
Average score out of 10					
Worried about their business	6.8	5.4 ↓	6.4	7.0 ↑	6.4
Worried about the Canadian economy	7.6	6.4 ↓	7.6	8.0 ↑	7.3
Worried about the economy worldwide	7.3	6.4 ↓	7.2	7.2	7.2

Base: All respondents. Due to rounding, totals may not equal to 100%. The average score of the current survey wave was calculated by excluding those who didn't know or preferred not to answer, whereas the scale includes these respondents. Opinions were expressed using a scale from 0 to 10, where 0 means "Not worried at all" and 10 means "Extremely worried". Arrows indicate statistically significant differences between a given region and the rest of the sample.

Business current situation on different aspects



S2Q3. What is the **current situation** of your business for each of the following aspects?

% who think the situation is “good”	Region				
	Atlantic (n=45)	Quebec (n=199)	Ontario (n=234)	Prairies (n=128)	B.C. & North (n=118)
Operating costs	35%	45%	38%	31%	45%
Sales or revenues	38%	55% ↑	41%	33% ↓	49%
Level of debt	43%	46%	42%	29% ↓	43%
Borrowing capacity	46%	45%	39%	30%	34%
Working capital and liquidity (cashflow)	37%	47%	42%	28% ↓	38%
Profitability	34%	48% ↑	35%	31%	39%

Base: All respondents. Those who did not know were excluded from the calculation base. Arrows indicate statistically significant differences between a given region and the rest of the sample.

Current situation vs. 6 months ago



S2Q4. How does the current situation **compare** to what it was six months ago for each of the following aspects?

	Region				
	Atlantic (n=43-45)	Quebec (n=195-199)	Ontario (n=229-234)	Prairies (n=126-128)	B.C. & North (n=107-118)
Situation is deemed better					
Sales or revenues	22%	42% ↑	30%	26%	31%
Profitability	9% ↓	33% ↑	21%	19%	26%
Working capital and liquidity (cashflow)	8% ↓	31%	24%	19%	29%
Level of debt	24%	15%	20%	18%	15%
Operating costs	17%	18% ↑	9%	11%	14%
Borrowing capacity	4% ↓	20% ↑	15%	11%	11%
Situation is deemed worse					
Sales or revenues	57%	40%	40%	48%	45%
Profitability	50%	37%	39%	48%	45%
Working capital and liquidity (cashflow)	55%	39%	38%	48%	42%
Level of debt	44%	39%	39%	42%	43%
Operating costs	35%	34%	37%	31%	42%
Borrowing capacity	26%	30%	30%	44% ↑	37%

Base: All respondents. Those who did not know were excluded from the calculation base. Arrows indicate statistically significant differences between a given region and the rest of the sample.

Worrying about level of debt and borrowing capacity



S2Q4b. How **worried** are you about your **level of debt** and your **borrowing capacity**?

	Region				
	Atlantic (n=43-44)	Quebec (n=197-198)	Ontario (n=230-233)	Prairies (n=123-128)	B.C. & North (n=115-118)
Level of debt					
Not worried at all (0-4 out of 10)	23%	36%	43%	32%	39%
Slightly worried (5-6 out of 10)	37%	19%	24%	21%	18%
Worried (7-8 out of 10)	12%	24%	16%	22%	18%
Extremely worried (9-10 out of 10)	28%	20%	18%	25%	24%
Borrowing capacity					
Not worried at all (0-4 out of 10)	40%	42%	41%	31%	45%
Slightly worried (5-6 out of 10)	21%	19%	21%	23%	21%
Worried (7-8 out of 10)	24%	18%	20%	20%	18%
Extremely worried (9-10 out of 10)	16%	22%	17%	26%	17%

Base: All respondents. Those who did not know were excluded from the calculation base. This question was added in February 2021. Arrows indicate statistically significant differences between a given region and the rest of the sample.

Receiving direct government financial assistance



S2Q4d. Did your business receive **direct government financial assistance** during the pandemic?

	Region				
	Atlantic (n=44)	Quebec (n=198)	Ontario (n=229)	Prairies (n=126)	B.C. & North (n=118)
Yes	81%	79%	68%	79%	67%
No	19%	21%	32%	21%	33%

Base: All respondents. Those who did not know were excluded from the calculation base. This question was added in February 2021. Arrows indicate statistically significant differences between a given region and the rest of the sample.

Still being in business 12 months from now



S2Q5. How likely is it that you will **still be in business** 12 months from now?

	Region				
	Atlantic (n=44)	Quebec (n=195)	Ontario (n=219)	Prairies (n=123)	B.C. & North (n=114)
Very likely	82%	80%	76%	65% ↓	72%
Somewhat likely	11%	17%	16%	24%	18%
Somewhat unlikely	7%	3%	5%	6%	8%
Very unlikely: business will be sold	0%	0%	1% ↑	0%	0%
Very unlikely: business will be closed	0%	0% ↓	2%	4%	2%
NET Likely	93%	97% ↑	92%	89%	90%
NET Unlikely	7%	3% ↓	8%	11%	10%

Base: All respondents. Those who did not know were excluded from the calculation base. Arrows indicate statistically significant differences between a given region and the rest of the sample.

Priorities in the next 12 months



Q9a. Which of the following aspects do you intend to **focus on in the next 12 months**?

	Region				
	Atlantic (n=45)	Quebec (n=199)	Ontario (n=234)	Prairies (n=128)	B.C. & North (n=118)
Improving our financial situation	69%	53% ↓	70%	73% ↑	57%
Repaying debt	37%	43%	44%	47%	44%
Technology investments	25%	41%	36%	32%	31%
Online sales	40%	34%	36%	41%	41%
Expansion and acquisition	19%	33% ↑	21%	17%	26%
Supply chains	11%	17%	13%	13%	20%
Telework and redesign of workspaces	18%	25% ↑	13%	2% ↓	8%
Corporate social responsibility	4%	6%	6%	3%	5%
I don't know	5%	1%	1%	0%	2%
None of the above	6%	1%	2%	1%	3%

Impact of the transition to a low-carbon economy



S2Q5b. What **impact** do you expect the transition to a **low-carbon economy** will have on your company over the next decade?

	Region				
	Atlantic (n=45)	Quebec (n=199)	Ontario (n=234)	Prairies (n=128)	B.C. & North (n=118)
Very negative	2% ↓	1% ↓	13%	22% ↑	8%
Somewhat negative	20%	6% ↓	17%	25% ↑	19%
Neutral / No impact	34%	47%	39%	31% ↓	45%
Somewhat positive	28% ↑	17% ↑	6% ↓	10%	10%
Very positive	0%	13%	12%	4% ↓	13%
Don't know	16%	15%	13%	9%	6%
NET Negative	22%	7% ↓	30%	47% ↑	27%
NET Positive	28%	30% ↑	18%	13% ↓	22%

Base: All respondents. Arrows indicate statistically significant differences between a given region and the rest of the sample.

Having enough working capital to pursue initiatives



S2Q5c. Do you have the **necessary working capital** (liquidity or cashflow) to pursue your business initiatives?

	Region				
	Atlantic (n=42)	Quebec (n=193)	Ontario (n=222)	Prairies (n=123)	B.C. & North (n=115)
Yes, we have the working capital to do so	27%	34%	26%	28%	27%
Yes, we have some working capital but plan to seek financing or equity investment	24%	36%	33%	24%	27%
No, we don't have the working capital necessary and plan to seek financing or equity investment	25%	22%	30%	35%	30%
No, we don't have the working capital, nor do we plan to seek financing or equity investment	24%	8%	10%	13%	16%
NET Yes	51%	69% ↑	59%	51%	54%
NET No	49%	31% ↓	41%	49%	46%

Base: All respondents. Those who did not know were removed from the calculation base. Arrows indicate statistically significant differences between a given region and the rest of the sample.



Thank you.

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