

# ATB BUSINESS BEAT:

## The pulse on business in Alberta

**ATB** Business™

Volume 4, February 2014



### Running a business hasn't gotten any easier, but technology helps.

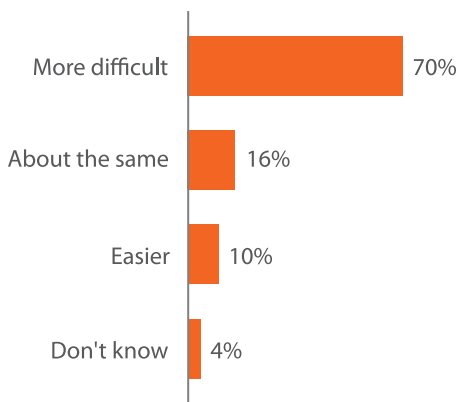
Each quarter, we randomly select Alberta small and mid-sized business enterprise owners (SMEs) to participate in the Business Beat survey. For this issue, we asked: Is running a business today easier or harder than it was five years ago? And why?

We also took a deep dive into understanding how technology affects running a SME. Does it save time? What technologies are business owners spending their money on? Who do they rely on for tech advice? How do they use technology to promote their business?

Also this quarter, we are excited to introduce The ATB Business Index and the ATB Economy Index. We now have a full year of data that allows us to develop these two new indices that track business owners' expectations for their company's future performance and also where they see the Alberta economy heading. Check out what the trends are telling us.

## FIVE YEARS AGO VS. TODAY

It is a bit surprising that 70% of SMEs feel it's harder to run a business today than it was five years ago. What is not surprising are the reasons. The top two concerns are: difficulty in attracting and retaining good employees (28%) as well as increased government regulations (27%).

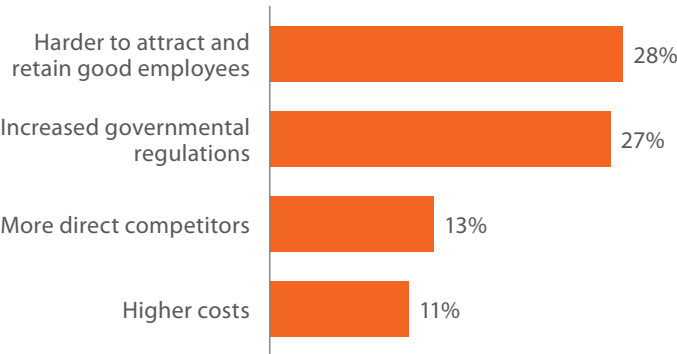


**// Just to try to get people, for staff. Nobody wants to be a truck driver these days. The woes of rural alberta, we just don't have the people. Everybody wants to be in the city. We have to compete with all those large plants up at the tar sands. //**

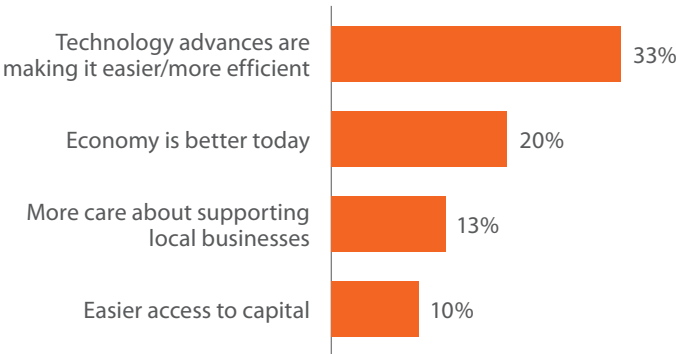
– Owner, Construction business  
50 years in operation, 5 to 19 employees, \$3M-\$5M in revenues.

# FIVE YEARS AGO VS. TODAY

## Small businesses who report it's harder point to:



## Small businesses who believe it's easier mention:

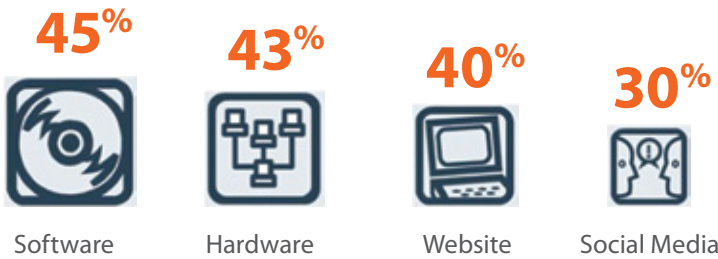


**For the one in ten (10%) SMEs that feel it is easier, 33% say technology advances have made things easier and more efficient.**

# TECHNOLOGY RULES

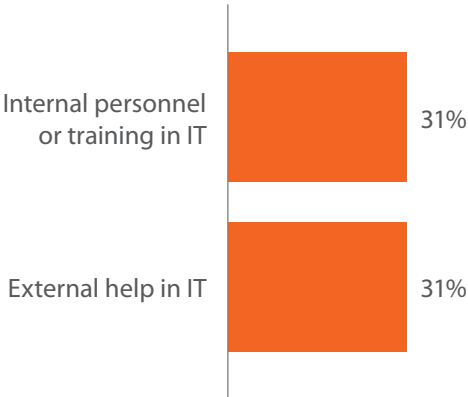
We live in complex times, and keeping up with technology requires increased time, attention, and resources from SMEs. 73% plan to invest in things like software, hardware, website, and social media in the next 12 months.

## Main technology investments



**A TOTAL OF 73% REPORT HAVING PLANS TO INVEST IN TECHNOLOGY IN THE NEXT 12 MONTHS.**

## IT human resources investments



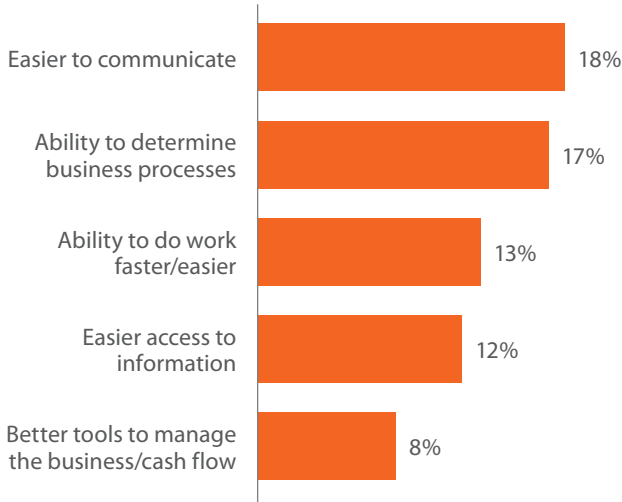
Human capital is also on their radar, with 31% planning to invest in IT personnel and training. The same percentage will look for help from outside.

More than a third (36%) of SMEs have increased their capital investment in technology over the last year, and 51% have spent more time on technology-related projects in the last year.

# INVESTMENT PAYS OFF

Despite increased time, effort, capital, and resources, 87% of SMEs believe technology has improved their business operations.

## Technology's positive impact



**// It's more efficient. there's less errors due to penmanship. Better clarification of ideas. Improvements to patient care. We no longer have that lack of communication, lack of understanding due to clerical errors. //**

– Clinic Manager, Health Care  
25 years in business, 1 to 4 employees,  
Undisclosed revenues.

So what about the 12% of SMEs who said technology has had a negative impact on their business? 22% cite technology has brought greater competition. 16% say it is expensive to keep up with upgrades, and 11% say it's hard to keep up with the resources needed to meet the demands of suppliers and customers.

# SOLUTIONS WE RELY ON

When asked about technology usage, there were three clear solutions SMEs rely on:

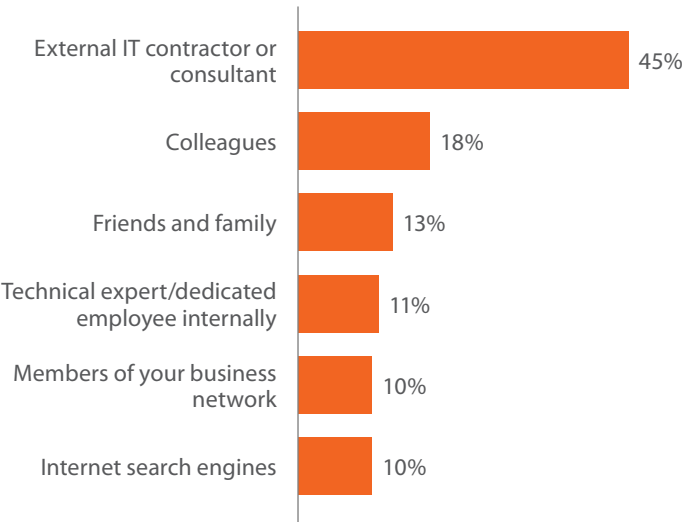
- Productivity tools or software (89%)
- Financial accounting systems (77%)
- Data protection or cyber security (70%)

And around a third of respondents also actively use:

- Email marketing (34%)
- Mobile workforce (34%)
- Business analytics (30%)

When seeking advice on technology, SMEs rely primarily on external sources for advice.

## Go-to sources for advice on technology

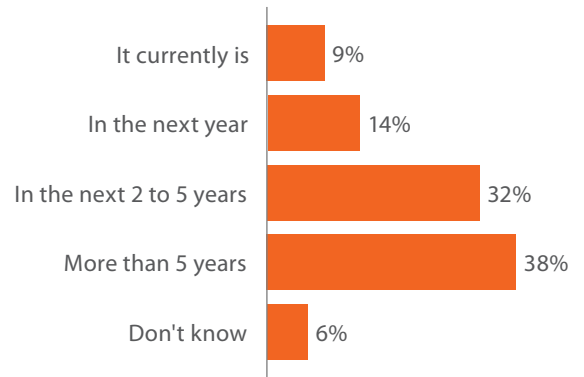


# HOW DO SMEs USE TECHNOLOGY TO PROMOTE THEIR BUSINESS?

Of the three-quarters (75%) of SMEs who have a corporate website, one-third (33%) have increased their investment over the last year. They use their website primarily for informational purposes (92%), such as background information on their business, contact information, and product and service descriptions. Almost half (49%) take it a step further and use it as an online brochure or catalog, yet only 17% enable online transactions and sales.

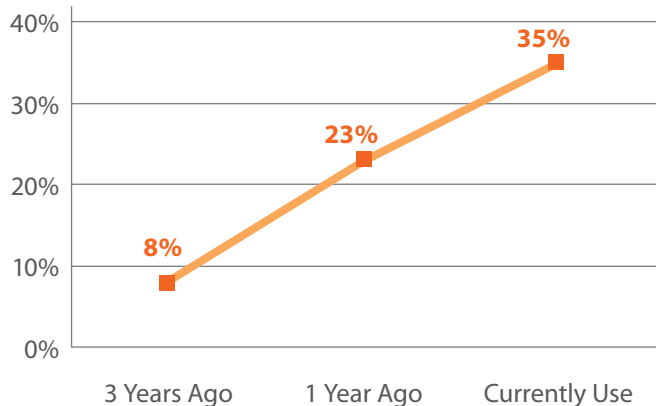
Of those who do use their website as a sales channel, 15% currently generate more than half their sales that way. We asked: At what point do they see their website as becoming the best location channel for sales?

## Developing an online sales channel



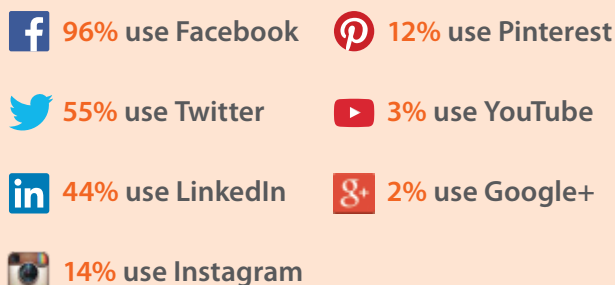
# USE OF SOCIAL MEDIA

## Social media usage is growing quickly

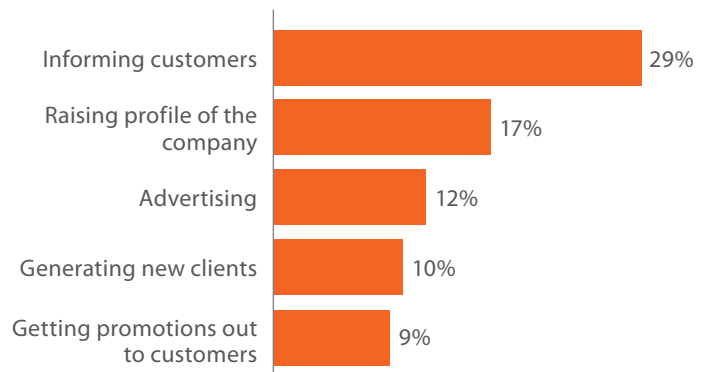


**More and more SMEs are using social media for business purposes, and 31% expect they will use social media more in the upcoming year.**

## Among SMEs who are currently using social media:



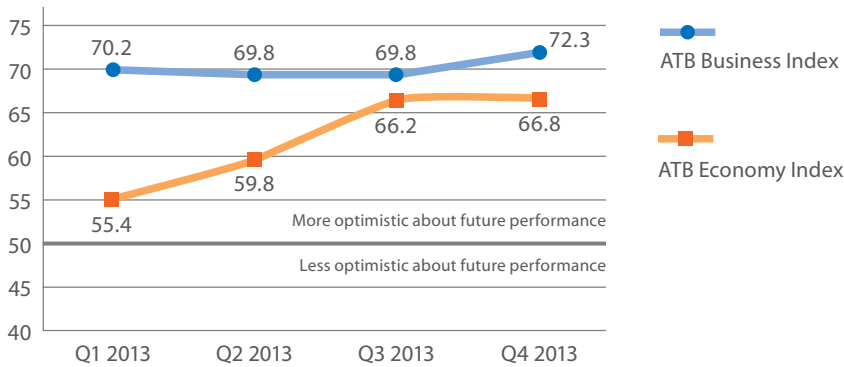
## What are the main reasons they use social media?



*continued on page 6*

# FEELING GOOD

## Introducing ATB Business Beat Indices



## Overview

This quarter, 84% of business owners expect the overall economy to be the same or better off six months from now, while 92% feel their business will be the same or better off.

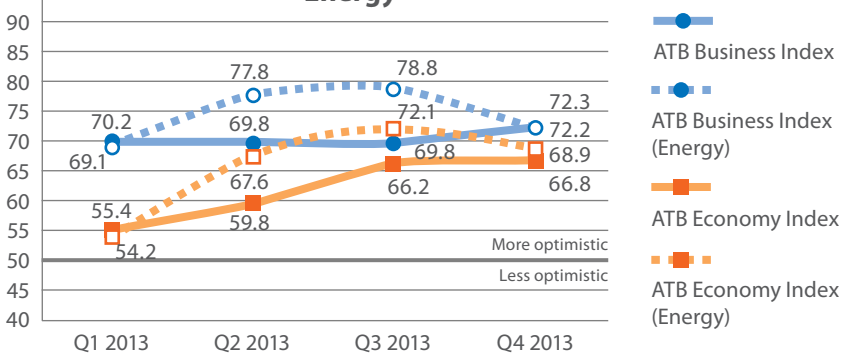
## The Breakdown

To develop our indices, we took the percentage of better (somewhat/much) minus the worse (somewhat/much worse) and re-scaled the number to range from zero to 100. The equilibrium point is a score of 50. Therefore any score above 50 means SMEs expect the performance (economy/business) to be stronger in the next six months, outnumbering those expecting weaker performance.

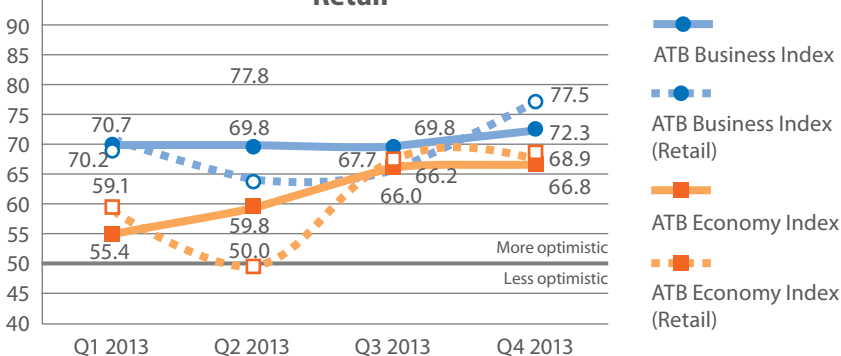
We normally see a business optimism index between 65 and 70 when the economy is growing at its potential. Alberta SMEs' optimism about their business is strong and continues to grow substantially each quarter, reaching its highest level this year at 72.3. SME optimism about the future of the Alberta economy remains flat but strong with a 66.8 index, also the highest of the year.

We are able to dive deeper and explore three of Alberta's top industries: energy, retail, and construction. It is interesting to see the impact that seasonality and commodity prices have on the results.

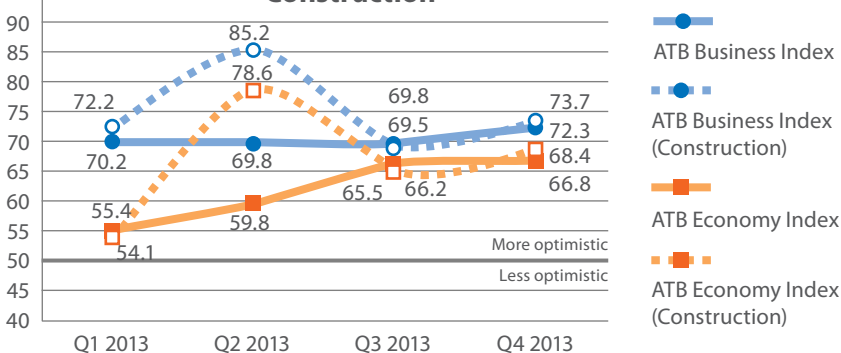
## Energy



## Retail

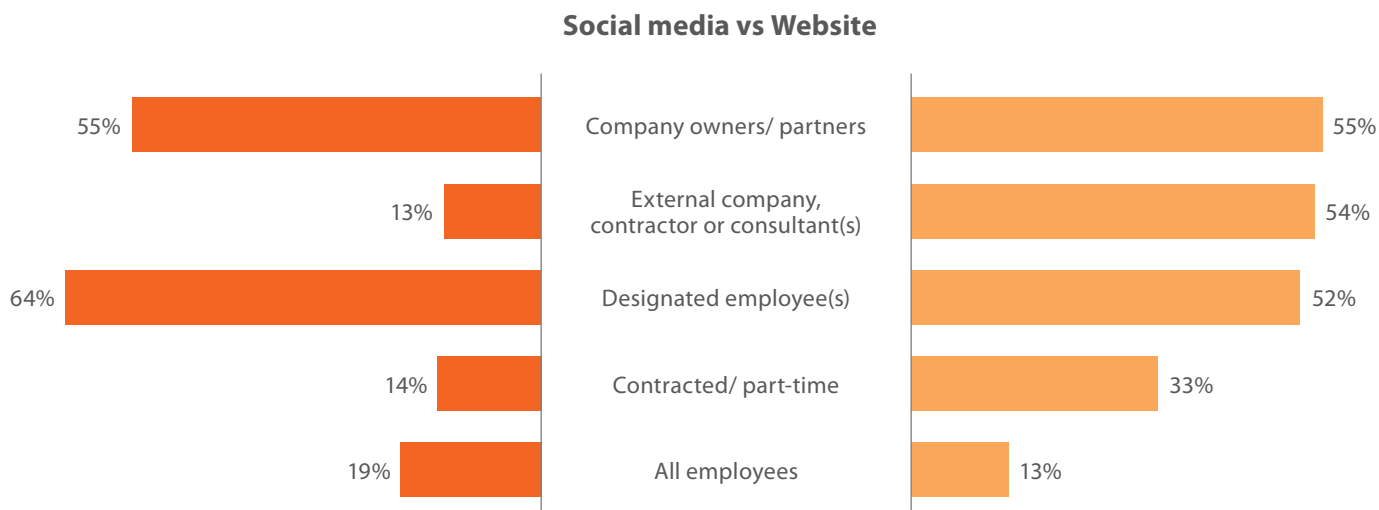


## Construction



# A LITTLE HELP FROM THEIR FRIENDS

More than half (55%) of the SMEs we talked to take control over creating and managing their website and their presence on social media. But it does help to get a little help. When asked which of the following people play an integral role in creating and managing your website and your social media presence, here's what SMEs said:



## About this report

For more information on this report or the next ATB Business Beat, please email [businessbeat@atb.com](mailto:businessbeat@atb.com) or visit [atb.com/businessbeat](http://atb.com/businessbeat) to be put on the mail list.

## About ATB Financial

ATB Financial ([atb.com](http://atb.com)) is the largest Alberta-based financial institution, with assets of \$32 billion. ATB offers retail financial services, business and agricultural financial services, corporate financial services and investor services to more than 635,000 Albertans and Alberta-based businesses in 242 communities in our province.

ATB Business and Agriculture provides services to Alberta's small and mid-sized businesses, farmers and other agriculture customers.



To find out how ATB Financial can help your business grow, please contact: Wellington Holbrook, Executive Vice-President, Business & Agriculture, ATB Financial at [askwellington@atb.com](mailto:askwellington@atb.com).

## About NRG Research Group

NRG Research Group ([www.nrgresearchgroup.com](http://www.nrgresearchgroup.com)) is a leading Canadian public affairs and market research company with offices in Calgary, Vancouver, and Winnipeg.

## Who did we talk to?

These findings are from an ATB Business telephone survey conducted during Dec 10 to Dec 20, 2013, with 300 randomly selected Alberta small and mid-sized business enterprise owners (SMEs).

**Study exclusions:** agriculture (farms or ranches), government, financial institutions and large businesses (500+ employees).

**Business size definitions:** small (0 to 49 full-time employees) and medium-sized (50 to 499 full-time employees).