

A VERY OPTIMISTIC VIEW

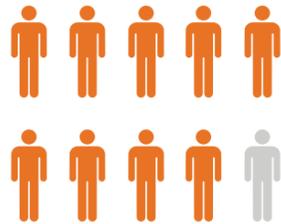
This quarter, the ATB Business Index and ATB Economy Index hit a new high. A record 89% of business owners expect the economy to be the same or better off six months from now and 95% feel their business will be the same or better off.

That is an increase from last quarter, and is a significant increase from June of last year where we saw 77% of SMEs believed the economy would be the same or better off, and 89% believed their business would be the same or better off in six months.

Overall, women entrepreneurs are more optimistic than their male counterparts.

Alberta Economy

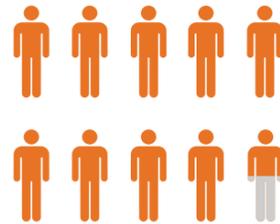
89% will be better off or the same



+5% Over the last quarter

Your Company

95% will be better off or the same



+2% Over the last quarter

About This Report

For more information on this report or the next ATB Business Beat, please email businessbeat@atb.com or visit atb.com/businessbeat to join the mailing list.

About ATB Financial

ATB Financial (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

About NRG Research Group

NRG Research Group (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 March 19 to April 1, 2014, with 300 randomly selected Alberta SMEs owners/operators.

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).

* A special thank you to Alberta Women Entrepreneurs who helped us reach our statistical targets of female SMEs for this edition.

ATB BUSINESS BEAT: The pulse on business in Alberta

ATB Business™

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Cash is king for Alberta business owners

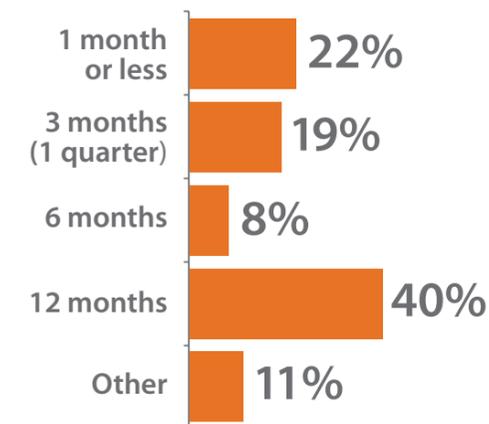
No one understands the importance of the statement "cash is king" more than small and mid-size business owners (SMEs). In this edition of the Business Beat, we explore the critical need for cash flow management and the habits and tools business owners use to maintain an understanding of their company's finances. Also, women make up approximately 38% of business owners in Alberta. We explored the gender differences from a demographic perspective, and, by all indications, the number of female-owned businesses will continue to grow.



MEASURING CASH FLOW

Considering the critical need for business owners to understand when and how cash flows in and out of their business, it is alarming that **only 42%** of the SMEs we surveyed say they prepare cash flow projections.

Over what time period do you forecast your cash flows?

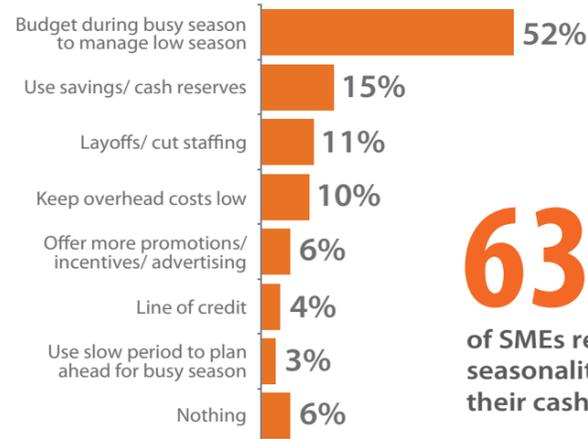


FINANCE, MONEY KEEPS ME UP AT NIGHT. YOU ARE ALWAYS WANTING TO MAKE SURE THE BILLS ARE COVERED. I AM ALWAYS THINKING AHEAD TO SEE IF I WILL HAVE THE MONEY TO DO THAT. MONEY IS ALWAYS A CONCERN ESPECIALLY WHEN YOU ARE SO SMALL.

– Owner, Food processing/distribution
6 years in business, no employees, less than \$250K in revenues

When we broke that down, it appears those just starting out understand the importance of cash flow, as 100% of startups prepare projections, followed by 56% of those in expansion phase that forecast cash flows.

'TIS THE SEASON



More than six in ten (63%) of SMEs say seasonality impacts their cash flow. To help manage that, over half, 52%, budget during their busy season to make sure they can manage through low season, 15% use savings or cash reserves, 11% cut back on staff and 10% keep overhead costs low.

63%
of SMEs report seasonality affects their cash flows.

Timing for the receivables and payables. Customers are taking 45-50 days to pay, so it is hard to pay the payables when the receivables are not coming in quick enough.

– Vice President, Retail Trade
38 years in business, 20-50 employees, \$3M to \$5M in revenues

CASH IN, CASH OUT

We asked SMEs what are the top issues your company faces when it comes to cash flow management?

The main issues are:



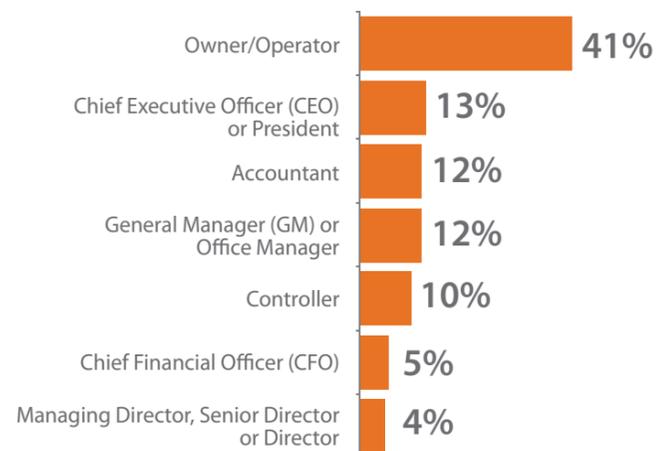
SHARED RESPONSIBILITY

9% go outside for help with cash flow projections

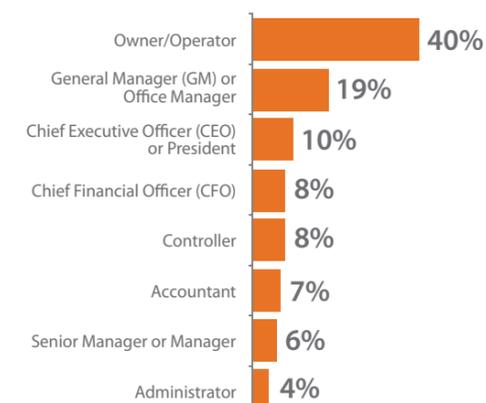
54% done by the owner/president/CEO

For those businesses that do prepare cash flow projections, the vast majority do them in house, as only 9% go outside for help. The importance cannot be understated, as over half are done personally by the owner/president/CEO (54%).

Who is responsible for developing the cash flow projections?



Who is responsible for the day-to-day management of your cash flow or position?



GENDER AND BUSINESS OWNERSHIP

Our research shows approximately 38% of SMEs in Alberta are owned by/run by women. That number is sure to increase. Here's some interesting highlights:

- Three quarters (75%) of male SMEs are 45 years of age or older compared to 56% of women
- One third (33%) of male SMEs cite their businesses as being in the "mature" or "wind down" phase, while only 13% of women SMEs fall into those categories
- 21% of women are in the startup or initial growth phase, compared to 6% men
- 11% of male SMEs claim annual revenues of \$250,000 or less, compared to 37% for women
- 33% of male SMEs say they spend the most time on operations of their business compared to 21% of their female counterparts
- Human resources and labour is cited as most difficult challenge for 34% men compared to 23% of women
- And when it comes to cash flow, only 6% of men list it as their most difficult challenge compared to 13% women

DEMOGRAPHICS		
	MALE	FEMALE
Age	18 to 34 (9%) 35 to 44 (16%) 45 to 54 (31%) 55 to 64 (31%) 65 or older (13%)	18 to 34 (14%) 35 to 44 (30%) 45 to 54 (34%) 55 to 64 (17%) 65 or older (5%)
Decision maker	Sole decision-maker (48%) Shared responsibility (45%) Influencer (7%)	Sole decision-maker (39%) Shared responsibility (46%) Influencer (15%)
FIRMOGRAPHICS		
	MALE	FEMALE
Number of Employees	0 to 4 (43%) 5 to 49 (50%) 50-499 (7%)	0 to 4 (39%) 5 to 49 (46%) 50-499 (15%)
Years of operation in Alberta	25 years (mean)	19 years (mean)
Intentionally trying to grow their business	75%	81%
Business life stage	Startup (1%) Initial growth (5%) Established (44%) Expansion (17%) Mature (22%) Winding down (11%)	Startup (8%) Initial growth (13%) Established (44%) Expansion (22%) Mature (8%) Winding down (5%)
Have a store front	Yes (57%) No (43%)	Yes (47%) No (53%)
Main industry (4% or greater)	Retail Trade (20%) Energy or Oil & Gas (19%) Construction (13%) Manufacturing (7%) Prof, Scientific, Tech (6%) Automotive (4%) Transport & Warehouse (4%)	Retail Trade (14%) Health Care & Soc Asst (13%) Energy or Oil & Gas (9%) Prof, Scientific, Tech (8%) Construction (6%) Education (6%) Manufacturing (6%) Arts, Entertain & Rec (5%) Transport & Warehouse (5%) Hospitality/ Restaurant (4%) Wholesale Trade (4%)
Business locations	Urban area (45%) Rural area (23%) Both (32%)	Urban area (56%) Rural area (15%) Both (29%)
Markets serviced	Within Alberta (99%) Other Canada (48%) US (22%) International (12%)	Within Alberta (99%) Other Canada (55%) US (25%) International (17%)
Revenues	<\$250k (11%) \$250k-<\$500k (16%) \$500k-<\$1M (19%) \$1M-<\$3M (25%) \$3M-<\$10M (21%) \$10M+ (10%)	<\$250k (37%) \$250k-<\$500k (13%) \$500k-<\$1M (15%) \$1M-<\$3M (15%) \$3M-<\$10M (12%) \$10M+ (8%)
Typical Borrowing Needs	None (51%) Less than \$1M (40%) \$1M+ (9%)	None (57%) Less than \$1M (37%) \$1M+ (6%)