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Alberta Business Beat

Volume 13, April 2016

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Background and Methodology

Background

- ATB Financial commissioned NRG Research Group to conduct a survey of 300 randomly selected small- to medium-sized businesses in Alberta each quarter, beginning in Q1 2013.
- The purpose of the study is to gain an understanding of the challenges faced by small- to medium-sized businesses in Alberta, and to track confidence in the business climate in Alberta.

Research Objectives

- Measure business owners and managers' perceptions of what the business climate and Alberta economy will be like six months from now;
- Understand SMEs' pain points, including what keeps them up at night, what they spend the most time working on, what is most important to their business, and what they find most difficult;
- Determine the proportion of Alberta SMEs that import and export, and map the source of their imports and the destination of their exports; and,
- Profile the firmographics as well as respondent demographics for small to medium-sized businesses in Alberta.

Methodology

Qualifying Businesses

<500 employees,
<\$20 million annual
revenues,
must be financial
decision makers or
influencers

- Excluded agriculture, government, financial institutions, media, market research, PR, advertising and communications sectors

Alberta SMEs



Field dates:

January 18 – March 4,
2016

- Telephone
 - Approximately 13,000 businesses contacts made and 625 completed the survey
 - Margin of error is +/- 3.9%

Key Insights

..... 1

More Alberta SMEs are concerned about the future of the Alberta economy than last quarter. On a positive note, even though slightly more SMEs are pessimistic than optimistic about the future of their own businesses, the ATB Business Index has increased slightly since last quarter.

..... 2

Although SMEs rank sales and customer acquisition as both the most important and most difficult aspect of their business, they tend to spend the most time managing operations.

..... 3

Slightly more than a quarter of SMEs import, export, or both. SMEs that export are more optimistic about the future of their business and more pessimistic about the future of the Alberta economy than SMEs in general.

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The ATB Business Beat Indexes

Mixed emotions about the future

"How do you think... will be six months from now?"



% better off



% the same

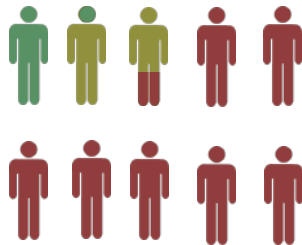


% worse

Alberta Economy

26% ↓ -6

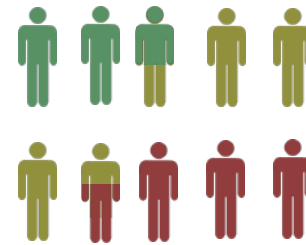
will be better off or the same



Your Company

64% ↑ +3

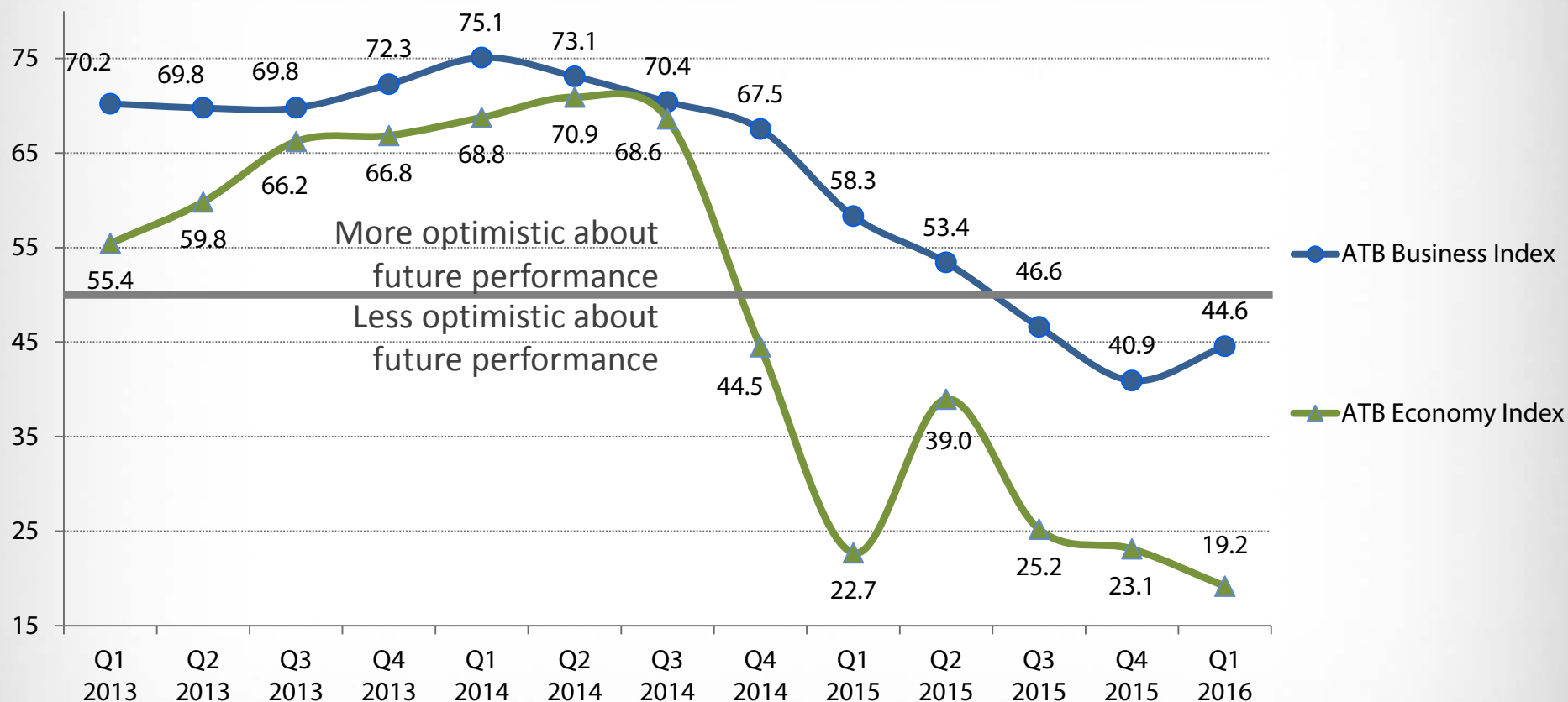
will be better off or the same



The ATB Business Beat Index

ATB Business Beat Index

Index (0-100)



Data time periods: Q1 2013= Jan 2013, Q2 2013 = May 2013, Q3 2013 = Aug/Sept 2013, Q4 2013 = Dec 2013, Q1 2014= Mar 2014, Q2 2014 = June 2014, Q3 2014 = Aug, 2014; Q4 2014 = Dec 2014; Q1 2015 = March 2015; Q2 2015 = June 2015; Q3 2015 = August 2015, Q4 2015 = November, 2015, Q1 2016 = March 2016

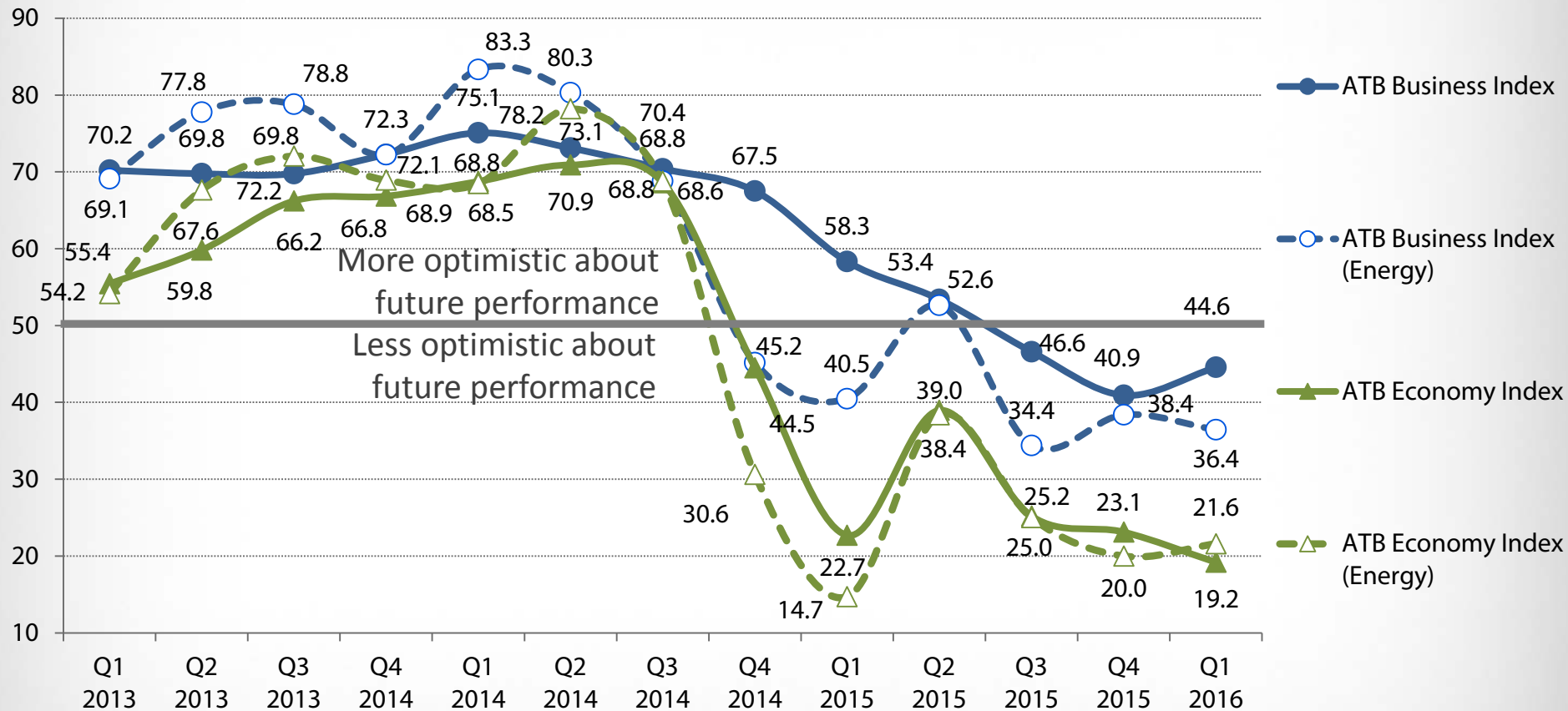
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The ATB Business Beat Index - Energy

ATB Business Beat Index

Index (0-100)



Data time periods: Q1 2013= Jan 2013, Q2 2013 = May 2013, Q3 2013 = Aug/Sept 2013, Q4 2013 = Dec 2013, Q1 2014= Mar 2014., Q2 2014 = June 2014, Q3 2014 = Aug, 2014; Q4 2014 = Dec 2014; Q1 2015 =March 2015; Q2 2015 = June 2015; Q3 2015 = August 2015, Q4 2015 = November, 2015, Q1 2016 = March 2016

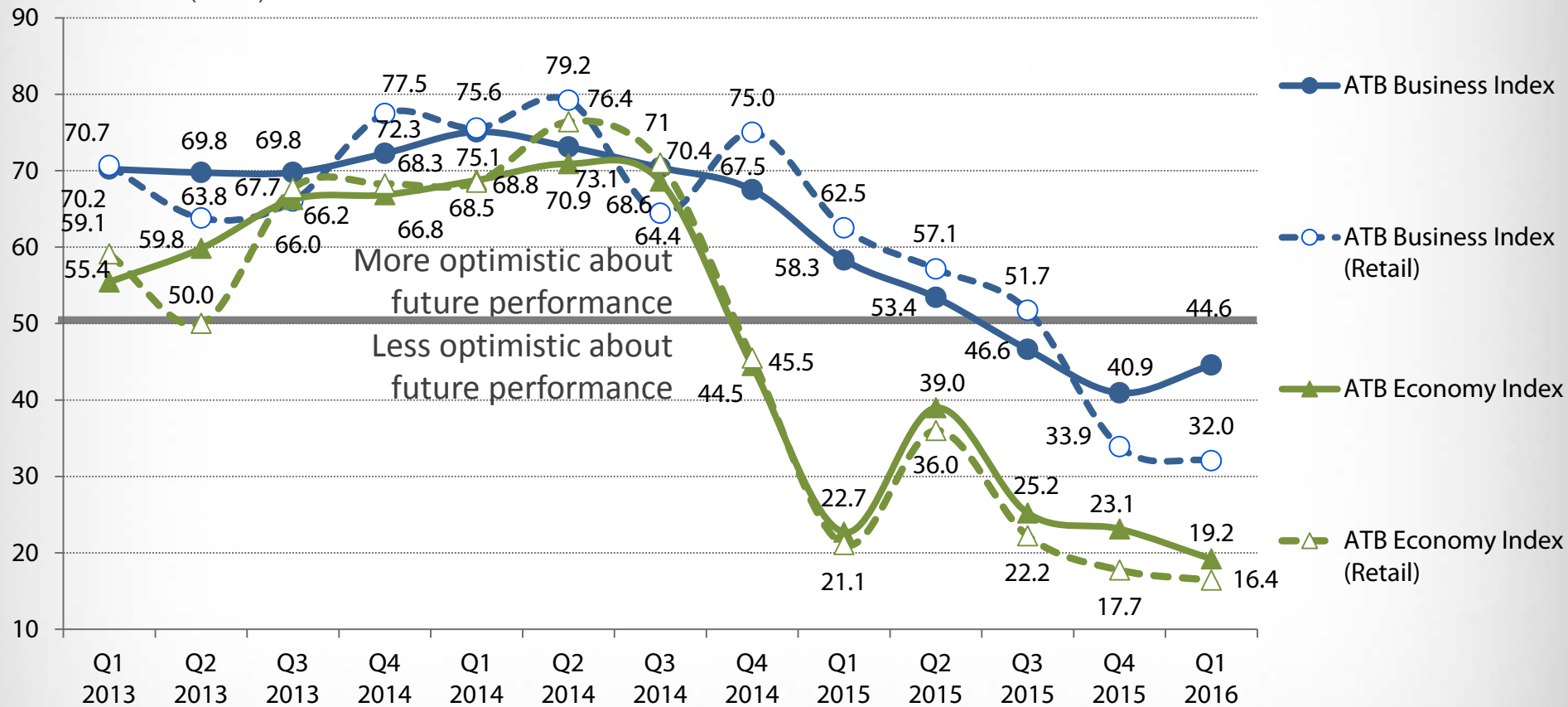
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The ATB Business Beat Index - Retail

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Index (0-100)

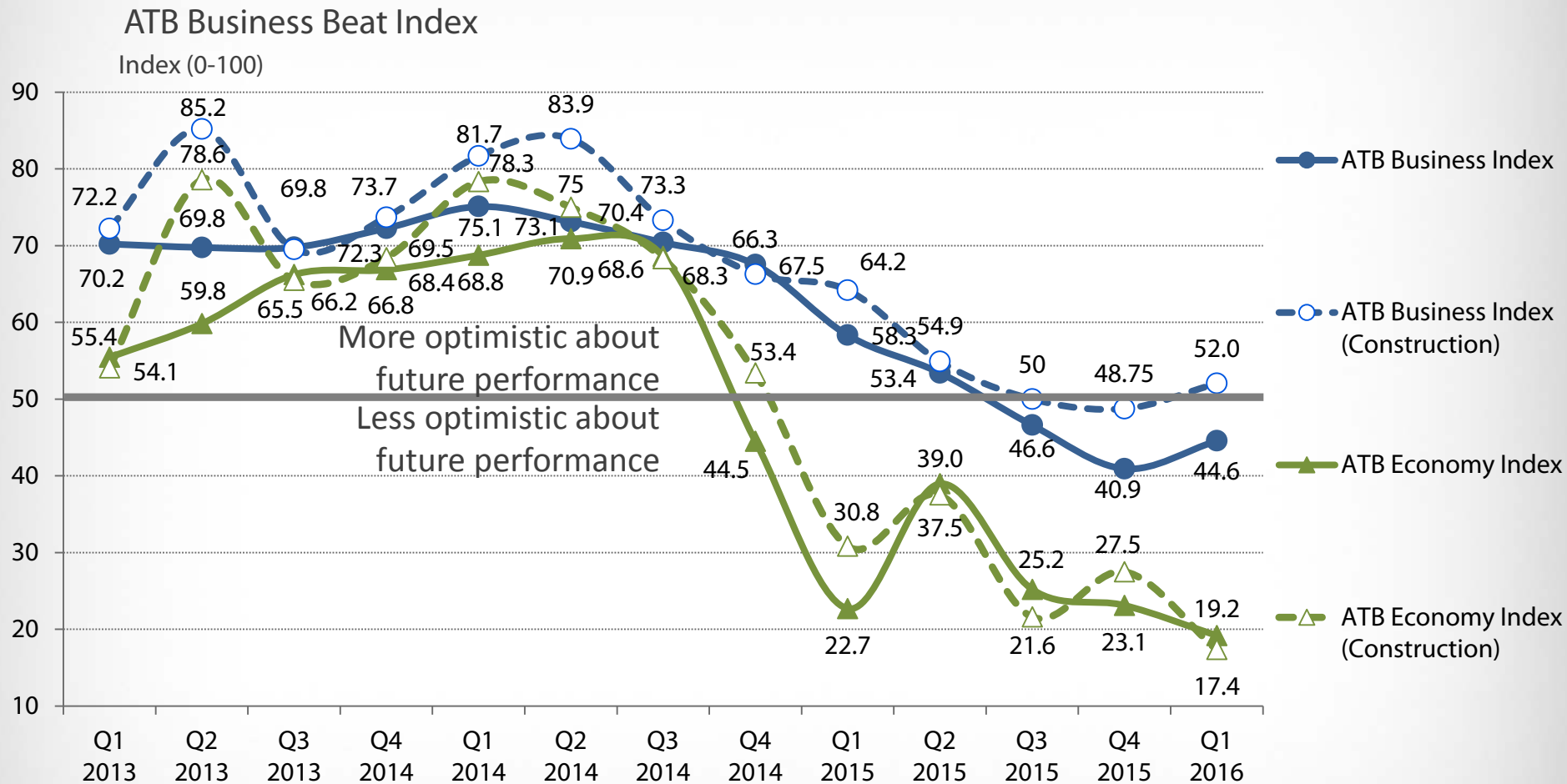


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The ATB Business Beat Index - Construction



Data time periods: Q1 2013= Jan 2013, Q2 2013 = May 2013, Q3 2013 = Aug/Sept 2013, Q4 2013 = Dec 2013, Q1 2014= Mar 2014, Q2 2014 = June 2014, Q3 2014 = Aug, 2014; Q4 2014 = Dec 2014; Q1 2015 = March 2015; Q2 2015 = June 2015; Q3 2015 = August 2015, Q4 2015 = November, 2015, Q1 2016 = March 2016

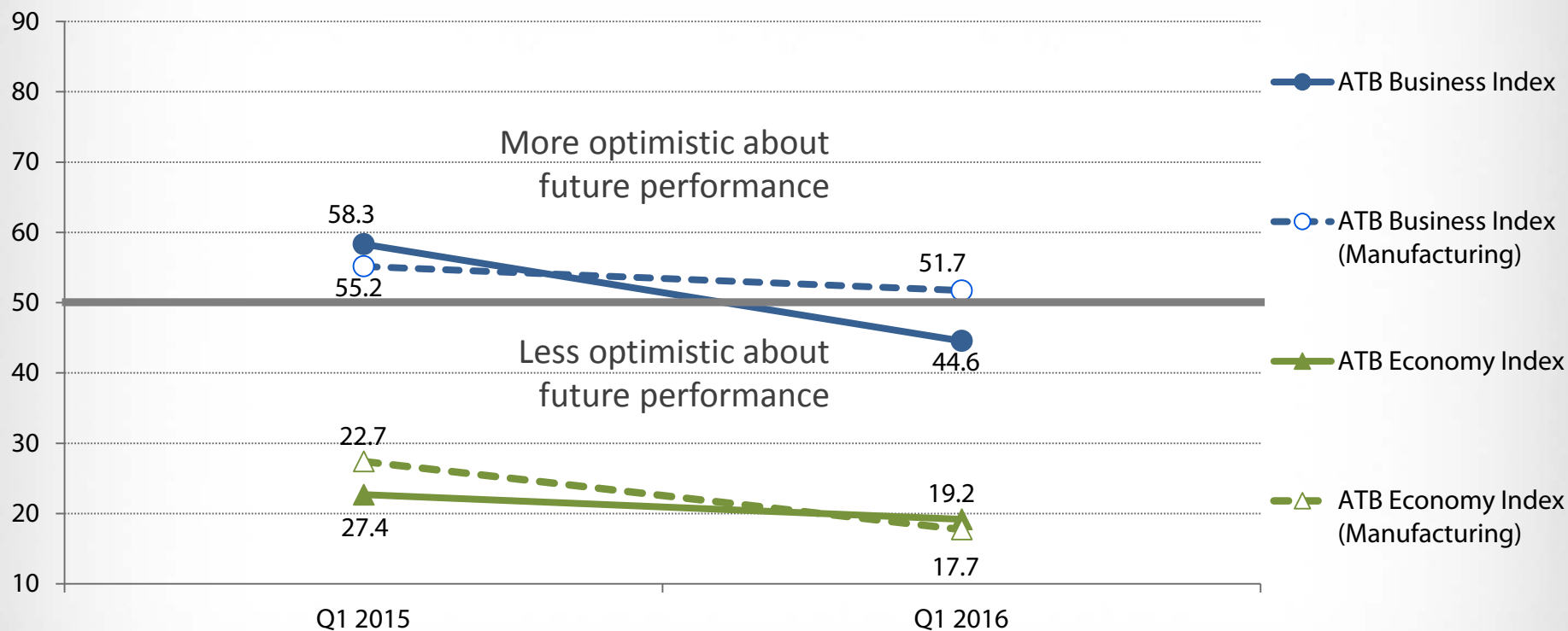
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The ATB Business Beat Index - Manufacturing

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Index (0-100)



Data time periods: Q1 2015 = March 2015; Q1 2016 = March 2016

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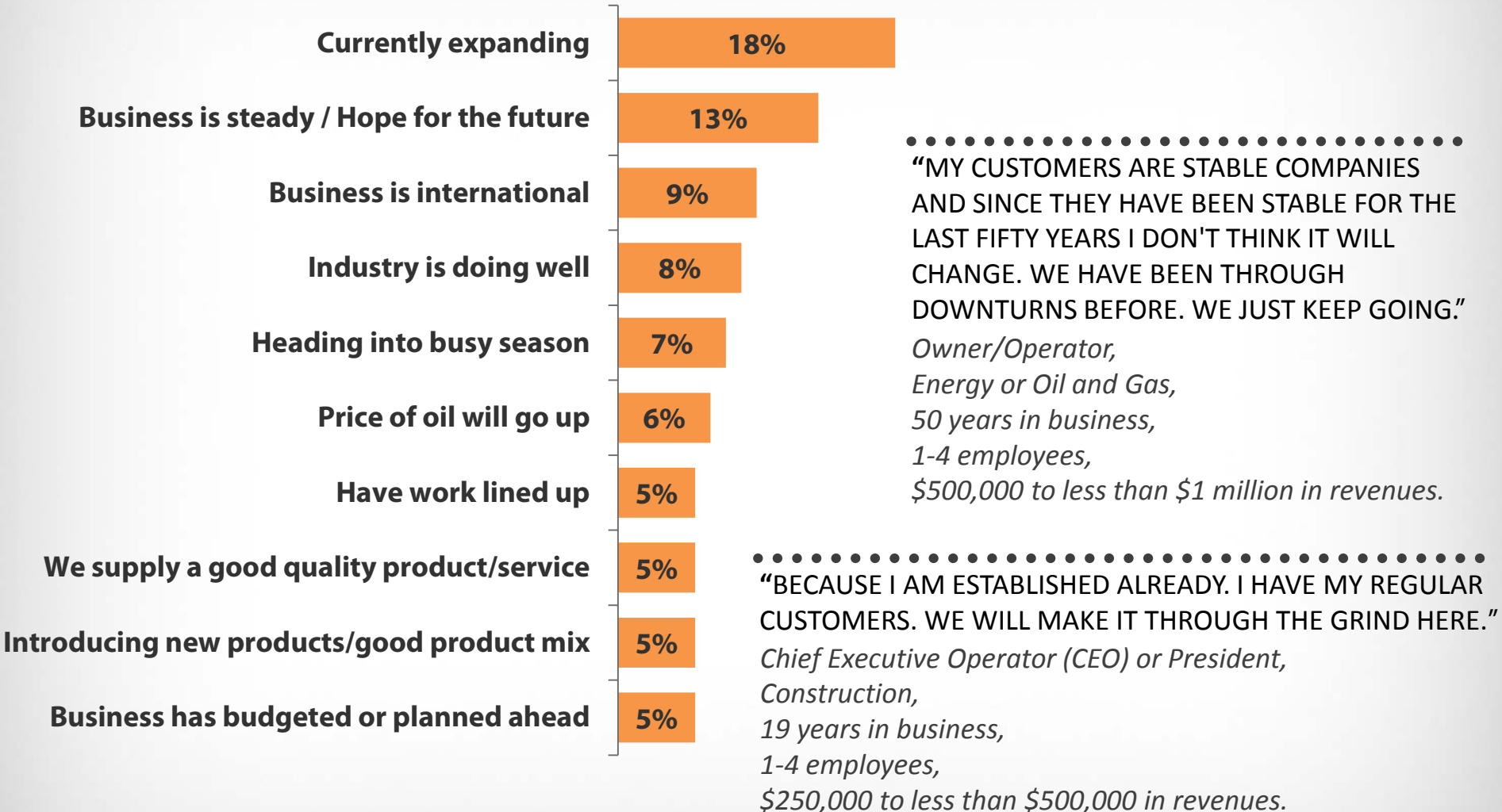
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Source: ATB Financial, Survey on Alberta SMEs 2013-16.

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What's driving the ATB Business Beat Index?

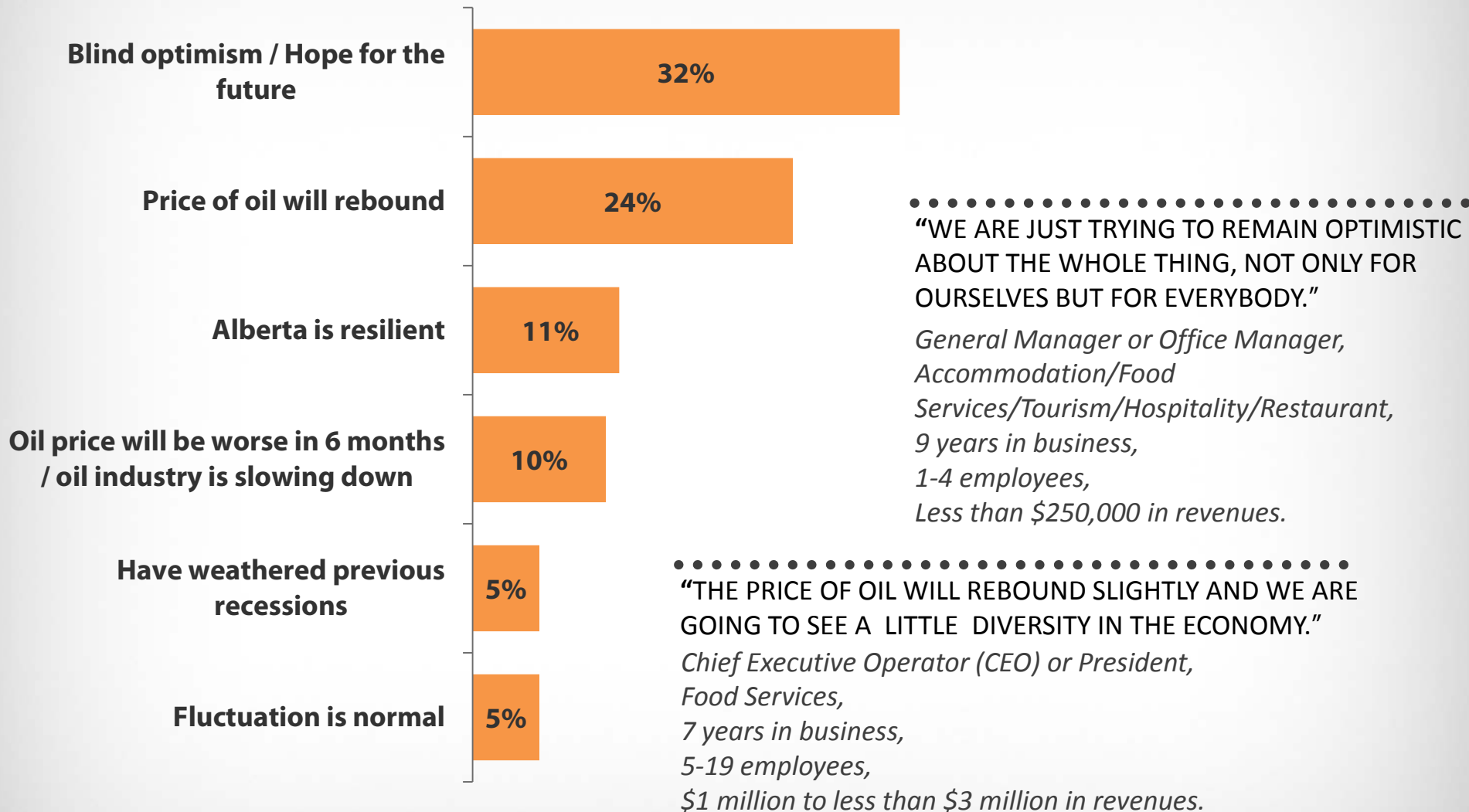
“Why do you believe that your company will be better off financially six months from now?”



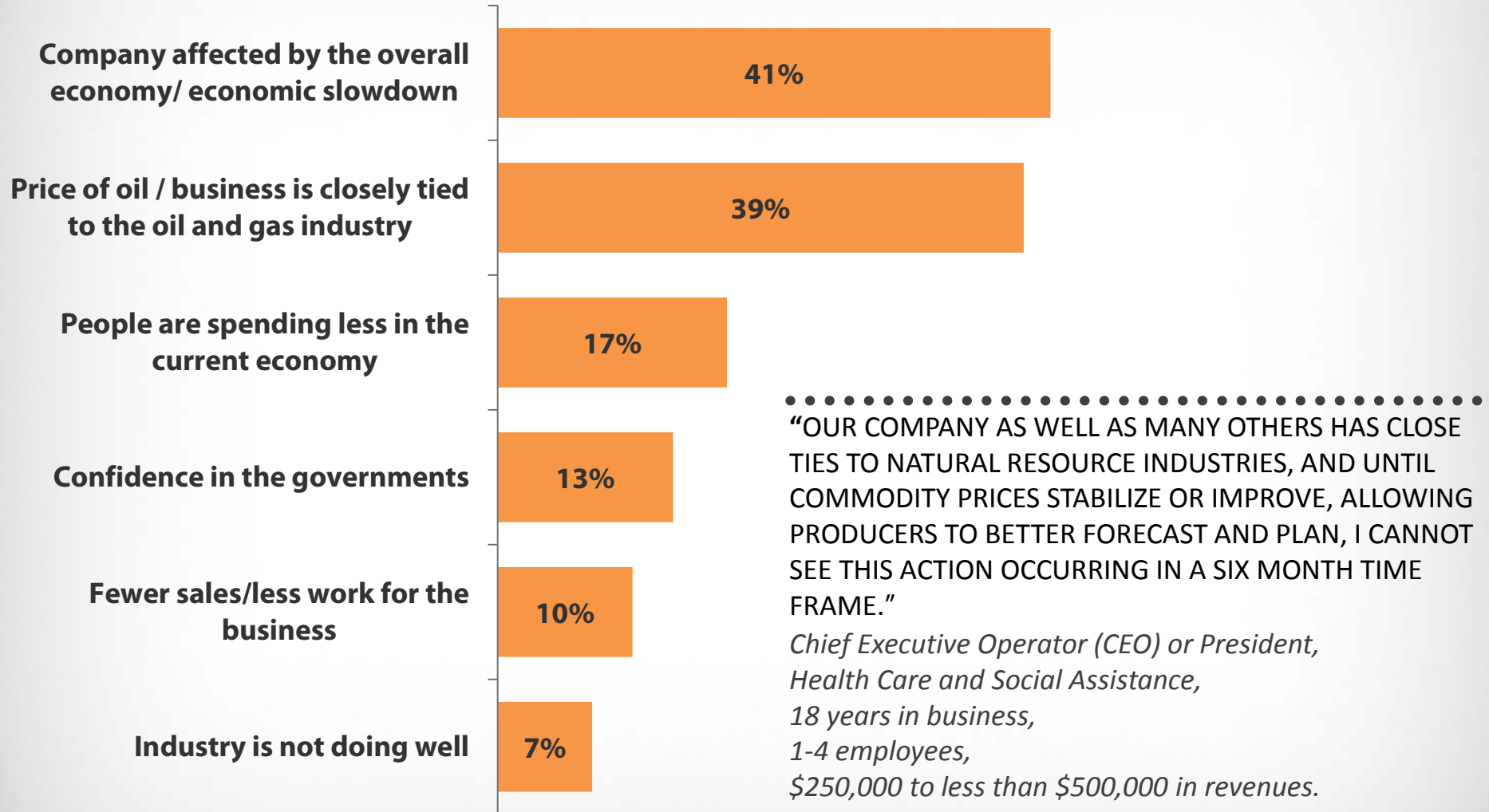
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“Why do you believe that the economy will be better off six months from now?”



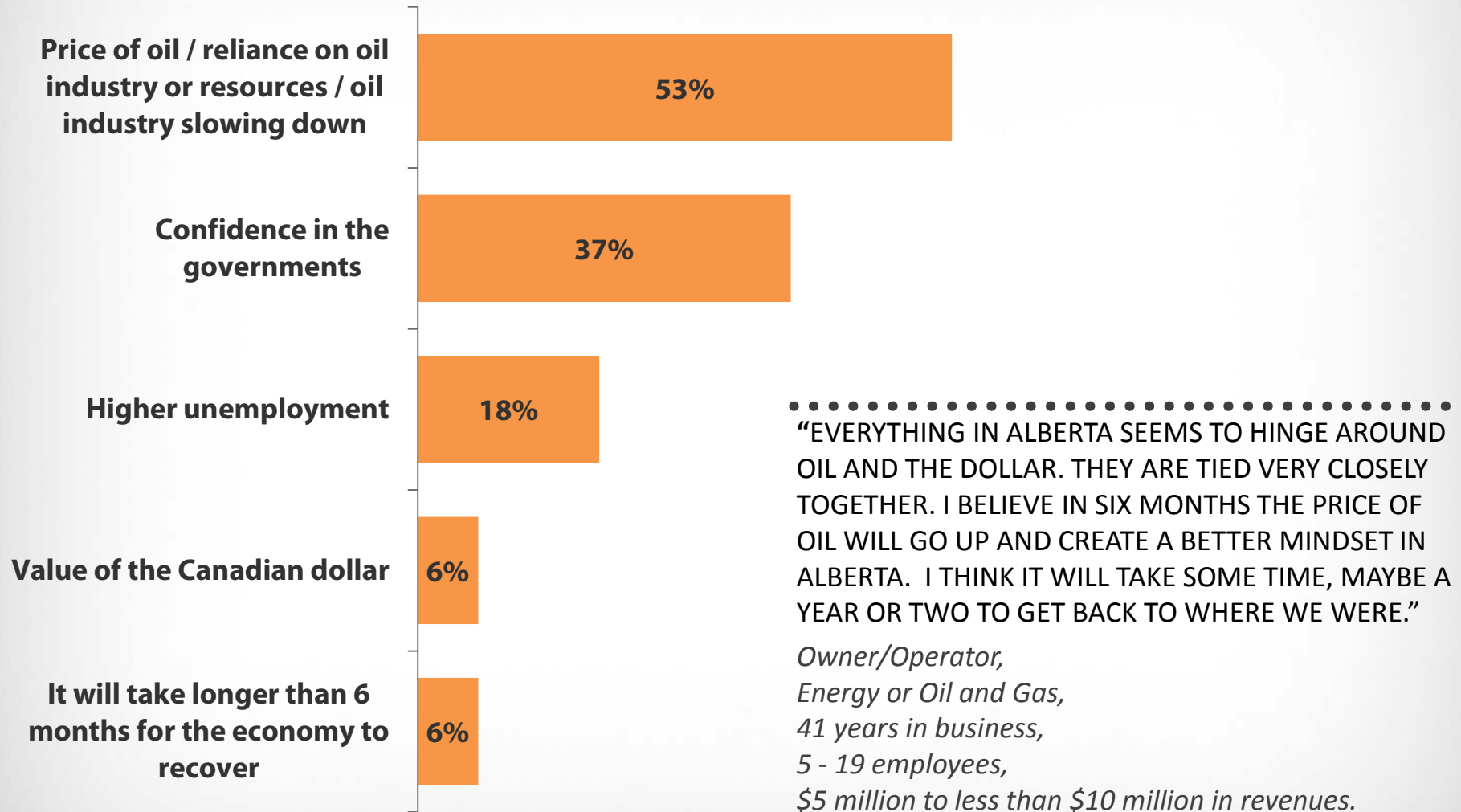
"Why do you believe that your company will be worse off financially six months from now?"



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"Why do you believe that the economy will be worse off six months from now?"



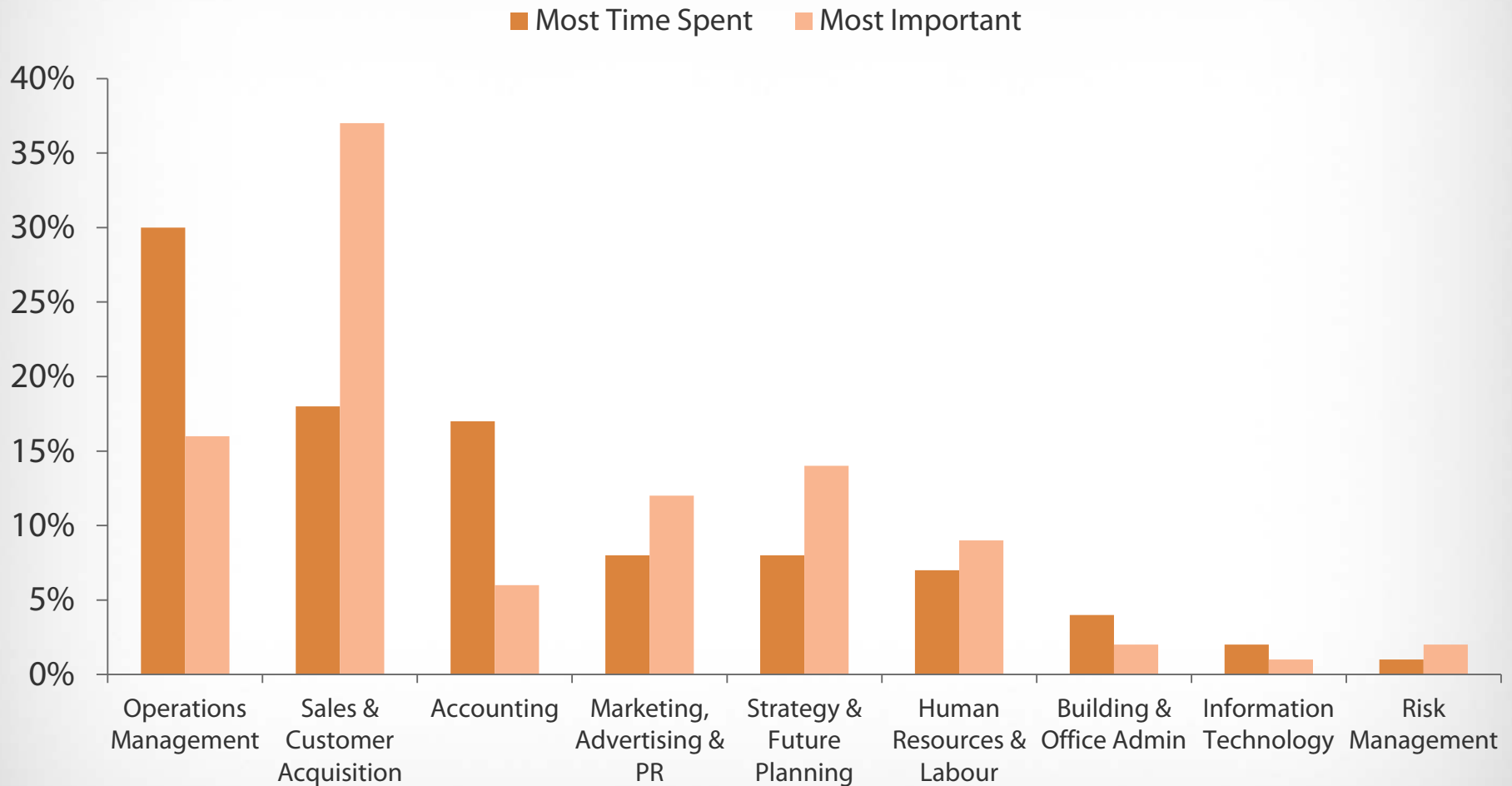
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Pain Points

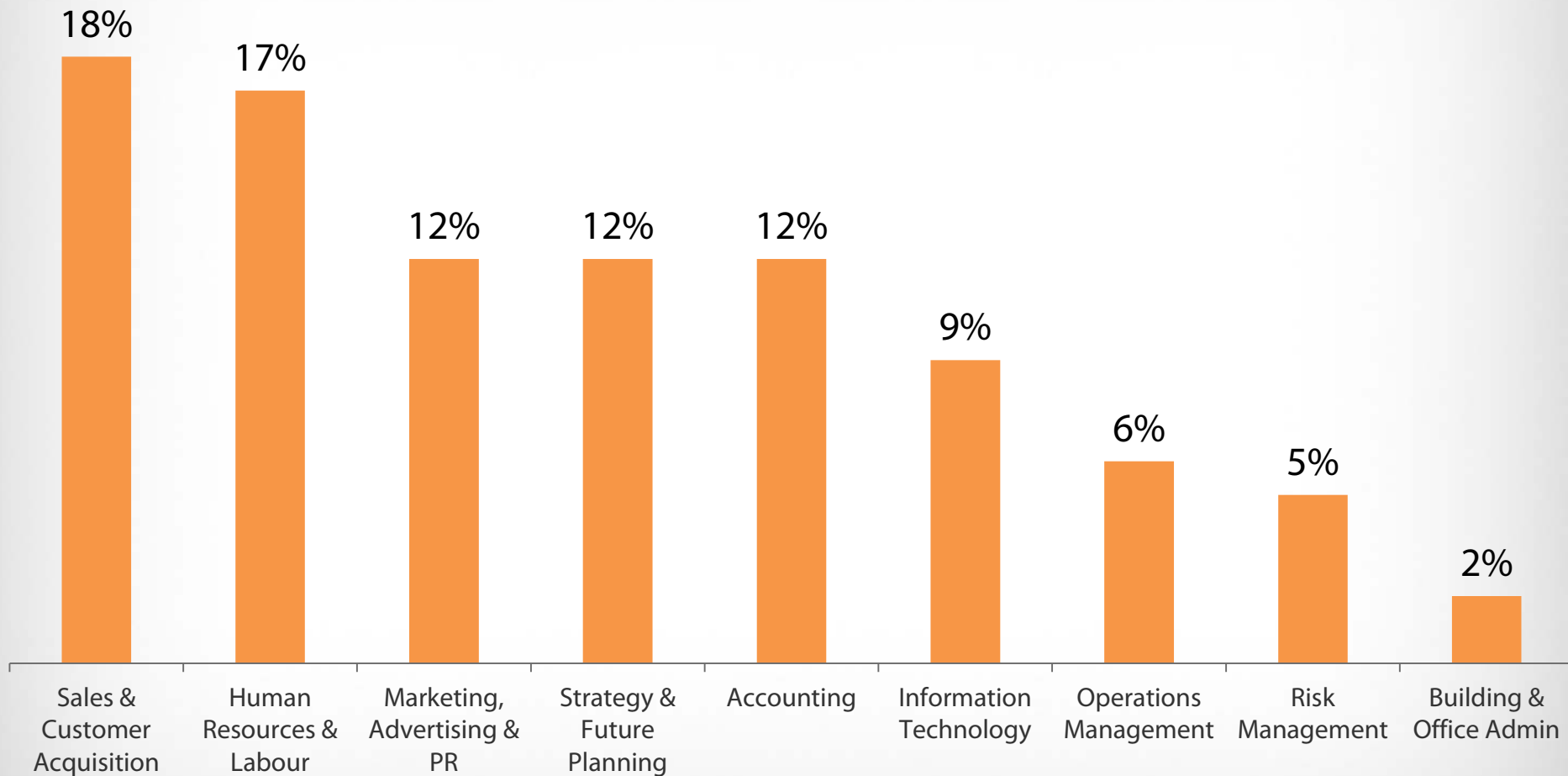
What are SMEs priorities?



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“Which of the following areas of your business do you find the MOST difficult?”

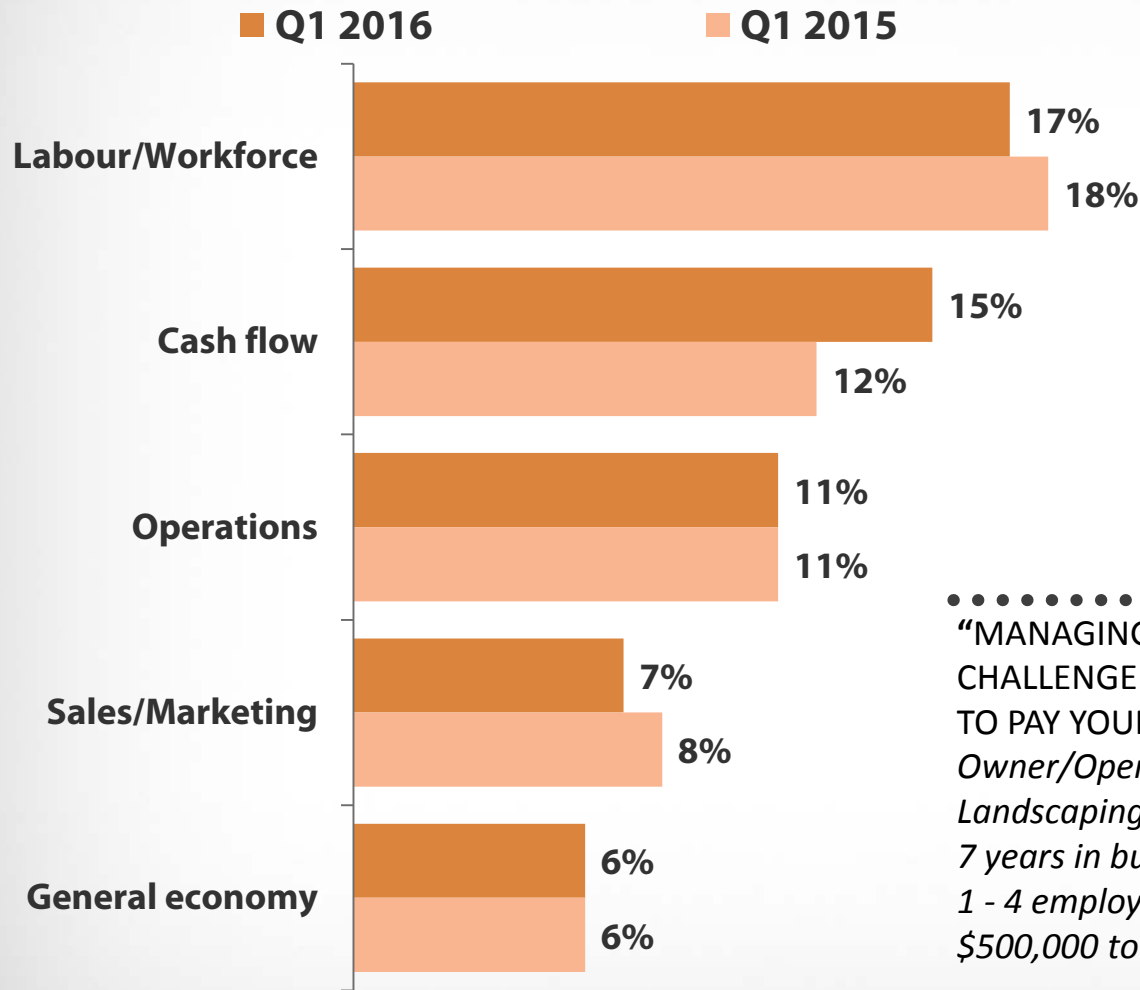


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Source: ATB Financial, Survey on Alberta SMEs, April 2016, n = 625.

"Other than sales, what is the one thing about your business that keeps you up at night?"



.....

"THIS IS MY EXTENDED FAMILY. AM I GOING TO BE ABLE TO FEED THEM AND KEEP THEM IN JOBS? IF I FAIL, THEY ALL FAIL."

*Owner/Operator,
Retail,
21 years in business,
5 - 19 employees,
\$5 million to less than \$10 million in revenues.*

.....

"MANAGING CASH FLOW IS PROBABLY THE BIGGEST CHALLENGE. PEOPLE DON'T PAY ON TIME, YOU STILL HAVE TO PAY YOUR SUPPLIERS OR EMPLOYEES."

*Owner/Operator,
Landscaping Services,
7 years in business,
1 - 4 employees,
\$500,000 to less than \$1 million in revenues.*

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Pain Points by Industry

"Which of the following areas of your business do you spend the MOST amount of time working on?"

All Industries

Energy

Retail

Construction

Operations Management

30%

21%

32%

36%

Sales & Customer Acquisition

18%

16%

31%

18%

Human Resources & Labour

7%

7%

6%

14%

Marketing, Advertising & PR

8%

6%

6%

5%

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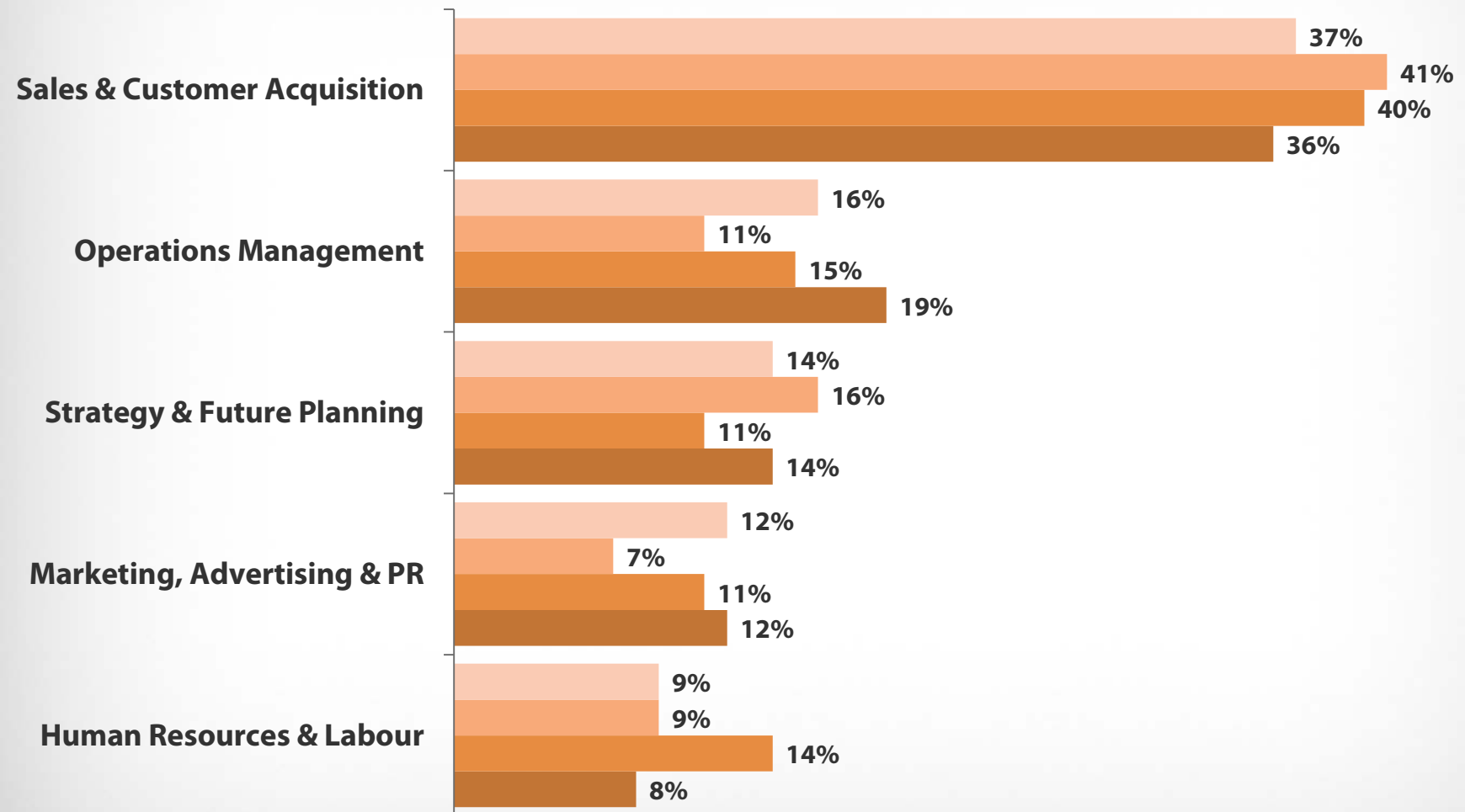
"Which of the following areas of your business do you consider to be the MOST important?"

■ All Industries

■ Energy

■ Retail

■ Construction



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Source: ATB Financial, Survey on Alberta SMEs, April 2016, total n = 625, n = 81 Energy, n = 65 Retail, n = 74 Construction.

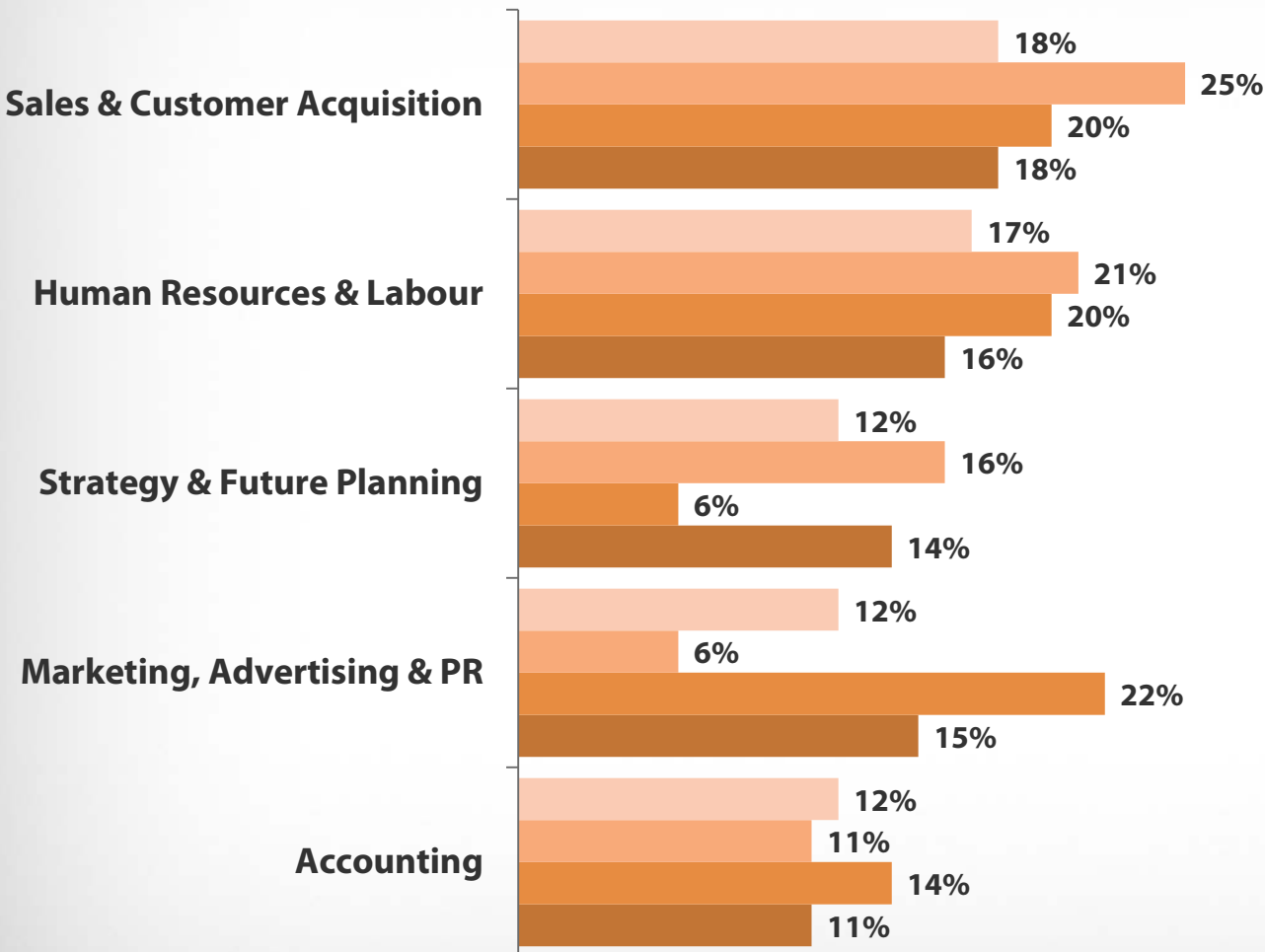
"And which one of those do you find the MOST difficult?"

■ All Industries

■ Energy

■ Retail

■ Construction



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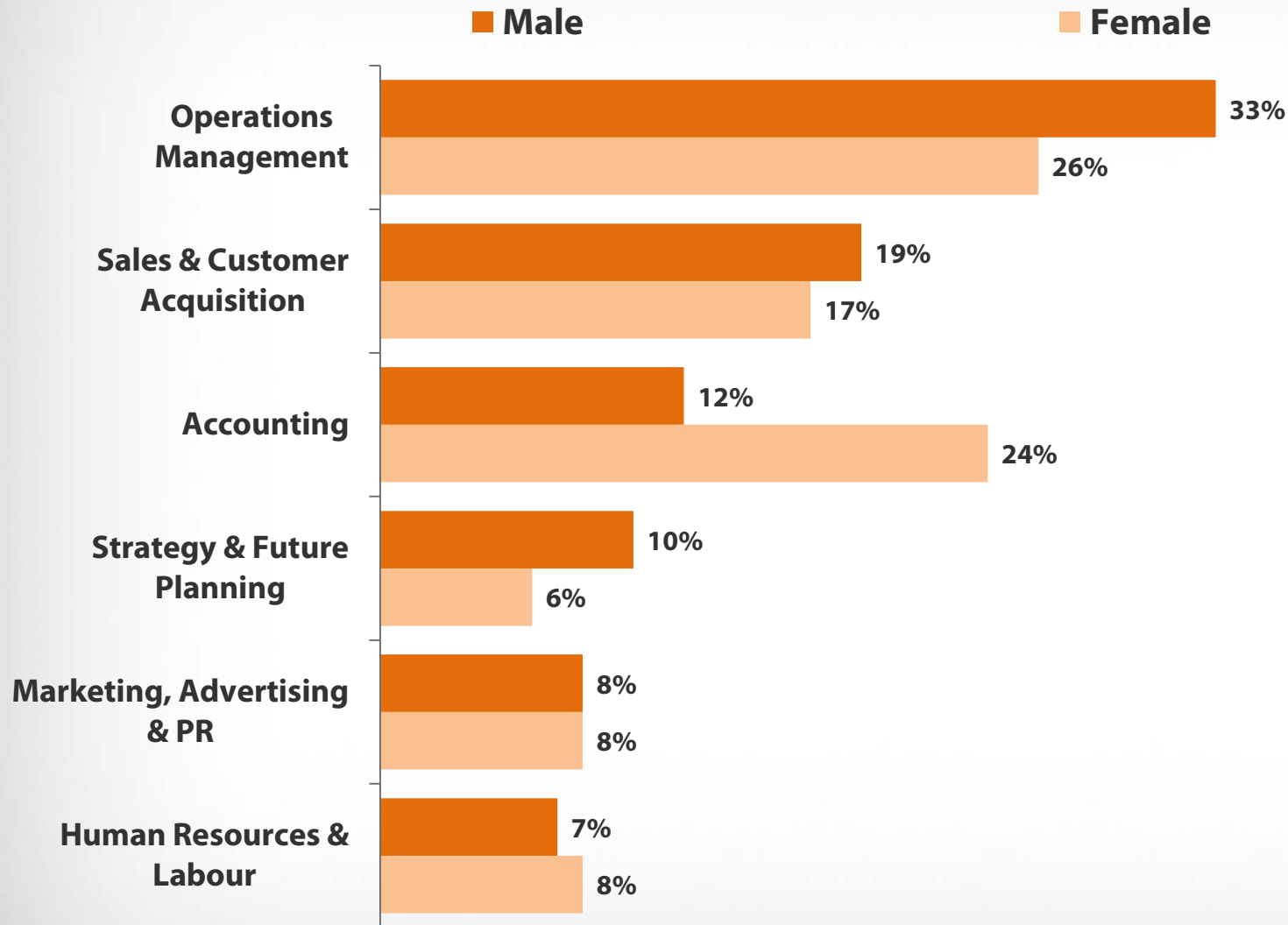
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Source: ATB Financial, Survey on Alberta SMEs, April 2016, total n = 625, n = 81 Energy, n = 65 Retail, n = 74 Construction.

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Pain Points by Gender

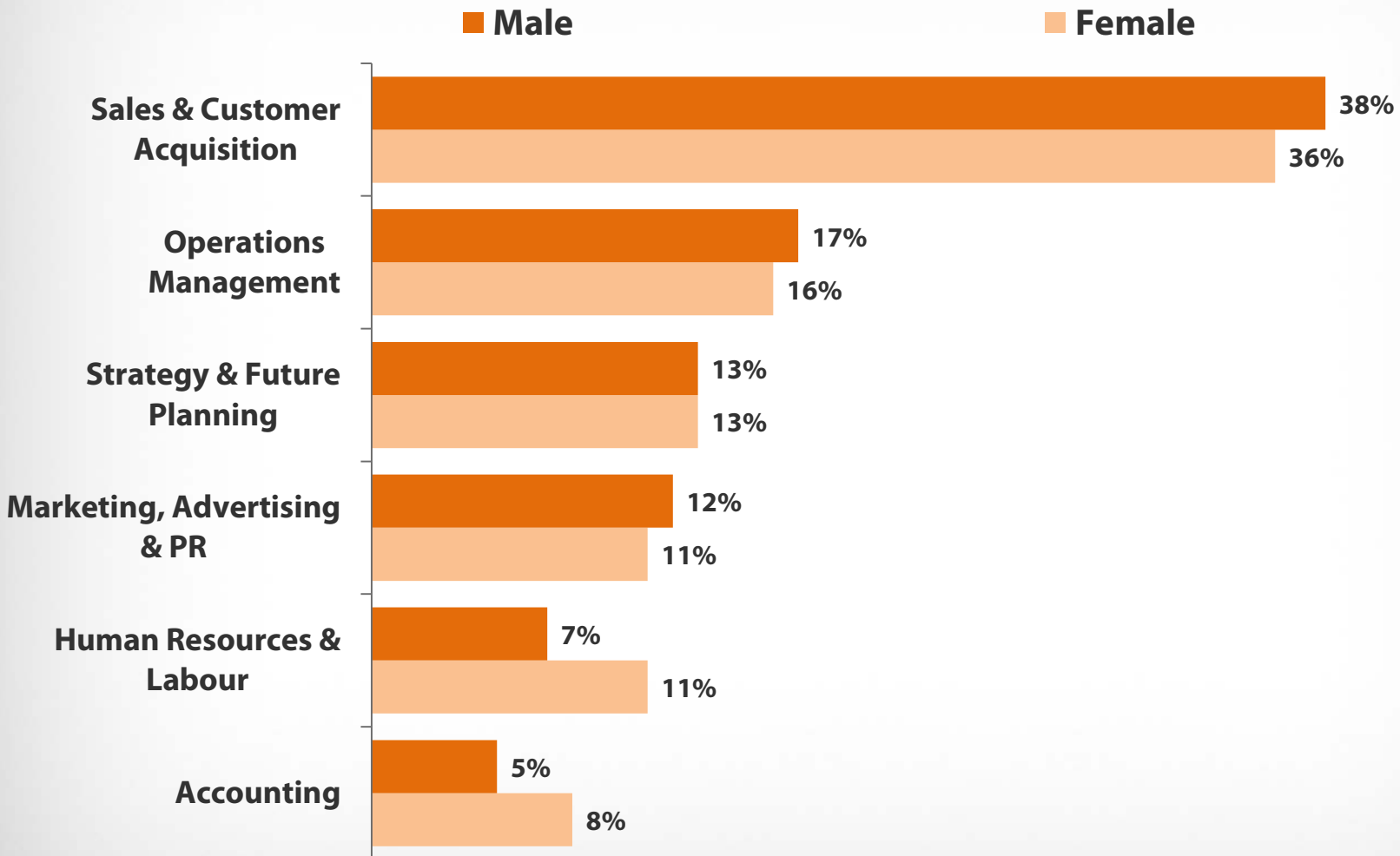
“Which of the following areas of your business do you spend the MOST amount of time working on?”



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“Which of the following areas of your business do you consider to be the MOST important?”



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"And which one of those do you find the MOST difficult?"



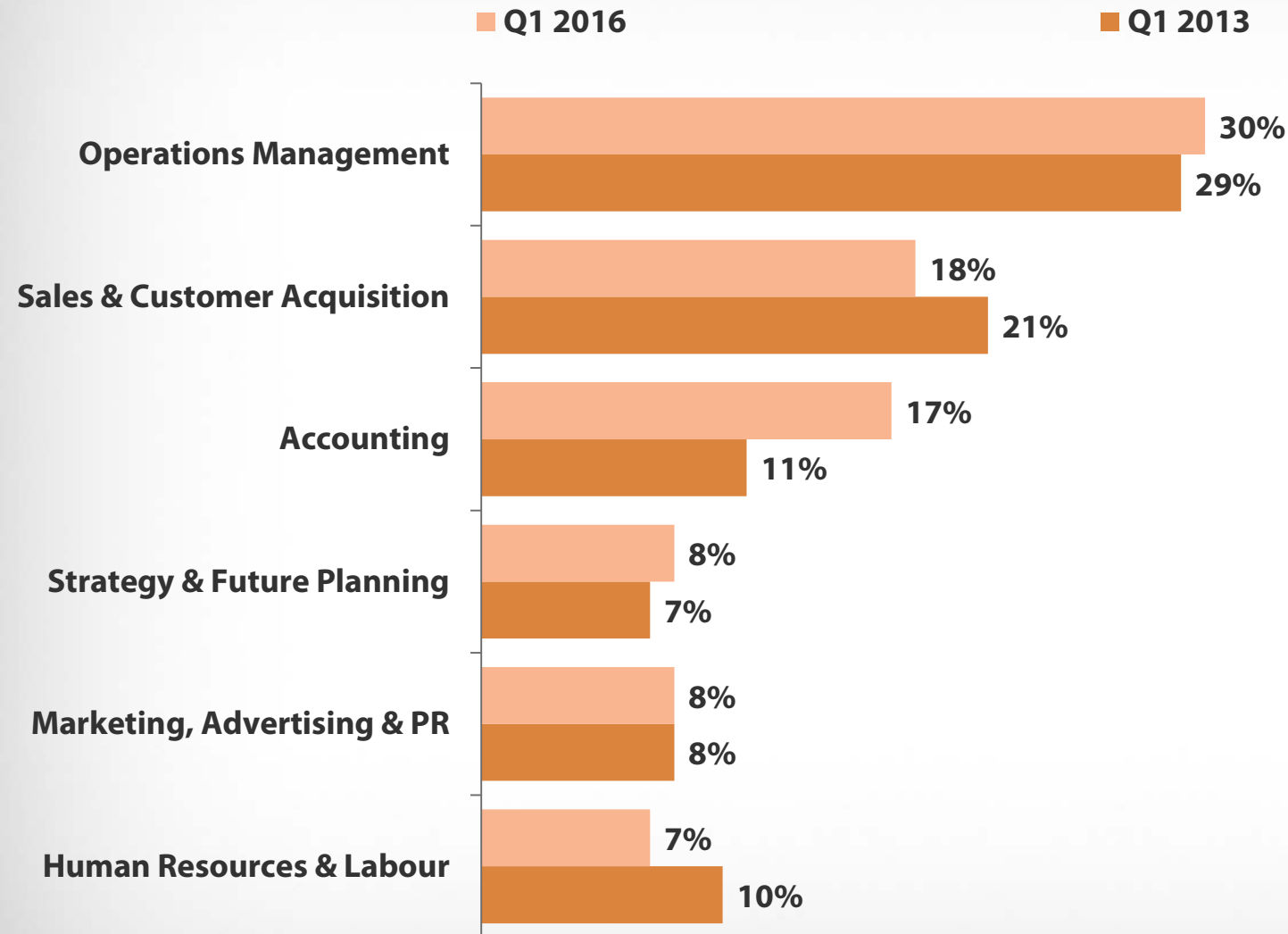
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Pain Points vs. 2013

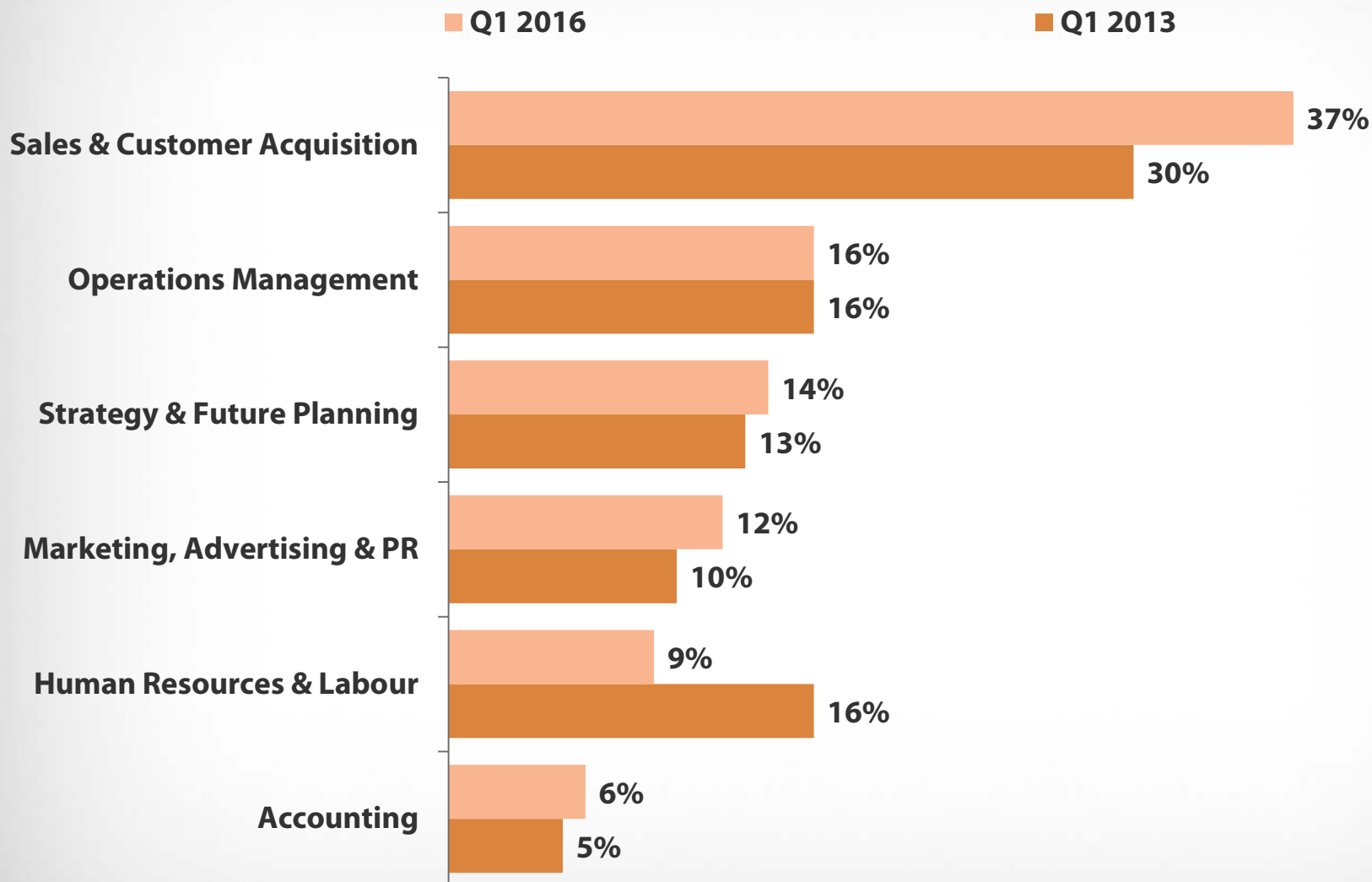
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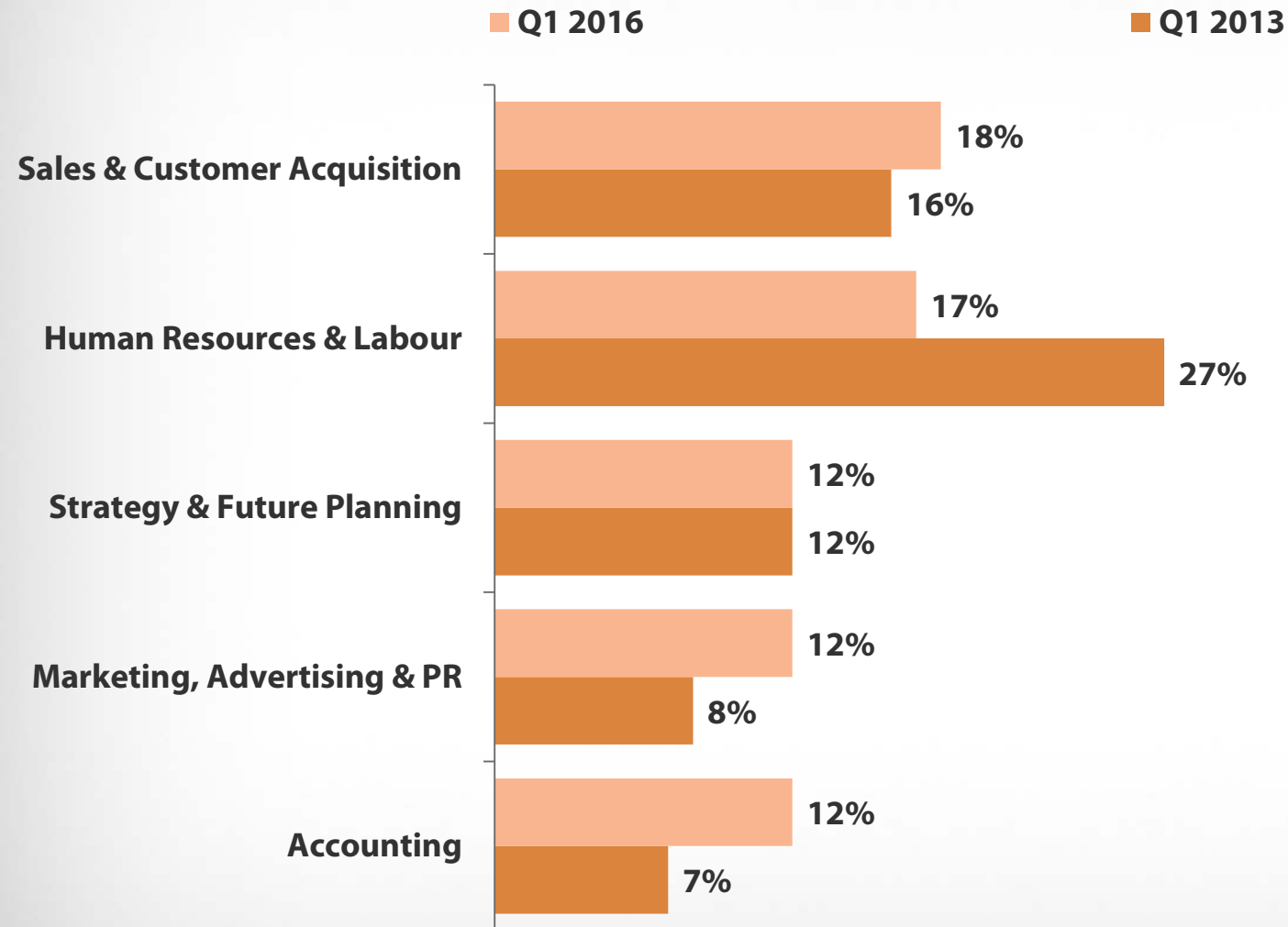
"Which of the following areas of your business do you consider to be the MOST important?"



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"And which one of those do you find the MOST difficult?"



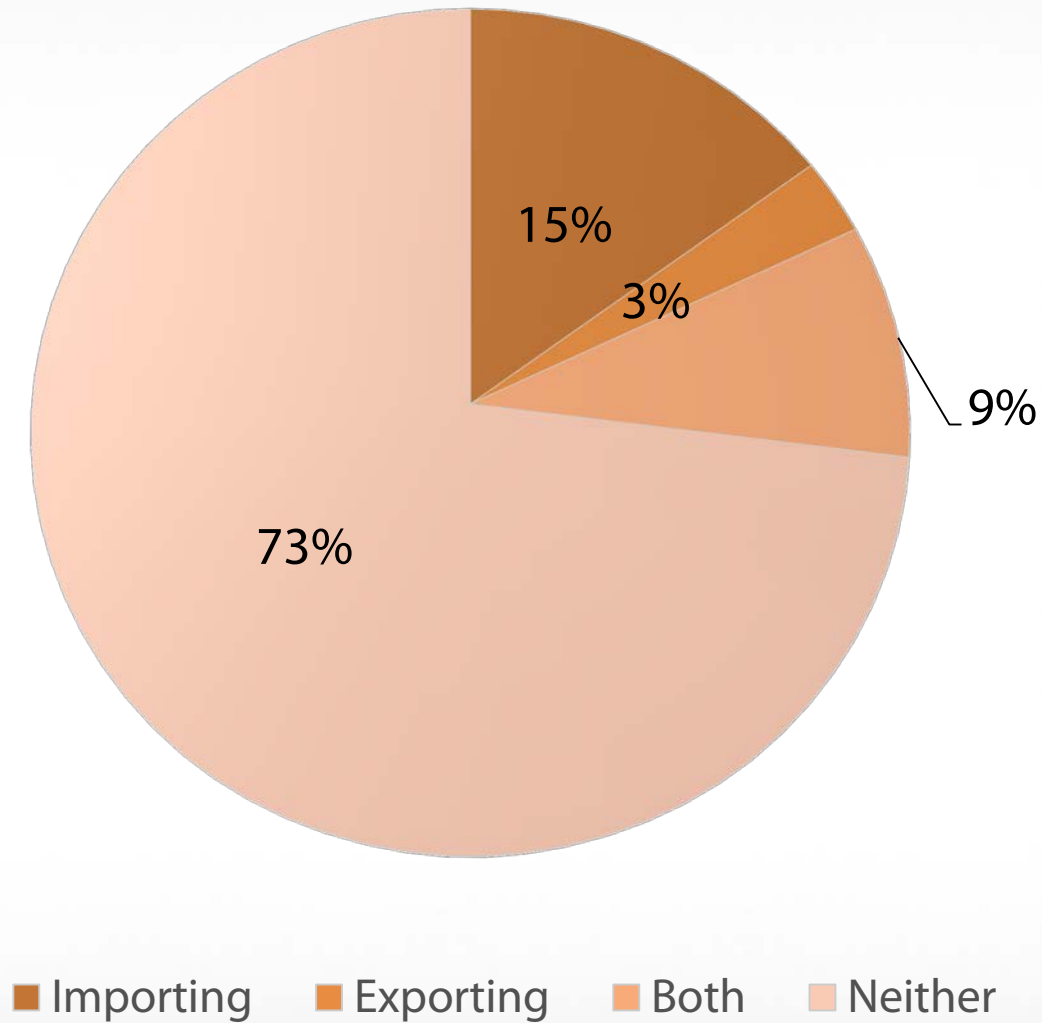
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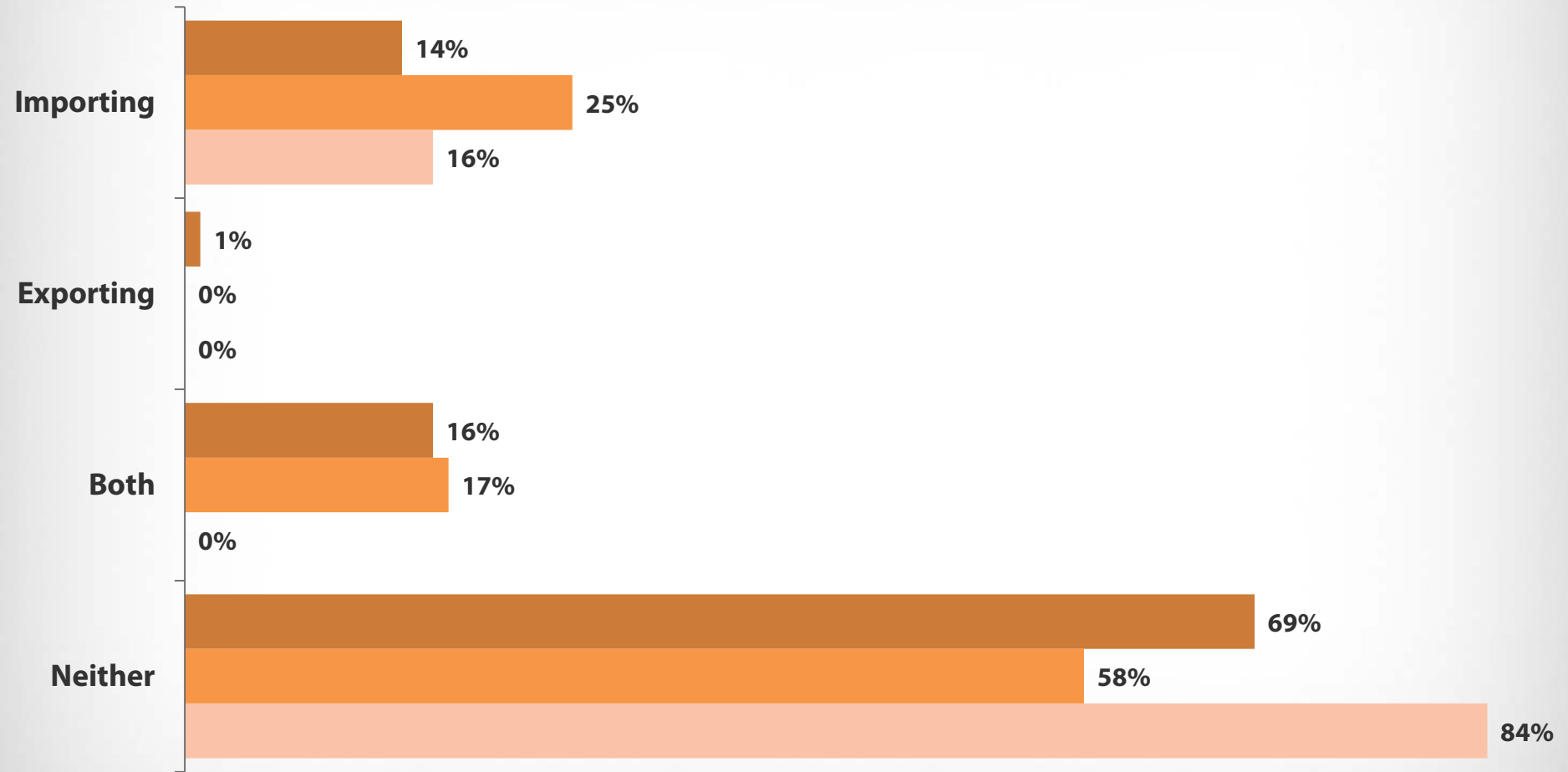
Importing/Exporting

"Does your business do any of the following?"



"Does your business do any of the following?"

■ Construction ■ Retail ■ Energy



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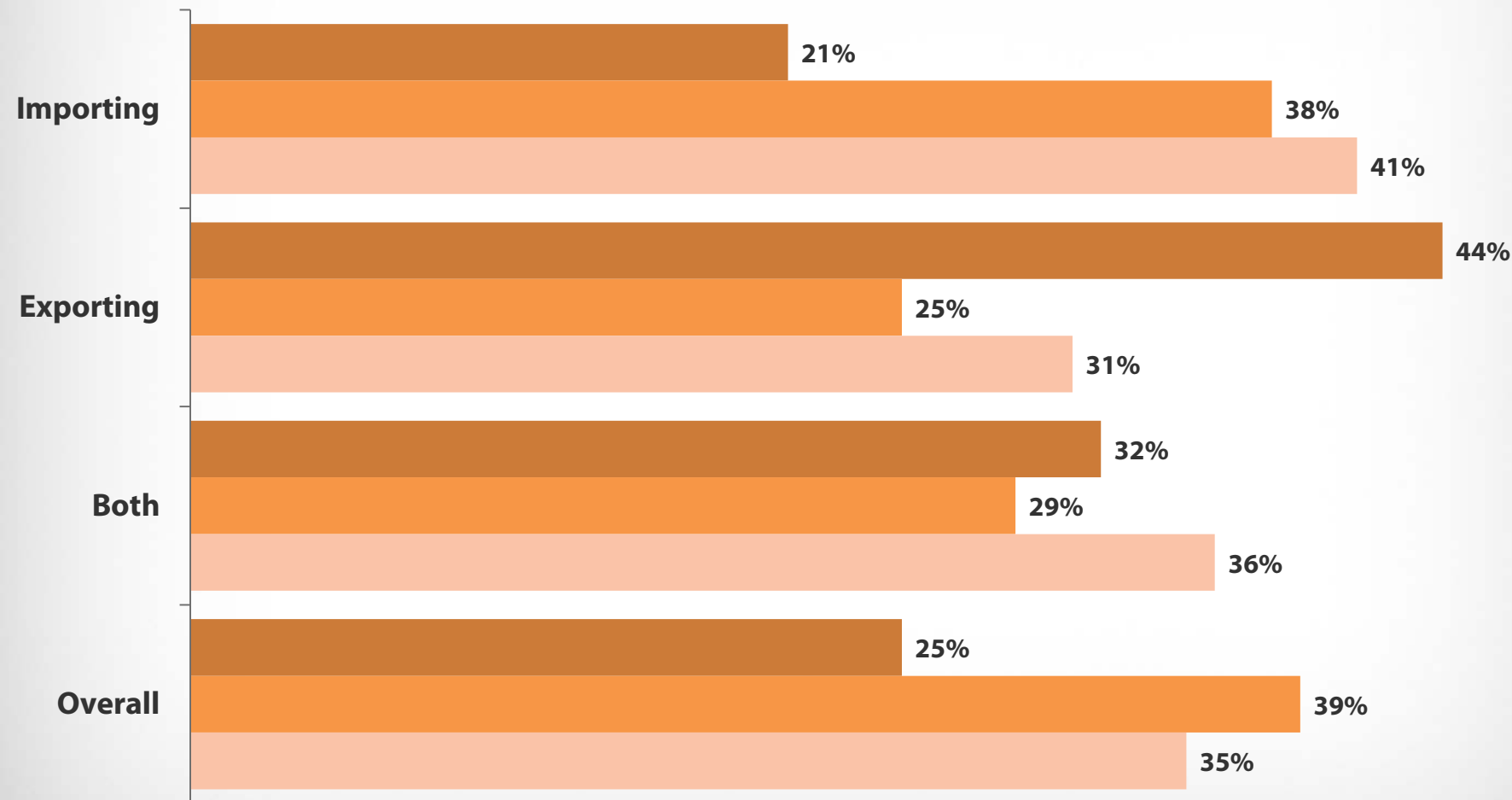
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Source: ATB Financial, Survey on Alberta SMEs, April 2016, n = 92 Importing, n = 16 Exporting, n = 56 Both, n = 458 Neither.

"Does your business do any of the following?"

"Do you think your company will be better off, the same or worse off financially 6 months from now?"

■ Better Off ■ The Same ■ Worse Off



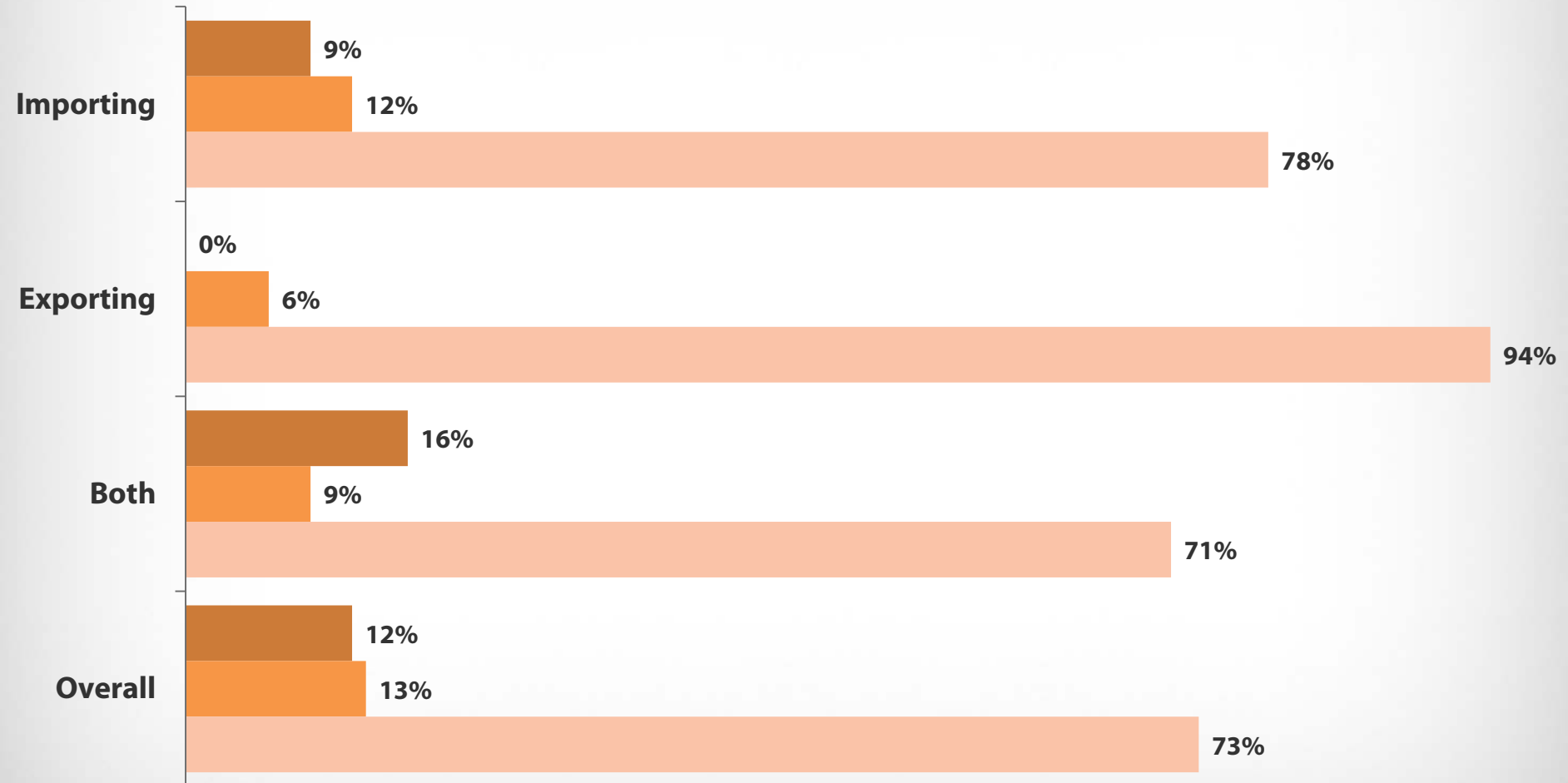
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"Does your business do any of the following?"

"Do you think the Alberta economy will be better off, the same or worse off financially 6 months from now?"

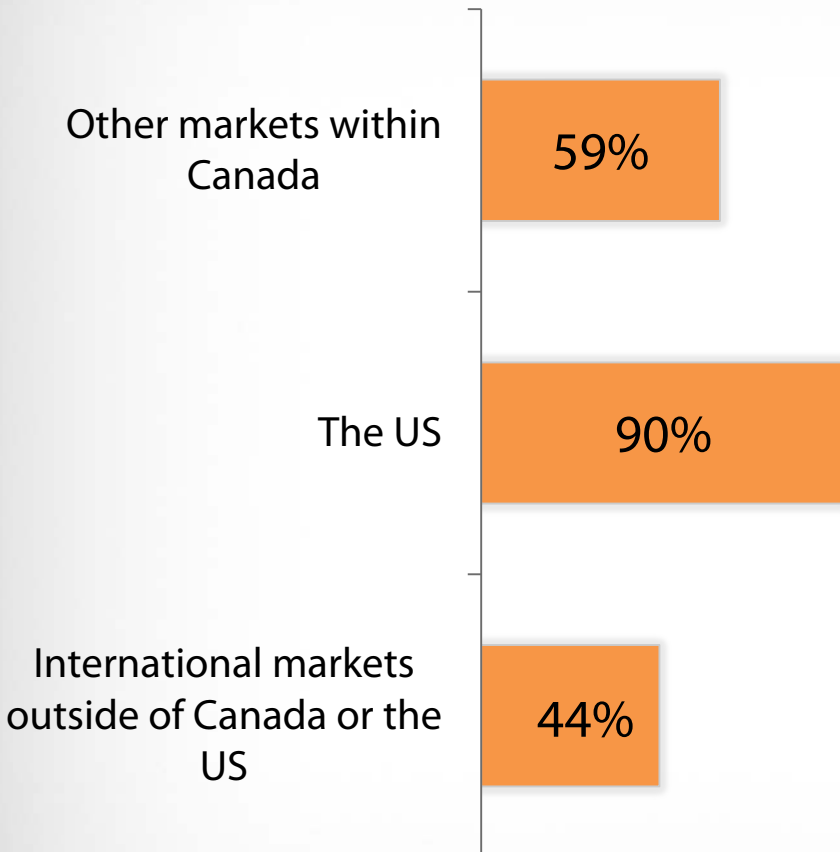
■ Better Off ■ The Same ■ Worse Off



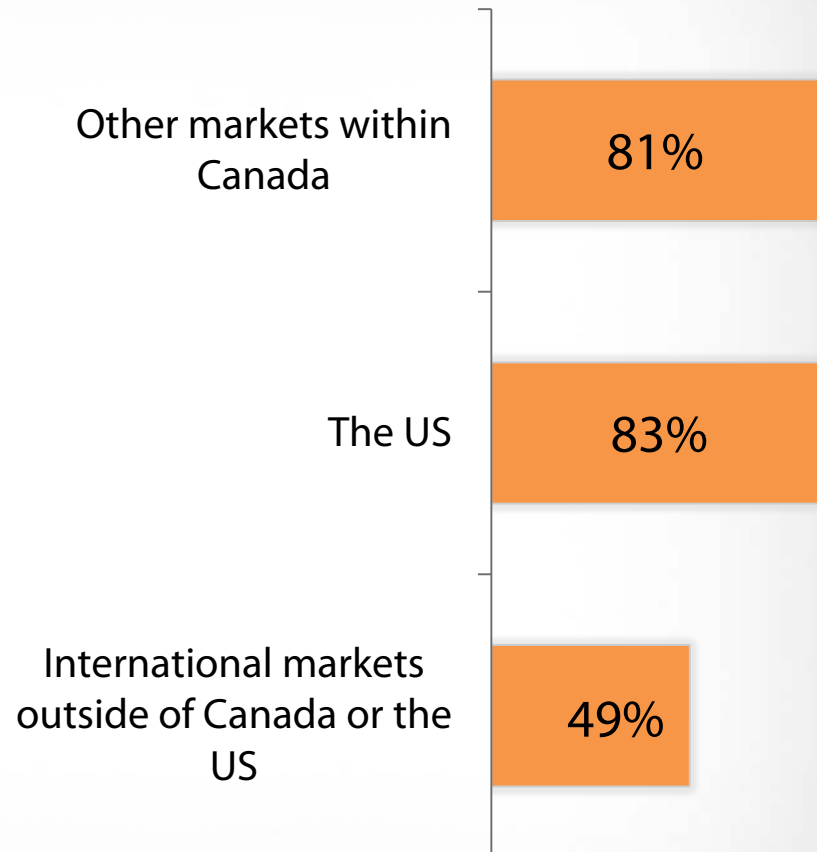
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"Does your business import from..."



"Does your business export to..."





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Judy Duncan
Managing Director Marketing,
B&Ag
(403) 974-6884
JDuncan@atb.com

Cody Tousignant
Senior Research Manager
Client & Marketing Research
(403) 731-3507
CTousignant@atb.com

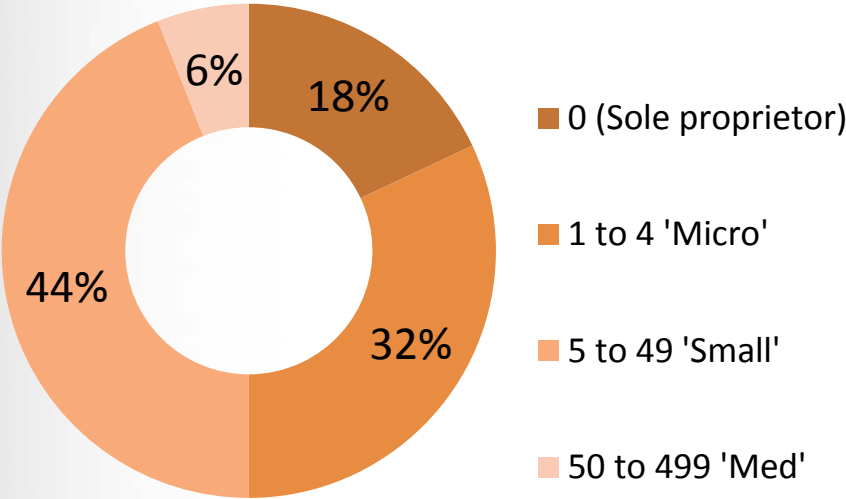
Cindy Smith
Research Manager
Client & Marketing Research
(780) 293-0476
CSmith4@atb.com

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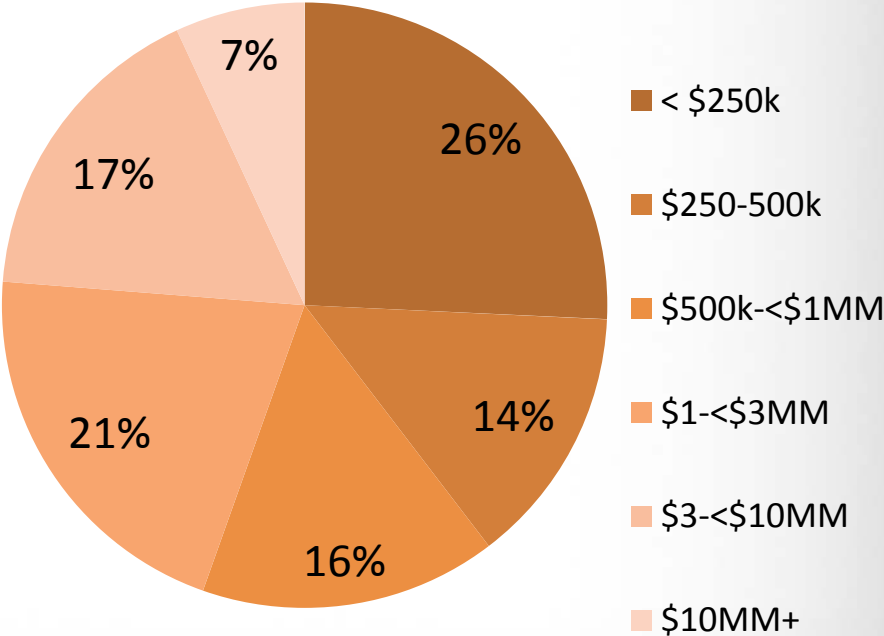
APPENDIX: Firmographics & Respondent Demographics

Business Firmographics

Number of Employees

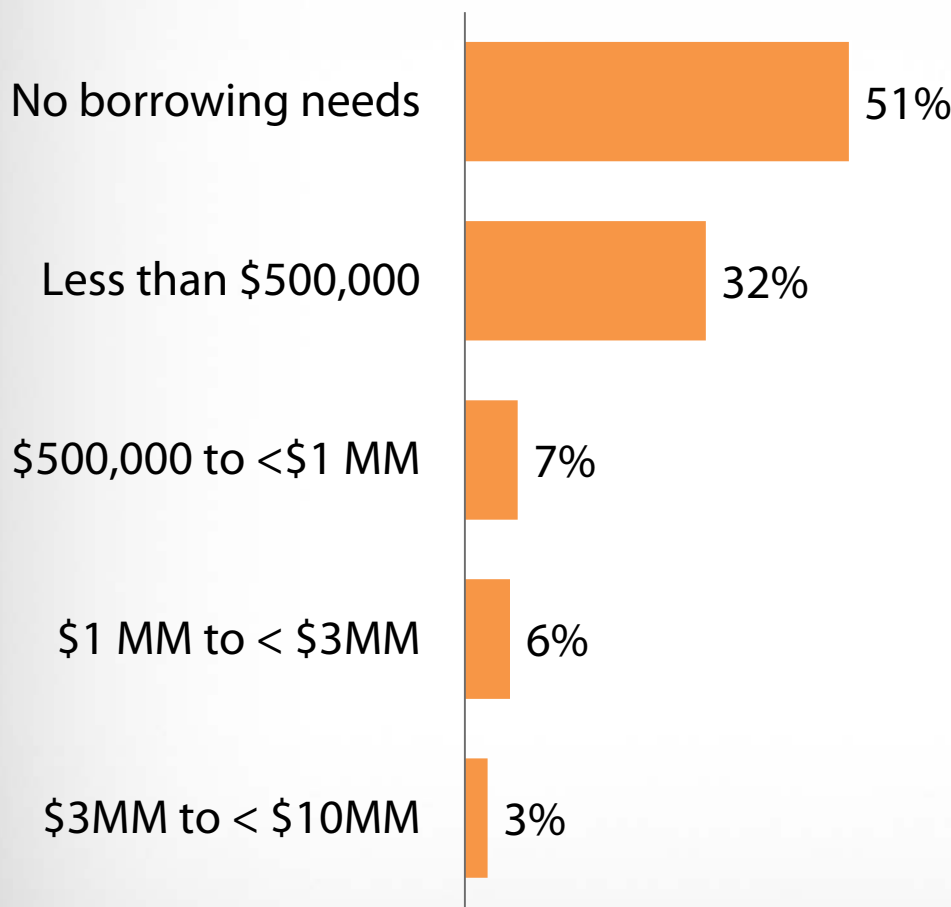


Annual Revenues 2015

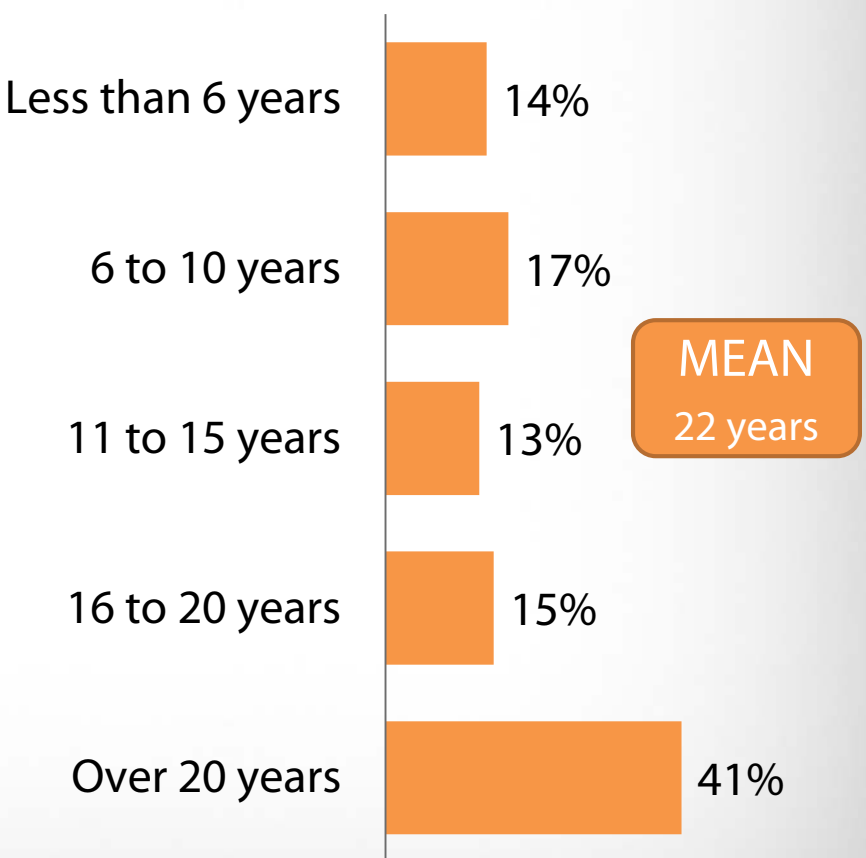


Business Firmographics

Borrowing Needs



of Years in Operation



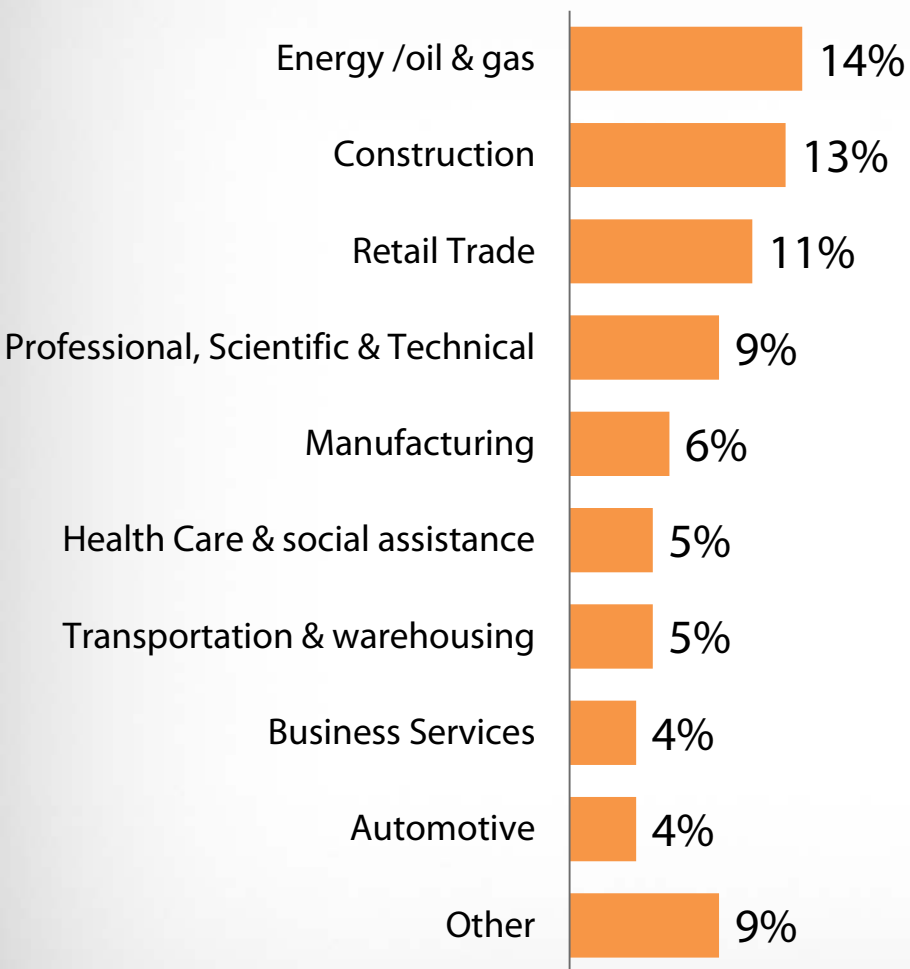
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Source: ATB Financial, Survey on Alberta SMEs, April 2016, n = 625.

9% of interviewed
SMEs are franchises

Business Firmographics

Industry



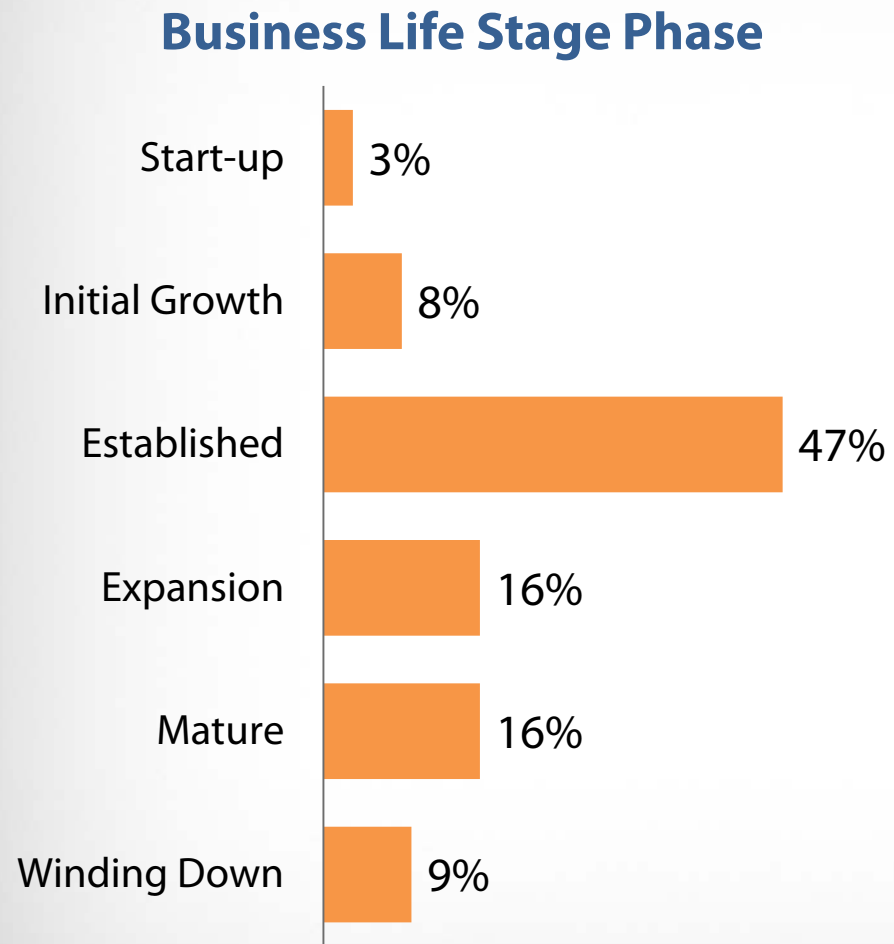
Franchise Industry (n = 56)

Automotive	16
Real Estate	10
Food Services	6
Home Improvement Services	5
Retail	5
Energy/Oil & Gas Services	4
Health	2
Advertising & Printing	1
Business Services	1
Insurance	1
Travel, Leisure, & Accommodation	1
Other	4

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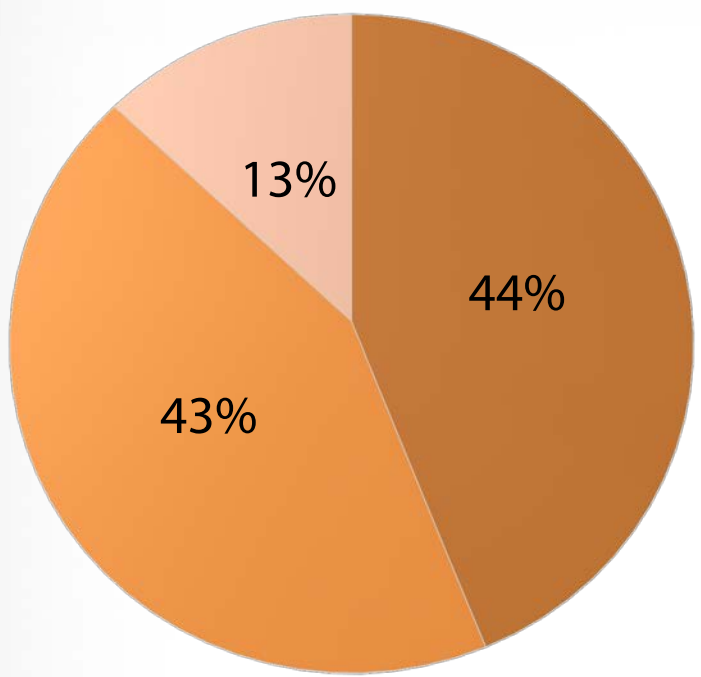
Business Firmographics



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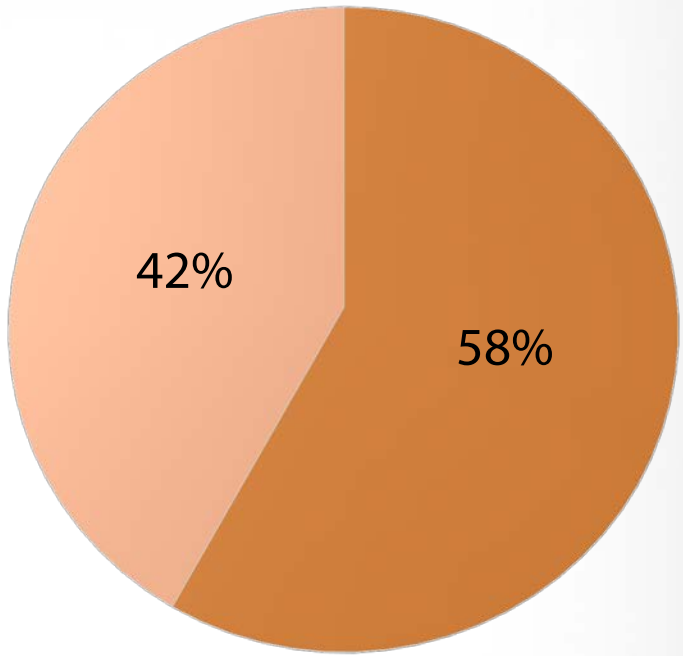
Respondent Demographics

Role in Financial Decisions



- Sole decision-maker
- Shares responsibility
- Influences decisions

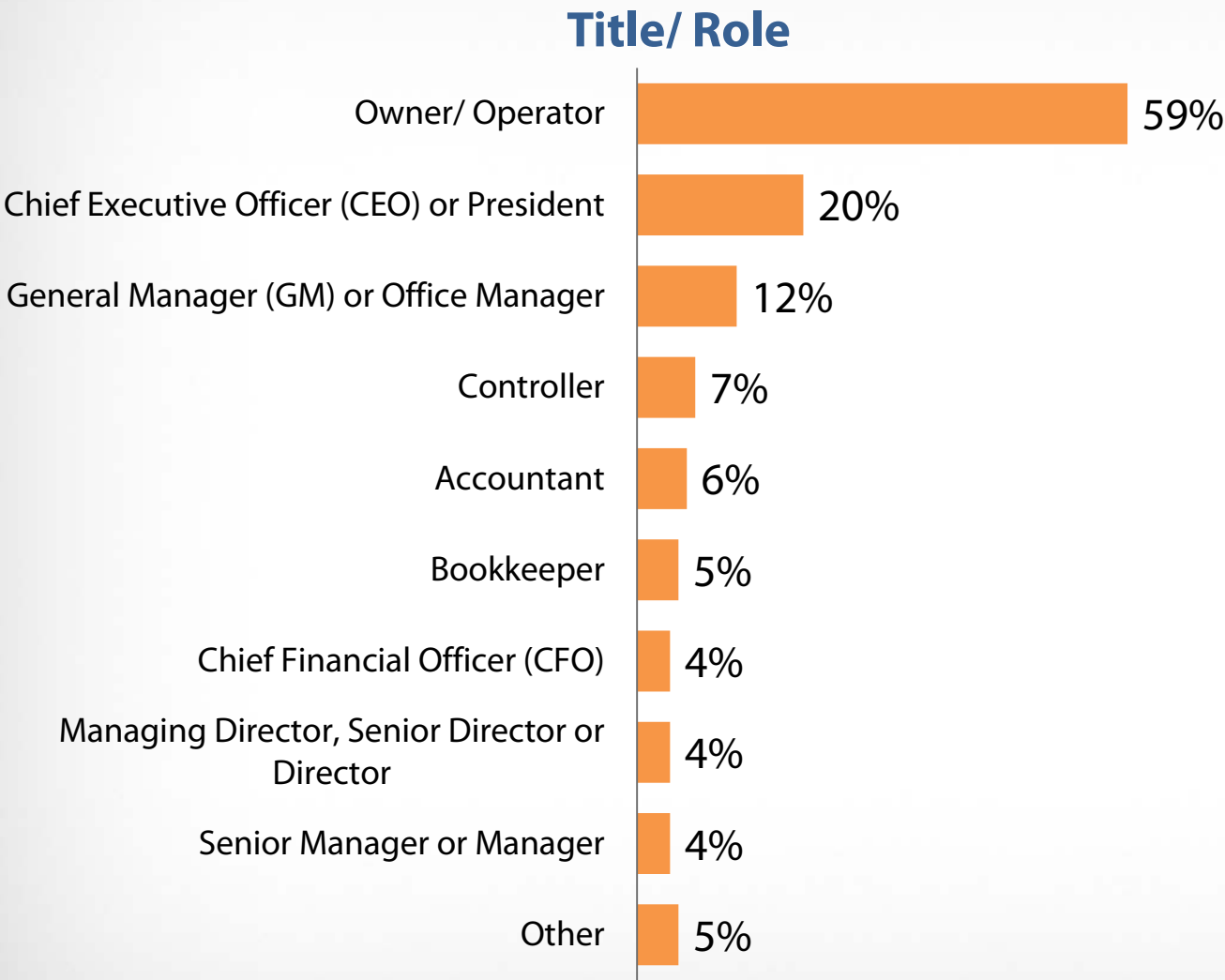
Gender



- Male
- Female

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Respondent Demographics



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