

# ATB BUSINESS BEAT:

## The pulse on business in Alberta

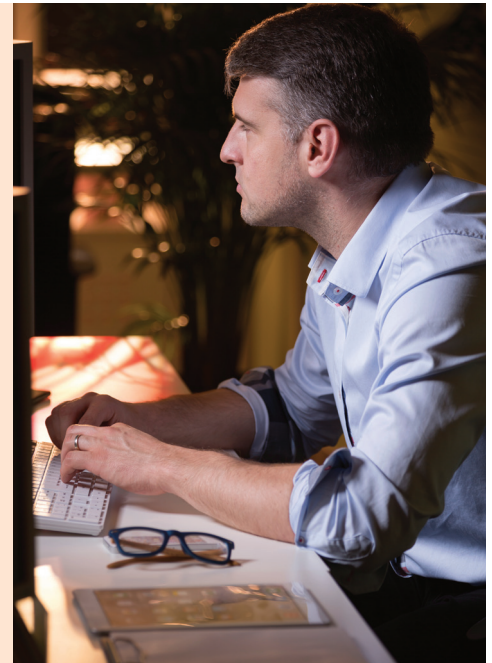
ATB Business™

Volume 13, April 2016

### What keeps Alberta business owners up at night?

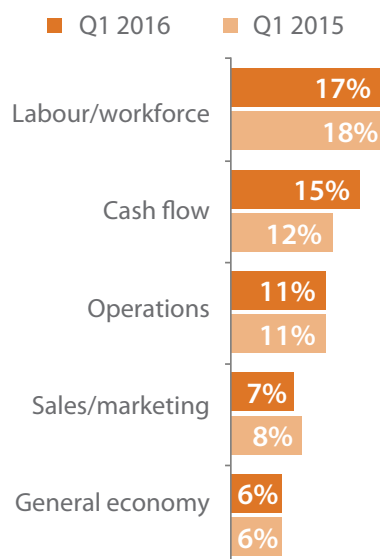
Each quarter, the ATB Business Beat randomly surveys Alberta small and mid-sized enterprises (SME) to gain insights and understand the challenges and opportunities they face. In this issue, we ask SMEs what aspects of running their business they spend the most time on, and which are the most important and most difficult? We also explore how their answers compare to the same questions at this time last year, and if there is a difference by gender or industry.

As usual, we ask whether or not Alberta SMEs believe the Alberta economy, and their business, will be better off, the same or worse six months from now. We then close this report with a look at importing and exporting.



## WHAT A DIFFERENCE A YEAR MAKES

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



When we asked, “Other than sales, what is the ONE THING about your business that keeps you up at night?” some of the same issues that kept Alberta SMEs up a year ago continue to do so today—just not for the same reasons. In 2015, the comments regarding finding and retaining the right people were by far the most common. In 2016, the human resources and labour issues focus on concerns about being able to keep everyone on and busy, pending layoffs and meeting payroll. The state of the economy in general is a concern, plus keeping money flowing in the business, collecting receivables and managing bill payments. All these factors are weighing heavily on SMEs right now.

#### 2015 QUOTE

“STAFFING LATELY. THERE DOESN'T SEEM TO BE ENOUGH PEOPLE LOOKING FOR WORK.”

– Owner/Operator, Insurance

32 years in business, 1-4 employees, less than \$250,000 in revenues

VS

#### 2016 QUOTE

“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.”

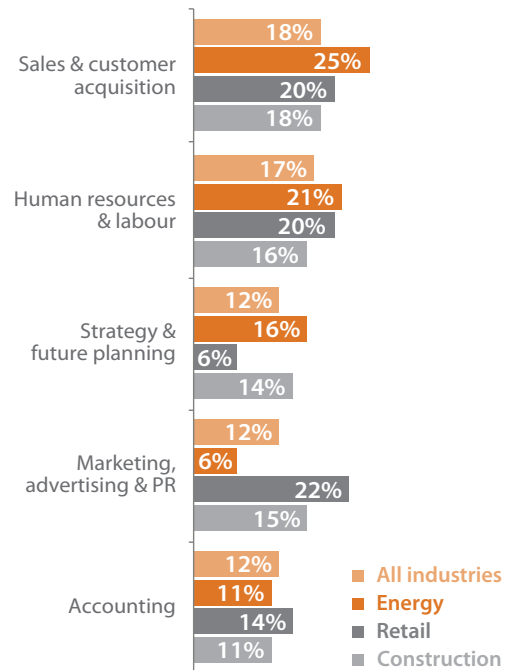
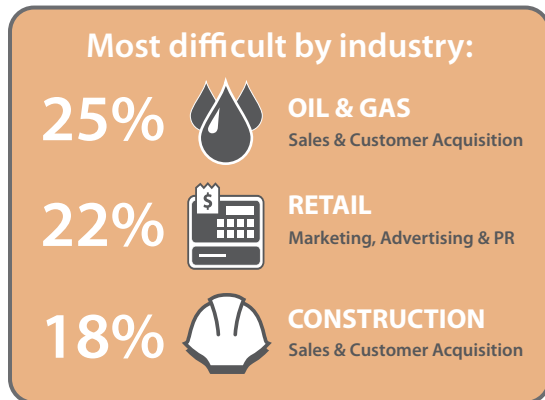
– Owner/Operator, Retail

21 years in business, 5-19 employees, \$5 million to less than \$10 million in revenues

## WHAT IS MOST DIFFICULT?

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

Entrepreneurs wear many hats and being good at everything is next to impossible. Top issues by industry are:



## WORKING IN THE BUSINESS, VERSUS WORKING ON THE BUSINESS

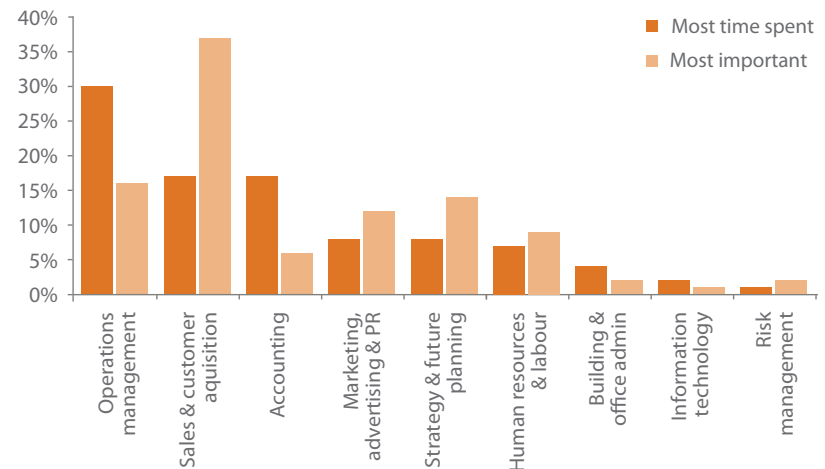
We asked SMEs what aspects of their business do they spend the most time on and what is most important to them.

**// 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

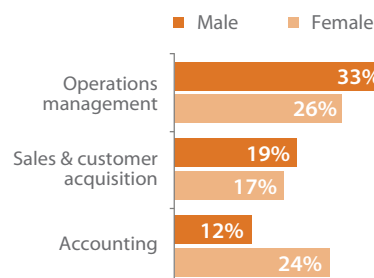
### What are SMEs priorities?



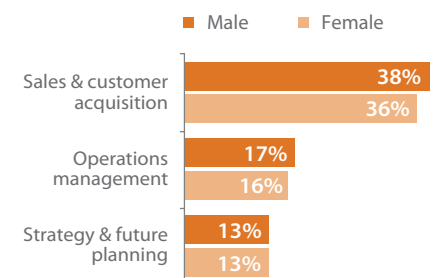
## BREAKING IT DOWN

When we look at it from a gender perspective, there was little difference with the exception that the percentage of women (24%) who spend the most time on accounting is double that of their male counterparts (12%).

### Which do you spend the MOST time on?

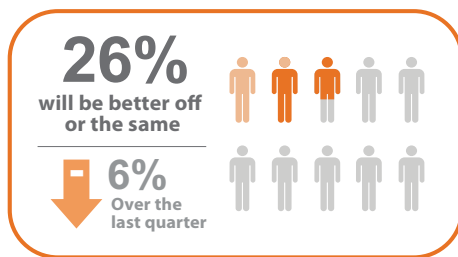


### Which do you consider the MOST important?

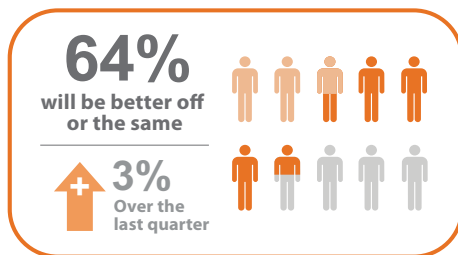


# WE HAVE NOT YET REACHED ROCK BOTTOM

## Alberta Economy



## Your Company



Combined, nearly three quarters (74%) of respondents believe the economy will be worse six months from now. Clearly the companies surveyed do not believe the bottom has been reached, as only 12% believe the economy will be better off six months from now. What is interesting is they have a more optimistic view of their own business, with 64% feeling their business will be the same or better off six months from now. That is an increase of 3% from last quarter.

There appears to be many reasons why Alberta SMEs feel the economy will be worse off six months from now including the price of oil remaining low, uncertainty in the governments, higher unemployment and the low Canadian dollar.

**“EVERYTHING IN ALBERTA SEEMS TO HINGE AROUND OIL AND THE DOLLAR. THEY ARE TIED VERY CLOSELY TOGETHER. I BELIEVE IN SIX MONTHS THE PRICE OF OIL WILL GO UP AND CREATE A BETTER MINDSET IN ALBERTA. I THINK IT WILL TAKE SOME TIME, MAYBE A YEAR OR TWO TO GET BACK TO WHERE WE WERE.”**

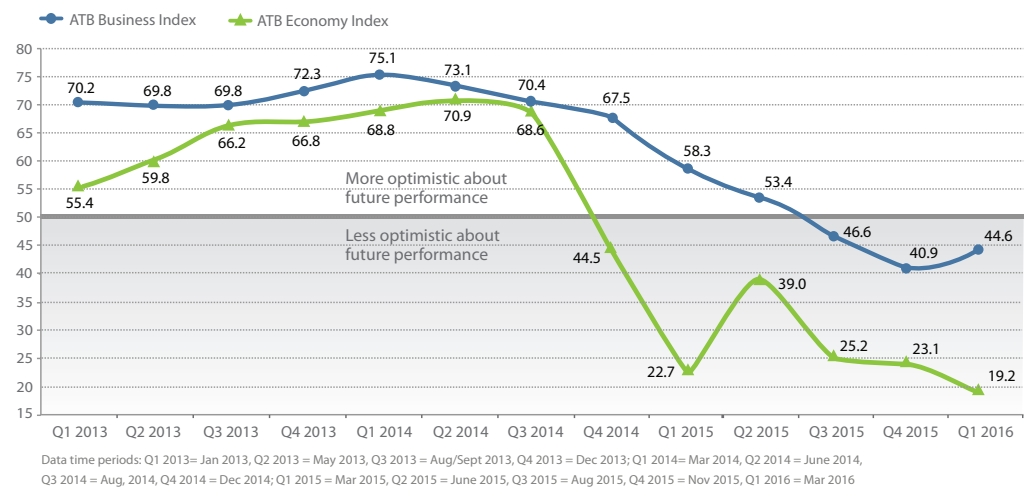
– Owner/Operator, Energy

41 years in business, 5-19 employees, \$5 million to less than \$10 million in revenues

## ATB BUSINESS BEAT INDEXES

Those that feel their business will be better off six months from now mostly credit the fact they are established and have a good existing client base. Others have weathered the storm before and know they will ride it out again this time.

To determine the indexes, we remove the neutral numbers, take the % better (somewhat/much) and subtract the % worse (somewhat/much) and rescale the number to range between 0 and 100.



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



**“MY CUSTOMERS ARE STABLE COMPANIES AND SINCE THEY HAVE BEEN STABLE FOR THE LAST 50 YEARS I DON'T THINK IT WILL CHANGE. WE HAVE BEEN THROUGH DOWNTURNS BEFORE. WE JUST KEEP GOING.”**

– Owner/Operator, Energy or Oil and Gas

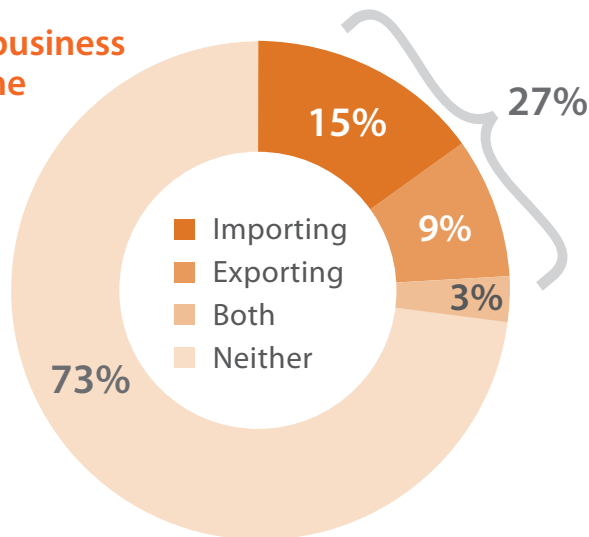
50 years in business, 1-4 employees, \$500,000 to less than \$1 million in revenues

# IMPORTING / EXPORTING

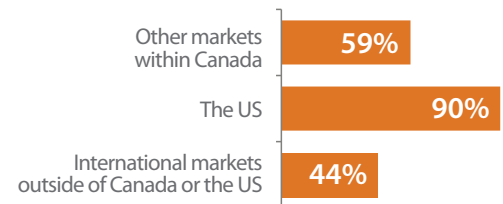
Just over one quarter (27%) of SMEs either import, export or both. Geographically, the United States is our top trading partner and, at 42%, the retail industry is the top importer.

When it comes to optimism, it's no surprise that businesses that export and reap the benefits of being paid in US dollars are more optimistic about where the economy and their business will be six months from now, compared to overall SMEs. More than one third of exporters (36%) feel their business will be better off six months from now compared to 25% overall, and 20% feel the economy will be better off in six months compared to 12% overall.

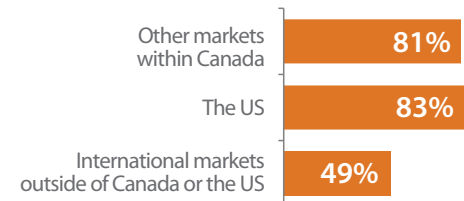
**Does your business do any of the following?**



**Does your business import from...**



**Does your business export to...**



**// WE'RE OIL-BASED, NOT AGRICULTURE-BASED. AS OIL AND THE LOONIE CONTINUE TO FALL, WE DON'T DO IMPORTS NOW, WE SOLELY DO EXPORTS. WE HAVE DIFFERENT DIVISIONS IN OUR PLANT CARE BUSINESS. //**

– Owner/Operator, Service Industry  
45 years in business, 1-4 employees,  
\$250,000 to less than \$500,000 in revenues

## 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 \$43.1 billion. ATB offers retail financial services, business and agricultural financial services, corporate financial services and investor services to more than 710,000 Albertans and Alberta-based businesses in 244 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 January 18–March 4, 2016 with 625 randomly selected Alberta SME 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).