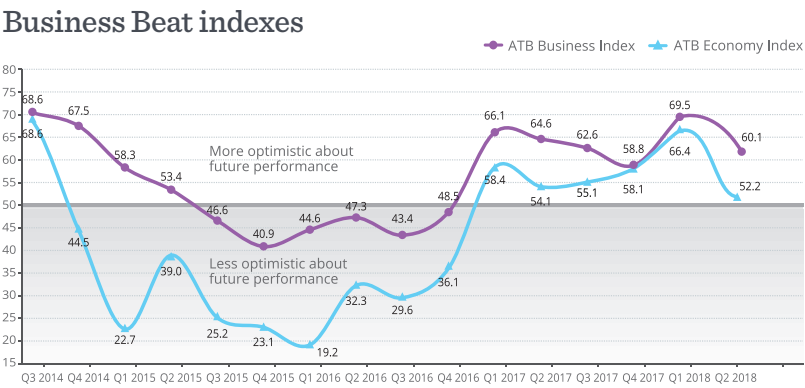


ATB Business Beat indexes

While Q1 optimism levels seemed to indicate Alberta's entrepreneurs felt we'd turned a corner, with a Business Index score of 69.5, Q2's Business Index fell 9.4 points down to 60.1. The popular view of an economic recovery is of a return to the way things were before but industries change and markets evolve. An exact return to pre-recession economic conditions is unlikely, making a drop in optimism is more than understandable.

Still, it's important to note that even with the overall drop in optimism, ATB's Economy Index still shows more small- and mid-sized businesses are optimistic than they are pessimistic, with the index remaining above 50.

No industry in Alberta has seen a shift quite like the energy sector. It's not altogether surprising to see a drop of 10.9 (to 66.3) in the Energy Business Index as we wait to see global trends develop and industry respond. The Construction Business Index took a hit as well this quarter, down a total of 15.6 points to 59.0 from Q1. Between a large stockpile of unabsorbed housing, new mortgage rules, higher interest rates, and the winding down of major commercial office space projects, business owners in the sector are likely bracing themselves for a sluggish season. Yet without a doubt, the retail sector took the biggest hit, with its Business Index down 14.5 (to 55.2) and its Economy Index down 26.3 points (to 48.3) from Q1, making it the only sector with a Q2 index score below 50. Many retail SMEs are clearly struggling to find the silver lining between concerns surrounding cross-border trade negotiations, a wavering Canadian dollar and a general increase in inflation pricing.



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 be put on the mailing list.

About ATB Financial

With assets of \$51.9 billion, ATB Financial is Alberta's largest home-grown financial institution. Established in 1938, ATB is a network of 175 branches, 141 agencies, a Customer Care Centre, four Entrepreneur Centres, along with mobile and online banking. ATB's more than 5,000 team members help more than 750,000 customers in 247 Alberta communities. ATB Business and Agriculture provides services to Alberta's small and mid-sized businesses, farmers, and other agriculture customers. To find out how ATB can help your business grow, please contact Teresa Clouston, executive vice-president, Business & Agriculture at amplifybusiness@atb.com



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About NRG Research Group

NRG Research Group (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 May 16-June 5, 2018 with 300 randomly selected Alberta SME financial decision makers. Study exclusions: agriculture (farms or ranches), government, financial institutions, and large businesses (500+ employees). Business size definitions: SOHO (0), micro (1-4), small (5-49) and medium-sized (50-499 full-time employees).

ATB Business Beat: The pulse on business in Alberta



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Alberta entrepreneurs on talent

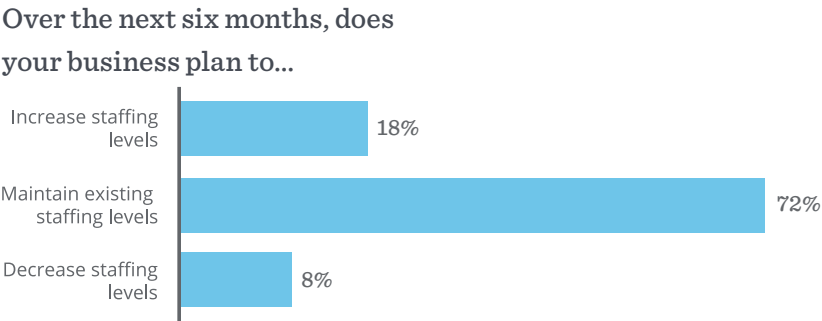
As Alberta nears the two-year mark since the end of the recession, many small- and mid-sized enterprises (SMEs) are adjusting to an evolving and diversifying economy. As Alberta adjusts to this new economic normal, our survey reveals declining optimism, as compared to last quarter. Still, Albertan SMEs are nothing if not resilient. With patience, agility and a lot of hard work, entrepreneurs are becoming the changemakers we need to transform the face of business and forge a new path forward.

Regardless of the big economic picture, SMEs need the right people to drive growth. In this issue, we take an in-depth look at their talent strategies.

Right workforce to meet needs

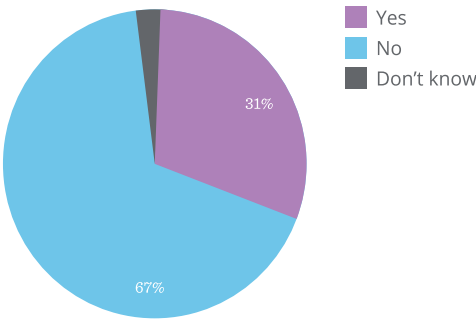
Finding and retaining talent is always a challenge for business owners, and economic uncertainty makes the timing of when to invest in full- or part-time staff tricky to navigate. We would suggest hiring in a downtime is a good thing to consider as SMEs may have more time to think about recruitment plans, tools and approaches. Having reduced revenue can force focus on what is really important and lead to improved talent strategies.

The majority (90 per cent) of Alberta SMEs are planning to either increase or maintain their current staffing levels in the next six months and that is good news for the economy as more jobs help stimulate growth.



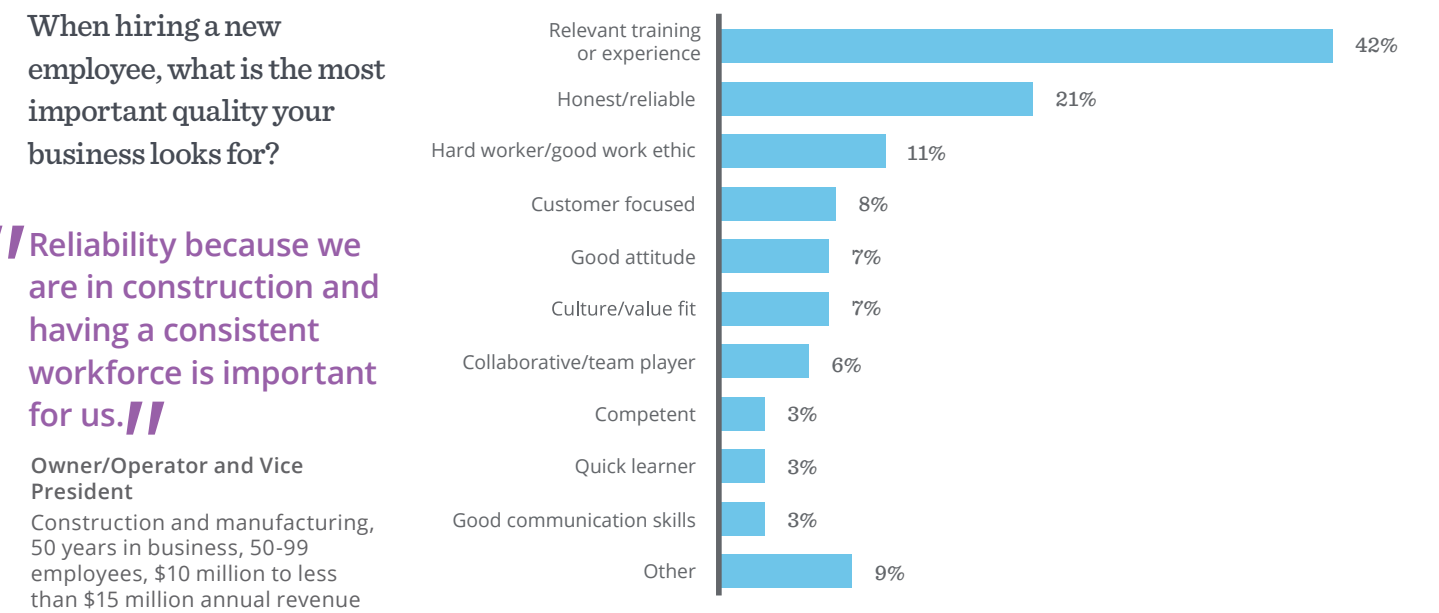
Not having the right talent on board when new opportunities come up can be a deal breaker. When asked if they have ever had to pass on a business opportunity almost one-third (31 per cent) said yes.

Has your business ever had to pass on a business opportunity because it lacked the necessary staffing level to pursue it?"



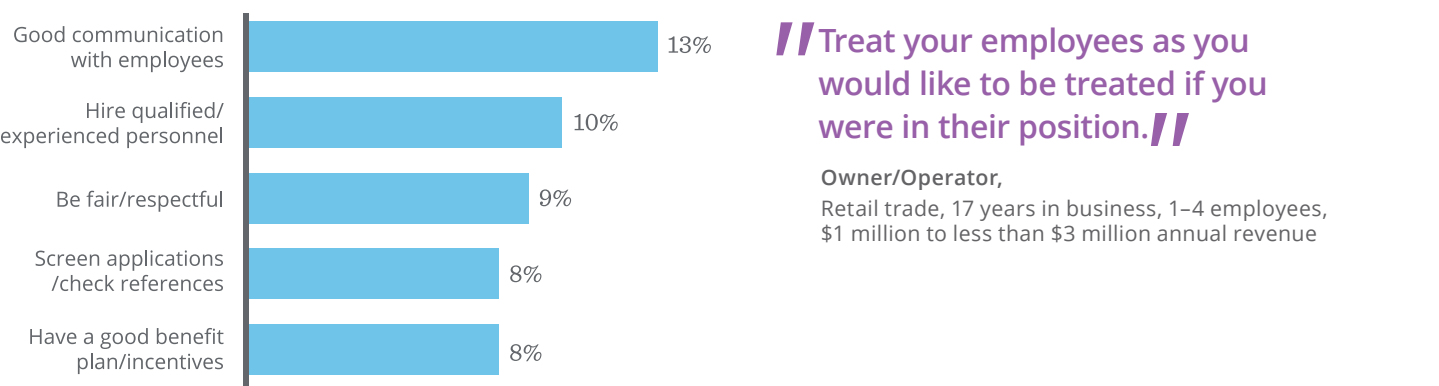
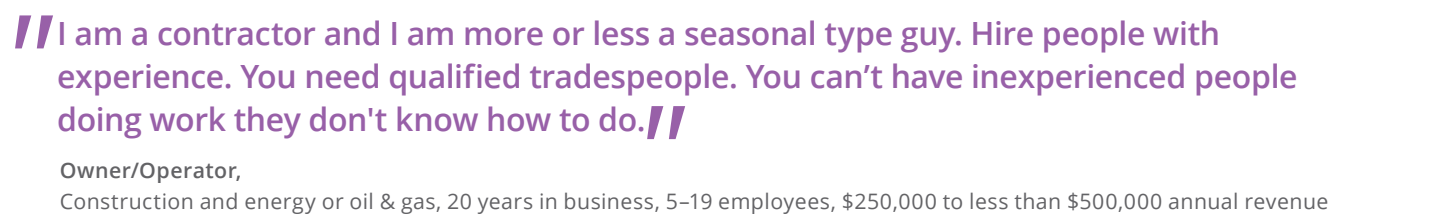
Top qualities to look for in new hires

The most important quality employers are looking for in a new hire is relevant training and experience (42 per cent). Surprisingly, there is a fairly large gap to the next attributes of honest/reliable staff (21 per cent) and hard workers with a good work ethic (11 per cent).

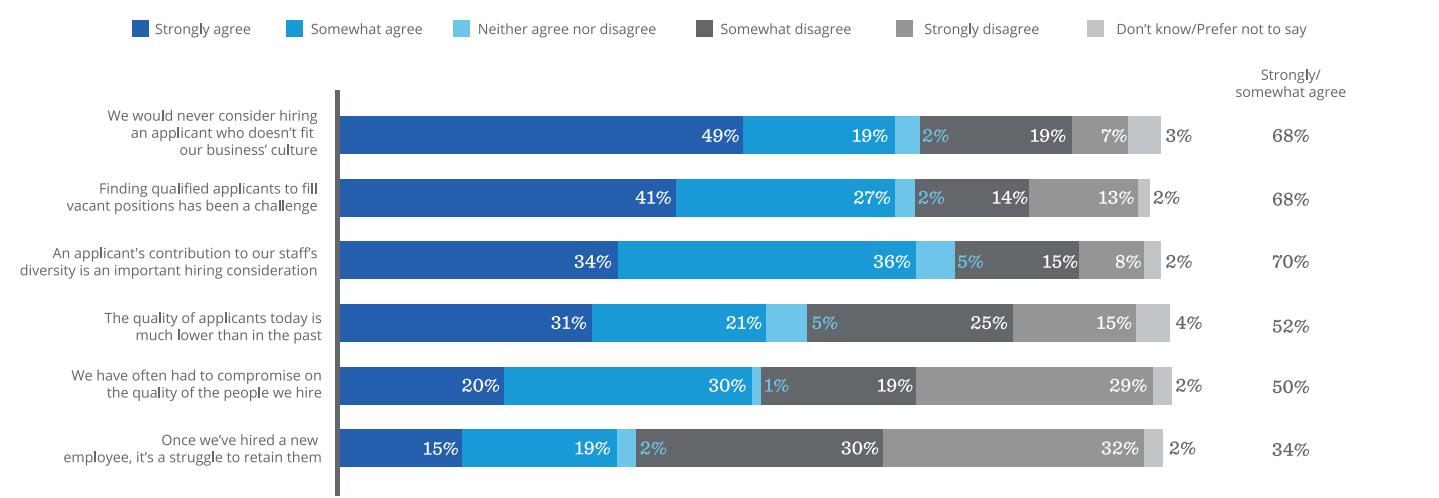


Strong advice

We asked SMEs if they have ONE piece of advice to give another business owner to improve their business’ human resource management, what would it be?



The right people in the right roles to do the right work



While only seven per cent of SMEs on the previous page identified ‘cultural/value fit’ as their most important attribute, it is still a very important hiring consideration to the majority of them. Almost seven in ten (68 per cent) said they would not consider hiring if there isn't a good culture fit. This testifies to the character of Alberta’s entrepreneurs. It shows they stand behind their values no matter the economic climate and need a good team behind them that aligns to their vision. Based on the survey's other findings, it's not altogether surprising to learn 68 per cent of respondents said that finding qualified applicants has been a challenge.

Slightly more than half (52 per cent) of respondents said the quality of applications is lower today than it once was and 50 per cent said they often have to compromise on the quality of people they hire. This may be due to skilled workers having left Alberta since the recession began. The good news is the majority (62 per cent) look like they can retain new employees once they have them on board.

Generational gaps

As a generation that grew up in the digital era with instant information and online social connections, millennials tend to be confident, quick to learn, and able to exchange information at a constant pace. These are valuable characteristics in a worker, with the right management.

