

ATB BUSINESS BEAT: The pulse on business in Alberta

ATB Business™

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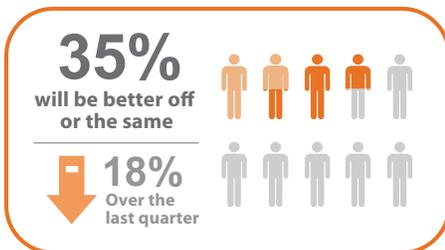
Long hours. Personal sacrifices. Worth it? You bet!

Alberta's economic engine is driven by small and mid-sized enterprises (SME) who make up 99.9% of all businesses in the province. In this quarter's ATB Business Beat, we explore the things that are important to SMEs, the lifestyle priorities they seek and the sacrifices they make. Despite the long hours and lost time with family and friends, the majority (77%) of owners of Alberta SMEs are happy. The independence and freedom, as well as the sense of accomplishment they get from owning and operating their own businesses, appear to outweigh any pressures they may be experiencing, including those from the economic downturn. Also in this edition, we explore the level of importance business owners place on being environmentally responsible and supporting the local community.



MAJORITY PREDICT SLOW RECOVERY

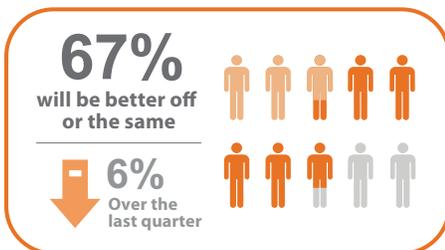
Alberta Economy



Only 35% of Alberta SMEs believe the economy will be the same or better off six months from now — a drop of 18% from last quarter. As well, only 67% believe their business will be the same or better off. What is particularly telling is, this time last year almost half (48%) felt their business would be better off in six months versus only 26% this quarter.

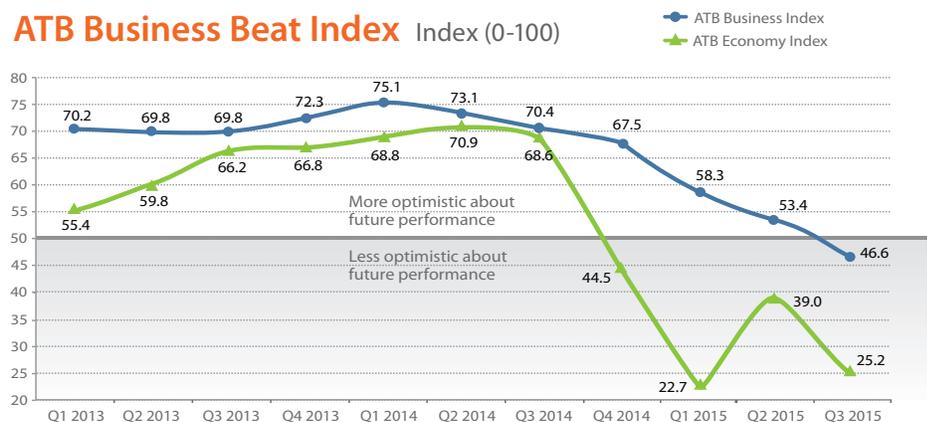
And, for the first time since the ATB Business Beat began two and a-half years ago, there are more Alberta SMEs who are pessimistic about the future of their business six months from now than are optimistic. The small upswing we saw last quarter in the ATB Economic Index was short-lived as oil prices remain volatile and predictions of a slow recovery caused the index to drop again.

Your Company



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

ATB Business Beat Index Index (0-100)

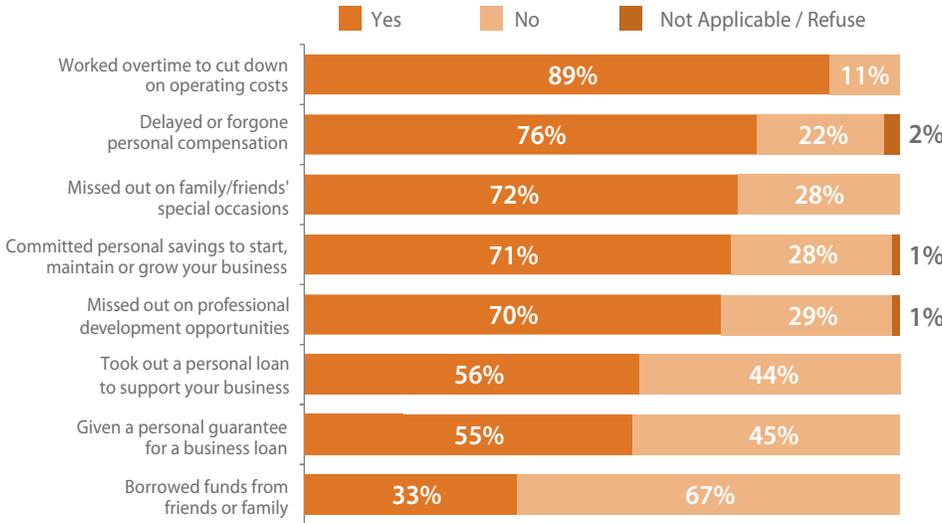


Data time periods: Q1 2013 = Jan 2013, Q2 2013 = May 2013, Q3 2013 = Aug/Sept 2013, Q4 2013 = Dec 2013; Q1 2014 = Mar 2014, Q2 2014 = June 2014, Q3 2014 = Aug, 2014, Q4 2014 = Dec 2014; Q1 2015 = Mar 2015, Q2 2015 = June 2015, Q3 2015 = Aug 2015

ALWAYS OPEN

It seems an entrepreneur's work is never done. The vast majority, 83% of Alberta SME owners, work more hours than the average 40-hour business work week. And in the last year, 32% say the amount of time they have invested in their business has increased.

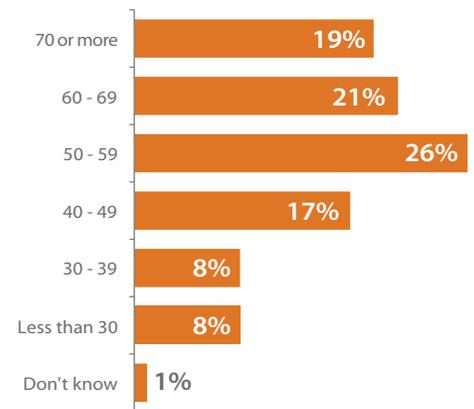
When asked what sacrifices business owners have had to make in the past to ensure their business' success, the top four link to time and compensation.



“ I COME IN EVENINGS AND WEEKENDS TO DO PAPERWORK WHEN NO ONE'S AROUND. ”

– Owner/Operator, Transportation and Warehousing
15 years in business, 1-4 employees, \$500,000 to less than \$1 million in revenues

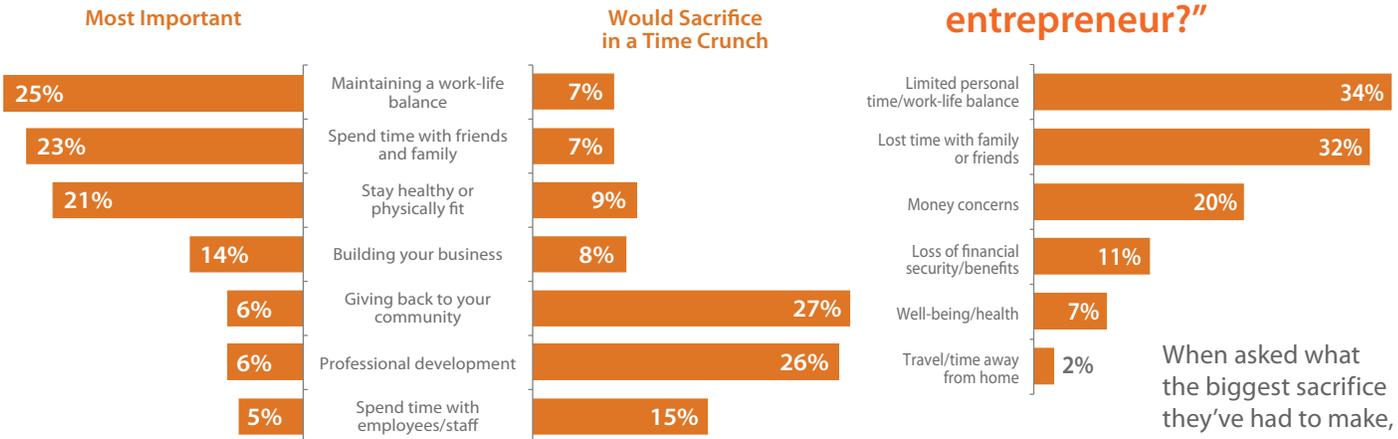
“On average, how many hours do you work a week?”



MOST IMPORTANT IS ALSO THE FIRST TO GO

Maintaining a work-life balance, spending time with family and friends and staying physically fit top the list of what is most important to owners of Alberta SMEs. If they had to sacrifice something in a time crunch, what Alberta business owners say versus what they do is quite different.

“What's the biggest sacrifice you've had to make as an entrepreneur?”



When asked what the biggest sacrifice they've had to make, the reality is, the things that are most important are the first to go.

“ SPENDING TIME WITH FAMILY AND FRIENDS, I DON'T KNOW ANY ENTREPRENEUR THAT WOULDN'T SAY THAT. I CAN'T COUNT HOW MANY TIMES I HAVE HAD TO MISS OUT ON A VACATION OR SPENDING TIMES WITH FRIENDS OR FAMILY. ”

– President, Accommodation/ Food Services/Tourism/ Hospitality/Restaurant

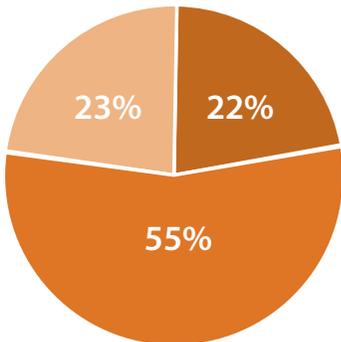
32 years in business, 20-49 employees, \$1 million to less than \$3 million in revenues

REAPING THE REWARDS

Once again, the resilience of Alberta small and mid-sized businesses shines through. In spite of mounting pressure from the economic slowdown, and the fact the vast majority (78%) say their happiness is directly linked to their business' success, more than three quarters (77%) of Alberta business owners are happy. When it comes to running their own business, the rewards seem to outweigh the sacrifices. Owners of SMEs love being in control of their own time and destiny. The lifestyle gives them freedom to do things their way — when they want, how they want. As well, many entrepreneurs say building their business and contributing to their community provides a rewarding sense of accomplishment.

“Would you say you are...”

Very happy Pretty happy Not too happy



Almost one in four Alberta SME owners (22%) report being very happy. Interestingly, we recently asked the same question of Albertans in general and only 13%* reported being very happy. *ATB's Consumer Pulse Survey (August, 2015)

“What’s the most rewarding part of being an entrepreneur?”



“ I GUESS, A CERTAIN AMOUNT OF FLEXIBILITY AND A SENSE OF BUILDING SOMETHING. YOU ARE CREATING SOMETHING AND PROVIDING EMPLOYMENT FOR OTHER PEOPLE. IT GIVES YOU THE OPPORTUNITY TO GIVE BACK TO THE COMMUNITY AND SPEND TIME WITH FAMILY AND FRIENDS. ”

– Owner/Operator, Construction

3 years in business, 1-4 employees, Less than \$250,000 in revenues

“ IT IS FINANCIAL AND TIME FREEDOM. YOU ARE NOT STUCK, YOU CAN GO WHEN YOU WANT TO GO. YOU WORK LONG HOURS, BUT NOBODY TELLS YOU WHAT TO DO. THE DECISION-MAKING FREEDOM. ”

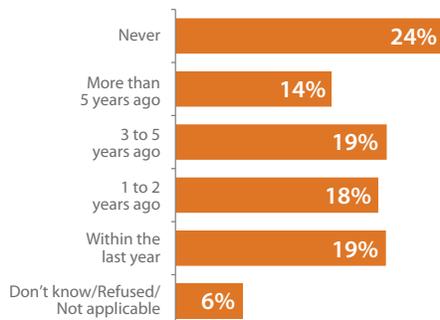
– Director, Energy/Oil and Gas

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

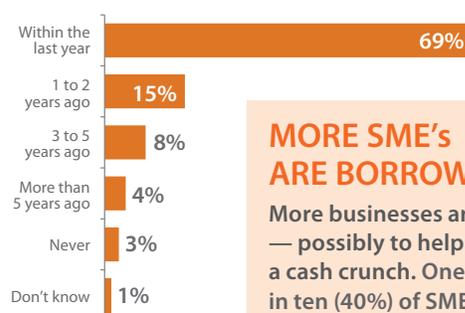
TIME OFF OR MORE MONEY?

Almost one in four (24%) of SME owners have never given themselves a raise. And a further third (33%) have not had a raise in three years or more. The good news is almost seven in ten (69%) have taken a vacation in the last year.

“When was the last time you gave yourself a raise?”



“When was the last time you took a vacation?”



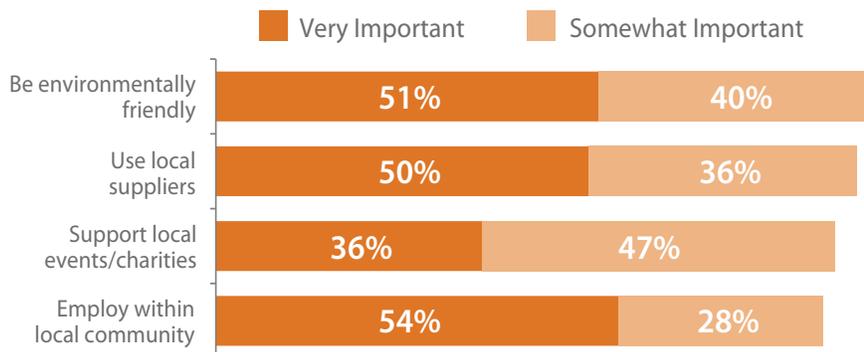
MORE SME'S ARE BORROWING MONEY

More businesses are securing funds — possibly to help manage through a cash crunch. One year ago, four in ten (40%) of SMEs borrowed funds. Today, 61% have loans – an increase of 14% over last quarter.

ALBERTA SMEs VALUE MAKING A DIFFERENCE

The term social enterprise is becoming familiar to us and increasingly important to Alberta entrepreneurs. More and more, Alberta business owners are conscious of the footprint their business leaves on the environment as well as the impact and role they play in the community. It not only adds to their own sense of accomplishment, but they realize it makes good sense and adds value to their business.

“How important is it for your business to engage in each of the following activities?”



“Customers and employees want to connect with businesses that care. More than just niceties, environmental and community commitments are important drivers of competitive advantage.”

– Stephanie Jackman,
Founder & President,
REAP Business Association

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 mail list.

About ATB Financial

ATB Financial (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

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 August 3-14, 2015 with 300 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).