



What We Heard

January 2014



ENGAGEMENT
SESSIONS
Small Business Strategy



Introduction

Overall, Small Business is thriving in Alberta. Small businesses make up 95 percent of all Alberta businesses, and are key contributors to our continuing economic prosperity. Recognizing the critical role these businesses fill, the Government of Alberta is listening closely to small businesses and entrepreneurs. We began rethinking how to improve the climate for doing business through the Red Tape Reduction Task Force, results-based budgeting process, development of a new economic development framework, client surveys and informal generative conversations with stakeholders.

Throughout the months of November and December 2013, the provincial government undertook broad and inclusive engagement of small business owners throughout Alberta. MLA Dave Quest led eight in-person engagement sessions in Lloydminster, Edmonton, Calgary, Red Deer, Medicine Hat, Lethbridge, Grande Prairie and Fort McMurray. A total of 169 participants were in attendance for these widely promoted sessions. In addition to the in-person engagements, 335 small business owners completed an online survey at shape.alberta.ca.

The engagement sessions and online survey were both organized around the four directions proposed for Alberta's Small Business Strategy that emerged from earlier informal engagements, research and analysis. This is what we heard.

Table of Contents

1	Introduction
2	Direction One
3	Direction Two
4	Direction Three
5	Direction Four
6	Alberta's Small Business Strategy
8	Challenges Facing Alberta Small Business

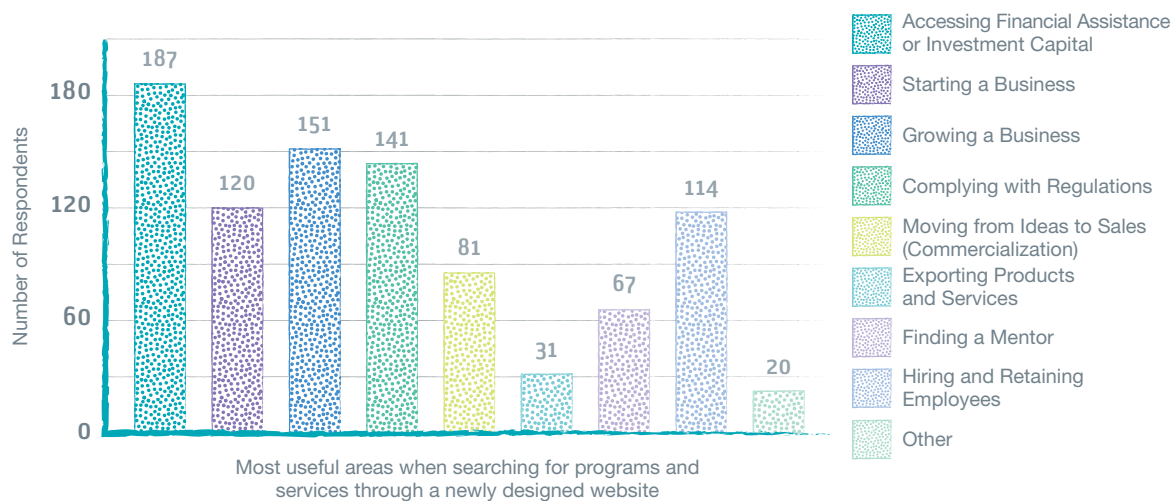
Direction One

Reshaping government-funded programs and services by focusing on the needs of the clients to achieve better results.

The consistent message heard at engagement sessions is that government and government-funded programs need to offer better customer service. Red tape of all kinds needs to be reduced.

Specifically, Albertans who participated in the engagement sessions quickly identified that they found it challenging to find information related to small business support programs and services. They suggested the creation of an intuitive, comprehensive portal for small business that could provide information related to programs and services offered in addition to regulations.

The online survey further explored what areas would be most useful for a business when searching for programs and services through a newly designed website. The results reinforced the desire for a comprehensive website service and indicated that accessing programming—particularly financial assistance—was a top priority for small businesses. Additional priorities included information related to growing a business and regulation compliance.



The online survey also demonstrated that, while a majority of small business seek advice on business processes and practice from other business, business associations and mentors, a significant number of respondents turn to government funded programs and services. This highlighted the potential for a comprehensive portal to help identify programming and foster collaboration, sharing of best practices and path finding to improve business practices.

Direction Two

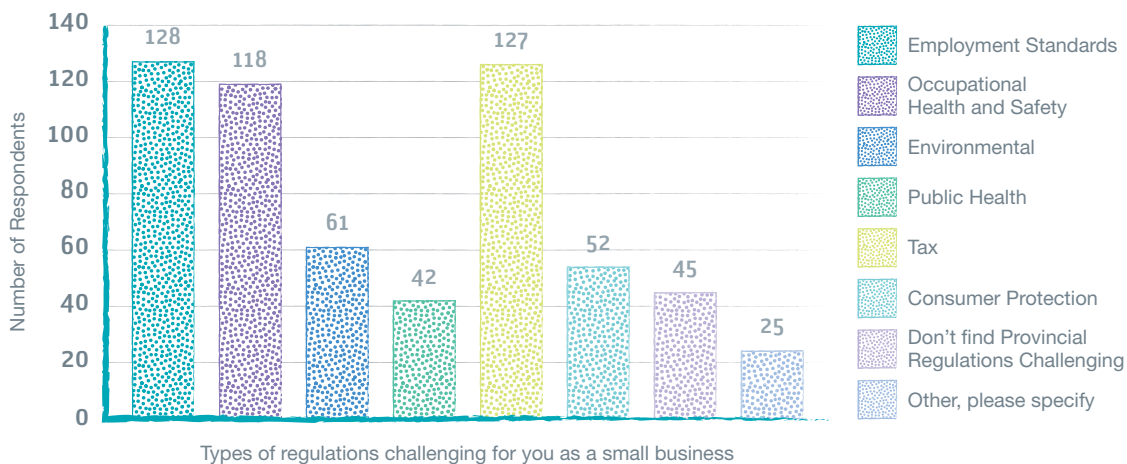
Make it easier for small business to better understand and comply with regulatory requirements.

This direction particularly resonated with Alberta small business. The online survey indicated that, while businesses recognize that understanding and following regulations is important, to do so takes considerable time—and relevant information is often difficult to find.

Survey results indicated that over 50 percent of small businesses understood the importance of finding relevant information regarding which regulations apply to what level of government. Results also showed that most businesses surveyed were spending more than 10 percent of their time understanding and meeting regulatory requirements—which is troublesome given that over half of survey respondents reported finding it difficult to access that very information.

The engagement sessions produced similar results, with small business owners indicating they had difficulty identifying the regulations that pertained to their businesses. They cited regulations as complex, difficult to understand and inconsistently applied, and government largely ineffective at helping businesses interpret them. Participants suggested for government to better inform its agents on how to help business in this area—in some cases pointing to best practices in other jurisdictions where governments provide business with specialized contacts to help them navigate regulations.

The online survey showed that provincial regulations related to taxes, employment standards and occupational health and safety to be the most challenging.



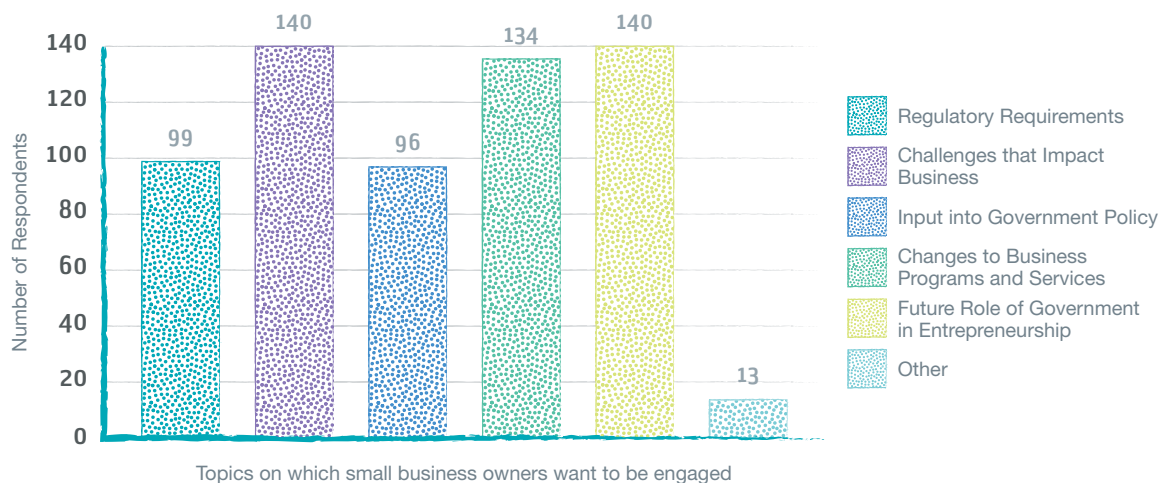
Small business owners suggested that overall regulations should be harmonized, simplified and administered more efficiently by fully integrating the use of digital technologies. Specific regulatory areas identified for improvement included building and labour codes.

Direction Three

Ensure small business has a strong voice into government to enhance the business climate and inform policy direction.

To gauge support for this direction, businesses were asked at the in-person engagement sessions how government could engage more effectively with small business in developing policies. Many suggested government could tap into existing business networks or use traditional approaches to engaging small business through polling, surveys and roundtables. Others recommended using new media to provide tailored up-to-date information to business. Many stressed that, to leverage business engagement effectively in the development of new government policies, there needs to be better communication regarding the potential impact of new policies and regulations to business.

The online survey also indicated that Alberta small business would like to be engaged on many fronts. Taken together, 70 percent of respondents wanted to have a say on a wide range of issues, including challenges that impact business and the future role of government in entrepreneurship.



Through the online survey, respondents reported online, email and social media as their preferred method to be engaged rather than face-to-face roundtables.

Direction Four

Enhance and accelerate entrepreneurship.

At the engagement sessions, small business owners were asked what the government could do to help accelerate the climate to do business in Alberta. This question provoked a wide range of responses.

Some discussions focused on how the government could foster an entrepreneurship ecosystem. In this ecosystem, government and small business work together to facilitate mentorship between businesses in a shared virtual or physical space. Governments could provide information related to, for example, new export markets or trends in the labour market. There, government could play more of an enabling role instead of an enforcement role. Conversely, many businesses called for the government to establish a “one-stop shop” that would provide timely information to business.

Others suggested that to enhance and accelerate entrepreneurship, financial support was needed for start-ups and new hires. They suggested governments could use procurement more strategically to foster new businesses in Alberta. Finally, it was recognized that in the longer term the Government of Alberta should examine the role that the education system plays in creating entrepreneurs.

Survey respondents raised many of the same points as the engagement session participants. They cited financial incentives as a key area requiring government focus to accelerate the climate for business growth. Regulations, labour, procurement and access to information services were also key points.

When asked what areas government should not focus on to accelerate the climate for business growth, entrepreneurial training was a common response. Many stressed that government expertise did not lie in training entrepreneurs in business and financial planning, and that post-secondary institutions and private organizations would perform this function more effectively. Respondents stated that government should not be involved in choosing economic winners and losers, including such practices as creating programs for select recipients or industries, which creates an uneven playing field, thereby distorting the economy.

While respondents were clear in their stance that government should play a limited direct role in entrepreneurial training, they were receptive to the Government taking an active role in nurturing a climate that inspires entrepreneurs.

Alberta's Small Business Strategy

The online survey asked participants to provide further suggestions for the draft Strategy and other supports the government could provide for small businesses. Five themes emerged, many of which aligned with the directions of the Small Business Strategy. These included financial incentives, regulatory reform, labour issues, consultation and improved access to government information services.

Financial incentives – Suggestions focused on providing tax incentives such as breaks for start-ups and their principals, a tiered tax system and tax incentives for hiring and training new employees. Further suggestions sought an expansion of the capital available to small businesses in the form of increased seed funding, rural development capital pools and lower interest on loans.

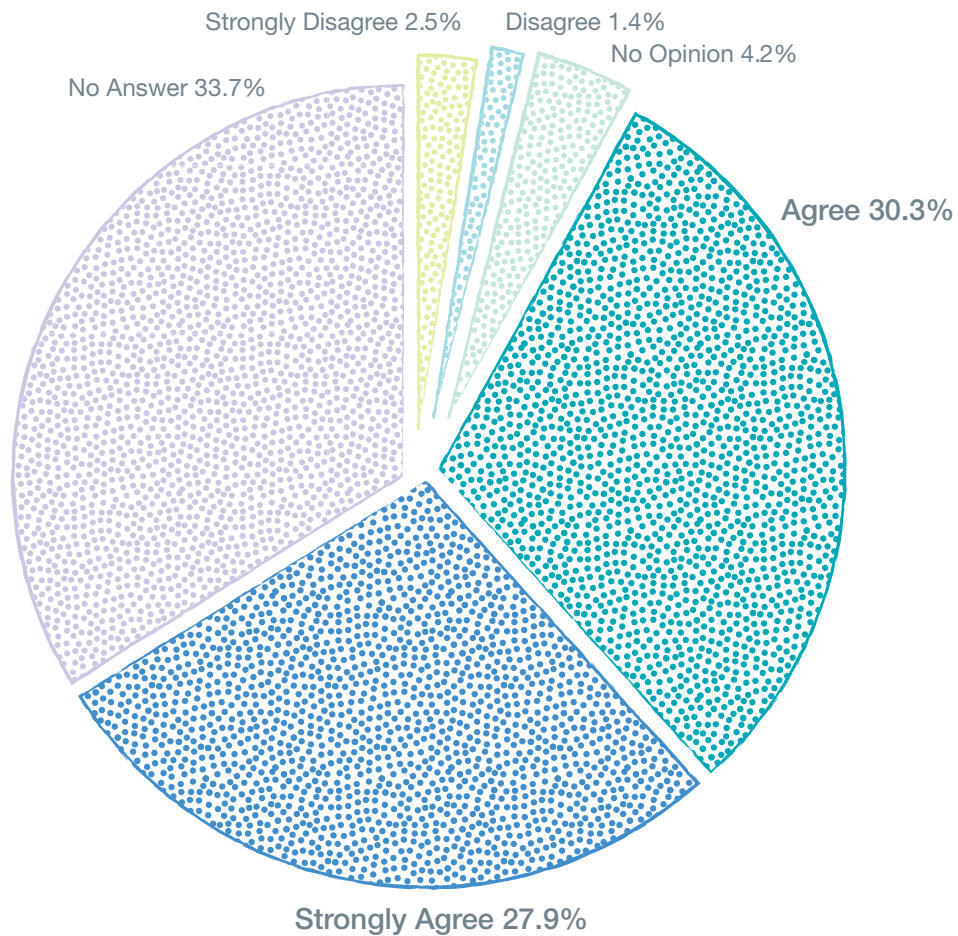
Regulatory reform – The existing regulatory process for small businesses is regarded as being complex and bureaucratic. Participants suggested improving the business climate by decreasing the barriers to trade and facilitating business expansion between provinces and working with municipalities to streamline non-resident business license requirements. To improve the business climate and facilitate the smooth operation of daily business they would like to see increased clarity and streamlining of regulations.

Labour issues – Many respondents discussed the need for increased autonomy to ensure success in their recruitment decisions. They requested more relaxed restrictions on immigrant and Temporary Foreign Workers (TFW)—like increased ability to retain TFW after their work term—to better compete in the tight labour market. Business owners would also like to see a revision of the employment standards and associated legislation which, they stated, heavily favours employees.

Consultation – Respondents suggested that government consult more broadly and consistently to develop and target policies that will address the needs of different groups. This includes consultation with aboriginals, municipalities (including rural areas), industry and professional organizations and community leaders. These consultations were recommended to be more engaging than simple surveys and allow for ongoing communication between business and government.

Access to government information services – A focal request was to centralize sources of information needed to operate a small business, such as an online database encapsulating all relevant information needed for small businesses. This online tool would provide easy access to financial programs, grants, regulatory guidelines and support services. Additionally, respondents suggested that support services increase their hours of operation, making face-to-face meetings more accessible.

When asked to what extent do they agree or disagree that the Small Business Strategy should focus on these directions, respondents overwhelmingly expressed their support.



Challenges Facing Alberta Small Business

When asked to relay the top three challenges facing businesses in their respective regions, engagement participants' answers showed many commonalities across the province. Access to information, capital and labour surfaced frequently as a pressing concern for participants.

Based on participants' responses, one issue that is perhaps the most pervasive is labour management. Several aspects of this area prove challenging for small business across the province—from finding and retaining talent to managing salaries to complying with labour regulations. Regulations surrounding temporary foreign workers proved to be a common concern.

Accessing necessary information and services, along with access to knowledge through mentorship, was an area of concern for small business all over Alberta. Knowing where to go to access different types of information can be challenging, but finding the time to physically visit service providers during their business hours can be nearly impossible for small business owners. Many indicated a desire to be able to access self-serve information and services online all day, every day.

Access to capital proved to be a significant, if expected, issue. Securing adequate capital to launch and sustain a start-up—through investors, loans or other means—can be the single most challenging obstacle to beginning a new venture. Additionally, high labour and other operating costs were a concern across the board, but even more so in Grande Prairie and Fort McMurray.

Regional factors, while notable, did not dramatically differentiate regions' needs from one another in most areas. The most significant difference between regions came from areas with significant rural populations. These areas faced unique challenges such as distance, access to facilities and Internet, cross-border issues and—from a retail perspective—threats from the increased presence of big-box stores in rural communities.

