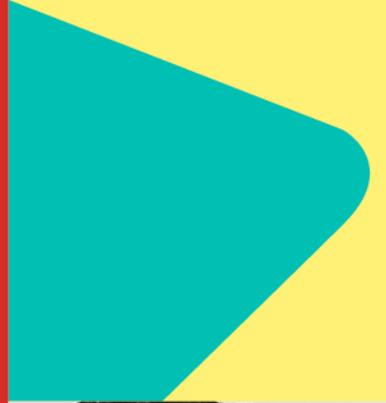


Forging the way forward

How are entrepreneurs adapting to the pandemic

Everisto Mupanguri



bdc 
**Small
Business
Week™**



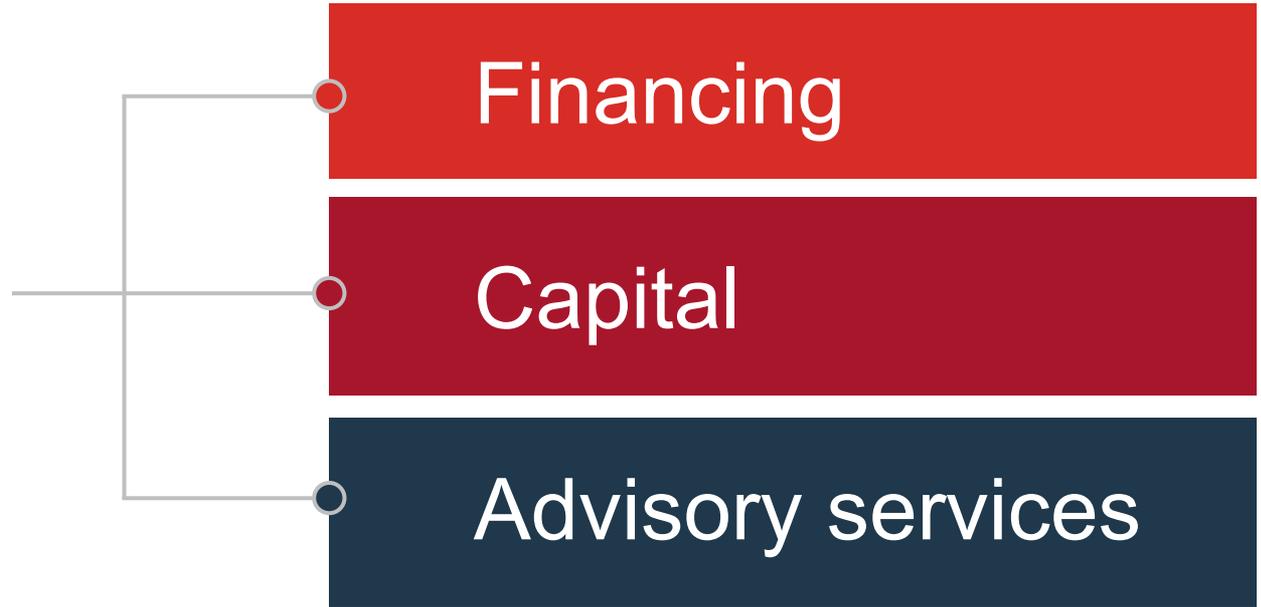
Agenda



- ① **Impact of the pandemic on the economy and the SMEs**
- ② **How are Canadian entrepreneurs adapting their business to the crisis?**



BDC is the bank for entrepreneurs



①

Impact of the pandemic on the economy and the SMEs





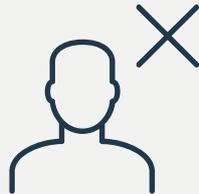
99.8%

of Canadian businesses are small and medium-sized (have less than 500 employees)

COVID-19 has had a major impact on Canadian SMEs



76%
reported a
decrease in sales



45%
reduced staff



76%
reported a
decrease in profit



39%
took on
more debt

SOURCE: BDC, Survey on SME business reality after the COVID-19 crisis, June 2020.



April 2020

**3 million
Canadians**

Had lost their jobs

August 2020

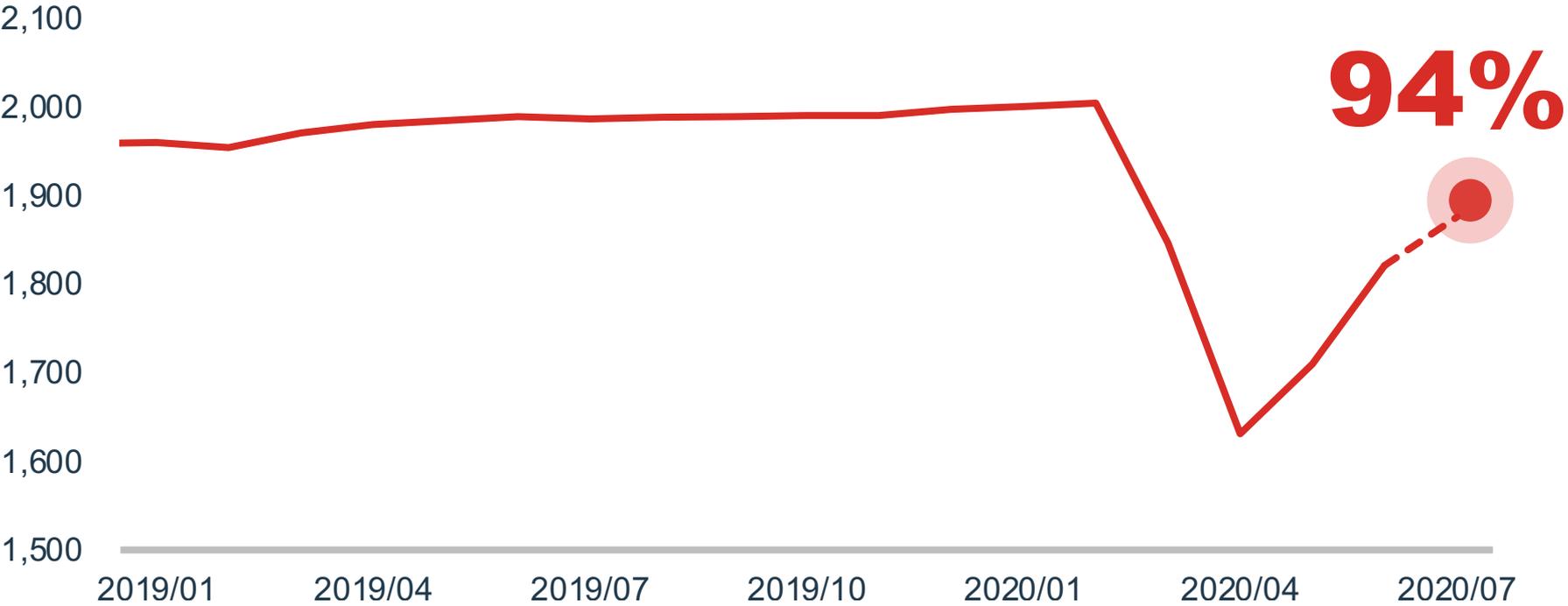
**1 million
Canadians**

Were still unemployed

Canadian economy recovering faster than anticipated, but the pace is slowing down *



Monthly real GDP (\$ billions)



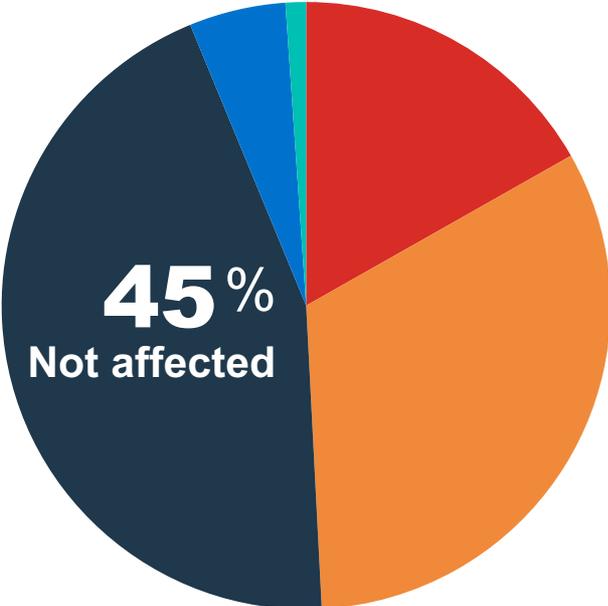
SOURCE: Statistics Canada

One out of two Canadians lost purchasing power



Impact of the pandemic on family income, % respondents

5% Slight increase
1% Significant increase



17% Significant drop

32% Slight drop

49%
of Canadians saw a drop
in their family income

Source: BDC consumer survey, May and June 2020
n=2,000 What has been the impact of the pandemic
on your family income?



Consumers will remain cautious

1 They are spending less

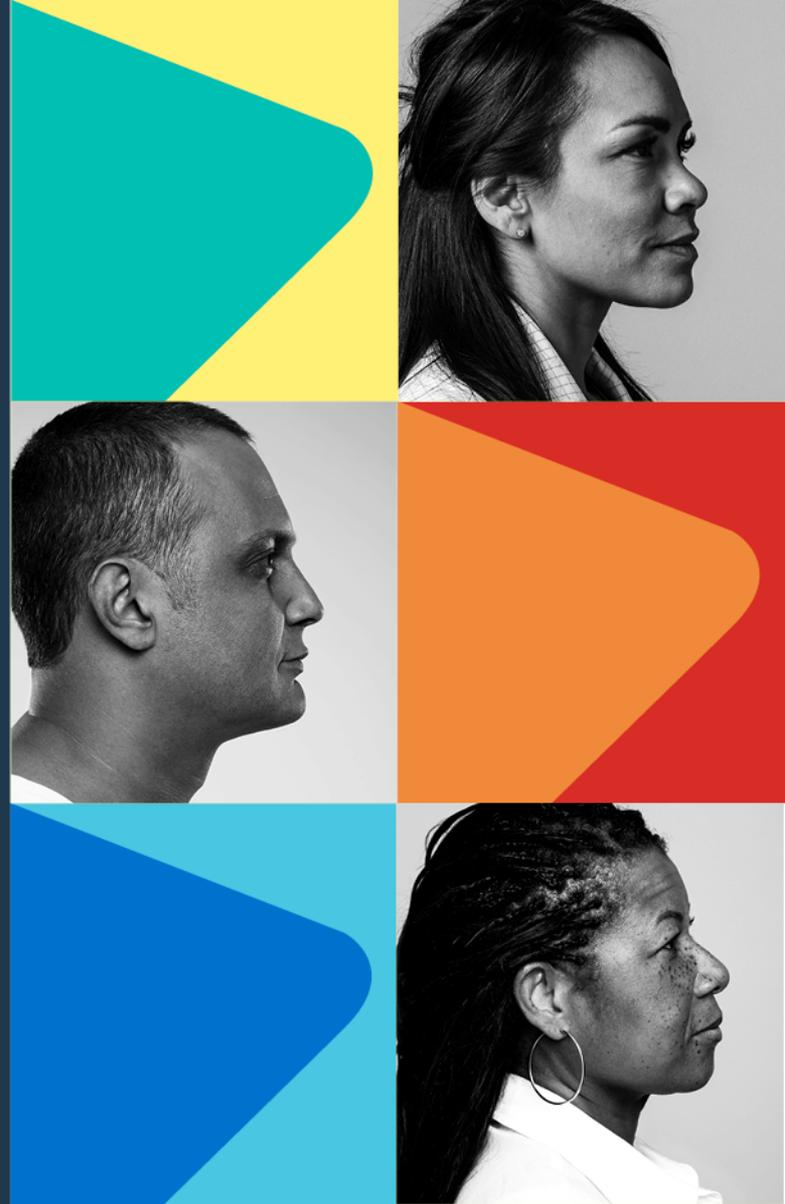
2 But will spend more online

3 And pay more for local products

4 Health remains the main concern

②

**How are Canadian
entrepreneurs
adapting their
business to the
crisis?**

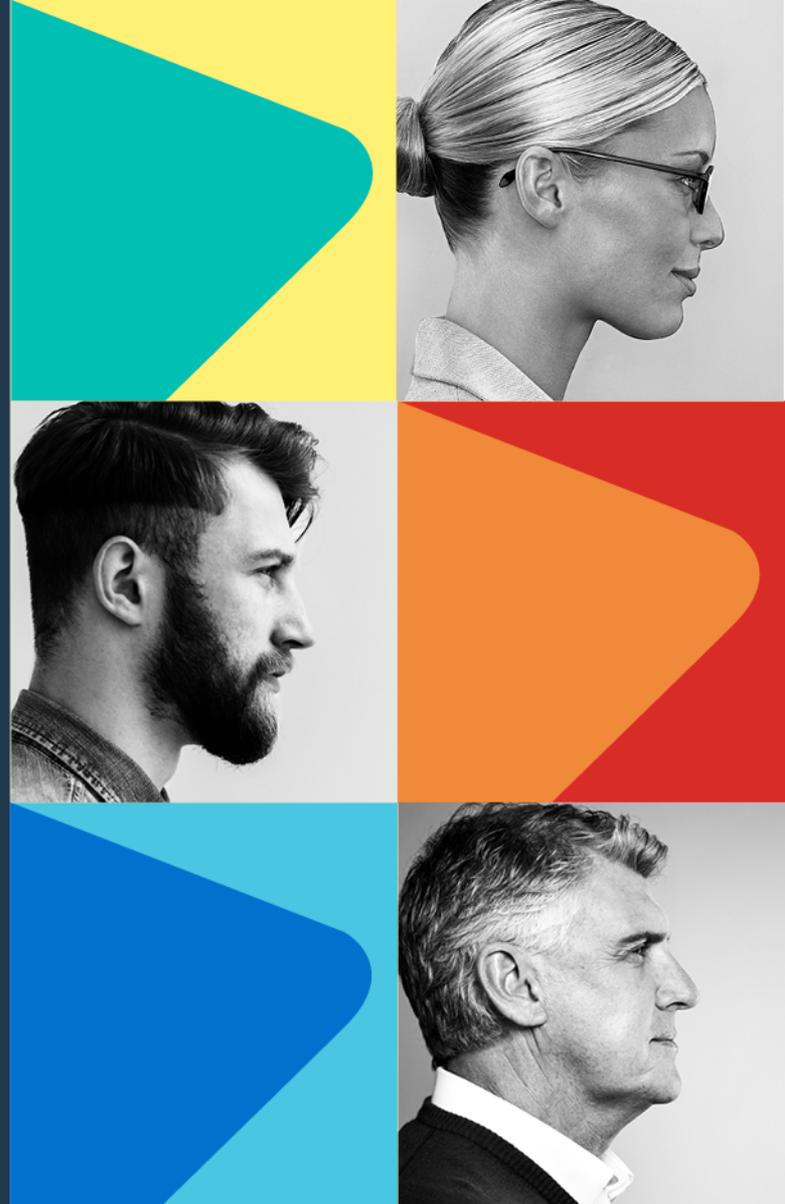




**Canadian entrepreneurs
showed ingenuity in adapting
to crisis challenges**

Preparing for the future

5 priorities of Canadian entrepreneurs





1

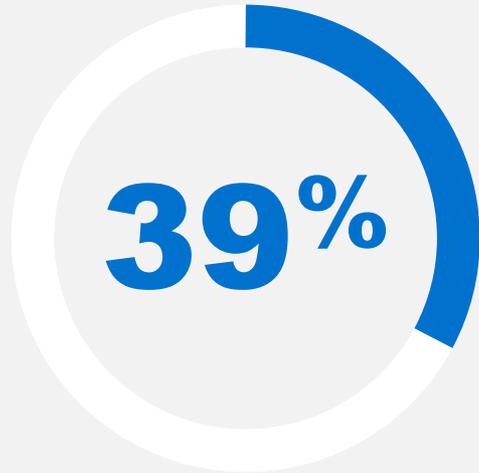
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Put my finances in order



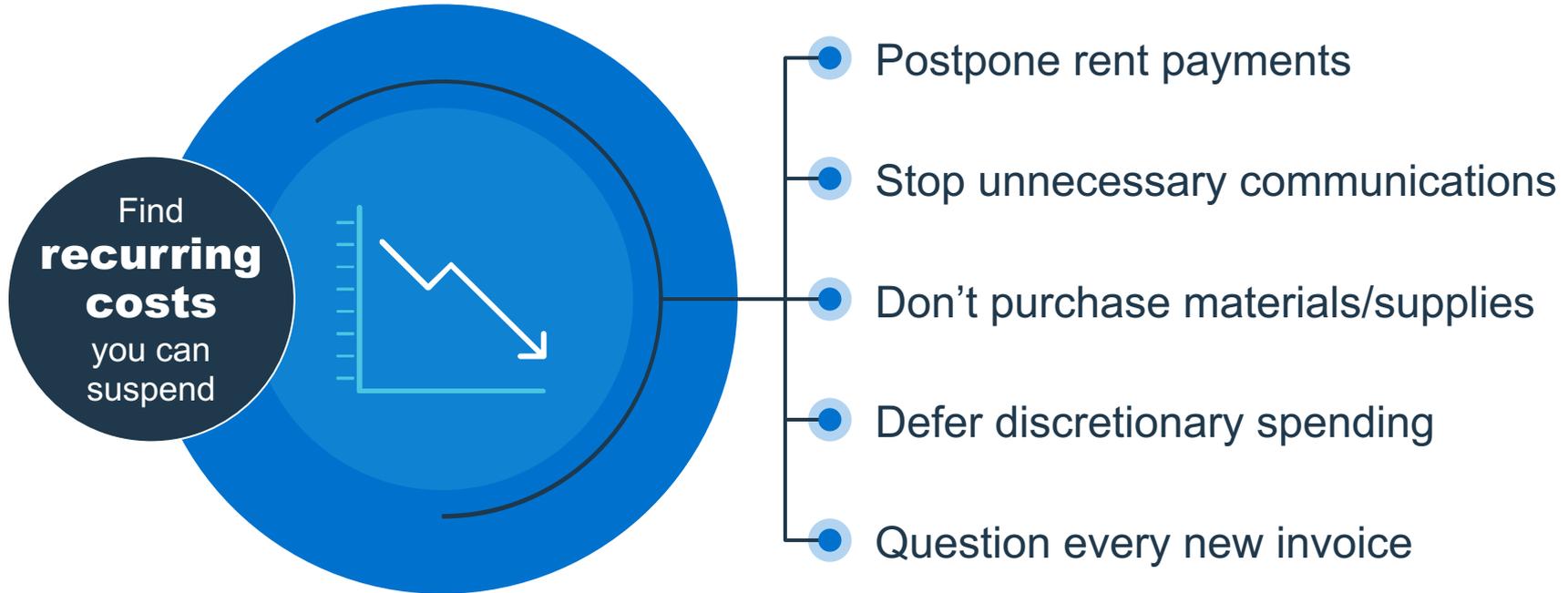
of entrepreneurs
will prioritize
financial recovery.



4 actions to balance cash inflows and outflows

1. Reduce operating costs
2. Improve cash flow management
3. Reduce debt
4. Set up a contingency fund

How to reduce your operating costs?



Improve cash flow management



Know your working capital needs

	Week 1	Week 2	Week 13
Opening cash balance (\$)	(1,000)	(1,250)		5,000
Cash inflows (+)	1,350	1,800		1,900
Receivables	600	950		900
Cash sales	200	800		1,000
Other (Wage subsidies, loans, etc.)	250	50		-
Cash outflows (-)	(1,600)	(1,800)		(1,900)
Accounts payable	500	600		600
Payroll	400	400		500
Monthly operating expense burn (rent, utilities, communications)	500	500		500
Financing (principal, interest)	200	200		200
Savings (investment account)	-	100		100
Increase (decrease) in cash	(250)	-		-
Ending cash bank balance (\$)	(1,250)	(1,250)		5,000

**Do you
have enough
working
capital to
finance your
recovery?**

Manage your debt



Be prudent

- Recovery may be slow
- The 2nd wave is here

Do the math

- Keep an eye on cash
- Don't borrow more than you can pay back

Go at your own pace

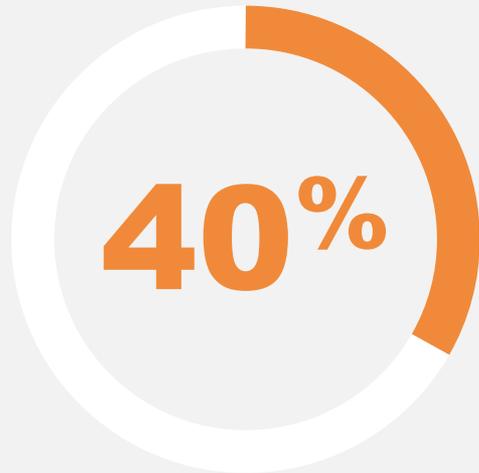
- Manage speed of growth according to working capital



Set up a contingency fund



Taking advantage of technology



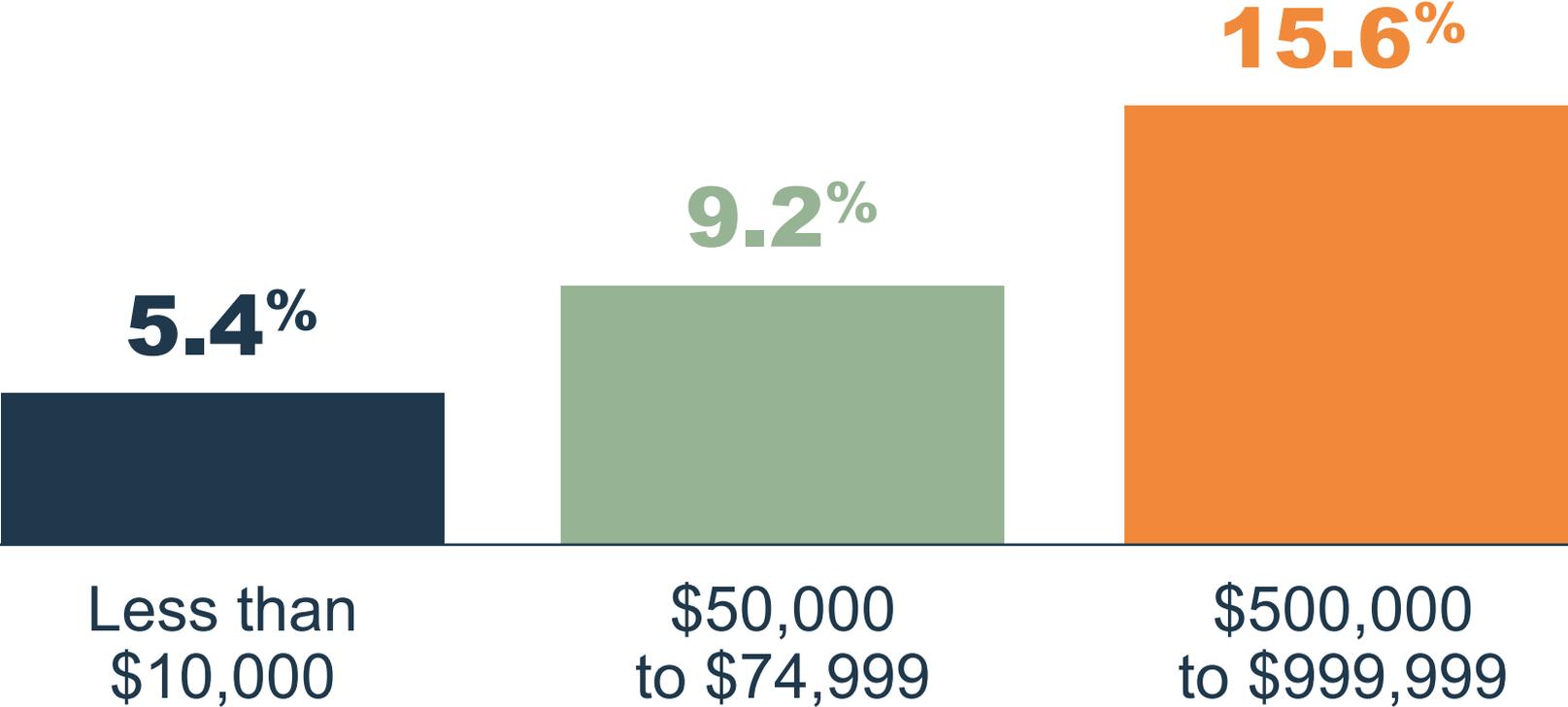
of entrepreneurs will invest more in technology in the next 3 years.

- To be more competitive
- To reduce costs
- To stay in business
- To expand

Operational benefits of technology investments



Businesses that adopt technology **perform better**





Think ahead to manage risk

Protect your technology investment

- Back up data
- Adopt a security policy
- Create a recovery plan
- Wipe old equipment
- Protect current equipment

A woman with dark hair pulled back, wearing black-rimmed glasses, a blue collared shirt, and a dark blazer. She is smiling and looking off to the right. The background is a blurred office interior with windows and plants.

**Start small.
But think big.**



Focusing on telework



60% of SMEs are relying on telework post-COVID.

→ Telework rimes with social distancing and many employees are asking for it.

Five positive impacts of teleworking

- organization's ability to innovate
- employee productivity
- employee motivation
- ability to attract employees
- corporate culture



18% of entrepreneurs believe their workspace needs will decrease in the future.

Provide the right tools

Equip employees to work from home

Take advantage of free and low-cost tools

Ensure everyone uses the same applications

Choose software that's easy to use and install

\$11,000

a year can be saved on average by a typical employer for every half-time telecommuter*

* GlobalWorkplaceAnalytics.com, Global Work-from-Home Experience Survey Report, 2020



Ramp up communication

Increase frequency
of team meetings

Hold weekly one-on-
ones with employees

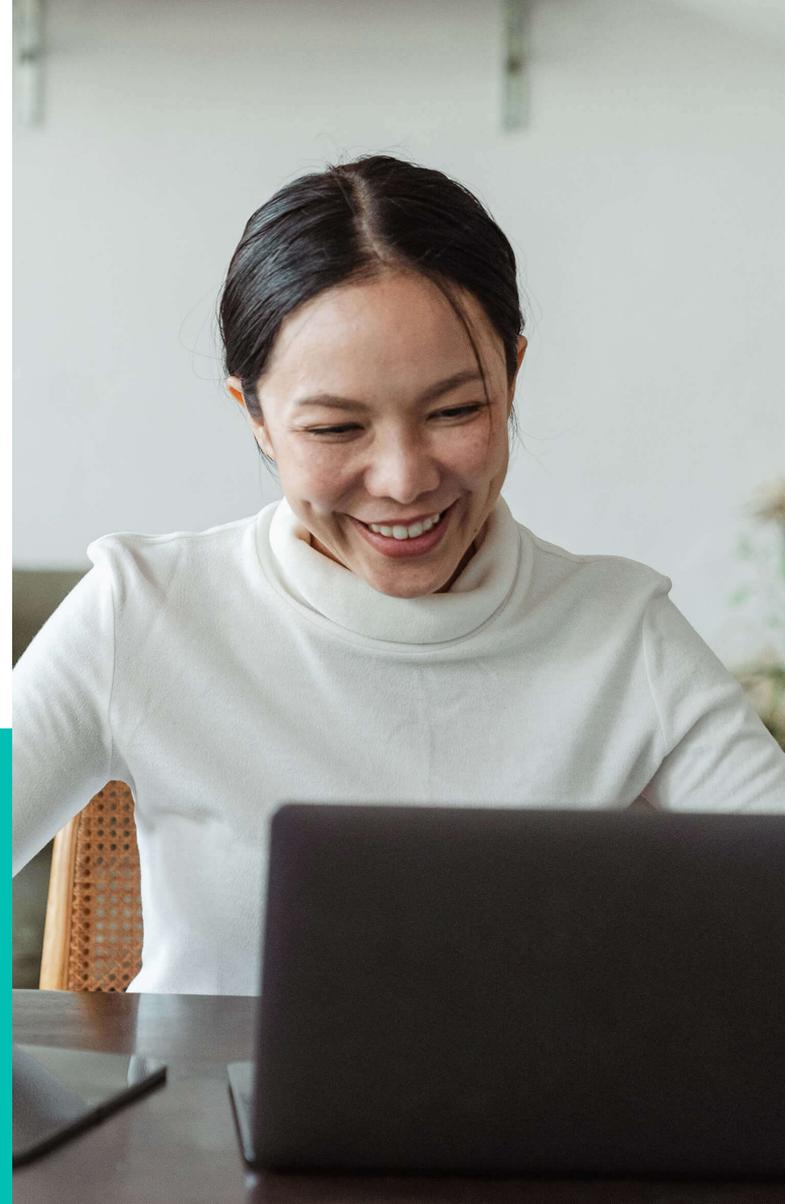
Be open and
straightforward

Make use of
technology

87%

of remote workers feel more
connected to their team when
using video conferencing

* Gigaom, Why Videoconferencing is critical to business collaboration, 2014



Adapt management style

Increase employee
autonomy

Support your
managers

Be flexible

Shift your
expectations

77%

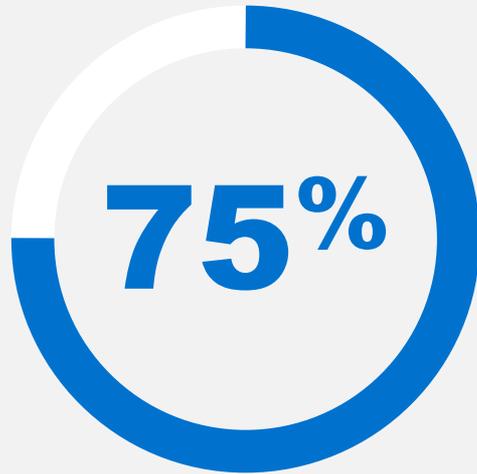
of managers felt it was
harder for them to manage
their remote teams

* Gigaom, Why Videoconferencing is critical to business collaboration, 2014





Increase my online sales



of companies that want to increase their online sales already have an online presence.

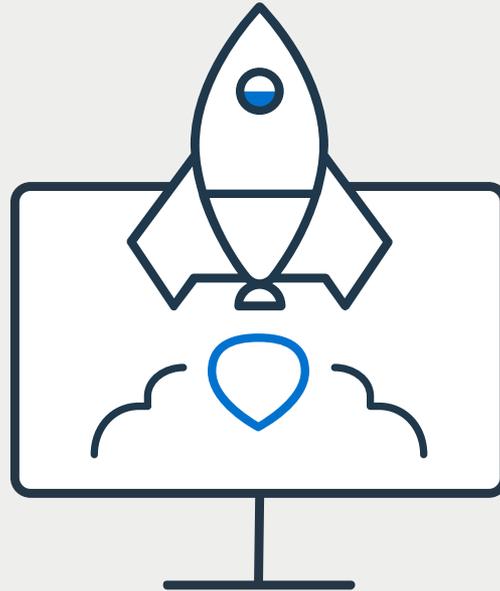
→ Companies selling online were less affected by the lockdowns

Boost your online presence



What does it mean?

----- Website
Online marketplace
----- Social media
Mobile apps -----



----- Analytics
Online search -----
----- Invoicing software
E-commerce Email



Getting started in e-commerce

Key considerations

- Product catalog
- Order fulfillment
- Payment method
- Fees, pricing and policies
- Customer service
- Technology

A young man and woman are shown in profile, looking at a tablet together. The man is in the foreground, wearing a blue hoodie and a green beaded bracelet, with his finger touching the screen. The woman is behind him, wearing a red and blue plaid shirt, holding a credit card. The background is a bright, out-of-focus indoor setting.

56%

**of consumers have made
more purchases online since
the crisis began**

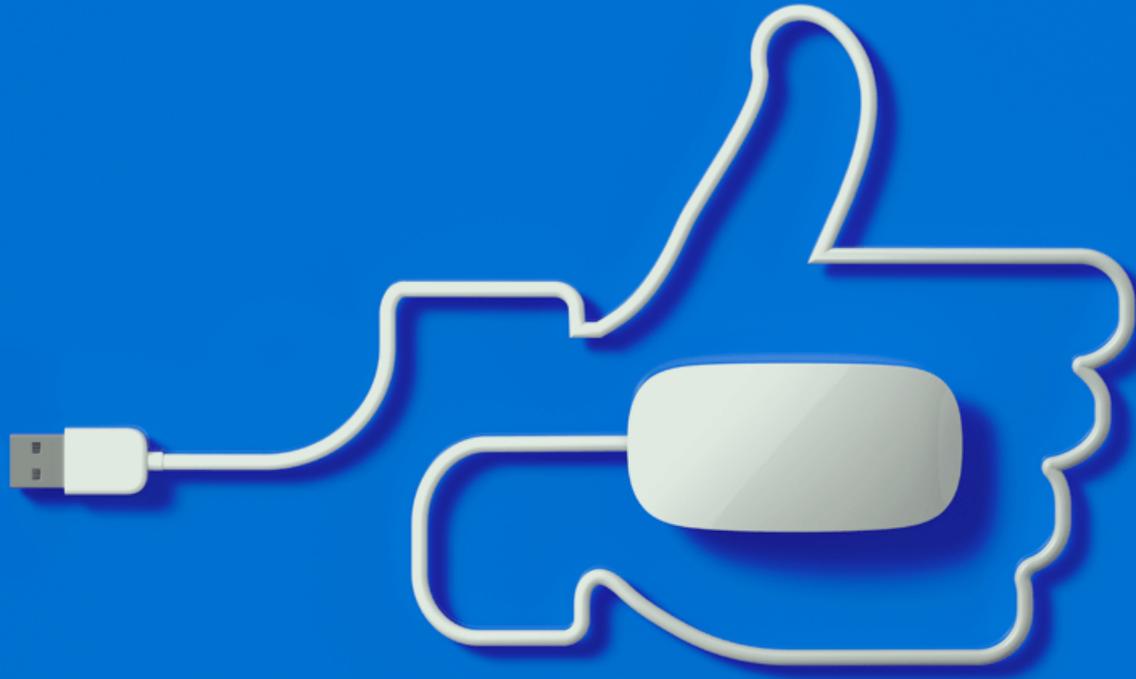


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50%

of Canadian businesses
don't have a website

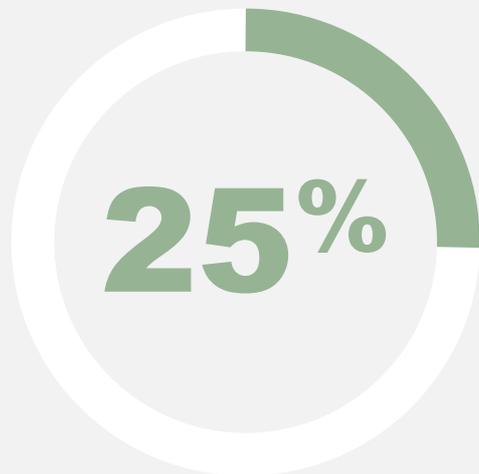
**If you're not
online, your
business
is invisible.**



An online presence can help grow sales and insulate your business from potential lockdowns



Reviving growth



of SMEs are prioritizing growth post-COVID.

→ Entrepreneurs say they are ready to refill their order books.

Reasons for entrepreneurs to revive growth after the COVID-19 crisis





The brakes on growth

- Impact of a second wave
- Uncertain economic environment
- Difficulty finding labour and financing

Successful businesses
Are more likely
to use strategic
planning

UP
TO **80%**

of successful companies
develop and follow
a strategic plan

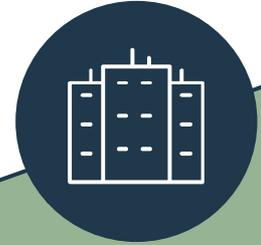
SOURCE: March 2014, Strategic Planning Improves Firm Performance
by John Sterling and John Remsen, Jr.



What is a strategic plan?



Future state



Current state



Strategic execution roadmap

Strategies	Action plan	Priorities
Tactics	Timeline	Resources

3 areas of your strategic plan to review



①

Customer needs and your positioning

What has changed in my markets?

What are the new needs of my customers/prospects?

Is what I am offering still relevant?

What is my competitive advantage?

②

Distribution channels

Have my means of distribution been affected?

What distribution methods do my clients prefer now?

How do I develop an online strategy that compliments traditional distribution methods?

③

Supply chains and operations

Does my supply chain need to change?

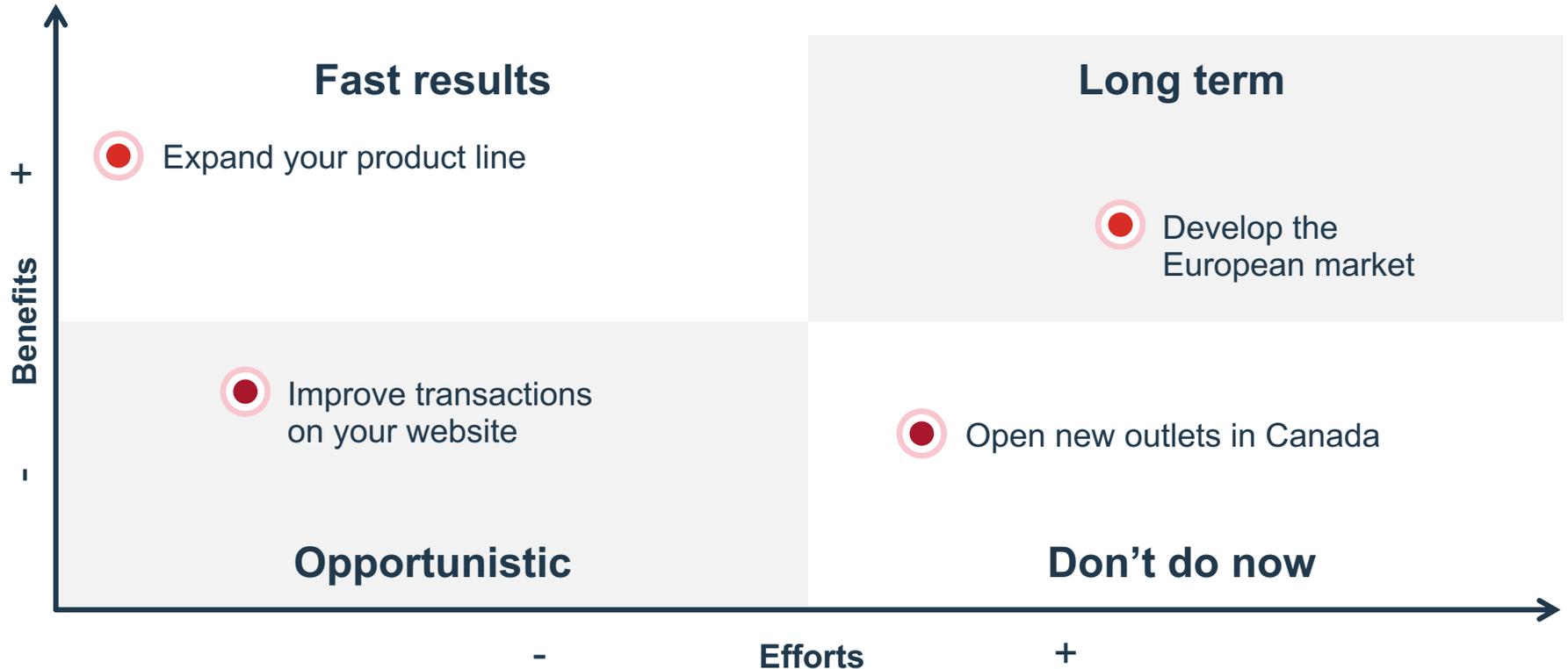
How do I manage the remote work of my employees?

How do I ensure the health and safety of my employees and customers?

Identify priority actions



Classify actions according to their effort to benefits ratio



5 priorities of Canadian entrepreneurs

- ① Put finances in order**
- ② Take advantage of technology**
- ③ Focus on telework**
- ④ Sell online**
- ⑤ Revive growth**



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