



ACTION ENTREPRENEURSHIP GUIDE TO GROWTH

Report on Futurpreneur Canada's Action
Entrepreneurship 2015 National Summit

Action 
entrepreneurship
GROWING YOUNG ENTERPRISE
FAIRE GRANDIR LA JEUNE ENTREPRISE

futurpreneur 
canada™
fuel for young enterprise

REPORTING BACK – INTRODUCTION



Futurpreneur Canada launched Action Entrepreneurship in 2014 to address the key issues facing young entrepreneurs in Canada. After bringing together over 1,000 Canadian entrepreneurs and leaders, we issued *Unlocking the Power of Youth Entrepreneurship: An Action Plan for Canada*. This plan was a call to action, outlining over 80 recommendations for specific stakeholders in the entrepreneurial landscape to undertake to advance youth entrepreneurship. We continue to monitor progress against these recommendations, and we keep these action items top of mind in everything we do at Futurpreneur Canada.

Action Entrepreneurship 2015 built on the work we did last year by diving deeper into one of the specific areas covered in the Action Plan: business growth. Once again, we met with over 1,000 Canadian entrepreneurs and leaders to discuss the issues surrounding business growth and to brainstorm ways in which we can support the growth of small businesses in Canada.

This *Guide to Growth* reports on the key issues and recommendations identified by Action Entrepreneurship participants as important for facilitating business growth. The recommendations, however, are only the first step. We are once again calling on those who are invested in youth entrepreneurship to work with us in addressing these recommendations. The rewards of tackling these issues are huge; by working together to help young entrepreneurs grow their businesses, we have the opportunity to help them create jobs, build communities and strengthen our economy.

Julia Deans
CEO, Futurpreneur Canada

BUSINESS GROWTH



WHAT IS BUSINESS GROWTH?

'Business growth' can mean many things, such as increasing sales, profits, assets or number of employees. Businesses can expand within a province, into other provinces, or into other countries. Expansion can also take on other forms, such as introducing new products or services, franchising, exporting and foreign direct investment.

Different types of businesses have inherently different growth potential and paths to achieving it.

WHY IS BUSINESS GROWTH IMPORTANT?

The **economic benefits** of business growth are huge. Domestic growth creates jobs that are essential to sustain healthy local and provincial economies. Small and Medium-sized Enterprises (SMEs) contribute significantly to Canada's economy, accounting for almost 90% of employment, with small businesses contributing 77% to employment

alone. Export growth is even more critical. Canada is a trade-dependent economy in an increasingly global world. Growth in exports is essential to improving Canada's economic performance and sustaining our standard of living. Exporting is also important to the health of local and provincial economies.

Action Entrepreneurship participants also identified **personal benefits**, noting that business growth allows them to pursue their passions, keeps them engaged, provides personal and professional development opportunities, facilitates financial success and provides an opportunity for them to build a legacy. They also identified **business benefits**, noting that business growth was key to staying relevant, adapting to changing markets and economic clients, keeping ahead of the competition, recruiting and retaining employees and ensuring their business is attractive to potential investors or buyers.

In addition, participants often spoke of the **community benefits** of business growth, understanding that by growing their businesses they could strengthen and diversify their local economies, stimulate

innovation, and create jobs for themselves and others. Job creation was particularly important to individuals from smaller communities who saw the opportunity to provide meaningful employment for individuals in their cities.

Small and Medium-sized Enterprises (SMEs) contribute significantly to Canada's economy accounting for almost 90% of employment, with small businesses contributing 77% to employment alone.

STATUS OF BUSINESS GROWTH IN CANADA



THE GOOD NEWS?

Canadian entrepreneurship is relatively healthy. The birth rate of new enterprises is high, and about half survive their first five years.

In its 2015 Global Entrepreneurship Index (GEI), The Global Entrepreneurship Development Institute (GEDI) ranked Canada first overall in the category of “entrepreneurial abilities.”

What do the stats say?

According to the Industry Canada 2015 SME Operating Performance Report:



Average Canadian businesses made **\$131,000** in profits in 2012, increasing from **\$74,000 in 1999**.



Small and medium-sized businesses have **increased** their share of total business profits from 15 percent and 8 percent in 1999 to **25% and 12% in 2012 respectively**.



On an aggregate level, medium-sized businesses have historically been the **most productive** business size group, generating an average asset turnover ratio of 1.8 compared to 1.0 for small businesses and 1.0 for large businesses.

THE BAD NEWS?

Canada generates a lower proportion of fast-growing companies than other developed countries, and relatively few small businesses sell outside their local markets or export internationally.

What do the stats say?



Between 2009 and 2011, 62% of SMEs grew their sales revenues, but **only 8% were high-growth** entrepreneurs.



76% of entrepreneurs aspired to grow over the next three years (2012-2014), with the majority aspiring to moderate growth. **Only 8% aspired to high growth.**



In 2011, 44% of SMEs sold outside their local market, but within the same province. Only **18% were ‘domestic traders’** that sold goods or services in other provinces and 10% were exporters.



SMEs that traded domestically were larger, more innovative and more export-oriented, with **41% selling abroad** compared with 3.5% that only sold in their home province. They were also higher growth and had higher future growth aspirations.



Domestic traders and exporters tended to be **older and more highly educated** with more management experience than SME owners that focused on their local markets.

DEVELOPING THE GUIDE TO GROWTH



Futurpreneur Canada launched Action Entrepreneurship in 2014 to bring attention to the key challenges inhibiting youth entrepreneurship. We engaged over 1,000 of Canada's best and brightest young entrepreneurs and the stakeholders that support them to discuss the barriers to youth entrepreneurship and the supports that each stakeholder group could provide.

The initiative culminated with *"Unlocking the Power of Youth Entrepreneurship: An Action Plan for Canada"*. The Action Plan identified over 80 actions that key stakeholders can take to help expand youth entrepreneurship. These recommendations were divided into three pillars: building confidence and competence; providing earlier and ongoing education and experience; and supporting launch and growth.

The highest priority recommendation for Futurpreneur Canada was to continue Action Entrepreneurship.

Action Entrepreneurship 2015 focused on one area from last year's action plan: growth. Much has been written about challenges **all entrepreneurs** face in attempting to grow, as well as the numerous actions proposed to help them. Our focus is on the growth challenges and opportunities that are particularly important for **young entrepreneurs**.

In early 2015, Futurpreneur hosted roundtable discussions across Canada, followed by a national Summit in Toronto. This report contains recommendations from participants at the Summit that build on the 2014 Action Plan. It provides specific guidance on two topic areas that the roundtable consultations identified as particularly important in helping young entrepreneurs grow their businesses:

1. Making useful connections with mentors, peers, advisors and other organizations to facilitate growth.

2. Finding talent and specialized services to improve critical business and management skills and build teams.

The following pages outline the action items and proposed recommendations for addressing these two areas of concern.



We engaged over 1,000 of Canada's best and brightest young entrepreneurs and the stakeholders that support them to discuss the barriers to youth entrepreneurship.

MAKING USEFUL CONNECTIONS



At the Action Entrepreneurship roundtables, many solutions were identified for making useful connections with mentors, advisors, peers and other organizations to facilitate growth. At the Action Entrepreneurship Summit, participants were asked to prioritize those solutions, design specific action items and assign stakeholder responsibility. The top five action items were identified as follows:

- 1 Facilitate more peer-to-peer mentoring** by groups of young entrepreneurs for the purpose of sharing experiences and learning.
- 2 Form mentoring boards** with a range of qualifications and experience to work with small groups of young entrepreneurs.
- 3 Create a ‘matching service’ for prospective mentors and mentees** for young entrepreneurs in the business growth stage post start-up.
- 4 Create formal networks of young entrepreneur-led businesses** to achieve scale economies through shared purchasing of services such as legal, accounting and market research.
- 5 Form young entrepreneur associations, chamber of commerce branches and/or boards of trade** offering their own services and events as well as joint networking events with established entrepreneurs.

Many also raised the need for more self-help resources, better promotion of the many resources that are already available, and easy-to-navigate ways to access these resources.



ACTION ITEM

1

Facilitate More Peer-to-Peer Mentoring

Facilitating more peer-to-peer mentoring was the highest priority for action by far. Participants felt that young entrepreneurs from all different types of businesses can learn from each other and saw greater value in interacting with others at similar stages of growth and in similar types of businesses.

Recommendations

Create virtual peer-to-peer portals for young entrepreneurs to connect on growth-related issues. Such a portal could include:

- Member profiles to find useful connections;
- Topics and tools to guide discussions;
- Opportunities to form discussion groups;
- Regular, facilitated virtual meetings on growth issues.

Host meetings, workshops and networking events specifically on issues related to growth.

Provide access to more physical spaces, like co-working spaces and accelerators, to facilitate organic connections.

Stakeholders Responsible



Non-Profit
Organizations
Associations



Young
Entrepreneurs



Government



Non-Profit
Organizations



Industry
Associations



Young
Entrepreneurs



Academic
Institutions



Government



ACTION ITEM

2

Form Mentoring Boards

The idea of having small groups of mentors work regularly with small groups of entrepreneurs was suggested to deal with three issues: qualified mentors are in short supply, especially those with experience growing businesses; they have little spare time; and they can be expensive. Participants would like to see more of these types of programs to serve all types of businesses, maybe similar to Reddit¹ in which members leverage a digital community to make connections and get answers.

Recommendations

Stakeholders Responsible

Create mentoring boards with three to four mentors who have different areas of expertise and experience growing businesses and are available to work with small groups of young entrepreneurs in a growth stage.



Government



Non-Profit
Organizations

Form partnerships between professional services firms and non-profits to form advisory boards to offer advice on a volunteer basis, or at a discount rate.



Government



Non-Profit
Organizations



Industry
Associations



Corporate
(Professional Services
Firms)

Create forums for young entrepreneurs to access expert help on specific issues.



Government



Non-Profit
Organizations



Industry
Associations



Corporate
(Professional Services
Firms)

¹ Reddit is an entertainment, social networking and news site where registered community members can submit content. One of the most popular uses is posting "AMAs" ("Ask Me Anything") which prompts others to ask questions about any topic or submit answers. See: <https://en.wikipedia.org/wiki/Reddit>



ACTION ITEM

- 3 Create a Matching Service for Prospective Mentors and Mentees Post-Start-up**
Participants felt this idea would address the perceived lack of mentorship programs for growth stage businesses (two years or more, post start-up). They felt it would be particularly helpful to young entrepreneurs who lack networks or the networking expertise needed to find mentors. They also saw a need for services that offer expert advice to young entrepreneurs on demand.

Recommendations

Stakeholders Responsible

Offer mentorship programs for start-ups in the growth stage (2-5 years in business).



Government



Non-Profit Organizations

Create a hub or online intermediary to broker the relationship between young entrepreneurs and potential mentors.



Academic Institutions



Non-Profit Organizations



Corporate (Professional Services Firms)



Young Entrepreneurs

Create a formal mentor certification program to help mentees determine if a potential mentor has the expertise they need.



Associations



Non-Profit Organizations

Create an online service to provide expert advice on-demand to young entrepreneurs, like volley.works² for a broader range of industries or clarity.fm³ at a more affordable cost.



Non-Profit Organizations



Young Entrepreneurs

² volley.works is a Toronto-based web service that enables its members, mostly in voice technology businesses, to easily ask for advice and pay it forward by advising others. Members create short, actionable requests and get introduced to people with relevant expertise. See: <http://www.ryersonfutures.ca/2014/08/volley-raises-seed-round-debuts-invite-community-easily-ask-advice-pay-forward/>

³ clarity.fm is a New Brunswick based online service that enables entrepreneurs to get business advice by phone from a wide range of industry and functional experts in Canada and internationally. Experts charge by the minute with prices ranging from \$1/minute to as high as \$83/minute to speak with the founder. See: <https://clarity.fm/about>



ACTION ITEM

4

Create Formal Networks of Young Entrepreneurs' Businesses

Participants liked the idea of formal networks of young entrepreneur-led businesses collaborating to achieve scale economies through shared purchasing of services, such as legal, accounting and market research. They recognized that several business associations, like the Canadian Chamber of Commerce and the Canadian Federation of Independent Business (CFIB), offer a range of purchasing discounts to their members.⁴ Some participants also mentioned Epic Perks which small businesses can join for a fee to access a variety of discounts on purchases ranging from office supplies to travel to insurance.⁵ Some felt it would be useful to explore if there are particular benefits of scale economies to young entrepreneur-led businesses and determine the best ways to meet them, either through new or existing programs to explore whether there are other ways that youth-led businesses can benefit from economies of scale.

Recommendations

Create formal networks which young entrepreneurs can purchase services at a group rate.

Stakeholders Responsible



Non-Profit
Organizations



Industry
Associations



Government

ACTION ITEM

5

Form young entrepreneur associations or young entrepreneur branches of chambers of commerce or boards of trade

Summit participants acknowledged that this solution was already addressed by many industry associations and chambers and agreed that young entrepreneurs should take full advantage of these opportunities.

⁴ See <http://www.cfib-fcei.ca/english/privilege-programs/canada.html> <http://www.chamber.ca/membership/member-programs/>

⁵ See <https://www.epicperks.com/Home/>

FINDING TALENT AND ACCESSING PROFESSIONAL SERVICES



Challenges related to acquiring skills in critical areas such as human resources management and team-building, legal and accounting were identified at every roundtable across the country. At the Summit participants were asked to develop solutions and action items by considering four questions:

- What kind of HR advice do young entrepreneurs need?
- What is needed to help young entrepreneurs determine the best way to build their teams?
- What is needed to help young entrepreneurs assess their own skills gaps and fill them?
- How could professional services like legal, accounting, and training be more accessible?



ACTION ITEM

1

Provide services to help young entrepreneurs build their teams and position themselves for growth.

The Summit participants identified three top areas in which they require advice: staffing strategies; leadership skills; and employment standards and legalities.

- **Staffing strategies.** Helping entrepreneurs identify when they should hire full-time staff and when they should bring someone in on contract. Participants agreed on the need for tools to help an entrepreneur assess current skills and skill gaps as well as advice around best practices in delegating, recruiting and retention.
- **Leadership skills development.** Providing guidance to young business owners on how to create a strong company culture.
- **Employment standards and legalities.** Providing learning opportunities with respect to hiring and firing and contract workers.

Mentors and peers were considered to be critical resources to help young entrepreneurs identify their strengths and weaknesses. Participants also discussed the importance of formal education to help them develop soft skills, such as network building and leadership training.

Recommendations

Create online resources to address these topics, including HR-related education materials, employment standards and hiring best practices and checklists.

Stakeholders Responsible



Corporate
(Professional Services
Firms)



Industry
Associations



Academic
Institutions

Hold HR bootcamps, workshops and seminars on critical team-building and HR-related topics.



Corporate
(Professional Services
Firms)



Industry
Associations



Academic
Institutions

FINDING TALENT AND ACCESSING PROFESSIONAL SERVICES



Recommendations

Stakeholders Responsible

Create tools to help entrepreneurs assess strengths, weaknesses and skills gaps (self-assessment tools, skills matrix).



Non-profit organizations
(incubators,
accelerators)



Mentors

Provide government subsidies to help small businesses hire new employees.



Government

Provide education that addresses soft skills, such as leadership training and network building.



Non-profit
organizations



Academic
Institutions



ACTION ITEM

2

Make professional services more accessible for young entrepreneurs

There was universal agreement that in order to grow a business, entrepreneurs need to expand their skills, either through hiring, training or accessing the services of professionals in areas such as legal, accounting, market research or information technology.

Much of the discussion in this area related to cost and the need for subsidies, grants or flexible payment options to make these services more affordable. At the same time participants recognized that “you get what you pay for” and acknowledged that they need to understand the benefits of paying for specific professional services. They also identified the need for help finding professional service providers, potentially through an online forum or referral program, or an SME hotline. Finally, they liked the idea of having professional service firms sponsor local meet-ups or matching sessions for young entrepreneurs to interact with their professional staff.

Recommendations

Create subsidies for access to professional services.

Stakeholders Responsible



Government

Provide coaching to young business owners on the value of professional services.



Mentors



Non-Profit
Organizations



Corporate
(Professional Services
Firms)



Industry
Associations



Recommendations

Stakeholders Responsible

Create an online forum or referral program for small businesses to access professional services.



Non-Profit Organizations



Industry Associations



Young Entrepreneurs

Host meet-ups for young entrepreneurs to meet and interact with professional service providers.



Non-Profit Organizations



Corporate
(Professional Services Firms)



Industry Associations

PUTTING THE 'ACTION' IN ACTION ENTREPRENEURSHIP



These discussions and recommendations are only the first step in advancing youth entrepreneurship. Now we call on all stakeholders – non-profits, corporations, academic institutions, government leaders and young entrepreneurs – to step up to the plate and help put these recommendations into action.

Although the Action Entrepreneurship 2015 Roundtables and Summit are finished, Futurpreneur Canada is committed to continuing this conversation.

We are tracking the work being done across Canada to support young entrepreneurs with our online database, Action Entrepreneurship Link. We encourage organizations that have programs or initiatives that address the recommendations in this report and in the 2014 Action Plan to add their details into this database.

Where there are gaps to be filled, organizations can reach out to Futurpreneur Canada to see if there

is a way we can collaborate to address this need. Entrepreneurially-minded young people might also see an opportunity to address one of these recommendations with a new product or service.

Collectively, we have the opportunity to help young Canadian entrepreneurs grow their businesses, create more jobs and build a stronger economy.



Where there are gaps to be filled, organizations can reach out to Futurpreneur Canada to see if there is a way we can collaborate to address this need.



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