

**Characteristics of Firms that Grow from Small to Medium Size, 2003**

A collaborative research project between NRC-IRAP and Statistics Canada

INTERVIEWER GUIDE

December 16, 2003

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**Instructions to the interviewer**

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***Screening***

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The respondents will have been screened as being of the correct size, industry, and growth characteristics. The company should also be “technology-based”.

The respondent should be a senior manager of the company. The respondent should have been with the company during its period of growth.

We would also like to interview some senior managers of companies that no longer exist. That is, small companies that went out of business. In this case, the questions would have to be slightly modified.

Before finally selecting the company to interview, we would also like to know whether or not it had ever received IRAP funding.

The respondent should have a copy of the “Information Sheet” e-mailed or faxed before the interview.

***Symbols and notation***

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Text to be read or paraphrased is in regular type. Important text is in **regular bold** type.

Other instructions are in ***bold italic***. These also include outstanding issues about the guide itself.

Underlined words are explained in more detail in the glossary.

For information only

## Introduction

**Introduce interviewer(s). Give business cards. Thank the participant.**

### *Purpose of interview*

I would now like to take a few moments to introduce the purpose of this interview. Feel free to interrupt if you have any questions.

The National Research Council's Industrial Research Assistance Program (NRC-IRAP) and Statistics Canada are undertaking a study to determine the characteristics of firms that grow from small to medium size. NRC-IRAP provides Canadian small-and medium-sized enterprises (or SMEs) with value-added technological and business advice, financial support and a range of other innovation assistance.

A set of interviews is being conducted to supplement the scientific literature, Statistics Canada's databases and the knowledge of the NRC-IRAP officers (ITAs). We are specifically looking at the small to medium transition (e.g., doubling in employment and employing more than 20 persons) since medium-sized firms are often more productive and sustainable. These factors will be further analyzed using our existing data on R&D, innovation and technology-based companies.

**I am here to obtain your views on the factors, internal and external, that were important to the growth of your company from small to medium size.**

The entire interview is designed to take about one hour. If we do not have the time to complete all the detailed questions, we would appreciate a few minutes on the last question (other factors).

This information will help the Government of Canada better understand the needs of small business and focus policies and programs on those areas that will improve the prospects for small business in Canada.

Statistics Canada was engaged to undertake this study in order that NRC-IRAP would receive a frank and neutral assessment of characteristics of firms that grow from small to medium size.

If you like, we can put you on a mailing list to receive any documents that are published based on these interviews.

***If yes, get business card or detailed address with e-mail.***

### ***Confidentiality***

This interview is voluntary. We will be taking notes and with your permission, recording the interview. This interview, our notes and any recordings are collected under the provisions of the Statistics Act. ***Everything you tell us will be confidential.*** This interview will be analyzed together with others to provide an aggregate overview. Nothing that we release will allow you or your company to be identified.

***Process for participants in one-on-one interviews***

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Here is a quick overview of the interview process:

- The first step will be to present an overview of the project.
- Secondly, I will ask you to describe your company's beginnings and the important milestones in its growth.
- Next, we will ask some specific questions about the factors critical to your company's transition from small to medium.
- Then we will talk about the barriers to your growth that you had to overcome to get to where you are now.
- Finally, we will ask you to suggest any critical growth factors that we haven't yet discussed.

**Do you have any questions before we start?**

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**Interview Questions**

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***Background to the project***

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The economic literature discusses many factors that are important to the growth of firms. Some focus on R&D and innovation, others on management practices, financing or market conditions. In this study, we would like to consider the broad range of factors that are specifically relevant to small Canadian businesses.

An important part of the project is to talk to the managers of medium-sized companies that have recently grown from small-sized. By looking at the characteristics of these firms **when they were small and during their transition to medium size**, we hope to assess what further support small firms might need to grow.

***Question 1: Company background and milestones***

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Could you please relate a short story about the beginnings of your company? When did it start? Who was involved? What was the business plan?

***Question 2: Specific transition factors***

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We will now go into more detail about specific conditions that contributed to your transition from small to medium: R&D, innovation, ownership, management, human resources, intellectual property, business strategy and external factors.

***Refer to the glossary at the back if necessary. The interviewer should drop the R&D or intellectual property (IP) sections if they're not relevant. The interviewer should drop any individual questions if they are not relevant or have already been answered.***

***R&D [skip if none or already covered]***

How important was R&D to your company when it first started?

***Innovation [skip if already covered]***

Did you develop any new or significantly improved products (goods or services) or implement any new or significantly improved processes as a small company? If so, can you briefly describe these?

Did you implement any new or significantly improved ways of delivering your products to your clients as a small company? If so, can you briefly describe these?

***Intellectual property [skip if already covered]***

As a small company, did you undertake to protect your intellectual property rights (patents, trademarks, copyrights, trade secrets agreements)?

***Ownership, management and human resources [skip if already covered]***

Were there any changes in ownership during the transition?

Could you tell us some more about the people and skills involved in the transition?

***Business strategy [skip if already covered]***

Could you briefly describe your business strategy before and during the transition?

***External factors [skip if already covered]***

Most of the factors we have discussed above have been largely internal to your firm. What were the most important external factors in your transition, for example, the economic environment, the market, sources of funding and sources of information?

***Question 4: Barriers***

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Now, we would like to discuss some of the barriers that you had to overcome for your business to grow from small to medium. What aspects of growth did you find most difficult (such as, financing, marketing, partnerships, skills, government regulations, competition, taxes, acceptance of new products or technologies, etc.)?

***Question 5: Other factors***

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We're certain that we didn't cover all the important factors contributing to your growth. Were there any factors important ones that we didn't discuss?

What would you say differentiates your company from similar companies that have either not grown or gone out of business?

If you were to do it all over again, what would you do differently?

***Conclusion***

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Thank you very much for your time. The information you have given us will be very useful to our research.

If you have any further thoughts on this topic, you are welcome to call us. Also, if you have any background documents on your company that you think would help us, we would appreciate having them. You will have our names and addresses on the Information Sheet.

We would like to present you with this small token of our appreciation for having participated in our research [*a Canada Year Book*].

## Glossary

**Clusters:** Technology clusters are geographic concentrations of interconnected companies, academic or government research organizations, financial institutions, and other service providers working together to achieve innovation for economic growth. (p. 19 NRC- IRAP 2003-2006 Strategy - Investing in Innovation)

**Contract workers and consultants:** People working under contract for the firm normally to undertake specific services often on a short-term basis. These are generally not counted as employees.

**Employees:** Full-time equivalents excluding partners and directors of the corporation.

**Firm:** For this study, we are focusing on small and medium companies.

**Growth:** We are focusing on companies that have doubled in the number of employees or revenues or more over the past 5 years or less.

**Intellectual property:** Refers to creations of the human mind that can be protected by legal means: inventions, copyrightable works, industrial designs, trademarks, know-how, integrated circuit topographies, new plant varieties and know-how.

**Innovation:** For this study, innovation is translating knowledge into new or improved products, processes and services that improve the firm's competitiveness.

**IRAP (Industrial Research Assistance Program):** The National Research Council (NRC) of Canada's IRAP is the Government of Canada's premier innovation and technology assistance instrument for small- and medium-sized enterprises (SMEs). The mandate for IRAP is to stimulate wealth creation for Canada through technological innovation.

**ITA (Industrial Technology Advisors):** NRC-IRAP employees who administer the program in the field, i.e. the contacts for the small- and medium-sized firms.

**Medium-sized firm:** For this study, we are looking at four size groups in terms of employees 1-19, 20-49, 50-99 and over 100. We would consider a firm with between 20 and 499 employees that has doubled in employment or revenues over the past 5 years.

**R&D (Research and Development):** Expenditures on scientific research and experimental development eligible for the SR&RD tax credit.

**Revenues:** Annual revenues from all sources.

**SMEs (Small- and medium-sized enterprises):** A term that is used to describe small- and medium-sized firms.

**Small-sized firm:** As with a **medium-sized firm**, a small-sized firm is relative. In general, we are looking for firms that employed fewer than 20 persons 5 years ago.

**Spin-off:** A company established with the assistance of a parent company to (a) exploit a specific licensed technology, (b) conduct R&D to develop a technology that is intended to be licensed back to the parent or (c) to provide a service that was originally offered by the parent company.

**Subsidiary:** A company with a reporting relationship to a parent company.

**Technology-based:** Companies that create or use technology through R&D, licensing or purchasing technology. The company invented a product, licensed a technology and developed it to market it, purchased a significantly new technology embodied in equipment, or based on the exploitation of new technological knowledge.

**Venture capital:** Capital (as retained corporate earnings or individual savings) invested or available for investment in the ownership element of new or fresh enterprise -- called also *risk capital*.

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