

**Canada Small Business Financing Act
Awareness Study**

Report to Industry Canada

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Multi-Audience Research
Ottawa and Toronto

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Executive Summary

- Industry Canada commissioned COMPAS to conduct a survey of small and medium-sized enterprises to better understand the experience of businesses when they try to obtain financing, as well as their levels of awareness and knowledge about the Canada Small Business Financing Act (CSBFA). Two distinct survey populations were used for this study
 1. General business population: random sample of 300 small and medium-sized businesses drawn from the general business population (defined as under \$5 million in annual revenues). A further 94 firms in the 'early start-up' and 'survival' stages of development were included in the study for a total of 394 businesses. A sample of this size can be considered to be accurate within +/- 5%, 19 times out of 20.
 2. CSBFA clients: random sample of 202 businesses that had obtained a CSBFA loan within the past year (+/- 7.1%, 19 times out of 20).

Interviewing took place, by telephone, during the last two weeks of March, 2001.

General Business Population

Financing Issues

- 70% of businesses use only one institution for their banking and financial arrangements; 28% use more than one.
- In terms of institutions used, the Royal Bank leads the way (24%), followed by CIBC (17%), the Toronto Dominion Bank (16%), and the Bank of Montreal (15%) (multiple responses accepted). Co-operatives, including Credit Unions and Caisses populaires, were also identified frequently (20%). Also cited were Scotiabank (10%) and National Bank (7%).
- Lines of credit are the most used financing option (59%). Significant numbers also use term loans (36%), credit cards for larger purchases (30%), and capital leasing for equipment (24%) (multiple responses accepted). Fewer use operational leases (14%), while very few use venture capital (4%). A significant number (19%) did not know or did not answer the question.
- 57% of businesses have never applied for a loan from a financial institution; 41% have.



- 79% of companies that applied for a loan were successful in obtaining it for the amount requested, while 8% obtained a loan, but for a lesser amount. Conversely, 15% were turned down for a loan.

Awareness of CSBFA/SBLA Program

- 41% of all business managers claimed to be aware of a federal government program that guarantees the loans of small businesses. This should be seen as 'unaided awareness' of federal loan programs (i.e. on an unnamed basis). It includes people aware of other programs, not just the CSBFA/SBLA.
- Awareness of the CSBFA and SBLA by name on an unaided basis is 10%. In all, 35 managers (9%) identified the SBLA and 2 (.6%) identified the CSBFA.
- Those business managers who had not already indicated awareness of the programs were told the names of three programs (CSBFA, SBLA, and BIL) and asked whether they had heard of them. In response, 40% claimed to have heard of the SBLA, 32% the BIL, 19% CSBFA.
- In total, exactly half of all managers said they had heard of the CSFBA/SBLA program. This includes everyone who could recall the program on an aided or unaided basis (almost all of these were aware of the SBLA, only about a third aware of the CSBFA). Total awareness of the BIL is 33% (the vast majority on an aided basis).

Knowledge and Use of Government Programs

- 49% of business managers who claimed to be aware of the CSBFA/SBLA program said they knew nothing about it, while 20% did not provide any response. In total, therefore, over two-thirds did not provide any substantive feedback in terms of what they know about the program. Feedback that was provided lacked salience and tended to be very general in nature.
- Managers learned about the CSBFA/SBLA from varied sources, including brochures/pamphlets (17%), friends or colleagues (14%), and a bank or bank officer (12%). Other sources cited less often included business service providers, newspapers, websites, a survey, the radio, and unspecified publications. In all, 17% indicated that they did not know.
- Managers aware of the BIL program learned about it from the same sources as the CSBFA/SBLA, and with the same relative frequency.



- 79% said their business has never obtained a loan covered by a government loan guarantee program, either federal or provincial; 17% said they had. Of the latter, 9% said their business obtained a loan covered by a federal program, 5% a provincial program, and 3% were unsure about the level.
- 88% of businesses have never decided not to accept a government guaranteed loan (federal or provincial) if one was available. When managers of companies that have refused a government guaranteed loan (n= 29) were asked why, the most common reason was a lack of need, followed by too many administrative burdens, and high interest rates.
- 77% said they were aware of the Business Development Bank of Canada. When asked whether they have ever used any of the Bank's products or services, 92% of those aware of the Bank said that they had not.

Information Preferences

- 38% prefer to get information about financing options from bank managers and loan officers. This was followed by one-quarter who cited government, either in general (11%), or the federal (9%) or provincial level (4%) (multiple responses accepted). Business providers were also mentioned (12%). One-quarter did not identify a preference or indicated that they had no preference.
- 67% identified hard copy or paper as their preferred format for receiving information about financing. A significant number prefer to receive such information electronically, either by email (28%) or in web-based format (5%). A significant number (18%) prefer to receive such information in person.

CSBFA Clients

Financing Issues

- 72% of client firms use only one institution for their banking and financial needs; 28% use more than one. This is virtually identical with non-client companies.
- Heading the list of institutions used were Caisses populaires (27%) and the Royal Bank (26%), followed by Scotiabank (17%), CIBC (11%), the Bank of Montreal (10%), and Credit Unions (9%) (multiple responses accepted).
- Two financing options are used with some frequency by client businesses: lines of credit (75%) and term loans (70%). Identified less often, but by



substantial numbers, was capital leasing for equipment (41%), followed at a distance by credit cards for larger purchases (27%) and operational leases (22%). Mentioned less often was venture capital (12%).

- 82% of business managers said their company has applied for a loan from a financial institution. Conversely, 17% said they have never applied for a loan. This is somewhat puzzling since all businesses on the client list would have received a loan during the past year. It may be that some respondents may not want to acknowledge that their business received a loan, and that others may be new and unaware of this.
- 81% of companies that applied for a loan were successful in obtaining it for the amount requested, while 16% obtained a loan, but for a lesser amount. Conversely, 5% were turned down for a loan.

Awareness of CSBFA/SBLA Program

- Managers of firms that obtained a loan were asked whether the loan was covered by a loan-guarantee program offered by the federal government. Despite the fact that all of these businesses received loans under the CSBFA program, exactly one-quarter said they thought their loan was not covered by a federal program (4% were unsure). This suggests that financial institutions may not be consistently identifying the CSBFA program to businesses that make use of it.
- 81% of all business managers claimed to be aware of a federal government program that guarantees the loans of small businesses. This should be seen as 'unaided awareness' of federal loan programs (i.e. on an unnamed basis). It includes people aware of other programs, not just the CSBFA/SBLA.
- Awareness of the CSBFA and SBLA by name on an unaided basis is 40%. In all, 79 managers (39%) identified the SBLA and 3 (1%) identified the CSBFA.
- Those business managers who had not already indicated awareness of the programs were told the names of three programs (CSBFA, SBLA, and BIL) and asked whether they had heard of them. In response, 43% claimed to have heard of the SBLA, 28% the BIL, 10% CSBFA.
- In total, just over two-thirds of client businesses (68%) said they had heard of the CSBFA/SBLA program. This includes everyone who could recall the program on an aided or unaided basis (almost all of these were aware of the SBLA, but only about a sixth aware of the CSBFA). Total awareness of the BIL is 33% (the vast majority on an aided basis).



Knowledge and Use of Government Programs

- 27% of business managers who claimed to be aware of the CSBFA/SBLA program said they knew nothing about it, while 23% did not provide any response. In total, therefore, exactly half did not provide any substantive feedback in terms of what they know about the program. Feedback that was provided lacked salience and tended to be very general in nature, as with the non-client group.
- Most of those aware of the CSBFA/SBLA learned about it from a Bank (53%). Relatively small numbers learned about it from friends or colleagues (11%), a website (8%), a brochure/pamphlet or a service provider (6% each).
- Managers aware of BIL were most likely to have heard about the program through a bank, specifically a bank officer (33%), followed by a friend or colleague (15%), a website (12%), a brochure/pamphlet (8%), or a business service provider (5%). In all, 13% did not recall the source of their information about BIL.
- 53% said their business has obtained a loan covered by a government loan guarantee program, either federal or provincial; 38% said they have not. It is significant that only 29% indicated clearly that their business obtained a loan covered by a federal program. Seven percent thought their loan was covered by a provincial program, while 2% said it was covered by both levels. As well, 17% were unsure about the level, while 9% were unsure about whether or not they obtained a loan covered by a government program.
- 86% of businesses have never decided not to accept a government guaranteed loan (federal or provincial) if one was available. Those who did refuse (n= 21) pointed to a variety of reasons, including lack of need, too many administrative burdens, high interest rates, strict requirements, and the availability of other options.
- 77% said they were aware of the Business Development Bank of Canada. The vast majority of those aware of the Bank (84%) said that they have not used Bank services. Services that were used included term loans (8%) and consulting services (7%).



Information Preferences

- 50% prefer to get information about financing options from bank managers and loan officers. This was followed, at a distance, by business providers (22%) and government (20%). The latter includes the Government of Canada (10%), government in general (7%), and provincial governments (3%) (multiple responses accepted). Nineteen percent did not identify a preference.
- 70% identified hard copy or paper as their preferred format for receiving information about financing. Approximately one-quarter prefer email (24%) or personal contact (23%) (multiple responses accepted). Small numbers showed a preference for web-based options, phone or fax.

Implications

Not surprisingly, the results for the client and non-client groups are very different in terms of CSBFA awareness issues. Clients exhibited significantly higher levels of awareness of the federal loans program, both by name and otherwise. However, there were also noteworthy differences with respect to other issues explored in the survey.

The client population appears to be more sophisticated in terms of addressing the financial needs of their business. This is manifested in their significantly higher use of all of the financing options investigated, with the sole exception of credit cards for larger purchases. This may be related to the age of the business and of the owner. Client organizations tend to be younger than businesses that are part of the general business population, with almost half being in existence for five years or less. They are also more likely to be owned by younger people: 64% are owned by people under 45 compared to 41% of non-client firms, with the biggest difference in the under 35 group. It may be that youth brings with it an openness to alternatives and a more rigorous exploration of financing options. Part of this openness may also be the result of a greater need for financing which drives younger firms to explore all the alternatives and options available to them.

Client businesses are also more likely to have applied for business loans on multiple occasions during the past two years (50% of client firms that applied for a loan vs. 33% of non-clients who did so), and to identify co-operatives (39% vs. 20%), but particularly Caisses populaires (27% vs. 9%), as financial institutions with which they deal. Related to this, regional differences appear to be significant, with client organizations much more likely to be found in Quebec, and less likely to be found in the West. Among both populations (client and non-client), representatives from Quebec were significantly more likely to identify



cooperatives as financial institutions with which they deal. However, clients from Quebec were significantly more likely to identify them than non-clients from Quebec.

In short, there are numerous differences between client and non-client populations. It is likely that some of these help explain the variance in awareness and usage levels with respect to the CSBFA program.

Despite the far higher level of awareness of the loans program among the client group, there appears to be a lack of familiarity with, and considerable confusion about, issues related to it:

- ❑ Fully 17% of client representatives claimed that their business has never applied for a loan from a financial institution. This is puzzling since all businesses on the client list received a loan during the past year. It may be that some executives may not want to acknowledge that their business received a loan, while others may be new and unaware of this. The senior level of the vast majority of survey respondents suggests more of the former than the latter.
- ❑ A significant number who acknowledged having applied for a loan said that this was done two years ago or longer (while, in fact, all received a loan during the past year).
- ❑ 25% of those who obtained a loan in the past two years said that their loan was not covered by a federal program (while a further 4% were unsure).
- ❑ Fully half of those aware of the CSBFA/SBLA program said they knew nothing at all about it. Most of the rest provided very general statements about it.
- ❑ Finally, when asked whether their business has ever received a loan covered by a federal or provincial program, only 29% of all clients identified the federal government as the guarantor of their loan. This is about half of those who initially said that their loan was covered by a federal program. It appears that, when presented with a direct question, many client representatives are unclear about which level of government sponsors the loan program that covered their loan.

Taken together, the results point to a relatively low level of knowledge and high degree of confusion among clients about the loans program, including everything from its name to the level of government that makes it available. As would be



expected, awareness and knowledge levels are much lower among the general business population.

It is noteworthy that approximately two years after the program has been redesigned, including a change in name, relatively few of those aware of the program know it by its 'new' name. This is consistently the case, whether recall is measured on an unaided or aided basis. Clearly, the new 'brand' for the program has not taken hold.

We offer the following observations for Industry Canada's consideration:

Financial institutions used:

- As noted, client firms were much more likely than non-clients to identify Caisses populaires as a financial institution that they use. This may be because Caisses populaires are more active in identifying and offering access to CSBFA loans compared to other financial institutions.

Awareness of CSBFA:

- The significant number of clients who had obtained loans (29%) that said their loan was not covered by a federal program (or were unsure) suggests that financial institutions may not be consistently identifying the CSBFA program to businesses that make use of it.
- The far higher awareness of the old name of the program (SBLA) among clients suggests that financial institutions may be continuing to use the old name, and are not identifying the new name to clients. Recall that 55% who said their loan was covered by a federal program identified the SBLA by name on an unaided basis, while only one person identified the CSBFA by name. In terms of total awareness (aided and unaided among all clients), only 11% said they recalled the CSBFA by name, while 68% said the same for the SBLA.
- Part of the higher awareness of the former name may result from the name itself – Small Business Loans Act. Some people may simply have said 'small business loans' in a generic fashion and this was taken as the correct identification of the SBLA. In other words, the former name more clearly approximates the content or substance of the program than does the new name, and this might account for some of the higher level of awareness.
- There appear to be numerous federal programs that involve loans to businesses (e.g. BIL, BDC, Community Futures Development Corp., etc.).



This too likely contributes to the confusion associated with correctly identifying a specific federal program, whether or not their business has used it. Given the crowded nature of the 'field', a realistic objective would appear to be general awareness of federal loans programs, rather than awareness of any one program by name. This would be true even for client businesses that have received a CSBFA loan. Recall that many client representatives seem unclear about which level of government sponsors the loan program that covered their loan. It may be that, when it comes to loans, businesses do not tend to discriminate between levels of government, but tend to think in generic terms.

- It appears that many businesses that are turned down for loans are not being informed about the CSBFA program by financial institutions.
- Banks were identified far more often by clients than non-clients as the source of information about the program. This suggests that banks represent an effective 'feeder' group in terms of providing access to and information about the program.

Communications strategies and information-related issues

- Reasons that were provided by the relatively small numbers who have decided against using a government guaranteed loan program represent the types of issues that need to be addressed in marketing strategies designed to promote the use of the program. These include perceptions of a heavy administrative burden (i.e. too much red tape/paper work), high interest rates, overly strict requirements, and the availability of other options.
- Clients and non-clients identify financial institutions as their preferred source of information about financing options. This suggests that Industry Canada may want to target communications/information to financial institutions.
- The relative youth of client organizations suggests that Industry Canada may also want to target CSBFA-related communications to younger audiences, both in term of business age and the owner's age.
- Consistent with other research conducted for Industry Canada, both clients and non-clients expressed a strong preference for hard copy information about the loans program, compared to electronic formats.



Subgroup differences:

- Subgroup differences are apparent with respect to both the client and non-client populations. That is, the characteristics of businesses (size, age, etc.) are relevant to the issues explored in this survey.



Introduction

Industry Canada commissioned COMPAS to conduct a survey of small and medium-sized enterprises to better understand the experience of businesses when they try to obtain financing, as well as the extent to which they are aware of and knowledgeable about the Canada Small Business Financing Act (CSBFA).

Three distinct survey samples were used for this research:

3. Random sample: This consisted of small and medium-sized businesses that were drawn randomly from the general business population (defined as under \$5 million in annual revenues). A list of eligible businesses was obtained from a list broker that specializes in business lists. Quotas were established for business size and urban vs. rural location, the latter defined for this study as being under 20,000 residents. A total of 300 interviews were conducted with these businesses.
4. Early stage firms: This sample consisted of businesses that were in the 'early start-up' and 'survival' stages of development (according to a categorization provided by Industry Canada). All of the businesses in this sample had taken part in an earlier study conducted by the department on the information needs and preferences of small and medium-sized businesses. These businesses were included in this study to enable us to better explore whether or not early stage businesses, which are assumed to be more likely to seek financing, exhibited greater awareness of the CSBFA program than other businesses. A total of 94 businesses from this group were included in this study.
5. CSBFA clients: This sample consisted of 'client' firms that had obtained a CSBFA loan within the past year. An appropriate list was provided by Industry Canada in electronic form that contained the business name, phone number and sometimes an appropriate contact individual. A total of 202 interviews were conducted with these businesses. A sample of this size can be considered to be representative within +/- 7.1%, 19 times out of 20.

Once the fieldwork was completed, the non-client results (i.e. samples 1 & 2 identified above) were combined and weighted by size and region to reflect the distribution of companies in the list broker's database of Canadian businesses. This was not required for the distribution of businesses by 'rural' and urban locations. The combined sample, labelled the 'general business population', can be considered to be representative of the target audience within +/- 5%, 19 times out of 20.

In total, therefore, 596 interviews were completed with business representatives. Interviewing took place, by telephone, during the last two weeks of March, 2001. The average length of the interviews was approximately nine minutes. Respondents were



business owners or senior managers knowledgeable about the financial arrangements of the business.

The following specifications also applied to this study:

- ❑ Telephone calls were made during regular business hours with up to eight call back attempts per sample record.
- ❑ The client and non-client data were not merged, but were treated as distinct populations and analyzed and reported on separately.
- ❑ A separate analysis of early stage businesses was also conducted, based on the 94 firms from the early stage sample (i.e. number 2 identified above) and an additional 97 companies from the random sample of businesses, for a total of 191 businesses. Early stage businesses from the client sample have not been included in this analysis because of the significantly different nature in the types of sample (client and non-client).
- ❑ The same questionnaire was used for both the clients and non-client groups.
- ❑ A pre-test of the survey was conducted.
- ❑ Sponsorship of the study was revealed (i.e. Industry Canada).

For editorial purposes, the terms 'business manager' and 'participant' are used interchangeably to denote survey respondents. The terms 'client' and 'non-client' are also used to describe the two different survey samples.

The report is divided into three sections:

- ❑ General business population
- ❑ CSBFA clients
- ❑ Subgroup variations

Appended to this report is a copy of the questionnaire.



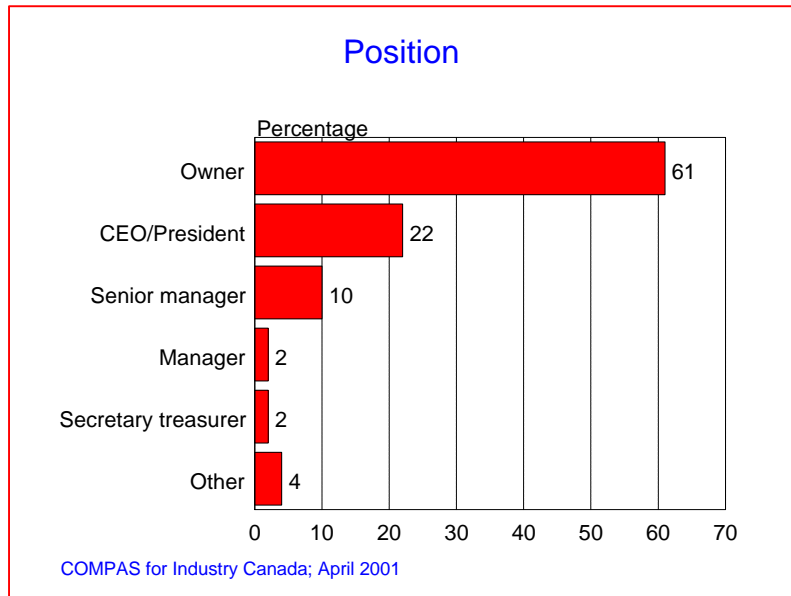
General Business Population

The following results are based on interviews with representatives of 394 businesses: 300 from the random sample of firms and 94 from the over-sample of early-stage firms. As noted, this data was weighted by size and region to reflect the distribution of companies available in the database of Canadian businesses. Without weights applied, it already approximated the distribution of businesses by 'rural' and urban locations.

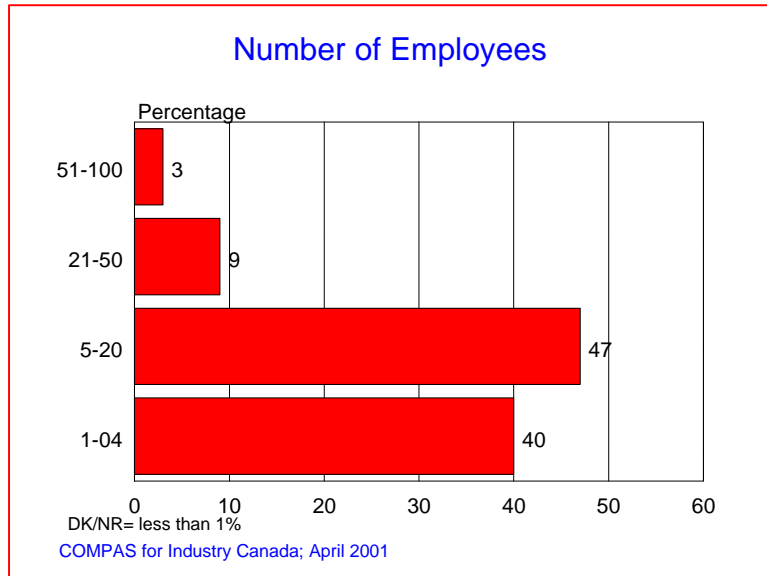
Key Business Characteristics

This section presents key characteristics of these businesses.

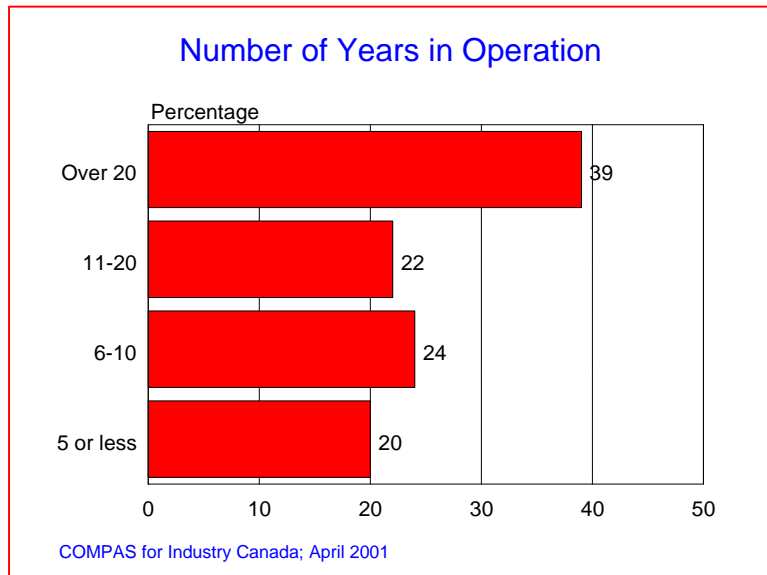
The individual respondents that participated in this survey on behalf of their businesses held very senior positions. Over half (61%) were business owners, while most of the rest were CEOs or presidents (22%). A smaller number were senior managers, while relatively few held more junior positions. Included in the 'other' category were administrator (unspecified), overseer, and head of administration.



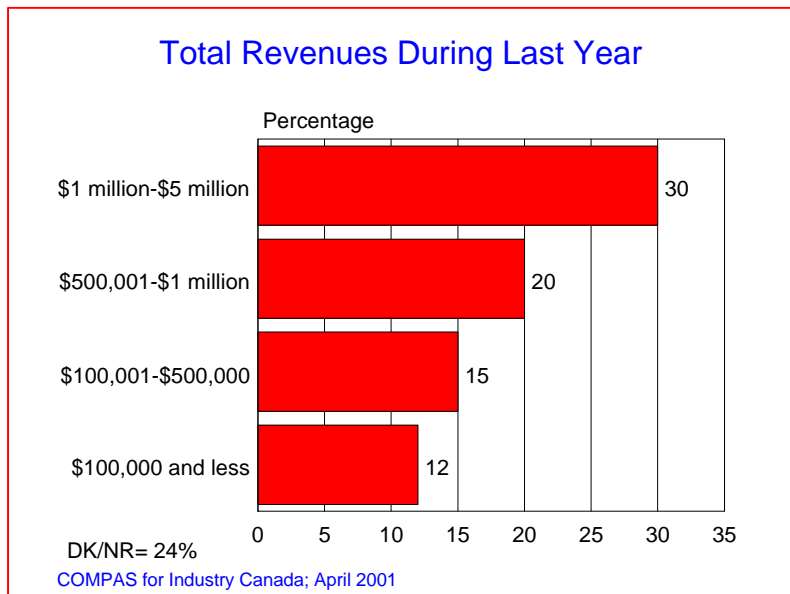
The vast majority of firms have under five (40%) or between 5-20 employees (47%). Relatively few had more than this. This included full-time and part-time staff in all locations in Canada, the latter calculated as the number of full-time equivalents. It did not include contract or outsourced work.



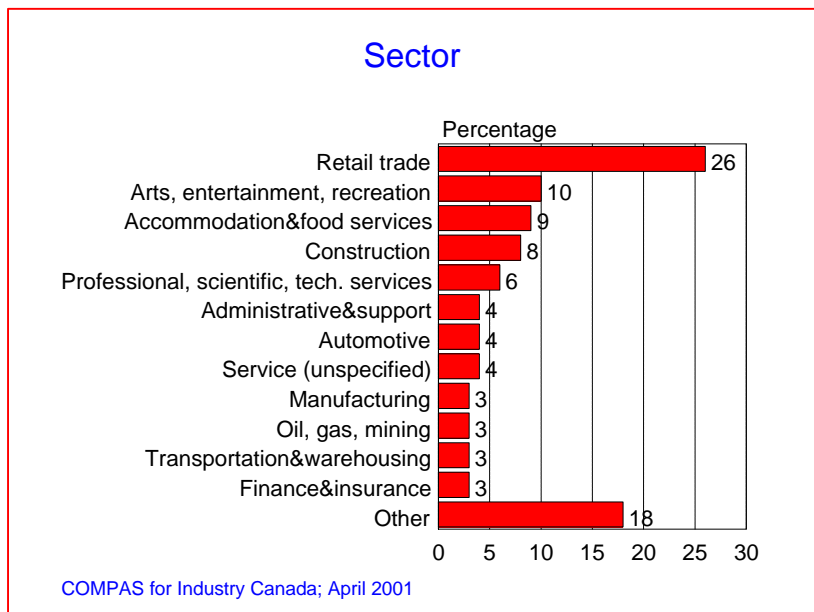
There is considerable variety in the length of time that businesses have been in existence. Over one-third (39%) have been in operation for more than 20 years. The rest are almost equally divided across three time periods, with approximately one quarter in existence for 11-20 years, 6-10 years, and five years or less.



All businesses included in this study have annual revenues of \$5 million dollars or less (before taxes and deductions). Beyond that, there is considerable variety in revenues. Nearly one-third earned between \$1million and \$5 million during the last calendar year. Following this, in declining order, 20% earned between \$500,000 and \$1 million, 15% earned between \$100,000 and \$500,000, and 12% earned \$100,000 or less. Note that approximately one-quarter (24%) did not provide an answer to this question.



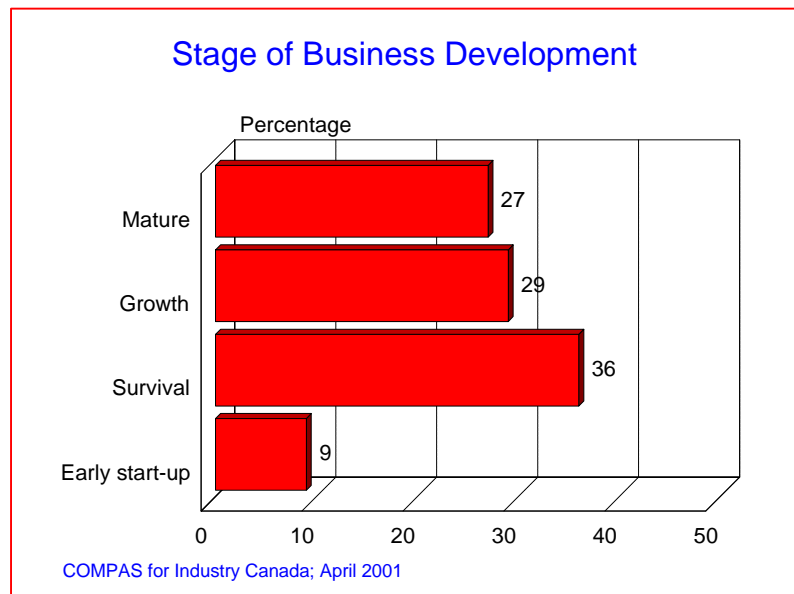
The most common sector, by far, is retail (26%), followed at a distance by arts, entertainment and recreation (10%), accommodation and food services (9%), construction (8%) and professional, scientific and technical services (6%). Small numbers are in administrative and support services, the automotive sector, services (unspecified), manufacturing, oil, gas and mining, transportation and warehousing, and finance and insurance. Included in the 'other' category are wholesale trade, real estate, rental and leasing, utilities, agriculture, fishing and forestry, IT and telecommunications, and travel and tourism.



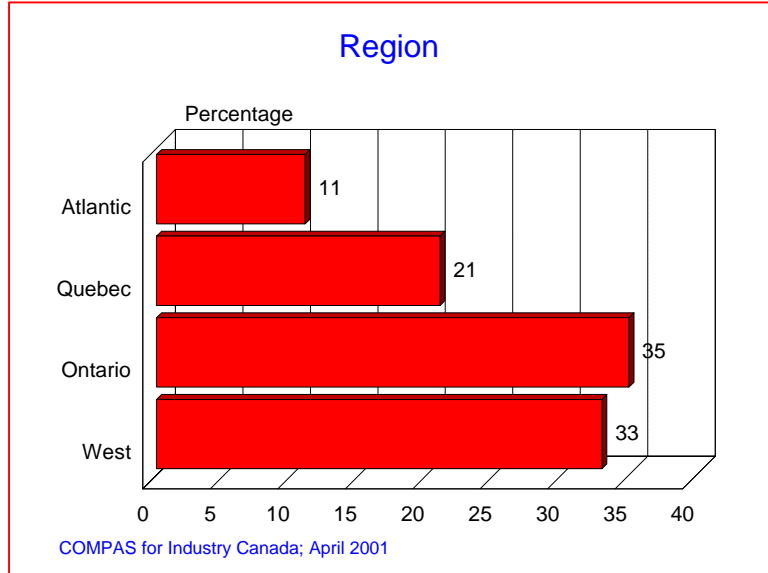
Participants were asked to identify which of the following stages of development applied to their firm. The categories were developed by the Small Business Policy Branch within Industry Canada:

- *Early start-up stage*, where the business is relatively young and is either engaged in product development with anticipated sales in the future, or bringing a product to market is near and there are some initial confirmed sales.
- *Survival stage*, where the business is established in the marketplace, but still not profitable.
- *Growth stage*, where the business has an established market and is expanding.
- *Mature stage*, where the business has a high degree of stability in the market.

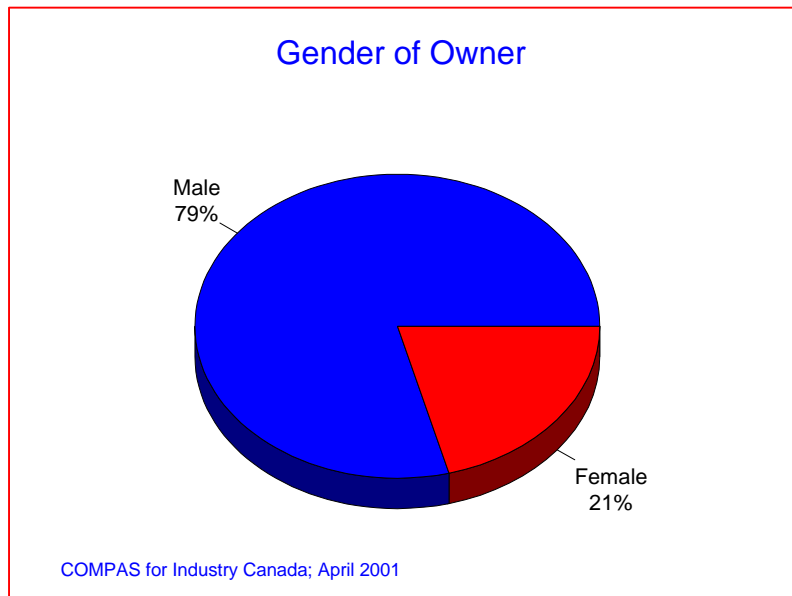
Over half the firms were characterized as in the higher stages of development, almost equally divided between the growth (29%) and mature stages (27%). Conversely, nearly half were in the early stages of development, though much more likely to be in the survival (36%) than the early start-up stage (9%). There is a higher proportion of firms in these earlier stages of development than would otherwise be the case because of the inclusion of the over-sample of companies that were exclusively in these two development stages.



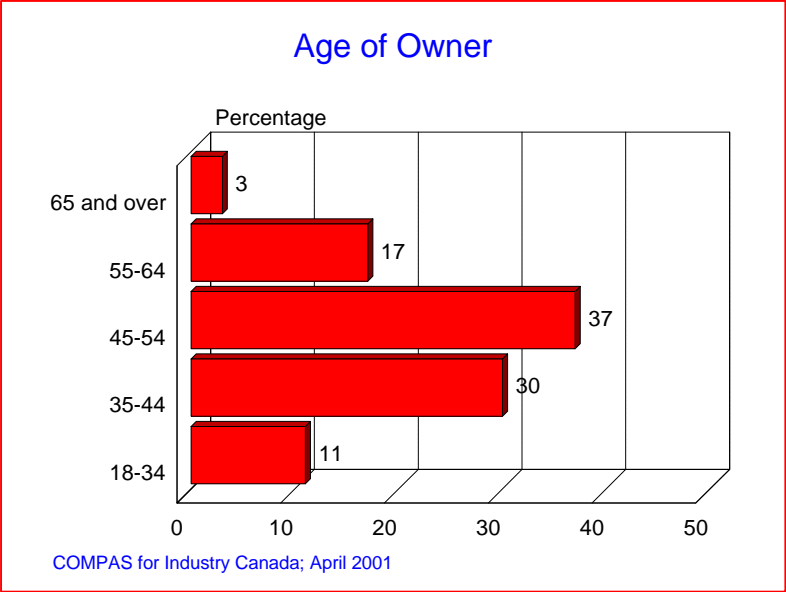
Businesses are distributed throughout the country, with approximately one-third from the West, Ontario, and Quebec and the Atlantic region.



In terms of the owners of the businesses (not always the survey respondent, most were male (79%).



As well, most owners (67%)
were middle-aged (35-54).

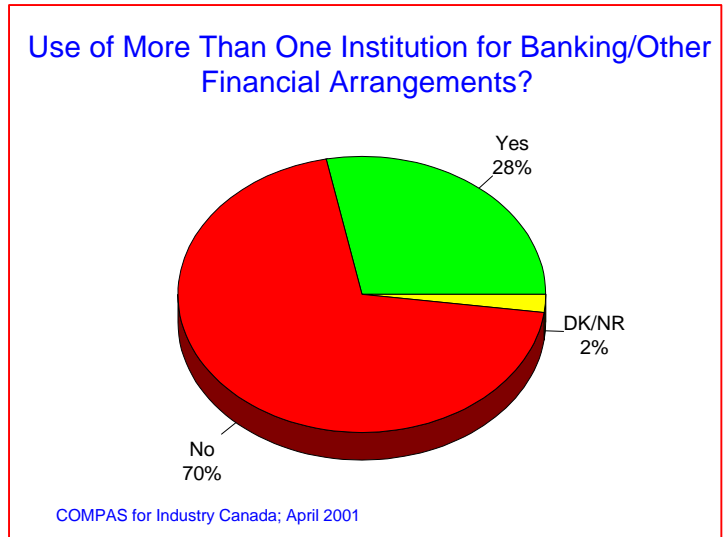


Financing Issues and Awareness of CSBFA/SBLA Program

This set of questions asked business managers about their financial dealings, including the financial institutions they use, the types of financing options they access, whether or not they have tried to obtain business loans, and related issues.

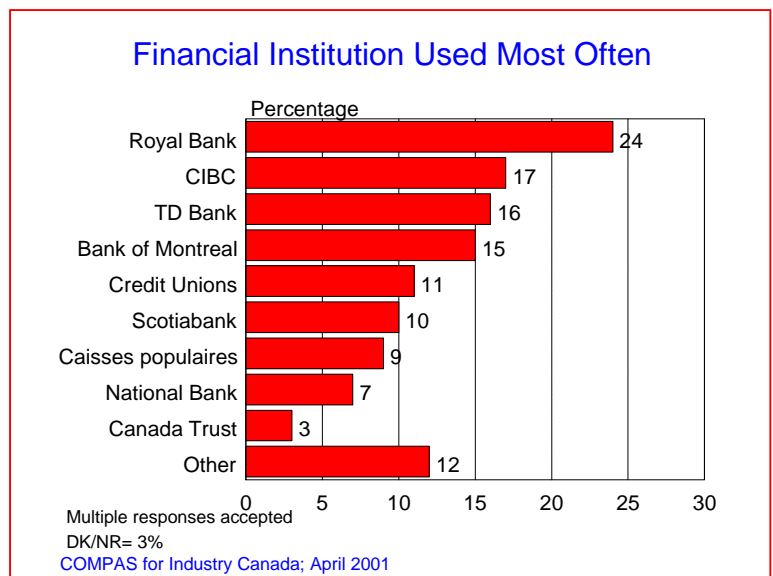
Most Firms Use Only One Institution for Banking & Financial Arrangements

Nearly three-quarters of the participants (70%) indicated that their business uses only one institution for its banking and other financial arrangement. However, a significant minority (28%) use more than one such institution.



Variety of Financial Institutions Used

Business managers were asked which financial institution(s) their company uses. Not surprisingly, there was considerable variety in the institutions used by businesses. All of the major financial institutions were identified. Leading the way was the Royal Bank (24%), followed by CIBC (the Canadian Imperial Bank of Commerce) (17%), the Toronto Dominion Bank (16%), and the Bank of Montreal (15%) (multiple responses accepted). Co-operatives, including Credit Unions and Caisses populaires, were also identified frequently (20%). Also cited were



Scotiabank (10%) and the National Bank (7%). Included in the 'other' category were the Hong Kong Bank, the Laurentian Bank, BDC, and HSBC.

Included in these totals are institutions that businesses use on a secondary basis (if they use more than one institution). Typically, the ranking for this type of question results in a second list that mirrors respondents' first list. In this case, however, the Bank of Montreal led the way by a wide margin: more than 2:1 over its nearest rival, and more than 5:1 over all others. It may be that the bank offers some type(s) of service that businesses value to complement those obtained from their main financial institution.

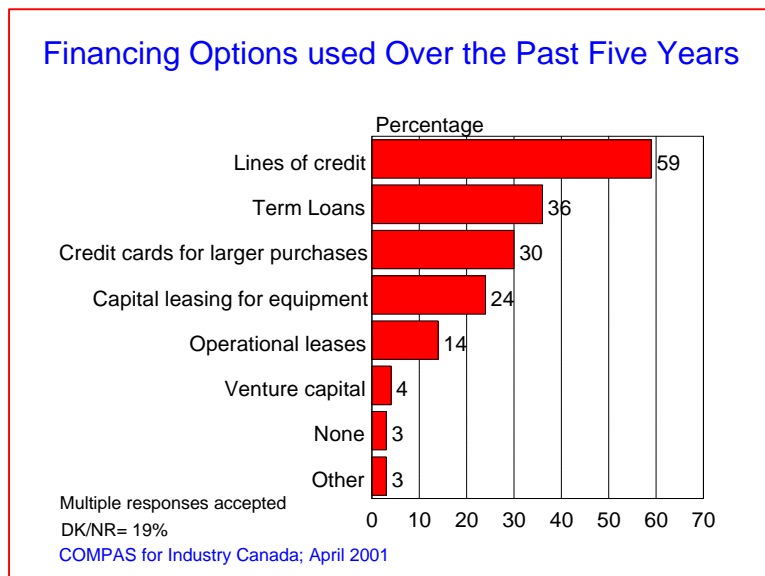
Lines of Credit – Financing Option Used Most Often

Business managers were asked which of the following financing options have been or are being used by their firms. They were asked to focus on the past five years, although this was adjusted if the business was less than five years old. Options included:

- ❑ Term loans
- ❑ Credit cards for large purchases, such as equipment
- ❑ Capital leasing for equipment
- ❑ Operational leases
- ❑ Lines of credit
- ❑ Venture capital

They were also asked to identify any other options they have used as well.

Lines of credit are the most commonly used financing option, and the only one used by a majority of businesses (59%). Significant numbers also use term loans (36%), credit cards for larger purchases (30%), and capital leasing for equipment (24%) (multiple responses accepted). Fewer firms use operational leases (14%), while very few use venture capital (4%). Included in the 'other' category were mortgages and shareholder capital. Only 3% of the businesses do not use any of these options.

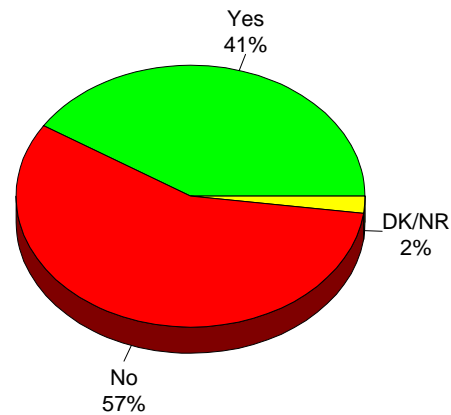


A significant number (19%) did not know or did not answer the question. In view of the high positions occupied by most participants, it is more likely that they refused to answer this question as opposed to not knowing the answer.

Majority of Firms Have Never Applied For a Loan, Significant Minority Have

Participants were asked if their business has ever applied for a loan from a financial institution. They were told that this did not include lines of credit or working capital, but did include loans used to purchase things like land, buildings, equipment, or furniture. With these specifications in mind, over half (57%) indicated that their business has not applied for a loan from a financial institution. That said, a significant minority of the businesses (41%) have applied for a loan.

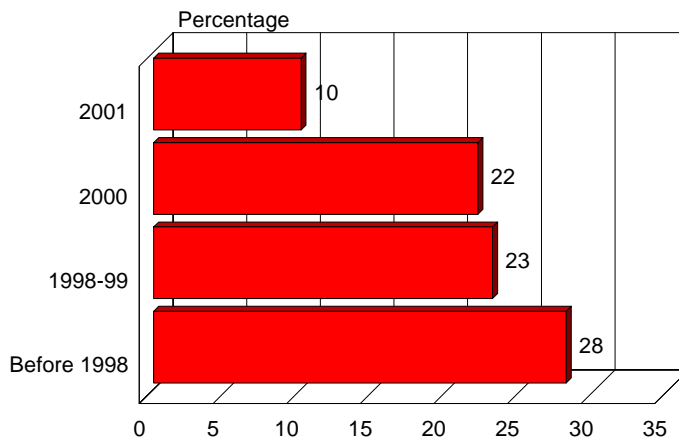
Has Business Ever Applied For Loan From Financial Institution?



COMPAS for Industry Canada; April 2001

Participants whose businesses have applied for a loan were asked to specify the last time this was done. Similar numbers (approximately one-quarter) applied for loans over three different time periods: before 1998, between 1998 and 1999, and in 2000. Among the remainder, 10% applied this year, while 18% did not know or did not answer.

Last Application for Loan From Financial Institution
(N= 162; asked to those who have applied for loans from financial institutions)



DK/NR= 18%

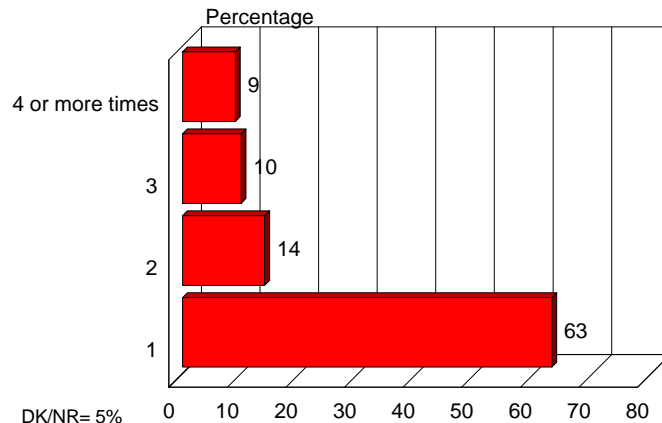
COMPAS for Industry Canada; April 2001



Those whose firms applied for a loan(s) within the past two years (24 months) were asked how many times they had applied during this period. Almost two-thirds (63%) noted that their firm had applied for a loan only once, while one-third had applied more than once: 14% applied twice, 10% three times, and 9% four times or more.

Number of Loan Applications During Last 24 Months

(N= 78; asked to those who applied for a loan within past 24 months)



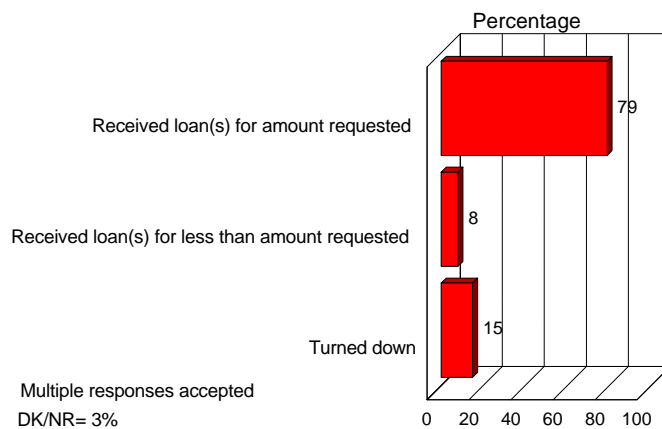
COMPAS for Industry Canada; April 2001

Over Three-Quarters Obtained Loan for Amount Requested

All business managers of companies that have ever applied for a loan from a financial institution were asked how successful they were in obtaining the required funds. They were asked whether they had received the loan for the amount requested, whether they had received a loan, but for a lesser amount than that requested, or whether they were turned down for the loan. Over three-quarters (79%) indicated that they were successful in obtaining the loan for the amount requested, while 8% noted that their firm obtained the loan, but for a lesser amount. Conversely, 15% were turned down for the loan. Multiple responses were accepted in situations where businesses had applied for more than one loan.

Success in Obtaining Loan(s)

(N= 162; asked to those who have applied for loans from financial institutions)

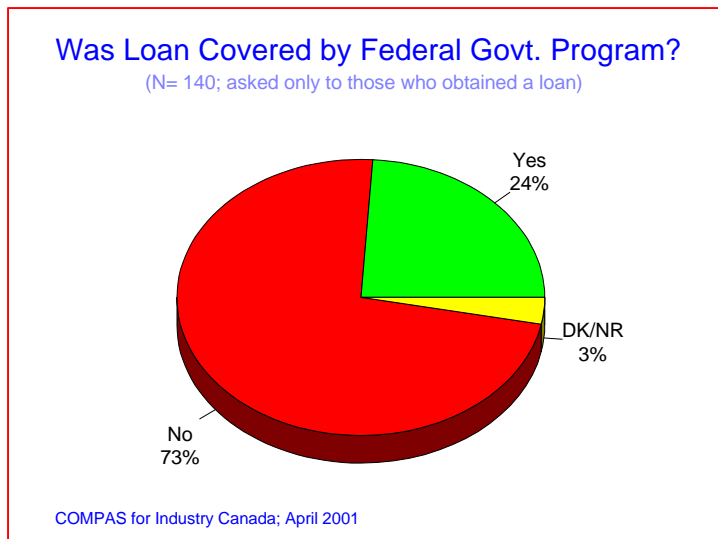


COMPAS for Industry Canada; April 2001



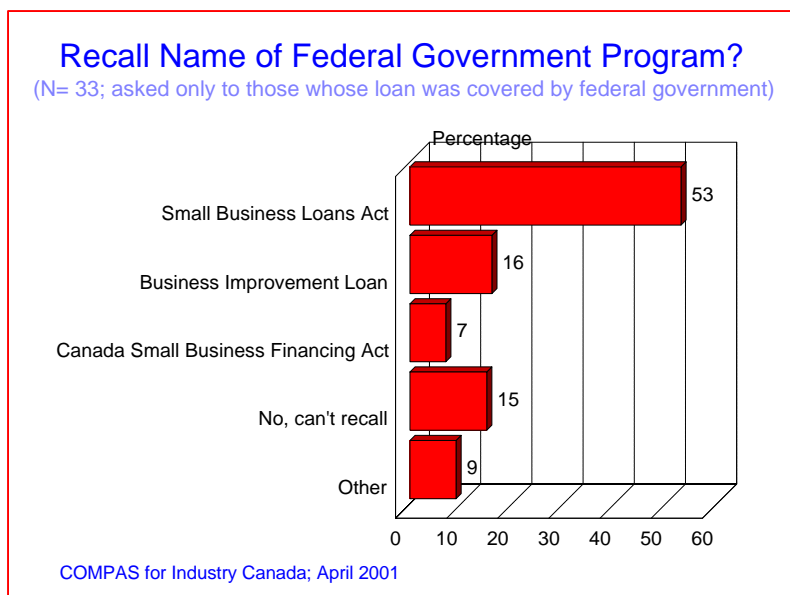
Most Loans Not Covered By Federal Government Program

Business managers of firms that received a loan, either for the amount requested or for a lesser amount, were asked if the loan was covered by a program offered by the federal government providing a guarantee on loans to small business. Nearly three-quarters (73%) said that the loan was not covered by such a program. Conversely, one-quarter (24%) said it was. A small number (3%) did not know.



Most Recipients of Loans Guaranteed by Federal Govt. Recall Name of Program

Business managers who said their firm obtained a loan covered by a federal program (n=33) were asked if they remembered the name of the program. The vast majority (85%) said they did. The program identified most often, by far, was the Small Business Loans Act (53%). Also identified were the Business Improvement Loan program (16%), and the Canada Small Business Financing Act (7%). Included in the 'other' category were Business Development Bank loans and term loans for equipment purchases.



In all, 15% could not recall the name of the program.



Businesses Denied Loans Were Not Informed of Federal Loan Program

Managers of businesses whose loan applications were turned down (n= 24) were asked whether the financial institution brought to their attention any programs offered by the federal government that provide a guarantee on loans to small business. Most (18 of 24 participants) indicated that the financial institution did not do this. Conversely, one said this was done, while five were not sure.

The one participant whose business was refused a loan and who said that the financial institution did identify a loan risk-sharing program offered by the federal government could not recall the name of the program.

Most Unaware of Federal Government Guaranteed Loans Programs

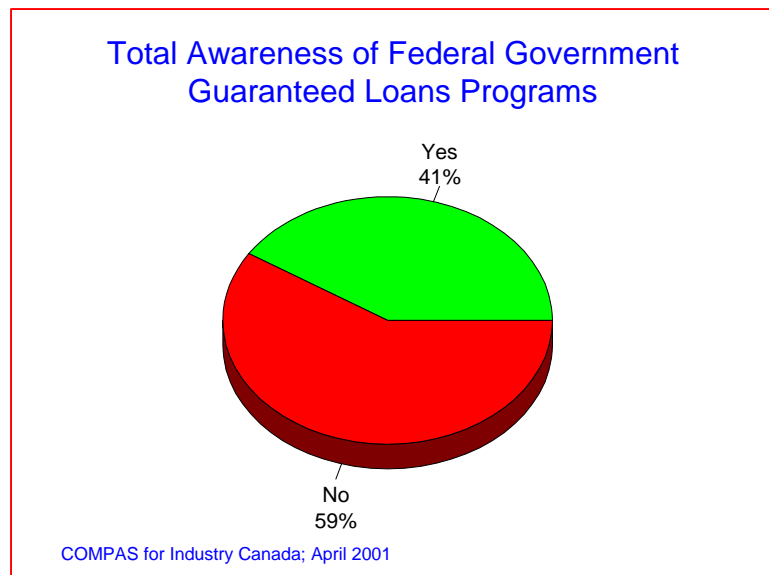
All participants who did not indicate awareness of any federal government programs, whether by name or not, were asked the following question:

Are you aware of any programs of the federal government that guarantee the loans of small businesses and share the risk with the financial institution?

In response, nearly two-thirds (64%) indicated that they were not aware of any such programs, while 36% said they were.

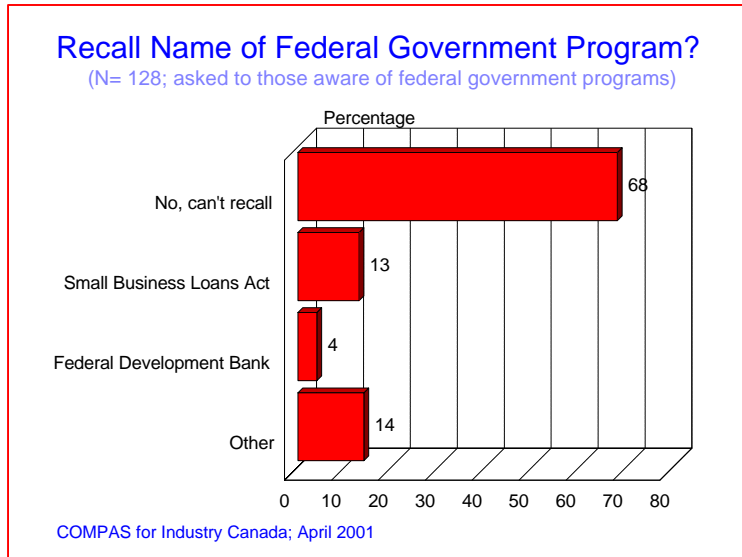
In total, therefore, 41% of all business managers claimed to be aware of a federal government program that guarantees the loans of small businesses. This includes business managers whose firm obtained a loan covered by a federal program, those whose firm was turned down for a loan, and others who indicated awareness of federal government programs when asked explicitly.

This should be regarded as 'unaided awareness' of federal loan programs (but not by name). Note, however, that this includes business managers aware of other loan programs, not just the CSBFA/SBLA program.



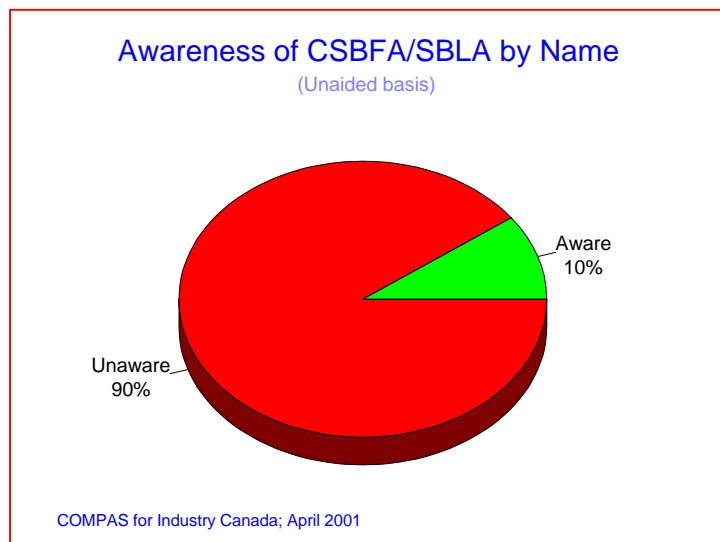
Most of Those Aware of Federal Program Cannot Recall Name

Participants who were aware of federal programs that guarantee the loans of small businesses when asked explicitly, were asked if they could recall the name of any federal programs. Just over two-thirds (68%) were unable to recall any programs by name. Of those who could, the program mentioned most often was the Small Business Loans Act (13%). An additional 4% identified the Federal Development Bank. Included in the "other" category were Business Improvement Loan, Farm Improvement and Marketing Co-Operatives Loans Act, ACOA, and the Industrial Development Bank.



Low Awareness of Name of CSBFA/SBLA Program on Unaided Basis

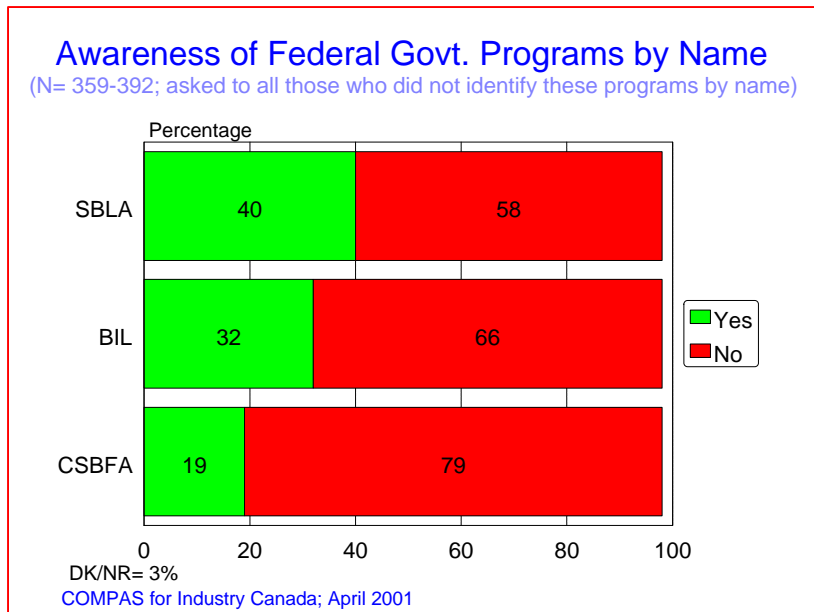
Total awareness of the CSBFA and SBLA by name on an unaided basis is 10%. In all, 35 participants (9%) identified the SBLA and 2 participants (.6%) identified the CSBFA. This includes the responses of business managers whose firm obtained a loan covered by a federal program, those whose firm was turned down for a loan, and others who indicated awareness of federal government programs by name when asked explicitly.



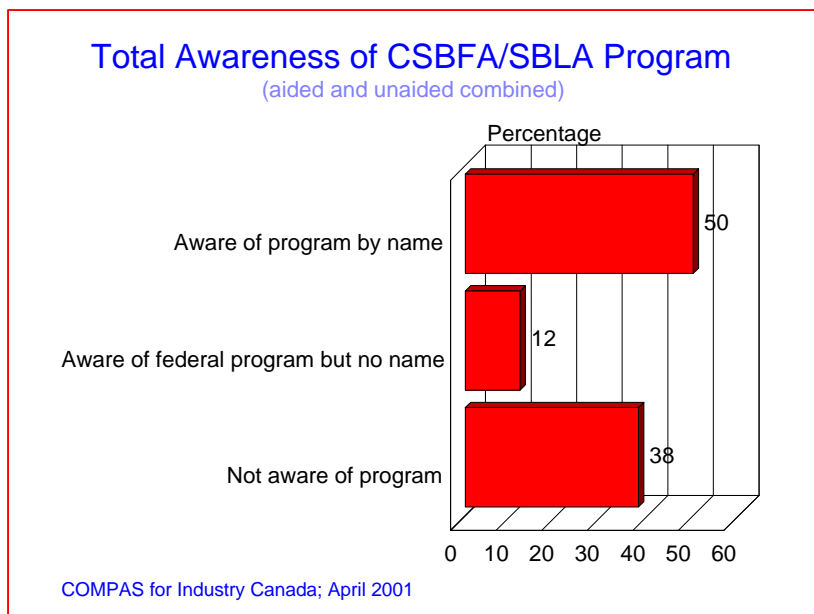
Half Claim to be Aware of CSBFA/SBLA Program by Name on Aided Basis

As a final measure of awareness of the CSBFA/SBLA program – awareness of the program on an aided basis – all participants who did not previously identify the program by either of its names were asked directly if they had ever heard of the programs (with the names provided to participants). The same was done for the Business Improvement Loan program.

On this basis, most remained unaware of the programs. Participants were most likely to say they had heard of the SBLA (40%), followed by the BIL (32%) and the CSBFA (19%). Note that this includes only those who had not previously identified the programs by name.



Total awareness of the program is 19% for the CSBFA and 45% for the SBLA. This includes all business managers who claimed to be aware of the program, by name, on an aided and unaided basis. Once duplicates are removed (i.e. those who said they knew of both names), total awareness of the program is exactly 50%. That is, half of all business managers included in general business population for this survey (i.e. all non-clients) claimed to



have heard of the program.

Total awareness of the Business Improvement Loan program is 33%. This includes all business managers who identified the program, by name, on an aided and unaided basis. The vast majority identified the BIL on an aided basis.

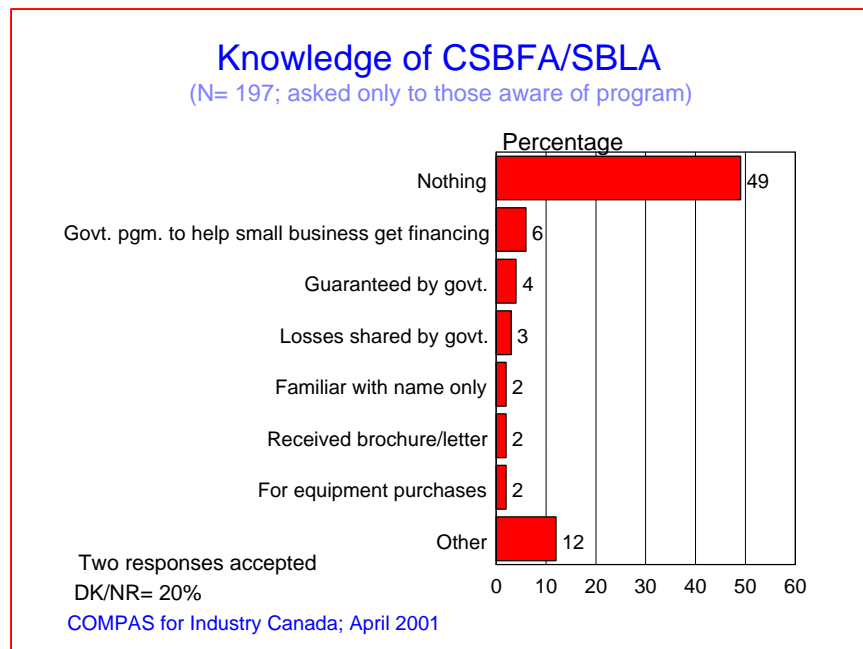


Knowledge and Use of Government Programs

Extremely Limited Knowledge of CSBFA/SBLA

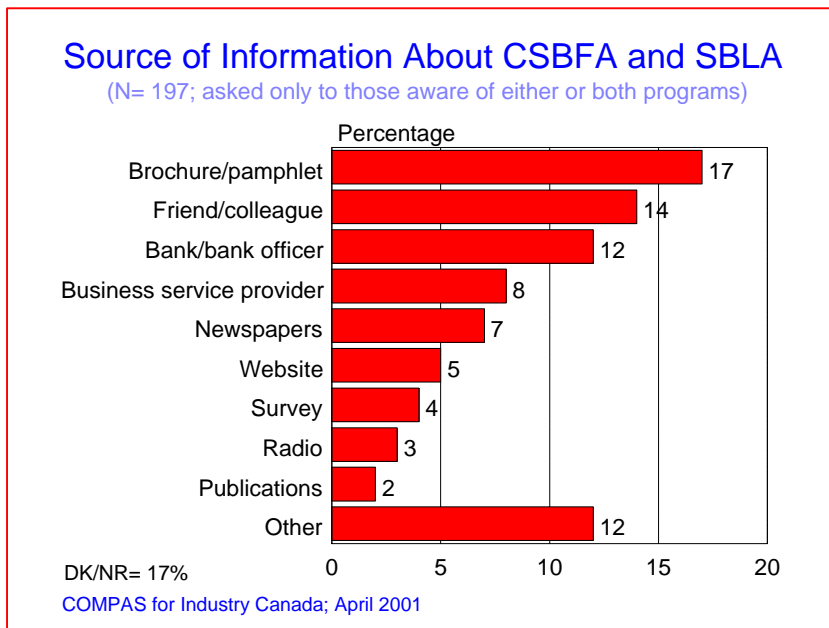
All business managers who claimed to be aware of the CSBFA/SBLA program were asked what they knew about it. Nearly half (49%) said they knew nothing at all about it, while an additional 20% did not provide any response. In total, therefore, over two-thirds of business managers did not provide any substantive feedback on this question. Clearly, knowledge of the program is extremely thin.

Feedback that was provided lacked salience and tended to be very general in nature. This included participants noting that it is a government program designed to help small business obtain financing, that it offers access to loans guaranteed by government, that any losses are shared by government, and that it is used for equipment purchases. A few mentioned that they have received a brochure or letter about the program or that they were familiar with it by name only. Included in the 'other' category were comments pertaining mainly to the degree of knowledge as opposed to the type of understanding. This included comments such as "not much", "a little", "would like to know more".



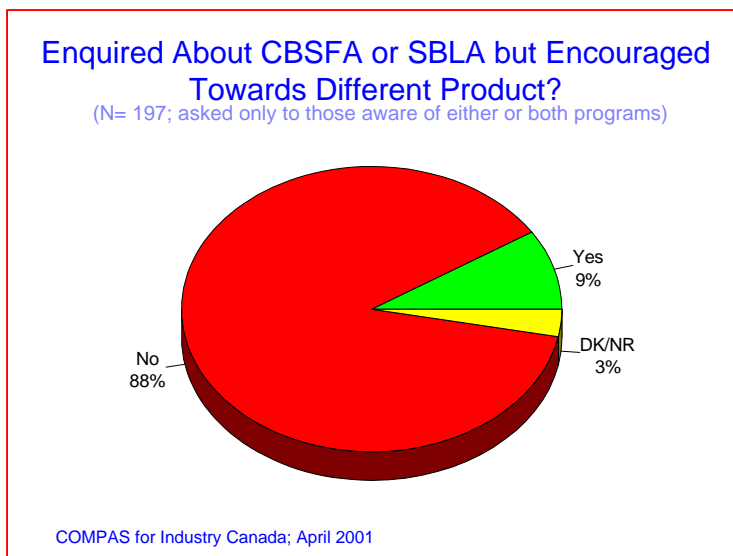
Variety of Information Sources About CSBFA/SBLA

When asked how they had learned about the program, participants identified a variety of sources. These included brochures or pamphlets (17%), friends or colleagues (14%), and a bank or bank officer (12%). Other sources cited less often included business service providers, newspapers, websites, a survey, the radio, and unspecified publications. Included in the 'other' category were a Canada Business Service Centre, clients, business courses, and the CFIB. In all, 17% indicated that they did not know.



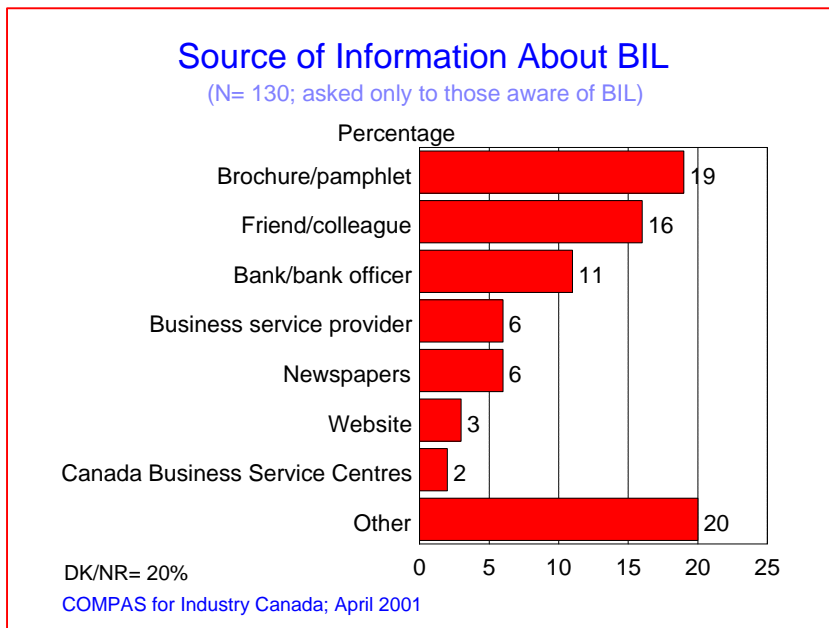
Few of Those Aware of CSBFA/SBLA Were Dissuaded From Applying

Business managers aware of the program were asked whether or not they had ever asked about a loan under the CSBFA/SBLA and been encouraged toward a different product by a bank or financial institution representative. In response, the vast majority (88%) said that this had not happened. Relatively few (9%) said that it had, while 3% did not know.



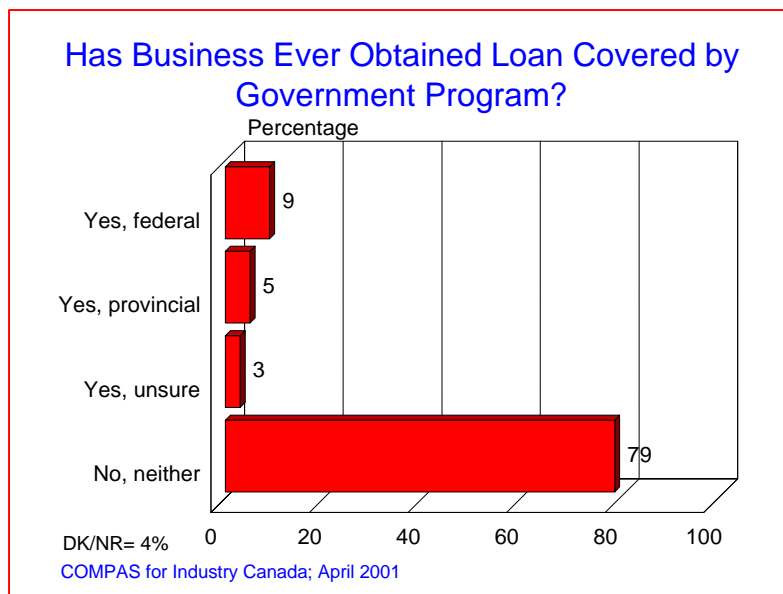
Awareness of BIL Stems From Same Sources as Other Program

Business managers who claimed to be aware of the Business Improvement Loan program were also asked to identify their source of information about this program. As the accompanying graph shows, participants not only tended to identify the same sources as those identified for the CSBFA/SBLA, they also did so with the same approximately frequency. In all, 20% indicated that they did not know where they learned of this program.



Most Have Never Obtained Loan Covered By Government Program

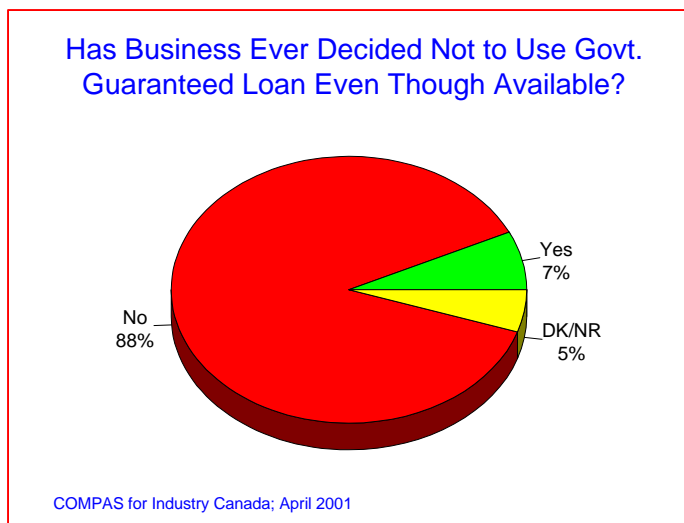
All participants were asked if their business has ever obtained a loan covered by a government program, either federal or provincial, that guaranteed the loans of small businesses and shared the risk with the financial institution. Participants were asked to focus on the entire history of the firm. Over three-quarters (79%) indicated that their firm has never obtained such a loan, either federally or provincially. Conversely, 17% indicated that they had. Of the latter, 9% obtained a federal loan, 5% obtained a provincial loan, and 3% were unsure about the level of government.



Vast Majority Have Not Refused Government Guaranteed Loan

Asked if their business has ever decided not to accept a government guaranteed loan (federal or provincial) if one was available, the vast majority of participants (88%) said they had not. Conversely, 7% said they had refused such a loan (5% did not know).

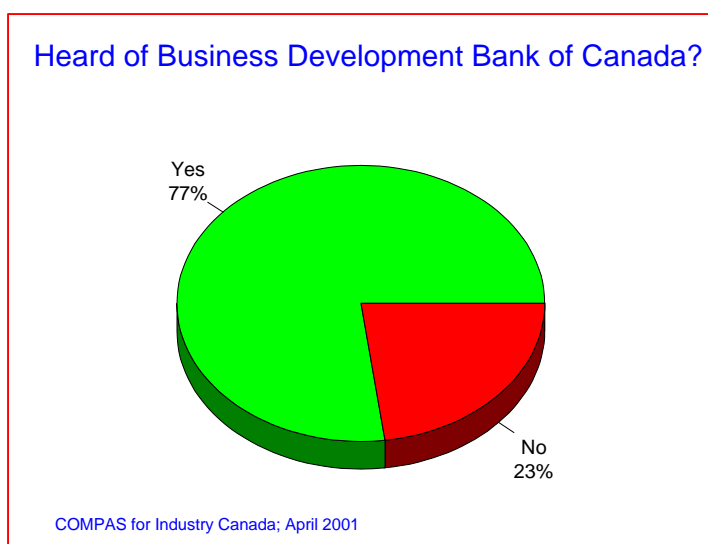
Of those who said they had refused a loan covered by a government program, 4% said they refused a federal guaranteed loan, 1% a provincial guaranteed loan, 1% refused both, and 1% were unsure of the level.



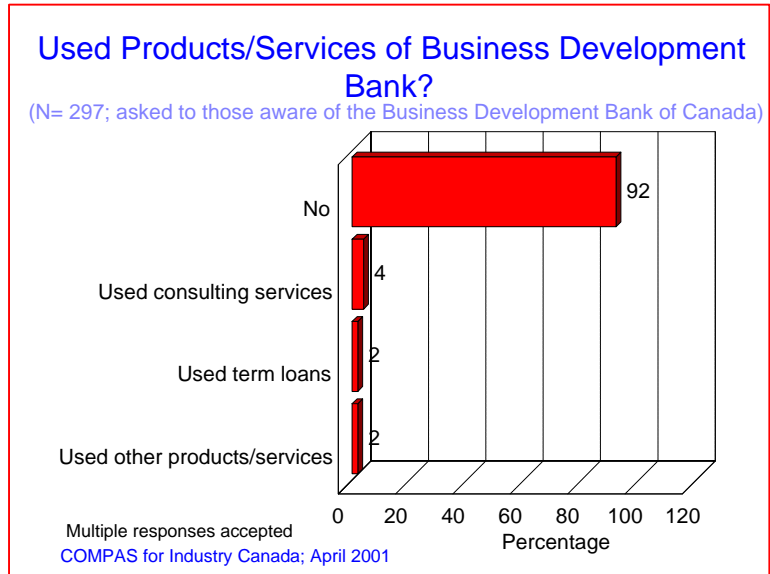
When business managers whose company has refused a government guaranteed loan (n= 29) were asked why, the most common reason was a lack of need (9 participants), followed by too many administrative burdens (6 participants), and high interest rates (4 participants). Other reasons included the advice of a banker or lender, dislike of debts, aggravation, and strict requirements.

Most Aware of Business Development Bank of Canada, Few Have Used It

Over three-quarters of business managers said they are aware of the Business Development Bank of Canada. Approximately one-quarter (23%) were not.



When asked whether they have ever used any of the Bank's products or services, the vast majority of those aware of the Bank (92%) said that they had not. Among the few who had, 4% used consulting services and 2% each used term loans and other products and services, including venture capital and mortgages.

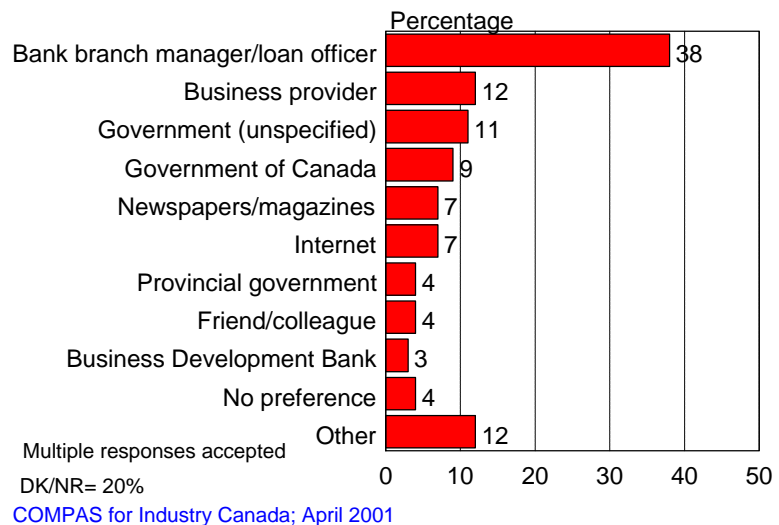


Information Preferences

Bank Officers & Government – Preferred Sources for Financing Information

Perhaps not surprisingly, business managers expressed a preference for bank managers and loan officers when it comes to getting information about financing options (38%). This was followed by one-quarter who identified government, either in general (11%), at the federal level (9%) or at the provincial level (4%) (multiple responses accepted). While identified less often, business providers were also mentioned relatively frequently as a preferred source of information (12%).

Preferred Source of Information About Financing Options



Other potential sources of information were cited relatively infrequently. These included newspapers and magazines, the Internet, and friends and colleagues. A few identified the Business Development Bank. Included in the 'other' category were seminars, "credible" sources, the CFIB, and advertisements.

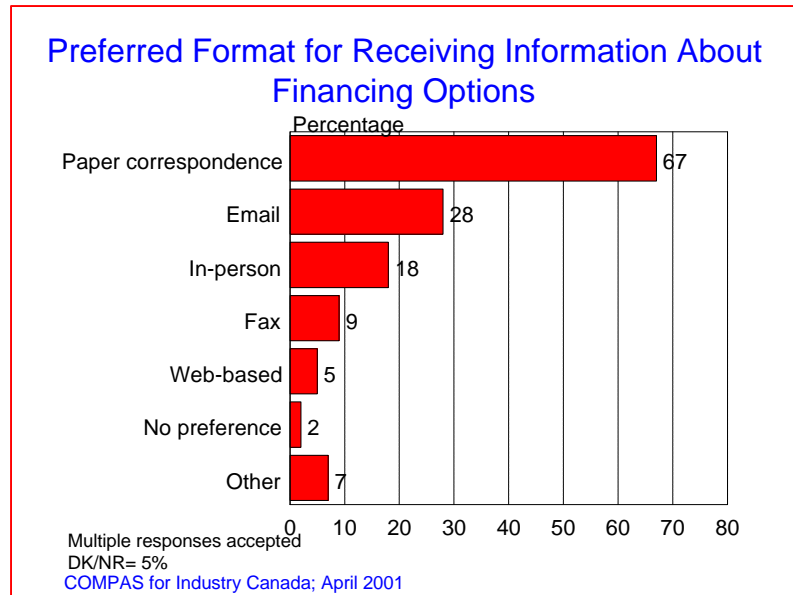
It is worth noting that while few participants identified friends or colleagues as a preferred way to obtain information about financing, this was one of the main ways in which they had heard about both the CSBFA/SBLA and the BIL programs.

In all, one-quarter of business managers did not identify a preference (20%) or indicated that they had no preference (4%).



Hard Copy – Preferred Format for Receiving Information

Participants have a strong preference for receiving information about financing in hard copy or paper format. Fully two-thirds (67%) identified this as their preferred format. A significant number prefer to receive such information electronically, either by email (28%) or in web-based format (5%). Note as well the significant number (18%) that prefers to receive information about financing options in person. Nine percent identified fax. Included in the 'other' category are the telephone and on-site.



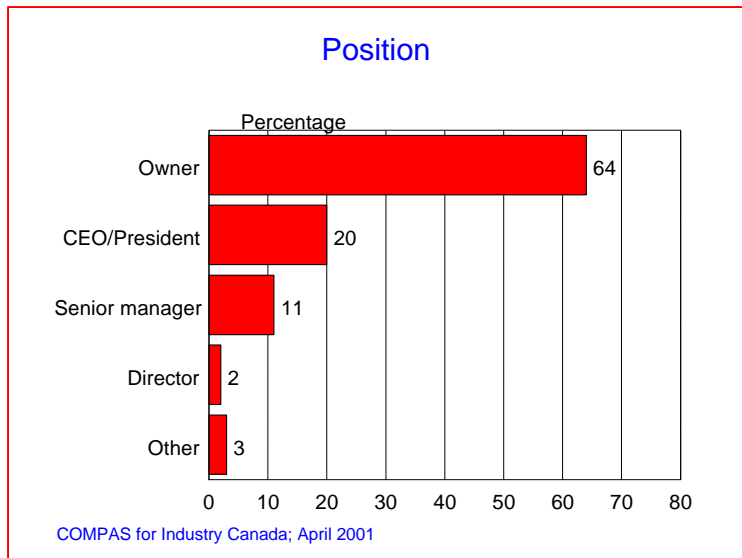
CSBFA Clients

The following results are based on interviews with 202 businesses that obtained a CSBFA loan during the past year.

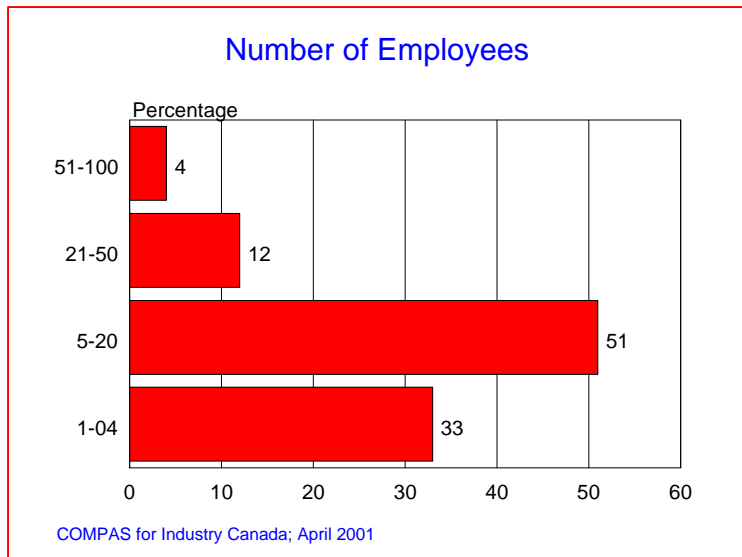
Key Business Characteristics

This section presents key characteristics of businesses in the client group.

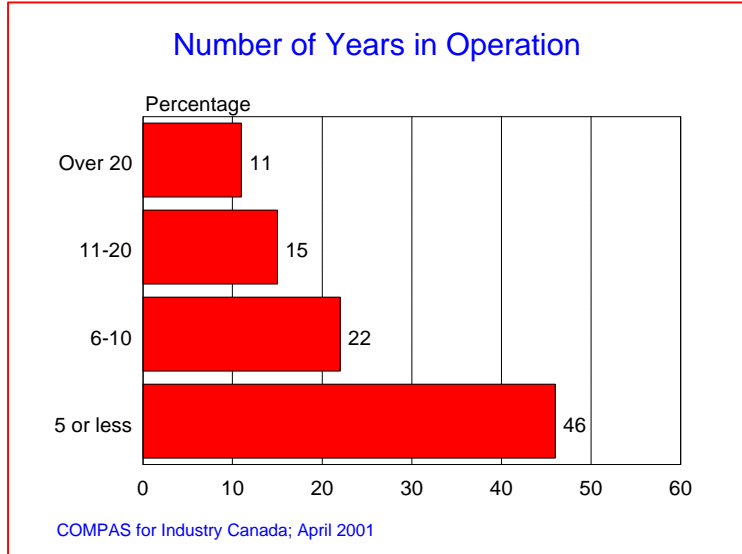
As with non-clients, the vast majority of client representatives are highly placed within their firms. Most are owners (64%), CEOs or presidents (20%) or senior managers (11%).



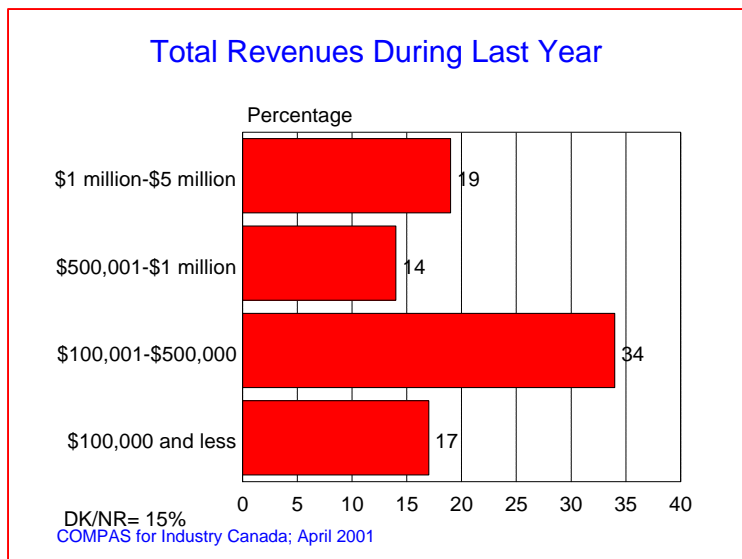
The vast majority of firms have between 5-20 (51%) or under five employees (33%).



In contrast to the non-client group, client firms tend to have been in existence for shorter periods of time. Nearly half (46%) have been in operation for five years or less, and the proportion of firms decreases gradually with age: 22% have existed for 6-10 years, 15% for 11-20 years, and 11% for over 20 years.



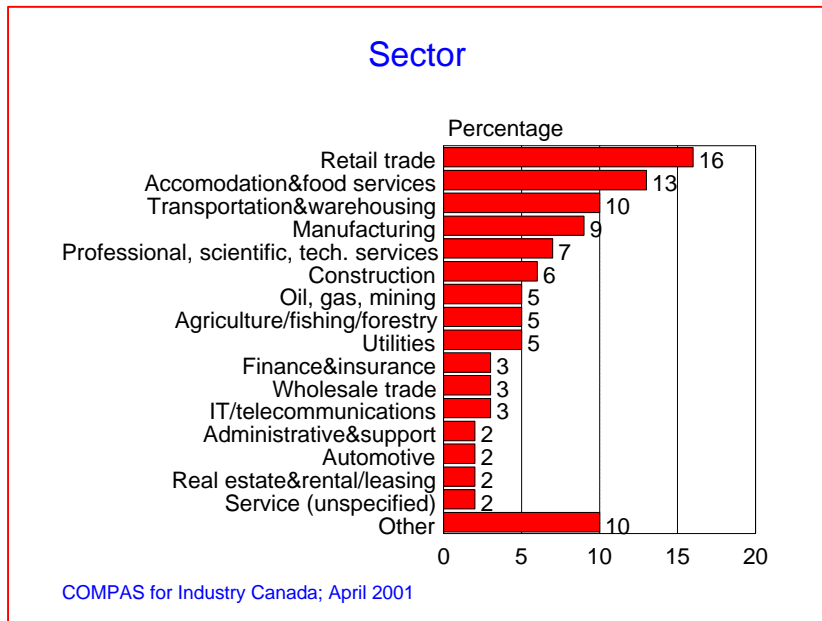
Revenues for the last year were well distributed. One-third of firms earned between \$100,000 and \$500,000, another third made more than this, while 17% made less. In total, 15% did not identify what their business earned during the last calendar year.



Client firms tended to earn less than businesses in the general business population (51% of clients made less than \$500,000, while only 27% of non-clients earned this amount).

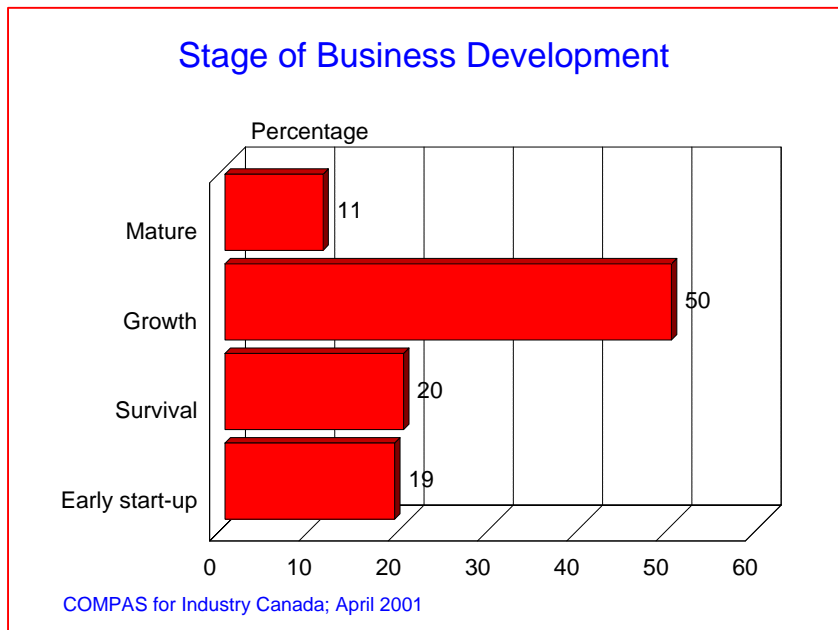


Firms operate in a variety of sectors. Leading the way is the retail sector (16%), followed closely by accommodation and food services (13%), transportation and warehousing (10%), manufacturing (9%), and professional, scientific and technical services (7%). Small numbers come from other sectors, including construction, oil, gas, and mining, agriculture, fishing and forestry, utilities, finance and insurance, wholesale trade, IT and numerous others. Included in the 'other' category are arts, entertainment and recreation, skilled trade, travel and tourism.

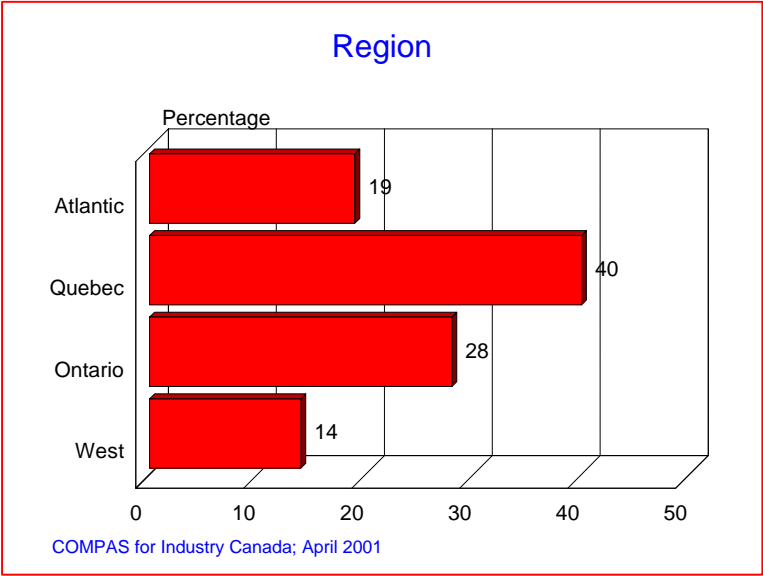


Half of the firms are in the growth stage of development. Most of the rest are divided between the early start-up (19%) and survival stage (20%), with fewer (11%) in the mature stage.

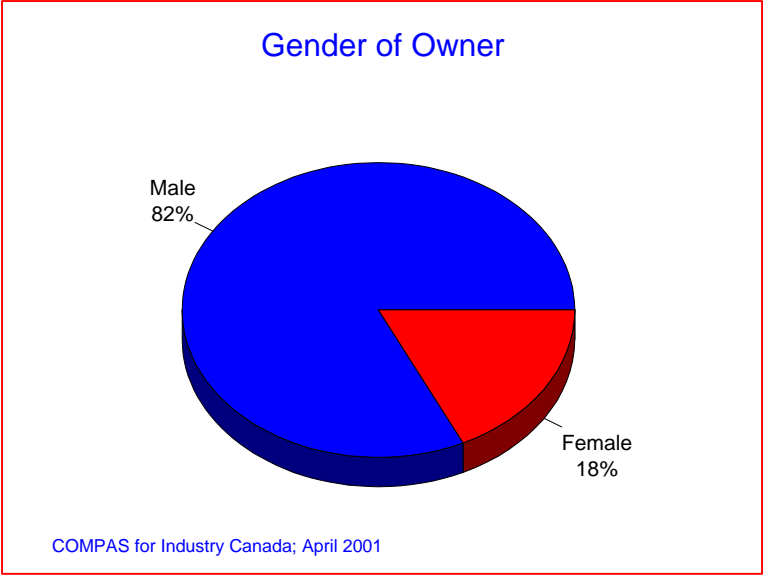
While client firms tend to be younger than non-client firms, they are slightly more likely to be in the growth or mature stage of development (61% vs. 56%). This is unquestionably related to the oversample of early stage businesses included in the non-client sample.



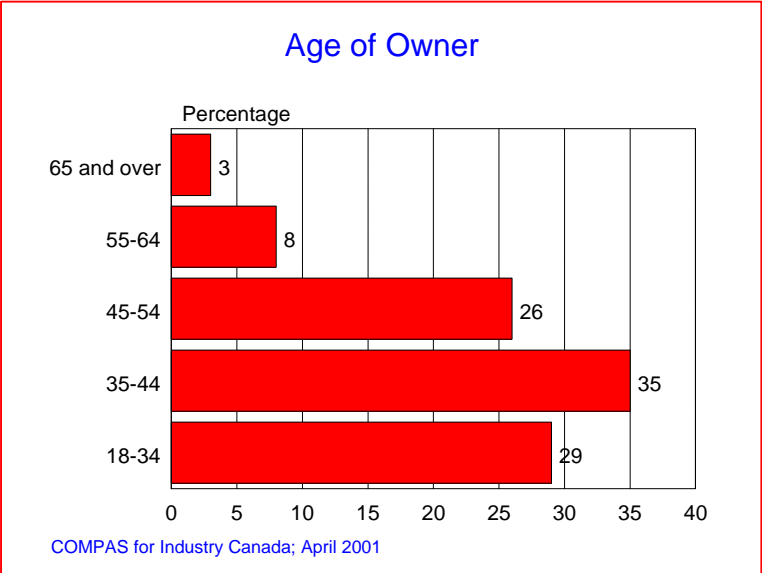
Businesses are located in all regions of the country.



Most owners of the surveyed businesses are male (82%).



Almost two-thirds of the business owners are between 35 and 55 years of age.

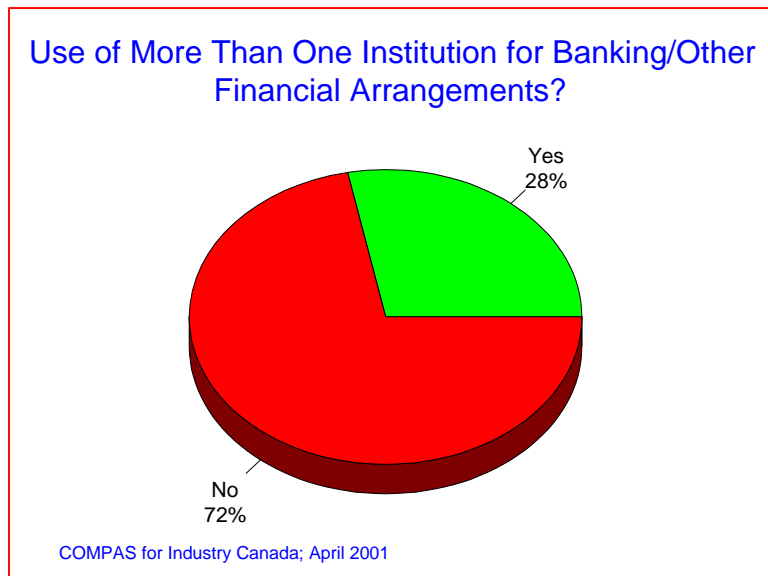


Financing Issues and Awareness of CSBFA/SBLA Program

Most Use One Institution for Banking & Financial Arrangements

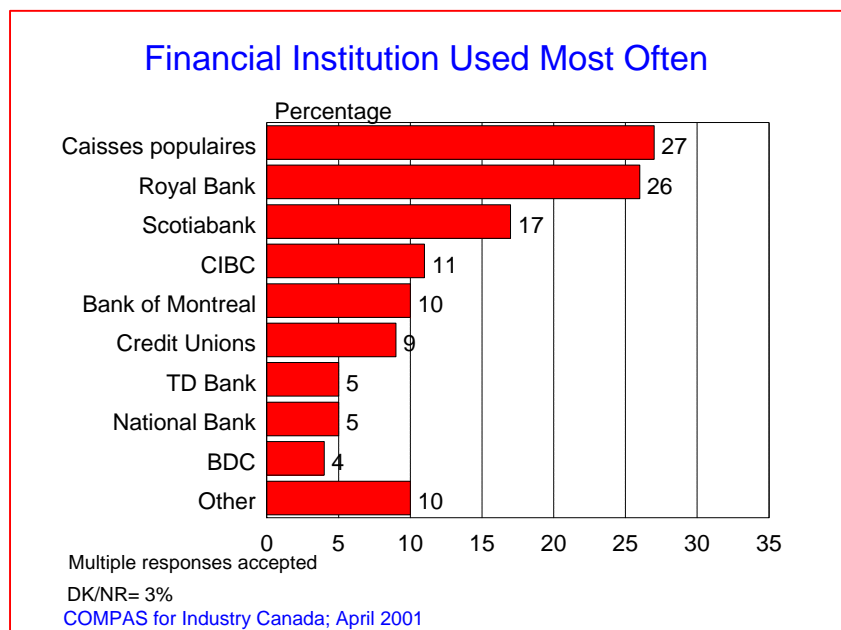
Nearly three-quarters of participants (72%) indicated that their business uses only one institution for their banking and other financial arrangements. Conversely, just over one-quarter (28%) said they use more than one institution.

This is virtually identical to non-client firms.



Caisses Populaires and Royal Bank – Main Financial Institutions

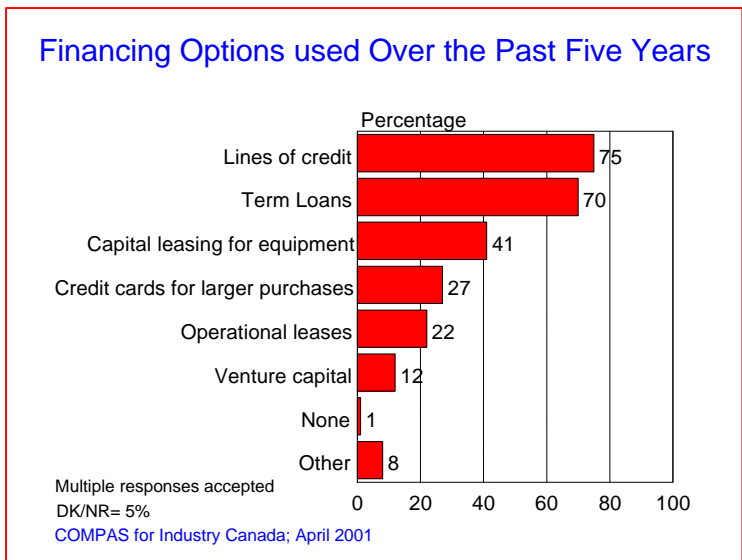
When asked which financial institution their firm uses, a variety of institutions were identified with some frequency. Heading the list were Caisses populaires (27%) and the Royal Bank (26%), followed by Scotiabank (17%), CIBC (11%), the Bank of Montreal (10%), and Credit Unions (9%) (multiple responses accepted). Mentioned less often were the Toronto Dominion Bank, the National Bank, and BDC. Included in the 'other' category were HSBC, the Laurentian Bank, and the Hong Kong Bank.



The most striking difference with non-clients is the greater presence of co-operatives (36% vs. 20%), but primarily Caisses populaires (27% vs. 9%).

Lines of Credit and Term Loans – Predominant Financing Options

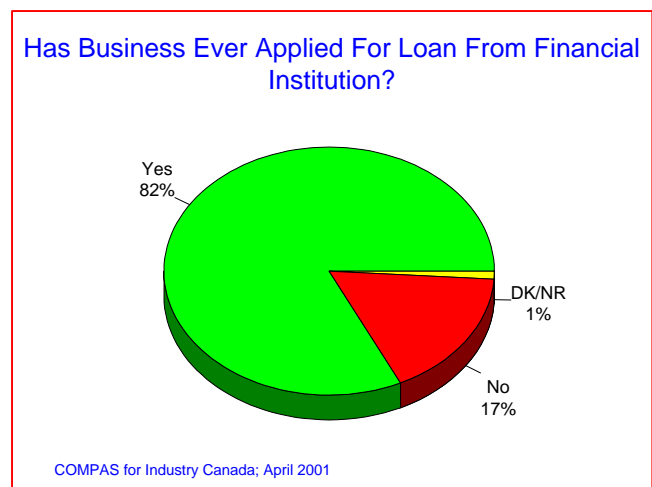
Two financing options dominate among the client group and are the only ones used by a majority of firms: lines of credit (75%) and term loans (70%). No other options come close. Identified less often, but by substantial numbers, was capital leasing for equipment (41%), followed at a distance by credit cards for larger purchases (27%) and operational leases (22%). Mentioned less frequently was venture capital (12%). Very few indicated that they used none of these options. Included in the 'other' category are loans (unspecified), mortgages, and capital (general).



Clients are significantly more likely than non-clients to use all of these options with the exception of credit cards for larger purposes.

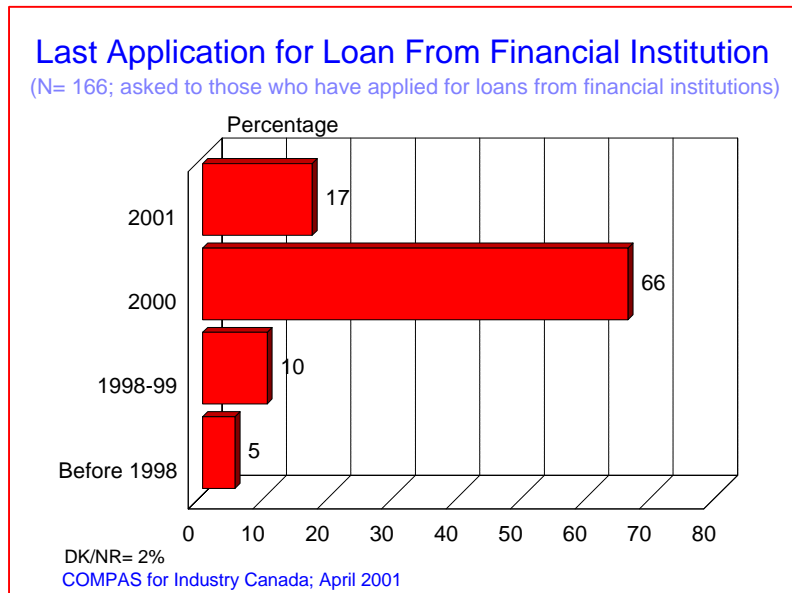
Large Majority Acknowledge Having Applied For a Loan

When asked if their business had ever applied for a loan from a financial institution, the large majority (82%) indicated that their business had done this. Conversely, 17% indicated that their business had never applied for a loan. This is somewhat puzzling since all businesses on the client list would have received a loan during the past year. It may be that some respondents may not want to acknowledge that their business received a loan, and that others may be new and unaware of this.

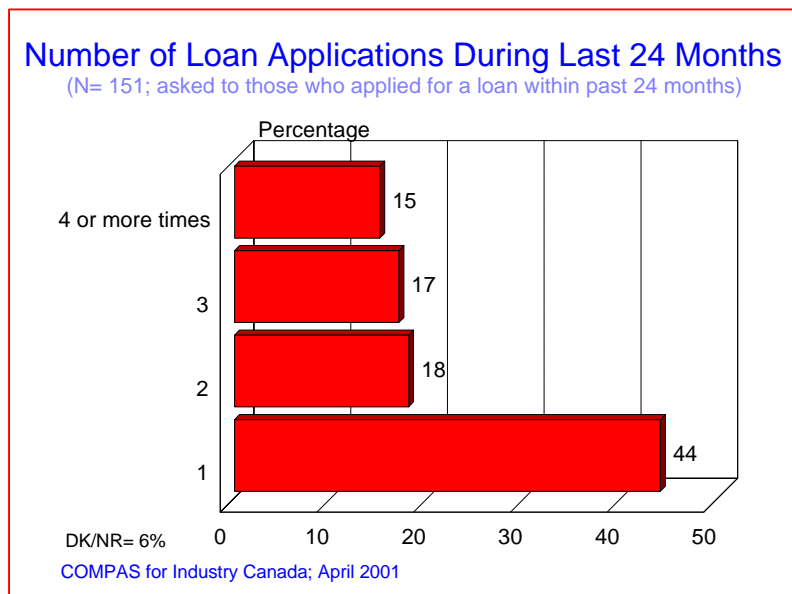


Not surprisingly, clients are much more likely than non-clients to have applied for a loan from a financial institution (82% vs. 41%).

Business managers whose firms have applied for a loan were asked to identify the most recent time that this was done. Most have taken place recently. Two-thirds said they applied in 2000, while an additional 17% indicated that this took place this year (2001). Once again, however, this is not as would be expected - all should have indicated that they received loans during the past 12 months.

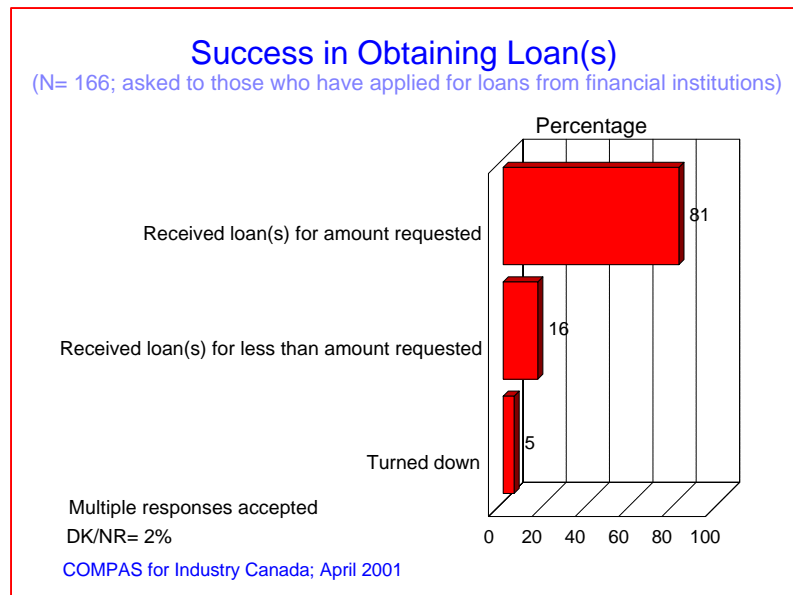


Those whose firms applied within the past two years were asked how often their business has applied for a loan during this period. Almost equal numbers had applied once (44%) or more than once (50%). Those who applied more than once were almost equally likely to have applied twice (18%), three times (17%) or four times or more (15%). It appears that clients were more likely than non-clients to have applied for a loan on numerous occasions during the past two years.



Most Applicants Succeeded in Getting Loan for Amount Requested

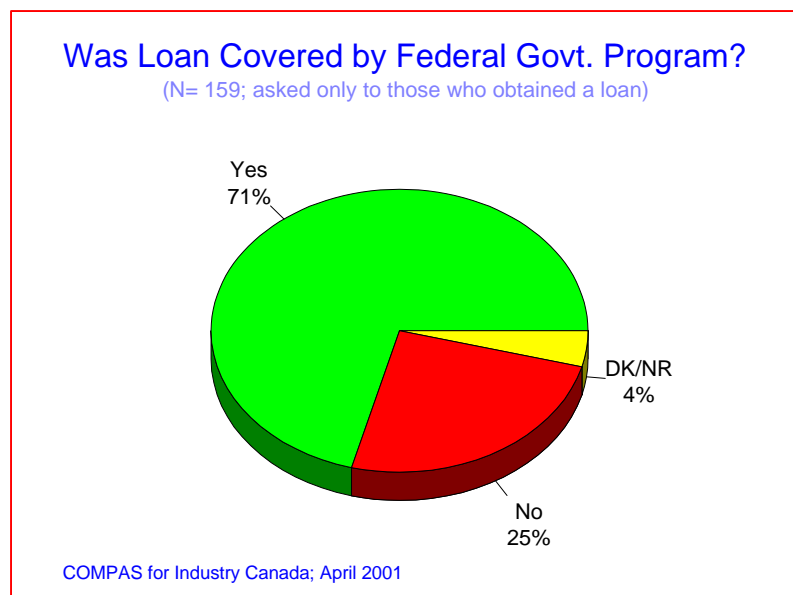
Business managers whose firms have applied for a loan from a financial institution were asked about their level of success in getting the loan. In response, 81% indicated that they were successful in obtaining a loan for the amount requested, 16% said their firm obtained a loan, but for a lesser amount, while 5% said their firm was turned down for a loan (multiple responses accepted). Two percent did not know or did not respond.



Clients are less likely than non-clients to have been turned down for a loan (5% vs. 15%).

One-Quarter Said Loan Not Covered By Federal Program

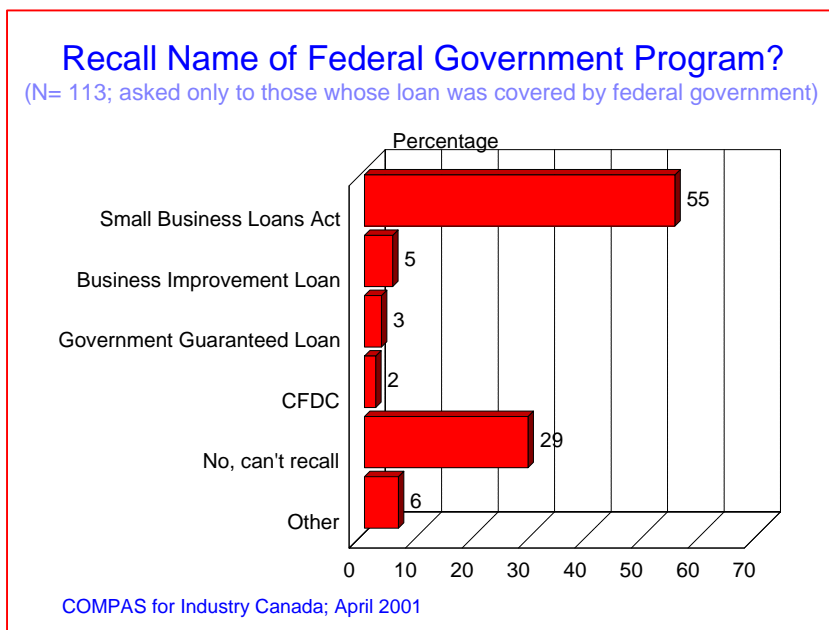
Participants whose firms received a loan, either for the amount requested or for a lesser amount, were asked whether the loan was covered by a program offered by the federal government that provides a guarantee on loans to small business. Despite the fact that all of these businesses received loans under the CSBFA program, exactly one-quarter said this was not the case, while a further 4% were unsure. This suggests that financial institutions may not be consistently *identifying* the



CSBFA program to businesses that make use of it.

Over Half Recall SBLA, None Identify the CSBFA

Participants who indicated that their firm received a loan covered by a federal program were asked if they remembered the name of the program. The majority (71%) said they did. The program identified most often, by far, was the SBLA (55%). Programs identified infrequently included the Business Improvement Loan (5%), the Government Guaranteed Loan (3%), and the Community Futures Development Corporation (CFDC) (2%). Included in the 'other' category are the CSBFA, business development loans, guaranteed loans, a government loan through a Caisse populaire, and small business loans (unspecified).



Note that only one person identified the CSBFA, although this was the name of the program when all of the businesses would have received their loan. As well, fewer than half could identify the program using its former name.

In all, 29% could not recall the name of the program.



Businesses Denied Loans Were Not Informed of Federal Loan Program

Managers of businesses whose loans were turned down (n= 8) were asked whether the financial institution brought to their attention any programs offered by the federal government that provide a guarantee on loans to small business. Four indicated that the financial institution did not do this, Conversely, three said this was done, while one was not sure.

Of the three participants whose businesses were refused a loan and who said that the financial institution did identify a loan program offered by the federal government, one identified the program as the SBLA, another identified the Atlantic Canada Opportunities Agency (ACOA), and one could not recall the name of the program.

Majority Aware of Federal Government Guaranteed Loans Programs

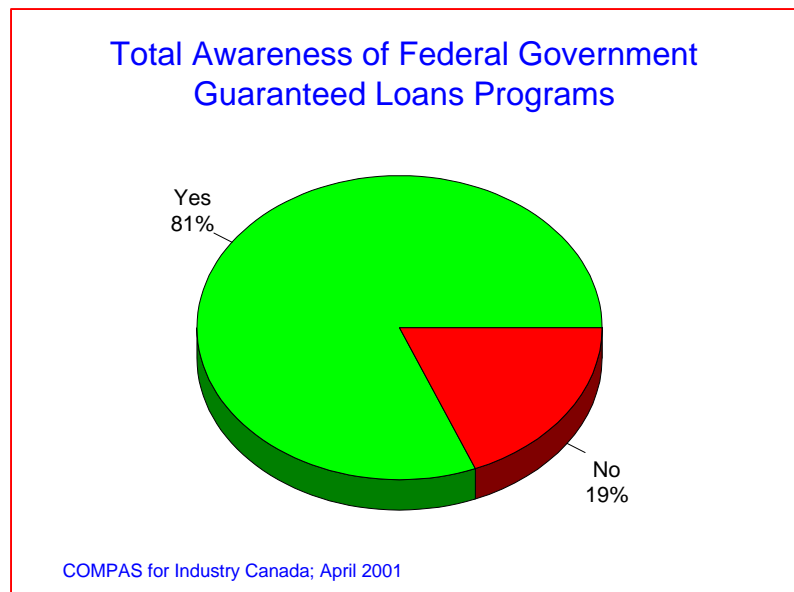
All participants who did not indicate awareness of federal government programs, whether by name or not, were asked the following question:

Are you aware of any programs of the federal government that guarantee the loans of small businesses and share the risk with the financial institution?

In response, just over half (53%) indicated that they were aware of such programs, while 47% indicated that they were not.

In total, therefore, 81% of all business managers claimed to be aware of a federal government program that guarantees the loans of small businesses. This includes business managers whose firm obtained a loan covered by a federal program, those whose firm was turned down for a loan, and others who indicated awareness of federal government programs when asked explicitly.

This should be regarded as 'unaided awareness' of federal loan programs (but not by name). Note, however, that this includes business managers aware of other loan programs, not just the CSBFA/SBLA program.

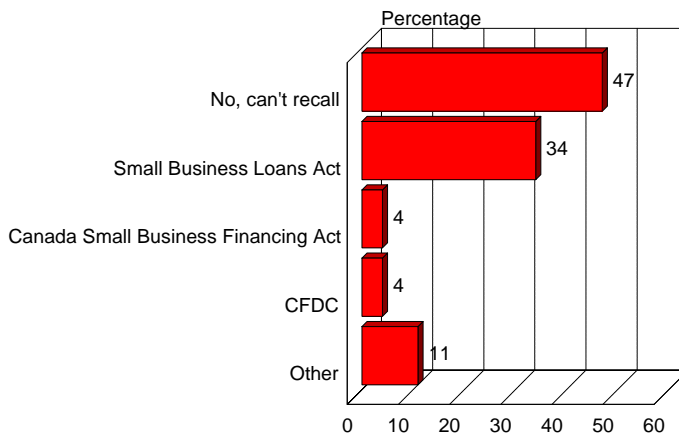


Half of Those Aware of Federal Program Recall Name

Participants who were aware of federal programs that guarantee the loans of small businesses when asked explicitly, were asked if they could recall the name of any federal programs. Just over half (53%) were able to. Most (34%) identified the Small Business Loans Act, while 4% identified the Canada Small Business Financing Act. Another 4% identified the Community Futures Development Corporation (CFDC). Included in the "other" category were Stratégie jeunesse, Canadian small business loans, small equipment loans, regional development loans, and Northern region development loans.

Recall Name of Federal Government Program?

(N= 47; asked to those aware of federal government programs)



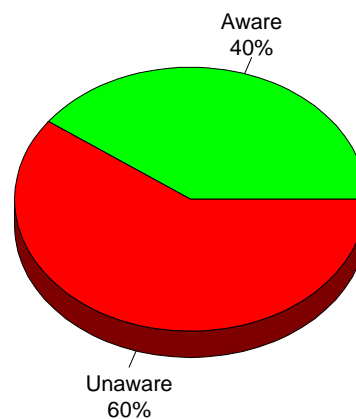
COMPAS for Industry Canada; April 2001

40% Identify CSBFA/SBLA Program on Unaided Basis

Total awareness of the CSBFA and SBLA by name on an unaided basis is 40%. In all, 79 participants (39%) identified the SBLA and 3 participants (1%) identified the CSBFA. This includes the responses of business managers whose firm obtained a loan covered by a federal program, those whose firm was turned down for a loan, and others who indicated awareness of federal government programs by name when asked explicitly.

Aware of CSBFA/SBLA by Name

(Unaided basis)



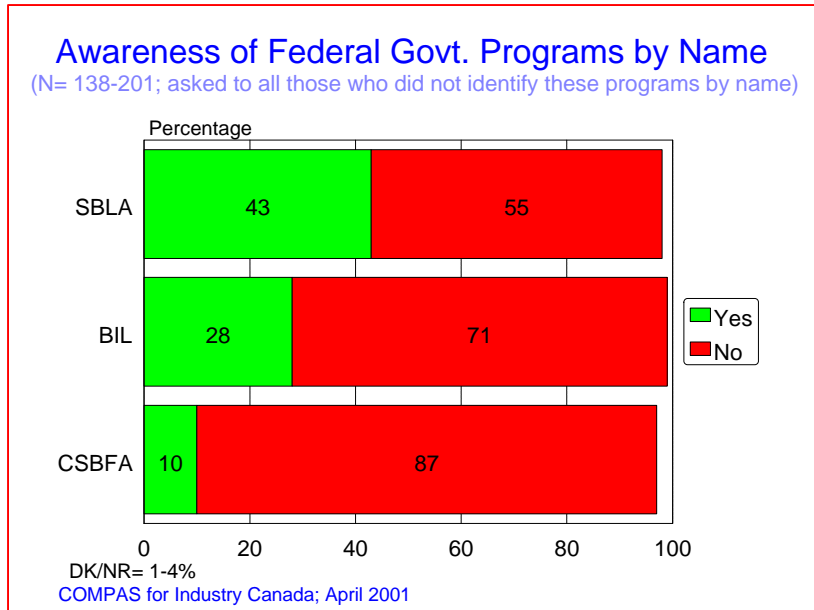
COMPAS for Industry Canada; April 2001



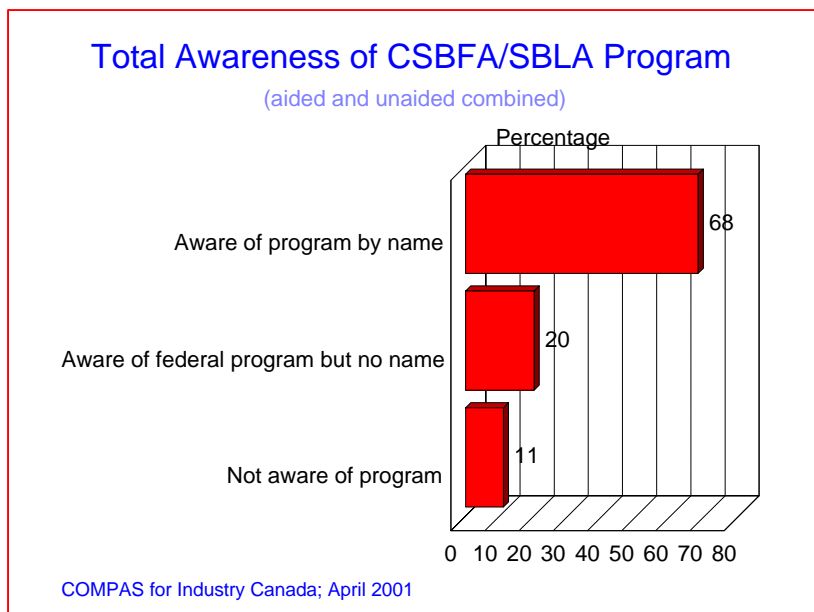
Most Claim to be Aware of CSBFA/SBLA Program by Name on Aided Basis

As a final measure of awareness of the CSBFA/SBLA program – awareness of the program on an aided basis – all participants who did not previously identify the program by either of its names were asked directly if they had ever heard of the programs (with the names provided to participants). The same was done for the Business Improvement Loan program.

On this basis, most remained unaware of the programs. Participants were most likely to say they had heard of the SBLA (43%), followed by the BIL (28%) and the CSBFA (10%). Note that this includes only those who had not previously identified the programs by name.



Total awareness of the program is 11% for the CSBFA and 68% for the SBLA. This includes all business managers who claimed to be aware of the program, by name, on an aided and unaided basis. Once duplicates are removed (i.e. those who said they knew of both names), total awareness of the program is 68%. That is, two-thirds of all business managers included in the client population for this survey claimed to have heard



of the program.

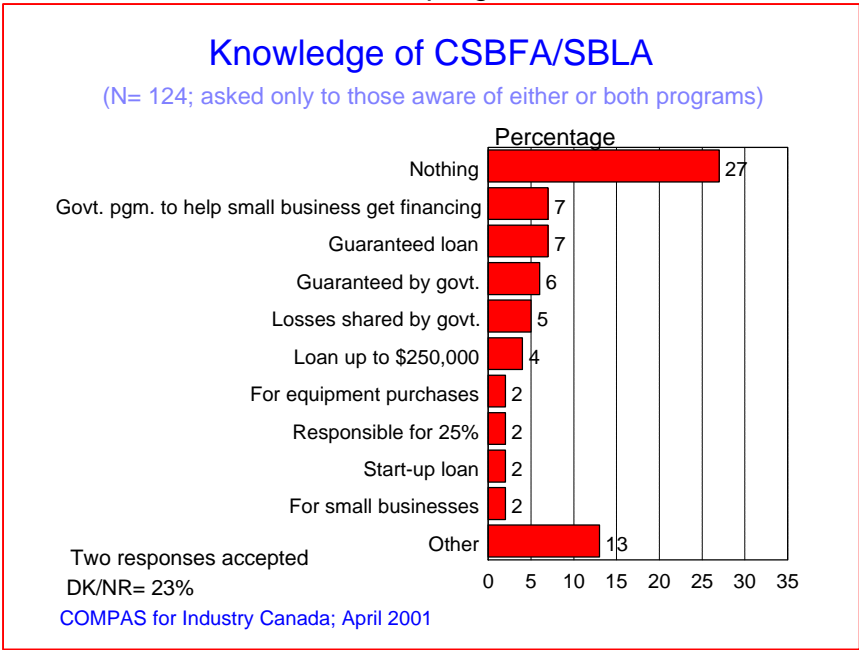
Total awareness of the Business Improvement Loan program is 33%. This includes all business managers who identified the program, by name, on an aided and unaided basis. The vast majority identified the BIL on an aided basis.



Knowledge and Use of Government Programs

Limited Knowledge of CSBFA

All participants who claimed to be aware of the CSBFA/SBLA program were asked what they knew about it. Just over one-quarter (27%) indicated that they knew nothing and an additional 23% did not provide any answer at all. In all, therefore, half the participants did not provide any substantive feedback on this question. Feedback that was provided lacked salience, as with the non-client group. This included participants noting that it is a government program to help small business get financing, that it guarantees loans, that it is guaranteed by government, that losses are shared by

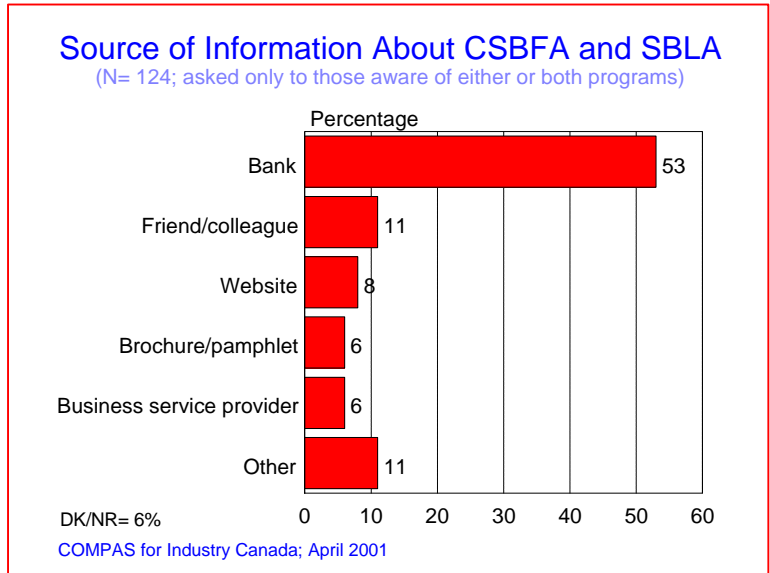


government, that the loan can be for up to \$250,000, that it is for equipment purchases, that the recipient is responsible for 25%, that it is for start-up loans, and that it is for small businesses. Included in the 'other' category were perceptions that a down payment had to be provided, that it was less risky than other loans, that it was helpful, that it was quick and easy, that it did not apply to the restaurant business, that it was a headache, and that it was cumbersome and bureaucratic.



Banks – Main Source of information About CSBFA

Those aware of the CSBFA/SBLA were asked how they had learned about it. Most indicated that they learned about the program from one source, the Bank (53%). Small numbers learned about it from friends and colleagues (11%), a website (8%), a brochure or pamphlet or a service provider (6% each). Included in the 'other' category are newspapers, clients, radio, and Canada Business Service Centres.

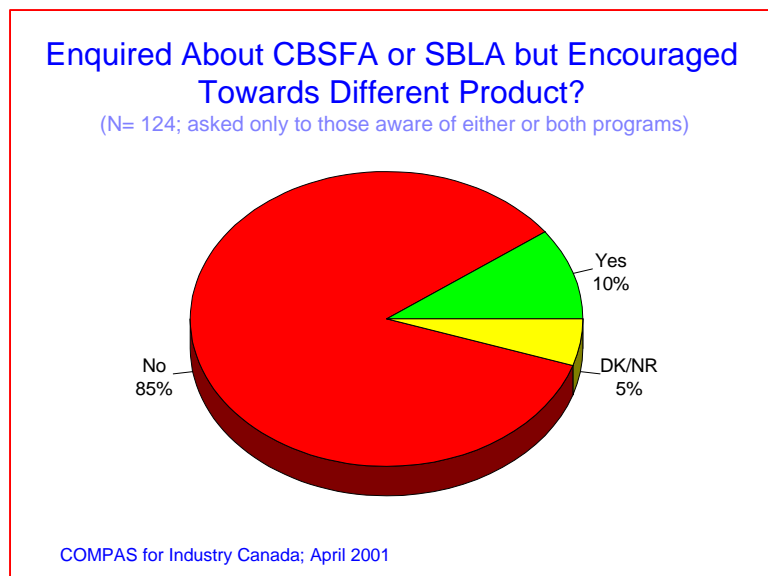


Few of Those Aware of CSBFA/SBLA Dissuaded From Applying

Business managers aware of the program were asked the following question:

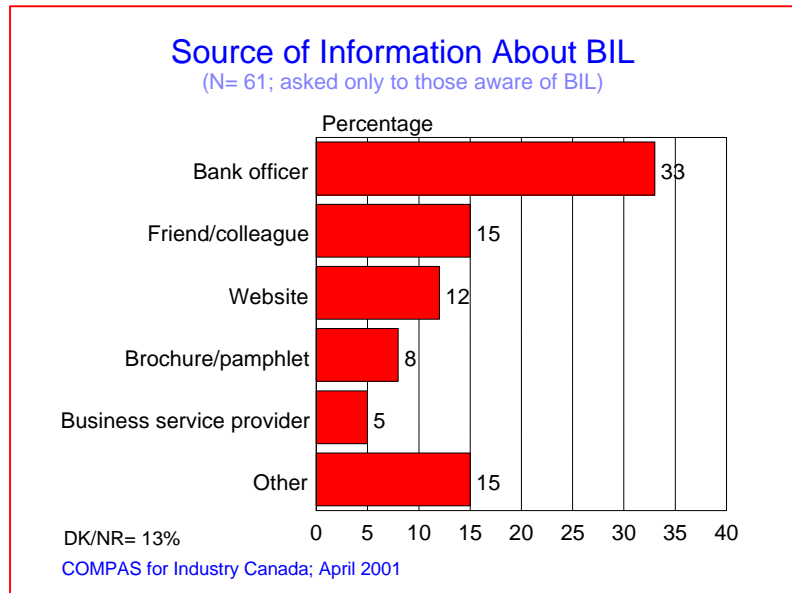
Have you ever asked about a loan under the Canada Small Business Financing Act or the Small Business Loans Act and been encouraged toward a different product by a bank or financial institution representative?

In response, the vast majority (85%) said no, 10% said yes, and 5% did not know.



Bank Officers – Main Source of Information About BIL

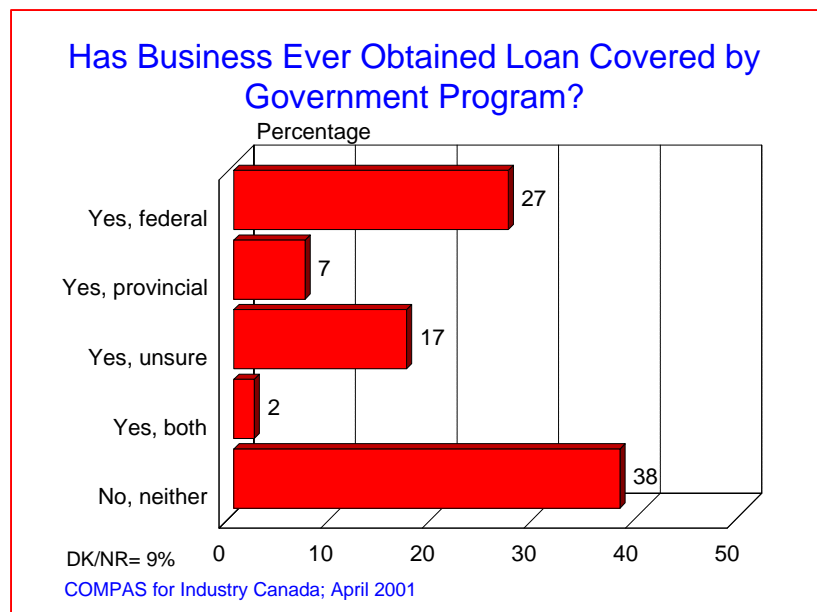
Participants aware of BIL were also asked to identify their source of information about the program. As with the CSBFA, clients are most likely to have heard about the program through the bank, specifically a bank officer (33%), followed by a friend or colleague (15%), a website (12%), a brochure or pamphlet (8%), and a business service provider (5%). Included in the 'other' category were word of mouth, the CFIB, an accountant, clients, the media, Industry Canada, and the Business Development Bank. In all, 13% did not recall the source of their information about BIL.



Clients were three times as likely as non-clients to identify a bank officer as their source of information.

Many Unaware Their Business Has Obtained Loan Covered By Federal Program

All participants were asked if their business has ever obtained a loan covered by a government program, either federal or provincial, that guarantees the loans of small businesses and shares the risk with the financial institution. Participants were asked to focus on the entire history of the firm. Just over half (53%) indicated that their firm has obtained such a loan, either federally or provincially, and 38% indicated that they had not. It is significant that only 29% stated clearly that their

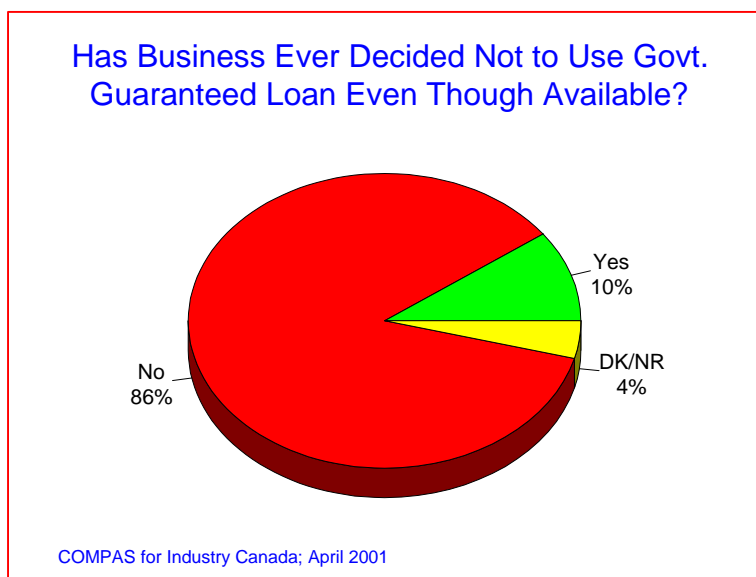


business has obtained a loan covered by a federal government program. Seventeen percent were unsure about the level, while 9% were unsure about whether or not they obtained a loan covered by a government program.

It appears that many clients were unclear as to which level of government offered the program that covered their loan.

Few Have Refused Government-Guaranteed Loan

Asked if their business has ever decided not to use a government guaranteed loan (federal or provincial) when they knew one was available, the vast majority of participants (86%) said no. Relatively few (10%) have refused such a loan. Of those who have, 5% refused a federal loan, 2% a provincial loan, and 4% were unsure of the level.



When those who refused (n= 21) were asked why, they offered a variety of reasons including lack of need, too many administrative burdens, high interest rates, strict requirements, and availability of other options.

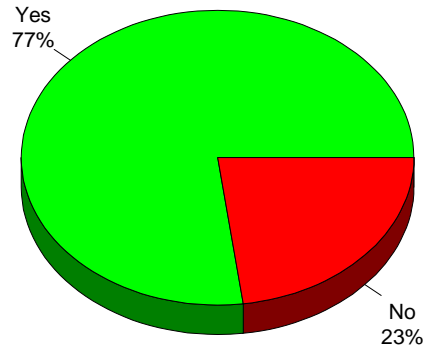


Most Know of Business Development Bank of Canada, Few Have Used It

Over three-quarters of business managers indicated that they are aware of the Business Development Bank of Canada.

These results are identical to those in the non-client group.

Heard of Business Development Bank of Canada?

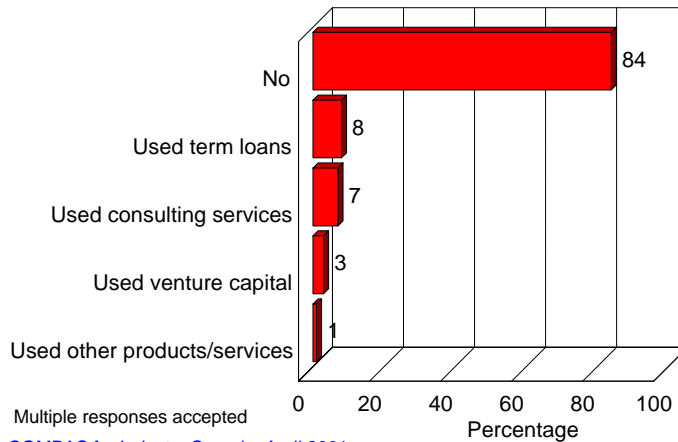


COMPAS for Industry Canada; April 2001

When asked if they have ever used any of the Bank's products or services, the vast majority of those aware of the Bank (84%) said that they have not. In total, 19% said that they have used Bank services. Among those who have, 8% used term loans, 7% used consulting services, 3% used venture capital, and 1% used other products and services.

Used Products/Services of Business Development Bank?

(N= 154; asked to those aware of the Business Development Bank of Canada)



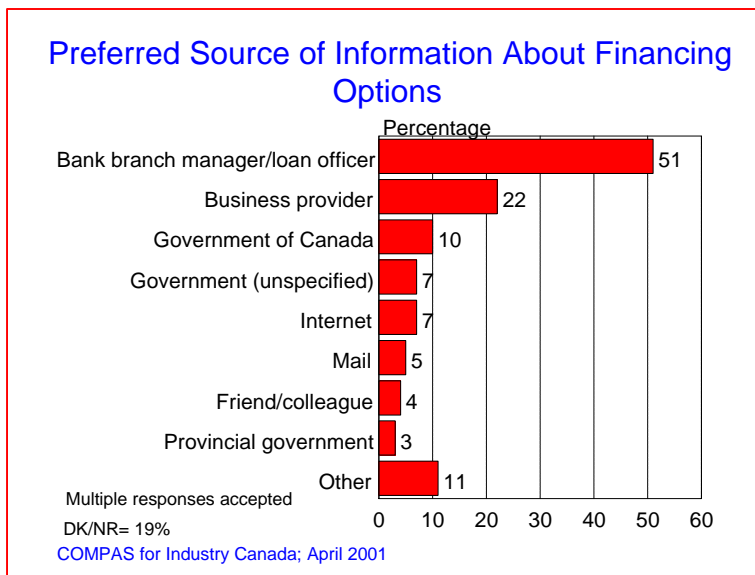
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Information Preferences

Bank Officers – Preferred Source of Information About Financing Options

When it comes to getting information about financing options, most participants prefer to turn to bank managers and loan officers (50%). No other source came close. This was followed at a distance by business providers (22%) and government (20%), including the Government of Canada (10%), government in general (7%), and provincial governments (3%) (multiple responses accepted).



Other potential sources of information were cited less often. These included the Internet, mail, and friends and colleagues. Included in the 'other' category were the Federal Development Bank, the Business Development Bank, the CFIB, Industry Canada, information packages for small business, and accountants.

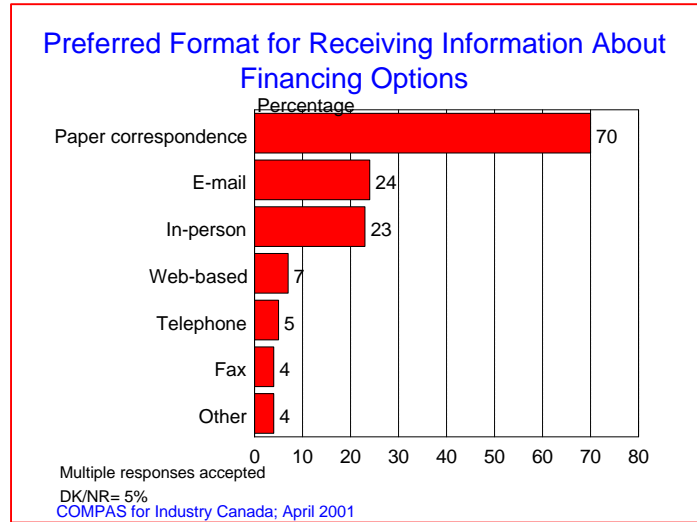
Note that banks and bank officers were the main sources of information for both the CSBFA and the BIL

In all, 19% did not identify a preference.



Hard Copy – Preferred Format for Receiving Information

Like non-clients, clients have a strong preference for receiving information about financing options in hard copy or paper format. Over two-thirds (70%) identify this as their preferred format. Approximately one-quarter of participants have a preference for email (24%) and personal contact (23%) (multiple responses accepted). Similar support for two such widely divergent formats seems to suggest that when dealing with financial information, people want to retain traditional forms of interaction while having access to more technologically advanced options. Small numbers showed a preference for web-based options, phone, or fax. Included in the 'other' category were information packages and indications of no preference.



Subgroup Variations

This section presents the subgroup variations for the survey findings. Differences that are reviewed include:

- ❑ Stage of development of firm
- ❑ Size of firm
- ❑ Region
- ❑ Rural vs. urban location (general business population only)
- ❑ Age of owner
- ❑ Gender of owner
- ❑ Age of firm

When reviewing the subgroup differences, caution should be exercised in interpreting the results due to the relatively small sample sizes. This is particularly true of the client population.

General Business Population

Stage of Development

For the purposes of comparison, firms were divided into two groups: early stage firms (including firms in the early start-up and survival stages) and mature firms (including firms in the growth and mature stages).

Financing Issues and Awareness of CSBFA/SBLA Program

Early stage firms were slightly more likely to use more than one financial institution for their banking and other financial arrangements (31% vs. 26%).

In terms of financing options, mature firms were slightly more likely to use term loans (38% vs. 33%) and operational leases (16% vs. 11%). Firms, whatever their stage of development, were almost equally likely to use all other financing options.

Representatives of mature firms were more likely to indicate that they did not know which options their firm used (23% vs. 14%).

Firms, regardless of stage of development, were equally likely to have applied for a loan from a financial institution. However, among those that applied, mature firms were somewhat more likely to have obtained the loan for the amount requested (84% vs.



72%), while early stage firms were twice as likely to have been turned down (21% vs. 10%).

Among firms that obtained a loan, early stage firms were much more likely to have obtained one that was covered by a federal program guaranteeing loans to small businesses (33% vs. 18%).

Representatives from early stage firms were more likely to be aware in an unaided manner of federal loans programs in general (i.e. not by name) (46% vs. 38%). They were also more likely to be aware of the CSBFA and SBLA by name on an unaided basis (14% vs. 5%). In terms of total awareness of the program (on an aided and unaided basis), differences were small, although mature firms were slightly more likely to remain unaware of the program (40% vs. 36%).

Total awareness of the BIL program is somewhat higher among mature firms (37% vs. 27%).

Knowledge and Use of Government Programs

Business managers of mature firms were more likely to have heard about the CSBLA and SBLA from a brochure or pamphlet (20% vs. 14%), while those from early stage firms were more likely to have learned about it through a bank officer (21% vs. 3%).

Managers of early stage firms were more likely to have heard about BIL through a brochure (27% vs. 14%) or a friend or colleague (23% vs. 12%). Those from mature firms were more likely to have heard through a bank officer (13% vs. 4%).

Representatives from early stage firms were nearly twice as likely to indicate that their firm obtained a loan covered by a government program (23% vs. 13%).

They were also more likely to have heard of the Business Development Bank of Canada (80% vs. 73%).

Information Preferences

Representatives from early stage firms were more likely to express a preference for bank managers and loan officers as a source of information about financing options (41% vs. 36%). Those in mature firms were more likely to express a preference for business providers (16% vs. 6%) and newspapers (10% vs. 3%).

Managers of early stage firms were noticeably more likely to prefer hard copy as a format for receiving information about financing (76% vs. 60%), and to prefer fax (17% vs. 4%).



Size

Firms were divided into three size categories based on total revenues for the last year: \$500,000 or less, \$500,001-\$1 million, and \$1 million -\$5 million. While all firms included in this study were small, for the purposes of analysis, these categories will be referred to respectively as small, medium-sized and large.

Financing Issues and Awareness of CSBFA/SBLA Program

The likelihood of using more than one financial institution increased with firm size (from 24% of small firms to 37% of large ones).

Financing options were more likely to be used by medium-sized and large firms. Lines of credit were more likely to be used by medium-sized firms (76% vs. 67% of large and 53% of small firms), as were term loans (55% vs. 38% of large and 25% of small firms). Credit cards for larger purchases were more likely to be used by larger firms (33-34% vs. 27% of small firms). Capital leasing was significantly more likely to be used by large firms (44% vs. 16% of others), while use of operational leases increased with firm size: from 8% of small to 21% of large firms.

Medium-sized firms were the most likely to have applied for a loan (58% vs. 39-40% of others). Among those that applied, large firms were the most successful in obtaining the loan for the amount requested (89% vs. 75-78% of others). Small and large firms were the most likely to have been refused a loan (18-21% range vs. 7% of medium-sized firms).

Among firms that obtained a loan, the likelihood that it was covered by a federal government program was highest in large firms and declined with firm size (from 37% to 16%).

Managers of large firms were much more likely to be aware in an unaided manner of federal loans programs in general (60% vs. 30-35% of others). They were also much more likely to be aware of the CSBFA and SBLA by name on an unaided basis (17% vs. 6-7% of others). In terms of total awareness of the program (aided and unaided), managers of large firms were the most aware of the program by name (55%), followed by small (50%) and medium-sized firms (39%). Those from medium-sized firms were the most likely to be unaware of the program (50% vs. 38% of small and 30% of large firms).

Total awareness of the BIL program was similar among all size firms (30-34% range).



Knowledge and Use of Government Programs

Managers of small firms were most likely to have heard about the CSBFA/SBLA from a brochure or pamphlet: 23% vs. 13% of large and 1% of medium-sized firms. Those from medium firms were more likely to have heard about it from friends or colleagues (36% vs. 11-12% of others), while those in large firms were much more likely to have heard about it from a bank officer (25% vs. 10% of small firms and no medium-sized firms).

The likelihood of having heard about the BIL through a pamphlet or brochure decreased significantly as firms increased in size (from 31% of small to 2% of large firms). Representatives of large and small firms were alone in having heard about the BIL through a friend or colleague and a bank officer.

Representatives of larger firms were more than twice as likely as those from small ones to indicate that their firm received a loan covered by a government program (21-23% vs. 9% of small firms).

The likelihood of having heard of the Business Development Bank increased with firm size (from 71% of small to 86% of large firms).

Information Preferences

Managers of large and small firms were more likely to prefer receiving information about financing from a bank manager or loan officer (41-43% vs. 29% of medium-sized firms). Representatives of large firms preferred receiving information from business providers (18% vs. 10% of small and 5% of medium firms) and newspapers (16% vs. 2-4% of others). Managers of medium-sized firms preferred receiving information from government (37%), followed by those from small (27%) and large firms (17%).

Preference for receiving information as paper correspondence was highest in small firms and decreased as firm size increased (from 75% to 55%). Larger firms preferred receiving information by email (36% vs. 21% of small firms), while large firms preferred receiving information in person (31% vs. 14% of small and 9% of medium-sized firms) and by fax (14% vs. 6% of others).



Region

In terms of regional distribution, 11% of businesses were in the Atlantic region, 21% were in Quebec, 35% were in Ontario, and 33% were in the West.

Financing Issues and Awareness of CSBFA/SBLA Program

Ontario firms were the most likely to use more than one financial institution for their banking and financial arrangements (34%). Firms in the Atlantic region were the least likely to do this (19%).

Lines of credit were used most as a financing option in Ontario (64%), followed closely by the West (61%) and Quebec (58%). They were used much less often in the Atlantic region (40%). Term loans were used most in the West (42% vs. 32-35% elsewhere). Credit cards for larger purchases were used most in Ontario (40%) and least in Quebec (20%). Use of other financing tools did not vary significantly by region.

Only in Quebec had a majority of firms applied for a loan from a financial institution (52%), followed by the West (44%), the Atlantic region (37%) and Ontario (33%). Among firms that applied for loans, those in the West (86%) and Quebec (81%) were the most likely to have obtained the loan for the amount requested. Firms in the Atlantic region were the most likely to have been refused a loan (23%).

Among businesses that obtained a loan, those in the West were the most likely to note that the loan was covered by a federal program guaranteeing loans to small businesses (28% vs. 21-23% elsewhere).

Awareness of federal loans programs in an unaided manner ranged from 49% in the West to 34% in Quebec. However, awareness of the CSBFA and SBLA by name on an unaided basis was highest in Quebec (14%) and lowest in the West (7%). Total awareness of the program by name (aided and unaided) ranged widely: from 61% in Ontario to 29% in Quebec. Lack of awareness that there was a federal program was highest in Quebec (57%).

Total awareness of the BIL program was highest in the West (42%) and lowest in Quebec (11%).



Knowledge and Use of Government Programs

Knowledge of the CSBFA/SBLA through a pamphlet or brochure was highest in the Atlantic region (23%) and lowest in Quebec (5%), as was knowledge through a friend or colleague (18% vs. 5%). Conversely, managers of Quebec firms were the most likely to have heard about the program through a bank (14%) while those in the Atlantic region were least likely to (6%). Quebec firms were also much more likely to have heard about the program through a service provider (25% vs. 11% or less elsewhere).

Managers of firms in the Atlantic region were the most likely to have found out about the BIL through a brochure or pamphlet (25%), while those in the West were the most likely to have heard about it through a friend or colleague (24%).

Managers of firms in Quebec were the most likely to note that their firm obtained a loan covered by a government program (22%), followed by those in Ontario (18%) and the West (16%). Managers of firms in the Atlantic region were the least likely to indicate this (9%).

Business managers of firms in the West were the most likely to have heard of the Business Development Bank (85%), while those in Ontario were the least likely to have heard of it (68%).

Information Preferences

Representatives of firms in Ontario (46%) and the West (42%) were more likely to express a preference for receiving information about financing options from a bank manager or loan officer. Representatives from Quebec firms were more likely to prefer receiving such information from a business provider (25% vs. 6-11% elsewhere). Preference for government information did not vary significantly by region but was highest in Atlantic Canada (29%) and lowest in Ontario (21%).

In terms of format, preference for hard copy/paper was high in all areas (72-81%) except Quebec (29%). Conversely, preference for email was significantly higher in Quebec (50% vs. 16-25% elsewhere). A preference for receiving information in person was similar everywhere (20-23%) except the West (13%). Preference for fax was much higher in the Atlantic region than elsewhere (22% vs. 6-10%).



Rural vs. Urban Location

For the purposes of this analysis, rural locations are defined as communities with less than 20,000 residents. Urban locations are municipalities of 20,000 residents or more. A total of 64% of participating businesses were in urban locations, 36% in rural areas.

Financing Issues and Awareness of CSBFA/SBLA Program

Rural and urban firms were almost equally likely to use more than one financial institution for their banking and other financial arrangements (27-30%).

Rural firms were more likely to use most of the financing options. This included use of lines of credit (64% vs. 56%), term loans (49% vs. 29%), capital leasing (31% vs. 21%), and operational leases (20% vs. 10%).

Rural firms were more likely to have applied for a loan from a financial institution (51% vs. 36%), and to have been successful in obtaining the loan for the amount requested (89% vs. 75%). Conversely, urban firms were more likely to have been turned down for a loan (21% vs. 6%).

Among businesses that received a loan, urban and rural firms were equally likely to have received loans covered by a federal government program guaranteeing loans to small businesses.

Awareness of federal loans programs (unaided awareness) was slightly higher in urban firms (43% vs. 38%). However, awareness of the CSBFA and SBLA by name on an unaided basis was higher among rural managers (12% vs. 8%). Total awareness of the program by name (aided and unaided) was higher in urban firms (52% vs. 46%).

Total awareness of the BIL program was higher in rural firms (42% vs. 28%).

Knowledge and Use of Government Programs

Representatives of urban firms were slightly more likely to have learned about the CSBFA/SBLA from a brochure or pamphlet (19% vs. 13%). Managers of rural firms were more likely to have heard about it through a service provider (19% vs. 3%).

Managers of urban firms were much more likely to have heard about the BIL through a brochure or pamphlet (27% vs. 9%), while those in rural firms were more likely to have heard about it through a friend or colleague (21% vs. 11%).



Representatives of urban and rural firms were equally likely to indicate that their firm had obtained a loan covered by a government program. They were also almost equally likely to have heard about the Business Development Bank (75-79%).

Information Preferences

Representatives of urban firms were somewhat more likely to prefer receiving information about financing options from bank managers (42% vs. 31%). They were also more likely to prefer government as a source of such information (26% vs. 20%). Conversely, managers of rural firms were more than twice as likely to prefer information from business service providers (20% vs. 7%). They were also more likely to not have a preference (27% vs. 17%).

Managers of firms, regardless of location, were almost equally likely to prefer receiving information in paper format (64-69% range) or in person (18-19% range). However, representatives of urban firms were more likely to prefer receiving information by email (33% vs. 20%) and fax (12% vs. 6%).

Age of Owner

Owners were divided into three age groups: 18-34 (young), 35-54 (middle-aged), and 55 and older (old). In terms of distribution, 11% of businesses were owned by young people, 63% by middle aged, and 21% by older owners.

Financing Issues and Awareness of CSBFA/SBLA Program

Businesses with young owners were more likely to use more than one financial institution for their banking and other financial needs (39% vs. 24-26% of others).

Firms with young owners were the most likely to use lines of credit as a financing option; moreover, the likelihood decreased as age increased (from 67% to 55%). The same was true for capital leasing (from 30% to 16%). They were also more likely to use term loans (44% vs. 37% of older owners). Firms with middle-aged owners were more likely to use credit cards for larger purchases (33% vs. 24% of old and 14% of young owners) and operational leases (16% vs. 4% of others).

Firms with young owners were the most likely to have applied for loans from financial institutions, and the likelihood of doing so declined as the age of the owner increased (from 48% to 39%).



Among firms that applied for loans, the likelihood of having received the loan for the amount requested decreased significantly as the age of the owner increased (from 93% to 57%). As well, the likelihood of being turned down increased with the age of the owner (from 4% to 21%). Among firms that received a loan, the likelihood of it being covered by a federal program also decreased significantly as the age of the owner increased (from 54% to 1%).

Awareness of federal loan programs (unaided) was highest in firms with young owners (54% vs. 41-46% of others). Awareness of the CSBFA and SBLA by name on an unaided basis was also noticeably higher in these firms (23% vs. 8-9% of others), as was total awareness of the program by name (aided and unaided) (63% of firms with young owners vs. 50-52% of others). Conversely, lack of awareness of a federal program was higher in firms with older owners (37-39% vs. 24% of those with younger owners).

Total awareness of the BIL program was slightly higher in firms with older owners (35% vs. 28-30% of others).

Knowledge and Use of Government Programs

Firms with older owners were more likely to have learned about the CSBFA/ SBLA through a brochure or pamphlet (16-20% range vs. 10% of firms with young owners). Firms with old owners were more likely to have heard about the program through newspapers (19% vs. 3-5% of others). Firms with young owners were more likely to have heard about the program through friends or colleagues (31% vs. 6-13% of others) and the bank/bank officers (30% vs. 8-13% of others).

In a similar pattern, firms with older owners were more likely to have heard about the BIL through brochures or pamphlets (22% vs. 15% of firms with young owners), while those with young owners were far more likely to have heard about it through friends or colleagues (81% vs. 10-13% of others).

The likelihood of having obtained a loan covered by a government program decreased as the age of the owner increased: from 25% of firms with young owners to 13% of firms with old owners.

Firms, whatever the age of their owner, were almost equally likely to have heard of the Business Development Bank (75-78%).



Information Preferences

Firms with young owners were more likely to prefer receiving information about financing options from a bank manager or loans officer (54% vs. 37-40% of others). Business service providers were preferred as a source of information by firms with young and middle-aged owners (12-15% vs. 5% of firms with old owners). Firms with middle-aged owners were more likely to prefer receiving such information from government (28% vs. 17-20% range for others).

A preference for paper as a format for receiving financing information increased with the age of the owner (from 61 to 72%). There was little difference in terms of the preference for email or fax. Firms with middle-aged owners were more likely to prefer receiving information in person (24% vs. 9-10% of others).

Gender of owner

In total, 79% of participating firms were owned by men, 21% by women.

Financing Issues and Awareness of CSBFA/SBLA Program

Firms with male owners were more likely to use more than one financial institution for their banking and financial arrangements (30% vs. 20%).

Firms with male owners were more likely to use the following financing options: lines of credit (62% vs. 50%), capital leasing for equipment (27% vs. 15%), and operational leases (16% vs. 6%). Firms with women owners were more likely to use term loans (43% vs. 34%), while use of credit cards for larger purchases was similar (29-30%).

Firms with male owners were more likely to have applied for a loan from a financial institution (43% vs. 33%). Among firms that did apply for loans, those with male owners were significantly more likely to have obtained one for the amount requested (84% vs. 53%). Conversely, firms with women owners were three times as likely to have been turned down for a loan (33% vs. 11%).

Among firms that received loans from financial institutions, those with male owners were more than twice as likely to have received one covered by a federal government program guaranteeing a loan to small business (26% vs. 10%).



Awareness of federal loan programs (unaided) was highest in firms with male owners (43% vs. 35%). Awareness of the CSBFA and SBLA by name on an unaided basis did not vary significantly. Total awareness of the program by name (aided and unaided) was also virtually the same in firms with male and female owners (48-50%).

Total awareness of the BIL program did not vary significantly (32-36%).

Knowledge and Use of Government Programs

Representatives of firms with male owners were more likely to have heard about the CBSFA/SBLA from a friend or colleague (15% vs. 8%), while those from firms with women owners were more likely to have heard about it from a business service provider (16% vs. 6%).

When it came to the BIL, representatives of firms with male owners were alone in indicating that they had learned about the program from a bank officer (12%) or a business service provider (8%). Firms with women owners were more likely to say they heard about it program through a brochure or pamphlet (28% vs. 16%).

Representatives of firms with male owners were more likely to say that their firm obtained a loan covered by a government program (19% vs. 11%). They were also more likely to have heard about the Business Development Bank (78% vs. 73%).

Information Preferences

Representatives of firms with male owners were somewhat more likely to indicate a preference for receiving information about financing options from a bank manger or loan officer (41% vs. 29%). Other differences were small.

Differences in the choice of formats for such information were insignificant.

Age of Business

Firms were divided into four categories: those that have been in existence for 5 years or less, between 6 and 15 years, 16 to 29 years, and 30 years or more.

Financing Issues and Awareness of CSBFA/SBLA Program

The oldest firms (30 years and older) were the most likely to use more than one financial institution for their banking and other financial arrangements (44%), followed by the youngest firms (36%).



In terms of financing options, older firms (16 years or older) were more likely to use lines of credit (63-66% vs. 54-58% of younger firms) and operational leases (17-18% vs. 7-12% of younger firms). The oldest firms were much more likely to use capital financing for equipment (46% vs. 17-25% of other firms).

Firms, regardless of age, were equally likely to have applied for a loan from a financial institution (41-42%). However, among those that applied, older firms were more likely to have obtained the loan for the amount requested (84% vs. 74-77%).

Among firms that obtained a loan, the youngest firms were much more likely to have obtained one that was covered by a federal program guaranteeing loans to small businesses (47% vs. 28% or less for others).

Unaided awareness of federal loans programs in general decreased noticeably as the age of firms increased (from 50% to 23%). Awareness of the CSBFA and SBLA by name on an unaided basis varied but did not follow a discernible pattern. In terms of total awareness of the program (aided and unaided), there was also no clear pattern, although the oldest firms were the most likely to be unaware of the program (49% vs. 30-38% of others).

Conversely, total awareness of the BIL program was higher among the oldest firms (44% vs. 29-36% of others).

Knowledge and Use of Government Programs

Representatives from the oldest firms were the most likely to have learned about the CSBFA/SBLA from friends or colleagues (22% vs. 8-11% of others). The same is true regarding awareness of the BIL (27% vs. 12-14% of others).

Representatives from the youngest firms were the most likely to say that their firm obtained a loan covered by a government program (26%).

Awareness of the Business Development Bank was highest in firms between 16 and 29 years of age (83% vs. 71-76% of others).

Information Preferences

Though there were differences in preferred sources of information about financing options, there was no discernible pattern according to the age of firms.

Representatives from younger firms were more likely to prefer paper as a format for receiving information about financing (72-78% vs. 54-60% of older firms).



Client Population

Stage of Development

As noted, firms were divided into two groups: early stage firms (including firms in the early start-up and survival stages) and mature firms (including firms in the growth and mature stages).

Financing Issues and Awareness of CSBFA/SBLA Program

Firms, regardless of stage of development, were almost equally likely to use more than one financial institution for their banking and financial arrangements (27-29%).

Differences in the use of financing options were evident but not pronounced. Mature firms were more likely to use lines of credit (78% vs. 71%), term loans (72% vs. 67%) and operational leases (16% vs. 11%). Early stage firms were more likely to use credit cards for larger purchases (30% vs. 25%).

Mature firms were more likely to have applied for a loan from a financial institution (87% vs. 75%). Moreover, among those that applied, mature firms were also more likely to have obtained the loan for the amount requested (85% vs. 75%). Early stage firms were more likely to have been turned down (10% vs. 2%).

Firms that obtained loans were almost equally likely to have obtained one that was covered by a federal program guaranteeing loans to small businesses (69-72% range).

Managers of mature firms were more likely to be aware (unaided) of federal loan programs (82% vs. 76%). However, early stage and mature firms were equally likely to be aware of the CSBFA and SBLA by name on an unaided basis (39-42%). Total awareness of the program (aided and unaided basis) was higher among early stage firms (72% vs. 66%).

Total awareness of the BIL program was higher among early stage firms (37% vs. 26%).

Knowledge and Use of Government Programs

Managers of early stage and mature firms were almost equally likely to have heard about the CSBFA and SBLA from the different sources. The same is true for the BIL.



Mature firms were more likely to have obtained a loan covered by a government program (56% vs. 48%). They were also more likely to have heard of the Business Development Bank of Canada (81% vs. 69%).

Information Preferences

Differences in preference regarding sources of information about financing options were not pronounced. Managers of mature firms were moderately more likely to express a preference for receiving information from business providers (24% vs. 18%). Other differences were insignificant.

Representatives of early stage firms were somewhat more likely to prefer email as a format for receiving information about financing (30% vs. 20%). Other differences were small.

Size

Firms were divided into three size categories based on total revenues for the last year: \$500,000 or less, \$500,001-\$1 million, and \$1 million -\$5 million. While all firms included in this study were small, for the purposes of analysis, these categories will be referred to respectively as small, medium-sized and large.

Financing Issues and Awareness of CSBFA/SBLA Program

The likelihood of using more than one financial institution increased with firm size: from 16% of small firms to 49% of large ones.

Most financing options either increased in use as firm size increased or were more likely to be used by larger firms. For example, lines of credit were more likely to be used by larger firms (87-90% range vs. 70% of small firms), as were operational leases (29-31% range vs. 18% of small firms). Use of term loans increased with firm size (from 66% to 76%), as did use of capital leasing (from 31% to 63%). Credit cards for larger purchases were most likely to be used by medium-sized firms (45% vs. 24-27% range for others).

Large firms were the most likely to have applied for a loan (90% vs. 82-83% of others). However, among those that applied, medium firms were more successful than others in obtaining the loan for the amount requested (92% vs. 79-80%).

Among firms that obtained a loan, the likelihood that it was covered by a federal program did not vary significantly (68-72% range).



Managers of larger firms were more likely to be aware (unaided) of federal loan programs (83-84% vs. 75% of small firms). They were also much more likely to be aware of the CSBFA and SBLA by name on an unaided basis (53-59% range vs. 37% of small firms). In terms of total awareness of the program (aided and unaided), representatives of medium-sized firms were the most aware of the program by name (76% vs. 66-67% of others).

Total awareness of the BIL program is highest among managers of medium-sized firms (31% vs. 24% of others).

Knowledge and Use of Government Programs

Managers of large firms were more likely to indicate that they learned about the CSBFA/SBLA from a bank (67% vs. 50-53% range for others). Conversely, representatives of small and medium-sized firms were more likely to say they learned about it through a friend or colleague (11-13% vs. 4% of large firms).

The likelihood of having learned about the BIL through a bank officer increased significantly with firm size (from 24% to 56%).

Larger firms were more likely to have received a loan covered by a government program (58-59% vs. 51% of small firms).

The likelihood of having heard of the Business Development Bank was highest in medium-sized firms (90%), followed by large (79%) and small firms (72%).

Information Preferences

Managers of small firms were the most likely to prefer receiving information about financing from a bank manager or loan officer (55% vs. 48-50%). Managers of large firms were more likely to prefer receiving such information from service providers (40% vs. 22% of small and 14% of medium-sized firms), while those from medium-sized firms prefer receiving such information from government (28% vs. 18-20% of others).

Preference for receiving information in paper format was highest in small firms (74% vs. 62-66% of others). Medium-sized firms preferred receiving information by email (31% vs. 21-24% of others), while larger firms in general preferred receiving information in person (29-31% vs. 24% of small firms).



Region

In terms of regional distribution, 19% of businesses were in the Atlantic region, 40% in Quebec, 28% in Ontario, and 14% in the West.

Financing Issues and Awareness of CSBFA/SBLA Program

Firms in the Atlantic region were the most likely to use more than one financial institution for their banking and other financial arrangements (40%). Firms in the West were least likely to do this (18%).

Use of lines of credit as a financing option was highest in Quebec but did not vary significantly by region (71-79% range). Use of other options was more varied. Use of term loans ranged from 79% in the West to 68% in Quebec. Capital leasing was used most in Quebec (49%) and least in the West (29%). Conversely, credit cards for larger purchases were used most in the West (39%) and least in Quebec (24%). Use of operational leases ranged from 34% in the Atlantic region to 11% in the West. Venture capital was used almost exclusively in Quebec (19%) and Ontario (16%).

Firms in Quebec and the West were more likely to have applied for a loan from a financial institution (89-90% vs. 73-74% elsewhere). Among firms that have applied for loans, those in Ontario, the West, and the Atlantic region were almost equally likely to have obtained the loan for the amount requested (82-85%). Firms in Quebec were less likely to have obtained the full loan amount (78%).

Among managers of firms that obtained a loan, those in Ontario were most likely to indicate that the loan was covered by a federal program (80%). Those in the West were least likely to indicate this (56%).

Awareness of federal loans programs in general (unaided) was highest in Ontario (86%) and Quebec (83%), and lowest in the West (64%). Awareness of the CSBFA/SBLA by name on an unaided basis was highest in Quebec (55%) followed by Ontario (43%) and lowest in the Atlantic and the West (21-22%). Total awareness of the program by name (aided and unaided) was highest in Ontario (79%), followed by Quebec (69%), the West (68%) and the Atlantic region (53%).

Business managers in the West (57%) and Ontario (52%) were much more likely to be aware of the BIL than those in the Atlantic region (24%) and Quebec (9%).



Knowledge and Use of Government Programs

Managers in Quebec were the most likely to have learned about the CSBFA/ SBLA from a bank officer (67%), while those in the Atlantic region were least likely to (30%). Those in the Atlantic region were the most likely to have learned about it through a friend or colleague (20% vs. 6-12% elsewhere).

Representatives in Ontario firms were noticeably more likely to have found out about the BIL through a bank officer (45% vs. 29% or less elsewhere), while those in the Atlantic region were the most likely to have heard about it through a friend or colleague (22% vs. 13-14% elsewhere).

Managers of firms in Ontario and the West were the most likely to say that their firm has obtained a loan covered by a government program (57% vs. 47-51% elsewhere).

Awareness of the Business Development Bank ranged from 82% in the Atlantic region to 71% in the West.

Information Preferences

Managers of businesses in Quebec (56%), Ontario (55%) and the West (50%) were much more likely to prefer receiving information about financing options from a bank manager or a loan officer than those in the Atlantic region (32%). Approximately one-quarter (20-26%) of the managers in the Atlantic region, Quebec and Ontario expressed a preference for receiving such information from a business provider compared to only 7% from the West. Preference for government information was highest in the West (29%) and the Atlantic region (26%) and lowest in Quebec (14%).

In terms of format, preference for paper was significantly higher in the West (89% vs. 65-68% elsewhere). Preference for email was highest in Ontario (30% vs. 21% elsewhere). Preference for receiving information in person was highest in Quebec (33% vs. 14-21% elsewhere).

Age of Owner

Owners were divided into three age groups: 18-34 (young), 35-54 (middle-aged), and 55 and older (old). In terms of distribution, 25% of businesses were owned by young people, 66% by middle aged, and 9% by older owners.



Financing Issues and Awareness of CSBFA/SBLA Program

The likelihood of using more than one financial institution for banking and other financial needs increased with the age of the owner: from 24% to 39%.

The likelihood of using lines of credit as a financing option increased with the age of the owner (from 72% to 83%), as did use of credit cards for larger purchases (from 24% to 33%). Firms with middle-aged owners were more likely to use term loans (72% vs. 66-67% of others), capital leasing for equipment (43% vs. 38% of young and 28% of old owners), and operational leases (27% vs. 12-17% of others). Firms with young and middle-aged owners were more likely to use venture capital (13-14% vs. 6% of firms with old owners).

The likelihood of having applied for loans from financial institutions increased with the age of the owner (from 78% to 94%). Among firms that applied for loans, those with old owners were the most likely to have received the loan for the amount requested (88% to 80% of others).

Among firms that received a loan, the likelihood of its being covered by a federal program decreased significantly as the age of the owner increased (from 80% to 41%).

Awareness of federal loans programs in general (unaided) did not vary much (76-81% range). Awareness of the CSBFA/SBLA by name on an unaided basis was highest in firms with young owners (48% vs. 38-40% of others). Total awareness of the program by name (aided and unaided) was also highest in firms with young owners (78% vs. 72% of older and 64% of middle-aged owners).

Total awareness of the BIL program was highest in firms with young owners (36% vs. 28% of others).

Knowledge and Use of Government Programs

Managers of firms with middle-aged owners were more likely to have learned about the CSBFA/SBLA through a bank (63% vs. 36% of others). Those in firms with young owners were more likely to have heard about the program through friends or colleagues (27% vs. 5% or less for others).

Representatives of firms with older owners were much more likely to have heard about the BIL through brochures or pamphlets (40% vs. 17% of firms with young owners).

Businesses with young and middle-aged owners were more likely to have obtained a loan covered by a government program (54-55% vs. 33% of firms with old owners).



The likelihood of having heard of the Business Development Bank increased with the age of the firm owner (from 72% to 89%).

Information Preferences

Representatives were equally likely to prefer receiving information about financing options from a bank manager or loans officer. Business service providers were the preferred choice in firms with old owners (28% vs. 20-21% of others). Representatives of firms with middle-aged owners were more likely to prefer receiving information from government (23% vs. 14-17% range for others).

Managers, regardless of the owner's age, were almost equally likely to prefer paper as a format for receiving such information (69-72% range). Preference for email decreased significantly as the age of the owner increased (from 36% to 6%). Representatives of firms with older owners were more than twice as likely to prefer receiving information in person (27-28% vs. 12% of firms with young owners).

Gender of owner

In total, 82% of participating firms were owned by men, 18% by women.

Financing Issues and Awareness of CSBFA/SBLA Program

Firms with male owners were more likely to use more than one financial institution for their banking and financial arrangements (29% vs. 24%).

Firms with male owners were more likely to use lines of credit (77% vs. 68%), and venture capital (13% vs. 8%). Firms with female owners were more likely to use term loans (84% vs. 67%) and capital leasing for equipment (49% vs. 39%). Use of other financing options was virtually the same.

Firms with male owners were more likely to have applied for a loan from a financial institution (83% vs. 78%). Among firms that did apply for loans, those with male owners were also more likely to have obtained the loan for the amount requested (83% vs. 76%).

Among firms that received loans from financial institutions, those with male owners were more likely to have received one covered by a federal government program guaranteeing a loan to small business (73% vs. 64%).



Awareness of federal loans programs in general (unaided) was virtually the same (79-81%). Awareness of the CSBFA/SBLA by name on an unaided basis was higher in firms with male owners (42% vs. 32%). Total awareness of the program by name (aided and unaided) was almost the same (68-70%).

Total awareness of the BIL program did not vary significantly according to the gender of the owner.

Knowledge and Use of Government Programs

Differences regarding the source of information about the CBSFA/SBLA were insignificant. When it came to the BIL, representatives from firms with male owners were more likely to say that they learned about the program from a bank officer (35% vs. 20%).

Representatives of firms with male owners were more likely to say that their firm obtained a loan covered by a government program (55% vs. 43%).

Representatives, regardless of the owner's gender, were almost equally likely to say that they have heard about the Business Development Bank (73-77%).

Information Preferences

Representatives of firms with female owners were more likely to express a preference for receiving information about financing from a bank manager or loan officer (60% vs. 49%). Those from firms with male owners were more likely to prefer receiving information from business service providers (23% vs. 16%) and government (21% vs. 16%).

Managers of firms with female owners were noticeably more likely to prefer receiving such information in paper format (78% vs. 68%), while those from firms with male owners were more likely to prefer email (26% vs. 14%).

Age of Business

Firms were divided into four categories: those that have been in existence for 5 years or less, between 6 and 15 years, 16 to 29 years, and 30 years or more. Caution should be exercised in interpreting these results due to the small number of older firms (n= 25).



Financing Issues and Awareness of CSBFA/SBLA Program

The use of more than one financial institution for banking and financial needs varied by age of firm (between 18 and 42%) but followed no discernible pattern.

In terms of financing options, term loans were almost equally used by all firms (67-72% range) except the oldest (57%). Conversely, credit cards for larger purchases were more likely to be used by the oldest firms (43% vs. 34% or less of other firms). Use of operational leases increased gradually with the age of the firm (from 20% to 29%).

There were differences in the likelihood of having applied for a loan from a financial institution, but no discernible pattern. Among those that applied, the oldest firms were the most likely to have obtained the loan for the amount requested (100% vs. 78-85% of others).

Among firms that obtained a loan, the likelihood that it was covered by a federal program decreased significantly as age of the firm increased (from 76% to 40%).

Representatives of younger firms were more likely to be aware (unaided) of federal loans programs in general (81-82% vs. 67-71% of those from older firms). Awareness of the CSBFA/SBLA by name on an unaided basis followed a similar pattern (43-45% of younger firms vs. 14-17% of older ones).

Total awareness of the BIL program was lowest in the oldest firms (14% vs. 29-33% of others).

Knowledge and Use of Government Programs

There were no discernible patterns regarding sources of information for the CSBFA/SBLA or the BIL.

Businesses were almost equally likely to have obtained a loan covered by a government program (50-54%) with the exception of the oldest firms (14%).

Awareness of the Business Development Bank was highest in firms between 6 and 15 years old (87% vs. 70-78% of others).



Information Preferences

Managers of younger firms were the most likely to prefer receiving information about financing options from a bank manager or loan officer (52-54%). A preference for receiving such information from a business service provider was highest among managers of the oldest firms and declined as the age of the firm decreased (from 43% to 17%).

Managers of the youngest firms were the most likely to prefer email as a format for receiving information about financing options (30% vs. 14-22% of other firms). Those in the oldest firms were the most likely to prefer receiving information in person (43%), while managers of the youngest firms were least likely to (16%).

