

Defining Success

Learning from the Best Practices
of Ontario's High Performance Firms



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June, 2007



Message from the Minister of Small Business and Entrepreneurship

Small and medium enterprises (SMEs) are the backbone of Ontario's economy and create jobs, innovation and prosperity. The Ministry of Small Business and Entrepreneurship was created in May 2006 and serves as a champion for SMEs in Ontario to help them grow and succeed.

I am pleased to present ***Defining Success: Learning from the Best Practices of Ontario's High Performance Firms***. This report highlights best practices used by Ontario's leading SMEs to successfully grow their businesses. It is written and produced by the Ministry of Small Business and Entrepreneurship and includes data from Statistics Canada that demonstrates the importance of SMEs to Ontario's economy.

Defining Success also highlights key success indicators of high performance firms that were gathered and analyzed from recent interviews conducted by Deloitte on behalf of the Ministry. Deloitte identified 12 best practices employed by presidents and CEOs of high performance firms in a variety of sectors and regions across the province. They can be grouped into three broad categories: business strategy, organizational capabilities, and organizational commitment.

I invite you to read this report and learn more about the factors that contribute to the success of high performance firms in Ontario and how their lessons and experience can help foster entrepreneurship and success for other small and medium enterprises in Ontario.

A handwritten signature in black ink that reads "H. S. Takhar". The signature is written in a cursive style and is underlined.

Harinder S. Takhar
Minister

Introduction

Ontario's small and medium enterprises (SMEs) make a significant contribution to the province's economy in terms of jobs, investment, trade, innovation and prosperity. There are approximately 349,000 SMEs in Ontario,¹ accounting for over 99 per cent of businesses in the province.

SMEs employ close to 2.8 million Ontarians, more than half of all people working for businesses across the province. These firms account for over \$120 billion in economic activity,² and they operate across all sectors of the economy and in all regions of the province.

Recognizing the importance of SMEs to the province's economy, the Government of Ontario created the Ministry of Small Business and Entrepreneurship (MSBE) in May of 2006. Its mandate is to help create a strong business climate for SME growth, investment and innovation. The MSBE provides a variety of programs and services to help SMEs grow and succeed.

In addition, the MSBE works with other ministries and agencies to offer programs and services designed to foster business success. The Ontario Government supports education and training programs, simplifies tax administration, offers business consulting services and encourages young people to become entrepreneurs. For information on what the Ontario government is doing to support business, please visit the Ministry's website at www.sbe.gov.on.ca.

Defining Success: Learning from the Best Practices of Ontario's High Performance Firms provides a brief overview of SMEs in Ontario, and then focuses on a subset of SMEs — high performance firms. High performance firms are SMEs that have:

- sales growth of at least 50 per cent in three of the last five years;
- between 10 and 500 employees; and,
- a global head office in Ontario.

Given their importance to the Ontario economy, the Ministry commissioned Deloitte to study these firms to identify best practices and other factors that have contributed to their growth and success. Deloitte, a leading professional services firm in Canada provides audit, tax, financial advisory and consulting services through more than 6,800 people in 51 locations across the country. Deloitte also serves more than 30,000 private-sector companies and their owners, making Deloitte the largest service provider to the private-company market. ***Defining Success*** provides the results of Deloitte's study, including some suggested best practices for firms that are already, or aspire to be, high performing.

¹ The Ontario Ministry of Small Business and Entrepreneurship defines "SME" as a business that has fewer than 500 employees.

² BC STATS developed a method to determine the contributions of small businesses to gross domestic product (GDP) by province. BC STATS' definition of "small business" is limited to firms employing fewer than 50 people, plus self-employed unincorporated people with no paid help.

Small and Medium Enterprises in Ontario



Ontario offers a favourable environment that attracts many businesses and entrepreneurs to the province. Ontario's population of over 12 million people, combined with solid infrastructure and a highly skilled and educated workforce, creates a business environment ideal for growth and prosperity. In fact, there are over 350,000 employer-based businesses located across Ontario.³

Most firms in Ontario are defined as small and medium enterprises (SMEs). Ontario leads the country with the greatest number of SMEs — approximately 349,000 firms — followed by Quebec with 238,000 and British Columbia with 162,000.⁴ The greatest numbers of SMEs in Ontario are located in the Toronto Census Metropolitan Area (CMA). There are more SMEs in the Toronto CMA than in seven provinces in Canada.⁵

SMEs are found in every sector of Ontario’s diversified economy, from farming to manufacturing to finance. Close to 80 per cent of SMEs in the province are in service industries, with the remaining 20 per cent in goods-producing sectors.⁶

SMEs comprise over 99 per cent of Ontario’s business community. The majority of businesses in Ontario employ less than five people (53.4 per cent), while the smallest proportion are large in size, employing 500 or more employees (0.4 per cent).⁷

NUMBER OF BUSINESSES IN ONTARIO BY FIRM SIZE, DECEMBER 2005		
Firm Size by Employment Level	Number of Firms	Share of Total (Per cent)
SME (<500)	348,926	99.6
Of Which:		
1 – 4	187,160	53.4
5 – 9	59,883	17.1
10 – 19	44,846	12.8
20 – 49	34,733	9.9
50 – 99	12,851	3.7
100 – 199	6,208	1.8
200 – 499	3,245	0.9
LARGE (≥500)	1,280	0.4
EMPLOYER BUSINESS TOTAL	350,206	100.0

Source: Statistics Canada, Canadian Business Patterns.

³ *Canadian Business Patterns (CBP)*. CD-ROM. Statistics Canada, December 2005. These figures exclude “indeterminate” businesses, which consist of incorporated and unincorporated businesses that do not have any employees registered with a Canada Revenue Agency payroll deductions account. Such firms may employ contract workers, family members, and/or are solely operated by the business owner.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

Roughly 2.8 million Ontarians work in SMEs, which represents 52.6 per cent of jobs in Ontario businesses.⁸ Businesses with fewer than 100 employees account for approximately 36.9 per cent of employment in Ontario.

NUMBER OF EMPLOYEES IN ONTARIO BY FIRM SIZE, 2005		
Firm Size by Employment Level	Number of Employees	Share of Total (Per cent)
SME (<500)	2,760,002	52.6
Of Which:		
0 – 4	314,284	6.0
5 – 19	664,149	12.7
20 – 49	519,544	9.9
50 – 99	433,119	8.3
100 – 299	603,147	11.5
300 – 499	225,759	4.3
LARGE (≥500)	2,485,265	47.4
EMPLOYER BUSINESS TOTAL	5,245,267	100.0

Note: Shares may not add up due to rounding.
Source: Statistics Canada, *Survey of Employment, Payrolls and Hours*.

Close to three-quarters of people working in SMEs work in service industries, while goods-producing employment makes up 25.6 per cent of SME jobs in Ontario. Wholesalers and retailers are the largest SME employers in Ontario, accounting for 20.5 per cent of jobs. The next-largest SME employer category is manufacturing, followed by business services. These three industries combined have more than 1.4 million Ontarians working in them, or over half of all employees working in small and medium enterprises. In fact, Ontario has the second-highest number of manufacturing employees of any province or state in North America.⁹

In addition to manufacturing, Ontario also has a high employment share in information and communications technology, financial and professional services and the entertainment and creative cluster.¹⁰ Clusters provide a highly supportive business environment for SMEs where infrastructure costs can be shared and collaboration with community partners and government facilitates growth.

⁸ Employment estimates are derived from the *Survey of Employment, Payrolls and Hours*, an employer-based survey conducted by Statistics Canada. Employment data by industry and size of firm excludes businesses that have not yet been classified to an industry. It also excludes: self-employed workers who are not on a payroll and employees in agriculture, fishing and trapping; private household services; religious organizations; and; the military.

⁹ Ontario Ministry of Finance, *2007 Ontario Budget*, (Toronto: Queen's Printer for Ontario, 2007), 77.

¹⁰ Ontario Ministry of Finance, *Toward 2025: Assessing Ontario's Long-Term Outlook*, (Toronto: Queen's Printer for Ontario, 2005), 32.

**NUMBER OF EMPLOYEES IN SMALL AND MEDIUM ENTERPRISES
IN ONTARIO BY INDUSTRY, 2005**

Industry	Number of Employees	Share of Total (Per cent)
GOODS-PRODUCING INDUSTRIES	707,325	25.6
Primary and Utilities*	19,593	0.7
Construction	208,704	7.6
Manufacturing	479,028	17.4
SERVICES-PRODUCING INDUSTRIES	2,052,677	74.4
Wholesale and Retail Trade	564,630	20.5
Transportation and Warehousing	99,031	3.6
Finance, Insurance, Real Estate, Rental and Leasing	147,024	5.3
Business Services*	395,538	14.3
Health Care and Social Assistance	243,694	8.8
Accommodation and Food	266,739	9.7
Other Services (except Public Administration)	305,889	11.1
Public Administration	30,132	1.1
INDUSTRIAL AGGREGATE TOTAL	2,760,002	100.0

Note: Shares may not add up due to rounding.

* Data for primary industries and utilities are confidential and were calculated as a residual value.

**The business services sector includes professional, scientific and technical services; management of companies and enterprises; administrative and support; and waste management and remediation services.

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours*.

Well developed infrastructure, access to post-secondary institutions and a highly skilled workforce build successful industry clusters and support SME growth and innovation. For example, Toronto is known as Canada's financial centre and is home to the world's seventh-largest stock exchange; Ottawa and "Canada's Technology Triangle," comprised of Kitchener, Waterloo and Cambridge, are known for their high technology companies; and Sudbury is an international centre for mining. Each of these communities has a strong base of SMEs.

The analysis in this section demonstrates the strength and diversity of SMEs in Ontario. The following section discusses a subset of SMEs that contribute disproportionately to jobs and economic activity, known as "high performance firms."

High Performance Firms in Ontario



Ontario is one of many jurisdictions that recognize the important contributions of SMEs to jobs, innovation and investment. The Organisation for Economic Co-operation and Development (OECD) has undertaken extensive SME research with its 30 member countries and 70 associate countries.¹¹ It has found that supportive government policies and programs focused on SMEs play a major role in allowing businesses to operate, grow and succeed.

To further support its work on SMEs, the OECD Centre for Entrepreneurship, SMEs and Local Development was established in 2004. The Centre helps to disseminate information on best practices for the design, implementation and evaluation of initiatives to promote entrepreneurship, SME growth and local economic and employment development. Recent work by the Centre notes that governments can help small and medium enterprises grow and succeed by implementing and improving on existing policies and programs in five key areas: fostering a positive business environment; financing; technology and innovation; management capabilities; and access to markets.¹²

In addition to the work being done by academic institutes such as the OECD, various business associations are sponsoring research to identify and disseminate information to their members regarding best practices and other success factors that contribute to high performance. In the United States, The Manufacturing Institute conducted several studies of small and medium manufacturers. A recent survey identified over a dozen best practices that contribute to the growth and success of these manufacturing firms. In particular, The Institute notes that small and medium manufacturers (like their larger counterparts) are more competitively involved in the global market place than any other sector. As such, they need to continually re-examine their competitive strengths, such as being innovative, responsive and flexible, in order to become and remain successful.¹³

The OECD's work also suggests that there is a subset of high-growth small firms that are exceptional innovators and tend to conduct research and development. They are in the top 5 to 10 per cent of all growing firms and in most countries their job creation rates exceed those of larger companies.¹⁴

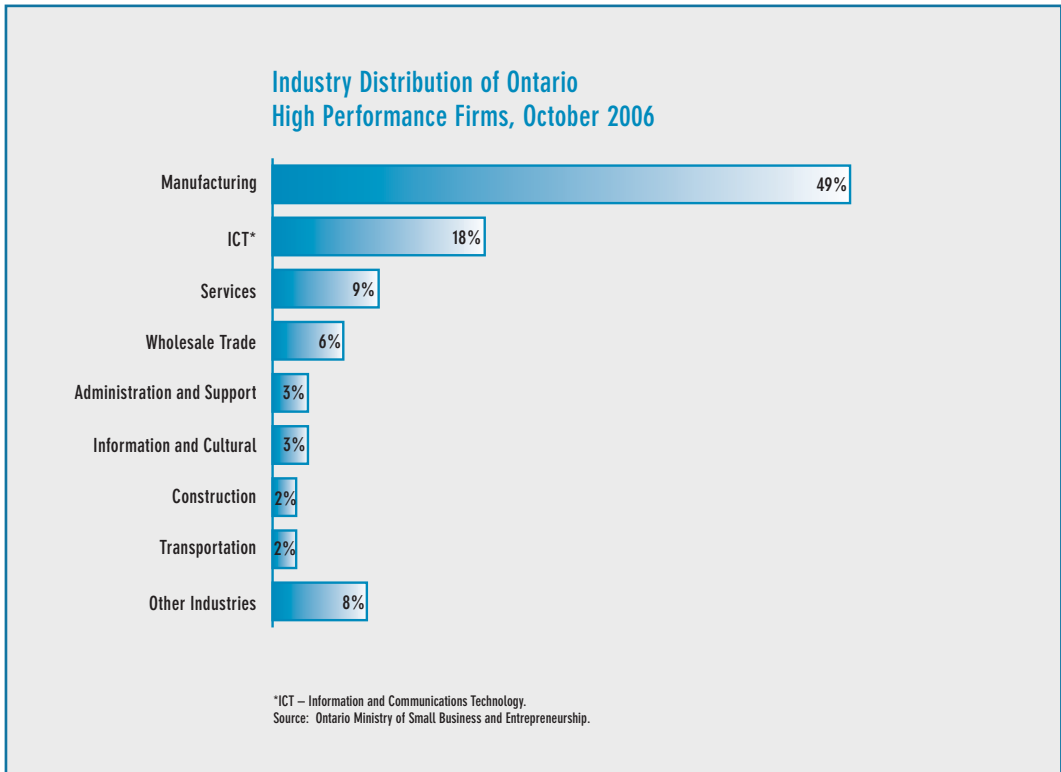
Ontario's experience is consistent with the OECD's findings. Ontario has approximately 349,000 small and medium enterprises, including a subset of almost 9,000 high performance firms (HPFs). HPFs help drive the Ontario economy and are leading contributors to jobs, innovation and investment. They are magnets for talent, generate spin-off companies, serve as role models of successful business management and build Ontario's image as an innovative economy.

¹¹ The OECD is an international agency with over 40 years of renowned experience in researching and publishing books, reports and periodicals on a variety of economic and social issues, including macroeconomics, trade, education, sciences and innovation.

¹² Organisation for Economic Co-operation and Development, *Small Businesses, Job Creation and Growth: Facts, Obstacles and Best Practices* (Paris: Organisation for Economic Co-operation and Development, 1997), 5–6.

¹³ The Manufacturing Institute and RSM McGladrey, *The Future Success of SMMs*, (Washington, D.C.; National Association of Manufacturers, 2006), 13.

¹⁴ *OECD Policy Brief "Small and Medium-sized Enterprises: Local Strength, Global Reach"* (Paris: Organisation for Economic Co-operation and Development, June 2000), 34.



OECD research indicates that, for their member countries, HPFs are found mostly in knowledge-intensive sectors. They play a pioneering role in developing new products and markets in such areas as ICT and biotechnology.¹⁵ Consistent with the OECD’s findings, Ontario has thriving knowledge-intensive sectors, including ICT and biotechnology. Additionally, small and medium manufacturers represent a dramatically higher share of HPFs at 49 per cent, compared to their share of all SMEs in Ontario, which is only seven per cent.

Although there is no single formula to guarantee the growth and success of HPFs, the Ministry of Small Business and Entrepreneurship (MSBE) is interested in identifying best practices and other factors that Ontario’s HPFs perceive as contributing to their success at all stages of development (i.e., start-up, growth/expansion and maintenance). The MSBE commissioned Deloitte to conduct interviews with presidents and chief executive officers (CEOs) from a sample of firms across different sectors and regions of the province. By identifying some common success factors, other small and medium enterprises can benefit by using this information as a resource to achieve similar levels of performance. The next section of this report explores Deloitte’s findings regarding the best practices of HPFs in Ontario.


¹⁵ OECD Policy Brief “Small and Medium-sized Enterprises: Local Strength, Global Reach,” 34.

A Study of Ontario's High Performance Firms



PURPOSE OF THE STUDY

The Ontario Ministry of Small Business and Entrepreneurship commissioned Deloitte to conduct a study of Ontario high performance firms as a guidebook and resource for other companies to learn from the success of high performance firms in Ontario. The study also evaluates whether there are fundamental differences in the experiences and practices of manufacturing and non-manufacturing HPFs.



Defining Success provides insight into the lessons that each one of the HPFs has learned. A number of company biographies and success stories compiled by the Ministry have been included alongside the Deloitte findings to provide additional context and to demonstrate recent true-to-life examples of high performance firms in action in Ontario and around the world.

Methodology

The construction of the questionnaire used to conduct the HPF study, the structure of the interviews delivered and this document all align with the Deloitte Growth Strategy Framework. The framework depicts the growth of a firm based on three pillars: business strategy, organizational capabilities and organizational commitment. In spring 2007, Deloitte conducted telephone or face-to-face interviews with 130 business owners, presidents, CEOs and senior leaders of HPFs in Ontario to better understand the specific business activities that led to the firms' successes.

The format of the interviews allowed the business leaders to rate the degree of impact of over 20 business activities that independent research indicates are best practices among leading organizations. Deloitte posed additional probing questions about focus areas, such as the nature of innovation, challenges for the future and important business lessons learned. From the results, those best practices relevant to HPFs in Ontario were further developed and expanded upon by Deloitte.

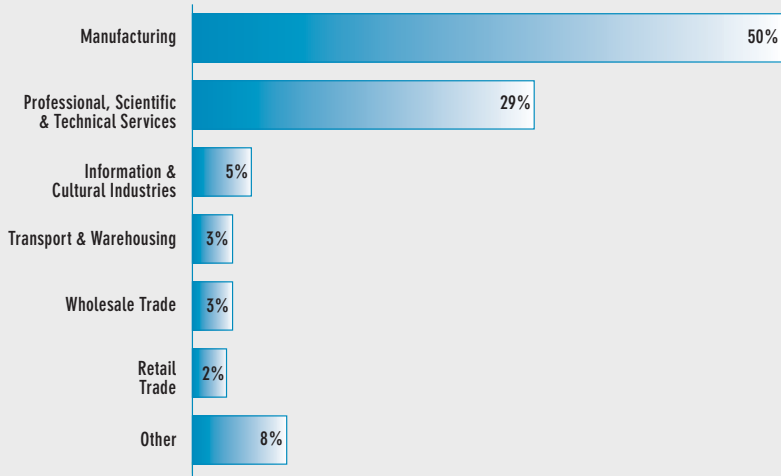
The best practice results presented in this report represent the top two box responses (7s and 6s on a 1-to-7 scale, with 7 indicating a significant impact on the growth of the business) relative to their impact on the growth of the respondents' companies over the past 2 to 3 years. For example, 70 per cent of respondents indicated that "having empowered employees to innovate and make decisions" had a significant impact on the growth of their organizations.

Profile of Study Respondents

HPF respondents operate across a broad range of industries, although two categories predominate. In keeping with the demographic profile of HPFs in Ontario, roughly half identified their company as having a primarily manufacturing focus. The next most represented industry is that of professional, scientific, and technical services, which accounts for slightly less than one-third of respondents. In certain instances throughout the report, a larger sample size was used for the analysis of non-manufacturing firm responses.

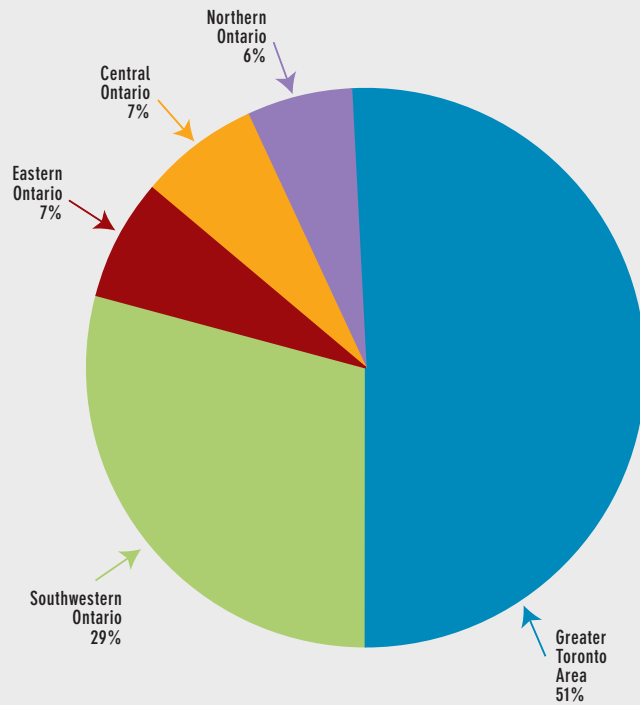
Overall, 51 per cent of the study participants are headquartered in the Greater Toronto Area (GTA), while a further 29 per cent reside in southwestern Ontario. Also 44 per cent of manufacturing firms have their headquarters in the GTA and 36 per cent in southwestern Ontario, while 55 per cent of non-manufacturing firms operate from the GTA and 20 per cent from the southwestern region of the province.

Industry Breakdown of Respondents



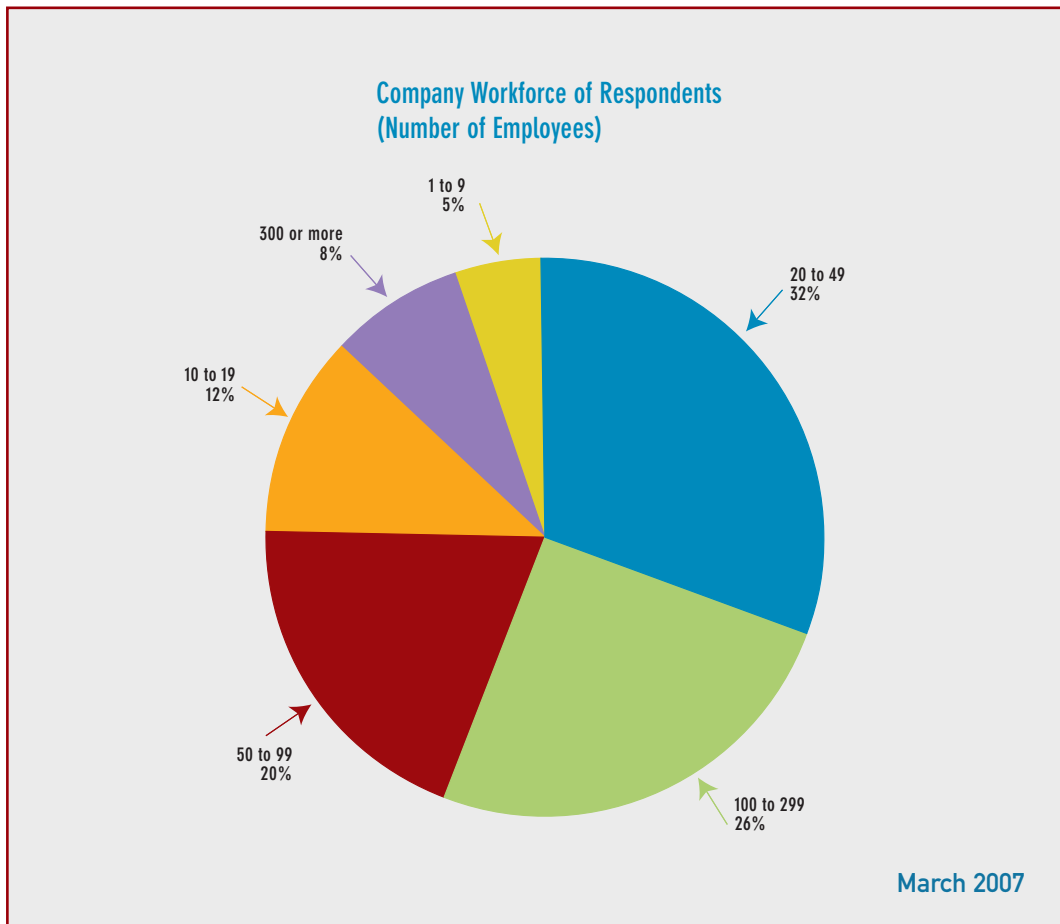
March 2007

Company Locations of Respondents



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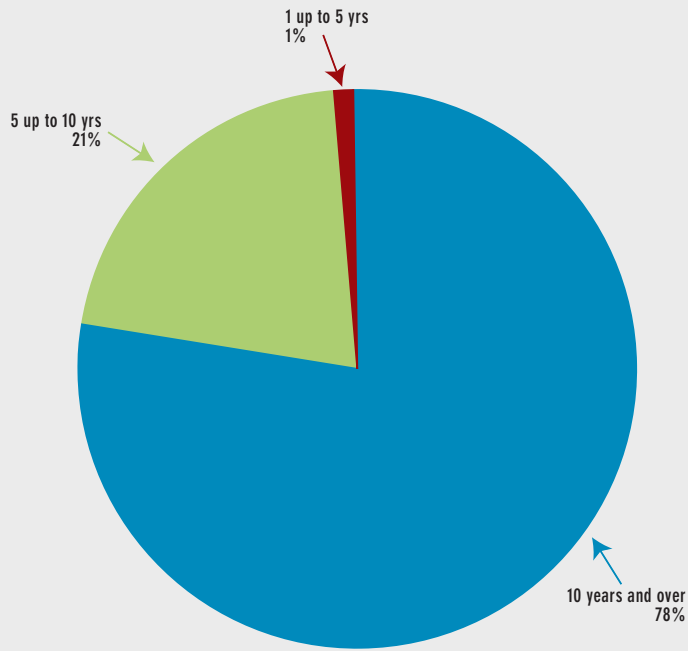
Firm size is not an indicator of business success, as evident with HPFs. More than 50 per cent of the companies have between 20 and 100 employees. The study also shows that close to 80 per cent have been in operation for 10 years or more.



Ontario firms have a strong global presence, with 80 per cent of companies selling outside of Canada. Not surprisingly, the U.S. and Ontario represent significant markets and focuses for HPFs in Ontario. Manufacturing firms conduct the majority of their business with customers in the U.S. They also indicated that international markets have increasingly become a priority for them in terms of finding new markets to sell to and from which to source their products and materials.

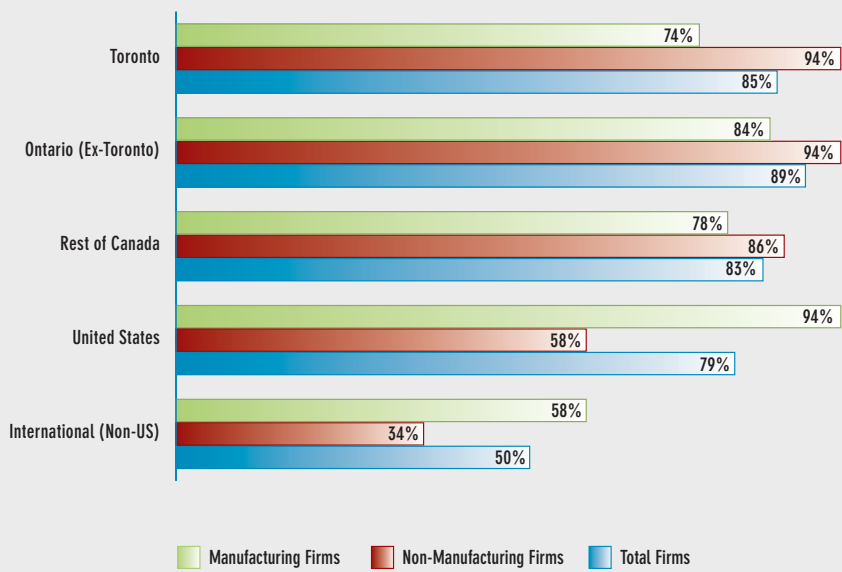
Non-manufacturing firms spend less of their time and focus on activities outside of Canada. For non-manufacturing HPFs, proximity to their market and customers appears to have an impact on their growth and business priorities.

Company Tenure of Respondents



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Geographic Focus of Respondents' Sales

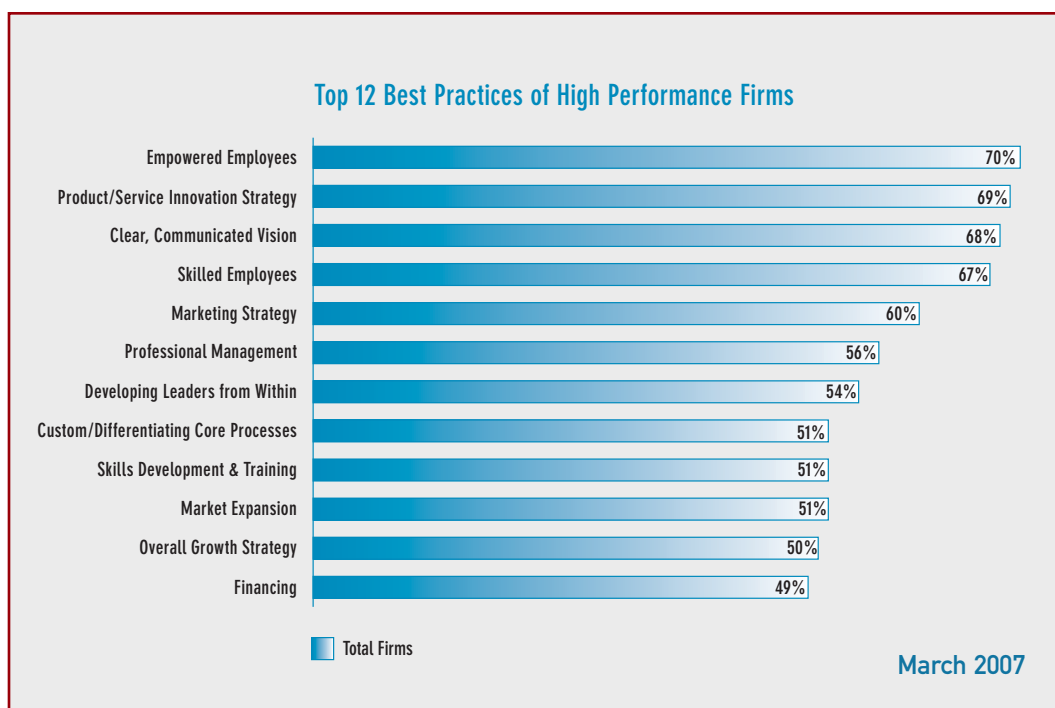


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Top 12 Best Practices of High Performance Firms in Ontario

High performance firms in Ontario ranked the items below as having the highest impact on their recent growth. The 12 best practices outlined in this report were selected from an initial list of 23 factors. The initial list was developed, in consultation with the Ontario Ministry of Small Business and Entrepreneurship; after reviewing various reports by Statistics Canada, The Manufacturing Institute and the OECD, among others. The associated percentages represent the respondents who selected one of the top two (6 or 7, where 7 represents significant impact) box responses.

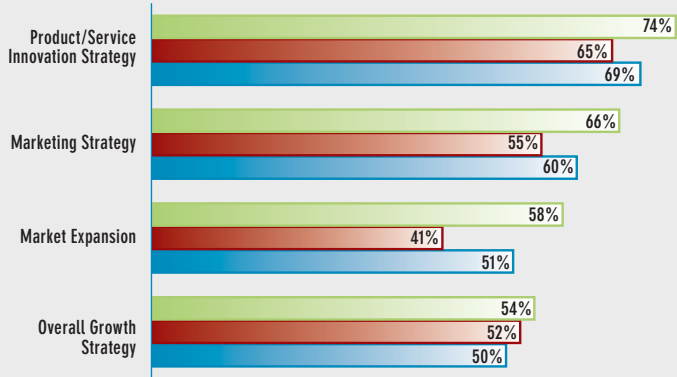
During the development of the questionnaire used to conduct this study, researchers made a number of early hypotheses about important themes and possible results. Many of the best practices confirmed in this report were anticipated, while others were new. Throughout the remainder of the report, each one of the best practices will be discussed to the degree that the data collected during the study permits.



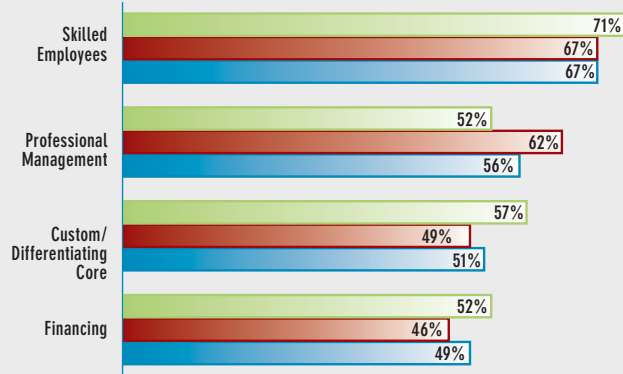
The 12 identified best practices are grouped into three broad categories according to the Deloitte Growth Strategy Framework: business strategy, organizational capabilities and organizational commitment. Across these three categories, HPFs in Ontario demonstrate slightly differentiated responses and rankings of their best practices. When the responses are grouped to compare the best practice rankings of manufacturing firms with non-manufacturing firms, the top four best practices from each category exhibit few differences. Where there are notable differences, the report references them.

Top Best Practices of High Performance Firms by Category

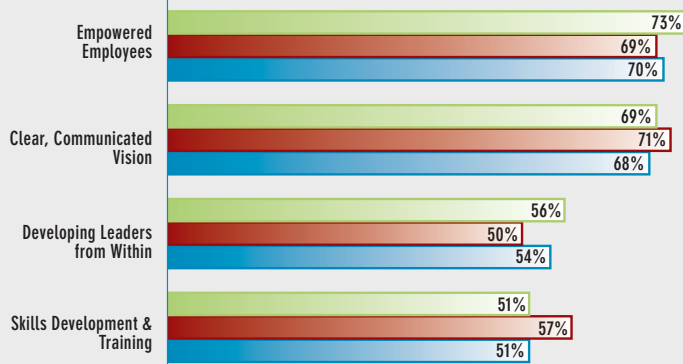
STRATEGY



CAPABILITIES



COMMITMENT



■ Manufacturing Firms
 ■ Non-Manufacturing Firms
 ■ Total Firms

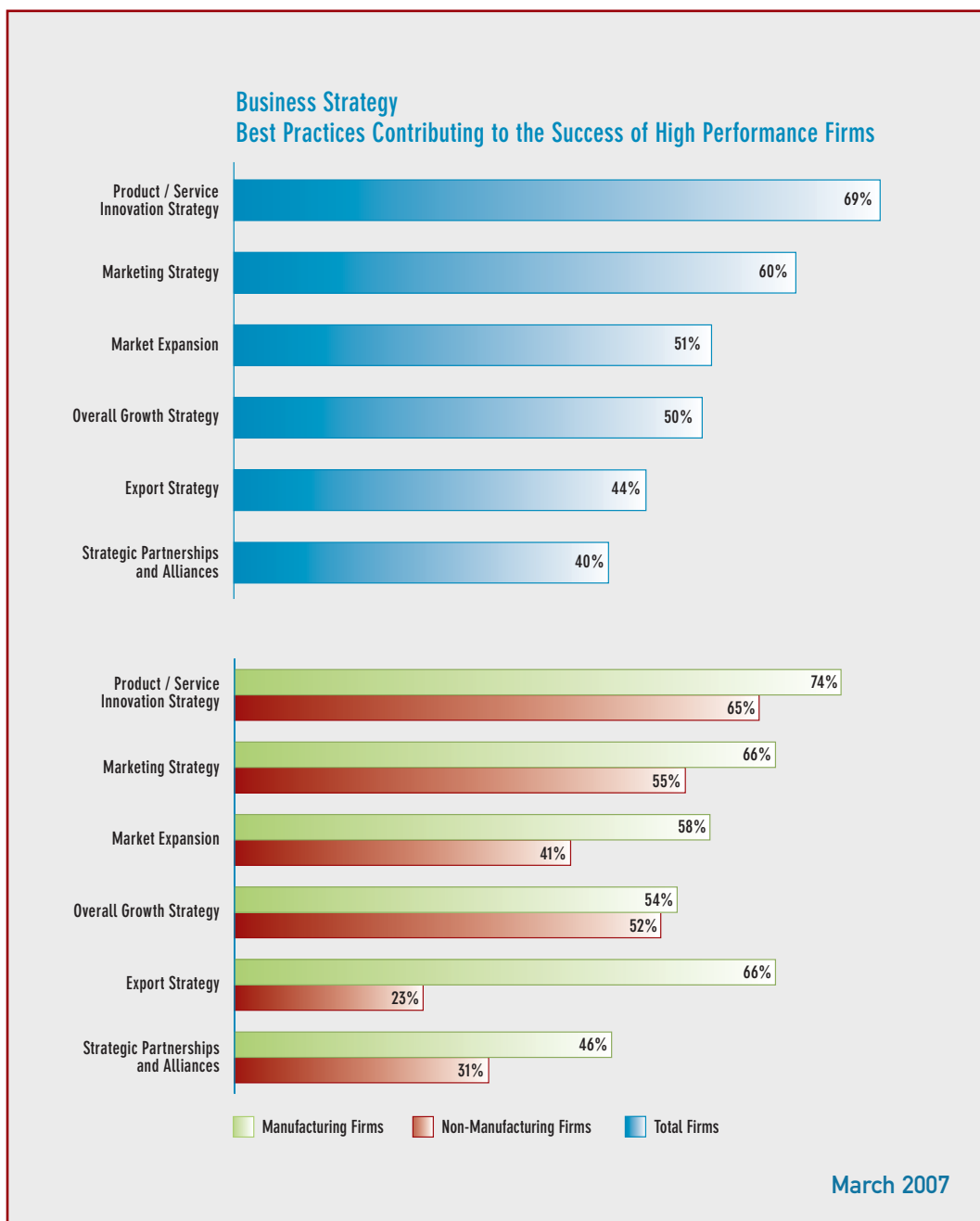
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Business Strategy

The business strategy section of the questionnaire that was administered during the interviews with the HPFs contained six key business activities. From that original list, HPFs identified four items that significantly affect their growth.

These firms emphasized planning, execution and flexibility repeatedly when discussing growth strategies of HPFs in Ontario.

Not surprisingly, respondents from manufacturing firms cited the importance of an export strategy whereas, for non-manufacturing firms, an export strategy was less important.



I. Develop and follow an overall growth strategy with clearly articulated objectives and activities.

Have an overarching strategy supported by a series of specific, measurable activities that will align to your business objectives. Identify the people, technologies, capital and processes that will be required to support your long-term growth objectives.

HPF respondents agree that, in order to be successful, a strategic plan must have defined objectives with specific associated activities and measurable outputs. It is also crucial to measure business results on a frequent and ongoing basis, as market conditions change, and to respond and adjust accordingly. A small number of firms also mentioned human resources and people strategies as significantly contributing to their growth. The impact of having the right employees and management in place is further discussed in later sections of this report.

“Develop a clear strategic plan and follow it closely with continual checks and balances.”

– Mr. Dennis J. Brown, President and CEO,
Flags Unlimited, Barrie, Ontario

HPFs in different industries displayed slightly different results in terms of their approach to, and the perceived importance of, strategic planning. On average, manufacturing firms felt these activities had more impact than non-manufacturers. Manufacturing firms in particular felt that strategic planning has a significant impact on their ability to grow. It's possible that given their maturity level and the traditional structure of their industry, these manufacturing firms are operating in an environment where markets are more established and supplier/customer relationships are entrenched. As such, they may follow a more structured approach to exploiting potential market niches.



MIKRO-TEK INC.

Mikro-Tek is an environmental biotechnology company that has developed a process that is so unique and so timely that the world is coming to Timmins.

Established in 1990 by Mark Kean, President, Mikro-Tek has developed a technology to enhance plant survival and growth through the application and management of naturally occurring soil fungi that allow plants to increase moisture and nutrient uptake. For any increase in growth, there is a corresponding increase in carbon sequestered from the atmosphere. Mikro-Tek has also developed methodologies to use their technology in carbon sequestration projects to reduce the impacts of climate change and provide the resulting carbon credits to large industries to offset their carbon emissions.

Marilyn Wood, CEO of Mikro-Tek, says that their success can be attributed to their dedicated research and development program as well as to careful planning of their incremental growth into targeted markets. The technology was first proven in domestic forestry projects where growth data from 10 million seedlings showed an average 25 per cent increase in seedling survival and/or growth rates. Mikro-Tek then targeted mining and agricultural industries seeking to remediate nutrient-poor, marginal land that had been affected by farming and mining activities. In 1999, Mikro-Tek moved into international markets, and following extensive market research, undertook a project to demonstrate the technology's applications in Chile where trees have a longer growing season and are harvested after 10 to 20 years, as compared to 50 to 80 years in Canada. Today, there are over 3 million tree seedlings, covering more than 2,000 hectares of Chilean forest that have been inoculated with the fungi, and these projects have attracted the interest of some of the world's largest carbon trading companies.

Mikro-Tek has established a branch office in Chile and has implemented joint projects in Israel, Martinique and Costa Rica. The company has recently been contacted by China, India, Austria, Brazil and other countries around the world who are interested in the potential applications of Mikro-Tek's technologies.

II. Develop and implement a product or service innovation strategy.

Understand your target customer and develop a detailed plan for the creation or enhancement of products or services to better meet their needs. Foster a business environment that supports research and development and innovation-based capabilities.

Product or service innovation strategies were mentioned by 69 per cent of HPFs as having a significant impact on their business strategy and growth. Many of the firms said that government programs contributed to their ability to conduct research and create innovative products and services. HPFs are often niche-market players who exploit opportunities where larger players may not be able to operate successfully. HPFs employ flexible delivery and scaled production capabilities and can easily customize and configure their processes.

“Being innovative is being there early.”

– Mr. Birket Foster, Chairman and CEO,
MB Foster, Chesterville, Ontario

However, HPFs are not low-cost producers and will likely not compete internationally on the basis of price or cost. Instead, they are more likely to move up the value chain to provide associated services that complement their offerings or customized solutions that are out of reach for low-cost producers.

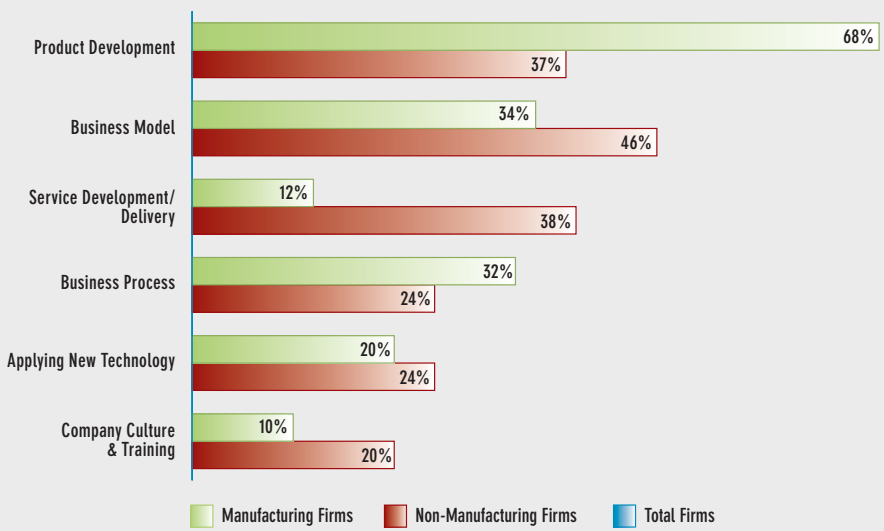
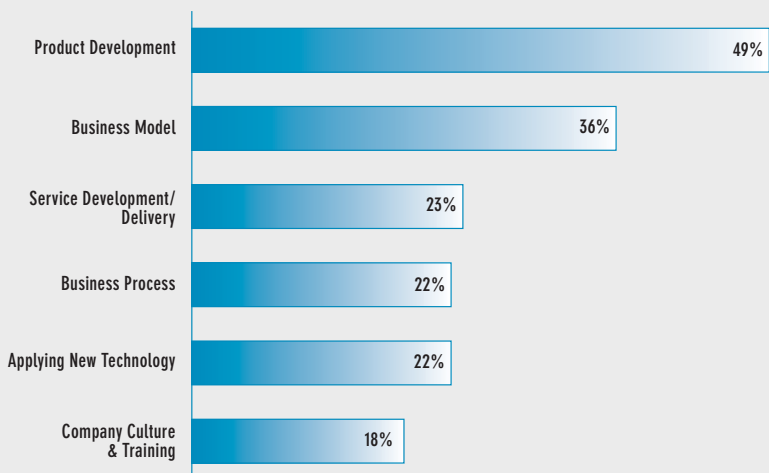
“Focus on a niche market; refine your product so that its attributes place it at number 1 or 2 in that market.”

– Mr. Geoff Moss, President,
Poptech Ltd., Toronto, Ontario

Ontario HPFs demonstrate a strong capacity to recognize unfulfilled customer needs, identify market niches and expedite their speed to market. Innovation in Ontario is critical, with HPFs citing innovation in both their products and their business models as being core drivers of growth that allow them to have the right product at the right place at the right time.

HPF respondents consistently mentioned customer-focused innovation of products and the delivery of services across both manufacturing and non-manufacturing industries. Offering flexibility and customization of their product or service in areas such as delivery schedule, time to market, production volume and product/service attributes has enabled HPFs to create and exploit niche markets where larger competitors cannot compete.

Innovative Activities of High Performance Firms



■ Manufacturing Firms
 ■ Non-Manufacturing Firms
 ■ Total Firms

March 2007

Given their product focus, manufacturing firms have concentrated on new product development activities, while non-manufacturing firms focus on developing and evolving their business model in a changing service environment.

The high degree of hands-on customer service, investment in leading technologies and willingness to customize processes have allowed HPFs to offer a unique and differentiated value proposition to customers. HPFs need to find their area of strength and invest heavily there.

III. Develop and implement a marketing strategy; and,

IV. Pursue a market expansion strategy that takes you to new markets and/or customers.

Have a plan that identifies your target customers and competitive positioning within your target geographic or customer segments. Get creative with your marketing budget to make efficient use of limited resources. Have a plan for the expansion of the markets you currently support whether national, international, or additional customer segments within your existing markets. Understand your market niche and exploit it.

The interviews conducted with HPFs discussed strategic alliances and partnerships as one aspect of marketing and market expansion strategies. HPFs in Ontario extensively use alliances and partnerships to expand their reach and their business networks. Having a forum where they can exchange ideas is critically important to HPFs.

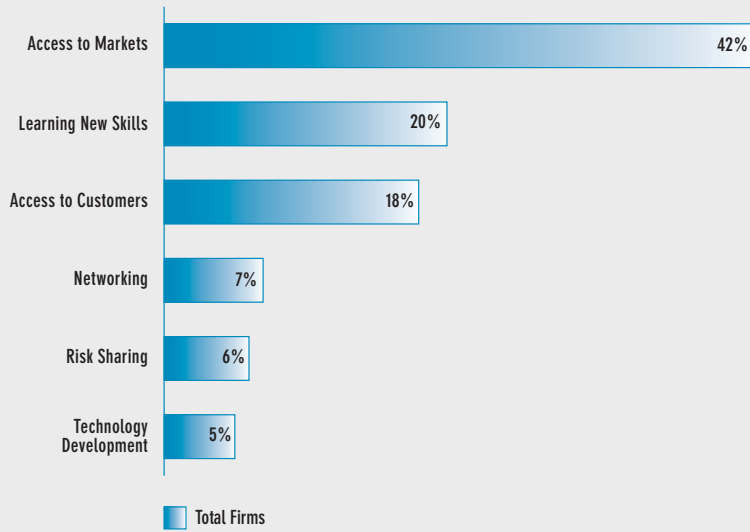
In addition to gaining access to new markets and learning new skills, HPFs are also engaging in strategic alliances and partnerships to gain access to new customers and to share the risks involved with new product, service and market development.

“Virox engages licensing partners to help innovate and differentiate our technology to avoid a cost game.”

– Mr. Randy Pilon, President and CEO,
Virox Technologies Inc., Oakville, Ontario

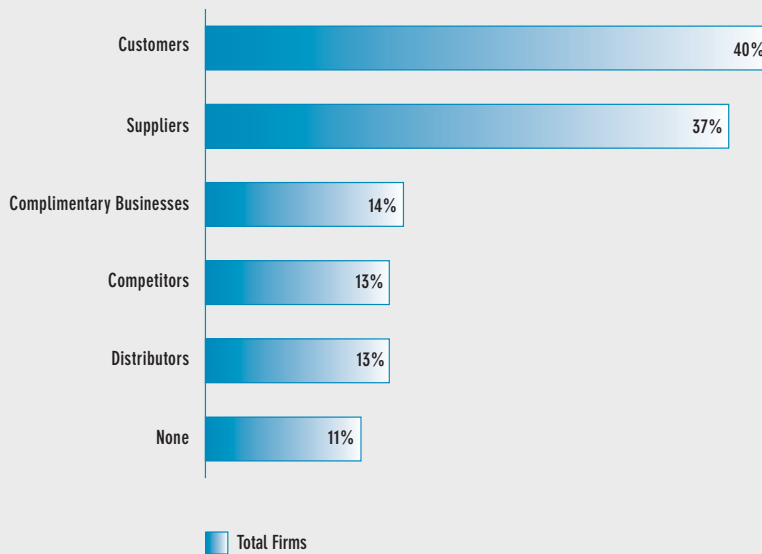
The most common form of strategic alliances and partnerships are with customers and suppliers. Engaging in partnerships with customers enables HPFs to develop closer ties to their customers and actively address their needs. Close relationships with suppliers may provide HPFs with opportunities to obtain preferential pricing and develop new products to meet their unique requirements. Engaging in partnerships with complementary businesses provides HPFs with increased opportunities to expand the reach of their networks, products and service offerings.

Strategic Alliance or Partnership Objectives of High Performance Firms



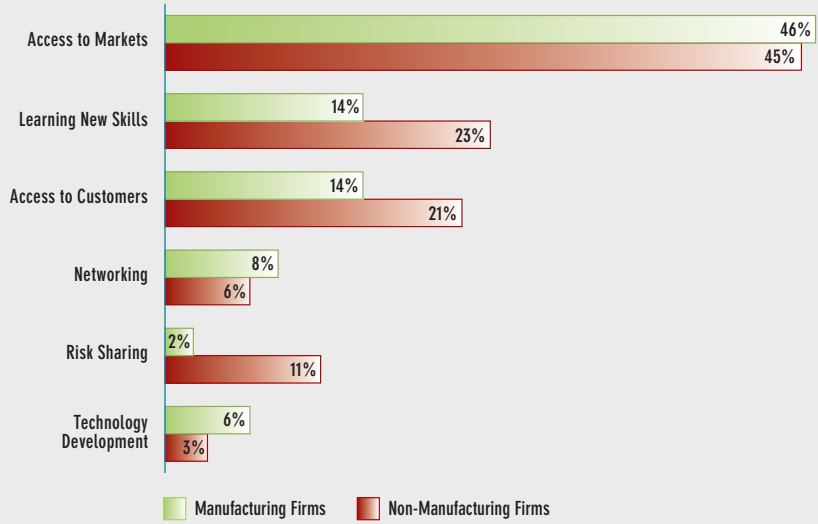
March 2007

Types of Strategic Alliances or Partnerships Used by High Performance Firms



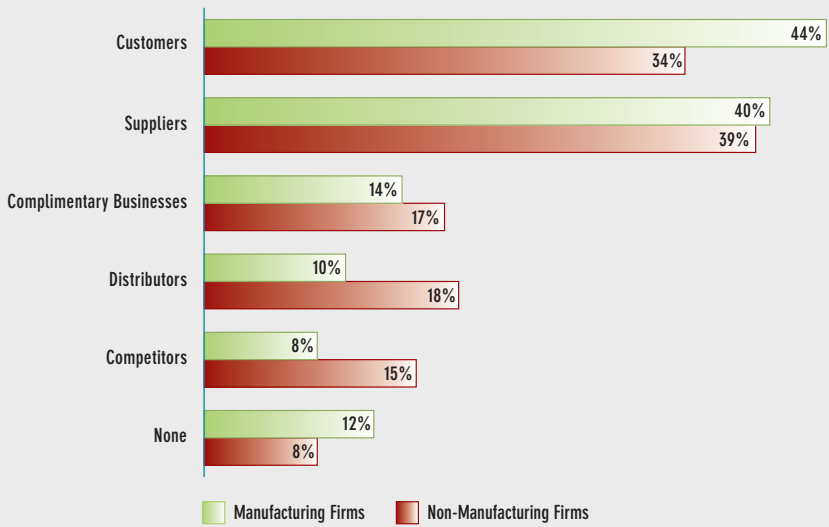
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Strategic Alliance or Partnership Objectives of High Performance Firms



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Types of Strategic Alliances or Partnerships Used by High Performance Firms



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In developing alliances and partnerships, non-manufacturers showed a greater willingness to work with their competition to achieve their strategic objectives. Access to markets for both manufacturing and non-manufacturing companies was cited as the top objective for engaging in business alliances or partnerships. A larger percentage of manufacturing firms have business alliances or partnerships with their customers relative to non-manufacturing firms, while the opposite is true when we compare the two groups relative to their reliance on competitors.

Given the niche nature of many HPFs in Ontario, the use of partnerships and alliances to reach nascent or underdeveloped markets has allowed them to grow at a faster pace. These partnerships and alliances can also deliver market access, and frequently provide sales, marketing and market intelligence that would be too expensive or time consuming for the HPF to gather on its own.

“ We strategically partner with our suppliers in order to develop new products that meet our niche requirements.”

– Mr. Dennis Hughey, CEO,
PL Foods Ltd., Georgetown, Ontario

Organizational Capabilities

The second section of the questionnaire contained a list of 13 key capability-related business activities. The combined results indicated that four of these business activities had significant impact on the recent growth of HPFs in Ontario and were, therefore, deemed best practices.



V. Attract and retain skilled employees or tradespeople; and,

VI. Attract and retain professional management staff.

The ability to find and retain skilled employees who can execute the day-to-day activities needed to grow your business is a crucial element of an expansion strategy. Equally important to the success of your business is the ability to find and keep the right resources to lead, manage and grow your business. The right managers and leaders should allow you to spend more time focusing on the big picture.

The search for top talent across all ranks and levels is a constant concern for firms of all sizes in Ontario. HPFs attribute a large portion of their ability to succeed to their people. HPFs must compete for talent against much larger firms with larger budgets, making it difficult to attract and retain skilled individuals.

“Ensure your people and strategy align — hire not only the best talent but the right talent.”

– Mr. Kirk Layton, President,
Eservus Online Concierge Services, Toronto, Ontario

Many HPFs form partnerships with local high schools, community colleges and universities to develop internship programs and summer positions that benefit both the students and the firm. The firm is able to expose students to the benefits of working for a growing SME, screen prospective employees, and acquire temporary skilled talent at an economical rate. The students acquire work experience, develop marketable skills and are compensated for their time and effort.

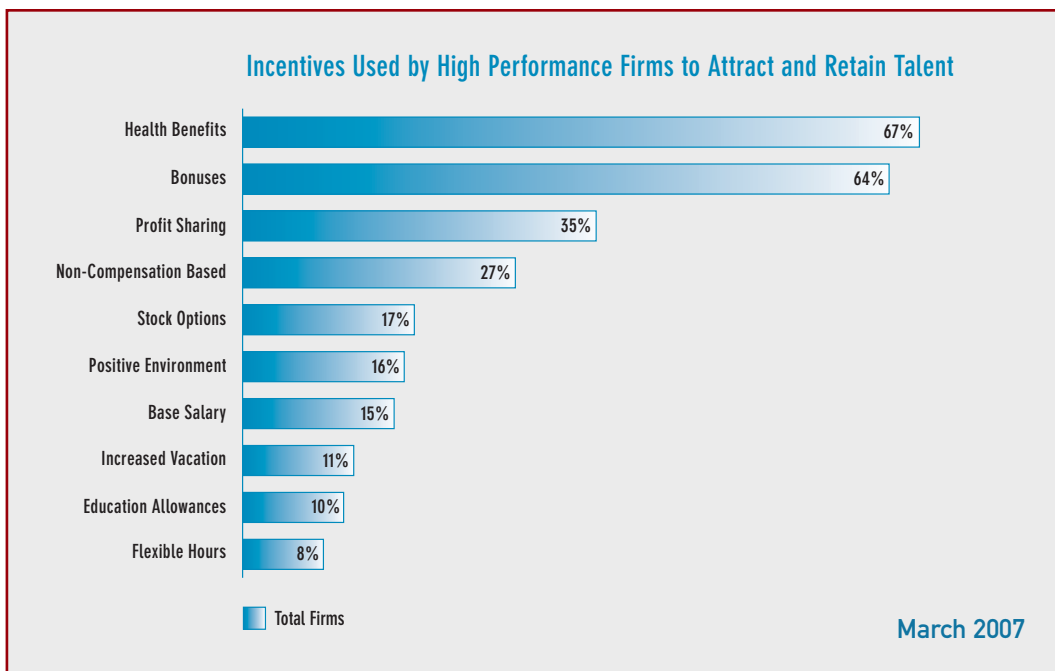
“Train locally — run an apprenticeship program. Work with schools in Ontario.”

– Mr. Anthony Rodway, President and General Manager,
Aero-Safe Technologies Inc., Fort Erie, Ontario

HPFs have also recognized the value in hiring contractors to perform skilled activities that are either too costly or not required on a full-time basis. By contracting for services such as accounting, auditing, legal and marketing, the firm receives some of the best services without the full-time overhead costs.

HPFs also team up with other firms to share the cost of employee training and skills development. These programs, along with reimbursing an employee's tuition and education costs, produce better skilled and more satisfied employees.

Lastly, HPFs greatly emphasize the importance of their corporate culture in retaining their employees. Employee retention can be a costly and time-consuming process, and after investing in the training of a new employee, firms need time to amortize the associated costs. Losing them to a competitor or larger firm is a constant, realistic threat. HPFs cite flexible working hours, strong family values, employee recognition programs and a variety of compensation- and non-compensation-based rewards as creating a work environment that is both positive and empowering.



“Our employees are attracted to the nature of the work — it is very interesting and challenging. They are also given lots of opportunity to travel worldwide.”

– Mr. Peter May, President,
Research Casting International Ltd., Beamsville, Ontario

The demographic shift and Ontario’s aging population will continue to put pressure on firms seeking talent in management and employee or skilled-trade positions. HPFs will need to stay at the forefront of hiring practices and have plans to encourage talented and skilled workers to join their firms. In order to sustain their operations for the long-term, succession and transition planning strategies are also needed.




FREEBALANCE

FreeBalance is a global provider of software solutions for public financial management (PFM). PFM is an essential part of the international development process. Since the company's inception in 1984, FreeBalance has grown to become a premier provider of software solutions that support government modernization, fiscal decentralization and public finance reform. The company has extended its market reach to five continents, with satellite offices in Lima (Peru), London (Great Britain), Miami and Washington, DC (United States), Pristina (Kosovo) and St. John (Antigua and Barbuda).

FreeBalance is ranked as one of Canada's top 100 software companies. The new chief executive officer, Manuel Schiappa Pietra, brought international management experience to the team. FreeBalance was restructured into a global customer-centric company. Schiappa Pietra's strategic focus as CEO is to grow the company in the global public sector market by extending the company's reach and presence in Africa, Asia, Europe and the Americas. This is a growing market because governments across the world require robust financial management technology to accelerate country growth through improved planning, efficiencies and fiscal discipline.

In order to achieve strategic objectives while exceeding customer expectations, FreeBalance has implemented an agile management structure focused on customers. Product development, support, services and product management priorities are set by customer issues and needs. The company recently launched the FreeBalance International Steering Committee (FISC) to provide an interactive forum for the exchange of knowledge, ideas, and experiences among FreeBalance international customers.



Transitioning from an owner-operator to a formal management structure is a challenge for SMEs. Even among the HPF respondents, the trigger for the development of a transition plan or strategy is sometimes reactive. HPF respondents identified three primary trigger mechanisms.

In the first case, the management of company growth necessitates a change. Here, owners become overwhelmed by the increasingly demanding requirements of making all the decisions in a growing organization. This situation also arises when the firm begins to conduct increasingly complex business activities with which the owner is not familiar. Company maturity (size/age) appears to influence the complexity of management issues and business structure.

“ Succession planning was triggered by the workload on the two of us [owners]. We were afraid of falling behind in industry practices so we are starting to hire the best talent we can find to continue growing our business. ”

– President, Mining, Oil, and Gas Extraction Company
Southwestern Ontario

In the second case, a specific event, such as the sudden incapacitation of the owner or the owner's desire to retire, trigger the relatively rapid development of a transition plan. The specific event may also be the sale of the firm to a venture capitalist or to another company that immediately proposes a formal management structure.

“ I knew the company would go 10 times further if I was less central to the day-to-day running of it and supplying more of the creative juices. ”

– President, Manufacturing Company
Greater Toronto Area

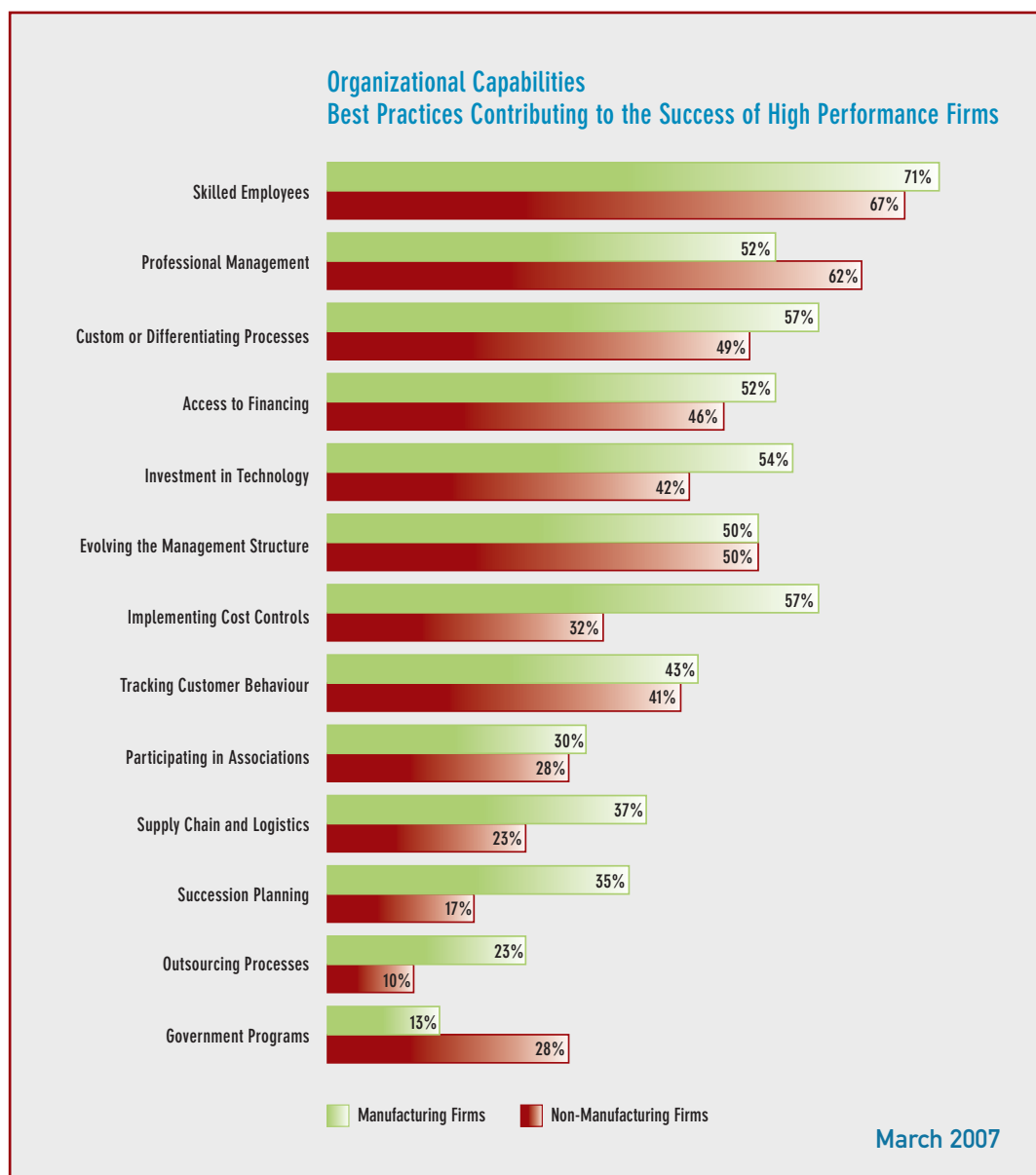
However, for the majority of HPFs interviewed, transition and succession plans are derived from a proactive intention by owner-operators to secure the future of their firms. Owners describe a vision for their company's ultimate potential, which they realize cannot be achieved without additional talented people to share in the decision-making process. They also often come to the conclusion that they can add the most value by being the creative and visionary engine, leaving the execution to others. Finally, they become concerned that their company needs to develop its own identity that will see it survive and flourish when the owner is gone.

VII. Invest in and develop customized core processes that differentiate you from others in your industry or market.

The unique or advanced processes you have within your business will allow you to create a competitive advantage relative to your competitors.

Many HPFs focus on continuous core process and product improvement, supported by investment in leading technology, as a key input to sustaining their growth. It is the ability to innovate and customize their products to their specific customer needs, and respond in a timely and flexible fashion that allows these companies to exploit market niches.

When the responses were analyzed for industry differences, both manufacturing and non-manufacturing firms showed consistency on the key best practices. However, in the area of organizational capability, manufacturers felt that advanced process development and cost-control capabilities had a greater impact than amongst non-manufacturers.





CGL MANUFACTURING

Since 1977, CGL Manufacturing in Guelph has built a successful business producing structural components for off-road vehicles, including gear housings, drive units, brake assemblies and axles. The company supplies original equipment manufacturers (OEM) in the material handling, construction equipment, railroad and forestry industries, including Volvo, Komatsu, GE Locomotives, John Deere and Raymond Industrial.

In 1999, the company responded to increased competition and the possibility of losing an important customer by implementing lean manufacturing practices to reduce waste and costs. The company undertook efforts to identify and then steadily eliminate waste thereby improving quality and production time while reducing costs.

CGL has completely reorganized the machining, welding, fabrication and assembly processes to streamline them and eliminate any unnecessary steps. It has developed an employee performance management system for staff that rewards lean behaviours such as involvement in continuous performance improvement projects, understanding value stream mapping and working in teams.

CGL is recognized in the lean manufacturing community and often hosts benchmarking tours for other companies. CGL's lean efforts have been recognized by its clients, including Global Vendor status and another for certified premier supplier. In addition, CGL attributes a 30 per cent increase in new business for 2003-04 to its adoption of lean manufacturing processes. This success has been sustained with sales growth in excess of 50 per cent during the 2004-06 period.

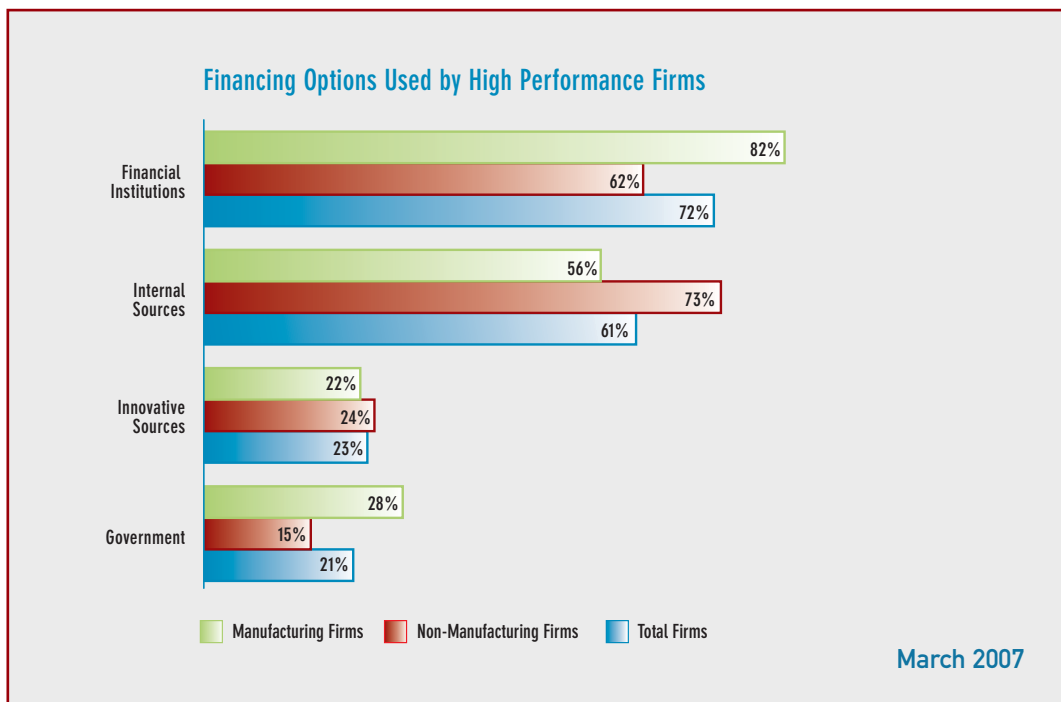
“Documenting your processes will allow them to be replicated and improved upon in the future.”

– Mr. Birket Foster, Chairman and CEO,
MB Foster, Chesterville, Ontario

VIII. Have access to the right financing at the right time.

The ability to access the capital required to achieve ongoing business objectives of your organization.

HPFs use a wide range of financing options to grow and sustain their businesses. For the most part, HPFs rely on traditional bank financing and internal sources, such as retained earnings, to support their growth. They also use innovative sources of financing, such as venture capital and angel investment.

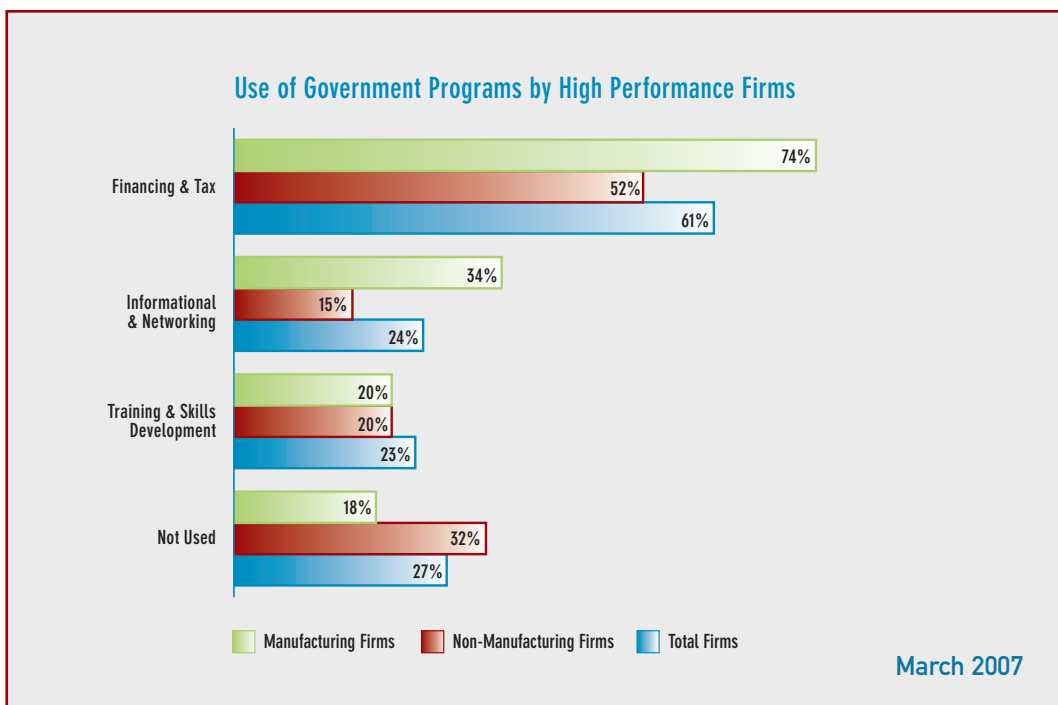


Traditional financial institutions have strict policies regarding small business lending, making it challenging for some SMEs to qualify for credit facilities, especially in their start-up phases. Firms with hard assets to lend against (e.g., manufacturers and asset-heavy companies) find they have more financing options relative to non-asset-based service-oriented firms.

“ There is a real capital funding gap in Ontario. Banks don’t want to lend to companies without assets — they don’t meet the risk profile. Venture capitalists won’t touch companies that don’t need at least \$2 million in investment. There is a real gap between \$500,000 and \$1.5 million.”

– Mr. Mike Wessinger, CEO,
Wescom Solutions Inc., Mississauga, Ontario

In order to grow, HPFs seek to maximize every opportunity to gather and benefit from outside support and expertise. HPFs use government tax relief incentives and other financing programs to allow them to focus their investments on creating a differentiated product or service.



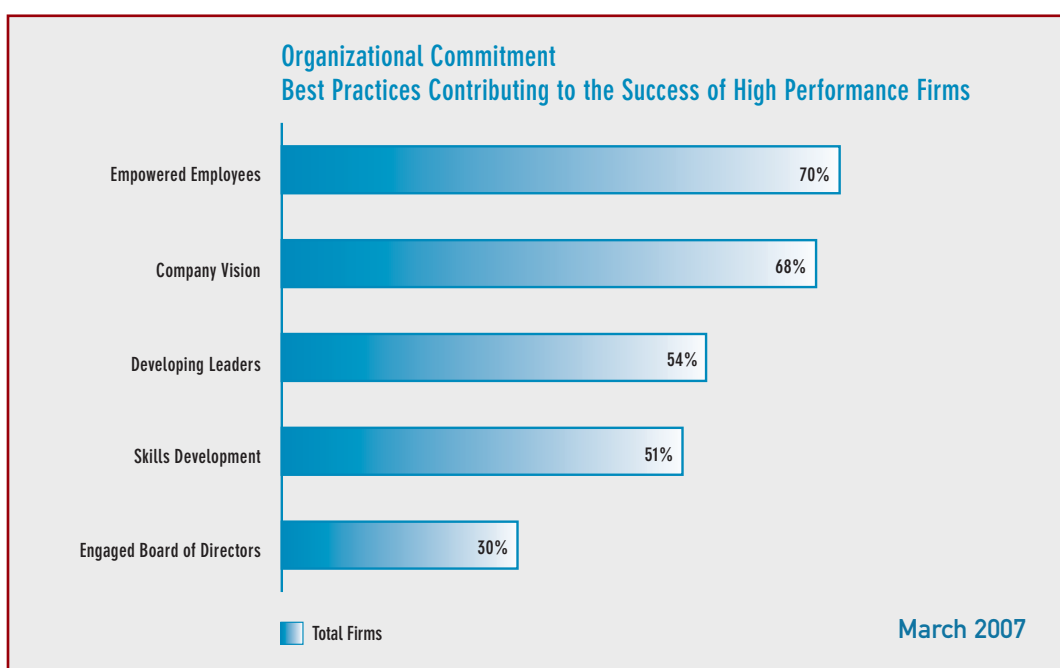
Specifically, many HPFs make use of the Scientific Research and Experimental Development tax-relief incentives whenever they can in their business. The National Research Council Industrial Research Assistance Program technical and advisory services help HPFs make optimal business decisions and streamline product development and introduction into the marketplace. One of the biggest challenges HPFs cited relative to government programs was a lack of awareness of what programs are available to them to support their growth.

Rather than investing their own resources and developing internal expertise, HPFs will often hire a contractor with specific expertise in the area of qualifying development activities in order to find the maximum number of eligible projects, and file the required paperwork in the least amount of time. Additionally, many HPFs take advantage of government-supported work programs for students and new Canadians. This enables the HPF to screen potential full-time employees and bolster their workforce at a discounted rate.

Organizational Commitment

The third section on best practices in the HPF interview questionnaire concerned organizational commitment. The original list presented to the HPFs for ranking contained five items. HPFs identified four of the five as having a significant impact on the growth of their business and, hence, a best practice. There were no significant differences across industries, perhaps indicating the universal application or importance of these activities to firms in Ontario.

Most HPFs in Ontario typically do not credit the guidance of a board of advisors as having a significant impact on their growth. However, those who did have an active board or even an informal advisor cited them as an invaluable resource, particularly with respect to strategic planning.





“ Have a board of informal advisors. This will help you paint the picture for the future of your company and allow you to step away from the day-to-day activities. ”

– Ms. Kate Bird, President and CEO,
Career Essentials, Pickering, Ontario

Somewhat surprisingly, two of the top three overall best practices belonged to the organizational commitment section. During the development of the study and the associated questionnaire, the researchers did not anticipate that organizational commitment would garner such a focus and level of impact from the study respondents. Given the rankings and their relative importance, organizational commitment is without question an area of significance for HPFs in Ontario and a topic on which the Ministry may consider conducting additional research and analysis in the future.



SOUTHMEDIC INC.

Southmedic Inc., in Barrie, Ontario, was established in 1983 to take advantage of a market opportunity that arose from the introduction of a new type of anaesthetic agent. The company developed a mechanical device that ensured the safe delivery of only one anesthetic agent at any time. Southmedic continues to innovate today with the introduction of a new line of Open Oxygen Delivery Devices. Now with 100 employees, Southmedic has become a successful distributor and manufacturer of a broad range of surgical and specialty operating room products in over 75 countries worldwide.

Customer-driven product innovation is at the core of Southmedic's expansion. Lee McDonald, President and CEO, believes that empowering employees and creating a nurturing environment that encourages risk-taking and innovative ideas has enabled that success. At Southmedic, emphasis is placed on managing the innovation process, which is facilitated by the effective coordination of relationships among sales representatives, customers, product development teams and manufacturing teams.

Southmedic's approach to innovation is very customer focused, and it is a key factor to their continued success. Employees have a sense of ownership and pride in the products they help develop and nurture. Clients, in turn, are extremely pleased with Southmedic's ability to customize products to their individual specifications.

IX. Communicate a clear vision for your company; and,

X. Empower employees, allow them to innovate and make decisions.

A clearly articulated vision and objective for your company that is reinforced and supported by the actions of senior management will help to build employee commitment. Providing your employees with the opportunity to make decisions and find new and different ways to make improvements to products and processes empowers them and expands their ability to learn while allowing you to groom the next generation of leaders.

Employees look to company leaders for vision and direction and they rely on them to be personally dedicated to the business. Successful companies often take years to develop their employees. Having a clear vision for the company builds a stronger and better-defined brand (a point of differentiation in the marketplace), bolsters employee commitment by entrenching values and beliefs and creates a baseline against which to measure progress and success. Empowering employees allows company owners and executives to groom the next generation of leaders but also contributes to company success by encouraging the development of client relationships and the ownership of the products and services being offered.

XI. Have a process in place to identify and develop leaders from within the organization.

Having a formal mentoring process allows you to identify and develop potential new leaders for your business. Having career paths in place may also increase employee commitment and retention.

Formalizing career paths within the company and recognizing and rewarding talent also lead to greater levels of commitment and a stronger sense of unity in the corporate culture. Ultimately, HPFs prefer to develop leaders from within who understand the company, its culture and its vision for the future. In order to properly prepare for the future, owners and executives need to find more time to plan the strategy and set the vision; including a long-term business leadership and succession or transition plan.

XII. Invest in employee skills development and training programs.

Formal learning plans supported by on-the-job training, classes and support for new skills development will keep your employees sharp and up-to-date on the latest findings for your industry, products and markets.

HPFs stated that supporting employee development through formal training, skills development programs and independent education further employees' commitment to companies. The importance of skills development and training programs in ensuring organizational capability for high performance is discussed in the previous sub-section of the report.



MAVERICK

As founder and president of MAVERICK, an international award-winning public relations firm located in Toronto, Julie Rusciolelli understands that organizational commitment is the lynchpin of her company's success.

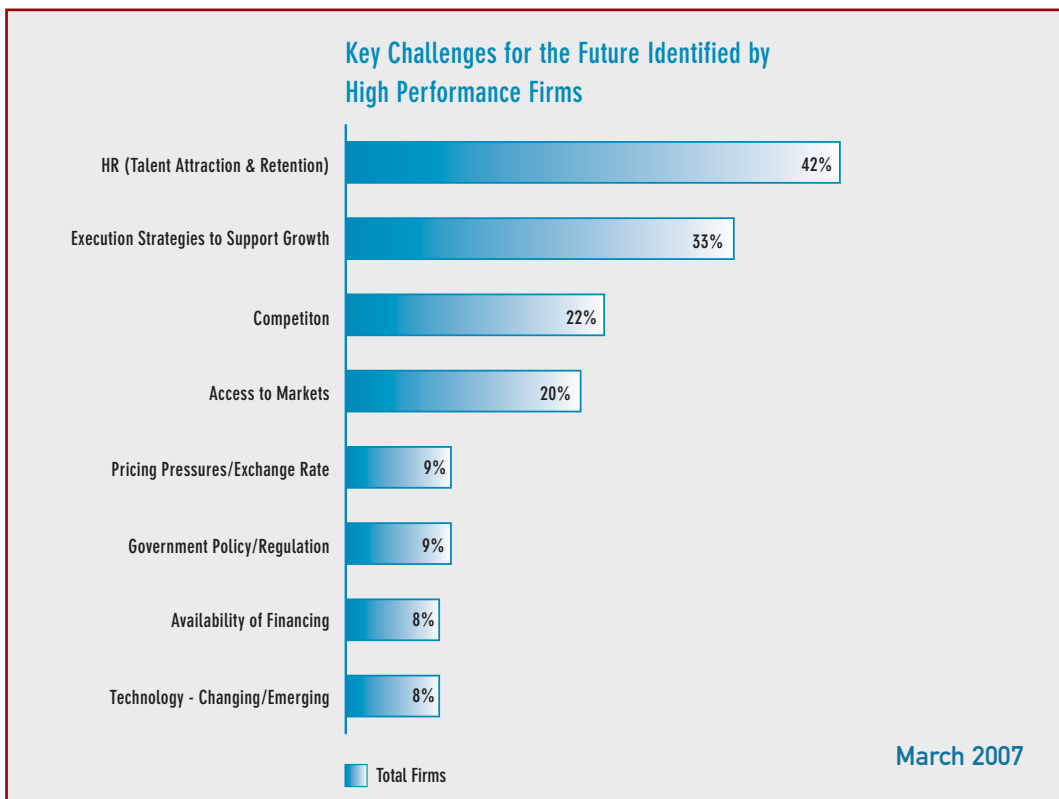
With about 20 employees, MAVERICK has a North American reach helping clients build brands, move products, and enhance and reinforce corporate reputations. Rusciolelli promotes organizational commitment by instilling a clear vision of what sets the company apart from other communications services firms.

Employees are an investment and each team member participates and contributes to the success of a project or campaign. MAVERICK provides an aggressive bonus structure, employee education incentives and a collaborative mentoring program that allows individuals to reach their full potential.

The company places a high value on developing talent from within as part of its vision and commitment to excellence. MAVERICK is a teaching firm and, each year, hires the best candidate(s) from the public relations programs at Centennial College, Humber College, Ryerson University and Seneca College. Developing leaders from within the organization allows MAVERICK to instill a clear understanding of the company's philosophy and vision thereby achieving consistent, award-winning results for its clients.

Challenges Facing High Performance Firms in the Near Future

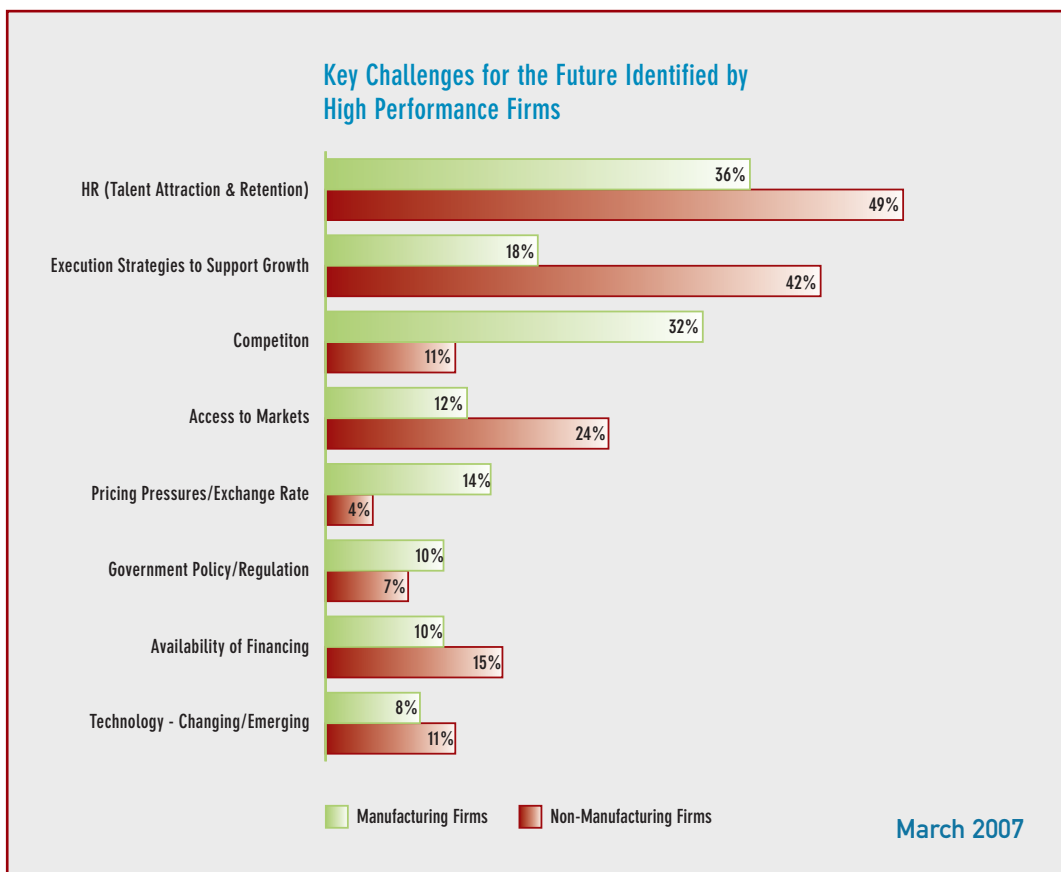
When HPFs were asked to identify the key challenges facing their firms in the next one to two years, the number one issue was attracting and retaining talented employees, particularly at more senior levels. Although HPFs have generally sought to insulate themselves from the increasing pressures to find top talent, it continues to be a significant area of concern.



Of all HPFs polled, 33 per cent cited pressure to manage their growth — in the form of clearly identifying the best strategies and developing the core capabilities to execute them — as their biggest challenge in the coming years. Competition, particularly from Asian markets, continues to be a great challenge for Ontario manufacturers. HPFs have effectively responded to low-cost manufacturers by developing core strategies built around the customer-focused innovation models detailed earlier. HPFs are also addressing the challenges associated with entering foreign markets. Increasing their scale can help with cost competitiveness, but gaining a foothold in foreign markets often requires local knowledge. Using their existing customers in foreign markets, local sales agents and distributors can help accelerate the penetration rate.

Additionally, HPFs cited the fluctuating Canadian dollar exchange rates and the availability of financing as key challenges to be addressed and managed in the next few years.

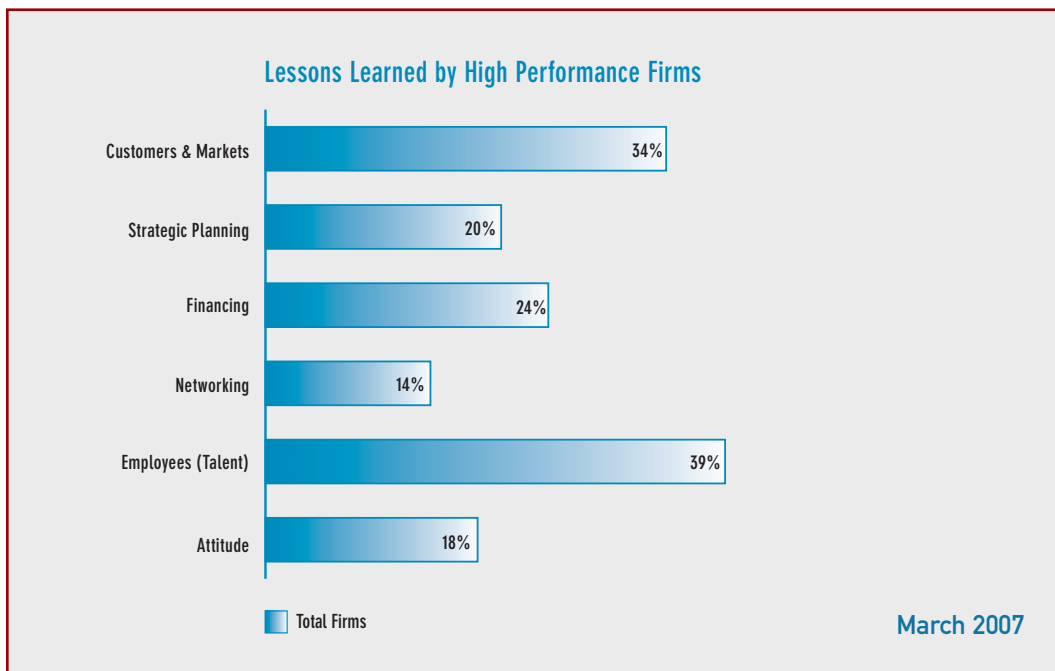
Both manufacturers and non-manufacturers cited finding and retaining talent as their primary challenge. For manufacturers, challenges are more tactical and include primarily global competition and pricing pressures (i.e., currency effects), whereas non-manufacturers' challenges relate more to building and expanding new markets.



Lessons Learned by High Performance Firms

The interviews with the HPFs leaders provided an opportunity to explore the valuable lessons learned by each one of these companies through experience as they have grown. When reflecting on business strategy, HPFs identified a need for a detailed and measurable strategic business plan with an emphasis on understanding the needs of their customers.

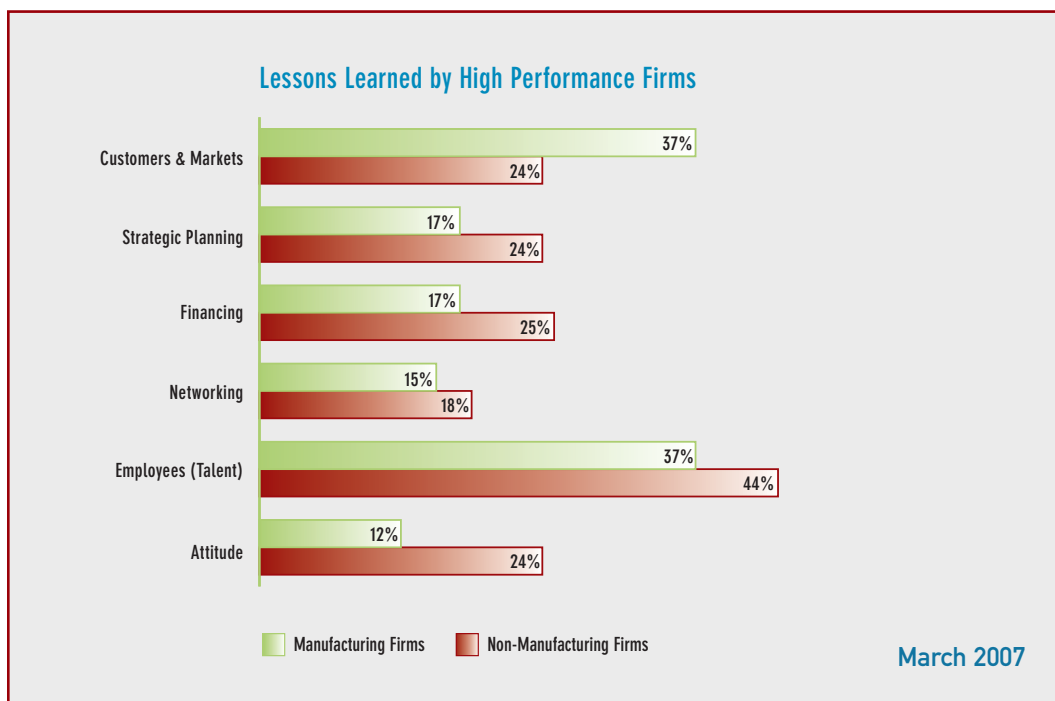
Out of all respondents, 34 per cent cited that focusing on the needs of their customers was a lesson that they had learned and that it was central to their success. Included in this customer-centric view is a need to understand both who the customer is and, equally important, who the customer is not. Once a company has identified its target customer, it must align its products and services to meet their needs. When it comes to delivering to these customers, HPFs repeatedly mentioned that exceeding expectations and paying attention to the customer in order to deliver on the brand promise is what will separate the company from its competitors.



When the responses were analysed for differences along industry lines, it became apparent that manufacturing firms had more mentions of the importance of having stronger focus on customers and markets vis-à-vis non-manufacturing firms who, being highly service-oriented, cited strategic planning as equally important to their success.

In terms of lessons learned related to organizational capabilities, HPFs cited the areas of financing and networking as key to their success. When it came to financing, firms who had secured financing or firms who had assets to lend against (typically manufacturing firms) experienced fewer challenges. Non-manufacturing firms focused more often on financing as an area of concern; perhaps because they are less asset-intensive and have learned that access to capital — beyond the immediate needs of the company — is especially crucial during times of growth and rapid expansion.

Lastly, when it came to organizational commitment, HPFs across all industries once again cited the importance of employees, and in particular of having strategies in place to attract the right talent, as being both challenges and ways to succeed.



Conclusion

HPFs play an important role in the Ontario economy and are leading contributors to jobs, innovation and investment. They attract talent, generate spin-off companies, serve as role models of successful business management and build Ontario's image as an innovative economy. The interviews conducted by Deloitte identified 12 best practices used by high performance firms that can be organized along three key themes: business strategy, organizational capabilities and organizational commitment.

A robust business strategy is critical to any company. Firms must have an understanding of the product or service they are selling, the needs of the customer to whom they are marketing it and how they intend to produce/deliver their goods and/or services to the customer. What distinguishes the business planning of high performance firms is the strategic alignment and specificity of the defined objectives, associated activities and related performance measures. HPFs continually monitor their performance against the strategic plan and they make frequent adjustments to respond to changes in the global marketplace, emerging technologies and shifting customer/consumer demands. For the presidents and CEOs interviewed in this study, the following strategies were identified as being critical to their success:

- product and/or service innovations;
- marketing strategies;
- market expansion and export strategies; and
- overall growth strategies.

Translating business strategy into reality takes organizational capability. Achieving high levels of growth requires access to financial and human resources. HPFs implement effective processes to attract and retain skilled staff, control costs, track customer behaviour and develop strategic alliances. With today's aging workforce, finding talent was identified as an increasing challenge by many of the presidents and CEOs interviewed.

Another critical organizational capability for high performance firms is the ability to distinguish its products or services from others in the marketplace. Continual process improvement and the ability to innovate and customize their products to meet client needs enable HPFs to exploit market niches. For goods producers, this often translates into the adoption of lean manufacturing practices.

Two of the top three best practices, overall, address organizational commitment issues, namely:

- having and communicating a clear vision for your company; and,
- creating an environment that empowers employees so that they can make decisions and find new ways to improve products and meet client needs.

Other success factors identified under organizational commitment included addressing skills development and training needs of employees and developing leaders from within the organization. These findings are clearly linked to the critical role of human resources in ensuring high performance firms have the capacity to sustain growth. Developing leaders from within also ensures that they understand the company culture and can free the president or CEO to focus on communicating the company vision, build organizational capacity and hone the business strategies that ensure continued success.

When discussing key challenges for the future and lessons learned, presidents and CEOs – whether of manufacturing or non-manufacturing firms – consistently identified attracting and retaining talent as their primary focus. For some, the battle for talent is as important as the battle for capital to ensure continued growth and success.

The Ministry of Small Business and Entrepreneurship continues to be interested in the views and opinions of HPFs and in assisting other firms that are intent on achieving HPF status. The Ministry has embarked on a number of measures to support HPFs achieve and maintain their success. For example, MSBE holds an annual **Wisdom Exchange** where owner/operators, presidents and CEOs come together to share insights, to network and to exchange advice on business growth.

MSBE also produces the **Leading Growth Firms (LGF) Series** of reports that research and promote the effective management practices used by CEOs of Ontario's high performance firms. These reports highlight growth strategies and business tactics, including the following: leveraging creativity and innovation; the importance of customer relationships and strategic partnerships; and human resources management strategies to address shifting demographics.

Consistent with the findings from the OECD on how governments can help SMEs grow and succeed, MSBE provides **Business Advisory Services** for SMEs at 12 offices throughout southern Ontario, and it also supports a network of 44 **Small Business Enterprise Centres** and nine satellite offices to provide entrepreneurs and new business owners with information and advice to help grow their business. MSBE also offers programs such as **Summer Company, Future Entrepreneurs, Youth Entrepreneurship Partnerships, Ontario Secondary School Business Plan Competition** and **Global Edge**, which encourage youth to consider entrepreneurship as a career and helping to create the high performance firms of tomorrow. For a list of programs and services available to SMEs, readers can visit the Ministry's website at www.sbe.gov.on.ca and click under "Government programs for businesses."

The Ministry is interested in new ideas and innovations to help small and medium enterprises realize their potential. Readers are invited to provide advice and information on best practices that they would like to share by visiting the Ministry's website, following the link to this document and then providing feedback on the comments page.

A **Census Metropolitan Area (CMA)** is an urban area defined by Statistics Canada as an urban core with a population of at least 100,000. Once an area becomes a CMA, it remains a CMA even if the population declines below 100,000. There are 11 CMAs in the province of Ontario.

The **Exporter Registry** provides detailed information on goods exporters in Canada, including the number of exporters, the value of domestic exports and the number of individuals they employ. A business is included in the registry if the value of exported commodities is \$30,000 or more within at least one year between 1993 and 2004.

Gross Domestic Product (GDP) is a measure of aggregate economic activity that measures the added value of production or output. There are two ways to measure GDP: by income arising from production and by final expenditures on production.

High Performance Firms (HPFs) are companies that have a global head office in Ontario, employ between 10 and 500 employees and have had sales growth of more than 50 per cent in three of the last five years. There are approximately 9,000 high performance firms in Ontario.

Labour Force Survey (LFS) is a household-based employment survey conducted by Statistics Canada. The survey publishes standard labour market indicators, including employment, unemployment and participation rates. Media, labour analysts and other professionals use the survey to report on labour market activity in Canada.

North American Industry Classification System (NAICS) is an industry classification system developed by the statistical agencies of Canada, the U.S. and Mexico. It is designed to provide common definitions of the industrial structures of the three countries and a common statistical framework to facilitate the analysis of the three economies.

Small and Medium Enterprises (SMEs) are businesses that have fewer than 500 employees.

Statistics Canada is Canada's central statistical agency. Under the *Statistics Act*, Statistics Canada is required to "collect, compile, analyze, abstract and publish statistical information relating to the commercial, industrial, financial, social, economic and general activities and conditions of the people of Canada." In addition to conducting a census every five years, there are about 350 active surveys on virtually all aspects of Canadian life.

The **Survey of Employment, Payrolls and Hours (SEPH)** is an employer-based employment survey conducted by Statistics Canada. The survey is used for estimating employment at detailed industrial levels. SEPH data excludes self-employed workers who are not on a payroll and employees in agriculture, fishing and trapping, private household services, religious organizations and the military.

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