

# SMALL BUSINESS NEEDS ASSESSMENT

OVERALL REPORT: RRRF LOAN CLIENTS **2022**



# EXECUTIVE SUMMARY

## RRRF LOAN CLIENTS & NEEDS ASSESSMENT

From May 2020 to June 2021, Community Futures in Alberta dispersed **over \$79 million** in interest-free loans through the Regional Relief and Recovery Fund (RRRF). **2400+ applications** were approved, directly supporting **1756 businesses**, and helping to maintain **over 5800 jobs**. Businesses have until December 31, 2023 to repay their loan to qualify for loan forgiveness.

In August of 2022, Community Futures offices across Alberta initiated this needs assessment project to connect with RRRF Loan recipients about their current challenges and what supports might help them to succeed. From across **25 regions** in Alberta, RRRF clients completed **504 surveys** and **41 interviews**. The findings in this report will be used to prioritize current service offerings and potentially modify or develop new services aimed at helping businesses recover from the economic disruption of COVID-19.

## FINDINGS

Based on survey respondents, 55% of RRRF clients were from a target group of businesses who were owned or led by women, people with a self-identified disability, Indigenous, youth, or newcomers to Canada. Only 6% were a new or start-up business and the remaining were more mature businesses in various stages of maturity, growth, or decline. 19% had started their business within the past 1 to 3 years and did not have pre-pandemic “normal” levels/operations to compare to. 36% of owners were the sole operators of their business.



### AWARENESS OF COMMUNITY FUTURES SERVICES

**Little to none:** Almost half (49%) knew little to nothing about the current services available. Some had not thought to investigate services other than the RRRF loan, whereas others had looked at some options but were unsure of how to match their needs/challenges to the services/supports.

**Some:** Of the 50% who were familiar with the services, many thought of Community Futures as an organization that provided loans and support to start-up businesses. They did not know or did not see which services were available to support more mature businesses.

### BUSINESS PLANNING & EFFICIENCY

**Business Planning/Changing, Pivoting, & Growing a Business:** Businesses that had not recovered to pre-pandemic operations were still looking for ways to attract customers and grow their business. Mature businesses had more of a sense of where they needed assistance, whereas others needed more guidance to understand what their needs were and how to move forward.

**Operations & Business Efficiency:** Owners were working longer hours to regain their pre-covid revenues or were covering more tasks because they could not afford help. They would like help to identify and implement business efficiencies and streamline operations, such as making their operations more digitally efficient.



**Risk Assessment/Management & Business Resilience:** 59% of survey respondents did not think their business could survive another short-term crisis or economic downturn in the next 2 to 5 years. The most at-risk included solopreneurs, Indigenous owners, and owners with a disability. The major risk factors were the rising costs of inputs and supply chain issues.

**Selling a Business & Succession Planning:** 4% of respondents were planning on selling their business. Of these, 62% did not know about the support services offered by Community Futures. Common factors leading to the decision to sell included age, poor health, loss of energy and enthusiasm to pivot their business, or having found other work during the pandemic. A few businesses were looking to pass on their business, such as mentoring others to take over.

### FINANCE

**Loans/Grants:** Many loan recipients were interested in other financing options as a precaution if they could not repay the RRRF loan by the deadline. Some were unaware that Community Futures offered other loans. Some had looked into financing but experienced barriers. Those concerned about debt load were only interested in grants.

**Financial Planning/Management:** Businesses were feeling a “squeeze” on cashflow due to the rising costs of inputs and reduced income. They would like training, advising, or tools in areas such as bookkeeping, budgeting, managing cashflow, setting financial goals, forecasting, identifying cost efficiencies, and tax preparation. Some would like to hire a bookkeeper.



**Loan/Debt Repayment:** 60% of respondents had not recovered to pre-pandemic levels or operations. These businesses were more likely to be no longer in business, looking to relocate, in decline/down-sliding, looking to sell, or a start-up business. More solopreneurs and owners with an ongoing disability had not recovered compared to other groups. Of all owners, 65% were concerned about repaying the RRRF loan by the deadline. Those who were ‘somewhat’ concerned reported ups and downs, but also had other assets to fall back on. Those who were ‘very’ concerned were often in more debt than when they got the loan and did not have other assets to rely on. Solopreneurs as well as youth and Indigenous-owned businesses were the most concerned about repaying their loan. Most owners wanted an extension of the deadline or increased loan forgiveness. Some wanted help with planning payment schedules, sending reminders, planning ahead for cashflow issues, and finding ways to put aside funds.



**Access to Capital:** Many owners who saw opportunities to recover and grow their business were not able to save enough to invest due to the squeeze on cashflow. Responses were mixed in terms of awareness of Community Futures' services. Two mid-sized companies had difficulties finding financing or investors at their level of need.

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## BUSINESS TRAINING & GUIDANCE

**Mentorship & Coaching:** Some owners were struggling with “the business side of things” and “not knowing what they don't know”. They could use guidance to match their challenges to the available services. More mature businesses were in the unusual position of needing to revise their formerly successful business. They were looking for an industry-specific mentor to help them grow, with the priority on finding the right fit and level of experience.

**Networking & Cohort Programs:** Industry-specific regional networks were of interest to RRRF clients as a way to broaden their exposure to a wider audience, make connections in a non-competitive setting, and find like-minded businesses for potential collaborations.

**Specialized Training:** Owners were interested in specialized training such as food safety, software programs, and certifications to broaden the scope of their or their employees' skills. For those struggling to regain revenue, their main interest was subsidies to offset the training costs.

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## MARKETING

**Marketing Plans/Intro to Marketing:** Some businesses who had been successful pre-pandemic by only relying on word-of-mouth found they needed to increase their marketing to attract new customers. Many had not done market discovery or created a marketing plan and instead focused on producing marketing tools (e.g., flyers, ads, Facebook or Instagram page, website); they experienced a learning curve and/or did not see a return on their efforts. Other owners had previous experience with marketing but needed to refresh their strategy to expand to new markets or advertise a new service or product. Some were implementing their own marketing activities and would like help with specific technical challenges.

## PEOPLE MANAGEMENT

**Recruiting, Retaining, Managing Employees:** Labour shortages were a key limitation to some businesses' growth. Some staff had been let go or had left for other work during the pandemic. Skilled workers were difficult to find locally. Businesses who could not afford a competitive wage had high turnover and struggled with employee motivation. Owners would like help finding qualified employees, hiring foreign workers, navigating job websites, and the hiring process.

**Employee Training:** Owners were interested in any grants available to subsidize the cost of training their employees (onboarding, upskilling).

**Mental Wellness:** Owners struggled with stress, anxiety, fatigue, and burnout as a result of the uncertainty and impact of the pandemic on their business. Post-pandemic, the uncertainty has continued due to rising costs of inputs and labour shortages. Some had seen other businesses start to recover, leading them to think of their challenges as a personal failure. 30% indicated they would like support for mental wellness. Some focused on marketing or financial planning to address their business challenges, thereby reducing their stress. Others suggested connecting in-person with other businesses to reduce feelings of isolation, expose them to new ideas, and build a sense of community. Lack of benefits such as counselling was a limitation for some.

**Work-life Balance:** Entrepreneurs were working longer hours yet making less money. They had difficulties separating work and personal time. Some focused-on business operations as the solution, such as finding efficiencies and better time management. Others thought having a mentor to set boundaries for work-life balance would help, particularly if the mentor had a similar life situation for balancing work and family life.

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## TECHNOLOGY & PHYSICAL INFRASTRUCTURE

**IT Infrastructure:** Some businesses did not transition to online services or sales during covid and were now ready to start this process. Others who already had an online business needed ongoing support such as assistance with technical issues, adding a digital feature, or finding ways to attract more people to their site. They were interested in suggestions for digitizing business operations, commonly used business apps, as well as industry-specific technologies.

**Rentals, Leases, & Co-Working Spaces:** Affordability, size, and location were issues for some owners who were looking for alternative spaces for their business. Some needed to change to reduce their costs. Others had transitioned to working from home and were ready to find a new space. Those in professional/technical/other services and agri-food expressed the most interest in co-working spaces to reduce their costs and find synergies with like-minded businesses.



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# INTRODUCTION

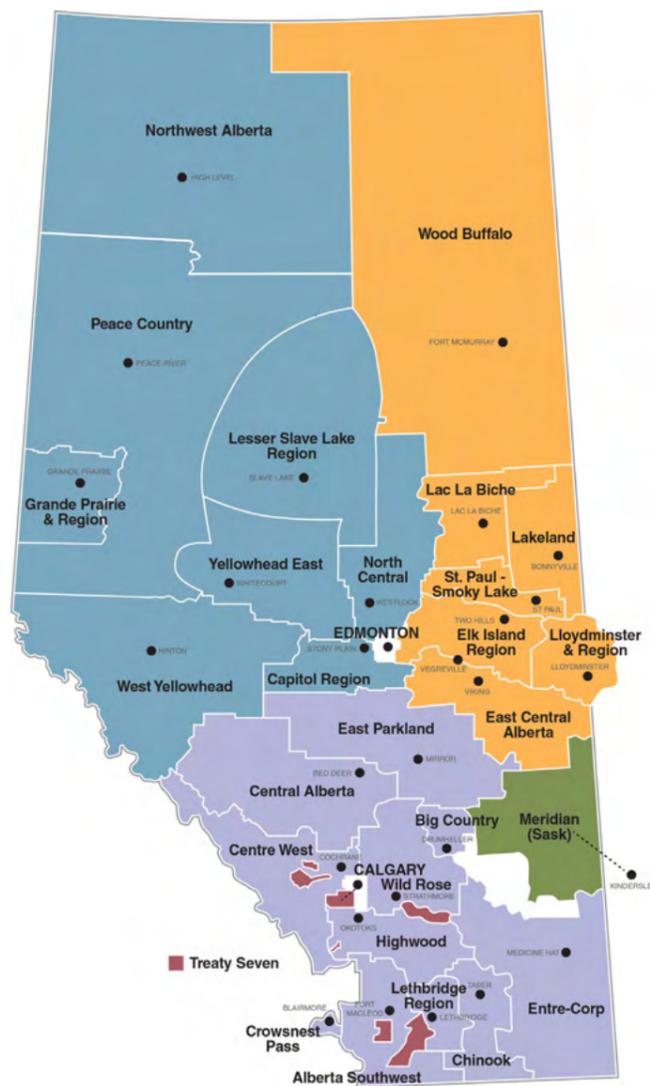
## COMMUNITY FUTURES IN ALBERTA

Established by the federal government in 1985, Community Futures is a community-driven, economic renewal initiative that assists communities in rural Canada in developing and implementing innovative strategies for dealing with a changing economic environment. In Alberta, programs are funded by Prairies Economic Development Canada.

Community Futures is a rural grassroots program that provides business loans, training, and coaching, and supports community economic development projects. They are a developmental lender that supports businesses that banks cannot serve. Their mandate is to help rural communities develop sustainably and implement local solutions for economic stability, growth, and job creation.

In Alberta, Community Futures consists of **27 regional offices**, plus an additional office serving Treaty 7 territories.

The offices develop and implement local solutions to challenges and opportunities in the areas of economic stability, growth, diversification and job creation. The Community Futures Network of Alberta provides advocacy, leadership, stewardship, and operational support to the local offices.



**COMMUNITY FUTURES ALBERTA**  
**27 REGIONAL OFFICES**

## REGIONAL RELIEF & RECOVERY FUND

The Government of Canada and Community Futures organizations understand the difficulties the COVID-19 pandemic has caused for small business. In response, the Government made funds available to Community Futures to provide support and assistance to small and medium-sized enterprises through the rural stream of the Regional Relief and Recovery Fund (RRRF).

From May 2020 to June 2021, Community Futures in Alberta dispersed **\$72 million** in loans through the RRRF. They approved **2400+ applications** that directly supported **1756 businesses** and helped maintain **over 5800 jobs**. Businesses could apply for an initial interest-free loan of up to **\$40,000**, then an additional expansion loan of another **\$20,000**. Recipients have until December 31, 2023 to repay the total loan amount to receive partial loan forgiveness (25% on the initial loan, 50% on the expansion loan). After this deadline, the loan becomes a 24-month term loan at 4% interest.

## PURPOSE & SCOPE OF NEEDS ASSESSMENT

With just over one year remaining before the repayment deadline, Community Futures offices across Alberta initiated this needs assessment project to connect with RRRF Loan recipients on how the non-profit organization could support their needs. Community Futures will use the information provided in this report to prioritize current service offerings and potentially develop new services aimed at helping businesses recover from the economic disruption of COVID-19 and beyond. The project took place between August to December 2022 to inform future service development.



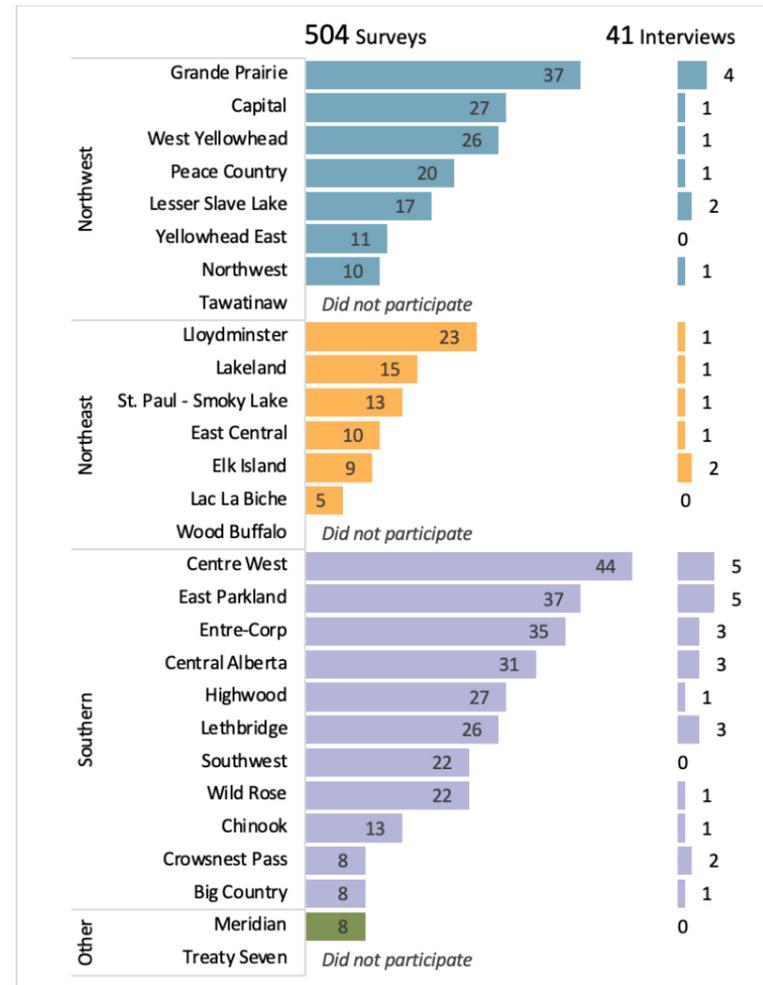
# METHODS:

## DESIGN, DATA COLLECTION & ANALYSIS

### SURVEY & INTERVIEW PARTICIPANTS

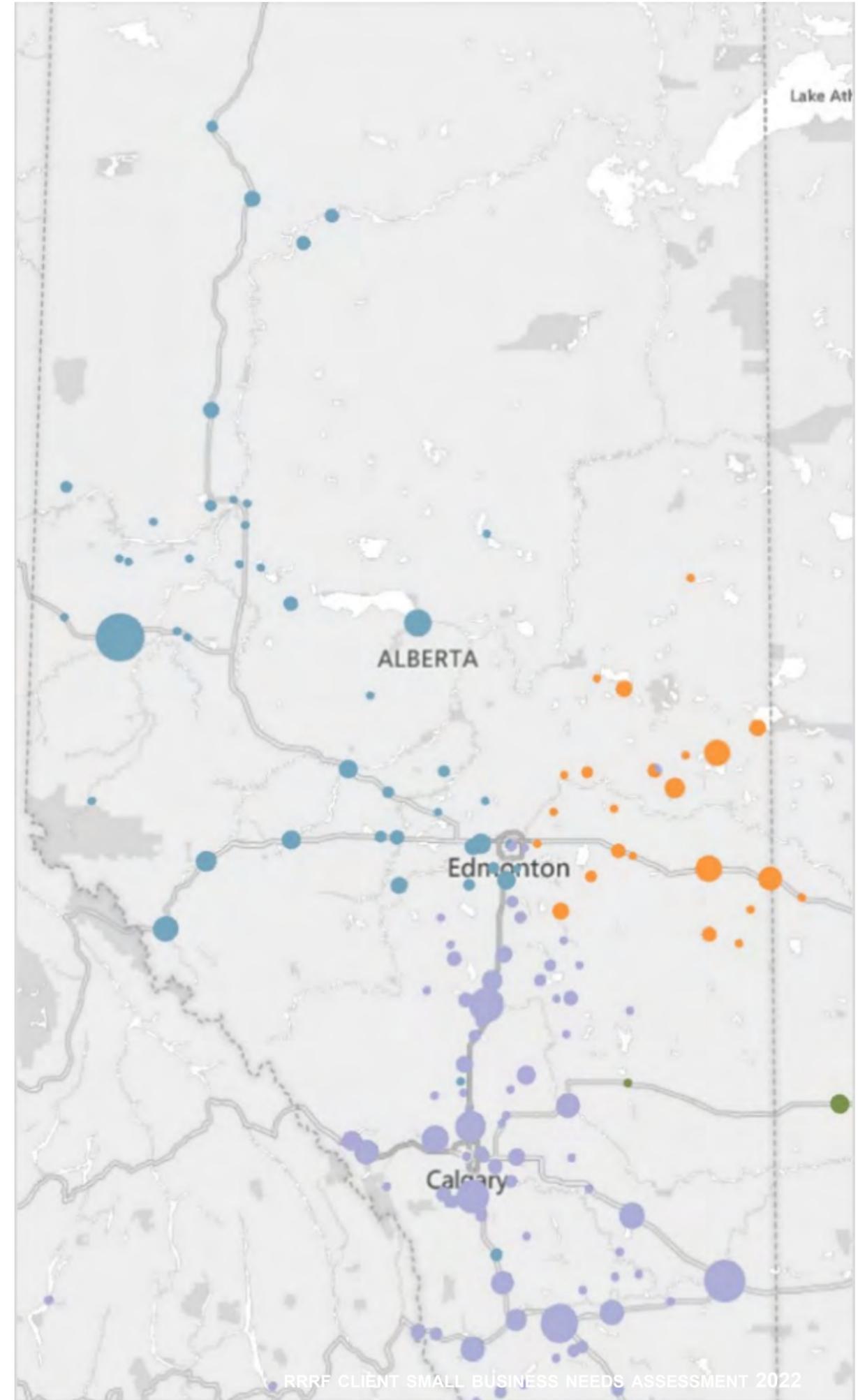
#### PARTICIPANTS BY COMMUNITY FUTURES REGION

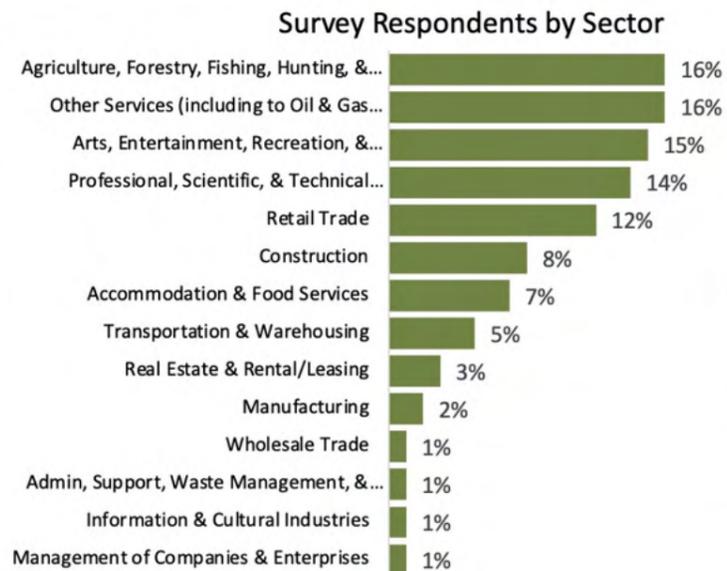
Across Alberta, **25 regional offices** participated in this needs assessment project. Of their RRRF clients, **1484** received a survey asking about their state of recovery from the economic impacts of covid-19, current challenges, and services that might help them to succeed. Of these, **504** chose to participate (34% response rate). Survey respondents were invited for a 30-minute in-depth interview to explore what types of services would be helpful, and formats for how they might be delivered. Interviews targeted a geographical spread of participants with **41 interviews** completed across 21 out of the 25 participating regions.



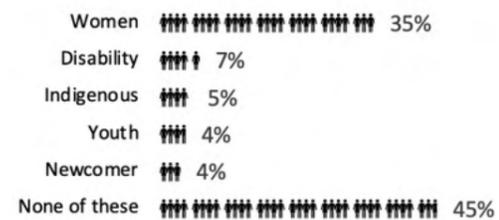
#### BUSINESS PROFILE OF SURVEY PARTICIPANTS

Most survey respondents owned businesses in the following sectors : Agriculture/Agri-food, Other Services such as beauty services and services to oil and gas extraction, Arts/Entertainment/Recreation/Tourism, Professional/Scientific/Technical Services, Retail Trade, and Construction. Interviews included businesses in 11 out of the 14 sectors. Out of all survey respondents, 55% were from a target group of businesses who were owned or led by women, people with a self-identified disability, Indigenous, youth, or newcomers to Canada.



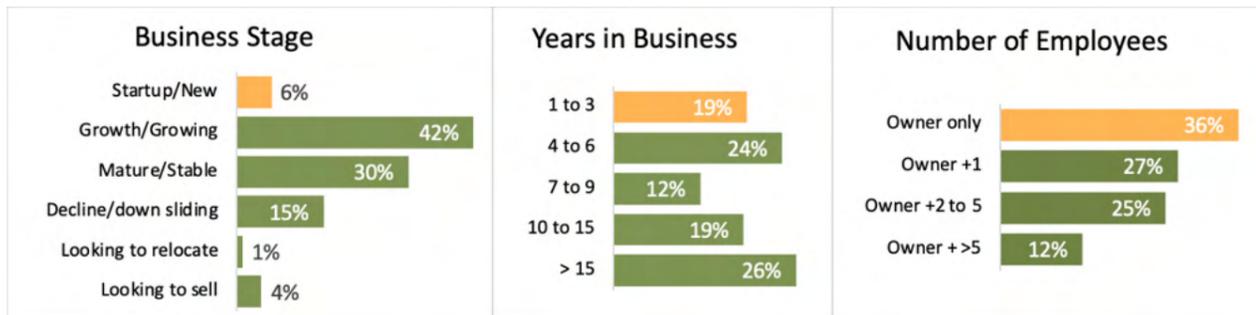


### Business Owned/Led By...



Sectors are based on the North American Industry Classification System Canada 2017 Version 3.0.

Only 6% of survey respondents were in a new/start-up stage, while 94% were more mature businesses in various stages of maturity, growth, or decline. 19% had started their business within the past 1 to 3 years and did not have pre-pandemic "normal" levels/operations to compare to. 36% of owners were the sole operators of their business and had no staff/employees ("solopreneurs").



**SURVEY RATINGS WERE COMPARED BY GEOGRAPHICAL REGION, SECTOR, TARGET GROUP, BUSINESS STAGE, YEARS IN BUSINESS, AND NUMBER OF EMPLOYEES. GROUPS WITH RATINGS THAT DIFFERED BY MORE THAN 10% FROM THE TOTAL AVERAGE HAVE BEEN HIGHLIGHTED THROUGHOUT THE REPORT.**



# FINDINGS: CHALLENGES, SERVICE NEEDS & RECOMMENDATIONS

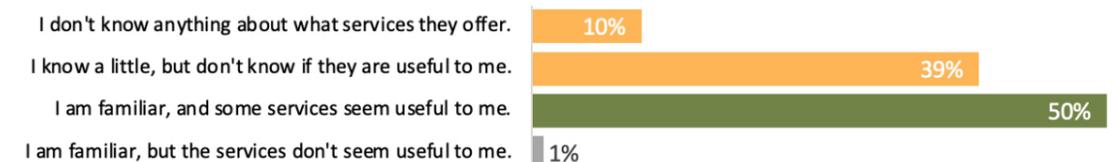
## AWARENESS OF COMMUNITY FUTURES SERVICES

Based on survey responses, almost half (49%) of RRRF loan recipients knew little to nothing about the current services and supports offered by Community Futures. Businesses who were not familiar with Community Futures' services were introduced to them through the RRRF loan. Many thought they were an organization that provided loans but were not familiar with what they offered in terms of business support. Sometimes this was because they had not thought to investigate other services. A few had looked at the website but were unsure of how to match their need to the services. Some business owners had received emails from their local Community Futures office with news about upcoming events and training, and these were helpful to give them a 'shortcut' to finding out about services that might be useful. A few had signed up for activities and others had called to book an appointment to meet with their local office to meet one-on-one about a specific issue. One business owner had been connected to a staff member at their local office, but had not reached out since the staff had changed. Regions with slightly less awareness of Community Futures services included Central Alberta, East Parkland, Entre-Corp, Grande Prairie, and East Central.

Of the interviewees who were familiar with Community Futures services, the most mentioned service was accessing loans when starting their business, particularly if they had not been able to get financing through a bank. Other commonly accessed services included support with marketing, digital services, and help creating a business plan. Many had accessed Community Futures at their start-up stage and had a very positive impression of their support and services. However, they were less familiar with what was available for established businesses with experienced owners. One of the key barriers to accessing services was time – for those who were still struggling/affected by the pandemic, many were working long hours to keep their business going and felt they did not have time to look into services, or to spend time on activities not directly targeted to their issues. Awareness was stronger among some target groups, as 74% of Indigenous owned/led businesses and 61% of businesses owned/led by a newcomer to Canada were familiar with their services and supports.



### 49% of clients were not familiar with Community Futures services, or how they could support their business.



When I started my business, the advice, feedback on my plan, and information about available programs was really helpful. Maybe they could offer the StartSmart program in a format that people can do on their own with checklists and touch-base points to connect with an advisor? Just don't duplicate what is already out there.

- Real Estate, Rental & Leasing



I was overwhelmed by what was on the website. They offer a great deal. I'm not sure what I need at this stage of my business. Maybe I just need to set up a meeting? Maybe that's the most efficient way to understand what they offer for a mature business?

- Information & Cultural Industry



I haven't contacted the office since the people changed. I'm not sure who to talk to. I looked at the offerings, but they seemed too large for a solopreneur. A 12-week course is too much when raising kids and running a business.

- Technical Services: IT

# BUSINESS PLANNING & EFFICIENCY



## BUSINESS PLANNING/CHANGING, PIVOTING, & GROWING A BUSINESS

While it is not unusual that businesses change and grow over time, the pandemic prompted an unusually large number of businesses to be proactive in changing their services or products. Many RRRF clients still had fewer customers than before covid and were looking for new ways to retain and gain new customers. Sales were down due to fewer tourists, lingering covid fears (e.g., returning to the gym), or smaller project scope due to customers having less money available to spend. Entrepreneurs had difficulty attracting customers for ‘luxury’ goods or services (e.g., gift shops, restaurants, accommodation), as customers were struggling with reduced income and a rising cost of living. Some were looking to transform their business for the local market where as others wanted support in exporting and marketing their product internationally.

Business owners who previously gained enough clientele through word-of-mouth found they needed to go back and start the process of creating a business plan, either to rethink their business or to qualify for financing. Mature businesses who had gone through the planning process were finding they needed to revisit it and identify new markets, new clients, and their new value proposition. An entrepreneur in recreation and fitness had done her planning and projections in 2018, but realized her pricing was no longer relevant because the market had changed with the growth in online options. Some entrepreneurs had identified their need for change during the pandemic and spent time preparing, marketing, and positioning themselves within their industry. Others did not know or realize they needed to take this step and had remained stuck, not knowing how to move forward.

Even three years into the pandemic, survey results suggest there is still a large number of RRRF clients who need support in business planning, pivoting, and growing their business. Some know they need this support and are ready to take advantage of services offered. Others may need more guidance to understand what their needs are. Interviewees requested either one-on-one coaching to revise specific aspects of their business plan, or a course or workshop in small groups (e.g., 4 people, or a mentorship think tank held online or in-person) with people at the same level. Both formats would allow for asking questions as well as getting advice for their specific situation.

“ Support in promoting and distributing Canadian products to new international markets. How do I work with Export Development Canada? ”

- Wholesale Trade: Beverages

“ If there are new concepts and opportunities available to grow my business, I am certainly interested in knowing about them and participating in workshops, webinars, or zoom tutorials. ”

- Information & Cultural Industry

“ Writing a business plan - real help though. Last time we asked for help, we were told “write one, and we can read it for you after”.... that wasn’t helpful at all. ”

- Arts

## OPERATIONS/BUILDING BUSINESS EFFICIENCY & CAPACITY

Time management and making processes more efficient was a high priority for many business owners. They were working longer hours to try to increase revenue, were covering more tasks because they had let staff go or could not afford to hire outside help or had taken on another job to pay their bills. One business in the recreation and tourism industry had started multiple projects to pivot during covid and was now feeling overwhelmed by the additive effects of not having developed efficient business processes in any of them. Improving operations was one way business owners felt they could take action to achieve a better work-life balance and to improve their profit margin.

Many owners were interested in making their business more digitally efficient, which also related to their IT infrastructure. Types of operations they were looking to improve included establishing operational procedures, documenting systems manuals, creating contracts, purchasing, managing inventory and price checking, efficiently vetting service providers, and finding ways to do common tasks more effectively.



“ People still seem to be cautious with their money. We are looking at some possible changes in how we operate and are unsure about what steps to take next. ”

- Retail Trade

“ How to effectively manage time and juggle the massive variety of tasks that occur in a day while running a business. ”

- Agri-food

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### RISK ASSESSMENT/ MANAGEMENT & BUSINESS RESILIENCE

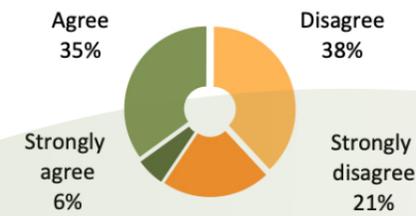
When asked if their business would survive another short-term crisis or economic downturn in the next 2 to 5 years, 59% of survey respondents disagreed or strongly disagreed. There was a strong relationship between this group and those who had not returned to pre-pandemic operations and were very concerned about repaying the RRRF loan by the deadline.

RRRF clients were more likely to be concerned about surviving another short-term crisis if they were a “solopreneur” (69% disagreement) compared to other businesses who had multiple employees. In the interviews, owners explained challenges of having to work long hours or having to shut down the business if they were sick because they did not have support to “keep the doors open”.

More Indigenous business owners and owners with a self-identified disability reported not being able to operate and survive another short-term crisis (70% disagreement). Conversely, fewer businesses owned by newcomers to Canada (33% disagreement) and youth-led businesses (36% disagreement) had this concern.

Sectors that expressed the most concern were wholesale trade (80% disagreement), accommodation and food services (73%), and arts, entertainment, and recreation including tourism (68%). Sectors that were the least concerned were administrative and support, waste management, and recreation (0% disagreement) and information and cultural industries (25%).

Geographic regions that reported the least resilience (i.e., the most disagreement) included Lac La Biche (100%), Lesser Slave Lake (81%), Meridian (75%), East Parkland (73%), and East Yellowhead (73%). The most resilient were Northwest (30%), Crowsnest Pass (38%), Big Country (43%), Elk Island (44%), Southwest (46%), and Centre West (48%).



**59% of business owners would not be able to operate and survive another short-term crisis or economic downturn in the next 2 to 5 years.**

Major risks included high levels of uncertainty due to the lingering impacts of the pandemic (e.g., supply chain issues, rising input costs due to inflation, cost of operating a business), possible government regulations that may restrict their business opportunities (e.g., taxes, Bill C-21, return to covid lockdowns), international events (e.g., war in Ukraine, oil prices, renegotiated NAFTA), and businesses in some regions were still in recovery from previous natural disasters (e.g., flooding, fires).

A number of RRRF clients were focused on lowering costs as the approach to reduce risk and improve their resilience to short-term crises. This included resilience-oriented grants (e.g., food, water, energy, shelter, community security) and reducing taxes. One business owner emphasized the need for a trauma-informed approach when aiding businesses who had been through a disaster. Respondents felt that they needed support with risk assessment and/or management, but they did not really know what it would look like. Some suggested that any support should stress positive thinking and personal resilience, such as understanding one’s own strength.

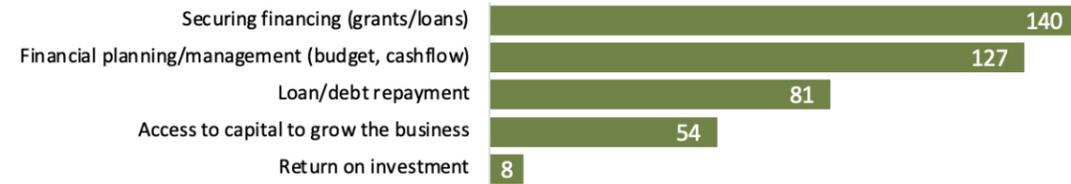
### SELLING A BUSINESS & SUCCESSION PLANNING

Of all survey respondents, 4% were planning on selling their business. Notably, two interviewees had changed their mind since filling out the survey and had decided to sell. Despite their business being successful before the pandemic, waiting almost three years for revenues to recover had left them burnt out and ready to give up. Common factors leading to this decision were age (near retirement), poor health, loss of energy and enthusiasm to pivot and change too far out of their area of experience (e.g., operations becoming more digitized), or having moved on to another job that had become their full-time work. A few owners wanted to pass their business on to their children, or to mentor someone to take it over.

Of businesses looking to sell, 13 out of 21 (62%) did not know about the services available through Community Futures, such as succession planning or support in selling their business. Some wanted help finding buyers, while others had potential buyers in mind and wanted help considering their options and planning next steps. One owner said she had investigated support from Community Futures for help to sell her business, but even the small fee for the service was enough of a barrier due to her debt burden that she decided not to pursue it.

# FINANCE

Service & Support Requests



## SECURING FINANCING: LOANS OR GRANTS

Information about and help securing financing, such as other loans or grants, was the most frequently requested service. More than a quarter (27%) of survey respondents requested this area of support. Many were looking for financing to address cashflow issues to keep their business operating or growing, such as paying staff, training workers, subsidizing rent, purchasing equipment/supplies/inventory, or covering rising utility costs. Many were also interested in loans as a backup plan to pay off the RRRF loan in time to qualify for the benefits (loan forgiveness, no interest). Some wanted loans or a line of credit as a backup during slow seasons, or as a precaution if there were a return to covid restrictions.

Some entrepreneurs had investigated financing options but had encountered barriers. One food services business was turned down for a line of credit because they were not yet operational after a flood. A tourism and recreation business had received a grant for one of their programs but was not eligible to apply for another until the first one had concluded. One business owner in clothing retail had talked to Community Futures about their loan options but was ineligible because she wanted to use it to purchase inventory and was told it could not be used for that purpose. Some businesses, particularly those who were new to Community Futures, had not investigated their loan options and were interested in learning more.

Several interviewees expressed interest in information about grants, or support with grant-writing, over loans. These businesses were concerned about adding to their debt load and were looking for other ways to reduce their expenses. Examples included grants for hiring several types of workers such as foreign workers or summer students, tourism/wellness/recreation grants, or education and training grants (e.g., occupational safety).

“

I was able to access loans and subsidies during the pandemic. Those supports have stopped but our business is not back to normal. Some loans aren't fixed, and our interest rates went up. I'm interested in grants, not more loans. I haven't talked to Community Futures yet to see if they have anything to help.

- Recreation: Fitness



“

If there is more uncertainty, Community Futures might need to extend the loan terms as businesses are taking longer to recover than normal. You don't want people to dig themselves into a hole.

- Food Service



## FINANCIAL PLANNING/MANAGEMENT

Many businesses were feeling a “squeeze” on cashflow. They had less money coming in, and income was less consistent or predictable compared to before the pandemic. Supply chain issues created delays in materials for sectors like construction and trucking. Some businesses were holding overdue invoices because their clients could not afford to pay. Travel agencies were seeing a rebound in bookings but will not receive their commissions until travel happens in the new year. Meanwhile, the cost of inputs had increased due to inflation and rising interest rates. Some businesses had chosen to downsize (e.g., smaller construction projects) to reduce the fluctuations and have more control over their cash flow.

To manage this uncertainty, about a quarter (24%) of survey respondents requested training, advising, or templates in areas such as accounting, bookkeeping, budgeting, cashflow, managing fees, and forecasting. Some entrepreneurs would like self-directed tools/resources that they could do independently and on their own schedule. Suggestions included online videos that they could watch in their own time and also return later to review. Interactive tools would also be helpful, such as a template to populate budget numbers with pop-up prompts or a cashflow projection sheet. A few business owners were interested in advice on accounting software programs.

For more complex aspects of financial planning and management, business owners would like one-on-one support from a business or financial advisor. Examples included helping plan a budget to meet financial goals, to manage an industry-specific financial aspect of the business (e.g., inventory), calculating payrolls including part-time or occasional worker fees, forecasting, budgeting to better understand their bottom line and identifying a “sensible” profit/profit margin, identifying cost efficiencies/cost cuts, and tax preparation. A few would like guidance on how to hire a reliable accountant or bookkeeper.

“

I took over this business in five days because someone was giving it up. I've never done a budget. I need help reading financial statements and doing the books.

- Construction

“

I have an accounting background, but I need help to work on the budget. I need creative ways to think about the business and how to make it work.

- Agriculture





**RRRF Loan Repayment**

RRRF recipients generally fell into three categories in terms of their loan repayment. A third who were not concerned about repayment were also mostly or fully recovered to pre-pandemic levels, or were growing beyond their pre-covid operations. Some of these businesses reported having already repaid the loan, or having set aside most or all of the money but were waiting until the deadline in 2023 to repay. A third who were somewhat concerned about repayment reported a lot of ups and downs and were confident they would be okay if business remained steady. This group also mentioned having other assets or securities to fall back on if needed, such as other businesses, investments, or employment elsewhere. The third of businesses who were very concerned about repayment reported consistently lower levels of income compared to before covid (90% of them had not returned to pre-pandemic levels), and some were in more debt than when they started the loan. This group also mentioned not having other assets to fall back on, were taking money from other places (e.g., other businesses, mortgage, RRSP) to keep the business going, and/or had other loans.

Concern about loan repayment was fairly consistent across sectors. There were slightly more businesses who were somewhat to very concerned about repayment within administrative and support, waste management, and remediation services (100%) and transportation and warehousing (77%) sectors, and less concern within the management of companies/enterprises (33%) sector. Youth (86%) and Indigenous-owned/led businesses (78%) were, on average, more concerned than other demographic groups about repaying their loan on time. There was more concern among those looking to sell their business (81%), start-up/new businesses (81%), and those in decline/down sliding (78%). There was also more concern among businesses with only the owner as an employee (72%) compared to those with more than five employees (51%).

Regions where the largest percentage of businesses were somewhat or very concerned about repaying their RRRF loan by the deadline included the Capital Region (78%), Crowsnest Pass (88%), East Central (80%), Lakeland (87%), Lesser Slave Lake (82%), and Northwest (80%). Regions with fewer concerned businesses included Chinook (23%), Peace Country (50%), Lethbridge (50%), Highwood (52%), and East Yellowhead (55%).

**LOAN/DEBT REPAYMENT State of Economic Recovery from COVID-19**

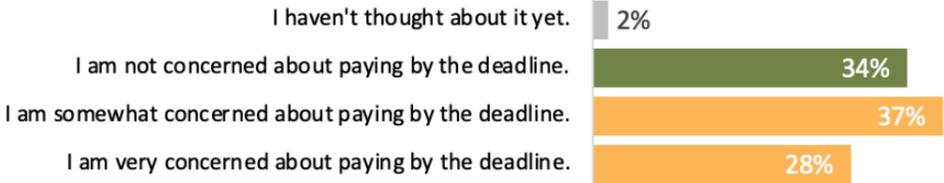
As of September 2022, 60% of RRRF loan recipients who responded to the survey were still struggling or affected by the economic impacts of covid-19 and had not recovered to pre-pandemic levels or operations. This percentage rose even higher among those who were no longer in business or looking to relocate (100%), were in decline/down-sliding (97%), looking to sell (86%), and those in the start-up/new business stage (74%).

More businesses with the owner being the only employee were still struggling to recover (74%) compared to businesses where owners had 5 or more employees (49% not yet recovered). Recovery was also slower among businesses who were led or owned by a person with an ongoing disability (79% not yet recovered).

Sectors most affected by not returning to pre-pandemic operations included wholesale trade (80%), real estate, rental, and leasing (79%), and manufacturing (70%). Those least affected were information and cultural industries (25%) and agriculture, forestry, fishing, hunting, and agri-food (48%).

Geographical regions with the highest proportions of businesses who had not yet recovered included Lakeland (87%), Entre-corp (80%), Capital Region (78%), St. Paul – Smokey Lake (77%), Lesser Slave Lake (77%), East Yellowhead (73%), and Southwest (73%). Regions with the fewest businesses still struggling included Chinook (23%), Northwest (30%), Elk Island (33%), Highwood (41%), Lethbridge (44%), and Peace Country (44%).

**65% of clients were somewhat to very concerned about repaying their RRRF loan by the deadline of Dec 31, 2023.**



Growing beyond pre-pandemic levels/operations, 7%



Mostly or fully recovered, 33%

**60% of businesses were still struggling or affected by the economic impacts of covid-19.**

**LOAN/DEBT REPAYMENT** *State of Economic Recovery from COVID-19*

A lot of survey respondents and interviewees expressed extreme gratitude for the RRRF loan and the timing of when it was distributed. In many cases, the loan was what kept the business going during the pandemic. They were also grateful that there had already been an extension of the deadline from December 2022 to 2023.

Most survey respondents who were concerned about loan repayment wanted an increase in the percentage of loan forgiveness or an extension of the repayment deadline (many suggested a 1-year extension). They referenced the slow pace of economic recovery, unusual levels of inflation, and the limitations of business growth opportunities due to uncertainty about further pandemic restrictions. Some blamed government(s) for shutting down or limiting their business and felt the loan should be changed to a grant. While it was explained that Community Futures had no control over the terms of the RRRF loan, several interviewees still felt the organization (perhaps in collaboration with Chambers of Commerce) had a role to play in advocating to governments about increasing loan forgiveness or extending the deadline.

As mentioned elsewhere, many business owners are considering taking out other loans in order to repay the RRRF by the deadline, if their business does not recover by the end of 2023. From survey responses, it seemed that a few RRRF clients were confused about the repayment deadline or what their options were for repaying the loan. Some did not know if they could start monthly payments whereas others said they had already started monthly payments or had paid the loan back entirely.

Survey and interview participants suggested some practical ways that Community Futures could provide support. Some wanted direct assistance like meeting with an advisor to map out payment schedules, sending reminders, and planning ahead to account for possible fluctuations in cashflow throughout the year. Others would be comfortable using self-directed tools such as electronic spreadsheets that they could use to plan their own repayment schedule.

“

I tried to register my loan as a payee for online banking but couldn't find an option. I called Community Futures and no one could tell me how we actually pay the loan. Are we able to pay monthly or do we need to pay all at once? Please advise.

- Retail Trade



“

Community Futures reached out a few times and were very helpful in providing monthly payment amounts. I just need to find the funds to repay

- Technical Services

**ACCESS TO CAPITAL TO GROW BUSINESS**

For business owners who saw opportunities to recover and grow their business were interested in accessing capital. Many were not able to save enough to invest their own money due to small profit margins from the “squeeze” of increased costs and revenues not yet recovered due to the pandemic. A construction company wanted to purchase materials and equipment to take on larger projects. A rental and leasing company wanted to purchase more properties to manage. An agri-food business had surpassed their pre-pandemic sales levels but lacked the capital to scale up operations to meet the demand. A financial professional owned land but did not have money to invest in building office space. Businesses across several sectors needed to hire more people in order to expand their services but did not have the up-front capital to support the hire (e.g., modify or expand retail/office/service space, purchase or upgrade equipment, invest in innovation and development, increase and/or diversify inventory).

One interviewee was close to applying for the Capital Growth Initiative Loan offered through Community Futures, noting that the 25% forgivable portion was “fabulous”. Other entrepreneurs were not aware of the capital growth options available. Several had approached sources such as Alberta Innovates, Angel Investors, municipal governments, Canada-Alberta Job Grant, ATB Financial, and the Canada Digital Adoption Fund, but encountered barriers in qualifying. Two interviewees had sought funding for innovation and development to grow their business, but one needed more and one needed less than the funding available, and neither qualified for the grant. Both described difficulties getting funds to grow from a small to a medium-sized business.



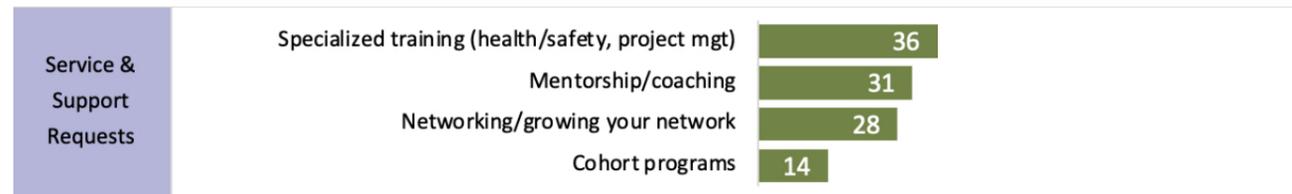
“

We are too far along to apply for a \$40,000 loan – that's just operational costs – but we are not at a place where we can land venture capital.

What is available for a mid-level company?

- Professional Services:  
Education

## BUSINESS TRAINING AND GUIDANCE



### MENTORSHIP & COACHING

While entrepreneurs were subject-matter experts and passionate about their work, they reported struggling with the “business side of things”. New businesses thought they would benefit from one-on-one mentorship to successfully launch their company and to advise on business operations. Several described “not knowing what they don’t know” and may benefit from a short-term coaching or mentoring program to help them explore specific areas of the business, uncover what they don’t know, direct them to tools and resources, and help to figure out the future direction for their business.

While new business owners needing guidance is not unique, what was unusual is that the pandemic caused a lot of more mature business owners to identify coaching as an emergent need. One entrepreneur in clothing retail explained that she was not new to business, but that the drop in sales was forcing her to grow and pivot her business in new ways. She struggled to find a mentor who had more experience than she did in the fashion industry, not the same or less. She needed a more experienced mentor to learn and be challenged.

Preferably, entrepreneurs would like mentors/coaches who work in the same or similar sector, and possibly who were in a similar life situation (e.g., managing a business while also having a family). Interviewees said that finding the right fit – the right person to connect to – was the first priority. They would rather connect to someone virtually who worked in their specific industry than find someone local in another sector. A business owner who provided wellness services described having a lot of creative ideas, but was struggling with where to invest her energy. She saw a lot of opportunities arise through the pandemic experience and would like a coach to help her focus her ideas, identify her goals, and structure her year. She suggested having quarterly meetings to check-in on her progress and keep her accountable to stay on track.

“ Having access to someone who could coach or mentor me on the business side of things would’ve been great – early on, but possibly now too. I’m sure there are other things I currently need help with but don’t know yet. – Technical Services

### NETWORKING & COHORT PROGRAMS

Networking opportunities were of interest for some business owners so they could discuss common issues, build strategic partnerships, showcase their services, and build a community where businesses support one another. One entrepreneur in retail trade described having met another business owner at a trade show, which identified an opportunity to collaborate and meet a market need. She thought organizations like Community Futures and Travel Alberta could play a role in creating more opportunities to connect businesses who could benefit from collaborating on products.

Both online and in-person networking opportunities were identified as valuable, but for different reasons. Online networking broadened the reach of the business to a wider audience, increased the potential of connecting to other businesses people in the same industry in a non-competitive setting, and allowing for scheduling during non-business hours. In-person networking was useful to share local knowledge, build a sense of community, and to reduce feelings of isolation caused by the pandemic (see section on Mental Wellness). One business noted a limitation of local, in-person meetings in that they would not feel comfortable revealing their business challenges in a small community where neighbours all know one another.

### SPECIALIZED TRAINING

In addition to training needs in marketing and financial tasks mentioned elsewhere, business owners mentioned various other types of specialized training that would be helpful. Some requests were related to occupational health and safety training, or certification related to their specialized skill (e.g., HACCP food safety, organic food certification, CFIA food export certification, Photoshop or CorelDraw, fitness instruction, portrait photography, first aid, driver training, CNC machinist technician training, CECOR certification, COR health and safety, API 653 tank inspector certification).

Business owners were interested in any information about programs or subsidies that would cover the cost of training. Other training interests included aspects of business management such as WCB, insurance needs, and government regulations and paperwork. There were also a few interested in continuing their education in areas of business or economics.

Some training could be done independently online, but most interviewees preferred an option to interact with experts to ask questions. They seemed open to either in-person sessions or online synchronous sessions where they had opportunities to engage with the presenter/teacher. One interviewee suggested that Community Futures could play a role in connecting business owners with organizations who offer training, and potentially could partner with them to subsidize or offer opportunities for free training.



“ Cohorts help with networking and sharing information, challenges, and wins. At my stage of experience, they are more useful than webinars. They fit better for someone who doesn’t have a clear question-answer situation, but needs to work through it with discussion.

It’s ideally done in person, but that is a limited audience. Online has a broader reach if networking is the goal.

– Real Estate, Rental, & Leasing

# MARKETING

Service & Support Requests	Digital/social media marketing	86
	Intro to marketing (e.g., build brand awareness)	80
	Marketing plans	19

## INTRO TO MARKETING, MARKETING PLANS & SOCIAL MEDIA

Many businesses who were struggling to recover financially saw marketing as the solution to attract new clients or to entice old clients to come back. RRRF loan clients interested in marketing typically fell into two categories:

1. Some businesses had relied on word-of-mouth before the pandemic, whereas that strategy was no longer bringing in enough clients after the pandemic. These owners found themselves needing to learn about marketing with little to no previous experience. Some had pursued advertising using flyers, signs, and placing ads in industry-specific magazines or local radio. This was cost-prohibitive and many business owners were instead considering or had started to advertise through social media.

Some entrepreneurs set up an online presence such as a website or a Facebook or Instagram page, but did not know what content to create to attract clients or how to maintain their social presence. Some interviewees described having set up a social media page or website, but had not done market discovery to identify services for their customers, had not gone through the process of creating a marketing plan or identifying their target audience, and had not developed their key messaging. Instead, they were focused on investing time and/or money into the online platform and hoping it would work (“spray and pray” approach). Some were ready to give up on their social media marketing due to the steep learning curve and/or not seeing a return on their efforts. Others lacked time or were not interested in the marketing aspect of their business and would prefer to hire an external expert, but were limited from doing so because of cost. This more strongly affected the smallest businesses with only the owner as the employee.

“

Marketing is not our skillset. We need someone to help us come up with a marketing plan. Working with a consultant at Community Futures would be helpful.

How do we connect with bigger players outside our region?

- Wholesale Trade/Food Services



“

I did a two-day social media course, but I really can't do the technical part. I don't have enough time to work and learn how to do it. I hired someone to create a website, promote me on Google, and post for Instagram.

- Other Services: Beauty



2. Some businesses were focused on revisiting or refreshing their marketing strategy, and these tended to be more mature businesses who had previously developed a marketing plan. They were aware that they needed to expand their reach to new clients, or to refresh their messaging to advertise a new service or product they had developed during the pandemic.

Several owners had taken the time during covid to develop skills to implement social media marketing themselves (e.g., WordPress, Canva, Facebook, Instagram). They had advanced beyond introductory level skills and a couple of interviewees noted limitations with Community Futures' services in providing more advanced support. One owner described wanting to be able to "pick up the phone" to connect with someone directly for technical help. However, the current services offered were entry-level courses, or referrals to consultants who provided general services rather than specific advice or technical troubleshooting.

“ My biggest challenge is managing my social media presence. I've seen the benefit that frequent, engaging posts makes to our business growth. I need to learn how to streamline making my posts for maximum impact.

– Food Services: Grocery

“ I already use social media, but I'm not good at looking at the impacts of my efforts. What gets better traction?

What is the conversion rate for the media activities I've done?

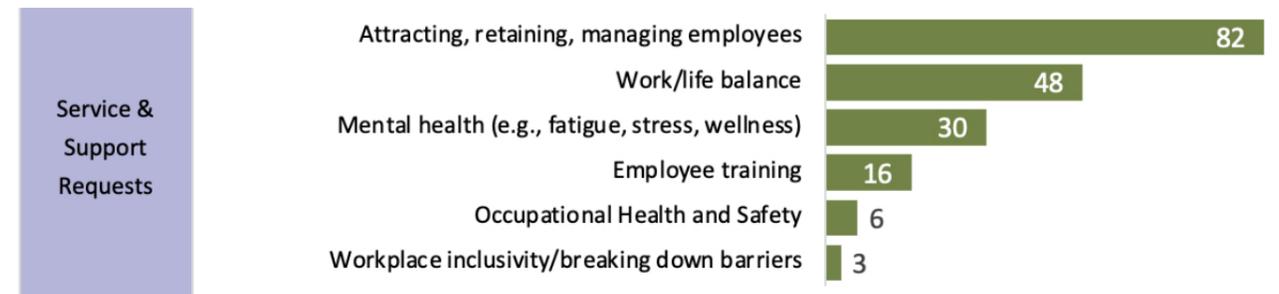
– Recreation: Dance Studio

“ Maybe I need to take my marketing plan and expand it to focus on the new platform. I need help to execute the marketing steps, to get it off the ground.

– Information and Cultural Industries: Video Production



## PEOPLE MANAGEMENT



### EMPLOYEE RECRUITMENT, RETENTION & MANAGEMENT

Labour shortages were a key limitation for some businesses in returning to their pre-pandemic operation levels. Businesses expressed difficulty attracting and retaining goods, qualified staff. Some had let their employees go during the pandemic or lost them when no work was available. Jobs requiring workers with specific skills (e.g., trades, certified machine operators, bookkeepers/accountants, medical office administrators, technical support) were difficult to find locally, and there was high turnover among workers who came in temporarily from other regions. With pressures from rising costs and little money coming in, many businesses struggled to offer a competitive wage or salary and lost workers to higher paying jobs (e.g., oil and gas). It was also more difficult than before covid to find reliable and motivated employees. Some jobs had limited or part-time hours, which did not attract as many applicants (e.g., servers, retail employees, administrative support).

Entrepreneurs expressed a need for help to find qualified employees, and help with strategies to attract the right people. A few had engaged employment agencies to recruit staff. A few relied on foreign worker programs and could use more assistance with that process. One employer with a trucking business encountered a barrier posting job openings on the government job bank website, as she was not able to prove she was a "legitimate" business based on their application process.

A few business owners struggled with the hiring process and would like help developing job descriptions, creating contracts, and generally knowing what steps to take to be confident they were "doing the right thing". Organizations who relied on volunteers could use assistance with recruitment and volunteer recognition.

“ I am very busy and need an office assistant, but I cannot afford someone full-time. I need help knowing how to hire someone. Who do I contact?

– Professional Services: Healthcare

“ Motivating staff - this is something I would like to learn more about. It's a challenge to motivate others to care as much about your business as you do.

– Recreation: Dance Studio

## EMPLOYEE TRAINING

A few businesses would like to invest in training employees, particularly upskilling current employees to take over more of the work of the business and to grow in their role. However, they were limited by lack of money to pay for training (training and transit costs, employee time, loss of income while employee is not working), or training not being available locally. Topics included industry-specific skills (e.g., trades, software, in-person and online sales), strategies to motivate and engage employees, onboarding new employees, and training existing employees in the operations and management of the business (i.e., succession planning).

## MENTAL WELLNESS

Owners reported feelings of stress, anxiety, fatigue, and burnout as a result of the economic impacts of covid-19 on their business. During the pandemic, many felt isolated, disconnected from others, and that no one could help them. Current challenges of rising costs of inputs, inflation, supply chain issues, and labour shortages had added to their sense of uncertainty and made it difficult for some to plan for the future.

As pandemic restrictions were lifted, some business owners saw others start to succeed and grow while they still struggled to recover. This led some to view their business challenges as a personal failure, resulting in feelings of depression and a loss of self-worth. Survey responses identified a correlation between those wanting mental wellness support and businesses who had not recovered to pre-pandemic levels and/or were very concerned about repaying the RRRF loan.



**30% of clients responded yes, they would benefit from mental wellness support.**

“

Sometimes I feel like a failure, not where I should be at my age in life. I want to give more and have more but am unable to achieve this.

– Entertainment: Events



“

I struggle with confidence at times and feeling like other businesses are much more successful compared to me.

– Manufacturing: Food & Beverage

In the interviews, many owners described their wellness issues as being a direct result of the state of their business, which could only be resolved by addressing their business challenges. These entrepreneurs were interested in help with marketing, growing their business, and finding ways to reduce their costs.

Other interviewees described connecting and networking with other business owners as a way to improve their mental wellness. Having opportunities to hear that others were experiencing similar challenges helped business owners feel that they were not alone in their struggles, exposed them to ideas and solutions they could apply to their own situation and, importantly, that their business challenges were not an indication of personal failure. Most interviewees preferred local, in-person events when the purpose was for networking, feeling connected to others, building a sense of shared experience, and improving mental wellness.

Entrepreneurs who were the only employee of their business had an additional challenge of not being able to take time off for health issues, such as taking sick days or caring for ill family members. This strain on their physical health negatively affected their mental wellness. A few entrepreneurs also struggled with trauma, post-traumatic stress disorder (PTSD), grief, or bullying/harassment in the workplace.

A barrier to seeking support for mental wellness was a lack of extended health benefits, including access to professional counselling. Some reported relying on a partner's health benefits while others had no access to benefits and could not afford private counselling services. Similarly, survey respondents and interviewees in the wellness sector reported a significant drop in clients during covid, and that many had still not returned.

Sectors with the most interest in wellness support included information and cultural industries (75%) and arts, entertainment, recreation, and tourism (41%). Those with the least interest were wholesale trade (0%) and transportation and warehousing (15%). More businesses were interested in wellness support if they were owned/led by a person with disabilities (58%) or by women (40%).

Regions expressing the most interest in mental wellness support included Lesser Slave Lake (53%), Entre-Corp (43%), Capital Region (41%), and Lac La Biche (40%). Those with the least interest included Northwest (10%), East Central (10%), Meridian (13%), and Central Alberta (19%).

## WORK-LIFE BALANCE

Many entrepreneurs reported working more than ever yet were making less money. For those who had not returned to pre-pandemic levels, they felt they had to keep working as much as possible to make ends meet and some were taking on more tasks as they could not afford to hire help. This weight on their shoulders made it more difficult to maintain a healthy work-life balance. Spending more time on the business meant sacrificing time spent on other activities, which was putting a strain on relationships and families. For those working at home, it was difficult to separate work versus personal time.

In the interviews, some suggested that online resources/short courses would be helpful if they were targeted at drawing boundaries/limits around how much time should be spent on work versus personal time. Any training on business efficiencies and time management could also help with work-life balance. A few interviewees would benefit from having guidance on work-life balance from a mentor who had a similar life situation. In particular, guidance on managing stress as a female business owner, or a single parent with children.

# TECHNOLOGY

## IT INFRASTRUCTURE & TAKING A BUSINESS ONLINE

Service &  
Support  
Requests

IT infrastructure (e.g., apps, digital payment)	25
Taking/maintaining a business online	21
Cybersecurity	2
Artificial intelligence (e.g., chat bots)	1

Some businesses had already their business online during covid as a strategy to pivot to online sales or services when they were not able to operate in-person. For businesses who were already online, maintenance was their primary need in terms of support. This included adding website functions (e.g., appointment scheduling) and technical advice or troubleshooting challenges (e.g., connecting the online store to digital payment apps). Some also struggled with how to attract people to their website to add value over larger companies (e.g., Amazon), including using search engine optimization (SEO) for Google and Shopify. There were also a number of businesses who had not yet transitioned to online sales or services and would like technical training to develop their online store.

In terms of IT infrastructure needs, one owner described not knowing what technology (e.g., software, apps) could be helpful for her business and would benefit from a list of common technology used for different tasks in small businesses (e.g., scheduling, digital payments, backup systems for different operating systems, contracts and filing, common online business operations). Other IT needs included improving business efficiencies and increasing sales, and were specific to each industry. For example, apps to track cattle, card readers for digital payments on vending machines, and accessing large media/video files on mobile devices.



“

It'd be helpful to have support from a tech person who can tell me how to find what I'm looking for. How do I build online business operations and what programs are the most important?

- Recreation: Fitness



# INFRASTRUCTURE

## RENTALS, LEASING, & CO-WORKING SPACES

Service & Support  
Requests

Space rental/lease/purchase 27

Information on co-working spaces 6

Businesses in several sectors expressed challenges finding spaces to rent or lease. This was most commonly an issue for businesses in the arts, entertainment, recreation, and tourism industries (e.g., fitness gyms, yoga studios), retail trade, and professional and other services (e.g., massage, health and wellness, cleaning services, pet care, beauty).

The most common issues were affordability, appropriate size, and appropriate location. For businesses that had not yet recovered their revenues and were struggling with the increasing cost of utilities, finding a more affordable location or downsizing was one solution they were considering to cut costs. A few businesses had let go of their space during covid and had moved to working from home because they could not see clients in person, or their business had been shut down completely. One business owner noted that, until she can move the business out of her home, she is not able to hire another person to expand her services. She had difficulties finding affordable and appropriately sized spaces available for rent. A few businesses would like to relocate to increase their visibility and accessibility to foot traffic to increase sales.

Businesses in a few sectors were interested in partnering with adjacent services to share commercial space, or co-working spaces. This was mostly of interest to those in professional services, other services (e.g., massage, health and wellness, beauty), and agri-food. Perceived benefits included reduced rental and utility costs, as well as network-building with like-minded businesses (e.g., sustainability services, health services). One business that specialized in co-working spaces reported growing their business beyond pre-pandemic levels, expanding from 1 to 5 locations in multiple cities over the past year.



“

It'd be helpful to have support from a tech person who can tell me how to find what I'm looking for. How do I build online business operations and what programs are the most important?

- Recreation: Fitness





# SMALL BUSINESS NEEDS ASSESSMENT

2022



[c4ner.ca](http://c4ner.ca)

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