

# Stimulating Small Business Development in Quebec's English-Speaking Communities

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**CEDEC**

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## Part 1: Background

The Conference Board of Canada reported in 2008 that supporting the creation of small and medium sized enterprises (SMEs) in cultural or linguistic minority communities not only represents an important vehicle for job creation, but can serve as a powerful catalyst for economic diversification. While the success of businesses in any community is based on the strength and determination of the individuals behind them, the extent of success is influenced by the ability to obtain support and aid from outside resources. In this context, the Community Economic Development and Employability Corporation (CEDEC) identified the need to examine the various factors that stimulate or impede small business growth within Quebec's minority language English-speaking communities with the aim to develop recommendations concerning ways to further stimulate business development in these communities.

In response to this need, CEDEC received support from Industry Canada to complete a series of focus group discussions with English-speaking small business owners in the following six regions of Quebec:

- Eastern Townships
- Laurentians
- Lower North Shore
- Magdalen Islands
- Montreal
- South-West Quebec

The focus groups were conducted in the early evening starting March 10, 2010 and ending March 18. The ninety-minute discussions were moderated by Susan Grundy of Grundy Marketing Inc. The Magdalen Islands and Lower North Shore focus groups were organized as conference calls. The Eastern Townships, Laurentians, Montreal and South-West Quebec groups were held in the communities of Lennoxville, Lachute, south-central Montreal and Huntingdon respectively.

With the assistance of the local CEDEC offices, 48 small business owners were recruited according to the following criteria. (A complete list of focus group participants is included in Appendix 1.)

- The business owner speaks English as a first official language spoken (FOLS).
- The business is a "for profit" enterprise.
- The business has been in operation for a minimum of 3 years.
- The business is viable with potential to grow.
- Each group has at least 2-3 female business owners.
- Each group has a reasonable mix of business sectors.
- Self-employed/autonomous workers do not qualify.
- The business owners do not have family connection with CEDEC staff or volunteers.

Highlights from the focus group findings are presented in Part 2 of this report. Part 3 brings these findings together in terms of research conclusions. Recommendations are presented in Part 4.

As per standard practice, all reporting is based on aggregate or grouped results; individual comments remain anonymous. The conclusions presented in this report are based on the opinions and perceptions of the participating individuals and are qualitative in nature. The research is intended to provide indications and direction for further consideration and may not reflect the opinions of all English-speaking small business owners in Quebec.

CEDEC wishes to thank the following Advisory Panel members for their ongoing guidance and counsel in this research project:

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## Part 2: Research Highlights

### 1. Profile of the focus group participants

Industry Canada defines a small and medium sized enterprise as employing less than 500 employees and used the following employment size categories depending on whether the business is a goods-producer versus a services-producer.

Table 1: Definition of Small and Medium Sized Enterprises (Industry Canada)

	GOODS PRODUCER	SERVICE PRODUCER
Micro	1-4 employees	1-4 employees
Small	5-99 employees	5-49 employees
Medium	100-499 employees	50 – 499 employees

Most of the businesses represented in the focus group research fall under the **micro** category or **small** category. As one participant stated, *“We are the P in the PME”*. (The research findings in this report therefore refer to the participants as “small” businesses and not SMEs) Although there is limited statistical data on Quebec's English-speaking business community, a recent study published by Qu'Anglo Communications and Consulting (*Where Do the Anglos Work?*) reports that the overall incidence of self-employment is significantly higher in the FOLS English community than in the FOLS French community as a percentage of the total labour force.

Respecting the recruiting criteria, the businesses have been in operation for a minimum of three years. Many of them have been in business longer - a testament to their success. As presented below, 9% have been in business since the 1970's or earlier. Thirty-five percent (35%) started their business within the last 10 years (including 11% within the past 5 years).

Table 2: Distribution of Business Owners by Year Established

Year Established	% of Business Owners
Later than 2005	11 %
2000-2005	24 %
1990's	36 %
1980's	20 %
1970's or earlier	9 %
Total	100 %

Thirty-five percent (35%) of the participants are female. Several husband and wife teams are represented.

Based on observation, approximately 15% of the business owners are under 35 years of age. The balance is equally distributed between 35-50 years and 50 years plus.

The businesses represent a wide range of industries in the wholesale, retail and service sectors with a few from the primary and secondary manufacturing sector.

With a few exceptions, the business owners in the face-to-face focus groups are located in close proximity to the community where the focus group was held. Business owners participating in the Lower North Shore and Magdalen Islands conference calls are from various communities across these regions.

Common perceptions and experiences run across the six focus group discussions. A successful business owner will likely succeed in any location. However, their concerns and priorities are influenced by the regional context and these differences are noted throughout Part 2.

## **2. Motivation to start the business**

What was behind your original motivation to start your business? What influenced your decision? Did you have a specific business idea or opportunity in mind? Was your motivation to find an alternative to the job market?

The motivation of the focus group participants to start up a business is a complex interplay of several driving forces. The dominating theme, however, was that their decision was influenced more by opportunity than necessity.

Some of the business owners have pursued a life-long passion from an early age.

*“I was gifted with my talent so I decided to create something out of it.”*

Some owners started their business at a later point given the right circumstances.

*“No one was doing it so I saw the opportunity.”*

*“I wanted to start my own business before I retired.”*

*“I worked in the field first ... then took over the business where I was an employee.”*

A few participants have been driven by their desire to work for themselves.

*“It never occurred to me to work for someone else.”*

*“You regret the things you don’t do in life rather than the things you do.”*

In the remote areas of the Lower North Shore and the Magdalen Islands, many businesses were created to fill a local service or product gap recognizing that these opportunities are few and far between given the limited critical mass.

Several business owners in both remote and rural regions described a motivation for a family business to provide future employment for a spouse and children. What may have

started off as a side line to supplement income, ended up as a successful family business.

Most of the focus group participants operate a business in or close to their native region. In rural and remote regions, many have returned after completing post-secondary education elsewhere. These individuals had a strong motivation to live and work in their community and to provide their family with the same option.

Two respondents (rural regions) started their business out of necessity given their limited French language ability.

*“It was out of desperation. I was from outside Quebec and couldn’t speak French.”*

*“The previous company I worked for went bankrupt. I was not fully bilingual which blocked a lot of jobs. We decided to just start our own. It was easier.”*

A participant in the Montreal group described his motivation from the point of view of a visible minority English-speaker.

*“As a double minority, I quickly realized that I had to either leave the province or take full control of my destiny. Being in business, no one will care about colour or language.”*

### **3. Support to start and operate the business**

What information did you use, if any, to make the decision to start your business?

The business owners generally did not seek out advice from banks or government agencies when making the decision to start their business. They conducted informal research on their own initiative. Some consulted with colleagues in a similar field; others made connections at conferences. Some gleaned information from suppliers; others studied the existing competition. Little to no research may have been conducted when it was a matter of taking over an existing business. Whether this research was minimal or extensive, many of the business owners acknowledge a huge learning curve during the start-up period.

*“I learned the hard way – from my mistakes.”*

What type of support did you seek out and at what point? Where did you go? How useful was this support? What support was missing?

While experiences vary from business to business and region to region, the focus group participants report an overall lack of support for their businesses.

*“What support? We’re on our own.”*

There is general agreement that the existing network of government agencies is confusing and complex and that English-language services and information are not easily accessed.

*“We don’t know who to go to.”*

*“There is no one agency that can give you this information. There’s a lack of collaboration between the agencies. They operate in their own cocoon. They are worried about their own funding.”*

The business owners are discouraged from what they describe as a high level of red tape and bureaucracy when seeking financial (and other) support.

*“The due diligence is horrendous for a small loan.”*

Some business owners described a prevailing “take care of me” attitude in Quebec reinforced by government support for medium sized and larger businesses. They report a lack of support to promote entrepreneurship and small business.

Many of the business owners who have reached out for support referred to their experiences with the Centres locaux de développement (CLD). A few business owners attribute their initial success to CLD funding.

*“They (CLD) were useful to get our salaries paid by Emploi Québec for year one.”*

Others described CLD support as limited, inconsistent and not motivating.

*“They were looking for any excuse to refuse me.”*

*“Very demanding for the amount of money you get. You have to know when to get out.”*

Several business owners described experiences seeking support from Emploi-Québec and Youth Employment Services as time consuming and not always worth the effort.

The Eastern Townships business owners were aware of the services offered by the Dobson Lagassé Centre for Entrepreneurship (Bishop’s University), but are not actively involved as the activities are predominantly in French. There was some discussion that Dobson Lagassé could potentially fulfill the need for a coordinating and central agency to act as an information hub for the English-speaking small business community in the Townships.

Many business owners were not familiar with CEDEC. However, one South West Quebec business owner attributed his start-up to counsel to CEDEC’s Entrepreneur Support Network.

Businesses in the agri-food sector referred to support received from MAPAQ.



What's now in place in your region that stimulates small business growth within the minority language English-speaking community in your region?

At a later point in the focus group discussion, the business owners were asked to identify what is currently in place in their community or region that supports their business according to the specific categories presented below.

### **Government services**

For the most part, the business owners did not distinguish between federal and provincial services. They typically spoke of "government". There is an overall sense that federal interests are at arm's length.

*"I would love to see any federal institution try to come into Quebec to offer support. Quebec would just raise their hands (and say) interference How dare you."*

The feeling that there is little in place for small business with respect to government services was echoed thorough out all groups.

*"Government acts as a silent partner. They take our money."*

As previously discussed, what is in place is considered difficult to access. There are many agencies and no one central repository. There is a need to streamline services.

Access to government services is further challenged by the limited availability of English-language information for small business. There is a concern that requests for support need to be submitted in French which incurs additional time and translation expense even for the more bilingual business owners.

In the Lower North Shore there is a particular concern that the region is not well served by Canada Economic Development for Québec Regions (CED-Q), la Société d'aide au développement des collectivités (SADC) and l'Association touristique. These agencies were described as operating at arm's length and are not visible in these communities. One business owner remarked that there has never been a best business trophy awarded to a tourism business on the Coast.

The discussion on available government services with business owners in the Magdalen Islands focused largely on how government policy can run counterproductive to small businesses. These business owners are particularly concerned with the lack of incentive to work beyond 14 weeks.

Similar frustration with government policy running counterproductive to small business was expressed in the Montreal group. For example, high penalties for late filing of sales tax returns and restrictive laws on store hours and services.

## **Access to capital**

Most of the business owners describe access to capital as limited if not unavailable for small business owners, regardless of language.

*“Small business has to finance growth on its own”*

Funding is perceived as being distributed to medium (and large) enterprises. The small business owners see themselves at a disadvantage compared to larger firms with greater resources to seek out and apply for grants.

*“We don’t have these resources.”*

Accountability and procedures is considered out of balance for the amount of financial support received by a small business.

*“There are many requirements and restrictions.”*

There is a perception expressed by a few business owners that an English name can restrict access to government funding (at any level) in Quebec.

*“It is not always beneficial.”*

While some of the business owners have successfully received financial support from banks, more report limited or lack of support.

*“Banks are not the answer for small business.”*

. Many have deliberately not sought financial help from banks.

*“I’ve seen a lot of start ups and banks don’t help that often. You have to mortgage to show sufficient assets. You should not be reliant on banks. It should only be a supplement to income.”*

Participants in the Montreal focus group suggested that more small businesses in Quebec do not have access to venture capitalists to fund projects that banks will not touch.

## **Education and skills training**

The small business owners are not generally concerned with the basic education and training programs in place in their communities and regions. However, there is a large and growing concern that there is a negative work ethic (attitude) among the younger population and they see the education system being the appropriate venue to address this issue.

The Laurentians group described the need for closer links between education and industry to instill a Pride to Work attitude. Securing willing and able employees (for skilled

and less skilled jobs) was reported as an ongoing challenge –especially in the rural and remote regions.

*“We can’t find employees willing to work for \$15 an hour.”*

These business owners in the Magdalen Islands reported the urgent need to counter the high school dropout rate which occurs as early as grade nine when students begin to work in the fisheries. They are concerned with the lack of incentive to work (beyond 14 weeks) and the need to shift the prevailing mentality that *“someone will do it for you”* which has fostered a welfare culture.

### **Professional development and business training**

Availability and access to English-language professional development and business training was of greatest concern in the rural group discussions where the critical mass is typically too low to support English-language programs on a consistent basis. Business owners described the need for basic accounting, financial and managerial training.

*“Small business owners need training to think like a manager.”*

Business owners in remote regions typically have greater concerns and priorities with respect to day-to-day operations, for example, with regard to transportation and communication.

The following concerns were common to all regions:

- Training takes you away from the business.
- There’s a lot of information available on the web, but not enough time to sift through it.
- Most of the programs, when available, are expensive.
- There are limited English-language programs. The activities offered by the Chamber of Commerce are in French.

### **Language training**

Lack of consistent access to French-language training was reported as a concern in rural and remote regions. Most of these business owners are at least functionally bilingual). Their concern is for their English-speaking employees.

Many of the business owners reported difficulty in recruiting bilingual employees from the French-speaking population. This is considered to be one of the key obstacles preventing growth among many of the small businesses participating in the focus group research.

## **Infrastructure and business services**

The business owners are generally satisfied with the infrastructure of external professional and other services available to them to successfully operate their business (legal, accounting, translation, printing, etc.). The Internet has greatly expanded this infrastructure for businesses in rural and remote areas.

It is important to note that translation is considered a significant additional cost in every region regardless of the French proficiency of the business owner.

## **Communications and connecting (all forms of networking)**

The focus group was seen as a rare opportunity to bring English-speaking small business owners together. There is no network in place to connect them on a local, regional or provincial level.

### **4. *Networking practices***

Are you a member of a trade or business association or another formal network?  
What does this membership bring to your business?

The perceived value and extent of belonging to a formal network varies significantly among the respondents.

In Montreal and the rural regions, many of the business owners are presently, or have been, members of a trade or business association. Some experiences have been more beneficial than others.

Some are members of a *national* or *international* association which provide information in English and an opportunity to connect through conferences, industry newsletters, etc. For some businesses this membership is essential for credibility. Membership in these organizations was typically described as costly for a small business but provides a return on investment.

The value of joining a Quebec-based *provincial* trade or business association (including the Chamber of Commerce) was often described as limited as these organizations tend to operate predominately, if not exclusively, in French. The cost of joining these groups is viewed as prohibitive given the perceived benefits. Many business owners have withdrawn their membership. A notable exception was la Commission de la Construction du Québec (CCQ) which was described as accommodating to English-speaking members.

The Canadian Federation of Independent Businesses (CFIB) was mentioned once or twice in some, but not all, group discussions. Conclusions regarding the value of membership were inconclusive. Many are not aware of this Federation.

Are you part of an informal network and if so, what does this bring to your business?

The definition, extent and perceived value of *informal networking* also varies among the business owners.

Informal business-to-business networking was most evident in the Montreal group. For example, one business owner attributes his growth to an advisory board of retired business owners.

A business owner in South West Quebec described the importance of talking to “30 people first” when making a major business decision. Another business owner in the Eastern Townships meets several times a year with a group of six to eight business owners who are former high school friends.

Business owners in the remote regions described several challenges that restrict networking opportunities. For example:

In the Magdalen Islands, businesses have no print media tool to reach the English-speaking population following the closure of *The First Informer*, the local English newspaper. The English-speaking business community is small and shrinking. Networking is secondary to survival.

On the Lower North Shore, the business owners operate in a region without road access to connect their communities. This reinforces a sense of separation and restricts networking initiatives. “*Each village is its own community.*” Networking is not top of mind for these business owners and they see their support infrastructure as declining. The Chamber of Commerce is no longer active in the region. The group also reported a general pattern of lack of follow up from service providers and other organizations which has discouraged participation.

“*We give our ideas and never hear anything after.*”

In rural communities, where the base of English-speaking business is smaller, informal networking occurs through community involvement. “*We join boards. Our businesses are good corporate citizens.*” One rural business owner described the challenge of informal networking when friends and business contacts move away from the region.

Suppliers were described by several respondents in rural and remote regions as a key informal network.

Two business owners (Montreal and Eastern Townships) referred to the value of using social networking tools on the Internet.

Respondents in all regions who are not engaged in informal networks are concerned with a lack of time to invest in these activities. These individuals will likely not initiate a networking activity, but may respond positively to an invitation.

It is important to note that at the conclusion of every focus group discussion, the participants were highly enthusiastic for future opportunities to connect and exchange ideas and experiences.

## 5. Business growth

How has your business grown? What are the reasons you have been able to grow? What do you attribute to this growth?

A successful business has little choice but to continually change and adapt. The small business owners who participated in the focus groups are no exception to this rule.

“We reinvent ourselves every year. We don’t sit still”

Most of these businesses reported growth and are planning for future growth. A notable exception is in the Magdalen Islands which has been hit hard by the economic downturn and the double impact on fishing and tourism.

The businesses in the Lower North Shore attribute their growth to a variety of factors. Some have benefited from increased road access (Labrador Highway) which has positively impacted the volume of business. Some have expanded from seasonal to year round operations. Others have diversified their business; for example, one business expanded from retail to wholesale in order to secure supply. Many have expanded geographically as far as Quebec City and Sept Iles. The ongoing concern in terms of future growth is focused on road access and transportation costs. Weather is always a factor. The lack of snow this past winter reduced access and business between some communities.

The Laurentians group anticipates growth opportunities over the next five years in the Lachute region with the expansion of the Montreal housing market.

Many of the business owners have expanded sales beyond Quebec borders. *“If you’re going to grow, you need to get out of Quebec.”* These businesses often reported a competitive advantage over Quebec suppliers who are not bilingual. English-speaking businesses in the tourism sector have a particular advantage.

In Montreal, one business owner described untapped potential within the province. *“We leave half the market untouched. We are stuck in the border of Montreal.”* Another described difficulties when exploring opportunities in some rural regions. *“I encountered barriers because of language. I went to different regions and was told my company would not work because it had an English name.”*

The following factors were described by the business owners as contributing to their growth. (in no particular order).

- Reinvestment in the business (expansion, diversification)
- Expanding geographically
- Providing excellent customer service and follow up
- Staying focused
- Offering a niche product
- Word of mouth and referrals
- Being bilingual
- Social network

- Adjusting with economic cycles (downsize employees, outsourcing and contracts)
- Industry growth
- Employee motivation (i.e. making employees shareholders)

What support will you need for future growth?

The most frequently reported response to the question of support for future growth was **financing** for further expansion. *“We can’t sit still.”*

The business owners also recommended improved **access to information** regarding available government support and **reduced requirements and red tape** to access the support.

Greater **availability of bilingual labour** was a concern in the rural group discussions.

The Lower North Shore group emphasized the need for road access and reduced transportation costs. There is a general sentiment that government programs and policy for the Lower North Shore are based on the context of other regions such as Sept Îles and Baie Comeau. These business owners also see the necessity for increased contact with the CLD network as well as the regional offices of CED-Q and SADC.

*“We don’t see them. They don’t know us.”*

The Magdalen Islands group emphasized the urgent need to address the prevailing welfare mentality.

## **6. Perspectives on the minority language context**

Do you see yourself as a member of a minority language English-speaking community? How does being a member of a linguistic minority community impact your business?

The small business owners do not see themselves or their business as being part of a minority linguistic community. Their mindset and primary focus is on delivering a product or service to a market regardless of language.

*“Business is business. It’s about money.”*

The business owners, in the course of delivering their products or services, do not feel penalized or ostracized because of language. Business owners who serve a predominantly English market, whether locally, regionally or out of province, consider their language to be a competitive advantage. However, across all focus groups, these individuals report that operating a business in a French-language majority environment presents a **communications challenge** which creates an additional cost of doing business in Quebec.

The business owners anticipate that operating in a completely English market would not negatively impact their sales and business activity. In fact, some would stand to lose their



bilingual advantage with English-speaking markets. They do, however, anticipate a **greater efficiency** in business operations including, for example, government documentation/paperwork, contracts, selling and buying, dealing with suppliers and employees.

“It would make our life easier, but wouldn’t necessarily make the business better.”

Business owners in the Lower North Shore expressed a particular concern of sharing personal and confidential information when seeking outside translation services whether for business or personal matters.

## **7. Wrap-up**

What was the most critical point raised during this discussion for stimulating small business growth within the minority language English-speaking community in your region? What would help your business to succeed?

The priorities expressed in each of the focus groups are presented below. (Although the question was directed at businesses in the English-speaking community, some of the responses apply to the greater community).

### **Eastern Townships**

Business owners in the Eastern Townships report access to pertinent English-language information as a priority. “*Who do we call?*” The group suggested that government finance (but not operate) an agency (Dobson-Lagassé?) to serve as a hub for small English-speaking business and link/lead these businesses to all available resources. Links between industry and education are also considered a priority given the concern for a lack of qualified bilingual employees.

### **Laurentians**

The business owners in the Laurentians echo the concerns in the Eastern Townships; there is a need to address the shortage of qualified and bilingual labour. “*We have the work to give them jobs.*”

They are also concerned with access to bilingual labourers for less skilled jobs. “*We need employees who are willing to work.*” They emphasized the need for schools to instill pride in work.

### **Lower North Shore**

The business owners in the Lower North Shore are concerned transportation – the need for road infrastructure and reduction in high transportation costs. They also referred to the need to adapt tourism regulations to meet the needs of the Coast and for greater access to the CLD if this is indeed the clearing house for provincial government support. Many of them share the feeling that the agencies along the Coast have brought little to their businesses. “*They may as well not exist.*”

## Magdalen Islands

The concern of the business owners in the Magdalen Islands is not so much directed at their businesses, but revolves around the social and economic well being of their region. *“There is a fear about what’s going to happen.”*

Their priority is to address the prevailing welfare mentality and provide a stronger incentive to work. A focus on youth and education is a priority. These business owners also see the need for financial support for all small business, regardless of language.

## Montreal

The Montreal business owners do not believe that the English minority should be supported more than the French majority, but that the majority system needs to be educated on the importance of providing information in two official languages. They referred to the lack of an informal networking support system. They proposed e-learning tools (15 minute refresher webinars) that cater to the limited available time of the small business owner. Regardless of language, they suggest increased grant money and reduced government red tape and regulation for small business. They recommended incentives (tax credits) to help small business obtain access to venture capital funding – a win-win situation for entrepreneurs and investors. While government could attract these people, the business owners strongly agree that government should be not involved in business.

## South-West Quebec

The business owners in the South West Quebec group agreed with the priority need for access to government information in English. *“We need to know what’s going on to be a successful business.”*

They suggested that the government create a “filter” system to facilitate information access and that the CLD should likely perform this function. *“Fix what we have before creating a new body.”*

They described the need for a support network to teach English speakers how to run a business (especially on managing finances) and to allow for an exchange between business owners.

## Part 3: Research Conclusions

The following research conclusions are based on the focus group findings reported in Part 2 and are intended for consideration in developing recommendations for enhancing small business development within Quebec's English-speaking communities (Part 4).

### Factors stimulating small business growth

**Motivation and drive:** The experience shared across all six focus group discussions clearly points to the idea that small business owners, regardless of language, succeed largely on their individual ability and drive to identify and pursue opportunity. They are the motor to their success.

Operating in a minority language context does not necessarily negatively impact business success. In fact, it can offer an advantage under certain circumstances. However, it does present an additional challenge to a small business owner and demands even higher levels of motivation and determination. As one focus group participant stated:

“We push through. We turn a negative into a positive.”

Beyond motivation and drive, the following factors also contribute to the success of the small businesses. Note that these factors are consistent with the three main strategies identified to help SMEs meet their challenges as reported in *The Survey on the Expectations and Concerns of Leaders of Quebec Enterprises*: becoming indispensable; cutting overall costs; and reducing risks and uncertainty (Canada Economic Development for Quebec Regions 2009).

**Ongoing reinvestment and innovation :** With little access to capital from lending institutions, many of the business owners have reinvested in their business with respect to product line, processes, equipment, etc.

“We reinvent ourselves every year.”

**Pursuing a niche:** Some business owners attribute their success to a particular area of specialization in response to client needs and market trends.

**Geographic expansion:** With some exceptions - particularly in the more remote regions, the businesses have expanded beyond their local markets. The business owners see this as essential to their survival and success. Some have expanded beyond Quebec's borders where they report a competitive advantage as a bilingual English-speaking supplier.

“We can't stand still.”

**Close to the market:** Some of the businesses attribute their success to providing high levels of customer service and follow-up which enables them to pursue cost-effective measures in promoting their business (i.e. word of mouth, referrals, social networking).

Employee motivation: One business owner, whose employees are company shareholders, sees staff motivation as a key factor driving the success of his company.

Cluster effect: Some of the businesses in the rural regions attribute their growth, in part to, a cluster effect whereby buyers and sellers in a particular business sector congregate in a certain location which encourages more business start-ups in the same location. For example, the success of a small automotive dealer in one region created the opportunity for the start-up of a garage.

Adjusting to industry and/or regional growth trends: Some of the businesses are well positioned due to positive regional or industry growth patterns. Others have adjusted when necessary to minimize the negative impact of economic downturns – for example, by downsizing employees or outsourcing. Without this adjustment, they would not have survived.

### **Factors impeding small business growth**

The following factors were reported by the business owners as barriers and challenges to the success of their businesses. Note that many of these are consistent with the entrepreneurial conditions outlined in the Global Entrepreneurship Monitor (GEM) model on what influences entrepreneurial activity in Canada as reported in *Self Employment and Employment in Quebec's English-speaking Cultural Communities and Visible Minorities: Prospects and Problems* (Jack Jedwab and Youth Employment Services 2006).

### **Challenges for all small business in Quebec, regardless of language**

Financial support: The business owners have limited access to capital to finance start-up and expansion. Funding is directed primarily at larger business with greater resources to seek out support.

Government policy: Government policy and regulation is not mindful of its impact on small business and does not address the specific regional context. There is no money in the province to promote entrepreneurship.

Government programs and services: There are unreasonably high levels of due diligence (red tape) required to receive support. There is a lack of coordination among government and entrepreneurship agencies (confusing, territorial). The business owners have neither the time nor the resources to wade through this confusion to seek outside support. Government agencies are not visible in some of the regions;

Access to labour: The small business owner has limited access to qualified bilingual employees (in the regions). They report a deteriorating work ethic among the younger workforce.

Access to physical infrastructure: Businesses operating in the Lower North Shore continue to face the challenge of a lack of road infrastructure and prohibitive transportation costs.

Cultural and social norms: Business owners in the Magdalen Islands report the challenge of operating a business in a welfare culture which runs counter to an entrepreneurial spirit.

Internal market openness: One rural business owner described the challenge of starting up and operating a business as an outsider to the community.

These challenges are further compounded for English-speaking small business owners who also face the following obstacles:

Access to information: Accessing English-language resources and information from government sources, both provincial and federal, is often difficult for small businesses and can represent an additional expense or inconvenience.

Training and development: There is a lack of affordable and convenient English-language professional development and business training for small business. Programs offered are expensive and/or require too much time away from the business. There is an inconsistent offering of French second language training in rural and remote regions;

Support network: The business owners have limited access to English-language networking opportunities within the province – which further reinforces the sense of isolation and lack of outside support.

## **Part 4: Recommendations**

Recommendations concerning ways to stimulate small business development within Quebec's minority language English-speaking communities are presented in this final section of the report.

The main theme running through these recommendations is to provide a **supportive environment** for English-speaking small business owners based on the following concerns raised during the focus group discussions:

Micro and small businesses have distinct needs from medium-sized and larger enterprises which have greater capacity to seek out support.

Small business owners are typically overloaded, time sensitive and independent. They require easy access to information and support.

Small business owners see themselves operating in a highly bureaucratic and over-regulated provincial government environment that runs counter to an entrepreneurship culture.

English-speaking small business owners in Quebec do not expect preferential treatment. They do not think in terms of being part of a linguistic minority community. Their focus is on the business. They would like it to be easier to conduct their business within the complex and confusing services network which operates predominantly in French.

English-speaking small businesses in Quebec operate in unique communities with unique challenges. Caution should be used when applying a province-wide blanket approach.

Based on the focus group findings and consultation with the Advisory Committee, two main recommendations are proposed and discussed in the remaining pages of this report:

Adopt a collaborative effort to provide a supportive environment for English-speaking small businesses. This effort should address:

Quebec-wide English-speaking business network  
Informal networking (peer exchange)  
Centralized English-language business repository  
Branding opportunity

Direct effort towards labour market partnerships (government and business)

### **Recommendation 1: Adopt a collaborative effort to provide a supportive environment for English-speaking small businesses**

The business owners cautioned (emphatically) against directing government resources towards introducing yet another entity to an already complex and top heavy network of service organizations.

With this context in mind, the first recommendation is to bring community and service organizations together in a collaborative effort to provide a supportive environment for English-speaking small business owners and entrepreneurs – one that demystifies the prevailing theme of “lack of support” and creates vital links to bring about ongoing advice, expertise, contacts, information, start up counsel, mentoring, etc. on a timely and affordable basis.

This collective discussion could begin with the recommendations proposed in this report and bring together members of the small business community with, among others, the following organizations and institutions:

CEDEC- Entrepreneur Support Network  
Quebec Community Groups Network (QCGN);  
Youth Employment Services (YES);  
Quebec English-Speaking Community Research Network (QUESCREEN);  
The Dobson-Lagassé Centre for Entrepreneurship;  
The John Molson School of Business;  
Concordia School of Extended Learning.

Within this broad recommendation for collaborative effort, there are several supporting recommendations around the themes of networking, centralized information and a branding opportunity as discussed below.

## Quebec-wide English-speaking business network

The Jedwab-YES study reported that following access to capital, the lack of a support network was considered the most important challenge for those pursuing self-employment. This supports the notion of social capital as a motor for entrepreneurship and was a main theme running across the focus group research. As one participant asked, “*When are we meeting again?*”

It is recommended that an English-speaking business network be created along the lines of a Chamber of Commerce. This business network would be instrumental in coordinating central access not only to information, but to professional development/training and informal networking. This network would link all English-speaking communities across Quebec providing an opportunity for exchange between regional, remote and urban small business owners. The businesses will learn from each other and this formal network will generate spin off informal networking opportunities and generate social capital.

Factors to consider in building this network:

The network should be managed by business and not government.

Membership should be affordable.

Professional development and training services should be just-in-time and minimize time away from work (e-learning tools, webinars, etc.).

Informal networking (peer exchange)

Equally if not more important to formal networking is to encourage *informal* exchange among English-speaking small business owners in their communities and regions. It is recommended that the formal business network act as a catalyst to encourage the development and use of informal networking models, for example, business peer mentorship and learning circles. While there are many models to consider, the Advisory Committee, based on their extensive experience recommended that the ideal model target a limited number of participants (ideally 15), charge a nominal fee for a specific number of sessions and be facilitated by a senior business person from the community.

Centralized English-language business repository

The need for a central point to access English-language information and a referral service to redirect inquiries to the appropriate service provider was raised repeatedly during the focus group discussions. This is consistent with other discussions that have taken place related to the delivery of government assistance which have typically concluded with the recommendation to provide better information concerning these resources.

At the same time, the business owners are wary of government involvement in business. They are discouraged by the time consuming task (and contortions) required to fit their entrepreneurial initiatives into government programs whereby the opportunity can become lost and the government funding becomes the end rather than a means. They become even more discouraged if they interpret a government refusal as a weakness in their business concept and take this as a signal to quit.



Given this context and the trepidation around government financial support, there remains a need for access to information. It is recommended that a practical and user friendly template be developed which will be instrumental in providing direction to the small business owner in terms of where to go for information. For example:

- Identify key agencies and organizations that support small businesses in Quebec.
- Identify specific types of information needed by English-speaking small business.
- Match the type of information needed with specific contact references (agencies and organizations).
- Update the contact references regularly in view of staff turnover.
- Identify information gaps where there is no obvious contact reference.
- Find solutions to these gaps (discuss with agencies).
- Longer-term: Expand this database to include translated material of commonly used government documentation to avoid or minimize translation duplication expense.

### Branding opportunity

The dynamic bilingual entrepreneurial culture of English-speaking Quebec presents an interesting branding opportunity from at least two and likely more perspectives, in particular the success of those small businesses which have successfully expanded beyond Quebec borders. For example, this asset could be used to promote opportunities to businesses that are reluctant to create partnerships with Quebec-based businesses. This positioning could also be used as a platform to attract venture capitalists to the province and thereby provide greater access to financing to support start-ups and expansion.

### **Recommendation 2: Direct effort towards labour market partnerships between government and business**

Access to qualified and bilingual labour in the regions is a serious impediment to small business growth and expansion in Quebec. It is recommended that industry and education sector collaborate to respond to the specific needs of the English-speaking small business community and to present solutions to increase the pool of qualified bilingual employees in the regions. As part of this discussion, industry sectors and specific job categories should be identified (on a regional basis) that are associated with a high requirement for bilingualism (i.e. tourism, sales, customer support). Subsequently, funding should be directed at these target areas to provide English second language training.

Continued support must also be given to initiatives such as Québec Multilingue ([www.multilingue.ca](http://www.multilingue.ca)) that aim to bridge the gap between the linguistic needs of employers and the labour force.

Funds must also be directed at providing affordable and accessible French second language training that targets specific needs of English-speaking business owners in the regions.



## Next Steps

This report, *Stimulating Small Business Development in Quebec's English-speaking Communities*, represents a relatively modest study based on the perceptions of forty-eight English-speaking small business owners located in six regions across the province. However, the research brings forward key recommendations that deserve attention to create a supportive environment to encourage English-speaking small business owners to continue to grow and expand from their Quebec base.

It will be important for Government to respond to this report in terms of how they see themselves facilitating this process. It is also clear that government cannot drive small business development. Rather all levels of government should be prepared to assist (not direct) the minority language business community in its efforts to develop its own capacity to stimulate and support small business growth.

This study might be applied on a wider scale to Official Language Minority Communities (OLMCs) across Canada as a good approach to understanding the needs of small business in minority language situations.

## Appendix 1: Focus Group Participants

### Eastern Townships

NAME	COMPANY	YEAR	SECTOR	LOCATION
Terry Winslow	Blue Seal Agri Analysis	1984 1994	Animal nutrition Agricultural analysis	Sherbrooke
Jason Stafford	Hovey Manor	1950	Hotel	North Hatley
Derek Diffley	Adeo Internet Marketing	1987	Web development & graphic design	Magog
Stan Groves George Groves	The Golden Lion Pub & Brewery	1973	Restaurant/brewery	Lennoxville
Jimmy Donnachie	Mini-Entreposage Lennoxville	2003	Storage	Lennoxville
Joyce Robinson	Fleuriste Vaudry	2001	Retail (florist)	Lennoxville
Tim Goddard	Global Insurance Solutions	1996	Insurance/investment	Lennoxville
Kathy Drew	DREC Construction	1987	Construction	Lennoxville

### Laurentians

NAME	COMPANY	YEAR	SECTOR	LOCATION
Maureen Cameron	Voyages Lachute	1995	Retail (travel)	Lachute
Danny Morrow	Danny Morrow Excavation	1995 1981	Excavation	Lachute
Ralph McOuat	McOuat Group	1962	Investment	Lachute
Robert Dixon	Agence de Voyage Dixon	1993	Retail (travel)	Elgin
Sonja Rack	Chez Nous Home Management	2004	Housekeeping services	Mont Tremblant
Doug Sharpe	Elasto Proxy Inc.	1989	Manufacture/distributio n of rubber products	Lachute
Mike Tott Linda Tott	Gourmet Village	1992	Manufacture/distributor of giftware	Morin Heights
Beverly Madden	Madden Rental Inc.	1978	Tool and Equipment Renting	Lachute
Michael Koury	Meubles Koury	20 yrs +	Retail (furniture)	Lachute

## Lower North Shore

NAME	COMPANY	YEAR	SECTOR	LOCATION
Ruth Kippon	Auberge Le Brion	1995	Bed & breakfast	Kegaska
Louise Etheridge	Coastal Meats	2007	Meat wholesaler	Blanc-Sablon
Wanda Lee Martin	Garage L&S	2001	Garage	Saint-Augustine
Randy Hobbs	North Shore Furniture	2002	Retail (furniture)	Blanc-Sablon
James Buckle	Coastal Accounting H2O 2000 Coastal Advertising	1996 2001 2007	Financial & communication services	Rivière St-Paul
Claire Ann Labadie	Aqua Labadie Scallops	1997	Farming (scallops)	Blanc-Sablon
Robert Therrien	Horizon Gifts & Variety	2001	Retail (giftware)	Chevery

## Magdalen Islands

NAME	COMPANY	YEAR	SECTOR	LOCATION
Donna Davies	Beach View Daycare	1990	Daycare	Grosse Ile
Craig Quinn	Icarus	25 yrs	Flying service Ice cream Shop	
Kathy McCartney	Kathy's Corner Café	5 yrs +	Web development/graphic design	Grosse Ile
Brian Josey	Chez Brian Josey Les Maison Josey	1990 2000	Restaurant Vacation home rentals	Entry Island

## Montreal

NAME	COMPANY	YEAR	SECTOR	LOCATION
Albert Chambers	Studio Base Bin	1995	Rehearsal studios for musicians/production houses	Montreal
Danny Iny	Maestro Reading	2007	Educational technology	Montreal
Byron Biggs	Solution Globales Mayday	2007	Information technology	Montreal
Silvana Misantone	Signature Invitation International Inc. Photographika Studio	2000	Graphic design  Commercial photography	Montreal
Emmanuel Favas				
Montreal (cont'd)				
Allan Philp	Laden Maritime Inc.	1993	Transportation (ship's agent)	Montreal
William Oliver	Expert Fiscaliste	2007	Tax consulting	Montreal
Danielle Pollack	Equinoxe LifeCare	1999	Home care services	Montreal

	Solutions			
David Griffins	GriffAction Marketing Inc.	1990	Media reps	Montreal
George Grant	Brossard Bagel	2005	Bakery	Brossard

#### South-West Quebec

NAME	COMPANY	YEAR	SECTOR	LOCATION
Morgan Iverson	Jazz Tech	2007	Computer sales/repair, coffee shop, internet café	Huntingdon
Archie Blankers	Boucherie Valens	2006	Processing and distribution of certified organic meats	Huntingdon
	Bio Farm	1981		
Ian Aldridge	Les Jardins Glenorra	2004	Organic vegetable farm,	Ormstown
Basil Walsh	Construction Basil Walsh	1993	Construction	Elgin
Gary Livingstone	Gary Livingstone Landscaping	2005	Landscaping	Huntingdon
Ken Elder	Lac-Matic	1987	Dairy (milking) equipment	Ormstown
Lynn Deschambault	Heirloom Timber Frames	1992	Timber frame construction	Athelstan
Diane Ford	Diane Ford Travel	1994	Retail (travel)	Huntingdon