

# News Release

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## **Majority of Canadian Small Business Owners Unprepared For Emergencies, Including H1N1**

***Report also gauges confidence of Canadian small business owners finding that half think their business will exit the recession stronger***

TORONTO, July 28, 2009—Canadian small business owners who have a contingency plan say it has been a major driver of success during tough economic times, according to a new Harris/Decima report. Despite this widespread recognition that preparing for sudden events outside their control is beneficial, the majority of small business owners have nothing in place for health-related issues, including the H1N1 virus.

The report, commissioned by BMO Bank of Montreal, shows health-related continuity plans are not typically in place for Canadian small businesses. The findings, which are linked to the H1N1 virus scare, include:

- Nearly all Canadian small businesses (82 per cent) have not developed a health-related continuity plan
- Only one in 10 have either developed or reviewed a health-related continuity plan stemming from the H1N1 virus scare
- Nearly all micro-businesses (1-4 employees) do not have a health-related contingency plan (84 per cent)
- Regionally, small business owners within Ontario (10 per cent) and Atlantic Canada (14 per cent) are more likely to have reviewed or developed a health-related continuity plan than those in Quebec (5 per cent).

“At the best of times, we know that running a business means dealing with a multitude of issues. So when it comes to navigating through tough economic times and other potential risks, having a back up plan gives small business owners an advantage when unexpected challenges arise,” said Gail Cocker, Senior Vice President, Commercial Banking, BMO Bank of Montreal.

### **Broad Back-up Plan Proves Positive for Small Business Owners**

The report found that half of Canadian small business owners do have a general back up plan, not specific to health-related issues; they assert that it has made a positive difference in helping them through the recession.

- Seventy-five per cent of small business owners with a general contingency plan say it has been effective in their overall success

- Those who feel their business is very well prepared to withstand financial difficulties are more likely to highlight the effectiveness of their contingency plan
- Half of Canadian small business owners think their business will come out of the current economic climate stronger

“Although the worst of the recession might have passed, there are factors, such as H1N1, that could disrupt business and therefore business owners must remain vigilant—even to the point of crafting contingency plans,” cautioned Michael Gregory, Senior Economist, BMO Capital Markets. “The coming business cycle upswing looks to be muted, mostly owing to expected sluggish growth south of the border. It used to be that Canadian businesses could count on the rising tide of recovery to lift all ships. This time, the tides are going to be much more selective.”

The report indicates there is still a gap when it comes to planning for the "what if's." Nearly half of respondents who do not have a contingency plan say it's because they do not think they need one. Other small business owners stated that developing a contingency plan has not been a priority (25 per cent); or that they are too busy with managing day-to-day operations (23 per cent).

“For any small business owner there's real value in hearing how others are coping and managing through these current business conditions. It is not too late, we can help you develop a contingency plan, find ways to improve operating efficiencies and share the best practices of other small business customers like you,” added Cocker.

### **Regional Differences:**

\*Small businesses in Atlantic Canada (49 per cent) are more likely than those in Western Canada (34 per cent) and Ontario (33 per cent) to say their performance has been stronger stronger compared to 6 months ago.

\*Small business owners in Quebec (19 per cent) are less likely than those in Ontario (34 per cent) and the West (32 per cent) to have developed a contingency plan before the downturn.

\*Small businesses in Quebec (14 per cent) are more likely than those in Ontario (8 per cent) and in Western Canada (7 per cent) to feel completely unprepared to withstand financial difficulties over the next 12-18 months.

\*Those in Quebec (61 per cent) are more likely than businesses in Western Canadian (48 per cent) and Ontario (52 per cent) to not look back with regret.

\*Those operating a business in either Western Canada (66 per cent) or Quebec (68 per cent) are more likely than those in Ontario (54 per cent) to qualify the recession as “mild”.

This poll, conducted from June 1 to June 8, 2009, was based on 807 Canadian small business owners whose companies have fewer than 50 employees with revenues under \$5 million. Data were collected using Harris/Decima's proprietary online panel. Weighting was then applied taking business size and region into consideration and was based on data obtained from Statistics Canada.

## **BMO Business Banking**

As of the second quarter of 2009, BMO increased its business loans by 3.2 per cent, year over year. At 20 per cent, BMO ranks second in Canadian business banking market share, with a goal to become the bank of choice for businesses across Canada.

[www.bmo.com/business](http://www.bmo.com/business) offers resources and tools for small business owners to help them build their own back-up plans.

[www.bmo.com/podcast](http://www.bmo.com/podcast) features BMO's award-winning Business Coach podcast series in cooperation with PROFIT Magazine and Canal-Argent in Quebec.