

Shaping Ontario's Small Business Success Strategy

*Public Consultation
Discussion Paper*



Contents

A Letter from Minister Fedeli and Associate Minister Sarkaria	4
Small Businesses Make a Big Difference	6
Key Challenges Facing Small Businesses.....	7
Small Businesses Have Big Opportunities	8
Upgrading Technology and Building an Online Presence	9
Talent Development	9
Protecting Intellectual Property	9
Expanding Exports	10
Succession Planning and Supporting Entrepreneurship.....	10
Ontario's Plan to Help Small Businesses	11
Five Pillars for Growth	12
Main Street Businesses	14
Innovative and High-Growth Firms	14
Supplier Firms	14
Non-Employer and/or Family Businesses.....	14
Building on What We've Already Done	15
How to Participate in the Consultations	16
Sample Roundtable Discussion Questions	17
Lowering Costs:.....	17
Increasing Exports:.....	18
New Technologies:.....	18
Talent Development:.....	18
Succession Planning and Supporting Entrepreneurship:	18

“Small businesses drive our economy forward. These consultations let business owners tell us what matters most to them.”

— Minister Vic Fedeli

“Ontario’s small businesses create opportunities for hardworking families. We’re determined to help these job creators succeed.”

— Associate Minister Prabmeet Sarkaria

A Letter from Minister Fedeli and Associate Minister Sarkaria

Ontario is fortunate to have a vibrant small business community with hardworking entrepreneurs across our province who are willing to take chances and build competitive businesses.

Small business owners dream big and make sacrifices to succeed. They are our job creators and the lifeblood of Ontario's economy. They keep our province's economy growing.

Our entrepreneurs took the risks necessary to build their businesses, they persevered through the tough times and created opportunities in their communities during the good times.

But success hasn't always come easy. Many started their businesses from the ground up, often putting their last dime into making it succeed, and sacrificed time with family to put everything into making their business a success. And, while globalization has provided them with many benefits, including access to new markets, more customers and emerging technologies — it has also increased their competition.

With so many options available to customers, it's hard for small businesses to stand out from the crowd. And it's even tougher for businesses in smaller, rural communities. Along with their fight for customers, small business owners must keep pace with larger competitors that have big marketing budgets and bulk purchasing power.

Building a competitive business is no easy feat and we know our small businesses face many challenges. We also understand the unique challenges facing specific entrepreneurs, such as women, minorities and people with disabilities. This is why we're determined to help all small businesses succeed and see their long-term plans come to fruition.

From the independent grocer you visit regularly and the convenience store down the street, to the high-tech firm developing cutting edge technology and the manufacturer employing your neighbor — small businesses are the cornerstone of our economy. They promote innovation, create good jobs for hardworking families, stimulate regional development, and help sustain our local communities.

Small businesses drive our economy forward. Having done so much for Ontario, they deserve a government that will fight for them. It's our job to ensure Ontario has the environment necessary for success in the future.

Competition is fierce and pressure from the changing global economy is making things more complicated. The good news is, our government is delivering on a plan to help small businesses thrive. We reduced small business taxes by 8.7%

saving up to \$1,500 annually for over 275,000 businesses. In addition to providing tax relief, the government has taken actions such as cancelling the cap-and-trade carbon tax, keeping the minimum wage at \$14 per hour and supporting a reduction in Workplace Safety and Insurance Board (WSIB) premiums – while maintaining benefits for workers. These measures, together with Ontario income tax relief, will save small businesses \$2.3 billion in 2020. But we know there is more to do.

Over the coming months, we will consult with small business owners and organizations that work with small businesses to better identify their needs and better understand where Ontario could improve.

Building on the successes over the past year and a half, these consultations will shape the development of Ontario's Small Business Success Strategy. We want to ensure high growth firms, main street businesses, supplier firms, and family businesses across the province have what they need to reach their goals and help set them up for success in the years to come.

We're delivering on our plan to build Ontario together, and that means making sure our small businesses have the right conditions and people to grow their business and thrive, here at home, and around the world.

Sincerely,



Vic Fedeli,
Minister of Economic
Development, Job
Creation and Trade



Prabmeet Singh Sarkaria,
Associate Minister for
Small Business and
Red Tape Reduction



Small Businesses Make a Big Difference

Small businesses, or businesses with fewer than 100 employees, play a big role in Ontario — making up about 98% of all businesses in the province and employing about 2.3 million Ontarians. From family businesses to tech firms to manufacturers, small businesses are crucial to Ontario's economic success, and their impact is felt in communities across the province. To help put things into perspective: small businesses made up 40.6% of Canada's Gross Domestic Product (GDP) between 2011 and 2015.

And where do most Canadian small businesses get their start?
Right here in Ontario.

Small businesses make a big difference in our communities, but they take a lot of effort to remain successful. Often, small business owners must become experts in every area of their business, from procurement and logistics, to website development and marketing, to human resources and accounting. With so much responsibility, trying to grow a business can seem daunting. Taxes, payroll costs, red tape and the need to recruit and retain skilled employees can present challenges for small businesses.

Key Challenges Facing Small Businesses

- High regulatory compliance costs and operating expenses
- Lack of resources to invest in innovative or new technology
- Trouble navigating Canada's complex export requirements and international rules
- Labour and skills shortages
- Closures, bankruptcy, and job losses due to limited succession planning after retirement
- Access to capital to develop, test, and commercialize new products

With the constant need to keep pace with a rapidly changing economy and increasing global competition, small business owners need to innovate, grow, and have a plan for what's next if they want to sustain their business for the future.

We want to help small businesses across the province continue to succeed for years to come. We want to build on what has worked well in the past, review where improvements can be made, and identify gaps that need to be filled. Given the contributions small businesses make to the province's economy, their success helps ensure a bright future for the people of Ontario.

A man and a woman, both wearing black aprons over grey shirts, are looking intently at a tablet computer. They appear to be in a kitchen or food service environment, with stacks of white plates visible in the background. The scene is brightly lit, suggesting a clean and professional workspace.

Small Businesses Have Big Opportunities

Becoming a successful and competitive small business involves exploring new opportunities. Whether selling to new customers, developing new products, offering new services, or simply scaling up to meet existing demand, there are many avenues available to small business owners to achieve their goals as well as grow their businesses.

Upgrading Technology and Building an Online Presence

Technology can help small businesses reach new customers, improve the client experience, and improve a company's competitive advantage. Research shows businesses that invest in technology have higher revenue growth and higher profit growth.

Quick Facts:

- Despite the growth of e-commerce, 40% of Ontario small businesses don't have a website.
- The top three technologies adopted by Ontario small businesses are cloud computing, data analytics, and customer/supplier relationship management software.

Talent Development

Small businesses in Ontario require workers with a variety of skills in order to grow and thrive. Programs like the Ontario Immigrant Nominee Program help employers find the skilled workers they need, and partnerships with colleges and universities ensure we are training our young people for the needs of our small businesses.

Quick Facts:

- Ontario is a leader in skilled talent, with 69% of Ontario adults possessing a postsecondary education — a rate higher than any country part of the Organisation for Economic Co-operation and Development (OECD).
- In 2020, Ontario launched the "Be Proud of What You Do" campaign to promote interest in a career in high demand skilled trades.
- Ontario's new made-in-Ontario performance-based funding model will help ensure positive outcomes for Ontario students and our economy.

Protecting Intellectual Property

A company's intellectual property is fast becoming its most important asset for encouraging innovation, staying competitive, and driving business growth.

Quick Facts:

- Roughly one-third of Ontario small businesses held at least one type of intellectual property (for example, patents, trade secrets) in 2017.
- Non-disclosure agreements and registered trademarks are the top two types of intellectual property held by Ontario small businesses.
- In 2019, Ontario launched an expert panel on intellectual property to advise on how to protect home-grown innovation and maximize commercialization.

Expanding Exports

Canada is the only G7 country that has free trade agreements with every other G7 country — accounting for all FTA partners, Canadian businesses have preferential access to 1.5 billion consumers around the world. These trade agreements give Ontario small businesses a unique advantage to grow their businesses.

Quick Facts:

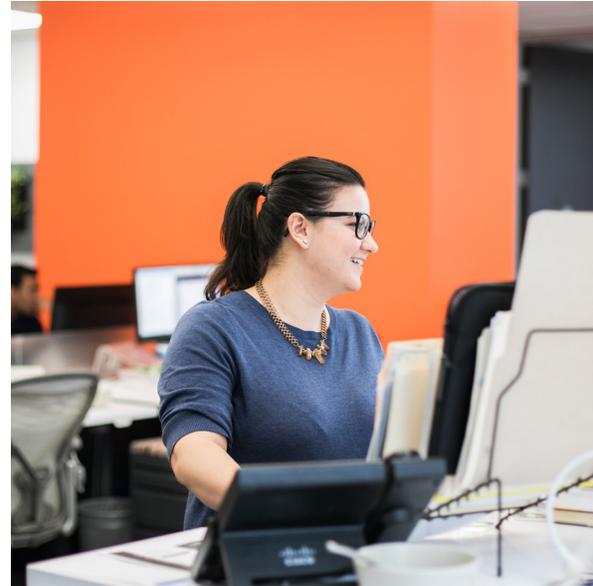
- Less than 5% of Ontario's businesses exported in 2018.
- Nearly 90% of Ontario's small business exports were destined for the U.S. in 2017.
- Ontario operates 16 International Trade and Investment Offices around the work to help Ontario companies export products and services.

Succession Planning and Supporting Entrepreneurship

Entrepreneurs are important to Ontario's economy as they create and grow the companies that drive innovation, productivity, job creation, community development, and economic growth across the province. These businesses, whether a family farm in Prince Edward County or a local convenience store in Sarnia, can have a lasting impact in their communities if passed down to the next generation.

Quick Facts:

- About \$800 billion of business assets will transfer to a new generation of business owners in Ontario.
- Companies with fewer than 50 employees contribute to more than a quarter of the province's GDP.





Ontario's Plan to Help Small Businesses

The Ontario government wants to make it easier for Ontarians to establish, grow, and invest in their small businesses. This is why we are developing a **Small Business Success Strategy**.

Our vision is to ensure that Ontario is open for business. We want a plan that helps our innovative start-ups, entrepreneurs, and family businesses by reducing regulatory burdens, expanding exports to domestic and international markets, and ensuring small businesses have the talent and resources they need to thrive, create good jobs, boost our economy, and support our communities.

And our plan starts with you — small business owners. In the coming months, we will hold consultations across the province to hear from small businesses and organizations that work with small businesses.

The goal of these public consultations is to:

- Hear from Ontarians regarding the challenges small businesses are facing.
- Learn what red tape is preventing small businesses from growing and investing.
- Determine what actions the government could take to facilitate small business establishment, development, growth, and success.

Five Pillars for Growth

Ontario's small business consultations will focus on five key pillars:

1. Lowering costs

Reducing red tape and streamlining government interactions for small businesses so they can spend less time with government rules and forms and more time focused on reaching their goals.

2. Increasing exports

Helping small businesses across the province access domestic and international market opportunities.

3. New technologies

Helping small businesses across the province build an online presence, as well as to develop, adopt, and commercialize new technologies.

4. Talent development

Ensuring small businesses in all regions and sectors can access and retain talent to help start, sustain and grow their businesses, and ensuring Ontario is building the talent pool of the future.

5. Succession planning and supporting entrepreneurship

Helping retiring entrepreneurs across the province plan and support the next generation of business leaders, and helping to address the unique challenges facing specific entrepreneurs, such as women, minorities and people with disabilities.

When the strategy is complete, our goal is to see more small businesses:

- **Invest** and **expand** across the province
- **Grow** their **revenues**
- **Export** to markets outside the province
- **Innovate, protect, and commercialize** their **intellectual property**
- **Attract, retain, and grow employees** with in-demand skills
- **Smoothly transition** from one generation to the next through **proper succession planning**
- Build on Ontario's record as **Canada's leader in starting a new business**

The Ontario government will consult with small businesses of different types to help us understand the challenges each type is facing.

Main Street Businesses

- Local businesses serving their communities (for example, restaurants, retailers, auto repair).
- Growth tied to local demand, often part of the fabric of their community, may also include social enterprises.



Supplier Firms

- Supply other businesses in their sector.
- Sophisticated management structure.
- Participate in international supply chains; focused on high growth and high output.

Innovative and High-Growth Firms

- Technology-enabled businesses found in all sectors, less than 10 years old, with scalable business models.
- With 20% growth per year over a three-year period and success in international markets.
- Strong demand for specialized skilled workers.



Non-Employer and/or Family Businesses

- Few employees, often sole proprietorships.
- Often owned, started and/or managed by family.



Building on What We've Already Done

This strategy will build on our recent work to support small businesses, including:

- Delivering Ontario Corporate Income Tax relief by reducing the small business Corporate Income Tax rate by 8.7%.
- Cancelling the cap-and-trade program.
- Keeping the minimum wage at \$14 per hour.
- Supporting a 17% cut to the average Workplace Safety and Insurance Board (WSIB) premium rate for 2020, which is on top of a nearly 30% reduction in the average premium rate in 2019.
- Cutting red tape and reducing regulatory burdens.
- Winding down the Ontario College of Trades.
- Providing additional support for apprenticeship and trades.
- Working to reduce trade barriers so small business can unlock economic opportunities in a wider range of sectors and markets.

How to Participate in the Consultations

The government wants to reach as many Ontarians as possible through the consultations. Which is why we offer multiple ways to participate:

1. Share your ideas online

Submit your feedback through our online survey at ontario.ca/helpingsmallbusiness. The survey will focus on high-level general questions on the challenges and opportunities for small businesses.

2. Attend an in-person regional consultation or technical table discussion

We are hosting in-person sessions across the province over the months ahead. For more information, email MEDJCTconsultation@ontario.ca. If you cannot attend an in-person consultation and would like to provide responses to the discussion, please email your responses to: MEDJCTconsultation@ontario.ca.

3. Encourage your local Chamber of Commerce to provide a local submission

Work through your local Chamber of Commerce to identify how best to answer some of the questions above for your local community and email them to MEDJCTconsultation@ontario.ca.

4. Send us your written submissions

If you would like to provide us with further input, ideas or data, please forward your submission to us by email at MEDJCTconsultation@ontario.ca. Include your name and the name of your organization and use "Ontario's Small Business Success Strategy Consultation" in the subject line. Attach your submission as a PDF or Word document.

Additionally, the province consults regularly with businesses on their red tape challenges. Businesses can submit specific red tape issues at engage.ontario.ca/en/engagement-initiatives/cutting-red-tape-businesses.

Sample Roundtable Discussion Questions

1. Why do you think your business has been so successful thus far?
2. Have you used any government programs in the past that have proved helpful, or other external supports?

Lowering Costs:

3. Considering some of the initiatives taken by the Ontario government to reduce red tape:
 - consolidating truck safety and emissions tests into a single annual test
 - simplifying rules for soup kitchens so they can focus on helping those less fortunate rather than jumping through hoops for government
 - standardizing what goes into the recycling bin
 - digitizing reporting for local pharmacies
 - streamlining forestry approvals
 - removing the requirement for hairdressers and barbers to collect clients' personal information before providing service

What other red tape initiatives – digitalizing, consolidating or eliminating processes or requirements – should the government investigate that would make your life easier or help your business?

4. To help you invest and grow your business, what can the Ontario government:
 - do more of
 - less of
 - stop doing (cease to do)
 - or change?

Increasing Exports:

5. Are you currently selling your products or services outside of Ontario?
 - Where are your customers located?
 - What barriers to selling outside of the province do you face?
 - Do you have suggestions on how Ontario can help you sell your products outside Ontario?
 - Do you interact with these customers online?
 - How did you connect with your first out-of-province or out-of-country customer?
6. Do you use an online platform (like Amazon, Shopify etc.) to help you sell your products or services outside of Ontario or do you handle it yourself?

New Technologies:

7. What barriers have you faced in getting your business online or participating in e-commerce?
8. What barriers have you faced when trying to adopt new technology or commercialize your technology here in Ontario?

Talent Development:

9. Have you had trouble accessing the talent that you require to fill positions in order to operate or grow your business?
10. Have you participated in the Ontario Immigrant Nominee Program or co-operated with colleges, universities or other organizations to help procure the talent that you require?

Succession Planning and Supporting Entrepreneurship:

11. Have you accessed any government services or programs geared at small business, or have you interacted with your local small business enterprise centre?
 - If so, which ones? Have they been successful or helpful? How could they be improved?
 - If not, why not? What service or program would you find helpful, if any? What services or programs not supported by the Ontario government would you find helpful?
12. What is the most impactful thing that the Ontario government could do to support the successful transition of your small business to a new owner (such as a family member)?

© Queen's Printer for Ontario, 2020

