

INTEGRATED BUSINESS ANALYSIS

SMALL BUSINESS RESEARCH BOARD (SBRB) STUDY

Small Businesses in Canada Optimistic; Predict Steady or Improving Economy, Revenues During Next 12 Months According to Latest SBRB Study

Businesses to focus on staff training, finding quality employees, improving or adding automation or technology to boost productivity says SBRB report prepared in conjunction with Integrated Business Analysis.

TORONTO, Canada (June 5, 2007) – Owners and managers of small businesses in Canada are expecting business conditions to remain the same or improve during the next 12 months, according to results of the Small Business Research Board (SBRB) poll released today completed in conjunction with Integrated Business Analysis (IBA).

Of the respondents to the first SBRB poll of businesses in Canada, 85% said they believe the economy will remain the same or improve during the course of the next 12 months, with nearly half of those (42% overall) expecting the economy to get better.

Furthermore, 94% of the respondents predict their revenue will remain the same or increase during this period, with 19% projecting an increase of up to 10% and 35% expecting revenues to grow by more than 10%. Only 6% said they are forecasting lower revenues during the coming 12 months.

Concurrently, the majority of the businesses (52%) intend to grow without adding staff, intending instead to focus on methods for improving productivity. According to the SBRB, 36% said they will add employees, 5% said they will decrease the workforce and 6% remain undecided.

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Outlook for the general economy during the next 12 months

Better	42%
Worse	15%
No Change	43%

Revenue expectations for next 12 months

Increase of 10% or more	35%
Increase of less than 10%	19%
Will be about the same	40%
Decrease of less than 10%	2%
Decrease of 10% or more	4%

Expect to hire new employees during next 12 months

Increase hiring	36.3%
Decrease workforce	5.4%
Remain the same	52.3%
Unsure	6.0%

Business owners and managers reported that they will invest more towards improving staff training than in adding staff. Nevertheless, they concur that staff additions are more important than adding or improving automation or technology.

“We are not surprised at the SBRB tabulations which show that finding quality employees is among the most critical issues affecting small businesses. The research clearly demonstrates, however, that owners and managers are committed to providing education and training to current staff in lieu of or in concert with searching outside their walls to meet current and future needs,” said Gregg M. Steinberg, President of IBA.

Finding quality employees was the third greatest issue impacting small businesses in Canada following “taxes” and “economic conditions” respectively.

A full one-third of the businesses (34%) intend to expand during the next 12 to 24 months. They expect to provide more services (22%), expand at current locations (20%), enhance customer service (19%) and add new products (18%). Only 14% said they will expand by adding locations.

Issues having greatest impact on business

1. Taxes
2. Economic conditions
3. Finding quality employees
4. Cost of materials
5. Interest Rates

Plans for expanding business next 12 to 24 months

Yes 34%
No 66%

Of those planning expansion

1. 22% will provide more services
2. 20% will expand at current locations
3. 19% will enhance customer service
4. 18% will add new products
5. 14% will add locations
6. 6% will do so through acquisition
7. 1% other

Plans for improving productivity

1. Improve staff training
2. Add staff
- T-3. Add automation or technology
- T-3. Improve existing automated systems
5. Implement or enhance employee incentive programs

This is the first nationwide SBRB study conducted in Canada. The SBRB intends to issue quarterly updates on the views of small businesses in Canada. The SBRB has conducted similar quarterly studies in the U. S. since 2004.

IBA is based in Toronto. IBA, along with its affiliate companies, have more than 1,800 professionals and comprises the largest privately-held provider of management consulting services to small and medium-size businesses in North America.

The Small Business Research Board ascertains and reports the opinions of small business owners and managers on a wide variety of topics related to their own businesses as well as national and international issues that may impact their operations. The SBRB conducts these studies for the benefit of small business owners and managers. The SBRB also provides opportunities for third parties to gain real time insight into the attitudes of small businesses nationwide through the independently conducted research.

The universe of participants is developed from among small businesses across Canada. More than 170 small business owners and senior managers participated in this SBRB poll. The SBRB study is a voluntary survey conducted via phone and email.

The latest information about the Small Business Research Board can be found at www.biznus.net/iba.

Integrated Business Analysis, Inc. (IBA) along with affiliate companies is the largest privately-held provider of management consulting services to small and medium-size businesses in North America. The more than 1,800 professionals in North America offer a wide range of proven and innovative methodologies to help businesses grow and prosper regardless of the economic cycle. IBA either provides directly or through its affiliated companies a comprehensive array of business advisory services, tax and estate planning services or merger, acquisition and other financial advisory services in Canada and the United States.

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The Small Business Research Board ascertains and reports the opinions of small business owners and managers on a wide variety of topics related to their own businesses as well as national and international issues that may impact their operations. Participants in the poll provide feedback on significant issues and allow for real-time insight into the state of small businesses nationwide. The poll was structured and is supervised through an independent resource using data collected from small businesses across Canada.

For more information about this poll, results of previous studies or other matters related to the SBRB, please contact Raymond D. Minkus, (847) 441-4192.