2022

Entrepreneur Census Summary

STARTUP CANADA™

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Methodology

Every year, Startup Canada undertakes a national Census survey to reflect key characteristics and trends within the Startup Canada network. The Census also provides a snapshot of persistent challenges, needs, and emerging opportunities facing this critical sector of Canada's economy.

The study took place from December 2022 to January 2023 through a national online survey. This survey engaged 404 respondents from coast to coast to coast. Only statistically significant findings are reported.

CEO Message

Over the last few years, Canadian entrepreneurs have dealt with the all-consuming and, for many, devastating impacts of the COVID-19 pandemic. As we head into Spring 2023, founders are now faced with a looming economic recession that holds unknown consequences.

We know that small businesses are disproportionately impacted by these types of events, but we also know that entrepreneurs are the backbone of their communities - they create jobs, they create opportunities, they encourage creativity, they unite us, and they spark hope in those around them. This is why it is vital for Canada's startup support ecosystem to stand up for entrepreneurs and be uncompromising in our mission of empowering this incredible community.

A large aspect of this work is continuously monitoring and facilitating research on behalf of Canada's 1.2 million startups and small businesses. Yet, this research is a means to an end and not the end itself. Action, informed by this research, must be taken to truly improve circumstances for success for entrepreneurs across the country by each core sector of the support ecosystem - non-profit players, government, private sector partners, and founders themselves.

This census report, and each census report before it, aims to address the first step of this crucial process. These reports provide a snapshot of persistent challenges, needs, and emerging opportunities facing this critical sector of Canada's economy. Together, we *can* use this information to make meaningful changes, impactful alterations, and actionable improvements to Canada's entrepreneurship ecosystem.

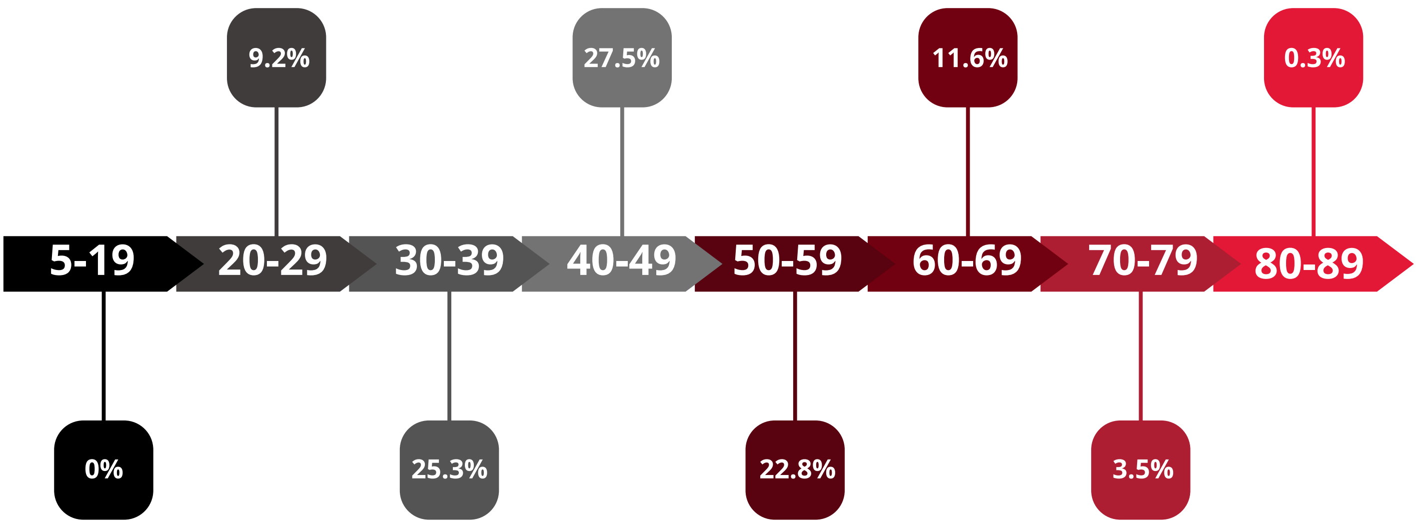
In 2022, Startup Canada celebrated our 10 year anniversary of supporting entrepreneurs from coast to coast to coast as they've pushed the limits of Canadian innovation, delivered thoughtful solutions to our biggest collective challenges, and have made their communities safer, happier and healthier places to be. We strive to do more for our community every day, and are hopeful this report is a large step in the right direction.

- KAYLA ISABELLE
CEO, STARTUP CANADA

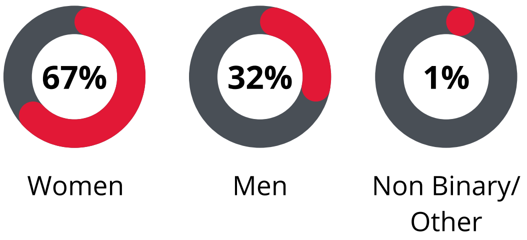
Respondent Breakdown

Age:

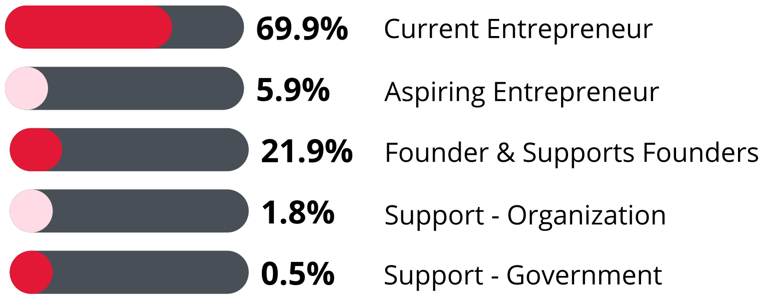
All respondents are in between the ages of 21 and 80 with an average age of 45.



Gender



Role in the Ecosystem

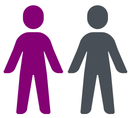


Location

This survey saw responses from 10 provinces and 2 territories - 115 total cities from across Canada, and 2 international cities. 46.3% of respondents are from Ontario, 19.3% from Alberta, 13.8% from British Columbia, 6.7% from Quebec, 4% from Manitoba, 3% from Saskatchewan, 2.7% from Nova Scotia, New Brunswick, PEI and Newfoundland each represent 0.99%, 0.5% from Yukon, 0.2% from Nunavut and 0.5% are international.

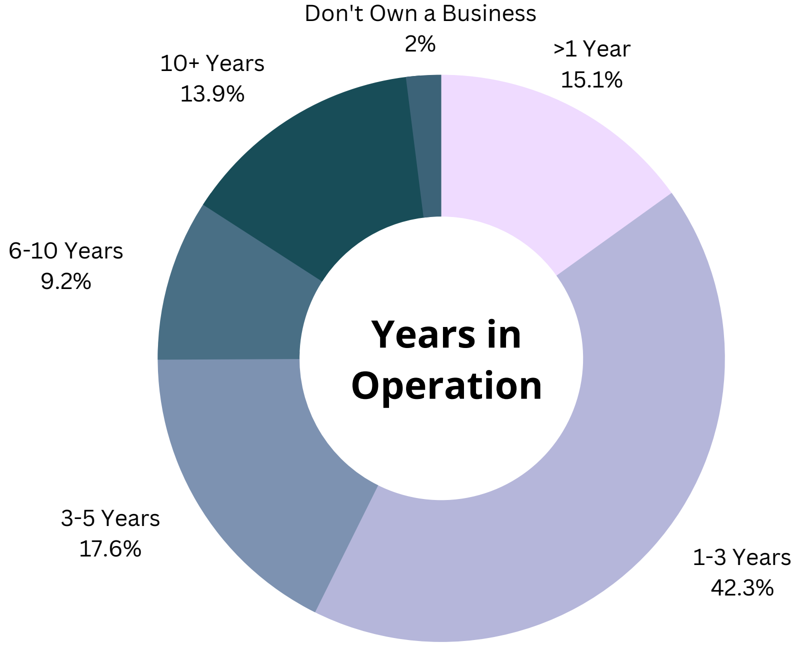
Enterprise Profiles

3 in 5 are incorporated

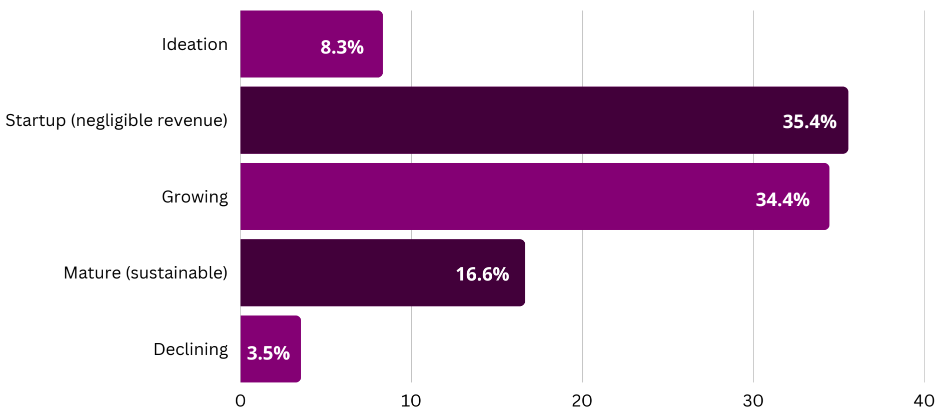


1 in 2 have/will soon have insurance

3 in 4 sell/will soon sell globally

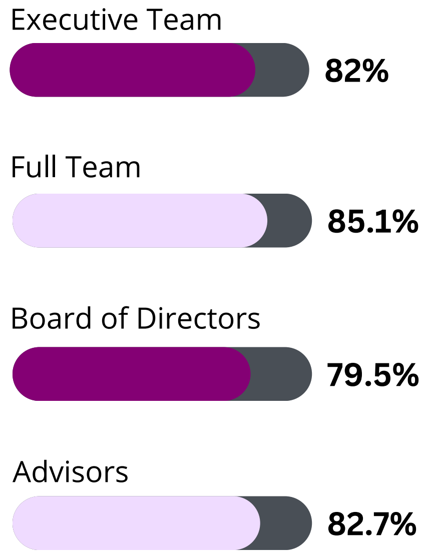


Lifecycle Stage

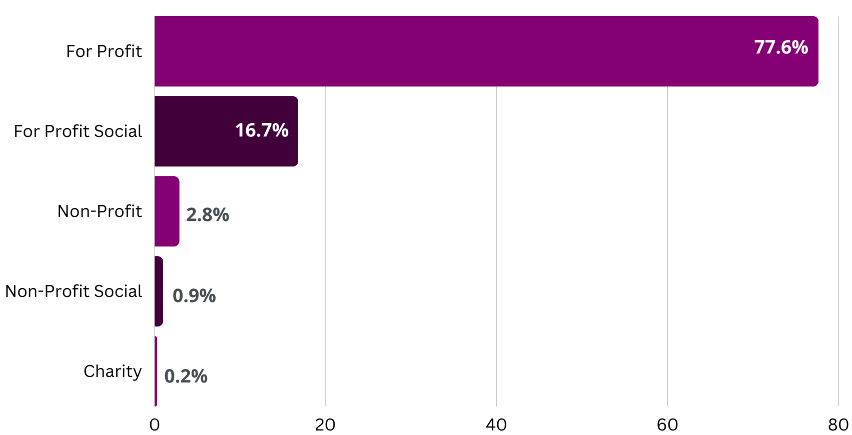


Venture Functions

We asked founders if they had the following operational functions for their business. Below represents the percentage of respondents who currently do:

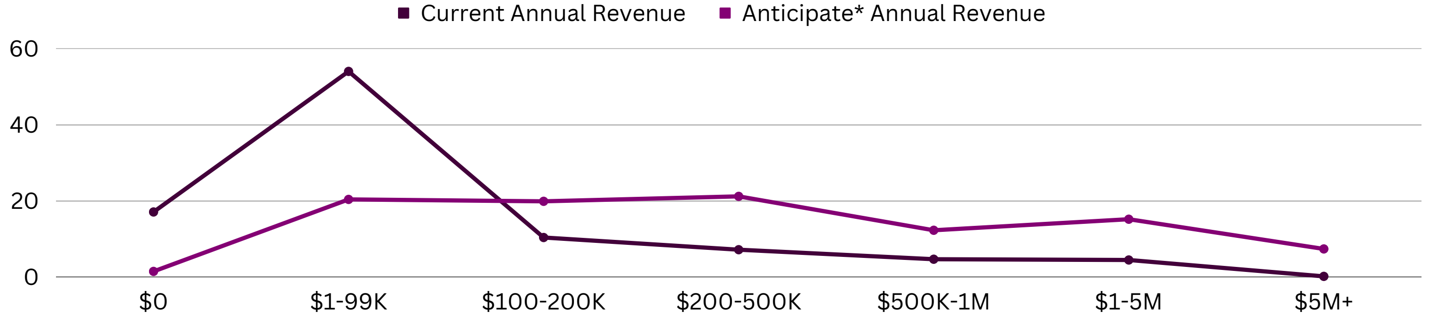


Venture Type

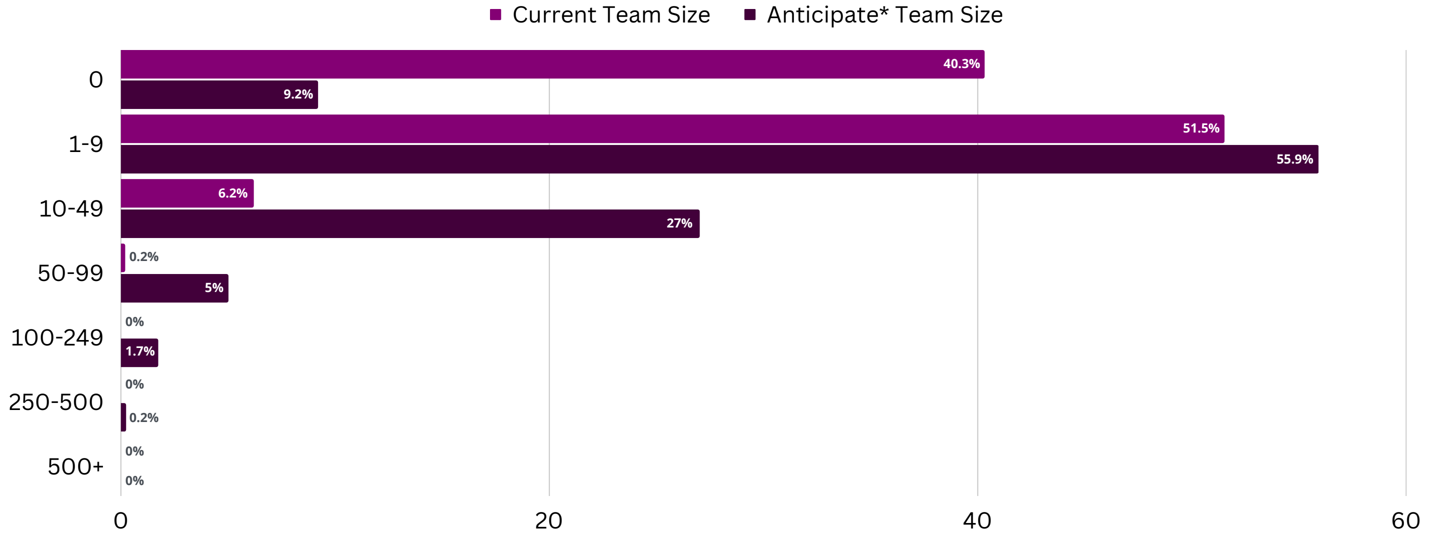


Enterprise Profiles: Continued

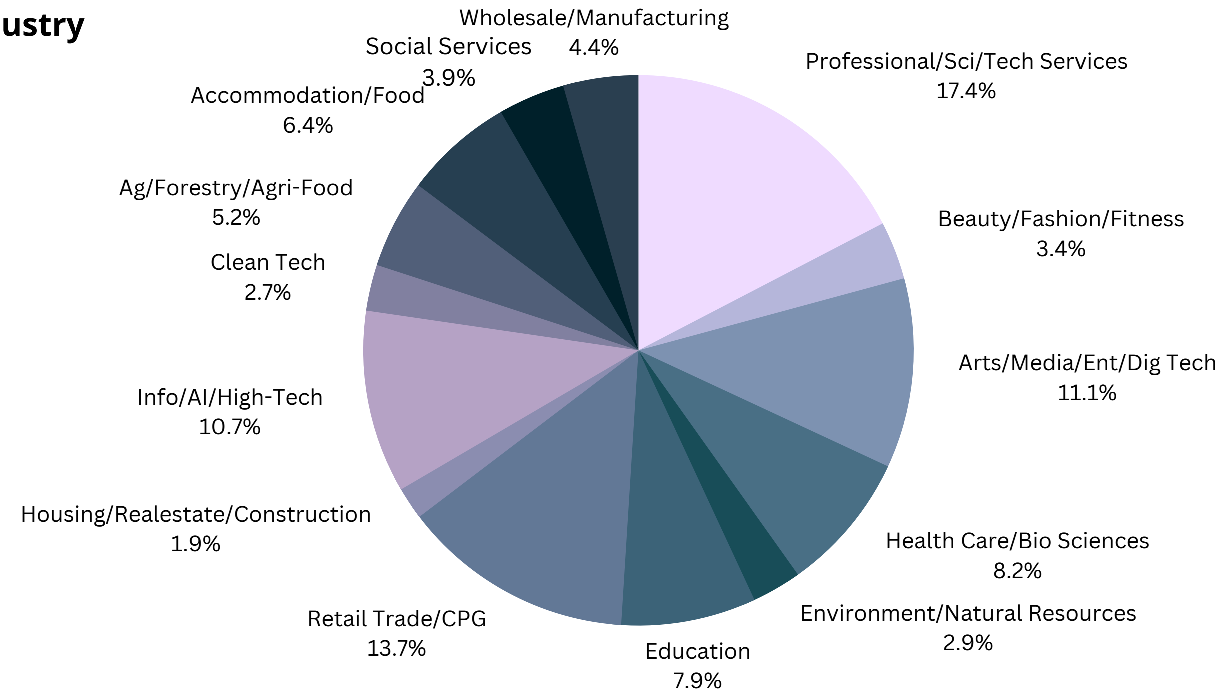
Current & Anticipated Annual Revenue*



Current & Anticipated Team Size



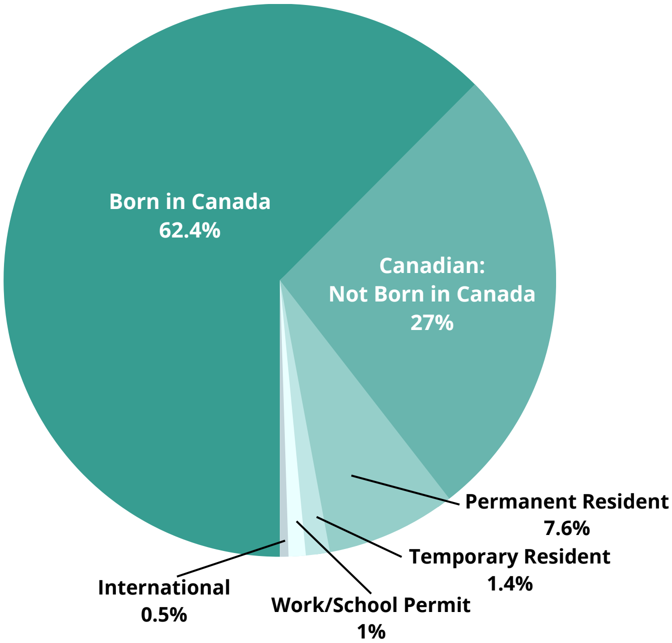
Industry



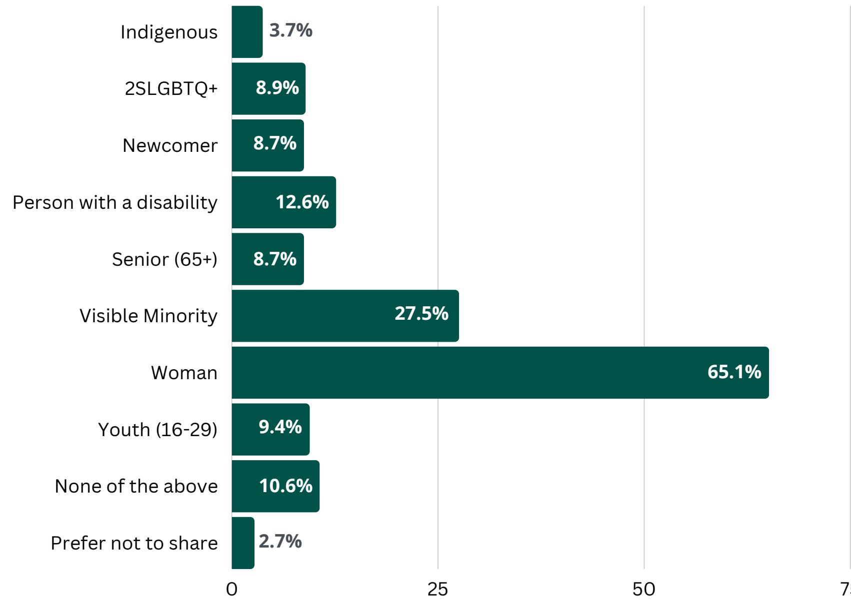
*Represented as percentage of total respondents. *Anticipated in the next 2-3 years.

Diversity Across the Ecosystem

Newcomers & Residence Status



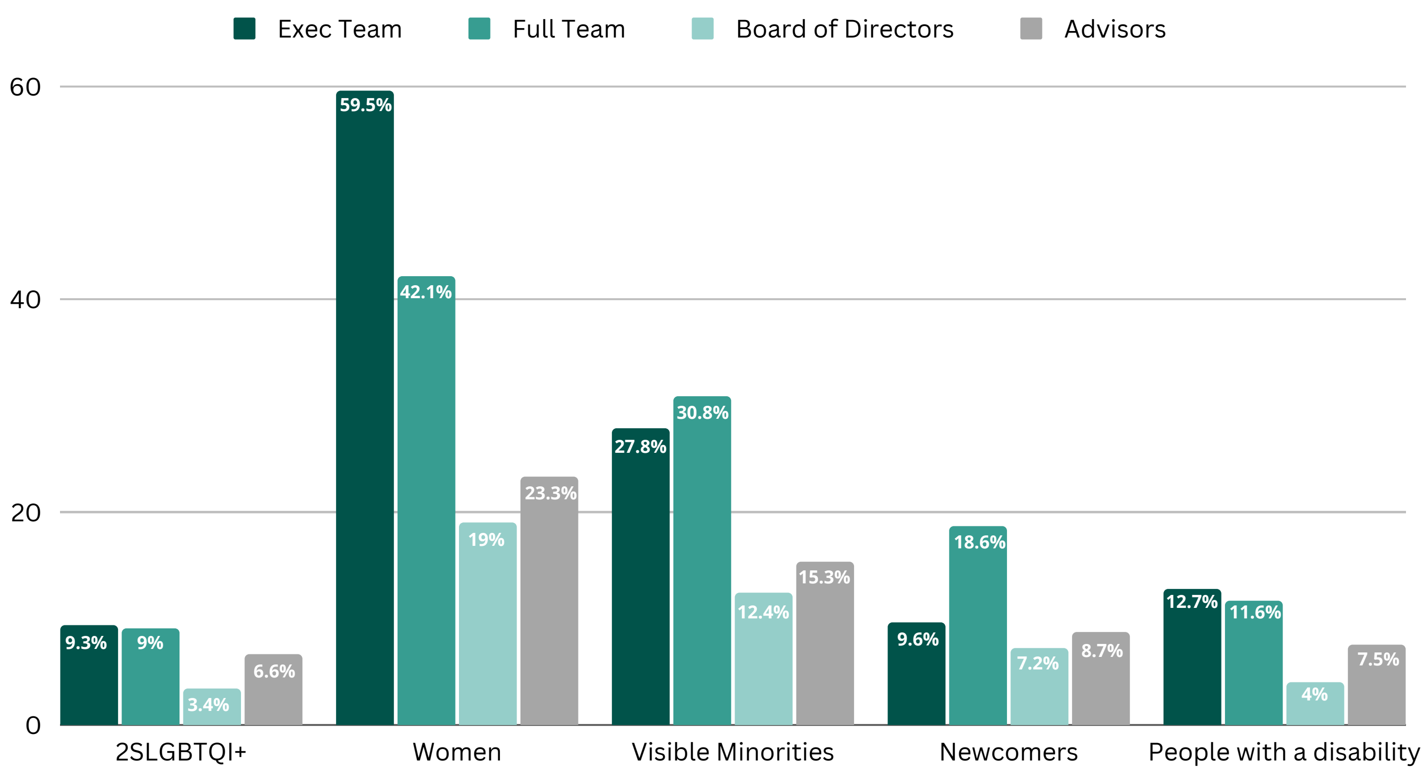
Founder Self Identification



> *Cultural bias towards people with disabilities is a common barrier*

> *I'm generally the only woman of colour in any room, physical or virtual*

20% or More Representation by Venture Function



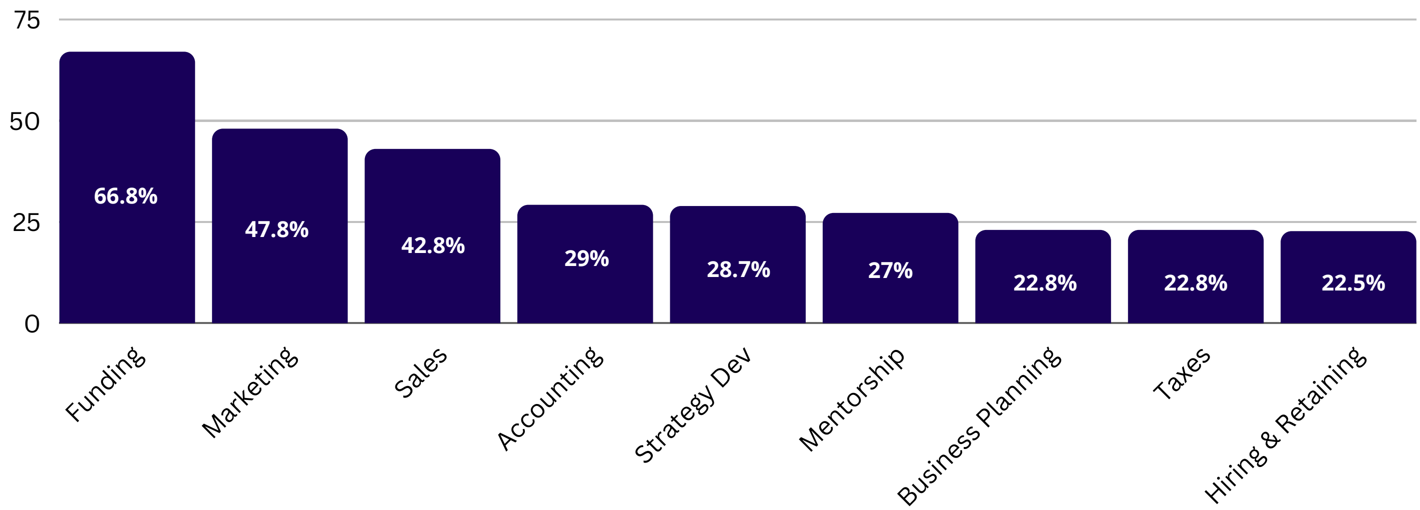
Founder Pain Points & Challenges

Hours of Foundational Research Conducted by Founders

Many respondents indicated this could not be quantified and is an ongoing process.

Lowest: **40-60 hours** Average: **535 hours** Highest: **3000+ hours**

Most Pressing Challenges



Finance-Specific Challenges

Most Pressing

- **69.6%** Accessing Gov Grants
- **44.6%** Knowing What's Available
- **40.1%** Cash Flow
- **39.1%** Accessing Equity Capital
- **34.4%** Accessing Bank Loans
- **33.9%** Inflation & Economic Uncertainty

Least Pressing

- **7.7%** Invoicing
- **8.2%** Inventory
- **9.4%** Payment Processing
- **10.1%** Time Tracking
- **12.6%** Interest
- **14.1%** Debt Repayment

The Support Space & What's Needed

We asked founders what would be most beneficial to the growth of their business in a number of categories:

EDUCATIONAL RESOURCES/COURSES	49% Marketing Strategies	37% Intellectual Property	35% Market Research	34% Mental Health
"PERKS" OUTSIDE OF FUNDING	Specialized Education	Networking & Connections	Mentorship	Staffing & Service Solutions
ASPIRING/CURRENT GLOBAL VENTURES	31% Education: Marketing Abroad	30% Amplification: Storytelling	29% Amplification: Event Partnerships	27% Education: Ecosystem 101
WOMEN-IDENTIFYING FOUNDERS	Education: Funding & Finances	Education: Sales & Marketing	Amplification: Event Partnerships	Amplification: Storytelling

How can the Federal Government Support Founders in 2023/2024?

1. **Reducing Red Tape & Improving Access**
   Barriers to program acceptance, ease of application, reduced pre-requisites.

2. **Programs Tailored to Early-stage**
   Sustainable, flexible, & address common pain points.

3. **Up-to-date, Clear Information**
   Centralized available support hub, education, and program specifics.

4. **More Funding**
   In general more funds allocated to SMEs via grants & loans.

5. **Equitable funding**
   Based on industry, region & demographics.

6. **Fund Restructuring**
   Taxes, Terms/Rules & Working Capital

7. **Trust Building & Championing**

Largest Frustrations with the Support Ecosystem Across Canada:

We asked founders to submit their largest grievances with the startup support ecosystem in Canada and categorized their responses into codes and topic segments:

Funding - Inaccessibility and inadequacy of volume & structures.

62%

- "Funders are too conservative in Canada." 17.2%
- Financing Equity - Early Stage & Industry. 17.5%
- Processes, structures, and inflexible rules (exclusionary to early-stage ventures). 9.2%
- Funding - Not enough, generally. 5.6%
- Government Grants/Loans - Barriers, Lack of Access, Red Tape. 12.5%

Information/Education Inadequacy.

43.1%

- "The educational material is too high level - I need specialized advice." 19.6%
- It's impossible to track down reliable, concise information on loans and grants. 21.7%
- Information Paralysis - Too much available data that is not reliable and/or curated. 1.8%

Inequity of support - Early stage, industries, demographics, regions.

22.3%

- Support Equity - Early Stage. 7.1%
- Tech Industry Priority. 3.3%
- Lack of specialized support - underrepresented communities. 7.4%
- Regional/Provincial - Insufficient Support. 3%
- Non-Canadians: Insufficient support for non-Canadians doing business here. 1.5%

Key Findings

Highlight 1	**Information paralysis is a large roadblock for early stage founders.** • The average respondent indicated it took them over **530 hours** to research and learn about different components of their business.
Highlight 2	**Founders struggle with accessing government funding.** • Nearly **70%** of respondents indicated that accessing government grants was their top finance-specific challenge.
Highlight 3	**Top challenge: Funding.** • Nearly **68%** of respondents indicated that finding funding was an obstacle/major obstacle for their business.
Highlight 4	**Top challenges outside of funding.** • Outside of funding, marketing (nearly **48%**) and sales (nearly **43%**) are respondent’s top challenges currently.
Highlight 5	**Frustrations with the support ecosystem.** • **62%** of respondents are frustrated by funding inaccessibility and inadequacy in Canada. • Over **43%** of respondents think the support ecosystem's information and education is inadequate.

Conclusion

Current and aspiring entrepreneurs from Startup Canada's network are striving for a future with reduced barriers and specialized, accessible support. Specifically, they are calling for more accessible funding, clarity of available support, and specialized education based on factors such as their region, lifecycle stage, demographic, and industry. Executed correctly, these elements can empower founders from coast to coast to run and grow a successful business.

This report illustrates the ongoing and urgent need for improved funding for Canadian small businesses - with founders indicating they need more funding by volume, improved access to funding bodies and programs and more useful funding structures that are informed by the realities of early-stage ventures. The report also shows that entrepreneurs are struggling in areas such as marketing and sales expertise, lack of curated and specialized educational materials, mentorship and advisory support, lack of networking and connection mediums, strategic business planning, hiring and retaining talent, and so forth.

Finally, the report conveys what the government, private sector, entrepreneur support organizations, and Startup Canada as a National convener can do to ensure that Canadian entrepreneurs are fully supported and that Canada becomes the best place in the world to start and grow a business.