THE CANADIAN CHAMBER OF COMMERCE
LA CHAMBRE DE COMMERCE DU CANADA

6. GROW SMALL BUSINESS TO TAKE ON THE WORLD

It is tough to grow a small business in Canada. An entrepreneur must bring together talented people, great ideas, funding, marketing and the right strategy to beat the competition and win. Ninety-six per cent of Canada's 1.2 million businesses are SMEs. Many of these companies are highly innovative, but remarkably few of these have been able to grow to mid-size.

This is more than a personal challenge. As much as we admire the drive and courage required to run a business, our inability to grow more small businesses into larger operations undermines the Canadian economy. Lack of scale makes many businesses uncompetitive and reduces Canada's overall growth rate. Statistics show that small Canadian businesses are just 46% as productive as large firms, and this gap is greatest within the manufacturing sector. Smaller businesses have less money to spend on R&D, training, equipment and salaries. Across most industries, productivity rises with size as companies benefit from economies of scale and increased capital investment.

The challenge of growing is even greater as businesses confront the export market. Currently, just 3.6% of Canadian businesses export. Research indicates that exporting companies experience much faster growth and are more productive than their domestic counterparts. In fact, exporters generate 121% more revenue than non-exporters and their productivity per employee is 30% greater. But many entrepreneurs find foreign trade is an even more daunting challenge than domestic growth.

Canada could help more small businesses to export by bolstering trade promotion services and diplomatic support for companies abroad. Our small businesses often need help attending trade shows, developing local contacts and adapting to foreign regulations.

Although there may be many other factors governing the size of an enterprise, the best thing that can happen to a small business is for it to grow into a bigger business. That is why scaling up is critical to Canadian competitiveness and our ability to win.

In 2017, we will prescribe a series of measures to ensure smaller Canadian businesses have innovative access to capital, the talent and the programs that will get their goods to international markets so they can grow and flourish in the global economy.