

Thriving in a Hot Economy

Entrepreneurs speak out on the impact of Vancouver's robust economy in 2006

October 2006





INTRODUCTION

The Greater Vancouver economy is firing on all cylinders. During the first nine months of 2006, key market drivers have showcased Vancouver's economic prosperity. Employment in the region is outpacing the rest of Canada, real estate and construction have demonstrated significant impact and retail sales have shown strong, continued growth.

In June 2006, Kevin Lawrence, a business coach, in collaboration with the Canada Export Centre, launched a survey to better understand the impact Vancouver's robust economy is having on local entrepreneurs and business leaders.

The primary objectives of the survey were to examine the:

1. Top priorities of Vancouver entrepreneurs and business leaders in 2006
2. Key business challenges and barriers to success in 2006
3. Resources that are most effective in helping entrepreneurs deal with challenges
4. Impact the current business climate is having on entrepreneurs' lifestyles

Highlights:

- Increasing revenue (59 percent), improving profitability (43 percent), and attracting more customers (41 percent) were reported as top goals for 2006.
- The top three challenges cited include increasing revenue (46 percent), hiring top talent (35 percent) and attracting new customers (27 percent).
- Over three quarters (76 percent) of respondents consider personal experiences to be one of the most valuable resources in helping them overcome challenges, while 57 percent indicated advisors and mentors are essential.
- Setting and communicating a strong vision of success (59 percent), working with top talent, advisors and suppliers (55 percent), and regularly setting goals (55 percent) are paramount in helping entrepreneurs deal with challenges.
- Nearly one third of respondents (32 percent) are buried in administrative work, with 31 percent indicating they are consumed by their business with little time left for themselves, their family or their friends.
- One half of respondents (50 percent) indicated exercise is an important factor in their ability to run a successful business.
- Only 21 percent of respondents stated that their businesses are successful and they are having fun in 2006.

¹ Vancouver Economic Development Commission, April 2006 Newsletter

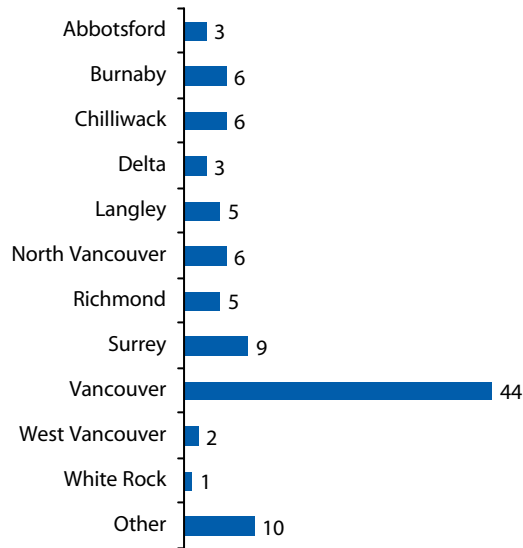


I. DEMOGRAPHICS

Business Location

This report is based on responses from entrepreneurs and business leaders in the Greater Vancouver region, extending from West Vancouver to Chilliwack. The majority of respondents (44 percent) were located in Vancouver.

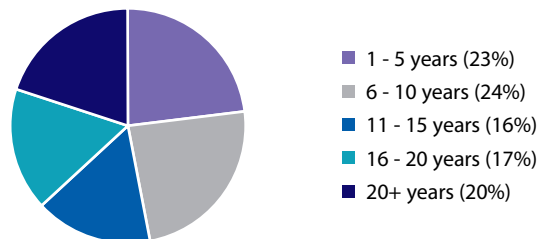
Business Location (Percentage of Respondents)



Entrepreneurial Experience

Eighty-four percent of respondents are business owners, partners or founders, compared to 12 percent of respondents who are running businesses on behalf of someone else and/or shareholders. Twenty-four percent of respondents have 6 – 10 years of entrepreneurial experience; twenty-three percent had 1 – 5 years as an entrepreneur. One fifth of respondents have more than 20 years experience.

Years of Entrepreneurial Experience





As shown, the majority of respondents (45 percent) are heavily investing their energy to build their business; 35 percent are focused on running their business.

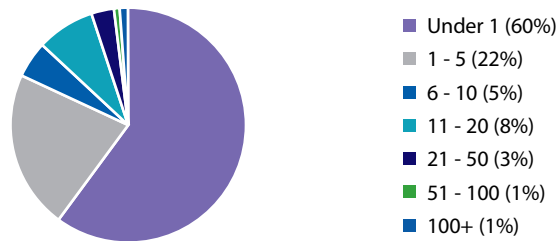
How would you describe the stage that you are personally at in your business?



Size of Organization

Organizations were categorized according to annual revenue, with the majority of respondents (60 percent) reporting less than 1 million in annual revenue.

Annual Revenue (Millions)

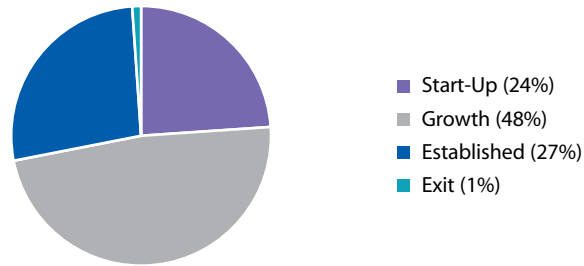


Stage of Business Development

Nearly one half of respondents (48 percent) operate businesses that are in the growth stage. Also noteworthy, only 1 respondent is in the exit stage, a surprising finding given the current economy. On the one hand, a hot economy would be an optimal time to sell in order to potentially maximize returns; but on the other hand, the data shows that most entrepreneurs are actually focused on increasing revenue. It will be worth watching to see if the number of people planning to exit increases when the economy slows down.



Stage of Development

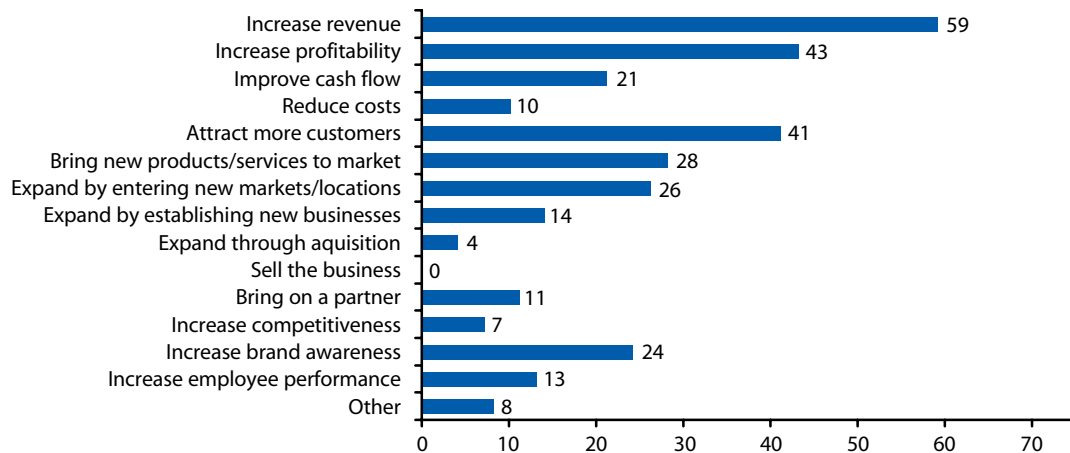


II. TOP PRIORITIES & CHALLENGES IN 2006

Revenue Growth – A Top Priority

The next section of the survey focused on the top goals and challenges for 2006. The first question asked survey participants to select three choices from a list of business goals; the top goal reported for 2006 is increasing revenue (59 percent), followed by improving profitability (43 percent) and attracting more customers (41 percent). Expanding through acquisition (4 percent) and increasing competitiveness (7 percent) ranked lowest; no one selected selling their business as a top goal. Respondents also noted expanding internationally, delegating more to employees, increasing efficiencies, and setting up formal processes and job descriptions as other top priorities.

What are your top business goals in 2006?





Increasing Revenue – The Imperative Challenge for 2006

The next set of questions examined top challenges in 2006, along with the decision-making strategies and resources entrepreneurs and business leaders are using to overcome challenges. Survey participants were asked to select three choices; increasing revenue was reported as the number one challenge (46 percent), followed by hiring top talent (35 percent), and attracting new customers (27 percent).

The survey did not ask respondents why increasing revenue is a top challenge, yet there are likely several factors. Businesses need to be positioned to take advantage of a hot economy by having operational systems and processes in place, great talent and the capacity to deliver spectacular value to customers. Are businesses set up to capitalize on the current economic boom? Do they have the right people in place, the capacity, or the time? Are there bottlenecks in their business, or are other factors holding them back?

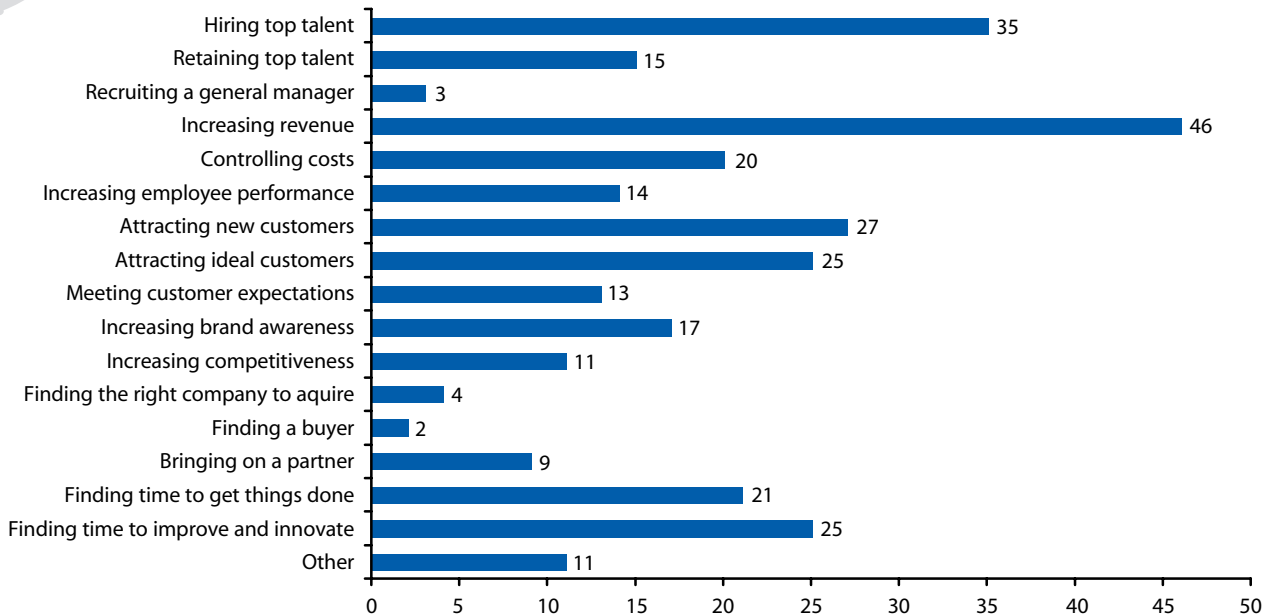
Also noteworthy, hiring top talent is a challenge (35 percent), and yet, retaining top talent (15 percent) or improving the performance of existing employees (14 percent) are rated much lower. Does this mean the entrepreneurs believe that new additions to their teams will solve their problems? Entrepreneurs and business leaders should avoid falling into the trap of only looking externally for solutions to challenges; they need to also consider optimizing what they have as the market and competition for talent tightens.

The survey also asked respondents to indicate what percentage of employees they considered to be excellent, and on average entrepreneurs only consider 60 percent of employees as first-rate. This number indicates that entrepreneurs can realize substantial improvements by upgrading the performance of current employees. Furthermore, the importance of retaining top talent will likely increase if key employees leave.

The need to optimize current assets also shows up in examining the customer-related responses from survey participants. Attracting new customers (27 percent) and ideal customers (25 percent) are rated high as challenges; yet meeting customer expectations (13 percent) and increasing competitiveness (11 percent) are low. The latter two strategies can be attractive for generating more revenue; but as the numbers indicate, respondents don't consider these areas to be key challenges. It may be that either they don't see the correlation between maximizing current customer value/competitiveness and increasing revenue, or they believe they are already performing well in these two areas.



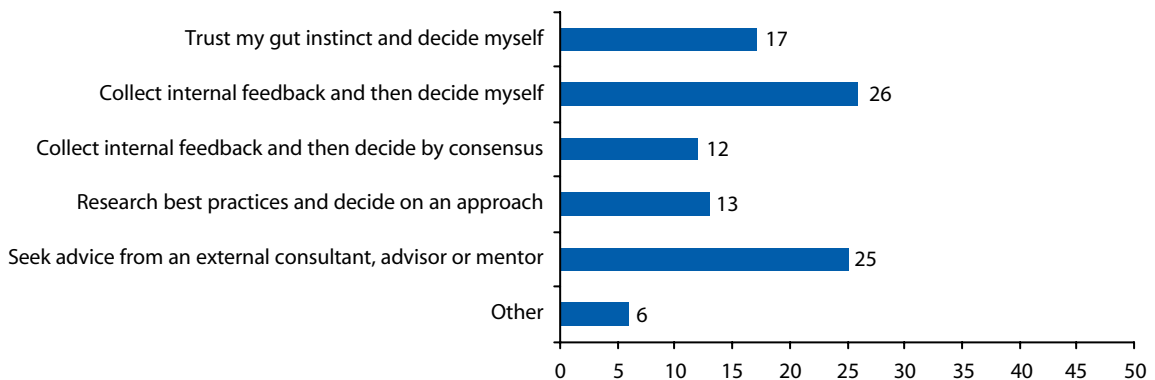
What are the top 3 challenges you face in 2006?



When faced with a major challenge, the majority of entrepreneurs seek guidance to make decisions

To better understand how entrepreneurs and business leaders make decisions, respondents were asked to select the approach used most often when dealing with a major challenge. Collecting feedback internally (26 percent) prior to making decisions is the approach entrepreneurs use most often, followed very closely by seeking advice from external consultants, advisors or mentors (25 percent). Only 17 percent of respondents rely primarily on their gut instinct when making decisions.

How do you make decisions when faced with a major challenge?

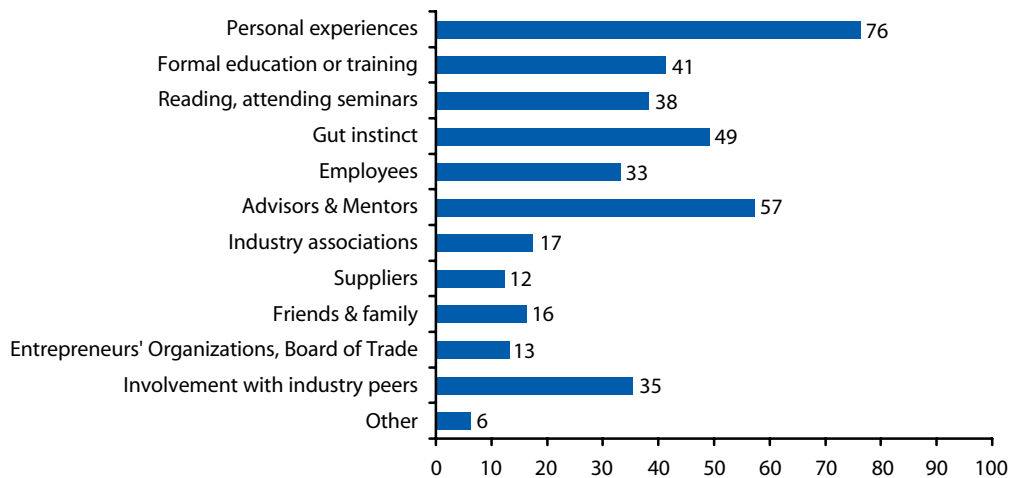




Entrepreneurs rely on personal experiences, and advisors and mentors to overcome challenges

The resources entrepreneurs and business leaders find most valuable to overcome challenges was explored in a question in which respondents were asked to check all that apply. Over three quarters (76 percent) of respondents consider personal experiences to be one of the most valuable resources in helping them overcome business challenges. Fifty-seven percent indicated that advisors and mentors are essential, while 49 percent rely on gut instinct to deal with challenges. Industry associations (17 percent), friends and family (16 percent), suppliers (12 percent), and involvement with entrepreneurs' organizations, the Board of Trade and other organizations (13 percent) ranked lowest. These responses highlight an opportunity for these organizations to optimize their programs to help entrepreneurs overcome major challenges.

What resources are most valuable in helping entrepreneurs overcome challenges?



When entrepreneurs and business leaders were asked what factors increase their ability to deal with challenges, they reported that setting and communicating a strong vision of success (59 percent), working with top talent, advisors and suppliers (55 percent), and regularly setting goals (55 percent) as paramount. Taking action quickly (48 percent) and using customer feedback to better understand and anticipate needs (46 percent) were also high. Interestingly, increasing revenue is the biggest priority—and the biggest challenge—and yet the data indicates that less than one third of respondents (32 percent) believe that using financial numbers increases their ability to deal with challenges.



What factors increase your ability to deal with challenges?



Nearly one third of entrepreneurs are buried in administrative work in 2006

The next question explored the impact of Vancouver's strong economic climate on entrepreneurs and business leaders. Nearly one third of respondents (32 percent) indicated that they are buried in administrative work, with 31 percent indicating that they are consumed by their business with little time left for themselves, their family or friends. Thirty percent report it's business as usual. And, 21 percent stated their businesses are successful and they are having fun.

In 2006, which of these apply?





Entrepreneurs believe they excel in overcoming challenges

The next question asked respondents to rate their ability to overcome challenges on a scale of 1 to 10 (1 being Poor, 10 being Excellent). Less than one half of respondents (49 percent) consider their ability to overcome challenges as an 8 or higher.

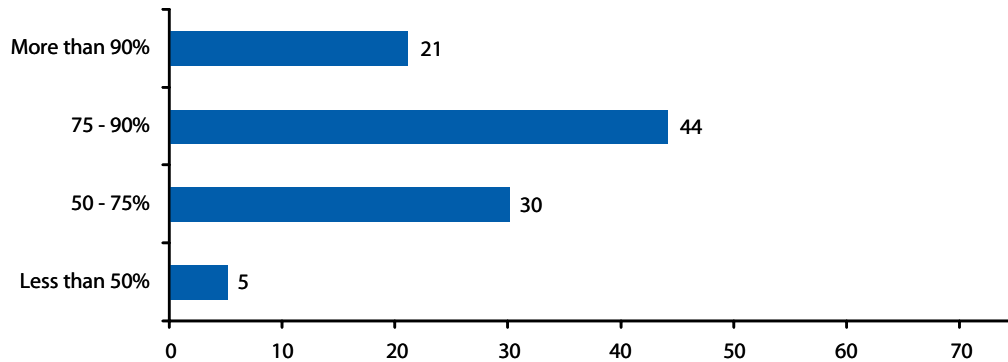
On a scale of 1 to 10, how would you rate your ability to overcome challenges (1 being poor, 10 being excellent)?

Poor								Excellent	
1	2	3	4	5	6	7	8	9	10
0%	0%	5%	0%	8%	9%	29%	34%	11%	4%

People problems and administrative work consume entrepreneurs' energy in 2006

The final three questions in this section examine how much entrepreneurs and business leaders actually enjoy their work, and which aspects of their business consume the most energy. When survey respondents were asked what percentage of their work they enjoy, only 21 percent indicated they enjoy more than 90 percent of their work. The majority of respondents (44 percent) stated they enjoy 75 – 90 percent of their work.

What percentage of your work do you enjoy?



When asked what consumes the majority of respondents' energy, managing people and the administration of day-to-day activities top the list. Other things consuming energy include:

- Information management – dealing with emails and phone calls
- Fulfilling client requests
- Finding new clients
- Internal disputes and employee relations
- Finding the right business to buy
- Strategic planning



Deadlines, cash flow and finding clients keep entrepreneurs and business leaders up at night

Respondents were also asked to identify one aspect about their business that keeps them up at night. Answers include:

- Worrying about meeting deadlines
- Managing cash flow
- Finding clients; new business development
- Meeting client expectations
- Finances
- The impact of Canadian dollar gains against the US dollar
- Making payroll and paying bills
- Political power issues
- Employees
- Not getting things done; ongoing projects with no end in sight



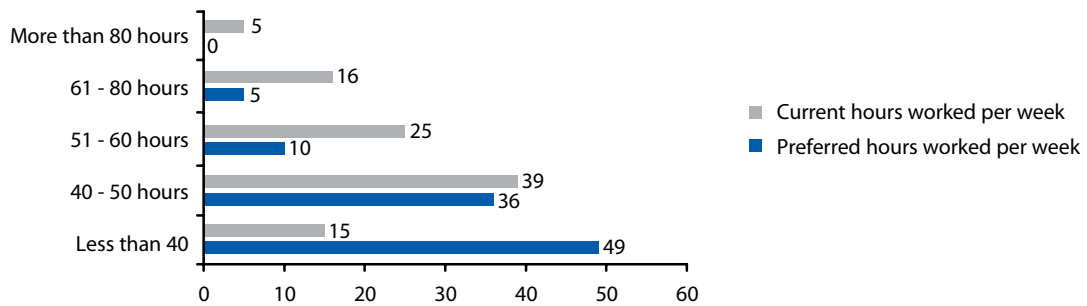
III. THE ENTREPRENEURIAL LIFESTYLE

The final section focused on the lifestyle aspects associated with being an entrepreneur or business leader in Vancouver in 2006, and encompassed questions ranging from the number of hours worked per week and vacation time, to the importance of exercise in running a successful business.

Entrepreneurs and business leaders strive to work less

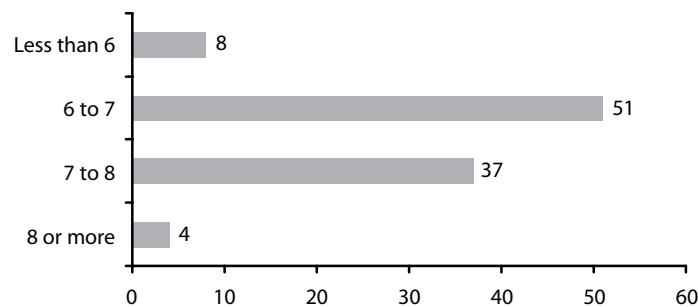
Entrepreneurs and business leaders were asked to provide details on the number of hours they currently work versus the number of hours they would prefer to work. Thirty-nine percent of respondents work 40 – 50 hours per week, and not surprisingly, nearly half of those surveyed (49 percent) would prefer to work less than 40 hours a week.

Hours worked per week (current and preferred)



Entrepreneurs in Vancouver are still sleeping well at night, despite the fast-paced economy. When asked how many hours they sleep each night, only 8 percent of respondents said they sleep less than 6 hours per night; 51 percent said they sleep 6 – 7 hours each night; 37 percent said 7 – 8 hours, and 4 percent sleep more than 8 hours per night.

How many hours of sleep do you get each night?

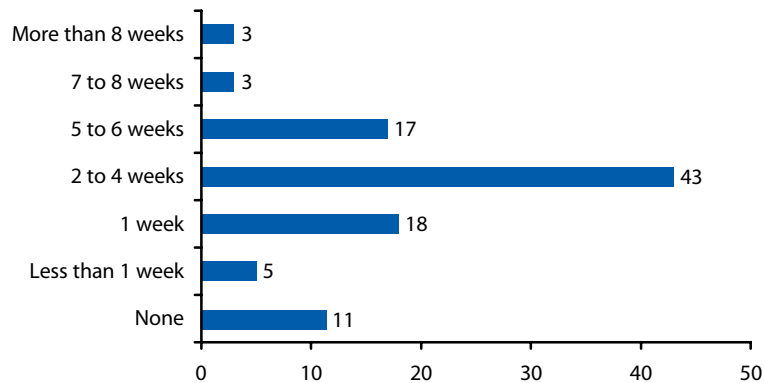




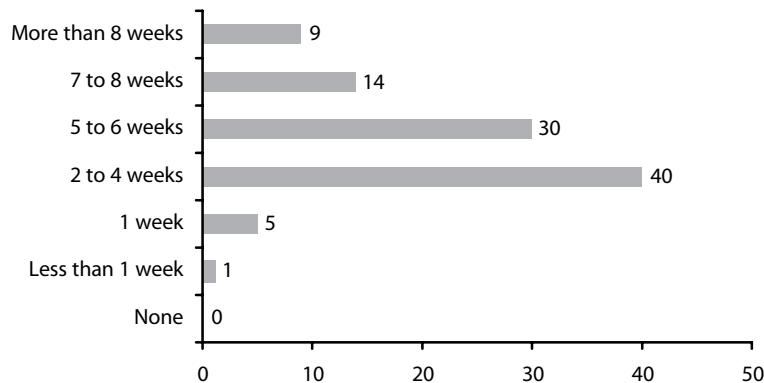
Only 13 percent of entrepreneurs enjoy work-free vacations

One of the benefits of being an entrepreneur or business leader is the ability to have more ownership over your personal and professional life... or is it? In examining planned versus preferred vacation time in 2006, and the amount of time entrepreneurs and business leaders work on weekends, the survey indicates that this perception is not accurate—respondent's personal time is being consumed by work. Currently, 11 percent of respondents plan to work without taking a vacation, and only 23 percent of respondents are taking 5 or more weeks. This figure compares to 53 percent of respondents that would prefer to take five or more weeks off in 2006.

Planned vacation time in 2006



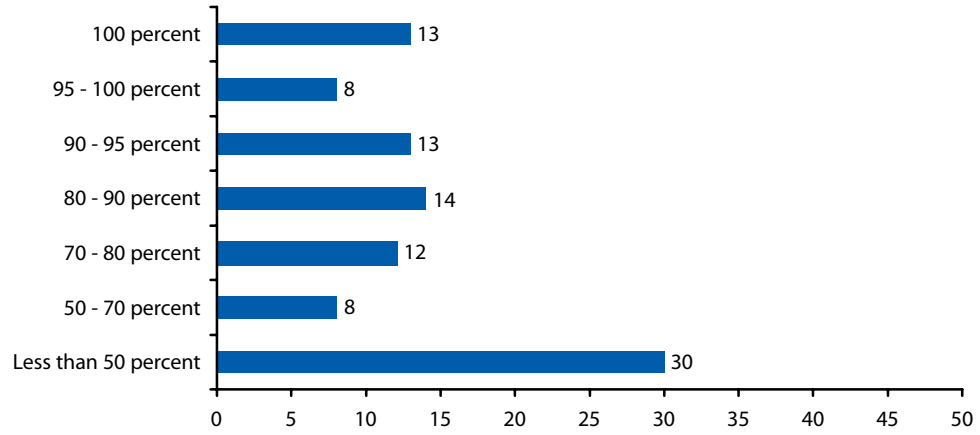
Preferred vacation time in 2006



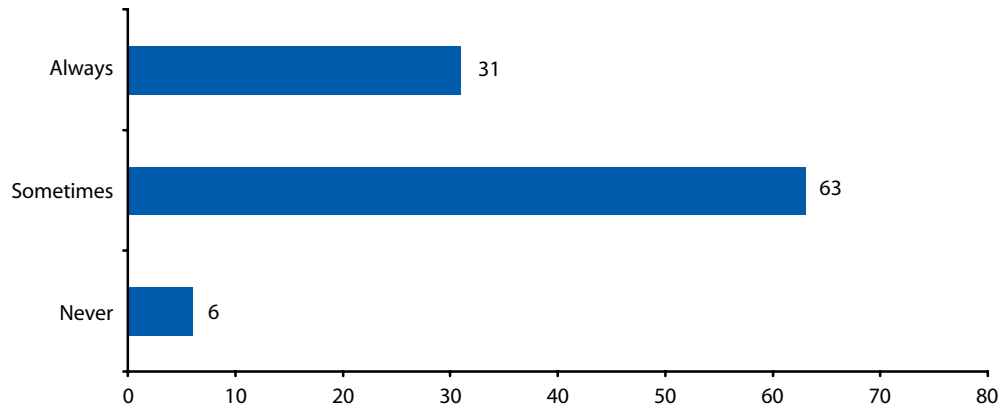
For entrepreneurs and business leaders who do take vacations, work is likely accompanying them. An overwhelming 94 percent of respondents stated they either always—or sometimes—work on weekends. Furthermore, only 13 percent of respondents indicated their vacation time is completely free from work with absolutely no BlackBerry usage, calls to the office or attendance at tradeshows. Surprisingly, of the respondents who do take work-free vacations, the majority (76 percent) operate businesses in a growth mode, reinforcing that entrepreneurs can take work-free vacations even when they are focused on growing their business.



What percentage of your vacation time is completely free from work?



How often do you work on weekends?

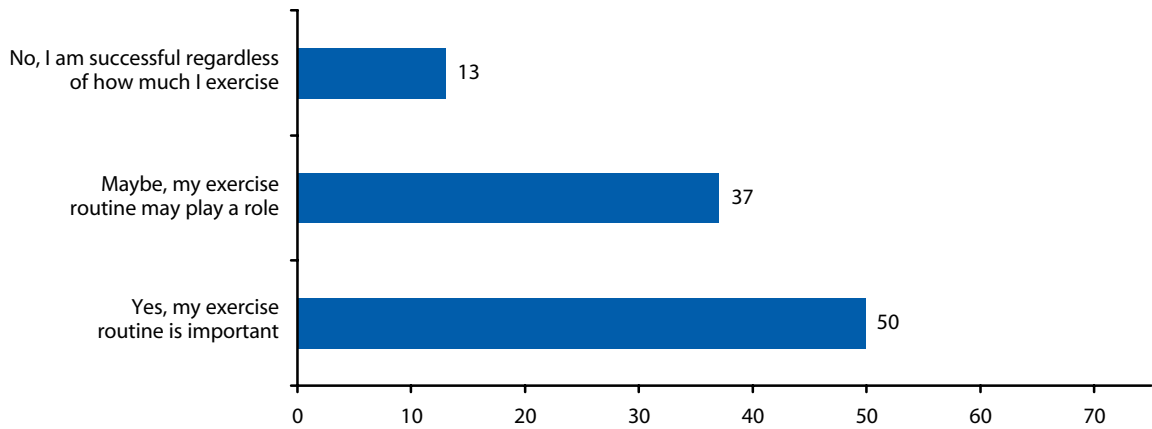




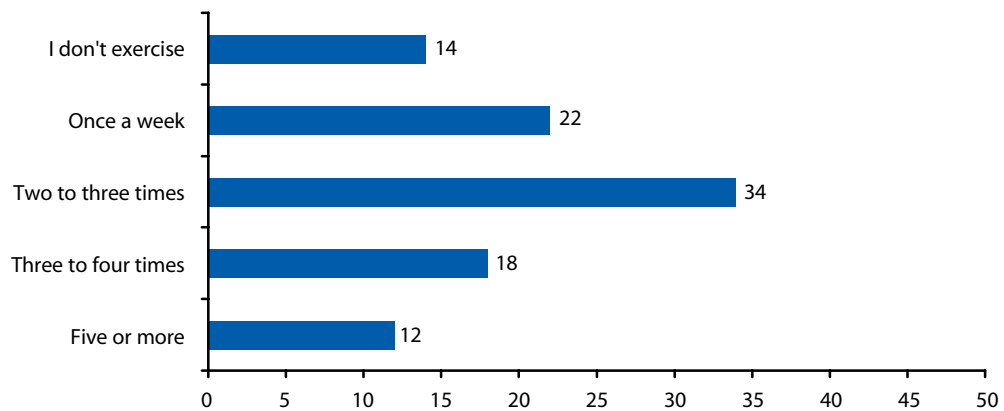
Exercise plays an important role in an entrepreneur's ability to run a successful business

One half of respondents (50 percent) indicated that exercising is an important factor in of their ability to run a successful business. Thirty-seven percent stated that exercise may play a role in helping them run a successful business, and only 13 percent indicated that they are successful regardless of how much they exercise. In addition, 30 percent of respondents reported that they exercise more than three times per week.

Does exercise play an important part in your ability to run a successful business?



How often do you exercise (times per week)?





Working less, spending more time with family and friends, and hiring top talent were all cited as things that need to happen for entrepreneurs and business leaders to feel more fulfilled in 2006

The final two questions examined the personal satisfaction or fulfillment that respondents experience in exchange for the commitment and investment they make as an entrepreneur or business leader. Only 14 percent of respondents indicated that they were very fulfilled (10 out of 10). Sixty percent rate their personal fulfillment as 8 or greater. And, only 12 percent are somewhat fulfilled (5 out of 10).

On a scale of 1 to 10, how would you rate the personal fulfillment (or satisfaction) that you experience in exchange for the commitment and investment you make as an entrepreneur or business leader?

Unfulfilled				Somewhat fulfilled			Excellent		
1	2	3	4	5	6	7	8	9	10
0%	2%	2%	2%	12%	12%	9%	24%	22%	14%

When asked what needs to change in their business and/or personal life for their personal fulfillment to increase, working less, spending more time with family and friends, and hiring top talent all topped the list. Respondents also indicated the following as areas for improvement:

- Greater financial stability
- Adding more clients to diversify the client base
- Less mundane/routine work
- Giving back more to the community
- Better time management
- Exercising more
- Taking time to enjoy the rewards of success
- Taking time to recharge
- Learning to see things from different perspectives



What can we learn from entrepreneurs and business leaders who are thriving and having fun in 2006?

The majority of entrepreneurs and business leaders in Vancouver face considerable challenges in 2006. Thirty-two percent are buried in administrative work, 31 percent are consumed by their business, 21 percent are so busy, they've stopped having fun, 28 percent don't have time to exercise, and 19 percent don't have time for vacations. Yet, just over 21 percent said, 'my business is very successful and I am having fun.'

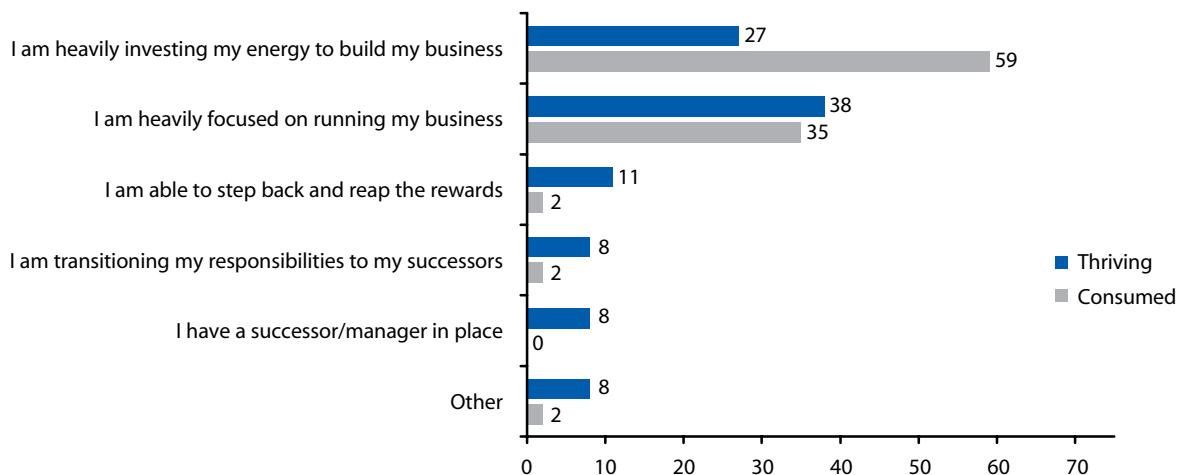
To examine the differences between those that are thriving compared to those that are not, the responses to: 'In 2006, which of these apply?' were divided into two primary groups:

Group A 'Thriving'	Group B 'Consumed'
<ul style="list-style-type: none"> • Freed up and able to work less • Don't face as many challenges • Have more time to exercise and enjoy other personal interests • Have more time for vacations • My business is very successful, and I'm having fun 	<ul style="list-style-type: none"> • Consumed with my business with little time left for myself, my family and friends • Buried in administrative work • Too busy to have fun • No time to exercise • No time for vacations

For comparison sake and for simplicity, Group A will be the 'thriving' group, and Group B will be the 'consumed' group.

The first difference in responses appeared in the answer to: 'How would you describe the stage you are at personally in your business?' Only 27 percent of thriving entrepreneurs are heavily investing their energy to build their business, with 38 percent focused on running their business. For those entrepreneurs that feel consumed in 2006, 59 percent are focused on building, with 35 percent focused on running their business.

How would you describe the stage you are personally at in your business?

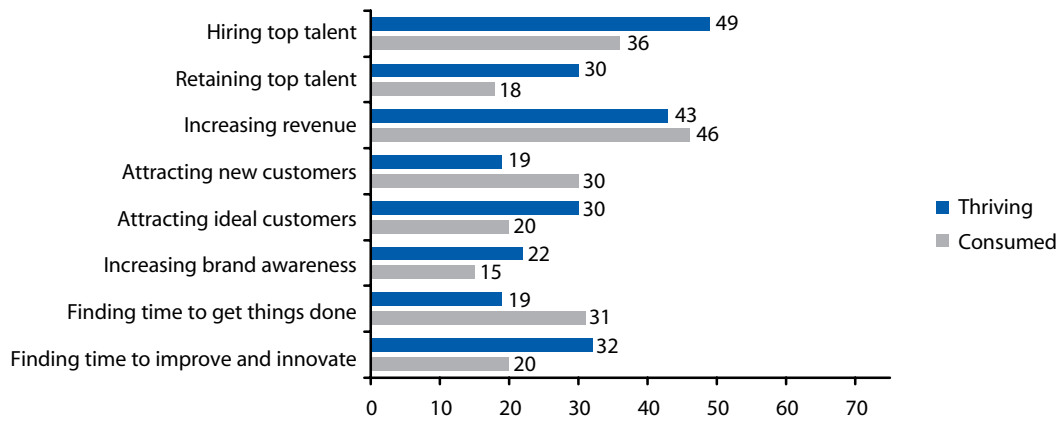




The next difference appears in comparing challenges. For entrepreneurs and business leaders that are thriving, hiring top talent (49 percent) is the number one challenge in 2006, followed by increasing revenue (43 percent); whereas, consumed entrepreneurs noted increasing revenue as the number one challenge (46 percent) followed by hiring top talent next (36 percent).

Not surprisingly, 31 percent of consumed respondents believe that the lack of time to get things done is their third top challenge, versus 19 percent for thriving respondents. And, only 20 percent of consumed entrepreneurs cite finding time to improve and innovate as a top challenge versus 32 percent of thriving entrepreneurs.

Top challenges in 2006: Consumed versus Thriving

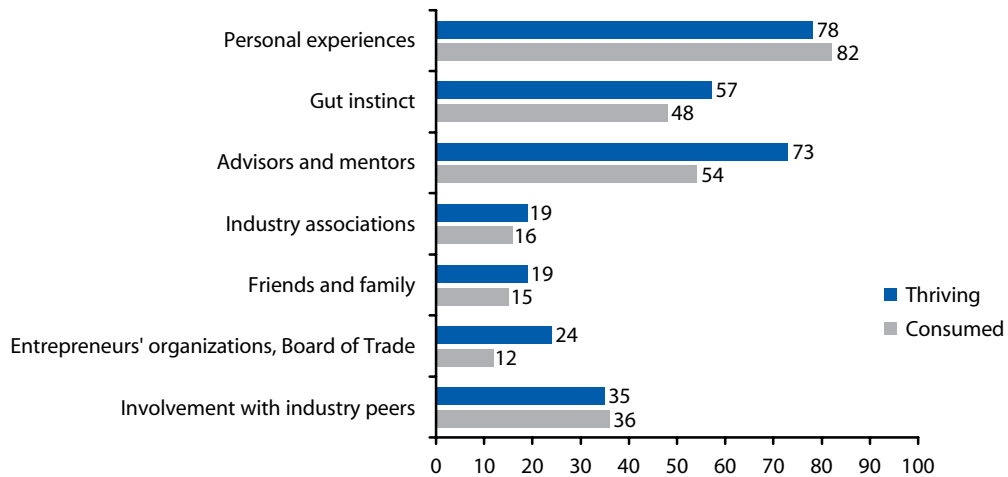


It appears from this data that while consumed entrepreneurs are just trying to get things done day by day, thriving entrepreneurs are focused on planning for the future, with a strong focus on hiring and retaining top talent and innovating products and services.

To overcome challenges, 78 percent of thriving entrepreneurs and business leaders rely on personal experiences, while 73 percent turn to advisors and mentors for guidance. Personal experiences are a key resource for 82 percent of consumed entrepreneurs, with only 57 percent turning to advisors and mentors. Another notable difference is the involvement with entrepreneurs' organizations and the Board of Trade. Twenty four percent of thriving entrepreneurs rely on these organizations as a resource when it comes to challenges, compared to 12 percent of consumed entrepreneurs and 13 percent of respondents overall. This data suggests that entrepreneurs who thrive in 2006 have the confidence necessary to turn to external resources, such as entrepreneurs' organizations and the Board of Trade, for guidance.



What resources are most valuable in helping you overcome challenges?

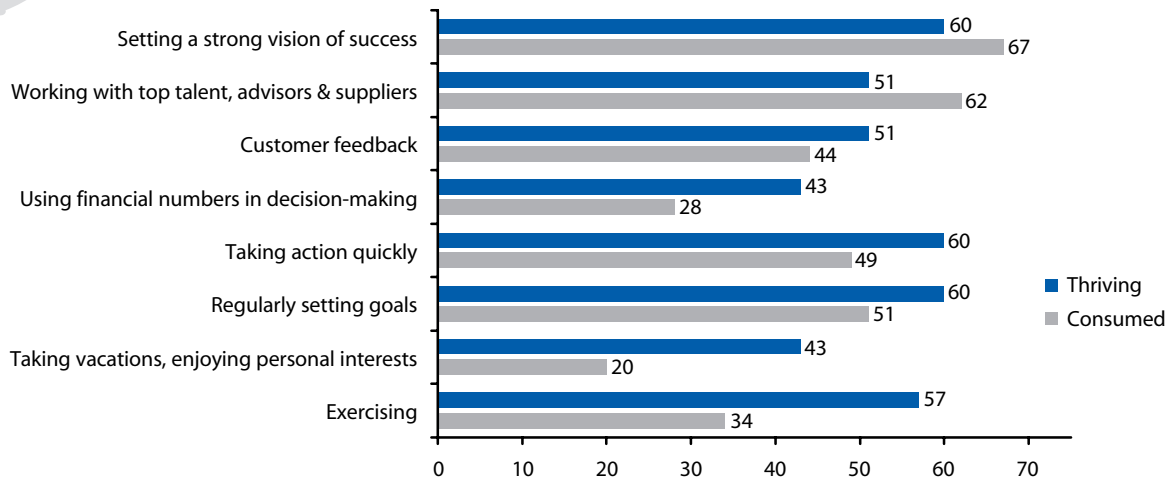


The survey also examined the factors that increase entrepreneurs' ability to deal with challenges; nearly two thirds of thriving entrepreneurs (60 percent) indicated setting and communicating a strong vision of success, taking action quickly and regularly setting goals as equal in helping them deal with challenges. Nearly 70 percent of consumed entrepreneurs noted setting and communicating a strong vision of success as paramount in helping them deal with challenges, with 62 percent stating that working with top talent, advisors and suppliers is important. Using financial numbers to guide decision-making solicited widely varying results; forty-three percent of thriving entrepreneurs rely on financial numbers, whereas only 28 percent of consumed entrepreneurs consider this factor to be important.

Exercising and taking vacations are also important factors in helping thriving respondents deal with challenges—57 percent stated that exercise is important, while 43 percent stated that taking vacations and enjoying personal interests is important. Consumed respondents rank these two factors considerably lower—only 34 percent of consumed respondents rate exercise important, while only 20 percent believe taking vacations is important. This data demonstrates that entrepreneurs and business leaders who find themselves consumed in 2006 have a tremendous opportunity to shift their mindset around the importance of exercising regularly and taking vacations, thereby increasing their ability to successfully overcome challenges, just like their thriving counterparts.

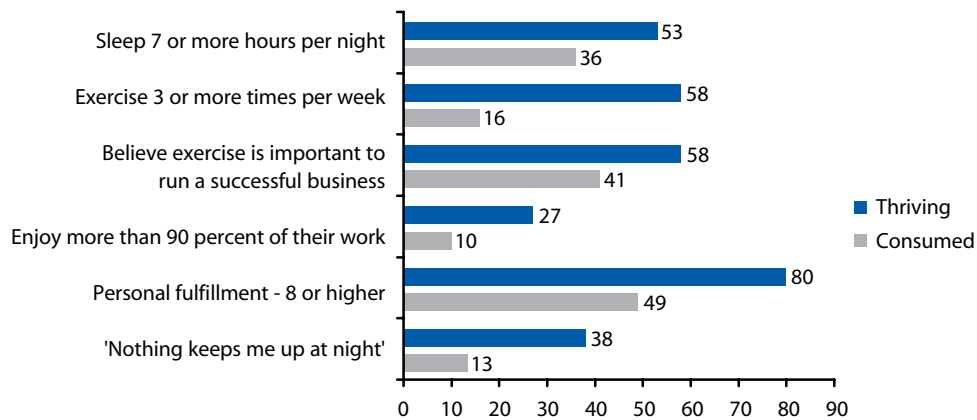


What factors increase your ability to deal with challenges?



The last set of differences between these two groups appears in examining additional lifestyle factors. Overall, the majority of thriving entrepreneurs sleep more than seven hours each night, exercise three or more times per week and believe exercise is an important factor in running a successful business. In addition, over one quarter of thriving respondents (27 percent) enjoy more than 90 percent of their work.

The Entrepreneurial Lifestyle: Consumed versus Thriving



Entrepreneurs and business leaders who are consumed in 2006 provided significantly different responses. Only 36 percent sleep more than seven hours per night; less than one fifth (16 percent) exercise three or more times per week; less than half (41 percent) believe that exercise is important, and only 10 percent enjoy more than 90 percent of their work. Furthermore, of the thriving respondents, 80 percent rate their personal fulfillment from being an entrepreneur as an 8 or higher. This figure compares to only 49 percent for those consumed by their businesses.

And finally, only 13 percent of consumed entrepreneurs stated that they sleep well when asked to name one aspect of their business that keeps them up at night. The majority of consumed entrepreneurs are losing sleep over cash flow, accounting, making payroll and deadlines. Whereas, 38 percent of thriving respondents stated 'nothing' keeps them up at night.



IV. CONCLUSION

This survey demonstrates that there are considerable challenges for entrepreneurs and business leaders in Vancouver, despite the fact that it's a growing and thriving economy. Nearly two thirds of entrepreneurs are on a quest for greater revenue with nearly half indicating that they are challenged to achieve their revenue goals. In addition, thirty-five percent of respondents state that hiring top talent is a challenge, a finding that concurs with other reports of talent shortages in greater Vancouver.

In many ways, this survey uncovers some worrisome concerns, in particular the encroachment of work on our personal time. Most notably, an overwhelming 94 percent of respondents stated they either always - or sometimes - work on weekends. Furthermore, only 13 percent of respondents indicated their vacation time is completely free from work with absolutely no BlackBerry usage, calls to the office or attendance at tradeshow. Now, this data would be understandable if entrepreneurs enjoyed their work tremendously, but, the data also indicates that only 21 percent of respondents enjoy more than 90 percent of their work.

The survey also offers interesting insight when comparisons are made between the small group (just over one fifth) of entrepreneurs that are thriving in 2006 with those that are not, namely the 32 percent of Vancouver entrepreneurs and business leaders who are buried in administrative work, the 31 percent who are consumed by their business, the 21 percent who are so busy, they've stopped having fun, the 28 percent that don't have time to exercise, and the 19 percent who don't have time for vacations. It is with this insight that dissatisfied entrepreneurs can examine and implement areas to change or improve.

Entrepreneurs and business leaders must be positioned and equipped to achieve their goals, even in a hot economy, otherwise they are seriously vulnerable to greater challenges if and when the economy takes a turn for the worse. Our experience confirms that entrepreneurs who thrive share a common set of traits, management styles and guiding principles, giving them a strong sense of entrepreneurial stewardship over the businesses they operate. They tend to:

- Structure their business environment in a way that helps them focus on what they enjoy
- Employ the best talent possible
- Use smart retention strategies to keep talent
- Turn to feedback mechanisms, including customer, partner and employee surveys to continuously improve the way they do business
- Drive their business by the numbers and maintain a firm understanding of the numbers in relation to revenue growth and the bottom line
- Set goals and deliver results, while constantly measuring performance
Most importantly, they don't procrastinate
- Understand that taking work-free vacations, exercising and finding time to have fun all impact success

Essentially, if an entrepreneur wants to overcome challenges and prosper, regardless of the strength of economy, they need to look at entrepreneurs and business leaders who are thriving. And, in most cases they will find that entrepreneurs and business leaders who do well in business are simply doing things that we all know are broadly accepted as good habits and smart business strategies.



COACH Kevin
GET WHAT YOU REALLY WANT. NOW.

Kevin Lawrence is a business coach, speaker and agent of change, who is driven by a relentless passion for helping entrepreneurs and business leaders get what they really want, in business and life. He deeply believes that entrepreneurs can have tremendous business success along with an enriching, adventurous and fulfilling lifestyle, taking a 'have your cake and eat it too' mentality to an entirely new level.

With more than a decade of hands-on experience as a business coach to hundreds of entrepreneurs and business leaders across Canada and the United States, Kevin is an expert at helping clients overcome major obstacles, deal with tough decisions and capitalize on new opportunities to achieve breakthrough results. His strategies, style and savvy approach have helped his clients increase revenue, profitability and productivity; build higher caliber teams; attract ideal (and eliminate headache) clients; and, reduce stress levels and hours worked so that they are freed up to live their personal version of outrageous quality of life.

For more information, visit www.CoachKevin.com or call 1-877-564-6224.

Canada Export Centre

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