2011 Thunder Bay Small Business Opinion Survey

June 2011

14th Annual Report

Presented by Thunder Bay Ventures

To examine the attitudes of the business community towards specific issues and developments in the local community.

Executive Summary

Completion of the "2011 Thunder Bay Business Opinion Survey" marks the fourteenth year since the inception of the survey, which gives a voice to the small business community of the region. The Thunder Bay Business Opinion Survey provides third parties with an in-depth analysis of the thoughts of small businesses. The findings of the survey include both quantitative and qualitative aspects and also examine the recent and future environmental conditions that small businesses operate under. Every effort was made to ensure that the statistics and data represented the population and that all bias was eliminated.

The survey presented findings in several key areas that should be noted:

1. Hiring expectations for the next 12 months have increased considerably in comparison to last year's results with 51% of firms planning to hire additional employees, up from 39% in 2010. 49% of firms are not planning to hire additional employees, and 0% are planning to lay off employees. The employment trends in the last five years indicate that the number of firms planning to expand is increasing. It is important to notice that those firms planning to hire currently employ 10 full time workers and 4 part time employees, while those not planning to hire consist of a smaller work force.

2. 68% of respondents feel that economic growth in Thunder Bay is positive. There has been a significant trend in the past four years indicating increasing confidence among small business owners that the economy is on track to recovery. In 2008 only 20% of respondents felt optimistic towards economic growth. Over the past five years this number has continually increased to its current peak of 68%.

3. Perception that the mining industry is having a positive impact on Thunder Bay's economy has remained strong over the past three years. Thunder Bay's small business owners gave mining a score of 3.48 out of 5, ranking it as the most important industry sector. Mining is also ranked very high in regards to its importance to the future of Thunder Bay. Conversely, while respondents feel that forestry is not important to the future of Thunder Bay's economy. The OLG Casino has maintained a steady score of 2.41, indicating that business owners still perceive the impact of the casino negatively. The score of the waterfront development has dropped significantly since last year, from 3.35 to 2.99, indicating that small business owners are losing faith in the benefits of this process.

4. Small business owners showed a significant increase in their expectation of future security. In 2010, only 77% of small businesses felt secure while the 2011 survey now shows that 83% of respondents possess a feeling of security. This increase shows a strong positive trend since 2005. This should be monitored closely in the future to determine what effect the current conditions are having on small businesses.

5. Respondents' perceptions in regards to the City of Thunder Bay meeting their needs are not positive. Almost every factor that was questioned has dropped from last year's results, and all the results are below the midpoint of three. This indicates that the City of Thunder Bay is not meeting the needs of Thunder Bay's small business owners.

6. Small business owners seem to have a reached a near consensus that raising taxes in the short-term to eliminate deficits at a faster pace is not a good idea. 87% of respondents feel that this is a bad idea, which is following a trend in comparison with the previous year's results.

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Research Objectives

It is time once again to offer the results of this year's Thunder Bay Business Opinion Survey. The objective of this study is to examine the attitudes and behaviours of small businesses in the Thunder Bay Census Metropolitan Area (CMA). The three specific areas of concentration are in: (1) gauging both the attitudes and trends of the small business community with regard to the current and future business climate in Thunder Bay; (2) identifying factors most critical to the development of the City's economy beyond the year 2011, and (3) examining the attitudes of the business community toward specific issues and developments in the local community. The survey also provides respondents with the opportunity to openly comment on any issue they choose.

This approach has led to the development of new questions within subsequent surveys and continues to provide valuable and candid feedback of small business owners' thinking. The study is conducted under the auspices of Thunder Bay Ventures; an organization funded by Industry Canada through FedNor, as part of the federal government's Community Futures Development Program. Thunder Bay Ventures has a mandate to conduct research on issues relevant to community economic development, in addition to providing financing and support to small businesses. The 2011 annual survey was conducted in May and June of this year.

Methodology and Response

The specific population studied for this research is primarily firms with less than 35 full-time employees, regardless of revenues or types of business activity. The population is located in the Thunder Bay CMA and has no affiliation with a particular industry sector. Included with the questionnaire was a letter of introduction explaining the purpose of the survey as well as details of a response incentive. During a 3-week data collection period, 700 surveys were delivered with 93 surveys returned (13.29%), which is down 3.14% from last year's response rate of 16.43%.

The survey uses a systematic random sample approach and is delivered through Canada Post. Each survey is addressed to the identified owner of the business. The questionnaire uses a Likert scale (1 to 5) response format as well as categorical response options for assessing frequency and descriptive data (see Appendix A). The survey is 8 pages and has approximately 150 questions. Respondents are also offered the opportunity to openly express opinions regarding Thunder Bay's economy. Many respondents did provide additional feedback on one or more of the open-ended questions in section B as well as section C. A random selection of the comments is provided in the report. These responses are opinionated comments and do not present any significance or trend.

In keeping with statistical practice, an examination of the questionnaire's reliability and numerous validity measures were performed.

Respondent Profile

Provided in the Respondent Profile section is general demographic results for the 2011 survey respondents. The percentage results that are provided are from those individuals who responded to the specific questions, therefore excluding those who did not respond to the question properly or failed to respond at all. Respondent characteristics appear to reflect the small business population and are consistent with characteristics exhibited in previous years.

Table 1

Gender	**Percentage**
Male	62%
Female	38%

Table 2

Average Age of Respondent	50.68

Table 3

Average Years in Business	20.06

Table 4

Type of Business	**Number**
Retail	40
Wholesale	5
Manufacturing	13
Professional Services	21
Personal Services	13
Other	19

Table 5

Legal Status of Business	**Percentage**
Sole Proprietorship	37%
Partnership	11%
Corporation	52%

Table 6

Education Level of Owner	**Percentage**
High School	27%
College	25%
University	48%

Table 7

Categories for Economic Development	Percentage
Women	85%
Aboriginal	15%
Francophone	4%
Youth (under 30)	17%

Table 8

Type of Employee	Average Number	Maximum	Minimum
Full Time	8	85	0
Part Time	6	100	0

Table 9

Change in Employment (2010 Fiscal Year)	Percentage
Increased	30%
Remained the Same	69%
Decreased	1%

Table 10

Actual Sales/Billings (2010 Fiscal Year)	Percentage
Less than $25,000	11%
$25,000 - $49,999	6%
$50,000 - $99,999	7%
$100,000 - $249,999	18%
$250,000 - $499,999	17%
$500,000 - $999,999	9%
$1 Million - $5 Million	26%
$5 Million +	8%

Table 11

Change in Sales Volume (2009-2010)	Percentage
Increase greater than 10%	36%
Increase greater than 0% and less than 10%	36%
Decrease greater than 0% and less than 10%	20%
Decrease greater than 10%	8%

Current Small Business Issues

The “Current Small Business Attitudes” section is focused on understanding the current posture of small business owners given their previous experiences and future expectations. The mean scores are provided in the following tables. Major deviations away from the center (3.00) indicate that this factor is an area to watch as well as a possible emerging trend in either direction. These results are shaded.

The following table depicts the shading legend used throughout the report.

Large Deviation From the Mean	
Significant Change From 2010	

1. Respondent Expectations

Table 13

Anticipated Sales Increase For 2011	**Percentage**
Yes	63%
No	37%

Small business owners appear to be rather positive in terms of sales increases, as 63% of respondents feel that their sales will increase in the next fiscal year.

Table 14

Hiring Expectations (next 12 months)	**Percentage**
Hiring Additional Employees	51%
Not Hiring Any New Employees	49%
Laying Off Employees	0%

Hiring expectations for the next twelve months have changed slightly as 51% of businesses are expecting to hire additional employees, up from 39% in 2010 (Table 14). It is also important to note that although 39% of firms expected to hire additional employees in 2010 only 30% actually did (Table 9). Layoff expectations for the next twelve months are down 3% from 2010 to 0% (Table 14). Those firms that are planning to hire additional employees in 2010 employ on average 10 full time employees and 4 part time employees. Figure 1 on the following page shows the changes in hiring expectations over the past three years.

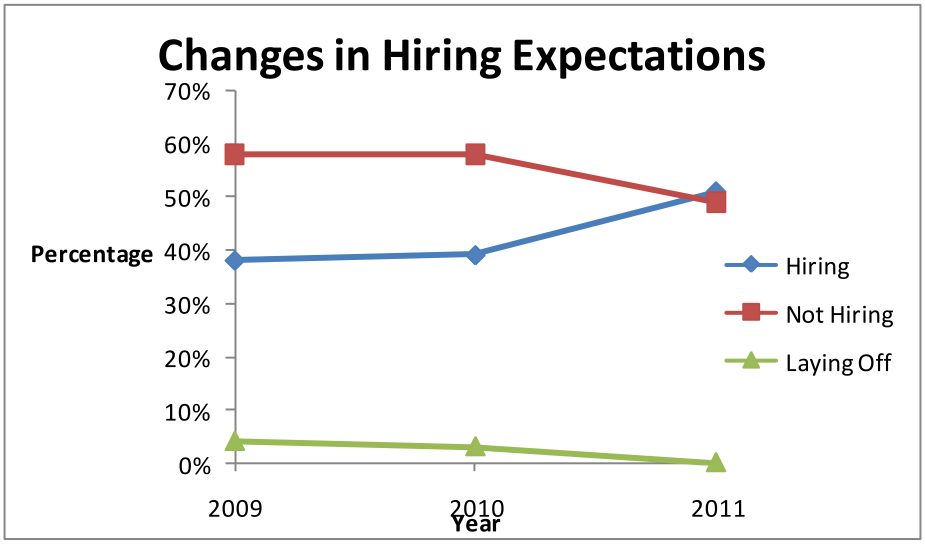

Figure 1

2. Challenges Often Encountered by Businesses

Below is a list of challenges that are often encountered by businesses, please indicate the extent to which the following issues have been a problem for your business in the past 12 months.

Not a Problem (1) – Significant Challenge (5)

Table 15

Issue in Question	2011	2010	2009	2008
Declining Sales	2.48	2.86	2.89	2.66
Availability Of Skilled Labour	2.79	2.86	2.59	3.01
Weather Conditions	2.16	2.18	2.21	2.38
Raising Capital/Securing Business Loans	2.10	1.96	2.16	2.00
Increased Competition	2.66	2.82	2.53	2.52
Access To Market Research, Business Advice	1.97	1.86	2.17	2.12
Government Paperwork Requirements	2.94	3.00	2.88	2.91
Municipal Zoning/Building Requirements	2.14	2.07	1.97	1.94
CDN/US Exchange Rate	2.04	2.15	2.54	2.31
Union Restrictions	1.39	1.32	1.27	1.53
Electricity Rates	3.11	2.70	2.64	2.78
Gasoline and Fuel Rates	3.70	3.33	3.19	3.90
Taxes	3.56	3.64	3.36	3.49

The concern of small business over raising capital/securing business loans, access to market research and business advice, municipal zoning/building requirements, union restrictions, and electricity, gasoline and fuel rates have increased somewhat in comparison to last year's results (Table 15). Gasoline and fuel rates as well as taxes appear to be the biggest concern of small business owners, while union restrictions are the least of their concerns.

3. Importance of Factors to Sales and Revenue

How important were the following factors to your sales/revenue performance to the 2009 fiscal year?

Not Important (1) – Very Important (5)

Table 16

Factor in Question	2011	2010	2009
Inventory Price Increases	2.89	2.79	2.67
Advertising/Promotion	3.04	2.86	3.11
General Economic Climate	3.68	3.86	3.90
Change In Product/Service Offering	2.65	2.32	2.34
Staff-Related Issues (e.g., Training)	2.36	2.46	2.12
Change In Competitive Environment	2.79	2.97	2.46
Weather	2.18	2.18	2.24
New Markets (e.g., Exports)	1.89	1.71	1.78
CDN/U.S. Exchange Rate	2.34	2.16	2.64
Insurance Rates	2.91	2.77	3.22
Cross Border Requirements	2.20	1.96	2.09
Gasoline and Fuel Rates	3.64	3.28	3.37
Electricity Rates	3.35	2.94	2.98
Natural Gas Rates	2.76	2.60	-

Firms feel that the general economic climate is most important to the success of one's business, although slightly less important than in last year's results (Table 16). New markets do not seem to affect small business owners very much at all. Figure 2 depicts the trends of three significant challenges that businesses face.

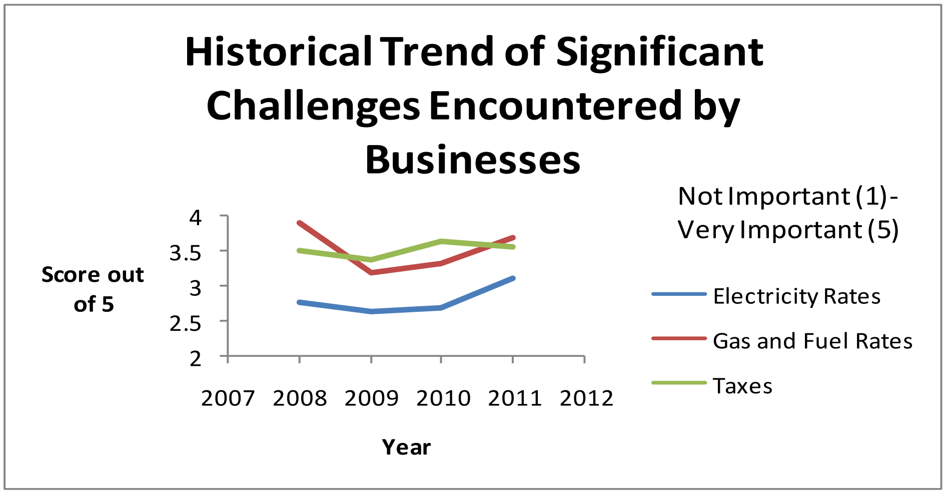

Figure 2

4. Importance of Factors for Future Success

What kind of affect will each of the following factors have on the future of your business?

Very Negative (1) – Very Positive (5)

Table 17

Factor in Question	2011	2010	2009	2008
Inventory Price Increases	2.43	2.38	3.06	3.05
General Economic Climate	3.13	2.98	4.20	3.99
Product/Service Diversification	3.37	3.25	2.74	3.06
Weather	2.53	2.81	2.29	2.49
New Markets (Beyond TBay)	3.21	3.14	1.97	2.15
Change in CDN Dollar	3.72	2.87	2.75	2.67
Increased Fuel/Energy Costs	2.49	2.34	3.34	3.80
Increased Insurance Rates	2.56	2.46	3.16	3.42
Cross Border Requirements	2.41	2.60	2.32	2.40

Product/service diversification and expansion to new markets have both increased moderately, indicating that more businesses are thinking of changing their business strategy (Table 17). Also, the change in the Canadian dollar is becoming increasingly important to small businesses, and this trend is depicted in Figure 3.

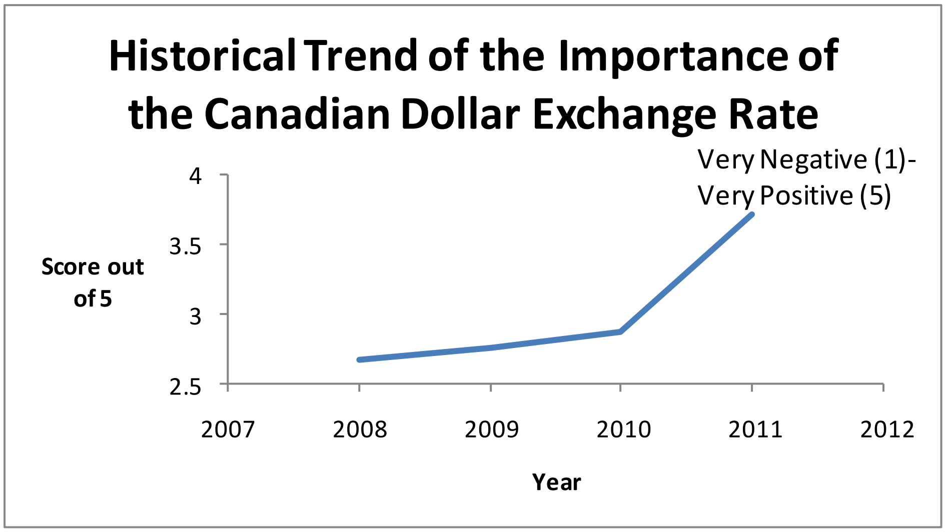

Figure 3

5. Investing Activities

Is your company planning to invest more or less in the following activities over the next 12 months than in the previous year?

Significantly Less (1) – Significantly More (5)

Table 18

Investment Opportunity	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Advertising/Promotion	2.97	2.83	2.87	3.10	3.06	3.16
Employee Compensation	2.80	2.85	2.80	2.85	2.64	2.76
Employee Recruitment	2.70	2.63	2.54	2.69	2.49	2.71
Staff Training Programs	2.79	2.94	3.01	2.82	2.76	2.82
Partnering with Other Firms	2.55	2.52	2.26	2.50	2.45	2.63
Inventory Supply	2.49	2.62	2.40	2.39	2.56	2.71
Capital Projects (eg. Equipment)	2.84	2.58	2.60	2.78	2.67	2.57
Market Research	2.55	2.35	2.39	2.40	2.39	2.58
Technology	2.96	2.73	2.84	2.84	2.80	2.83
Consulting/Advisory Service(s)	2.54	2.31	2.35	2.56	2.36	2.46

It appears that businesses are investing the most in advertising, which is a change from last year's results. This change is shown in Figure 4 on the following page. Businesses are investing less in employee compensation, staff training programs and inventory supply (Table 18). There has, however, been a moderate increase in business' plans to invest in capital projects and market research, as well as consulting/advisory services.

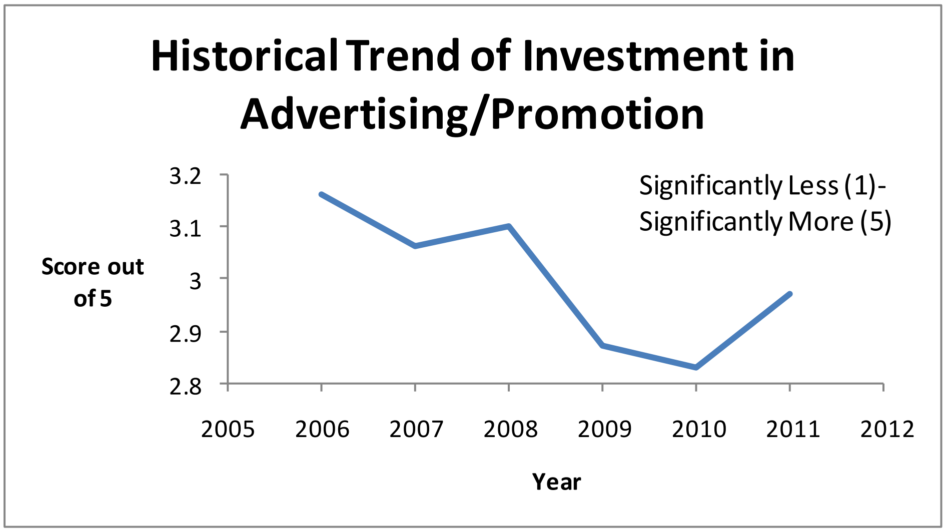

Figure 4

6. Impact of Development and Institutions

What kind of impact do you believe the following developments/institutions <u>will have</u> upon your business?

Very Negative (1) – Very Positive (5)

Table 19

Development/Institution	2011	2010	2009	2008	2007	2006
Increased Minimum Wage	2.38	2.35	-	-	-	-
Box Store Expansion	2.31	2.57	2.64	2.56	2.61	2.51
Gasoline/Fuel Prices	2.19	2.15	2.49	2.32	2.42	2.21
Cross Border Requirements	2.30	2.66	2.80	2.66	2.57	2.55
Waterfront Development	2.99	3.35	3.23	3.25	3.40	-
OLG Casino	2.41	2.40	2.31	2.42	2.28	2.18
Lakehead University	3.49	3.61	3.50	3.71	3.55	3.71
Confederation College	3.34	3.58	3.52	3.60	3.58	3.64
Municipal Tax Rates	2.34	2.24	2.44	2.99	2.92	3.12
Pulp and Paper Industry	2.84	2.76	2.31	3.07	2.44	2.35
Energy Rates (Heating, Electricity)	2.26	2.18	2.28	2.65	2.49	2.17
Mining Industry	3.48	3.68	3.15	3.64	3.20	-

There are mixed results regarding development and institutions' impact on small businesses. In comparison with last year's results, higher education at both Lakehead University and Confederation College are consistently seen to have the most positive effects on small businesses in Thunder Bay. Perception of the mining industry's positive impact has slightly decreased in comparison to last year, but it is still considered one of the most important factors to small business owners in Thunder Bay (Table 19). The Waterfront Development has shown a significant decrease from last year; with a mean score dropping from 3.35 to 2.99, indicating that firms are losing faith in the Waterfront Development (Table 19). The importance of cross border requirements appears to be decreasing, indicating that small business owners are having fewer issues crossing the Canada-USA border. The OLG Casino is still considered to have a negative impact on small businesses with a mean score of 2.41. This is consistent with the last five years. It appears that small businesses attitudes towards the Casino have not changed and are still generally negative. The mean scores for energy rates, tax harmonization, municipal tax rates and gasoline/fuel prices indicate that these are the areas about which small businesses hold the most negative views. This is also consistent with last year's results (Table 19). Figure 5 shows the trends of three significant developments/institutions.

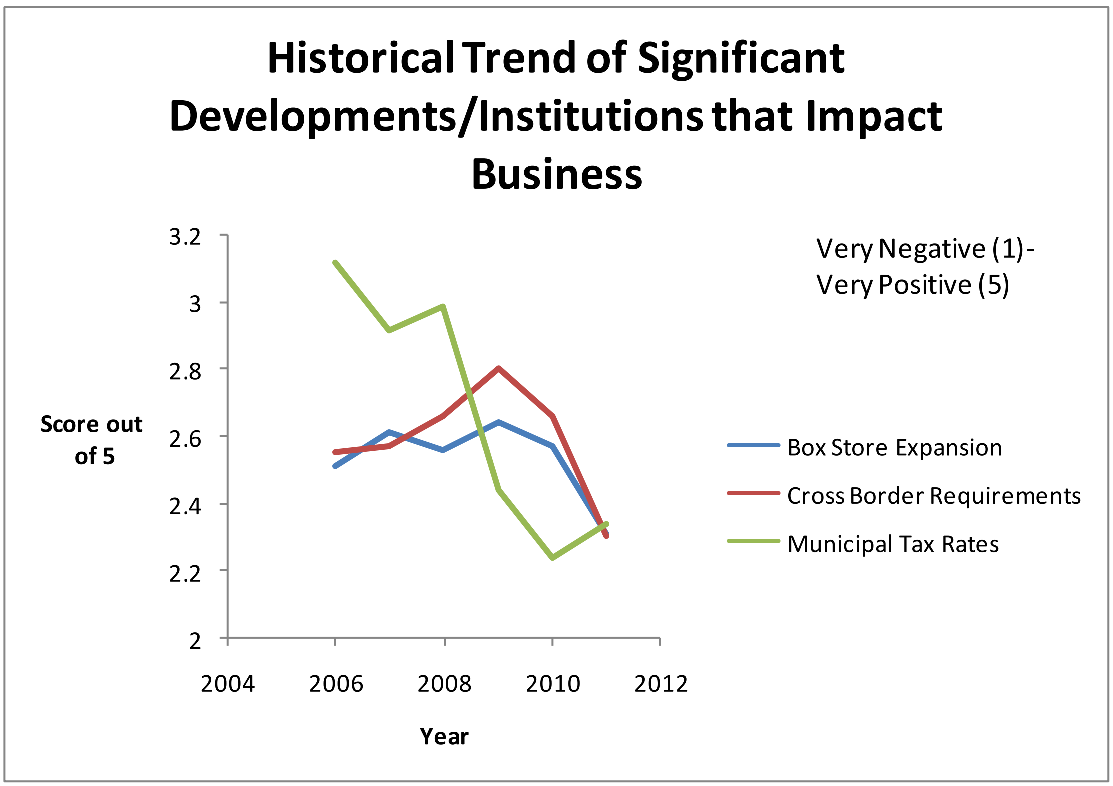

Figure 5

Thunder Bay Business Climate

The "Thunder Bay Business Climate" section of this survey is presented in an effort to gauge the attitudes of small businesses toward the current and future business climate and economic growth potential for the Thunder Bay CMA. Specific questions in regards to developments and institutions, sector growth potential and Thunder Bay's ability to meet the needs of its small businesses are also asked.

1. Anticipated Growth for Thunder Bay

What level of economic growth do you anticipate for Thunder Bay over the next 12 months?

Table 20

Anticipation of Growth	2011	2010	2009	2008	2007
Decrease in Economic Growth	8%	17%	43%	29%	53%
No Change in Economic Growth	24%	30%	28%	31%	25%
Increase in Economic Growth	68%	53%	28%	40%	22%

Sixty-eight percent (68%) of small business respondents believe that the Thunder Bay economy will have positive growth over the next year. This view is significantly higher than last year's figure of 53% and significantly higher than in 2009 when only 28% of respondents anticipated economic growth (Table 20). Figure 6 suggests that small business owners are more confident that the economy is on its track to recovery and that economic improvement is on their way.

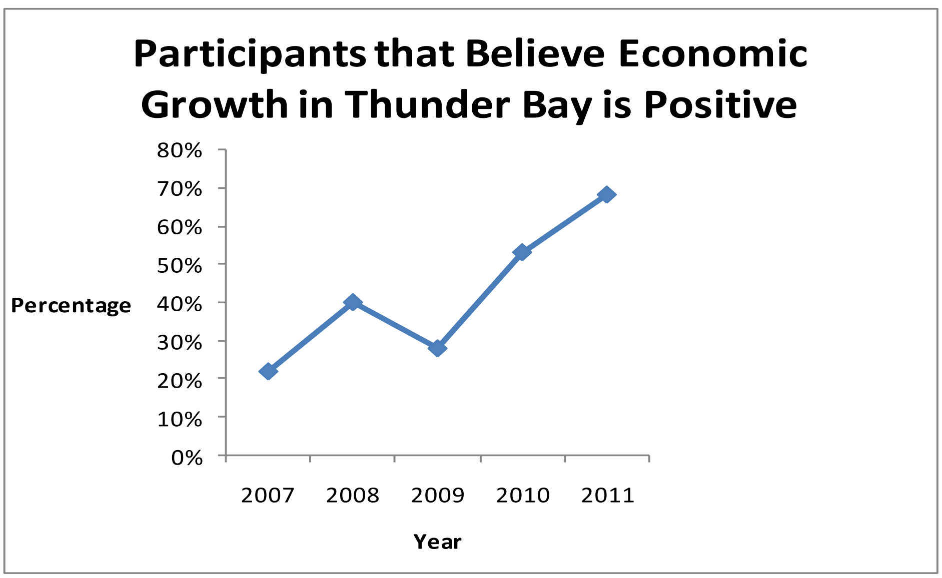

Figure 6

2. Future Security

Do you feel secure about the sustainability of your small business over the next three years?

Table 21

Response	**2011**	**2010**	**2009**	**2008**
Yes	83%	77%	73%	77%
No	17%	23%	27%	23%

Small business owners displayed an increased expectation of future security and future business interests. Previous years' results indicated that 77% of small businesses felt secure in their future, while this year indicates that 83% possess a feeling of security (Table 21). The trend regarding future security can be seen in Figure 7.

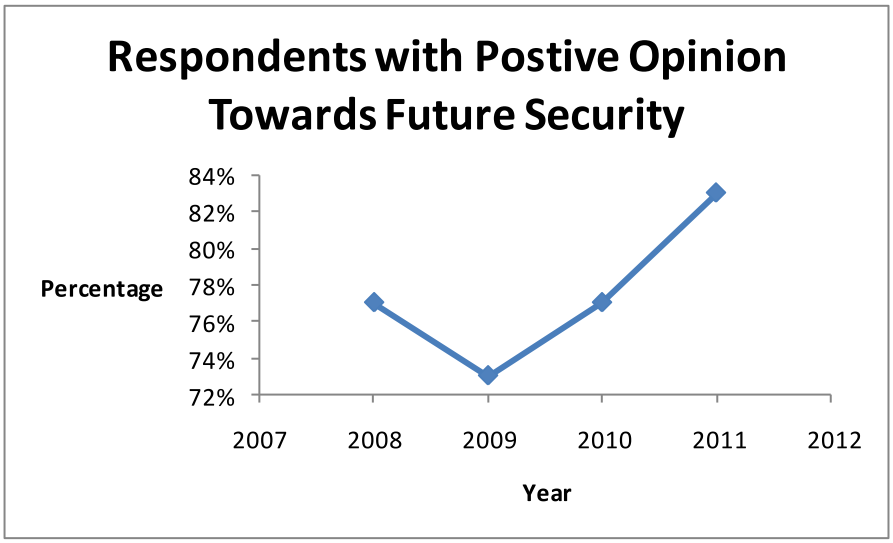

Figure 7

3. Sector Growth Potential

Evaluate the following Thunder Bay industry sectors in terms of growth potential (e.g. new markets, new products/services)

None (1) – Great (5)

Table 22

Sector	2011	2010	2009	2008	2007	2006	2005
Primary – Forestry	2.19	2.17	1.75	2.21	1.63	2.24	2.55
Primary – Mining	4.15	4.00	3.10	4.17	3.26	-	-
Secondary (e.g., Large Manufacturing)	2.62	2.73	2.35	2.48	2.62	2.29	2.37
Small Manufacturing	3.14	3.06	2.83	3.08	2.95	2.77	2.80
Renewable Energy Production	3.14	3.38	3.08	3.62	-	-	-
Non-Renewable Energy Production	3.01	2.15	2.09	2.30	-	-	-
Health Care Services	2.39	3.83	3.83	3.98	3.91	3.66	3.33
Retailing	3.86	3.01	3.00	2. 73	3.11	2.83	2.92
Senior Services	2.95	3.68	3.63	3.86	3.52	3.50	3.52
Financial Services	2.97	2.98	3.01	2.97	2.94	3.03	2.93
Higher Education (LU/ConCollege/MedSchool)	3.94	3.83	3.61	3.97	3.95	4.08	3.82
Construction Services	3.50	3.25	3.05	2.94	2.90	-	-
Government Services	3.02	3.10	2.99	2.82	2.98	-	-
Hospitality/Tourism	3.27	3.26	3.09	3.13	3.58	3.47	3.42
Biotech	3.95	3.54	3.51	3.79	-	-	-
Other:	3.11	3.54	3.38				

Small businesses have more confidence in a few of the sectors, but are sceptical about primary forestry. This sector has the lowest score of 2.19. Mining had the highest perceived growth potential as its mean score increased from 4.00 to a score of 4.15 (Table 22). Biotech/medical technology and higher education were also important to the respondents of this year's survey. Figure 8 on the following page depicts the trends of a few of these sectors.

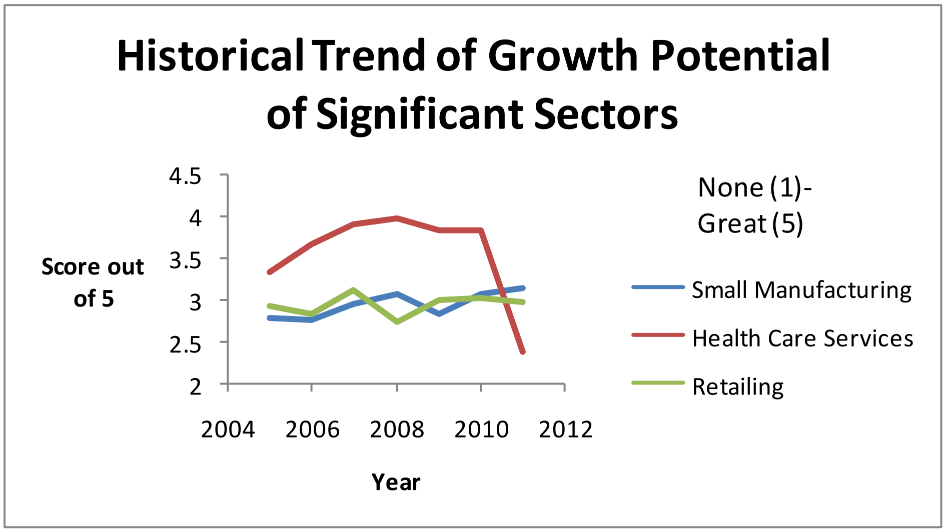

Figure 8

4. Meeting Your Needs

How well does Thunder Bay meet the needs of <u>your specific business</u> with respect to the following factors?

Not Very Well (1) – Very Well (5)

Table 23

Factor	2011	2010	2009
Labour Pool	2.83	2.90	2.94
Access to Raw Materials/Natural Resources	2.88	2.91	2.94
City's Promotional Efforts	2.45	2.59	2.46
Transportation Costs (Passenger)	2.47	2.73	2.54
Other Transportation Costs (Shipping)	2.24	2.35	2.31
City Infrastructure (e.g., Roads, Hydro, Gas)	2.42	2.76	2.50
Municipal Tax Rates	2.15	2.15	2.11
City Council Representation/Decisions	2.25	2.12	2.15
Access to Financing/Capital	2.76	2.81	2.64
Provincial Representation	2.49	2.59	2.34
Federal Representation	2.32	2.34	2.23

In regards to the City of Thunder Bay meeting the needs of small business owners, there are no significant changes from last year. Most respondents still feel that the City of Thunder Bay is not successful in meeting the needs of small business. The score for almost every sector has decreased, indicating that Thunder Bay may be becoming worse at meeting the needs of small business owners (Table 23).

5. Focused Development

Do you believe the City of Thunder Bay should pursue the focused development of a particular industry sector? If yes, which one?

Table 24

Focus Development?	2011	2010	2009	2008	2007
Yes	89%	83%	68%	80%	80%
No	11%	17%	32%	20%	20%

The idea that the City of Thunder Bay should pursue the focused development of a particular industry sector is up to 89%, from the 2010 responses yielding 83% and 69% in 2009. This information is depicted in Figure 9. These results indicate that small business owners increasingly believe that Thunder Bay needs to focus its development (Table 24). The common trend in this year's results indicated that the mining sector was the most popular of the suggested industries. However, most sectors were suggested and several small businesses indicated that they would like to see focused development in large and small manufacturing, health care services, forestry, biotech and tourism.

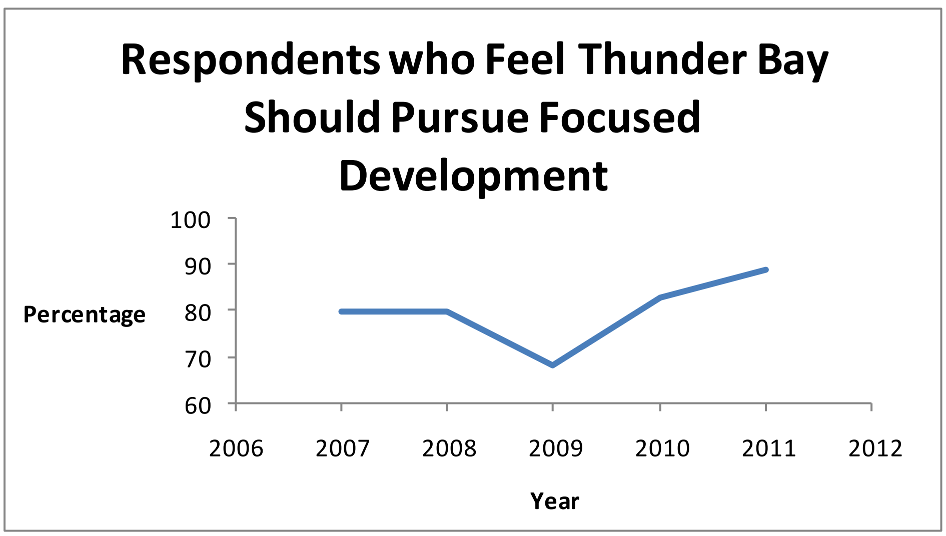

Figure 9

6. Characteristics That Impeded or Entice Businesses

In general, to what extent do you believe the following characteristics impede or entice businesses to relocate to Thunder Bay and the surrounding region?

Significant Impediment (1) – Significant Enticement (5)

Table 25

Characteristic	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Awareness of Region and Resources	3.14	2.26	3.09	3.20	3.02	3.07
Geographic Location	2.76	2.87	2.65	2.63	2.71	2.48
Weather (Perceived or Actual)	2.66	2.77	2.38	2.39	2.66	2.41
Quality of Life	3.96	3.99	3.90	3.98	3.98	3.76
Transportation Facilities (Airport, etc.)	3.48	3.52	3.50	3.21	3.33	3.29
Health Care Facilities	2.65	3.84	3.76	3.76	3.82	3.56
Economic Opportunity (Market Size)	2.58	2.70	2.46	2.45	2.56	2.21
Input Costs (Land, Labour, Capital)	2.65	2.76	2.69	3.00	2.69	2.45
Technology Infrastructure (Broadband)	3.08	3.07	2.90	3.20	3.24	2.94
City Government/Policies	2.32	2.24	2.29	2.53	2.35	2.07

In regards to what might impede or entice a small business to relocate to Thunder Bay, there was a significant increase in the perceived importance of awareness of the region and its resources. This factor increased from 2.26 in 2010 to 3.14 in 2011, indicating that respondents used to consider this an impediment but are now seeing it as an enticement. Small business owners felt that the quality of life and healthcare facilities are important factors in enticing businesses. Awareness of the market size as well as city government/policies are understood to be two of the main impediments to attracting small businesses (Table 25).

7. Quality of Life for Groups

In your opinion how attractive is Thunder Bay's "quality of life" for these groups?

Very Poor (1) – Very Good (5)

Table 26

Group	2011	2010	2009
Students (All Ages)	3.51	3.46	3.48
Professionals	3.73	3.85	3.78
Skilled Employees	3.66	3.61	3.46
Retirees	3.84	4.08	3.71
Business Owners	3.20	3.27	3.15

Quality of life is always a topic of interest when Northwestern Ontario is discussed. The majority of respondents believe that retirees have the highest quality of life. This reflects the results of 2008 and 2010 (2009's response indicated that professionals were understood to have a slightly higher quality of life). Mean scores for all groups are above 3.00, which indicate that small businesses perceive the quality of life in Thunder Bay positively (Table 26). Additionally, all groups' mean scores decreased except for students and skilled employees, which had very slight increases.

8. Quality of Life Compared to Other Cities

In your opinion, as compared to other cities you are familiar with in Canada, how would you describe Thunder Bay's "quality of life"?

Table 27

Description	2011	2010	2009
Better Than Most	70%	63%	60%
The Same as Most	29%	29%	25%
Not as Good as Most	1%	8%	15%

70% of respondents feel that the quality of life in Thunder Bay is better than most comparable regions. This is a significant increase from last year's 63%. Those who believed the quality of life is the same remains at 29% (Table 27). The respondents that believe Thunder Bay has a lower quality of life than most comparable regions had decreased from 8% in 2010 to 1% in 2011.

9. Population Level

Is the population level of Thunder Bay important to the success of your business?

Table 28

Response	2011	2010
Yes	81%	89%
No	19%	11%

When asked about how the population of Thunder Bay affects the success of small businesses, 81% of respondents believe that the population does affect their success. 19% responded that population size has no bearing on their business success (Table 28). The corresponding responses to this question last year were 89% and 11%, respectively.

10. Changes in Consumer Spending

Have you noticed a change in consumer spending under the recent economic conditions?

Table 29

Response	2011	2010
Yes	72%	75%
No	28%	25%

Recent economic conditions are perceived to be affecting small businesses in Thunder Bay. 72% of the respondents have noticed changes in consumer spending due to the new conditions. However, it was not specified whether changes were positive or negative (Table 29). These results are very similar to those of the previous year. Many respondents noted that consumers have less disposable income, which leads some to buy lower end goods, while others are more careful with their money and buy fewer items.

11. Reconsidering Retirement

Have the recent economic conditions made you as a small business owner, reconsider when you will be retiring?

Table 30

Response	2011	2010
Yes	38%	47%
No	62%	53%

38% of all respondents are reconsidering the date of their retirement. This is less than the number of respondents who were reconsidering retirement last year (Table 30). Most respondents said that their retirement will be postponed for a long time.

12. Economic Conditions and Thunder Bay

To what extent do you believe the current economic conditions are affecting Thunder Bay?

Table 31

Level of Significance	2011	2010
Insignificantly	8%	9%
No Change	21%	14%
Significantly	71%	77%

Of the respondents, 21% have not noticed any changes and 8% believe the impact is insignificant. The remaining respondents feel that current economic conditions are significantly affecting Thunder Bay (Table 31). In comparison to last year, more of this year's respondents are finding that economic conditions are having no affect on Thunder Bay.

Development Projects, Your Business and the Community

The last section of the report deals with how small businesses feel regarding the local business community in Thunder Bay. Specifically it discusses local business stimulus, current local developments and the performance of the Thunder Bay City Council.

1. Thunder Bay City Council

Do you believe the Thunder Bay City Council is doing a good job representing your business?

Table 32

Response	2011	2010	2009	2008
Yes	26%	25%	24%	36%
No	74%	75%	76%	64%

The majority of small business owners feel that City Council does not do a good job representing small businesses. This is representative of a long-term trend. Up 1% from last year, only 26% of small businesses feel that the City Council does a good job representing their business interests (Table 32).

2. Bringing New Business to Thunder Bay

Do you believe that Thunder Bay is both proactive and aggressive at bringing new business to the region?

Table 33

Response	**2011**	**2010**	**2009**	**2008**
Yes	30%	30%	30%	36%
No	70%	70%	70%	64%

Only 30% of small businesses feel that Thunder Bay is aggressive about bringing new business to the region. This is the exact same percentage as the previous two years, indicating that the attitudes of small business regarding City Council and its performance are fairly stable (Table 33). Comments indicated that there are too many restrictions, regulations and obstacles to overcome.

3. Administrative Requirements

Have the administrative requirements of municipal government (zoning, permits, licenses, inspections) adversely affected your decision to develop new business initiatives?

Table 34

Response	**2011**	**2010**	**2009**	**2008**
Yes	32%	36%	23%	33%
No	68%	64%	77%	67%

32% of respondents indicated that administrative requirements had been a barrier to developing new business initiatives. This is an increase of 4% from 2010, which indicates that businesses are still finding it difficult to deal with the zoning, permits, licenses and inspections that the municipal government requires (Table 34). This response has fluctuated slightly over the past 4 years, indicating that the administrative process has remained fairly stable.

4. Thunder Bay Economic Development Commission

Are you aware of the activities of the Thunder Bay Economic Development Commission?

Table 35

Response	2011	2010	2009	2008
Yes	41%	52%	41%	36%
No	59%	48%	59%	64%

The results of this section are more negative than in 2010, and are exactly the same as in 2009 (Table 35). These results indicate that the Thunder Bay EDC should make greater efforts to promote their activities.

5. Lending Practices of Banks

Do you believe the lending practices of banks in Thunder Bay are focused on meeting the needs of local businesses?

Table 36

Response	2011	2010	2009	2008
Yes	51%	45%	45%	37%
No	49%	55%	55%	63%

The perception of lending practices of banks in Thunder Bay has improved slightly in comparison with the past few years. 51% of respondents are of the opinion that Thunder Bay banks are focused on meeting the needs of local businesses, up from 45% in 2010 (Table 36).

6. Lending Practices of Credit Unions

Do you believe the lending practices of credit unions in Thunder Bay are focused on meeting the needs of local businesses?

Table 37

Response	2011	2010	2009	2008
Yes	73%	62%	72%	66%
No	27%	38%	28%	34%

The perception of credit union lending practices in Thunder Bay is more positive than it was in 2010. 73% of small businesses surveyed felt that credit unions were focused on meeting the needs of small businesses (Table 37). These results are consistent with the results of 2009. The results for this question seem to be fluctuating from year to year. However, after reading the comments, it would appear that many respondents do not have much affiliation with credit unions.

7. Access to Capital

Has an inability to access capital affected your decision to develop new business initiatives?

Table 38

Response	2011	2010	2009	2008
Yes	26%	16%	22%	36%
No	74%	84%	78%	64%

The accessibility of capital as a perceived barrier to financing of new business initiatives has increased from 16% to 26%. This indicates that it is becoming more difficult for small businesses to access capital for new business ventures (Table 38).

8. Impact of the OLG Casino

What impact do you believe Thunder Bay's OLG Casino is having on the Thunder Bay economy?

Table 39

Response	2011	2010	2009	2008
Positive	16%	15%	13%	22%
Negative	84%	85%	87%	78%

The impact of the Ontario Lottery and Gaming (OLG) Casino has long been a source of strong opinion among small business owners. This year's results closely parallel results from previous years with 84% of small business respondents believing that the OLG Casino is having a negative impact on the city's economy (Table 39). Generally the attitudes of small businesses towards the OLG have not changed and remain for the most part negative. Several heated comments were submitted regarding the impacts of the casino.

9. HST Effects

The HST was introduced to Ontario last July. What effect has it had on your business?

Table 40

Response	2011
Positive	24%
Negative	76%

This question is new to the survey, but the results indicate that the majority of respondents perceive the HST to have a negative impact on their business (Table 40). Comments revealed that customers now have to pay more, and also that business owners are left with more paperwork.

10. Industry Importance to Future of Economy

Please rank the following industries in importance as a sector to the future of the Thunder Bay economy:

Not Important (1) – Very Important (5)

Table 41

Industry	2011	2010
Forestry	3.48	3.49
Mining	4.46	4.54
Retail	3.54	3.71
Tourism	3.94	4.35
Transportation	3.85	3.79
Government	3.53	-

A relatively new question to the survey, it appears that the industries with the most perceived importance to the future of the Thunder Bay economy are still mining at 4.46 and tourism at 3.94. However, both industries have dropped slightly in perceived importance since 2010. Forestry again had the lowest score of 3.48. This is almost identical to last year's score of 3.49 (Table 41).

11. Raising Taxes to Combat Budget Deficits

The governments of Canada and Ontario are facing years of large budget deficits, do you support raising taxes as a policy alternative in the short-term to eliminate the deficits at a faster pace?

Table 42

Response	2011	2010
Yes	13%	16%
No	87%	84%

It would appear that Thunder Bay business owners have not changed their opinion on the raising of taxes. Even fewer respondents than last year are in support of raising taxes. Only 13% supported this proposition, compared with 16% in 2010. Raised taxes would likely not be well received by small business owners. Respondents expressed the opinion that the government needs to learn to manage its money more carefully.

12. Communication Industry

Do you think the Communication Industry and it's pricing is helping business in Thunder Bay?

Response	2011
Yes	30%
No	70%

This question is new to the Thunder Bay Business Opinion Survey, and it would appear that respondents possess a negative perception of the communication industry. Only 30% of small business owners responded that the communication industry is helping business in Thunder Bay. Many respondents commented that TbayTel's prices are too high because of its near monopoly position.

13. Thunder Bay Ventures

Are you aware of the activities of Thunder Bay Ventures?

Table 43

Response	2011	2010
Yes	57%	55%
No	43%	45%

Since 2008, the number of respondents who are aware of Thunder Bay Ventures' activities has steadily increased. This year 57% of small business owners stated that they were aware of the activities. However, many respondents stated they only knew a little about TBV (Table 43). The comments indicated that small business owners would like to know more, but that TBV is not very well publicized.

Selected Respondent Comments:

“People do not have extra cash flow, living from pay cheque to pay cheque. Increased costs of taxes, energy difficult for many.”

“Thunder Bay Council and Admin is not interested in small businesses as they’d have you believe. Only the ones who will benefit the tax brackets and fill their needs for overspending.”

“Thunder Bay can’t seem to make decisions on which direction to take. No apparent business plan in place. No consensus among elected officials.”

“First, they need to encourage, celebrate and help grow local businesses. Why is it always sexier to go after new businesses from outside the city? We have awesome businesses ready to grow!”

“Banks do not give money to people that have no money. They do not help small businesses. Too much collateral for too small a loan. We are supposed to be grateful for the outrageous changes and ridiculous qualifications.”

“The social costs of the casino far outweigh the economic benefit.”

“The OLG Casino is making the poor poorer- rich people very seldom gamble this way. Targets addictive behaviours.”

“HST has made my customers more cautious and careful with their money, as they have less money to spend, because the cost of living is more.”

“The government needs to decrease spending or manage money better like every other business and household.”

“I think non-essential wars and fighter jets should be axed to stop deficits. Also, public sector incomes are outstripping the average wage significantly. Also, public agencies CEOs have wages and benefits much higher than reasonable.”

“There is room for some completion in this sector (Communication Industry).”

“Issues such as racism- youth engagement official city plan have to be addressed. Social issues are significant and solutions have to be found. The city needs to determine what it wants to look like in the next 20 years- lots of band aiding- city strategic plan should help. Have to cut back on city expenditures- there is no more money.”

Thunder Bay City Council and tourism seem to have no concept of the potential of this city. Not in the interim nor long term. That is the biggest challenge. Thunder Bay’s geographical location is not suited for industry (manufacturing) due to transportation costs. Why are we still pursuing blue collar labour jobs? Those days are gone. The market place is not global… lets move ahead already!!

“The OLG taxes save money from weal people and creates addictions. More welfare, manage sports, violence, crime, broken bones. Everyone sufferes yet our tax dollars are being used to fund addiction programs. Addictions are government created. They get their social assisrance cheques back through gambling and we as tax paters pay someone tp help people with campling addiction. Our city doesn’t need OLG or any other like. OLG doesn’t attract new business in Thunder Bay, its for people that are on welfare, pensions, ODSP, etc. All money is government spent as social assistance comes back to them through OLG. They should have never built it. Someone from Alkida should blow it up; level it just like some dumpy hotel on Simpson Street.”

Appendix A - 2011 Thunder Bay Business Opinion Survey

The following survey will take a few minutes to complete and your willingness to take the time to share your opinions is greatly appreciated. Specifically, the survey captures the attitudes of Thunder Bay small business owners about issues that affect their business and the local economy. To see past reports go to www.thunderbayventures.com . If you have questions, please call our representative at 620-2922.

Section A: You and Your Business

1. Gender: Male ☐ Female ☐

2. Your Age: ____________

3. How many years has this firm been in business? ____________

4. Your business is… ☐ Retail ☐ Manufacturing ☐ Personal Services ☐ Wholesale ☐ Professional Services ☐ Other _________

5. Postal Code: ____________

6. Legal status of business ☐ Sole Proprietor ☐ Partnership ☐ Corporation

7. Education level of the owner ☐ High School ☐ College ☐ University

8. Industry Canada targets the following categories for economic development. Please indicate any of the following that apply to the ownership of your business.

Woman	☐
Aboriginal	☐
Francophone	☐
Youth (under 30)	☐

9. How many people are currently employed at your firm? Full-Time ______ Part-Time ______

10. What change in the total employment level of your firm occurred during the **2010** fiscal year?
    - ☐ Increased
    - ☐ Remained the same
    - ☐ Decreased

11. What are your current hiring expectations for <u>the next 12 months?</u>
    - ☐ Planning to hire additional employees
    - ☐ Planning not to hire any additional employees
    - ☐ Planning to lay off employees

12. Which of the following best represents your actual sales or billings for the **2010** fiscal year?
    ☐ Less than $25,000 ☐ $100,000 - $249,999 ☐ $1,000,000 - $5,000,000

☐ $25,000 - $49,999 ☐ $250,000 - $499,999 ☐ Greater than $5,000,000
☐ $50,000 - $99,999 ☐ $500,000 - $999,999

13. Does this **2010** sales volume represent an increase or decrease over your 2009 sales?
- ☐ Increase greater than 10%
- ☐ Increase greater than 0 and less than 10%
- ☐ Decrease greater than 0 and less than 10%
- ☐ Decrease greater than 10%

14. Do you anticipate an annual sales increase for the **2011** fiscal year?
- ☐ Yes
- ☐ No

15. Below is a list of challenges often encountered by businesses, please indicate the extent to which the following issues have been a problem for your business in the past 12 months.

	Not a Problem				**Significant Challenge**
a) Declining Sales	1	2	3	4	5
b) Availability of Skilled Employees	1	2	3	4	5
c) Weather Conditions	1	2	3	4	5
d) Raising Capital/Securing Business Loans	1	2	3	4	5
e) Increased Competition	1	2	3	4	5
f) Access to Market Research, Business Advice	1	2	3	4	5
g) Government Paperwork Requirements	1	2	3	4	5
h) Municipal Zoning/Building Requirements	1	2	3	4	5
i) CDN/US Exchange Rate	1	2	3	4	5
j) Union Restrictions	1	2	3	4	5
k) Electricity Rates	1	2	3	4	5
l) Gasoline and Fuel Rates	1	2	3	4	5
m) Taxes	1	2	3	4	5

16. How important **were** the following factors to your sales/revenue performance in the **2010** fiscal year?

	Not Important				**Very Important**
a) Inventory Price Increases	1	2	3	4	5
b) Advertising/Promotion	1	2	3	4	5
c) General Economic Climate	1	2	3	4	5
d) Change In Product/Service Offering	1	2	3	4	5
e) Staff-Related Issues (e.g. Training)	1	2	3	4	5
f) Change In Competitive Environment	1	2	3	4	5
g) Weather	1	2	3	4	5
h) New Markets (e.g., Exports)	1	2	3	4	5
i) CDN - U.S. Exchange Rate	1	2	3	4	5
j) Insurance Rates	1	2	3	4	5

k) Cross Border Requirements	1	2	3	4	5
l) Gasoline and Fuel Rates	1	2	3	4	5
m) Electricity Rate	1	2	3	4	5
n) Natural Gas Rates	1	2	3	4	5

17. What kind of affect will each of the following factors have on the future of your business?

	Very Negative				**Very Positive**
a) Inventory Price Increases	1	2	3	4	5
b) General Economic Climate	1	2	3	4	5
c) Product/Service Diversification	1	2	3	4	5
d) Weather	1	2	3	4	5
e) New markets (beyond Thunder Bay)	1	2	3	4	5
f) Change in CDN dollar	1	2	3	4	5
g) Increased Fuel/energy costs	1	2	3	4	5
h) Increased Insurance Rates	1	2	3	4	5
i) Cross Border Requirements	1	2	3	4	5

18. Is your company planning to invest more or less in the following activities over the next 12 months than in the previous year?

	Significantly Less				**Significantly More**
a) Advertising/Promotion	1	2	3	4	5
b) Employee Compensation	1	2	3	4	5
c) Employee Recruitment	1	2	3	4	5
d) Staff Training Programs	1	2	3	4	5
e) Partnering With Other Firms	1	2	3	4	5
f) Inventory Supply	1	2	3	4	5
g) Capital Projects (e.g. equipment)	1	2	3	4	5
h) Market Research	1	2	3	4	5
i) Technology	1	2	3	4	5
j) Consulting/Advisory Service(s)	1	2	3	4	5

19. What kind of impact do you believe the following developments/institutions will have upon your business?

	Very Negative				**Very Positive**
a) Increased Minimum Wage	1	2	3	4	5
b) Box Store Expansion	1	2	3	4	5
c) Gasoline/Fuel prices	1	2	3	4	5
d) Cross Border Requirements	1	2	3	4	5
e) Waterfront Development	1	2	3	4	5
f) OLG Casino	1	2	3	4	5

g) Lakehead University	1	2	3	4	5
h) Confederation College	1	2	3	4	5
i) Municipal Tax Rates	1	2	3	4	5
j) Pulp/Paper Industry	1	2	3	4	5
k) Energy Rates (heating, electricity)	1	2	3	4	5
l) Mining Industry	1	2	3	4	5

Section B: Thunder Bay Business Climate

1. What level of economic growth do you anticipate for Thunder Bay over the next 12 months?

Significant Decrease	Moderate Decrease	No Change	Moderate Increase	Significant Increase
1	2	3	4	5

2. Do you feel secure about the sustainability of your small business over the next three years?

☐ Yes ☐ No

3. Evaluate the following Thunder Bay industry sectors in terms of growth potential (e.g., new markets, new products/services).

	None				Great
a) Primary-Forestry	1	2	3	4	5
b) Primary-Mining	1	2	3	4	5
c) Secondary (e.g., Large Manufacturing)	1	2	3	4	5
d) Small Manufacturing	1	2	3	4	5
e) Renewable Solar Energy (Feed in Tariff program)	1	2	3	4	5
f) Renewable Wind Energy	1	2	3	4	5
g) Non-Renewable Energy Production (Fossil Fuel, Nuclear)	1	2	3	4	5
h) Health Care Services	1	2	3	4	5
i) Retailing	1	2	3	4	5
j) Senior Services	1	2	3	4	5
k) Financial Services	1	2	3	4	5
l) Higher Education, LU/ Con College/Med School	1	2	3	4	5
m) Construction Services	1	2	3	4	5
n) Government Services	1	2	3	4	5
o) Hospitality / Tourism	1	2	3	4	5
p) Biotech/ Medical technology	1	2	3	4	5
q) Other: ______________________________	1	2	3	4	5

4. How well does Thunder Bay meet the needs of your specific business with respect to the following factors?

	Not Very Well				Very Well
a) Labour Pool (Education, Availability, Skill)	1	2	3	4	5
b) Access to Raw Materials/Natural Resources	1	2	3	4	5

c) City's Promotional Efforts	1	2	3	4	5
d) Transportation Costs (Passenger)	1	2	3	4	5
e) Other Transportation Costs (Shipping)	1	2	3	4	5
f) City Infrastructure (e.g., Roads, Hydro, Gas)	1	2	3	4	5
g) Municipal Tax Rates	1	2	3	4	5
h) City Council Representation/Decisions	1	2	3	4	5
i) Access to Financing/Capital	1	2	3	4	5
j) Provincial Representation	1	2	3	4	5
k) Federal Representation	1	2	3	4	5

5. Do you believe the City of Thunder Bay should pursue the focused development of one or more of the sectors mentioned in Question #3?
   - ☐ Yes
   - ☐ No

If yes, which one? ____

6. In general, to what extent do you <u>believe</u> the following characteristics impede or entice businesses to relocate to Thunder Bay and the surrounding region?

	Significant ***Impediment***				**Significant** ***Enticement***
a) Awareness of the Region and its Resources	1	2	3	4	5
b) Geographic Location	1	2	3	4	5
c) Weather (i.e., Perceived or Actual)	1	2	3	4	5
d) Quality of Life	1	2	3	4	5
e) Transportation Facilities (e.g., Airport)	1	2	3	4	5
f) Health Care Facilities	1	2	3	4	5
g) Market Size	1	2	3	4	5
h) Input Costs (Land, Labour, Capital)	1	2	3	4	5
i) Technology Infrastructure (e.g., Broadband)	1	2	3	4	5
j) City Government/Policies	1	2	3	4	5

7. In your opinion, how attractive is Thunder Bay's 'quality of life' for these groups?

	Very Poor				**Very Good**
a) Students (All Ages)	1	2	3	4	5
b) Professionals	1	2	3	4	5
c) Skilled Employees	1	2	3	4	5
d) Retirees	1	2	3	4	5
e) Business Owners	1	2	3	4	5

8. In your opinion, as compared to other cities you are familiar with in Canada, how would you describe Thunder Bay's quality of life?
   - ☐ Better than most
   - ☐ The same as most

☐ Not as good as most

9. Is the population level of Thunder Bay important to the success of your business?
   ☐ Yes
   ☐ No

10. Have you noticed a change in consumer spending under the recent economic conditions?
   ☐ Yes
   ☐ No

Comment: ____

11. Have the recent economic conditions made you, as a small business owner, reconsider when you will be retiring?
   ☐ Yes
   ☐ No

Comment: ____

12. To what extent do you believe the current economic conditions are affecting Thunder Bay?

Insignificant	**Somewhat Insignificant**	**Neutral**	**Somewhat Significant**	**Significant**
1	2	3	4	5

Section C: Development Projects, Your Business & the Community (Why/Why Not Responses Are Optional)

1. Do you believe the Thunder Bay City Council is doing a good job representing your business?
   ☐ Yes
   ☐ No

Why/Why Not? ____

2. Do you believe that Thunder Bay is both proactive and aggressive at bringing new businesses to the region?
   ☐ Yes
   ☐ No

Why/Why Not? ____

3. Have the administrative requirements of municipal government (zoning, permits, licenses, inspections) adversely affected your decision to develop new business initiatives?
   ☐ Yes
   ☐ No

Why/Why Not? ____

4. Are you aware of the activities of the Thunder Bay Community Economic Development Commission?
   ☐ Yes

☐ No

Comment: ____

5. Do you believe the lending practices of banks in Thunder Bay are focused on meeting the needs of local business?

☐ Yes

☐ No

Why/Why Not? ____

6. Do you believe the lending practices of credit unions in Thunder Bay are focused on meeting the needs of local business?

☐ Yes

☐ No

Why/Why Not? ____

7. Has an inability to access capital affected your decision to develop new business initiatives?

☐ Yes

☐ No

Other Sources Utilized: ____

8. What impact do you believe Thunder Bay's OLG Casino is having on the Thunder Bay economy?

☐ Positive

☐ Negative

Comment: ____

9. The HST was introduced to Ontario last July. What effect has it had on your business?

☐ Positive

☐ Negative

Comment: ____

10. Please rank the following industry sectors in importance as a sector to the future of the Thunder Bay economy:

	Not Important				**Very Important**
a) Forestry	1	2	3	4	5
b) Mining	1	2	3	4	5
c) Retail	1	2	3	4	5
d) Tourism	1	2	3	4	5
e) Transportation	1	2	3	4	5
f) Government	1	2	3	4	5

11.The governments of Canada and Ontario are facing years of large budget deficits, do you support raising taxes as a policy alternative in the short-term to eliminate the deficits at a faster pace?

☐ Yes
☐ No
Comment: ____

12. Do you think the Communication Industry and it's pricing is helping business in Thunder Bay?
☐ Yes
☐ No
Comment: ____

13.Are you aware of the activities of Thunder Bay Ventures?
☐ Yes
☐ No
Comment: ____

Please provide any other comments you wish in the space below and overleaf:
(i.e. most significant challenge for your business, a success story to be shared, other).

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Thank you for your time – it is greatly appreciated!