With limited resources, Canadian small businesses are making their mark and forging ahead, often on nothing more than a shoestring budget.

More than half of all small businesses manage to get off the ground with less than $5,000.

Sole proprietors are significantly more likely than those with one or more employees to have started their business with less than $5,000.
What does it take most Canadian small business owners to start their own business? First off, 2 things.

- **A $5,000 start-up investment**: More than half started their business with less than $5,000.
- **Sound financial management**: Every penny counts in business because of its precarious nature.

And with these two tools, small business success becomes possible.

- **2.4 million** Canadian small businesses
- **98%** of all businesses in Canada
- **Employed 5.1 million** Canadians
- **Created 20,000** jobs last year
- **600,000+** jobs over the last decade

How would you spend your $5,000?
The **Numbers Don’t Lie**

Entrepreneurs are a key driver of economic growth, job creation, and long-term prosperity for families across Canada.

According to the latest data from Statistics Canada, our small businesses (defined as those with fewer than 100 employees), are responsible for a whopping **48%** of the total private sector labour force. They created almost **600,000** jobs over the last decade, and more than **20,000** last year despite ongoing global economic uncertainty.

In short, **we all succeed when small businesses succeed**. Small businesses have played a leading role in powering our economic engine out of the global economic recession, and they must continue to play a central role in our drive towards long-term economic stability.

We should all pause every once in a while to recognize these contributions, to celebrate our success stories, and reflect on what we can do to improve conditions for our small businesses.

Intuit worked with Angus Reid Public Opinion on the study. Research was conducted from August 16 – 21, 2012.
The fact of the matter is that **small business owners face real challenges in their entrepreneurial journeys**. While a healthy **85%** of new small businesses survive their first year, that number drops to **70%** after two years, and plunges all the way down to **51%** after five years.

That’s too many failed businesses, too many great ideas that don’t see the light of day, too many good Canadian jobs lost.

**Intuit Canada**, is committed to helping more small businesses succeed. Our very purpose is to set small businesses on a stable financial footing, to give them deeper insights into their financial performance, and to save them time and money so that they can grow and thrive.

So, we asked, what can we do about it? How can we help start-ups succeed in year one, so that they’re still standing in year five? **How can we make sure more businesses succeed after hitting that crucial five year mark?**
We decided that one of the best ways we could help was to connect budding entrepreneurs in the start-up phase with successful small business owners who have been through the ups and downs of those formative years.

We wanted to unlock the wealth of knowledge that successful small business owners have gained. What made them successful? What do they wish they’d done differently? What are their priorities going forward?

How did they answer the $5,000 question?

58% of small business owners started out with less than $5,000

77% of small business sole proprietorships started with less than $5,000

This $5,000 figure is truly powerful. It shows that starting a business can be very precarious. **Every penny counts.** One misstep, one bad investment, one oversight can drastically reduce the odds of success.
The $5,000 figure is also incredibly empowering. It is, after all, a relatively small amount of money. That means that starting a business is within everyone’s grasp.

At Intuit Canada, we’re passionate about finding simple solutions that solve important customer problems. That process of discovery begins with the very foundation of our culture: listening, taking risks, learning from failure.

This report follows that same formula, uncovering insights from 500 small business owners across the country. It provides a window into the lessons they learned along their entrepreneurial journey, and provides suggestions about how Canada’s small business owners should spend that first $5,000.

We hope you learn as much from it as we have.
A full 50% of small business owners report that they made a risky financial decision in their first year in order to get their business up and running. The nature of these risky decisions itself is spread across a range of activities that could be broadly grouped as “heading deeper into debt.” The most commonly cited risks are:

- **15%** Maxed out their credit cards
- **18%** Drained their savings account
- **19%** Took out another line of credit

Despite the tight margins, the bulk of small businesses feel that they are successful within a year:

- Approximately three-in-five (57%) of small business owners report that it took one year or less to get their business successfully up and running.
- Only one-in-five (18%) say they still don’t feel their business is successfully up and running.
Canada’s small business owners share a common regret looking back on their entrepreneurial careers. Simply put, they wish they’d spent more time and energy on mastering financial management.

In fact, learning to track and manage finances is the most commonly cited regret small business owners have. It was picked as the top regret by 17% of small business owners. Other commonly cited priorities include:

- Found a Mentor: 15%
- Made a Business Plan: 14%
- Got Advice Early: 11%

For that majority of small business owners who started out with less than $5,000, financial management stands out even more prominently. 50% struggled with financial management.

The lack of attention paid to financial management has an impact on small businesses in the early years, making an uphill climb even tougher. Those who underestimated the demands of financial management are more likely to:

- Make risky decisions
- Described first year as the toughest
In fact, while computers are used by the vast majority (94%) of small business owners, roughly three-in-five (57%) of small business owners continue to use pen and paper for tasks such as cash flow, payroll, and taxes.

The increased time these business owners are spending on manual financial management methods is eating into their time, distracting from the priorities they identify as essential to taking their business to the next level.

Small business owners report that the **biggest obstacles to taking their business to the next level** are:

- 36% Promoting their Business
- 19% Funding
- 16% Staying motivated

57% still manually record finances which can lead to costly mistakes that most small business owners can’t afford.
Entrepreneurs have a new resource to help them run their small businesses, so that they can find more time to focus on their priorities. QuickBooks is:

- Easy to install, learn and use – no accounting knowledge needed
- Organizes your finances all in one place
- Automatically prepares you for tax time
- Helps you get more done in fewer clicks, with simple, intuitive navigation
- Easily imports contacts and data from Excel®, Outlook®, and webmail
A QuickBooks Success Story

Making the most of $5,000. - Mark Simpson, Professor, George Brown College, Institute of Entrepreneurship and Community Innovation (IECI)

“Preparing yourself by doing market research, attending a conference or enrolling in a business course is a great way to invest those precious start-up funds. Above all, entrepreneurs need to develop a network, forge relationships and make face-to-face connections. These are the investments that will see you through those inevitable rough patches and lay the foundation for success.”

“All the money in the world won’t help a budding entrepreneur who doesn’t understand basic accounting principles. Too many small business owners simply don’t understand how to manage their finances, and it’s the leading cause of failure.”

“My role is to advise small businesses and entrepreneurs about how to get started and stay in business. While the allocation of resources might change based on the business, the bedrock principles of understanding cash flow, knowing your customers and minimizing risk remain. Small business owners can set themselves up for success by embracing these principles.”
A QuickBooks Success Story

Jerry McIntosh, Owner, McIntosh Media

“I started McIntosh Media - www.mcintoshmedia.ca – a documentary film production company, in 2006. Before striking out on my own, I was Director of Independent Documentaries at CBC Television and CBC Newsworld.”

“Working on multiple projects (and revenue streams) at once made me realize very quickly that I needed to get a handle on my finances. At first my accountant managed the books. Over time, he urged me to take over basic accounting duties on my own. I’ll admit I was hesitant at first. I didn’t know the first thing about accounting and the prospect of doing my own reporting seemed really intimidating. But I found QuickBooks to be very intuitive and in no time I was navigating the program on my own, developing reports and issuing invoices.”

“First and foremost, QuickBooks has given me confidence. I now have a better understanding of my business and where I stand at any given moment.”
“As a bookkeeper, my passion is accounting. Nothing gives me more satisfaction than working with small business owners from day one to make sure their business is built on a strong foundation that will see them through the first year and beyond. Small business owners take the big leap because they’re passionate about what they do (whether they’re making shoes or creating the next ‘must have’ app).”

“It’s important for small business owners to remain focused on their passion, but it can’t be at expense of the books. Whether you’re doing the books yourself or have an accountant, you NEED to understand what the numbers mean. The beauty of QuickBooks is that in an instant you can gain a better understanding of your business; who owes you money and when you need to get paid. It allows small business owners to make smart decisions that are going to help them not only stay in business, but continue to grow.”

“At the end of the day, passion is at the heart of what makes Canadian small businesses tick. My job is to help them turn that passion into a business. Lucky for me, accounting is also my passion.”

Kathy Watson, Owner, Minding Your Business
TopTips for Small Business Success

Know Your Business
It’s crucial for SMB owners to understand the inner-workings of their business:

- Who exactly are your best customers?
- Which supplier has the best service and support?
- What can you learn from your competitors?

Cozy up to your Bank
- A financial institution may provide a better level of assistance to people who know their business inside and out.
- Software like QuickBooks gives small business owners a deeper understanding of their business, which leads to smarter decision-making.

Cash Flow is King
- Tools like QuickBooks provide entrepreneurs with the capacity to see exactly where money is going to and coming from.
- The closer small business owners understand their cash flow, the more likely they are to succeed.