



SME FINANCING DATA INITIATIVE

**REPORT TO THE HOUSE OF COMMONS
STANDING COMMITTEE ON INDUSTRY**

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**INDUSTRY CANADA
STATISTICS CANADA**

Canada 

OVERVIEW

CONTEXT

The purpose of this paper is to inform the House of Commons Standing Committee on Industry of the progress to date in defining and implementing the SME Financing Data Initiative. The results laid out in this report are very preliminary, reflecting our initial thinking and the results of a first round of consultations with stakeholders. These consultations focussed primarily on the broad principles which Industry Canada, together with its initiative partners Statistics Canada and the Department of Finance, propose to use to govern this ongoing initiative. Substantial progress has been made and the details of the plan are evolving rapidly. Our objective in presenting this update is to sketch the outlines of how we expect the initiative may look, once all consultations have been completed. None of the plans outlined here should be considered as firm commitments. Rather, they are indications of general directions.

BACKGROUND

In 1996, the federal government commissioned the Task Force on the Future of the Canadian Financial Services Sector (MacKay Task Force) to examine public policies affecting this sector. In 1998, the Task Force concluded, among other things, that there were inadequate data for it to make any recommendations regarding SME access to financing, and further stated that this inadequacy was a considerable handicap to effective public policy making in Canada. These recommendations are a natural progression from the Standing Senate Committee on Banking, Trade, and Commerce's Special Study on Equity Financing of SMEs, as well as to similar conclusions drawn in Taking Care of Small Business and A Progress Report on Performance Benchmarks for Small Business Financing by Banks, published respectively in 1994 and 1995 by the House of Commons Standing Committee on Industry.

The MacKay Task Force recommended that the government undertake a concerted effort to improve the quality and the quantity of information about SME financing. The government responded in 1999 by giving Industry Canada, Statistics Canada, and the Department of Finance a mandate to work closely together to undertake a comprehensive program of information collection and analysis. The goal of this program is to report on the state of financing for Canadian SMEs.

The mandated partners are responding to the government's request by establishing the SME Financing Data Initiative. The initiative consists, broadly, of a proposed two-pronged research agenda. First, there will be regular surveys of SMEs who are users of financing (demand-side surveys) and providers of financing to SMEs (supply-side surveys). These demand and supply-side surveys are referred to as baseline surveys, for which Statistics Canada has the main implementation responsibility. While the baseline demand- and supply-side surveys will be comprehensive in scope, they may not provide sufficient depth

of understanding in certain areas, for example, the attitudes and perceptions of SME owners toward financing providers. Therefore the baseline surveys will be complemented by specialized studies and surveys conducted by Industry Canada and/or Statistics Canada, to provide more targeted information on these issues. A dedicated SME Financing group at Industry Canada is tasked with conducting the specialized surveys and studies, and will be analyzing the data of all the initiative's surveys and studies.

PRELIMINARY RESEARCH APPROACH AND AGENDA

The partners of this initiative have drawn upon the experience of the Canadian Bankers Association (CBA) and of the Canadian Federation of Independent Business (CFIB) in the area of SME financing data reporting. While the proposed demand- and supply-side survey approach builds on the CBA's experience, the initiative will increase the breadth and depth of information the CBA covers to include information about most suppliers of financing, including both debt and equity suppliers, as well as most financing instruments.

The development of this approach also took account of a review of similar data collection activities related to SME financing in the US and the UK. Although the US and the UK have recognized the need to monitor SME financing on a regular basis, neither country has a single undertaking of data collection, analysis and reporting that considers both the demand for, and the supply of, financing for SMEs - such a complex undertaking is this initiative's aim.

The research agenda was developed to allow the greatest flexibility to enable the partners of the initiative to react to stakeholders' concerns, feedback from Members of the Standing Committee on Industry, as well as economic developments that may impact the implementation of the initiative.

EXPECTED BENEFITS

The benefits of this initiative should be numerous for both the public and private sectors. For the first time in Canada, a comprehensive portrait of the demand for, and the supply of, financing for SMEs will be available. Financing products and services, including debt, equity, and newly emerging types of financing such as leasing, will be covered. This will help all stakeholders to better understand the challenges surrounding the provision of capital to the Canadian SME community.

Furthermore, the results will improve understanding of the needs of SMEs who are seeking financing. For financing providers, this will facilitate the design of products and a focus on business strategies to meet market needs. For the Canadian SME community, this should mean an increased awareness of financing providers, options, and instruments, as well as an improved supply of financing products to meet their needs. Finally, this initiative will better enable public policy makers to assess whether SME needs in terms of financing are being met, and how best to respond if not.

CONSULTATIONS

The partners are at the mid-point of the development phase, having concluded a first round of national consultations with stakeholders in April 2000. This first round of consultations provided the forum for seeking general support and consensus for the overall approach to the research agenda. The first round of consultations shed light on issues of concern to stakeholders: the major challenge for the initiative being the response burden, resulting from the requested information of the baseline surveys. This was a particular concern of the providers of financing to SMEs. The partners are exploring various avenues to deal with stakeholders' concerns and adapt the research agenda accordingly, and will address these concerns through a second round of national consultations.

The upcoming second round of consultations, in June 2000, will give the partners the opportunity to present stakeholders with an adapted research plan, subsequent to the first round of consultations. It will provide proposed technical details of the data collection approach. This second round will also be the forum for stakeholders to respond to the details of the proposed plan, and to provide the partners of the initiative with ideas as to how this initiative can be more efficiently and effectively implemented.

TIME-LINES

With respect to the time-frame for research results, the partners are about to undertake a pilot demand-side survey. We expect the results of this pilot to be released in the Fall of 2000, and will be reporting these results to the House Standing Committee if it is the Members' wish. Regular reporting will continue to inform Members of data developments as they are available. The first set of integrated results, including both the demand and supply-side surveys, are expected to be ready in the fall of 2001.

REPORTING RESULTS

The initiative partners are seeking feedback in presenting this report to the Standing Committee on Industry. The preliminary research issues include many important, complex topics. The partners' hope is that Committee Members will provide guidance on whether or not additional topics should be considered, as well as prioritizing issues at hand.

INTRODUCTION

This document describes work to date on the federal government's initiative aimed at developing an information framework to report on the state of financing Canadian small- and medium-sized enterprises (SMEs). This paper outlines the SME Financing Data Initiative's mandate, research agenda, reporting mechanisms, goals and strategies.

IMPORTANCE OF SMALL BUSINESS

SMEs are engines of the Canadian economy. Over the past decade, they have created more than 85 percent of net new jobs. In 1999, 1.8 million firms employed fewer than 500 people - a common definition used to identify an SME. These firms accounted for 99.9 percent of all businesses in Canada. Also, the 2.5 million self-employed that comprise 18 percent of the workforce represent a larger share of employment than the entire manufacturing sector.

The health and development of the small- and medium-sized business community are of great concern for public policy makers, and for the providers of financial services to SMEs. Yet it has been widely acknowledged that neither public policy makers nor the firms supplying SMEs are well served by the quality or quantity of the information available about the financing of this community. If decision makers in the public and private sectors do not have consistent, comprehensive and unbiased data, they lack a key ingredient for effective action.

THE MACKAY REPORT

In 1996, the federal government commissioned the Task Force on the Future of the Canadian Financial Services Sector (the MacKay Task Force) to examine public policies affecting this sector. The Task Force concluded, among other things, that there was a lack of reliable and consistent data on SME financing, and that this deficiency was a major impediment to effective public policy making in Canada. To address this problem, in 1998, the Task Force recommended that the government undertake a concerted effort to improve the quality and quantity of information about SME financing.

MANDATE AND ROLES

In response to the MacKay Task Force recommendations in the area of SME financing, in 1999 the partners of this initiative committed to:

...undertake a comprehensive program of information collection and analysis to ensure that there is adequate information relating to the financing needs of SMEs for effective public policy development.

Statistics Canada will be given the mandate to collect and publish data on the supply of debt and equity financing to SMEs ...To expand the government's analytical capabilities, Industry Canada will be given the mandate to establish a dedicated SME Finance Group that would be responsible for analyzing the Statistics Canada data, conducting other surveys and undertaking continuing research on SME financing issues. Industry Canada will also report annually to the House Standing Committee on Industry regarding the state of SME financing in

Canada.¹

Since that announcement, the three federal organizations have been working to implement a new and permanent regime for collecting, analyzing and, most important, reporting data on SME financing.

Statistics Canada and Industry Canada will have the primary lead on the implementation of the project while sharing the management of the project with the Department of Finance. The role of Statistics Canada will be to conduct annual baseline surveys, and to publish comprehensive information concerning the state of SME financing. Separate surveys of both financial providers and SMEs will be undertaken to measure all sources of financing used by SMEs and their experience in obtaining it. Industry Canada will analyze the findings of the various surveys and studies undertaken by Statistics Canada and others, and conduct additional specialized studies. Industry Canada will publish reports on its findings, and undertake regular reporting of findings to the Industry Committee and to other stakeholders.

INITIATIVE GOALS

This initiative is designed to benefit both the public and private sectors. It will provide, for the first time in Canada, a comprehensive set of information about the supply of, and demand for, financing for SMEs, covering the entire gamut of financing products and services, including debt and equity, and newly emerging types of financing such as leasing.

This initiative should help all stakeholders to better comprehend the challenges and opportunities surrounding the provision of capital to the Canadian SME community. The research results will improve the understanding of the needs of SMEs who are seeking financing. The data will form the basis for a more informed public debate, and will also give financing providers information they need to gain a more comprehensive understanding of their clientele, thus better enable them to design products that better meet market needs.

Additionally, the SME community should benefit from a better awareness of financing providers, options and instruments and from an improved supply of financing products to meet their needs. For policy makers, this information will facilitate the assessment of whether SME needs are being addressed by the market, and also to gauge the effectiveness of government policies and programs.

Our goal is to have data shed light on other important SME financing matters of interest to particular stakeholders, for example, access issues related to gender, aboriginal status, region, urban vs. rural areas and firms in knowledge-based industries (KBIs). This ongoing initiative will also help identify newly emerging trends that can affect SME access

¹Reforming Canada's Financial Sector: A Framework for the Future, June, 1999

to financing, whether they are on the demand or supply side.

CURRENT DATA SOURCES

To date, there are a wide range of data available from both public and private sources. However, because there is no single conceptual basis for these efforts, weaknesses exist in the current data sources which limit their effectiveness. The manner in which information is currently collected raises three main conceptual framework issues for this initiative:

- **Comparability issue:** The various data currently available are collected with different methodologies, making comparison for analytical purposes problematic. A substantive analysis of SME access to financing requires consistent measures of business size and sector of activity. The current financing information does not provide this consistency, making the integration of existing data for analytical purposes problematic. One of the initiative's goals is to standardize the collection and reporting structure to maximize the usefulness of the information for all stakeholders.
- **Depth and scope issue:** Although the information currently collected deals with the topics of interest, it does not delve into issues deeply enough, nor is its coverage broad enough. For example, data collection on the supply-side of SME debt financing is mostly limited to banks, which, according to Thompson Lightstone, leaves out approximately fifty percent of SME financing in Canada. As well as improving upon the coverage of the current data by including all significant providers of financing, this initiative will provide additional information related to financing instruments, size of business, rural vs. urban businesses, etc.
- **Benefit of a third party:** Many stakeholders believe that the federal government can play a vital role as an objective third party collecting and analyzing data in the public interest.

PRELIMINARY APPROACH

The CBA has been an industry leader in publishing, since 1995, quarterly reports on the business credit provided by their members, at the request of the House of Commons Standing Committee on Industry. In addition, the CBA complemented these reports by commissioning regular surveys on SME financing needs and satisfaction with their financial institutions.

The proposed approach of surveys of suppliers and users of SME financing - so called supply-side and demand-side surveys - is similar to the approach developed by the CBA, while including information about most suppliers of financing (both debt and equity suppliers, as well as most financing instruments). This approach will allow a study from the perspective of SMEs, as well as the financing providers.

DEVELOPING A RESEARCH AGENDA

The preliminary research agenda described here was developed following the evaluation of SME financing information gaps, the views and needs of stakeholders, financing issues that would benefit from analysis in the near term, and budget constraints. The preliminary plan consists, broadly, of demand- and supply-side surveys, referred to as baseline surveys, and specialized surveys and studies.

Of particular interest and importance, given the current Canadian business environment, are firms in knowledge-based industries (KBIs). KBI firms are leading the marketplace, creating employment and wealth. A better understanding of their needs is necessary for them to continue this contribution. Although some surveys and studies conducted to date may have included these firms, none have yet managed to cover all aspects of their financing needs, nor provide a complete picture of how they are supplied. The main assets of many KBI firms are often intangible, such as their employees' technical expertise. Financing products for these firms must be innovative to take into account their lack of conventional collateral.

This is also an area where informal investment and equity for SMEs have been growing. Venture capitalists are making, according to studies conducted by MacDonald and Associates, considerable investments, yet we know little about how they operate - their holdings in SMEs, their specific incentives to invest, etc. Stakeholders must know investee firms' perceptions regarding equity capital, its costs, etc. Furthermore, knowledge-based industries are altering the way businesses function, and this inevitably affects financing as well. Financial products, along with all other products, are becoming increasingly electronic. For these reasons, the availability of electronic means of financing must be explored.

BASELINE SURVEYS

The baseline surveys will allow us to ask, and will aim to answer, the following basic questions:

- How much financing have SMEs received?
- How does this amount change over time?
- What is the purpose of this financing?
- Are there inconsistencies between the demand for and the supply of financing?
- If, indeed, there are inconsistencies, what factors contribute to them?
- What different types of financing suppliers and instruments are there? And what is their relative importance?
- How do these suppliers and instruments change over time?
- What are the risks associated with the financing of SMEs?

Ideally, the baseline surveys would also attempt to measure the total value of new and of outstanding financing by type of supplier and by type of instrument, the proportion of financing approved as a percentage of the amounts requested, the reasons for turn-downs or approvals, as well as the loss provisions and write-offs. They will also attempt to shed light on the proportion of SME owners who do their personal banking with their main business credit supplier, the cost of financing, account manager turnover rate, and private individual investment in small business.

PROGRESS TO DATE ON BASELINE SURVEYS

The partners agreed that it would be beneficial to conduct a pilot demand-side survey. This survey is scheduled to be finalized and distributed to a sample of over 2000 SMEs across Canada in June 2000. Limited results and analysis from the pilot will be available to Members of the House Standing Committee on Industry in the Fall of 2000. The full regular demand-side survey is scheduled to be conducted early in 2001.

Work has also begun on the supply-side survey, with the details of specific data elements to be worked out in the June 2000 round of consultations. The first supply-side survey will be conducted early in 2001, and will serve as a pilot for the content and the coverage of the full production supply-side survey, scheduled for early in 2002. The results of the full demand-side survey will also allow fine-tuning of the full supply-side survey, as its results may make it evident that some data elements are better collected through one survey rather than the other.

SPECIALIZED SURVEYS AND STUDIES

The findings of the baseline surveys will allow the partners of the initiative to flag areas that need further exploration, but for which the baseline surveys cannot provide an in-depth analysis. The partners have tentatively identified a number of specialized surveys and studies which might be of interest, and could be undertaken as part of the initiative over the next 4-5 years. Their descriptions follow:

Roles informal investors play in the financing of SMEs: This survey would focus on the profile of informal investors and their investment behaviour. The study would also try to identify the factors that motivate informal investors to invest in SMEs.

SMEs' attitudes about the availability of financing: This survey would deal with attitudinal issues, and would ask SMEs about all significant providers of financing.

SMEs' use and perceptions of informal investments: This survey, possibly conducted every two years, would ask SMEs about the impact of informal investments on their firms as well as the factors that encourage (and discourage) SME owners to seek informal investments. In addition, this survey would analyze the perception of this form of financing and will try to assess the level of readiness of small business for this type of financing.

Venture capital market: This study would analyse the formal venture capital market to determine the impediments of investing in SMEs.

Electronic means of financing: A study to identify emerging trends in electronic means of financing, as well as their usage by SMEs (for e.g. Internet credit applications and matchmaking services).

Seed and research & development financing needs: This survey would identify the financing needs specific to SMEs in the seed stage of development, and those with significant R&D requirements.

Canadian IPO market: This study would examine the environment and the special financing requirements of fast-growing SMEs that are in the pre-IPO and post-IPO phases. A survey will be conducted regarding the experiences of SMEs who went through an IPO.

Price vs. risk study: This research would shed light on the options available for financing riskier SME ventures as the projects move up the risk curve to determine if there are under-served niches.

Knowledge-based industries (KBI): This research would identify the financing needs specific to SMEs in the KBI sector.

Roles 'new' corporate informal investors play in the financing of SMEs: This would focus on the profile of informal investors and their investments behaviour, but would target the 'new' corporate informal investors' group.

Availability of micro-credit financing: This study would evaluate the issues surrounding micro-entrepreneurs seeking financing amounts of less than \$25,000 and the supply of such financing.

Youth, gender, Aboriginal, regional, rural vs. urban, language minorities: Surveys or studies to assess the impact of these various factors on obtaining financing for SMEs.

PRELIMINARY IMPLEMENTATION PLAN

The partners have, as of yet, only established preliminary priorities for these specialized studies and surveys, and these are outlined below in year one. The intention is to allow for the greatest flexibility to respond to results of consultations, conclusions drawn from the initial baseline surveys, feedback from Members of the House Standing Committee on Industry, and evolving economic conditions.

The timing of the allocation of resources is a key consideration: the partners will make this allocation after the initial baseline surveys permit us to draw some conclusions which can guide the establishment of priorities. The tentative plans for studies and results are presented below. Shaded areas indicate the baseline surveys to be conducted by Statistics Canada. As previously mentioned, priorities have yet to be determined for specialized surveys and studies for the last four years of the plan, and are only tentatively scheduled for the first.

Year One: 2000 / 2001
Pilot demand side survey
The following specialized studies and surveys are also tentatively scheduled for the first year:
<ul style="list-style-type: none"> • SMEs' attitudes about the availability of financing; • Roles informal investors play in the financing of SMEs; • Roles 'corporate' informal investors play in the financing of SMEs; • Canadian IPO market; • Venture capital market.

For the remaining four years of the plan, the partners propose that Statistics Canada conduct full supply-side surveys annually, and full demand-side surveys every three years. During the years when full demand-side surveys will not be conducted, the partners propose that Statistics Canada conduct follow-up demand-side surveys. These follow-up surveys will focus on specific issues that might be available only through such surveys. These might include, for example, the SME experience in obtaining financing within sectors of special interest, such as businesses owned by women or Aboriginal people.

The proposed time-line for baseline surveys for the last four years of the plan is as follows:

2001 / 2002	2002 / 2003	2003 / 2004	2004 / 2005
Full demand-side	Follow-up demand-side	Follow-up demand-side	Full demand-side
Full supply-side	Full supply-side	Full supply-side	Full supply-side

INTERNATIONAL CONTEXT

Industry Canada examined the work undertaken in the United States and the United Kingdom in the area of SME financing data collection, analysis and reporting, to determine if their experiences could provide any best practices to help guide the development of the new Canadian initiative.

Both the US and UK approaches have strengths that the partners of this initiative have drawn upon in the development of the preliminary research agenda. The US National Survey of Small Business Finances conducts a demand-side survey every five years and reports its findings to Congress. The SME Financing Data Initiative used this survey as a source for some of its data elements (for example, questions related to trade credit and business characteristics.) However, it was noted that the survey, which has a sample of three to four thousand firms, is often not - or only partially - completed, due to its length and complexity. As for the supply side, while there is some reporting of SME financing, it only covers a subset of suppliers and financing instruments.

In the UK, the Bank of England amalgamates SME financing data collected by independent organizations, draws conclusions from these various sources, and publishes an annual report on findings. This report is quite comprehensive, as it gathers information from different sources, but the challenge remains in the ability to analyze this information comparatively given the differences in methodology of the numerous sources. However, the scope of coverage of data was noted for this initiative.

To summarize, the US and the UK have recognized the need to monitor SME financing on a regular basis. While neither country has a truly comprehensive approach in place, their experience points to the importance of reviewing SME financing issues from the perspective of financing suppliers and SMEs themselves in as thorough a way as possible.

REPORTING RESULTS

HOUSE OF COMMONS STANDING COMMITTEE ON INDUSTRY

Industry Canada will report regularly to the House of Commons Standing Committee on Industry, the Standing Senate Committee on Banking Trade and Commerce, and other interested bodies on the state of SME financing in Canada. This forum will allow the initiative partners to give an update on progress and a synopsis of significant research findings. It will also be an opportunity for the partners to obtain feedback on work and future work plans.

It is the partners' intent to present the results of the pilot demand-side survey conducted this summer to the House of Commons Standing Committee on Industry in the Fall of 2000, if it is the Committee Members' wish.

WEB SITE

A dedicated Web site has been developed for this initiative as a part of Industry Canada's Strategis site. Entitled "Access to Financing: A Portrait of Small Business Issues in Canada," the site will give users a range of information relating to the initiative. It will enable stakeholders to find out about the project, its origins, its partners, its objectives, as well as its studies and findings.

Information about upcoming surveys and past studies will be published on the Web site. Users can expect to find the summaries, methodologies, and key findings of surveys and studies that have been conducted. In addition, some aggregate data from the studies will be available for further analysis. As much detailed data as possible will be available from Statistics Canada, consistent with protecting confidentiality.

Users will also be able to take advantage of an "update" feature to be kept informed of the most recent findings through an automated email function. This function will be available to users on demand only and will be cancellable at any time.

CONSULTATIVE PROCESS

The work that this initiative implies involves a number of stakeholders, and consultations with them has been a key part of our work plan. Our approach is based on two rounds of consultations. In the first round, the partners set out a vision and sought feedback on several objectives and how they might be achieved, and aimed to build consensus on the overall approach and framework. Consultations were held with various groups that have a stake in the state of SME access to financing in Canada, such as organizations representing SMEs, providers of SME financing and their associations, as well as government organizations.

The partners of the initiative presented a discussion document² to stakeholders outlining the partners' vision, objectives, and plan for the initiative. The partners remained open to innovative ideas throughout, as the intention was to obtain stakeholders' views and opinions on what was proposed in order to determine the initiative's feasibility, as well as the most cost-efficient and effective manner of meeting objectives for all those involved.

The second round of national consultations, planned for June 2000, will validate the changes made to the original proposed plan according to the feedback received during the first round with stakeholders. In addition, it will define the details of this initiative with those affected by the work that it entails, in order to implement a sound approach.

RESULTS OF FIRST ROUND OF CONSULTATIONS

More than forty firms, organizations and individuals were invited to participate in this first round of consultations, and almost thirty participated in the fifteen meetings held across the country in Montreal, Québec City, Toronto, Vancouver and Ottawa. The partners also held more detailed discussions with key stakeholders on the pilot demand-side survey questionnaire.

There was general support for the initiative. There was general agreement that there is a need for better information, and that the initiative is timely, given that information systems changes required for Y2K are completed, which frees system resources to make any needed changes.

Key stakeholders reserved any final commitment to the process until they see the technical details of the proposals in the second round of consultations. In addition, some key issues were raised:

- Some organizations expressed concern over the length and complexity of the pilot demand-side survey questionnaire, as well as the lack of questions leading to

²Please see Annex A for the discussion document.

qualitative data.

- Given the complexity of the requested data elements, the clarity of terms is an important issue, as was brought up by stakeholders.
- Information on a provincial or national level is less useful to some stakeholders whose markets are localized. These organizations have asked for a regional segmentation.
- Some organizations expressed concern regarding the amount of data that may be required, and the possible resulting response burden.

INITIAL RESPONSES TO CONCERNS RAISED

The comments dealing with the length and complexity of questionnaires were addressed in subsequent drafts of the pilot demand-side survey questionnaire, which was shortened, simplified, and strengthened in questions regarding qualitative data such as the issues surrounding the SME experience of obtaining financing. The results of the pilot will be used to further shorten and simplify the questionnaire for the full survey, as needed.

In an attempt to address the issue of complex data elements, the partners are currently working with stakeholders to develop definitions that will ensure respondents understand the information that is asked of them and enable them to answer accordingly.

In response to the organizations who have localized markets, the initiative partners is exploring the possibility of providing segmentation at a level that will be useful to all stakeholders. Clearly, the response burden and the protection of confidentiality are issues here, as are the implementation challenges.

The partners are attempting to address the compliance burden concern through a number of measures. Firstly, the demand and supply-side approach to the surveys and studies is being proposed to alleviate the compliance burden by sharing the data collection responsibilities between the demand and supply sides. The partners hope to achieve this by requesting some data elements from only one side rather than both, when possible, to then amalgamate the elements collected by both sides to complete the picture of the state of SME financing. Secondly, the agenda has been laid out over a 5-year period to give stakeholders the needed time to adapt their systems and procedures to capture the needed information. These issues will be further discussed in the second round of consultations.

CONSULTATIONS: ROUND 2

The upcoming second round of consultations will provide stakeholders with the opportunity to respond to the details of the proposed plan, and to provide the initiative partners with ideas as to how the work plan can be more efficiently and effectively implemented, in a manner that will suit their needs and alleviate their concerns.

As their views are crucial to the success of this initiative, stakeholders will continue to be involved throughout the design and implementation phases.

NEXT STEPS

The second round of consultations, beginning in June 2000, will involve stakeholders across Canada. This round of consultations will deal with specific data elements and details of the initiative, particularly regarding the supply-side survey.

Results of the pilot demand-side survey will be available in the Fall of 2000. Only limited information will be available due to the “pilot” nature of the survey. The partners will be prepared to present these preliminary results to the House of Commons Industry Committee and the Standing Senate Committee on Banking Trade and Commerce, as the Committees wish.

Ensuing work will entail the identification of additional research areas needed to complete the portrait of Canadian SME financing.

Determining the Future of Small Business Financing Data - A Consultation Document