

A photograph of two women in a professional setting, likely a meeting or office. The woman in the foreground is looking down at a laptop screen with a thoughtful expression, her hand resting on her chin. The woman in the background is also looking at the screen. The image has a soft, blue-tinted overlay.

# Women Business Owners in Atlantic Canada

A Comparative Analysis 2012-2019

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# PURPOSE

The purpose of this research study compared the findings between data collected in 2012 and 2019 on women business owners (WBOs) in Atlantic Canada.

## POSITIVE TRENDS

The status of women business owners has been trending positively in several key areas between 2012 and 2019.

- ▶ Sales growth
- ▶ Educational levels
- ▶ Innovation activity
- ▶ Motive for starting a business
- ▶ Business advice
- ▶ Investing in technology
- ▶ Supplier diversity awareness
- ▶ Length of time in business
- ▶ Expansion plans

# INTRODUCTION

Prior to this study, there were only two major studies that existed specific to women business owners (WBOs) in Atlantic Canada. The first study, in 2003 by the Calhoun Group, was titled Portrait of Women Business Owners in Atlantic Canada. The second study in 2012 by Findlay-Thomson and Blotnick, titled Pan-Atlantic Needs Assessment of Women-Owned Growth Orientation Business; Exporting, Supplier Diversity, Global Supply Chains and the Use of Technology, expanded upon the areas of data collection from the 2003 study and provided timely information.

This 2019 research study is the most comprehensive to date and while it provides a comparative analysis between 2003 and 2019, the emphasis of the analysis is placed on the more relevant data between 2012 and 2019. The updated information allows for an understanding of the status of WBOs in Atlantic Canada and the directional trends of the key criteria of both studies. New to this study was a review of WBOs who identified as members of other under-represented groups (Indigenous People, visible minorities, LGBTQ2, persons with a disability) as well as an expanded focus on innovation activity.

## *Areas of Data Collection*

- ▶ Business profiles
- ▶ Education & experience
- ▶ Export orientation
- ▶ Access to financing
- ▶ Challenges
- ▶ Innovation
- ▶ Research & development activity
- ▶ Sales, profits & growth
- ▶ Markets
- ▶ Technology use
- ▶ Supplier diversity
- ▶ Under-represented groups
- ▶ Sectors
- ▶ Access to business advisory services



# HIGHLIGHTS

## *Positive Trends*

### MOTIVE FOR STARTING A BUSINESS

Women who become entrepreneurs because they are pursuing a market opportunity as opposed to providing an income source are more likely to have higher aspirations, engage in exporting, have higher growth and profitability, and are more highly educated. WBOs reported that 38.2% were pursuing a market opportunity which compared favorably to 28% in 2012.

### PROCESS IMPROVEMENTS

WBOs reported that 29% introduced new or significantly improved processes in the last two years in order to increase productivity and competitiveness. Of this number, 52% reported improvements to efficiency/productivity. There is no comparable data in 2012.

### INNOVATION ACTIVITY

WBOs reported that 56% were involved in improving products or services over the last two years. Of this number, 45.2% reported the innovation had been marketed and well received. There was no comparable data in 2012.

### SUPPLIER DIVERSITY

WBOs reported that 45% were aware of or involved in supplier diversity which compared favourably to 34.2% in 2012. The number of WBOs who were certified increased from 9.5% in 2012 to 34.2% in 2019. Of the 23.2% who reported that they had attended a trade mission related to supplier diversity, 22% developed business opportunities.

### TECHNOLOGY

WBOs reported that 32% were using specialized technology and 49% anticipated investing in technology over the next two years. The latter statistic compared favourably to 33.1% in 2012.

### SALES GROWTH

WBOs reported that 32% had annual gross sales between \$100,000-\$500,000. This compared favourably to 23.5% in 2012. Annual gross revenues of less than \$100,000 were reported by 50% of WBOs which compared favourable to 59.6% in 2012.



# HIGHLIGHTS

## *Negative and Non-directional Trends*

### *Top Challenges Facing WBOs*

In 2019, the most challenging factor was work-life balance followed by finding qualified staff, time management, obtaining financing, and lack of mentors. While these are the same as the 2012 data, work-life balance replaced time management as the greatest challenge.



### RESEARCH AND DEVELOPMENT (R&D)

R&D activity has decreased amongst WBOs from 32.3% in 2012 to 21% in 2019. In terms of the next two years, 46% of WBOs reported that they had no plans to engage in R&D activities.

### BUSINESS SECTOR

The choice of business sector can limit businesses from engaging in growth activities such as exporting, R&D, innovation, and supplier diversity. The majority of WBOs in Atlantic Canada are in lower growth and less lucrative sectors, such as professional services (49%) and wholesale/retail (23%).

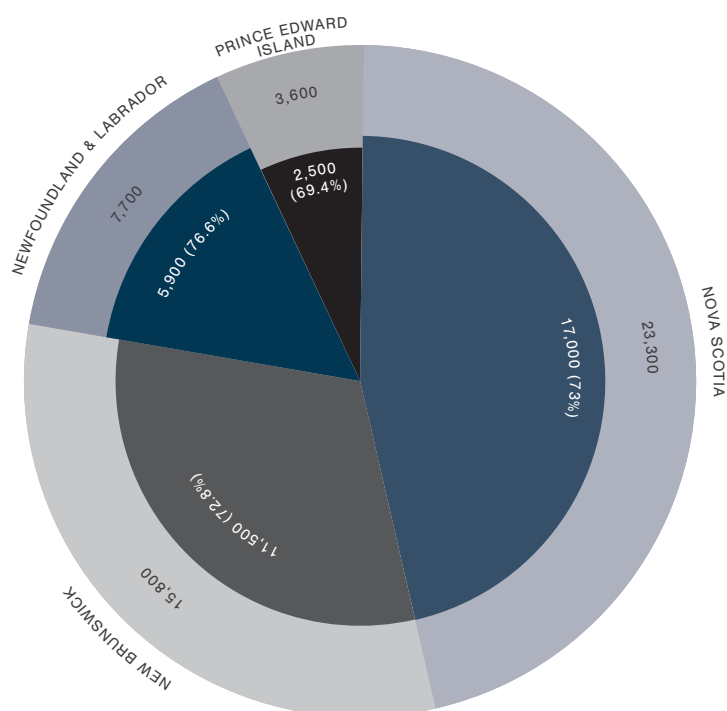
### EXPORTING

Exporting amongst WBOs has not changed (20%) from 2012 to 2019. Of note, 52% in 2019 reported they are not exporting and have no plans to do so. On a positive note, 29% reported some interest in exporting.

Those who were exporting were more likely to be selling products instead of services. They were also more likely to be selling to the business market rather than the consumer market.

# INDUSTRY SIZE

## WOMEN OWNED BUSINESSES IN ATLANTIC CANADA



There are **50,400** self-employed women business owners in Atlantic Canada. **73.2%** (36,900) of which are solo entrepreneurs.

- **NOVA SCOTIA**  
**23,300** self-employed women business owners  
**73%** (17,000) of which are solo entrepreneurs
- **NEW BRUNSWICK**  
**15,800** self-employed women business owners  
**72.8%** (11,500) of which are solo entrepreneurs
- **NEWFOUNDLAND & LABRADOR**  
**7,700** self-employed women business owners  
**76.6%** (5,900) of which are solo entrepreneurs
- **PRINCE EDWARD ISLAND**  
**3,600** self-employed women business owners  
**69.4%** (2,500) of which are solo entrepreneurs

STATISTICS CANADA, LABOUR FORCE SURVEY, 2019

# STUDY PARTICIPANTS

SAMPLE SIZE: 4,553

NOVA SCOTIA 2,500 (55.1%)	NEWFOUNDLAND & LABRADOR 1,000 (22.0%)	NEW BRUNSWICK 703 (15.3%)	PEI 350 (7.7%)
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RESPONSES: 423\*

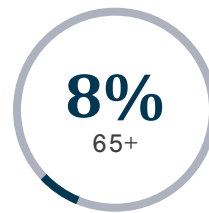
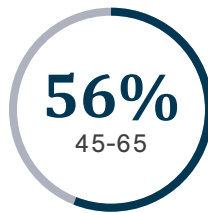
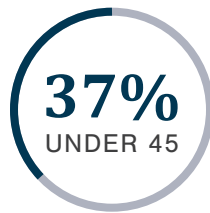
NOVA SCOTIA 206 (48.7%)	NFLD 57 (13.5%)	NEW BRUNSWICK 132 (31.2%)	PEI 28 (6.6%)
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\*ALL RESPONSES WERE WEIGHTED BACK TO THE ORIGINAL SAMPLE SIZE.



# DEMOGRAPHICS

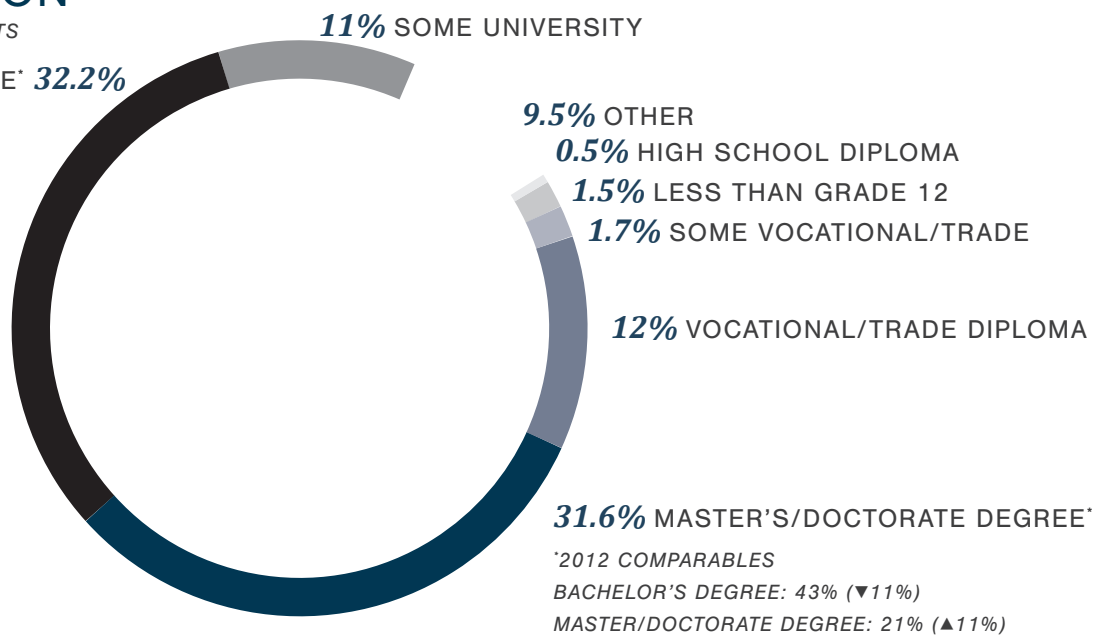
## AGE YEARS



## EDUCATION

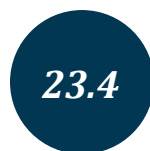
% OF RESPONDENTS

BACHELOR'S DEGREE\* **32.2%**



## EXPERIENCE

AVERAGE YEARS



INDUSTRY  
& WORK



PRIOR BUSINESS  
EXPERIENCE



BUSINESS OWNERSHIP/  
SELF-EMPLOYMENT\*\*

\*\*2012 COMPARABLES

BUSINESS OWNERSHIP/SELF-EMPLOYMENT EXPERIENCE: 10 YEARS (▼2.5 YEARS)

# SECTORS AND ADVICE

## SECTOR CHOICE

The research on sector choice is clear - the choice of sector can often limit a WBO from engaging in important growth activities such as exporting, using advanced technology, capitalizing on supplier diversity, engaging in R&D and innovation, and focusing on ways to increase productivity and profitability.

The majority of WBOs in Atlantic Canada reported being in lower growth and less lucrative sectors, which often face these limitations. While these lower growth and less lucrative sectors offer goods and services required by local markets and do have potential for growth and expansion, there is a need to educate and expose WBOs to the opportunities available in higher growth sectors including ones that are transformative.

On a longer term basis, the education of women on sector choice is one that needs to begin in the elementary, secondary and post-secondary school system levels. The current movement of exposing girls and young women to STEM (science, technology, engineering and math) and other non-traditional female skills needs to be more systemic and prioritized at the highest level so that by the time young girls are adults they will have a mindset that allows them to automatically analyze all sector choices.

*\*PARTICIPANTS COULD SELECT MORE THAN ONE RESPONSE.*

### SECTOR CHOICES OF WBOs IN ATLANTIC CANADA:\*

- ▶ **49%** Professional services
- ▶ **23%** Wholesale/retail
- ▶ **16%** Education
- ▶ **15%** Health care
- ▶ **12%** Knowledge-based
- ▶ **12%** Tourism/hospitality

## BUSINESS ADVICE

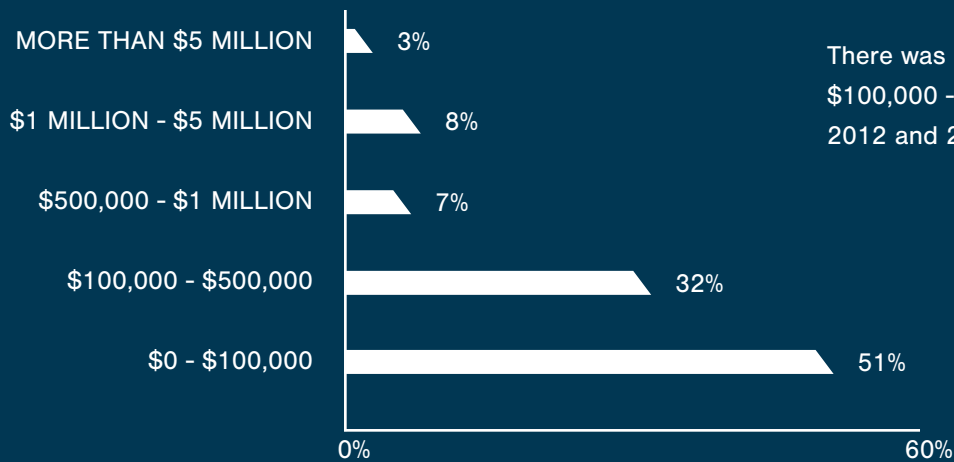
### TOP 9 CHOICES:\*

- 56%** Accountant
- 44%** Bank
- 36%** Friends/family
- 36%** Mentor
- 29%** Centre for Women in Business
- 28%** Consultant
- 22%** Atlantic Canada Opportunities Agency
- 18%** Business development centre
- 11%** Nova Scotia Business Incorporated

The use of advisors was widespread, which is an indicator that WBOs know where to go to get business advice and help. All participants had contacted at least one advisor. More than 50% of respondents reporting using a women's business centre.

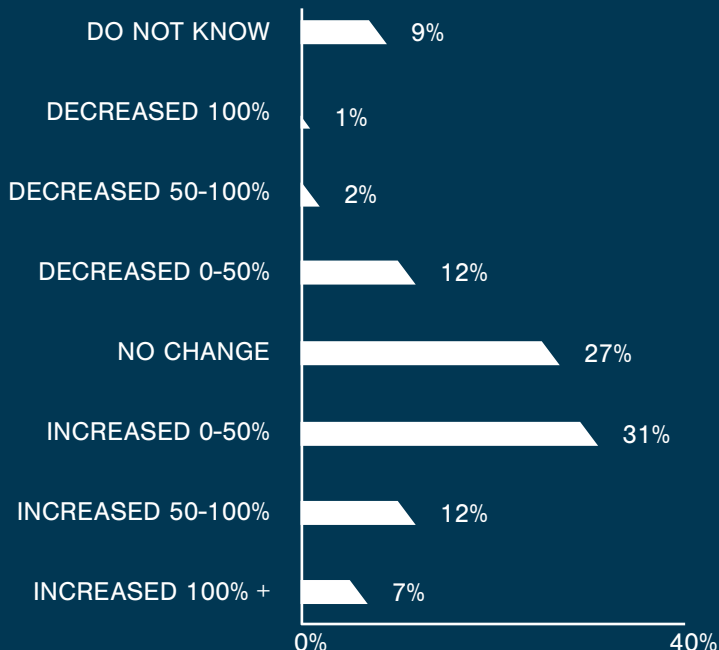
# SALES, PROFITABILITY AND GROWTH

## SALES GROWTH (2018)



There was a 22% increase in revenues in the \$100,000 - \$500,000 category between the 2012 and 2019 studies.

## SALES GROWTH OVER PREVIOUS YEAR



While 27% of WBOs reported no change in last year's sales, nearly half reported that their sales had grown over the previous year.

Reasons reported for the change in sales included better billing, improved marketing, improved technology/innovation, and better product knowledge.

# STAGE OF BUSINESS DEVELOPMENT

Only 14% of WBOs reported being in the start-up stage, which is 12 percentage points lower than the 26% reported in 2012. However, it was also reported that 63% were in the fast-growth and/or moderate growth stage. This higher number in the fast and moderate growth stages could be an indicator of longer business survival of start-ups. Using the GEM Capital 2016 study, it was reported that 13.3% of Canadian WBOs were in early stage development and therefore WBOs in Atlantic Canada are above the national average. There is, of course, an economic imperative that start-ups continue and the numbers in Atlantic Canada should be monitored.

## Definitions

**Fast Growth:** Sales are growing at a faster rate than the economy as a whole

**Moderate Growth:** Sales are slowly increasing

**Maturity:** Sales are steady, but have stopped growing

**Decline:** Sales have started to decrease

## STAGE OF BUSINESS DEVELOPMENT



## TOP 5 CHALLENGES\*

- 1) **30%** Work life balance
- 2) **30%** Finding qualified staff
- 3) **26%** Time management
- 4) **25%** Obtaining financing
- 5) **21%** Lack of mentors

The challenges facing WBOs have not changed between 2012 and 2019. Work life balance has shifted places with time management as the most challenging.

\*PARTICIPANTS COULD SELECT MORE THAN ONE RESPONSE.



# PLANNING

## *Business and Marketing Plans*

Of the respondents, 42.8% reported they did not have a formal business plan. If it is accepted that there is a positive relationship between business planning and business success, there is a concern that more than 40% of WBOs in Atlantic Canada do not engage in formal business planning.

On a similar note, 68.8% reported that they did not have a formal marketing strategy. A marketing plan does not guarantee business success, but there is ample evidence of the value of how a marketing plan can provide a roadmap of how your business will achieve its goals.

There are many free opportunities through governments and women business centres in Atlantic Canada for WBOs to learn not only how to prepare a proper business and marketing plan, but how to strategically implement it. The lack of formal business planning could also potentially impact the success of gaining access to funding, which is often reported by many WBOs. Advisors to WBOs must continue to educate WBOs at all stages of business development regarding the necessity of business planning.

# INNOVATION

## *Products and Services*

WBOs reported that 56.2% had introduced a new or significantly improved product or service in the last two years. Positive responses provided for the new or improved product or service were stimulating growth, team-building, improved efficiency and helpful mentors. Negative responses provided were the trial and error time and funding difficulties to finance new innovations. Although most WBOs are in lower growth markets, they are still making improvements to products and services and contributing towards sustainability and productivity growth.

### NOVELTY LEVEL OF INNOVATION

- ▶ **67%** New to firm
- ▶ **56%** New to market
- ▶ **33%** New to Canada
- ▶ **13%** New to North America
- ▶ **17%** New Worldwide

### DEVELOPMENT OF INNOVATION

- ▶ **58%** In-house
- ▶ **32%** Adapted from others' products
- ▶ **14%** Partnered with other company

### CURRENT STATE OF INNOVATION

- ▶ **45%** Marketed & well received
- ▶ **28%** Marketed, but slow to adopt
- ▶ **20%** Not yet marketed
- ▶ **4%** Marketed by not successful

# INNOVATION

## *Process Improvement*

Primary reasons for process improvement and improved productivity were decreasing costs through the elimination of non-value-added activities, and decreasing process flow time. The findings of the 2019 study of 28.8% of WBOs being involved in process improvement is low. If a WBO could identify which products or services offer the highest percentage of sales and higher profit margins, they could begin to make changes to their processes without a significant financial investment.

### NOVELTY LEVEL OF INNOVATION

- ▶ **92%** New to Firm

### DEVELOPMENT OF INNOVATION

- ▶ **72%** In-house
- ▶ **19%** Adapted from others' products
- ▶ **15%** Partnered with other company

### CURRENT STATE OF INNOVATION

- ▶ **52%** Process implemented in-house and resulted in improvements to efficiency/productivity
- ▶ **32%** Process implemented in-house and results are being monitored
- ▶ **2%** Process implemented in-house, but not effective improvement in efficiency/productivity
- ▶ **9%** Process not yet implemented in-house

# DOMESTIC MARKETS

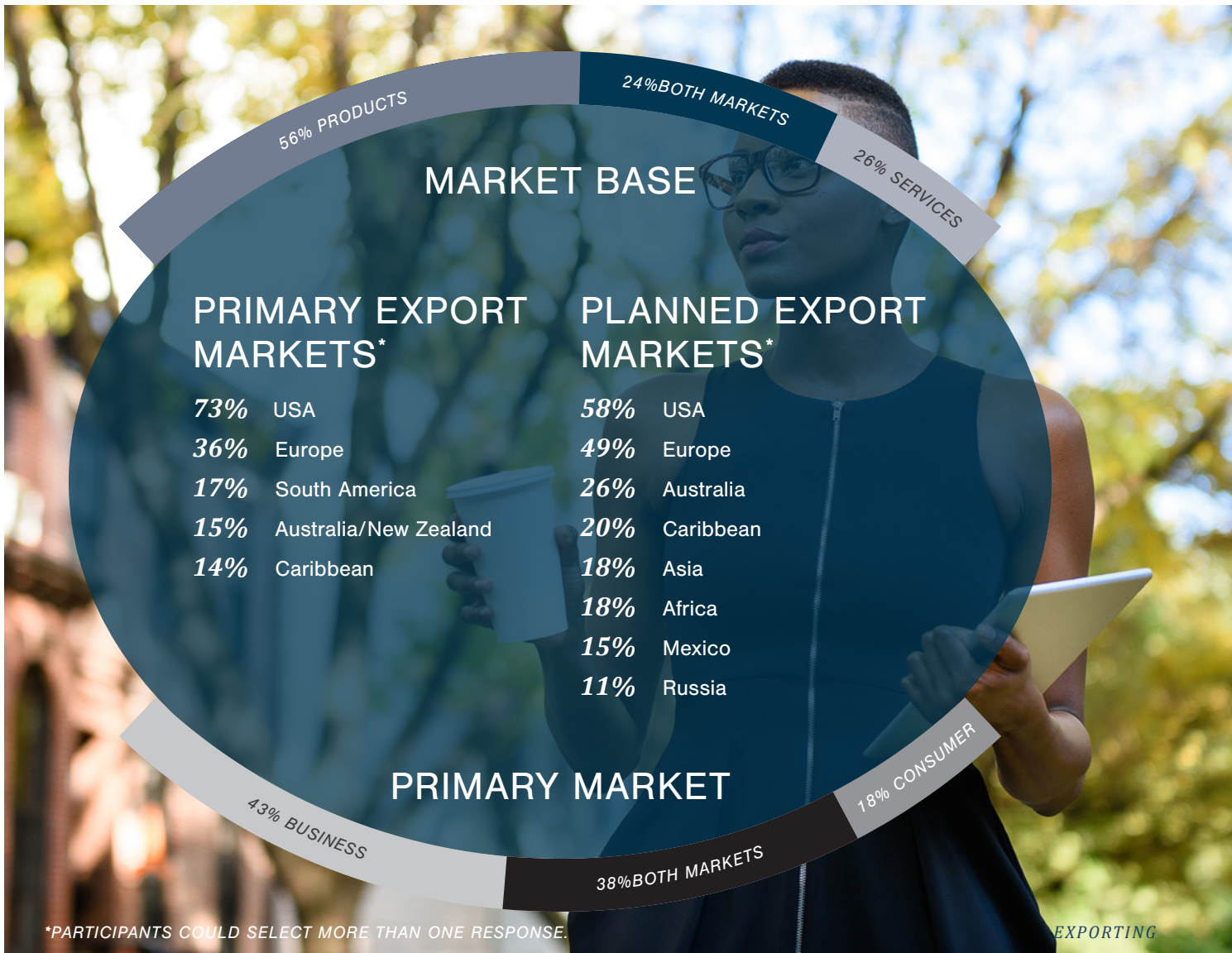




# EXPORTING

## Demographics

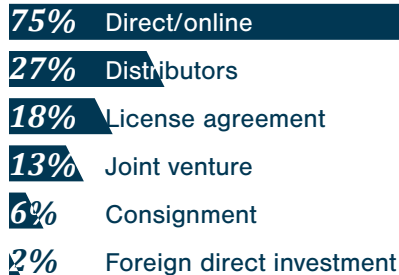
- ▶ **52.1%** NOT EXPORTING AT THIS TIME AND RELUCTANT TO DO SO IN THE FUTURE
- ▶ **27.5%** INTERESTED IN EXPORTING IN THE FUTURE, BUT NOT DOING SO AT THIS TIME
- ▶ **20.4%** ALREADY EXPORTING  
NO CHANGE BETWEEN 2012 AND 2019



# EXPORTING

## Logistics

### DISTRIBUTION CHANNELS\*

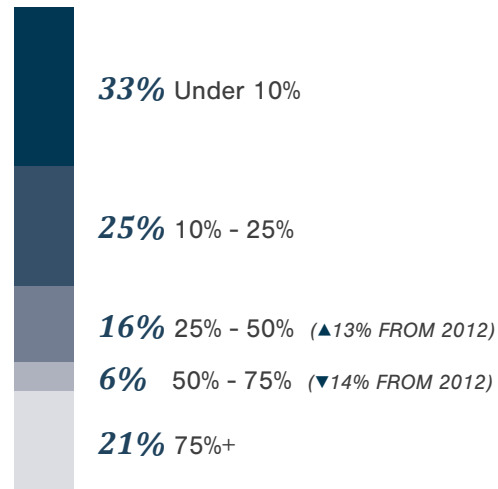


With the federal government's latest financial commitment to support WBOs, one of the mandates is to pull the critical mass of exporting information into one central registry. This should help address the challenge cited by WBOs regarding accessing information on exporting. However, in Atlantic Canada, the choice of sector, as noted herein, is hindering the export activity of WBOs. The long-term strategy is to educate and expose girls and young women to non-traditional female skills. The immediate strategy must help existing WBOs discover opportunities for firm-level growth in their chosen sector.

### FACTORS IMPACTING GROWTH\*



### TOTAL EXPORT SALES



### EXPORTING ADVICE

#### TOP 7 CHOICES:\*



# SUPPLIER DIVERSITY

**35%** were familiar with the term “supplier diversity”

▲ Statistically significant increase of 11 percentage points from 2012

▶ **34%** of those 35% were certified.

▲ Statistically significant increase of 25 percentage points from 2012

▶ **22%** of those 34% attended trade show to meet companies with supplier diversity programs

▶ **22%** of those 22% of trade show attendees gained new opportunities

Size of business, sector, and capacity influence the ability to use supplier diversity. Most businesses require WBOs to be certified in order to engage in supplier diversity activities with their organizations. Supplier diversity is not for every business. For those that have been able to capitalize upon the opportunities provided by supplier diversity, the outcomes have been reported as extremely beneficial to organizational growth.



# TECHNOLOGY

The findings indicated that a range of technologies were in use by WBOs in Atlantic Canada. Anecdotal comments provided themes that technology is critical in order to develop and achieve business growth, increase productivity and efficiency, and to reduce costs. The primary concern was the cost of technology and the time to set up and learn how to use it.

**32%** used specialized technology

- ▶ **23%** of the 32% used specialized intellectual property (IP)
- ▶ **49%** of those 23% anticipate investing in technology over the next two years  
Statistically significant increase of 18 percentage compared to 2012
- ▶ **22%** of those 49% sought advice for technological investment  
Statistically significant increase of 8 percentage points compared to 2012

## ANTICIPATED TECHNOLOGY AND IP INVESTMENT\*

- 56%** Online, internet or WIFI
- 47%** Customized computer software/computers
- 45%** Technology to increase productivity
- 30%** Intellectual property
- 10%** Technological supply chain link

## TECHNOLOGY ADVICE

### TOP 7 CHOICES:\*

- 33%** Consultant
- 15%** Accountant
- 15%** Family/friends
- 13%** Atlantic Canada Opportunities Agency
- 12%** Centre for Women in Business
- 11%** Bank
- 9%** Newfoundland and Labrador Organization of Women Entrepreneurs




# UNDER- REPRESENTED GROUPS

Of the sample population, 14% of WBOs identified as belonging to one or more other under-represented groups (Indigenous peoples, visible minorities, LGBTQ2, persons with a disability).

There were no statistically significant differences in whether a WBO was a member of an under-represented group based on motive to start the business,

exporting, supplier diversity or research and development. However, there was a statistically significant difference in innovation where over 88% of WBOs who were also Indigenous people engaged in product development compared to 58% of WBOs who did not belong to an under-represented group.



The gender-based gap between women owned businesses and male owned business is real and needs to be closed in order for Canada to realize the untapped economics of women business owners. This concurs with the extensive research on the gender gap: women owned businesses are usually smaller in scale, have a limited range of sectors that are often lower growth and less lucrative, and have lower capital intensity. Yet, women entrepreneurs are the fastest growing sector in the Canadian economy.

# ADVANCING GENDER EQUALITY

The government of Canada has stated the country needs the full and equal participation of women in the economy to ensure Canada's competitiveness. It announced a \$2 Billion investment in 2018 with the launch of the Women's Entrepreneurship Strategy which is intended to further the economic empowerment of Canadian women. It expects that advancing gender equality has the potential to add \$150 Billion GDP to the Canadian economy by 2026.

This aligns with RBC's report in 2013 where it stated a 10% rise in the number of female majority owned firms by 2023 could raise aggregate contribution of WBOs from \$148 Billion in economic activity to \$198 Billion.

# CONCLUSION

Many of the findings and comparisons between the 2012 and 2019 study have moved in a positive direction. Our governments at both the provincial and federal levels are actively involved in helping WBOs overcome the unique barriers and obstacles that they face. Additionally, the programs and services developed for WBOs by the women's business centers in Atlantic Canada appear to be working.

There are, however, still concerns that WBOs in Atlantic Canada are somewhat limited in their growth and profitability potential due to being largely populated in lower-growth and less lucrative sectors such as the arts, professional services, health, administration, and retail. While these sectors are critical to local communities and in no way should be discouraged and do have the potential for growth and expansion, there is a need to start working in a more focused way towards shifting the entrepreneurial mindset of WBOs in Atlantic Canada towards more global or at least higher-growth-opportunities and methodologies for how to get there. This shift should include existing WBOs because there are likely women who started their businesses out of necessity to provide an income but who have discovered that they are excellent at entrepreneurship and are ready for greater challenges and more confident to pursue market opportunities.



