

Credit Conditions Survey 2010

Hello my name is (*interviewer*) and I am calling from XXX on behalf of Industry Canada to conduct a short 15 minute survey on the financing of small and medium-sized businesses. Are you the person who would be in charge of corporate finances, the owner, chief financial officer, or accountant?

(Note: If the respondent replies “no”, ask: “May I speak to the person who would best be able to answer the survey?”)

We are conducting a national survey on the growth characteristics of small and medium-sized businesses; the results of the survey will be used to guide public policy. The survey should take less than 10 minutes.

Can I continue or schedule a better time?

Yes (Rebook if requested)

No

[Persuaders:

Let me assure you that we are not trying to sell you anything and that this interview is completely confidential.

Your participation is voluntary and the information you provide will not identify you or your business.

We are calling on behalf of Government of Canada, and this survey is registered with the Canadian Research Registration system of the Marketing Research and Intelligence Association.

It is important that we speak with as many different businesses as possible; your opinion will help us with future policy issues]

Number of questions:

Section A (Screening):	4
Section B (General Financing):	4
Section C (Debt Financing):	6
Section D (Lease Financing):	2
Section E (Equity Financing):	2
Section F (General Business Information):	5
Section G (Owner Information):	4

Total: 27 questions

A. SCREENING QUESTIONS

The following are screening questions to determine if the business is in scope.

A.1 Just to confirm, are you:

(Note: Read all)

- a) The Business Owner
- b) The person in charge of finance in your business
- c) Other
- d) Refused

If A.1= “c” or “d” → Go To A.2,

Else → Go To A.3

A.2 We are looking to speak with the person who is knowledgeable about the business characteristics finances. Are you the correct person?

Yes [Continue]

No [Ask to speak to the correct person]

A.3 Is your business classified as a non-profit organization, a co-operative, a joint venture or a government agency?

Yes

No

Don't know / Refused

If “yes” or “don't know / refused” → READ: Since this survey is for private for-profit businesses, we will not need to proceed with the survey. Thank you for your participation.

A.4 Excluding the owner(s) of the business, how many paid full-time and part-time employees did the business have in 2010?

[NOTE: Do not include contractors or sub contractors, e.g. in construction industry builders use sub-contractors, plumbers, etc. who have their own business. They are not employees and should not be counted.]

Full-time _____ Part-time _____

Don't know / Refused

B. GENERAL FINANCING

B.1 What types of external financing did your business seek in the 2010 calendar year?

(Note: Read list and MARK ALL THAT APPLY.)

- a) Did not seek any external financing
- b) New mortgage or refinancing of an existing mortgage
- c) New term loans
- d) New line of credit or increase in existing line of credit
- e) New credit card or increase in existing credit limit
- f) Leasing
- g) Trade Credit
- h) Equity
- i) Other, please specify: _____
- j) Don't know / Refused

If B.1 = "a" → Go To B.2

Else → Go To B.3

B.2 What was the main reason why your business did not seek external financing in the 2010 calendar year?

[Note: Read list and mark only one main reason]

- a) Financing not needed
- b) Investment project postponed
- c) Thought the request would be turned down
- d) Applying for financing is too difficult
- e) Cost of financing is too high
- f) Other, (Please specify) _____ *[Do not read]*
- g) Don't know / Refused

→ Go To F.1

B.3 What was main intended use for the financing requested that was requested in the 2010 calendar year? Was it for:

(Note: Read list and mark only one main intended use)

a) Fixed asset

(Prompt: Fixed assets are assets that the business expects to use for an extended period, such as land, buildings, vehicles, machinery and equipment.)

b) Working capital / operating capital such as inventory or paying suppliers

(Prompt: Funds used to finance the day-to-day operations of the business such as the purchase of inventory or paying suppliers.)

c) Research and development

(Prompt: R&D expenditures refer to expenditures meant to bring a new product to market or to improve an existing product.)

d) Debt consolidations

e) Enter a new domestic market

f) Enter a new global market

g) Other (Please specify): _____ [Do not read – Probe for other reason if nothing above]

h) Don't know / Refused

B.4 What is your main supplier of finance?

(Note: Alberta Treasury Branches (ATB) should be considered a domestic chartered bank. Read list and mark only one main supplier of finance)

a) Domestic chartered bank (specify): _____

b) Foreign bank or subsidiary of a foreign bank (specify): _____

c) Credit union / Caisses populaires (specify): _____

d) Leasing company

e) Government institution, for example BDC, EDC, FCC (specify): _____

f) Other (specify): _____ [Do not read]

g) Don't know / Refused

C. DEBT FINANCING

If B.1b, B.1c, B.1d OR B.1e = "YES" → Go To C.1

Else → Go To section D

C.1 In the most recent debt financing request in the 2010 calendar year, what was the dollar amount requested?

(Prompt: Please provide your best estimate)

a) \$ _____

b) Don't know

c) Refused

C.2 What was the amount that was authorized as a result of your 2010 request?

a) \$ _____

Note: Write \$0 if the loan was rejected

b) Request is still under review

c) Don't know

d) Refused

If C.2a = "\$0", → Go To C.3

If \$0 < C.2a → Go To C.4

If C.2=b → Go to section D

C.3 Which of the following reasons were given as to why the loan was rejected?

[*Read list and mark all that apply*]

a) No reason given by credit supplier

b) Insufficient sales or cash-flow

c) Insufficient collateral or security

d) Poor credit history or lack of credit history

e) Project was considered too risky

f) Other reason

g) Don't know / Refused

→ Go To section D

C.4 What was the annual interest rate on the loan?

[Respondents can answer a percentage or a prime plus a percentage.]

a) _____% --> ask if it is a fixed or variable rate?

____ fixed ____ variable ____ Don't know / Refused

b) Prime + _____

c) Don't know

d) Refused

C.5 What was the length of term of the loan?

- a) _____ months
[Please make sure to enter the right number.]
1 year = 12 months
2 years = 24 months
3 years = 36 months
4 years = 48 months
5 years = 60 months
6 years = 72 months
7 years = 84 months
8 years = 96 months
9 years = 108 months
10 years = 120 months
- b) Not applicable
c) Don't know
d) Refused

C.6 What collateral were you asked to provide to obtain the loan?

(Note: Read list and **MARK ALL THAT APPLY.**)

(**Prompt:** Collateral are any assets pledged as security for the payment of a debt.)

- a) None
b) Business Asset (including land, buildings, materials and equipment, inventories, accounts receivable, financial assets)
c) Personal Assets
d) Intellectual Property
(**Prompt:** Intellectual Property is intangible property that is the result of intellectual activity and includes patents, trademarks or copyrights.)
e) Other (Please specify: _____) [Do not read]

D. LEASE FINANCING

If B.1f = "YES", → Go To D.1

Else → Go to Section E

D.1 In the most recent lease financing request in the 2010 calendar year, what was the dollar amount requested?

(**Prompt:** Please provide your best estimate)

- a) \$ _____
b) Don't know
c) Refused

D.2 What was the amount that was authorized?

- a) \$ _____
- b) Don't know
- c) Refused

E. EQUITY FINANCING

If B.1h = "YES", → Go To E.1

Else → Go to Section F

E.1 In the most recent equity financing request in the 2010 calendar year, how much financing was requested?

(Prompt: Please provide your best estimate)

- a) \$ _____
- b) Don't know
- c) Refused

E.2 What was the amount that was authorized?

- a) \$ _____
- b) Don't know
- c) Refused

F. GENERAL BUSINESS INFORMATION

F.1 In which sector does your business primarily operate?

Goods-Producing Sector:

- a) Agriculture, Forestry, Fishing and Hunting (NAICS 11)
- b) Mining and Oil and Gas Extraction (NAICS 21)
- c) Construction (NAICS 23)
- d) Manufacturing (NAICS 31-33) Please specify: _____

Services-Producing Sector:

- e) Wholesale Trade (NAICS 41)
- f) Retail Trade (NAICS 44-45)
- g) Transportation and Warehousing (NAICS 48-49)
- h) Professional, Scientific and Technical Services (NAICS 54)
- i) Accommodation and Food Services (NAICS 72)
- j) Other Services (Please specify : _____)

- k) Other than goods and services, (Please specify : _____)
- l) Don't know / Refused

F.2 How many years has the company been in existence?

- a) _____year(s)
- b) Less than one year
- c) Don't know
- d) Refused

F.3 What was the value of the following business financial figures for your 2010 fiscal year?

(Prompt: Please provide your best estimate.)

- a) Total business revenues \$ _____ / Don't know / Refused
- b) Profit/net income, before taxes \$ _____ / Don't know / Refused
- c) Total Assets \$ _____ / Don't know / Refused
(Prompt: What is the approximate total amount of all financial and non-financial assets that the business owns?)
- d) Total Liabilities \$ _____ / Don't know / Refused
(Prompt: What is the approximate total amount of all short-term and long-term debt that the business owes to its creditors?)

F.4 In 2010, estimate the percentage of the total sales that came from the following geographic market regions:

(Prompt: Please provide your best estimate)

(Note: Should add up to 100%, but if it does not, do NOT correct this with the respondent as it can easily become too time consuming – Calculate but not forced. As long as it equals between 90% and 110%.)

- a) Your market (same municipality or region) ____% / Don't know / Refused
- b) Rest of your province/territory ____% / Don't know / Refused
- c) Rest of Canada ____% / Don't know / Refused
- d) United States ____% / Don't know / Refused
- e) Rest of the World ____% / Don't know / Refused

F.5 In the 2010 calendar year has the business developed or introduced:

(Note: Read every option and mark all that apply.)

- a) Product innovation (Prompt: a new or significantly improved good or service to the market)
- b) Process innovation (Prompt: a new or significantly improved production process or method)
- c) Organizational innovation (Prompt: A new organizational method in your business practices, workplace organization or external relations. It must be a result of strategic decision taken by management)
- d) Marketing innovation (Prompt: A new way of selling your goods or services this requires significant changes in product design or packaging, product placement, product promoting or pricing)

G. OWNER INFORMATION

G.1 What is the age of the majority owner?

(Prompt: In the case of equal partnership, please report the average age of the partners)

- a) _____years
- b) Don't know
- c) Refused

G.2 How many years of experience does the majority owner have in owning or managing a business?

- a) _____years
- b) Less than one year
- c) Don't know
- d) Refused

G.3 What is the gender of the majority business owner?

- a) Male
- b) Female
- c) Equal ownership (50-50 ownership)

G.4 What is the highest level of education attained by the majority owner?

- a) Less than high school diploma
- b) High school diploma
- c) College / cegep / trade school diploma
- d) Bachelor degree
- e) Master degree or above
- f) Don't know / Refused

H. QUESTIONNAIRE CONCLUSION

H.1 In the event that we conduct a short follow-up questionnaire in the next two years, would you be willing to complete it?

Yes _____ No _____

If H.1=yes → Go to H.2

If H.1=no → Go Conclusion Text

H.2 As the follow-up survey will be electronic, could you please provide us with your email address?

Conclusion Text:

Léger Marketing & Industry Canada thanks you for your participation

Thank you for taking time to participate in our survey. It provides us with pertinent information on the financing of Canadian small businesses.

Please note any comments you have regarding this questionnaire: