

Secrets of entrepreneurial success

Nicole Troster, Research Analyst

Ever wonder what makes entrepreneurs successful? Business owners attributed their success to employees, customer loyalty and just plain hard work. And in return, entrepreneurs help to build communities by giving back to the very people that support them.

There are many factors which determine an entrepreneur’s level of success, but none are more important than the employees that work alongside the owners in their day-to-day operations, the customers who recognize the various benefits of buying from small and mid-sized enterprises (SMEs) and the hard work and long hours that entrepreneurs put in day in, and day out. In return for the support they get from employees and customers, entrepreneurs give generously back to their communities.

In a recent survey on entrepreneurship, 62 per cent of CFIB members indicated that their employees were important to the success of their business (see Figure 1). One machinery and equipment member from Ontario advised to “always treat your employees fairly, and then in the tough times they will be there by your side.” A meat processing member from Saskatchewan also stated that “if you find a good employee, do anything in your power to keep them. They are literally one in a million.” Employees are the ones that help the owner to run the business on a daily basis, they help to grow the business, improve operations as well as solve problems and produce quality goods and services.

Customer loyalty closely followed employees as the most important factor for success (60 per cent). It is people in the community which

help small businesses to thrive. As one IT member from Ontario commented, “conduct your affairs in an honest and open manner to build a good client base and good community image.” Another member in photography services in Newfoundland and Labrador suggested to “be honest and up front with your customers.” Loyal customers help a business thrive.

Figure 1

During the past three years, which of the following elements have been important to the success of your business? (% response)



Source: CFIB, Point of View survey on CFIB’s 40th Anniversary, December 2010 (8901 responses)

“Without good people, no business will succeed today.”

Construction member in Alberta

Hard work is the third most important element (59 per cent) business owners cite as important to success (see Figure 1 on page 1). In the December 2003 CFIB *Survey on the Workplaces that Work*, 83 per cent of small businesses indicated that they worked an average of over 41 hours per week (27 per cent of which work over 60 hours a week). This was reinforced in this survey with comments such as “be prepared for hard work, but go for it!” from an agricultural member from Saskatchewan, and “there is no substitute for hard work. Understand what your customers expect and work to exceed those expectations. You will need to dedicate far more time and effort than you have ever imagined, balancing your life will be a challenge, be prepared” from an Ontario machinery and equipment business.

The next important element of success is the products or services offered (54 per cent). One retail member from Saskatchewan suggested that business is the “same as it has been forever. [The key is] providing a product or service of the best possible quality at a fair and reasonable price. This will always be recognized by the consumer who requires these products or services.” Another member emphasized the need for quality: “put out a good product that people need and don’t cut corners when you build and when you produce” claimed an agricultural member from Ontario.

“Repeat customers are the backbone of every business.”

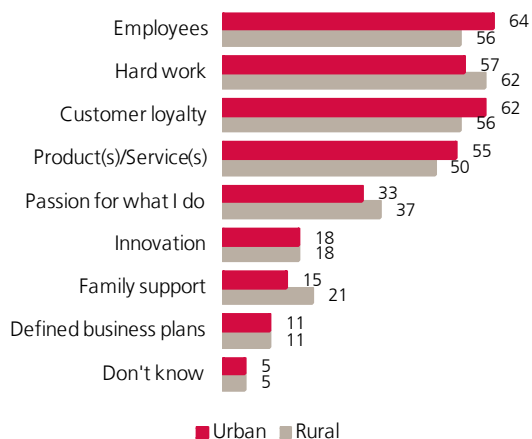
Manufacturing member in Ontario

Regional differences showed that business owners in PEI felt that their employees were especially important to their success (75 per cent) (see Table 1 on page 4). Those in Saskatchewan felt that hard work was definitely the most important driver for success when weighed against employees (69 per cent vs. 64 per cent) and customer loyalty (58 per cent). Quebec placed a much greater emphasis on “passion for what I do” than other provinces (49 per cent vs. the national average of 34 per cent).

By sector, the construction sector depended on its employees the most (69 per cent) and agriculture the least (43 per cent) (see Table 2 on page 4). The personal services sector relied most heavily on customer loyalty (72 per cent) while agriculture depended on it the least (31 per cent). Hard work was most important element for the natural resources sector (71 per cent), while social services (50 per cent) relied more heavily on other factors.

Figure 2

During the past three years, which of the following elements have been important to the success of your business? (% response)¹



Source: CFIB, Point of View survey on CFIB’s 40th Anniversary, December 2010 (8901 responses)

¹ Based on Statistics Canada classification of postal codes.

Urban versus rural results show some notable differences in the most important elements to the success of SMEs. Urban business owners place a higher importance on employees, and customer loyalty (see Figure 2). Whereas, rural businesses depended primarily on hard work; and family support was also more heavily weighted than for urban businesses.

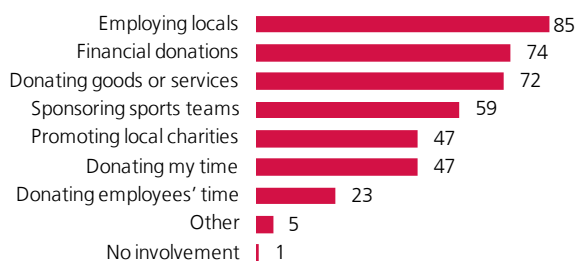
Building communities

Understandably as entrepreneurs rely so heavily on their employees and customers, they place a great deal of emphasis on giving back to their communities: “small business keeps people employed and communities alive and prospering” stated a health services member from Newfoundland and Labrador.

On average, 85 per cent of businesses give back to their communities, with only 1 per cent of businesses reporting no involvement in community causes (Figure 3). The most important way that businesses give back to their community is through employing locals (85 per cent). Businesses also provide financial donations (74 per cent), donate goods or services to local charities (72 per cent), sponsor local sports teams and events (59 per cent), promote local charities (47 per cent) and donate their time to community causes (47 per cent).

Figure 3

As a business owner, how have you contributed to your community? (% response)



Source: CFIB, Point of View survey on CFIB's 40th Anniversary, December 2010 (8901 responses)

In regional comparisons, small business owners from Saskatchewan were the most charitable across the country, with 87 per cent providing financial donations, and 80 per cent providing goods and services (see Table 3 on

page 5). Newfoundland and Labrador ranked second with 86 per cent of small business owners providing goods and services and 84 per cent providing financial donations.

The retail and hospitality industries tended to give the most back to their communities in the form of donating goods and services (81 and 78 per cent respectively), while the financial services and natural resources sectors gave the most in financial donations (84 and 83 per cent respectively) (see Table 4 on page 5).

Small business owners depend on their employees and customers, and vice versa; one cannot survive without the other. So not only is it important to acknowledge the important contributions that entrepreneurs make, but it is important to acknowledge those that support entrepreneurs in doing what they do best as the engines of the economy.

Note: This report is part of the series 'Insight on Entrepreneurship', which was launched to highlight the 'Year of the Entrepreneur' and commemorate CFIB's 40th anniversary. The CFIB Point of View survey upon which this study is based, was conducted both by mail and online, from December 1, 2010 to January 28, 2011 and has a random sample of 8,901 CFIB members. The national results are considered to be statistically accurate to within ± 1.04 per cent, 19 times out of 20.

Table 1

During the past three years, which of the following elements have been important to the success of your business? (% response)

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	CAN
Employees	64	67	64	68	63	47	61	68	75	72	62
Customer loyalty	64	62	58	62	60	55	60	65	54	60	60
Hard work	56	58	69	65	61	48	58	63	63	62	59
Product(s)/service(s)	56	55	52	53	54	53	47	52	53	63	54
Passion for what I do	31	30	33	31	31	49	38	27	32	35	34
Innovation	19	19	16	19	18	18	15	17	21	16	18
Family support	15	19	22	21	16	16	16	15	16	19	17
Defined business plans	13	11	11	11	10	12	12	10	12	14	11
Other	5	5	7	6	5	4	5	5	5	5	5

Source: CFIB, Point of View survey on CFIB's 40th Anniversary, December 2010 (8901 responses)

Table 2

During the past three years, which of the following elements have been important to the success of your business? (% response)

	Agri.	Nat. Res.	Constr.	Manuf.	Whole sale	Retail	Trans.	Arts/ Rec.	Fin. Serv.	Prof. Serv.	Entre. Mgt.	Soc. Serv.	Hospit ality	Pers. Serv.	AVG
Employees	43	66	69	64	68	60	65	51	66	61	65	63	53	60	62
Customer loyalty	31	42	59	57	56	64	64	69	65	68	64	57	63	72	60
Hard work	64	71	64	53	57	58	64	53	60	59	60	50	63	55	59
Product(s)/service(s)	42	52	46	64	63	60	47	53	51	46	48	54	51	50	54
Passion for what I do	46	31	34	27	25	34	31	41	32	36	32	51	34	36	34
Innovation	24	23	16	26	16	15	16	26	15	20	18	16	16	15	18
Family support	36	13	17	14	13	16	21	17	14	13	13	15	20	18	17
Defined business plans	17	11	13	10	10	10	13	12	12	10	10	10	11	11	11
Other	7	3	5	4	4	5	6	9	5	5	5	6	5	5	5

Source: CFIB, Point of View survey on CFIB's 40th Anniversary, December 2010 (8901 responses)

Table 3

As a business owner, how have you contributed to your community? (% response)

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	CAN
Employ locals	90	87	89	86	88	69	87	90	86	90	85
Financial donations	76	80	87	81	76	56	77	76	86	84	74
Donate goods/services	77	78	80	79	74	53	73	80	79	86	72
Sponsor sports teams	55	59	67	62	60	51	59	65	60	69	59
Donate my time	50	52	63	52	48	30	49	53	63	50	47
Promote local charities	47	54	58	50	47	32	55	56	50	54	47
Donate employee time	24	25	32	28	25	9	25	26	24	25	23
Other	5	3	4	6	5	4	4	6	6	3	5
No involvement	1	0	1	1	1	4	1	1	0	0	1

Source: CFIB, Point of View survey on CFIB's 40th Anniversary, December 2010 (8901 responses)

Table 4

As a business owner, how have you contributed to your community? (% response)

	Agri.	Nat. Res.	Constr.	Manuf.	Whole sale	Retail	Trans.	Arts/ Rec.	Fin. Serv.	Prof. Serv.	Entre. Mgt.	Soc. Serv.	Hospit ality	Pers. Serv.	AVG
Employ locals	80	85	86	87	90	84	86	83	87	84	89	85	89	79	85
Financial donations	70	83	78	75	76	73	71	66	84	74	73	78	70	70	74
Donate goods/services	61	74	71	70	72	81	67	71	71	67	70	76	78	72	72
Sponsor sports teams	39	71	69	58	56	63	65	48	68	46	49	55	62	60	59
Donate my time	56	44	46	36	36	48	38	52	66	57	42	56	50	42	47
Promote local charities	35	44	41	39	38	59	39	54	56	43	44	51	56	50	47
Donate employee time	21	26	30	18	19	22	23	23	31	24	28	23	21	17	23
Other	4	4	3	4	4	4	3	11	6	5	4	7	8	3	5
No involvement	2	1	1	2	1	1	2	1	0	2	2	1	1	2	1

Source: CFIB, Point of View survey on CFIB's 40th Anniversary, December 2010 (8901 responses)