

# The State of Small and Medium Size Enterprises in Northern Ontario 2007

## Data Sources

### ● Secondary

- Statistics Canada
- Cansim Tables
- Canadian Business Patterns
- Conference Board of Canada

### ● Primary

- Survey of 507 Businesses in Selected Industries

## Table 2 Population of Northern Ontario 2001 & 2006

	2006	2001	% change
<b>Canada</b>	31,612,897	30,007,094	5.4
<b>Ontario</b>	12,160,282	11,410,046	6.6
<b>Northern Ontario</b>	843,853	839,549	0.5
Algoma	117,461	118,567	-0.9
Cochrane	82,503	85,247	-3.2
Greater Sudbury	157,909	155,268	1.7
Manitoulin	13,090	12,679	3.2
Muskoka	57,563	53,106	8.4
Nipissing	84,688	82,910	2.1
Parry Sound	40,918	39,665	3.2
Sudbury	21,392	22,894	-6.6
Timiskaming	33,283	34,442	-3.4
<b>Northeastern Ont.</b>	608,807	604,778	0.7
Kenora	64,419	61,802	4.2
Rainy River	21,564	22,109	-2.5
Thunder Bay	149,063	150,860	-1.2
<b>Northwestern Ont.</b>	235,046	234,771	0.1

## Table 1.1 Employment by Industry in Canada 2000-2006

Industry	2000	2006	Change	% change
<b>Total, all industries</b>	14,764,200	16,484,300	1,720,100	11.7
<b>Goods-producing sector</b>	3,822,000	3,985,900	163,900	4.3
Forestry and logging with support activities	86,400	63,000	-23,400	-27.1
Fishing, hunting and trapping	28,800	26,500	-2,300	-8.0
Mining and oil and gas extraction	160,100	240,600	80,500	50.3
Construction	810,100	1,069,700	259,600	32.0
Manufacturing	2,249,400	2,117,700	-131,700	-5.9
<b>Services-producing sector</b>	10,942,200	12,498,400	1,556,200	14.2
Trade	2,293,300	2,633,500	340,200	14.8
Retail trade	1,749,000	2,023,600	274,600	15.7
Finance, insurance, real estate and leasing	857,900	1,040,500	182,600	21.3
Finance and insurance	608,100	741,100	133,000	21.9
Professional, scientific and technical services	932,200	1,089,900	157,700	16.9
Business, building and other support services	537,000	690,000	153,000	28.5
Educational services	974,100	1,158,400	184,300	18.9
Health care and social assistance	1,514,000	1,785,500	271,500	17.9

## Table 1.2 Employment by Economic Region-Ontario 2000 and 2006

Economic Regions	2000	2006	change	% change
Ottawa	571,900	641,600	69,700	12.2
Kingston-Pembroke	186,100	202,300	16,200	8.7
Muskoka-Kawarthas	159,400	181,300	21,900	13.7
Toronto	2,580,900	2,947,200	366,300	14.2
Kitchener-Waterloo-Barrie	550,400	654,800	104,400	19.0
Hamilton-Niagara Peninsula	648,600	693,400	44,800	6.9
London	307,000	330,700	23,700	7.7
Windsor-Sarnia	301,600	323,900	22,300	7.4
Stratford-Bruce Peninsula	151,600	157,300	5,700	3.8
Northeast	248,800	255,600	6,800	2.7
Northwest	110,800	104,700	-6,100	-5.5
Ontario	5,817,100	6,492,700	675,600	11.6

## Table 2.1 Number of Business Establishments By Size – Northern Ontario, June 2006

	Northern Ontario	Northeastern Ontario	Northwestern Ontario
Number of Employees	26,318	18,787	7,531
1-4	14,426	10,526	3,900
5-9	4,816	3,352	1,464
10-19	3,342	2,316	1,026
20-49	2,353	1,619	734
50-99	774	543	231
Small (1-99)	25,711	18,356	7,355
100-199	349	255	94
200-499	181	122	5
Medium (100-499)	530	377	153
Large (500+)	77	54	23

Source: Tabulations from Canadian Business Patterns, June 2006

## Table 2.2 Number of Establishments by Size 2006

	Number of Establishments				Proportions by size			% change (2001-2006)
	Total	Small (<100)	Medium (100-499)	Large (500+)	Small (<100)	Medium (100-499)	Large (500+)	Employer-based
Canada	1,070,139	1,043,825	23,163	3,151	97.5	2.2	0.3	2.9
Nova Scotia	30,444	29,708	652	84	97.6	2.1	0.3	-4.1
New Brunswick	26,155	25,646	452	57	98.1	1.7	0.2	-6.2
Ontario	356,619	345,611	9,691	1,317	96.9	2.7	0.4	4.1
Southern Ontario	330,301	319,900	9,161	1,240	96.9	2.8	0.4	4.8
Northern Ontario	26,318	25,711	530	77	97.7	2.0	0.3	-3.9
Northeastern	18,787	18,356	377	54	97.7	2.0	0.3	-3.0
Northwestern	7,531	7,355	153	23	97.7	2.0	0.3	-6.3

## Table 2.3 Number of Employer-based Business Establishments by Sector, Provinces and Northern Ontario June 2006

	Number of Establishments			Proportion	
	Total	Services-producing Sector	Goods-producing Sector	Services-producing Sector	Goods-producing Sector
Canada	1,070,139	822,210	247,929	0.77	0.23
Nova Scotia	30,444	21,574	8,870	0.71	0.29
New Brunswick	26,155	18,832	7,323	0.72	0.28
Ontario	356,619	282,945	73,674	0.79	0.21
Southern Ontario	330,301	262,413	67,888	0.79	0.21
Northern Ontario	26,318	20,532	5,786	0.78	0.22
Northeastern	18,787	14,591	4,196	0.78	0.22
Northwestern	7,531	5,941	1,590	0.79	0.21

Source: Tabulations from Canadian Business Patterns, June 2006

## Number of establishments N. Ont. – NAICS<sub>1/2</sub>

	Count
Agriculture, Forestry, Fishing and Hunting	1,231
Mining and Oil and Gas Extraction	124
Utilities	105
Construction	3,255
Manufacturing	1,071
Wholesale Trade	1,120
Retail Trade	4,332
Transportation and Warehousing	1,447
Information and Cultural Industries	256
Finance and Insurance	821

## Number of establishments N. Ont - cont;d

Real Estate and Rental and Leasing	1,000
Professional, Scientific and Technical Services	1,642
Management of Companies and Enterprises	158
Admin. Support, Waste and Remediation	1,054
Educational Services	364
Health Care and Social Assistance	2,205
Arts, Entertainment and Recreation	590
Accommodation and Food Services	2,650
Other Services (except Public Administration)	2,583
Public Administration	310
Total	26,318

## Table 2.8 Number of Business Establishments by Size, CMA and CA, June 2006<sup>1/2</sup>

	North Bay	Greater Sudbury	Elliot Lake	Haileybury	Timmins	Sault Ste. Marie
Employer-based	1,889	4,274	266	498	1,285	2,038
1-4	1,024	2,194	158	283	667	1,054
5-9	372	782	48	78	241	400
10-19	217	578	30	63	167	271
20-49	166	455	22	40	136	179
50-99	58	171	5	17	36	61
Small (1-99)	1,837	4,180	263	481	1,247	1,965
100-199	26	49	2	12	18	37
200-499	18	29	1	5	11	21
Medium (100-499)	44	78	3	17	29	58
Large (500+)	8	16	0	0	9	15

## Table 2.8 continued

	Thunder Bay	Kenora
Employer-based	3,770	617
1-4	1,911	289
5-9	742	130
10-19	531	88
20-49	359	74
50-99	130	20
Small (1-99)	3,673	601
100-199	54	7
200-499	27	8
Medium (100-499)	81	15
Large (500+)	16	1

## Table 2.9 Distribution of Business Establishments by Size

	North Bay	Greater Sudbury	Elliot Lake	Hailey-bury	Timmins	Sault Ste. Marie	Thunder Bay	Kenora
Employees	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1-4	54.2	51.3	59.4	56.8	51.9	51.7	50.7	46.8
5-9	19.7	18.3	18.0	15.7	18.8	19.6	19.7	21.1
10-19	11.5	13.5	11.3	12.7	13.0	13.3	14.1	14.3
20-49	8.8	10.6	8.3	8.0	10.6	8.8	9.5	12.0
50-99	3.1	4.0	1.9	3.4	2.8	3.0	3.4	3.2
Small (1-99)	97.2	97.8	98.9	96.6	97.0	96.4	97.4	97.4
100-199	1.4	1.1	0.8	2.4	1.4	1.8	1.4	1.1
200-499	1.0	0.7	0.4	1.0	0.9	1.0	0.7	1.3
Medium (100-499)	2.3	1.8	1.1	3.4	2.3	2.8	2.1	2.4
Large (500+)	0.4	0.4	0.0	0.0	0.7	0.7	0.4	0.2

## Table 2.10 Number and Distribution of Establishments in Knowledge Industries

	High-knowledge	Medium-knowledge	Low-knowledge	High-knowledge	Medium-knowledge	Low-knowledge
Canada	71,055	496,304	370,866	6.8	47.7	35.7
Nova Scotia	1,346	14,033	13,133	4.2	44.2	41.4
New Brunswick	1,027	11,493	12,242	3.7	41.2	43.9
Ontario	26,640	172,480	110,805	7.8	50.4	32.4
Southern Ontario	25,643	161,094	98,743	8.1	51.1	31.3
Northern Ontario	997	11,386	12,062	3.6	41.6	44.0
Northeastern	717	8,255	8,293	3.7	42.6	42.8
Northwestern	280	3,131	3,769	3.5	39.0	46.9

Source: Tabulations from Canadian Business Patterns, June 2001

## Table 2.12 Distribution of Establishments in Knowledge Industries (%)

	High	Medium	Low
CMA			
Calgary	15.4	53.9	22.6
Guelph	8.2	50.9	29.5
Kitchener	8.0	53.4	29.8
Barrie	6.2	50.6	32.1
St. John's	6.0	48.6	30.3
Windsor	5.1	52.7	32.6
Saint John	4.9	48.6	33.1
Sudbury	4.6	48.3	35.3
Thunder Bay	4.6	45.2	40.3
St. Catharines – Niagara	4.4	46.9	39.0
Brantford	4.3	50.4	35.2
Peterborough	4.2	45.0	37.3

## Table 2.13 Business Bankruptcy Rates (per 1000)

Year	Elliot Lake	Kirkland Lake	North Bay	Sault SteMarie	Sudbury	Thunder Bay	Timmins	Ontario
1998	20.46	22.22	12.13	6.37	5.55	8.20	11.62	6.23
1999	16.60	27.27	13.23	3.73	8.72	6.13	6.59	4.64
2000	15.94	16.67	8.89	5.12	7.14	7.82	4.80	4.32
2001	18.29	21.83	6.99	7.27	8.16	6.28	8.17	4.40
2002	16.43	21.10	8.30	6.16	5.33	6.94	6.50	3.79
2003	26.92	25.97	8.72	6.27	6.07	4.88	4.83	3.64
2004	10.04	19.61	9.32	4.50	5.04	6.30	3.82	3.12
2005	14.26	29.41	9.41	2.21	3.40	7.78	8.35	3.25
Rank in 2005	36	37	33	4	9	31	32	

## Table 2.16 Relative Average Revenue by Size - CAs

	2001		2006				
	All sizes	All sizes	Small 1-99	100-199	200-499	Medium 100-499	Large 500+
CAs – Southern Ontario	1.00	1.00	1.00	1.00	1.00	1.00	1.00
CAs - Northern Ontario <sup>1</sup>	0.49	0.80	0.87	0.98	0.48	0.69	0.66
North Bay	0.41	0.81	0.86	1.28	0.63	0.91	0.43
Elliot Lake	0.22	0.36	0.65	0.58	0.22	0.36	0.00
Haileybury	0.33	0.70	0.86	0.65	0.57	0.57	0.00
Timmins	0.84	1.07	0.97	1.09	0.35	0.62	0.92
Kenora	0.40	0.50	0.78	0.40	0.29	0.38	0.12

## Table 2.18 Relative Average Revenue by Establishment Size— CMAs—2001 and 2006

	2001		2006				
	All sizes	All sizes	Small 1-99	100-199	200-499	Medium 100-499	Large 500+
CMAs - Other provinces	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Greater Sudbury	0.70	0.73	0.77	0.70	0.61	0.67	0.81
Thunder Bay	0.79	0.70	0.78	0.76	0.53	0.62	0.57
CMAs - Southern Ont.	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Greater Sudbury	0.45	0.51	0.70	0.60	0.66	0.66	0.46
Thunder Bay	0.50	0.49	0.70	0.66	0.59	0.61	0.32

## Table 2.21 2006 Gross domestic product (GDP)

Province/Region	2006 \$ millions	Population	GDP/Capita
Canada	1,020,488	31,612,897	32,281
Ontario	429,105	12,160,282	35,287
Saskatchewan	31,252	968,157	32,280
Nova Scotia	22,970	913,462	25,146
New Brunswick	18,942	729,997	25,948
Northern Ontario	25,602	843,853	30,340
Sudbury	5,228	157,909	33,108
Thunder Bay	4,110	149,063	27,572

## Environment for Business

- Economy
  - North East vs. Northwest
- Environment
  - Water
  - Waste
  - Warming
- Regulations

## Environment for Business cont'd

- Technological factors
  - Use of Internet
  - Investment in IT and machinery
- Competitive factors
  - Restaurants versus manufacturing for export competing in the local market, supporting limited employment

## Industry sector employment density

Table 3.1

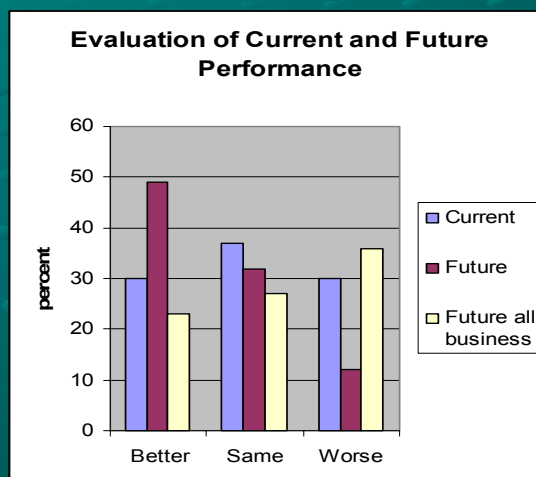
City	Restaurant Employees /1000 pop'n	Manufacturing Employees /1000 pop'n
Gravenhurst	9.3	27.5
Bracebridge	16.1	109.9
Huntsville	24.3	116.2
Parry Sound	20.6	40.9
North Bay	15.7	50.4
Greater Sudbury	14.9	37.4
Elliot Lake	7.0	8.4
Haileybury	20.2	71.1
Timmins	15.9	55.2
Sault Ste. Marie	14.7	48.4
Thunder Bay	19.5	48.8
Kenora	15.2	12.3
AVERAGE	16.1	52.2
STANDARD DEVIATION	4.8	33.4

# SMEs in Northern Ontario

Table 4.1 Breakdown of survey sample

Industry	Companies
Recreational Camps and Campgrounds	68
Bed and Breakfast Inns, Cabins and Cottages	106
Hotels and Motels	50
Engineering, Computer and Scientific Services	61
Transportation	42
Mining and Construction Machinery Wholesalers	34
Metal and other Manufacturing	59
Wood and other Manufacturing	45
Other	42

## Figure 4.1 Evaluation of current and future business performance



## Revenue sources

- The average firm generates the bulk of revenue (62%) in Northern Ontario
- Thirty-two percent of firms are selling more than 10% of revenue in the U.S.
- Of companies with revenues from outside N. Ontario, 29% expect an increase of 23%

## Key Success Factors

- Retaining employees (7.6)
- Increasing revenue-existing clients (7.4)
- Lower costs (7.4)
- Improving quality (7.4)
- Improving marketing (7.0)

## Other factors

- Hiring new employees (4.9)
- Expanding client base internationally (4.7)
- Investing in R&D (4.1)

## Challenges

- Access to financing (5.9)
- Marketing (5.8)
- Lack of a skilled workforce (5.7)
- Competition (5.5)
- Access to market or economic info (5.3)
- Management skills (5.2)
- Capacity to develop new products (5.2)
- Distance from target markets(4.9)

## Internet Usage

- Eighty-five percent use the Internet
- Eighty percent have websites
  - 32% report clients can purchase on the site
  - These purchases represent 21% of revenue
- Fifty-two percent purchase supplies online
  - This accounts for 15% of company purchases

## R&D

- Two groups – Mfg vs Tourism/Trans
- Mfg group – 51% developed new products including 10% with patents
- R&D rated 5.7 as a success factor
- Twenty-four percent of this group of companies very likely to invest in R&D
- The second group... less inclined (14%-4.0)

## HGSMEs

- High Growth SMEs (15% per year growth) represented 23% of firms
- These are younger companies (average 13yrs vs. 19 for slow growth)
- Significantly more likely to:
  - Invest in skills training
  - Invest in new computers/technology
  - Invest in R&D

## Sector differences

- Wood and Other Manufacturing – expanding client base internationally-lower
- Mining/const Machinery Wholesalers – investing in skills training – higher
- Engineering, Comp, and Sci Services – investing in skills training, investing in technology – higher
- Hotel-motel owners – management-higher barrier
- B&B, Cabins and Camps – expanding client base internationally - higher

## Challenges/Opportunities

- Company relative size potential
- Bankruptcy
- Competition
- Knowledge industries
- High growth companies
- Opportunities - sectors, growth

## Company identified factors

- Employee retention
- Investing in skill training
- Investing in technology
- Expanding client base
- Exporting

# Implications

- Company growth - in sectors
- Company growth - through productivity
- Employee retention and upgrading
  - Investment in skills training and HRM
- Business attraction
  - High knowledge industry
- Exporting
- Tourism

# Contact info

- [rmulholland@laurentian.ca](mailto:rmulholland@laurentian.ca)
- Report can be found at FedNor Home page  
<publications> <other publications>
- [http://fednor.ic.gc.ca/epic/site/fednor-fednor.nsf/vwapj/SMEreport2007-en.pdf/\\$FILE/SMEreport2007-en.pdf](http://fednor.ic.gc.ca/epic/site/fednor-fednor.nsf/vwapj/SMEreport2007-en.pdf/$FILE/SMEreport2007-en.pdf)