



# Sage Canadian Small Business Financial Literacy Survey

November 2012



# Summary Report

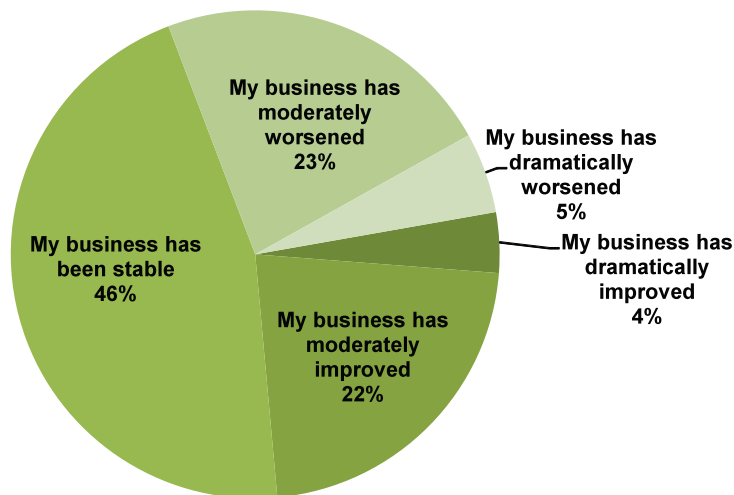
## Introduction

Coinciding with [Financial Literacy Month](#) in Canada, [Sage](#) conducted a survey of 300 Canadian small business owners to determine “financial literacy,” by gauging the overall perceptions, knowledge, and habits of small business owners with regard to financial management, resources, and compliance. Sage, a leading provider of business management software and services to more than 6 million small and mid-sized businesses worldwide, conducted the survey in early October; this survey succeeds a 2011 study also focusing on financial literacy in Canadian small businesses.

## Financial Performance and Literacy

Most small businesses have identified the cost that affects their business the most; however, nearly one-fifth (17%) continue to struggle to recognize it. The results also show the financial performance of 46 per cent of small businesses remained stable since the economic downturn. However, more than a quarter (28%) believe it worsened.

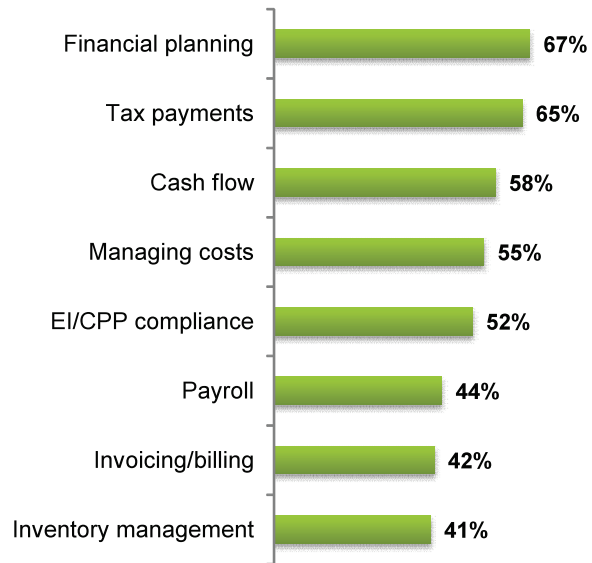
**Change in Financial Performance Since Downturn**



## Perceived Strengths and Weaknesses

Although small businesses recognize the need to know more about financial planning (67%), tax payments (65%), and cash flow (58%), they are becoming slightly more comfortable with the business activities they reported being a weakness last year. In fact, respondents are less likely to find dealing with taxes (34% versus 53%), managing sales and marketing (19% versus 27%), and managing business finances (15% versus 26%) as an area of weakness.

### Need to Learn More About . . .



### Perceived Management Strengths



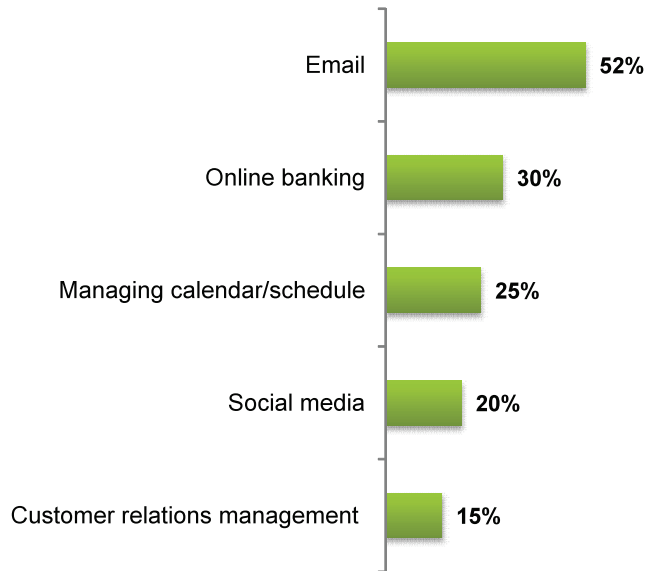
## Perceived Management Weaknesses



## Rise of Mobile Technology

The financial literacy survey uncovered that small business owners are relying on mobile technology to manage business-related activities. In fact, respondents reported using their mobile devices to handle emails (52%), online banking (30%), and managing their calendar (25%). However, Quebec small businesses are the least likely to use their device for business email communication, with only 38 per cent using mobile technology to do it. The devices most used are laptops (67%) and smartphones (58%), while only 18 per cent of respondents use tablets for business purposes.

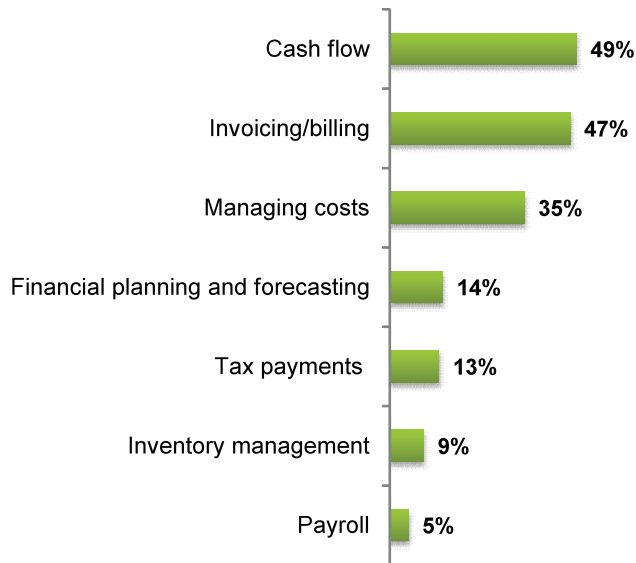
### Top Five Business Task Done on Mobile Device



## Financial Management and Costs

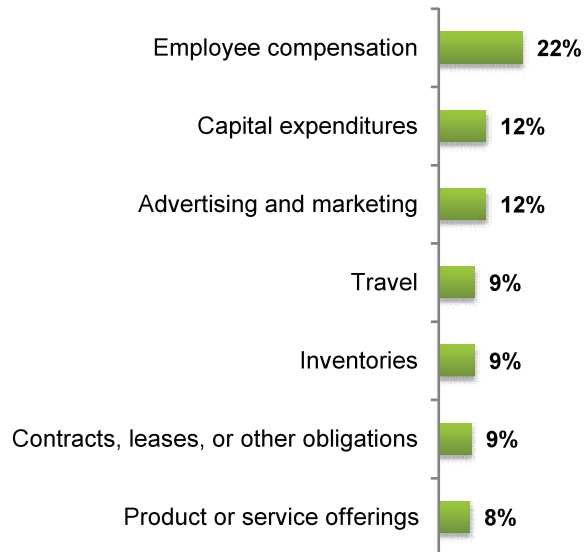
Forty-nine per cent of respondents reported cash flow as the most important aspect of the financial management of their business, followed by invoicing/billing (47%) and managing costs (35%). Invoicing has increased in importance over the last year, when 37 per cent of small business owners cited it as one of the most important aspects of their business' success.

### Top Seven Most Important Financial Management Tasks



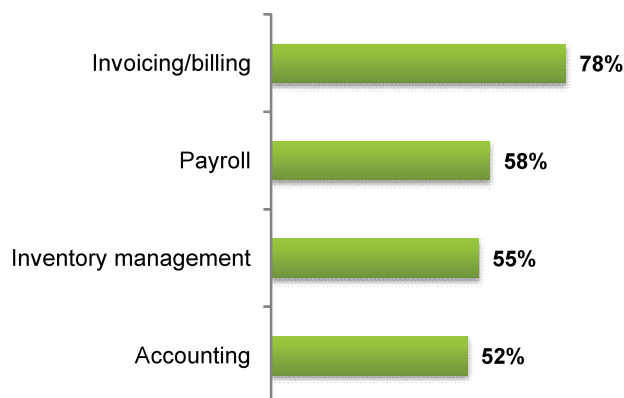
Small business owners cited employee compensation (22%), marketing and advertising (12%), and capital expenditures (12%) as the costs with the largest impact on their businesses. Interestingly, however, the most impactful cost for Alberta businesses is capital expenditures (31%).

### Top Seven Costs With Largest Business Impact



The majority of respondents said they perform their business' financial management tasks themselves, including invoicing (78%), payroll (58%), inventory management (55%), and accounting (52%). Accounting, followed by payroll, is the financial task most likely to be outsourced (34% and 9%).

### Handle Financial Management Task by Self



## Other Highlights

- An overwhelming majority of respondents (71%) rely on accountants or consultants for advice, followed by government information (31%) and other people in the same industry (30%).
- When it comes to learning to manage business finances, 73 per cent of respondents are self-taught; 41 per cent learned from an accountant, a consultant, or a bookkeeper; and 29 per cent received formal full time education. Quebec business owners are less likely to have learned from a professional (29%).
- Small business owners who use accounting software are more likely to be more financially literate than those who do not (90% versus 72%).

## About the Survey

The survey was conducted October 1-4, 2012, and its results have a margin of error of plus or minus 5%, 19 times out of 20.

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