

BEDC Presentation:

Analysis of Covid-19 on Start-ups and
Entrepreneurs

By: Sherry Luo

McMaster University

Hamilton, ONtario

What happened?



- Almost every sector of the Canadian economy has been drastically changed due to Covid-19.
- To provide insight and help Canadian businesses, StatsCanada and Canadian Chamber of Commerce collaborated to better understand the current business conditions of Canada.
- A survey was proposed and over 12,600 businesses responded from April 3 to April 24.

Exploratory Analysis 1: An interactive plot

This plot illustrates how covid19 has impacted business revenues and layoff of workers, by sectors (March 2020)

https://rpubs.com/sluoo/bedc_Plot1

Source(s): Statistics Canada. 33-10-0234-01, 33-10-0231-01 and 33-10-0232-01

What did the survey conclude?



- Over half of businesses saw a decline of 20% or more in revenue (compared to the same quarter of 2019)
 - Businesses in the accommodation and food services, arts, entertainment and recreation, and retail sectors were hit hardest.
- Employees faced harsh layoffs
 - About 40% of businesses laid off all staff
 - Nearly 18% of businesses laid off 80% or more of their workforce

Exploratory Analysis 2: What did the survey conclude?

- Assistance from financial institutions
 - 28% of businesses requested credit to cover operation costs
 - Businesses with fewer employees are more likely to request financial help

https://rpubs.com/sluoo/bedc_Plot2

Source: 33-10-0241-01

- Increased of workers of all sectors working remotely from home to adhere to physical distancing
 - Especially prominent businesses in information/cultural studies (84.6%), management of companies and enterprises (73.3%) and finance and insurance (69.8%)

Addressing Startups and Entrepreneurs



- Data collected not reflective of this group.
- Walsh & Cunningham (2016) noted during economic crises, policy initiatives tend to neglect this group and instead target more established businesses and sectors.

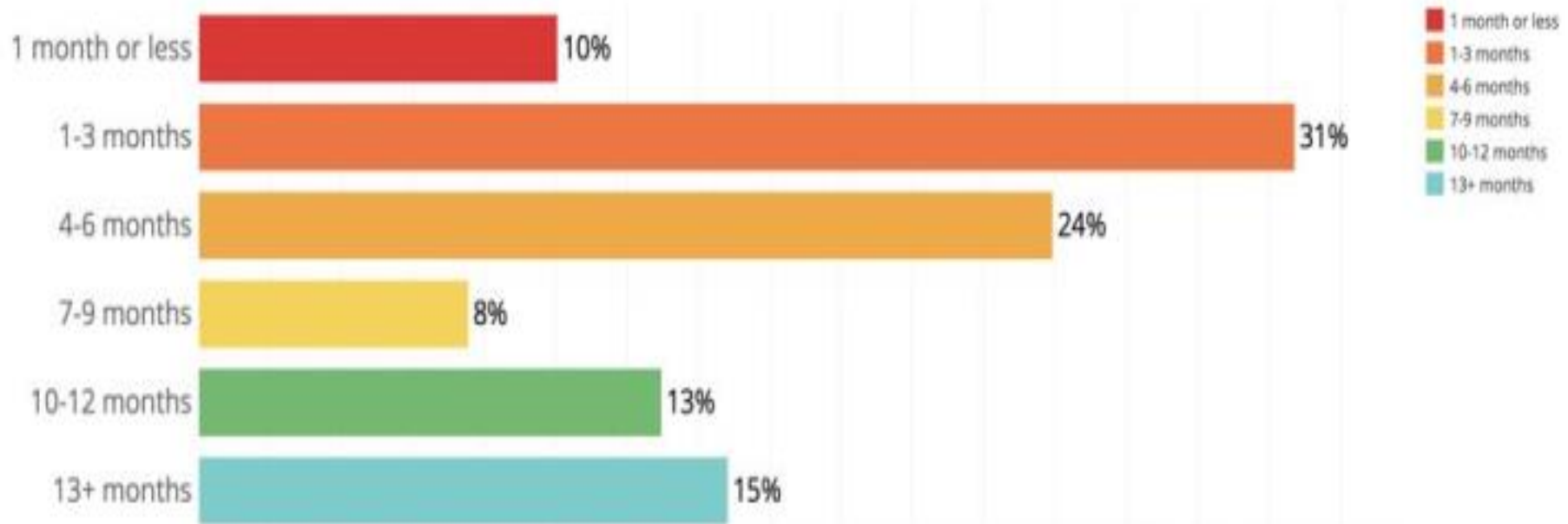


Survey by Startup Genome

- Survey specifically conducted to better understand the impact of Covid19 on startups globally.
- 5 areas of Impact: Capital, Talent and Jobs, Revenue, Operations and Management and Policy.

Capital

Months of Runway as of Today



Source: Startup Genome | www.startupgenome.com

41% of startups have about 3 month or less of cash. This means that 4 out of every 10 startups will die in the next three months because they aren't able to obtain additional capital.

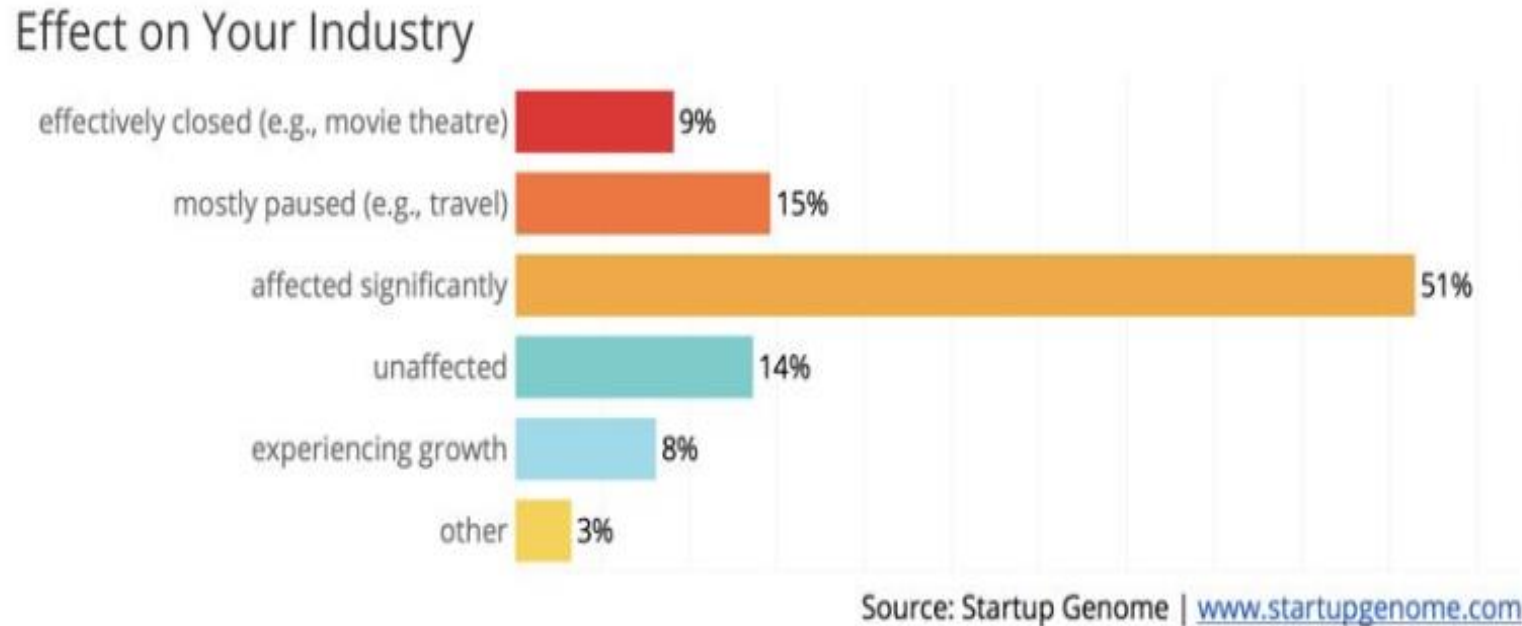
Talent and Jobs



As seen before with well-established sectors from StatsCanada survey, about 74% of startups will have to layoff all their full-time employees.

Revenue

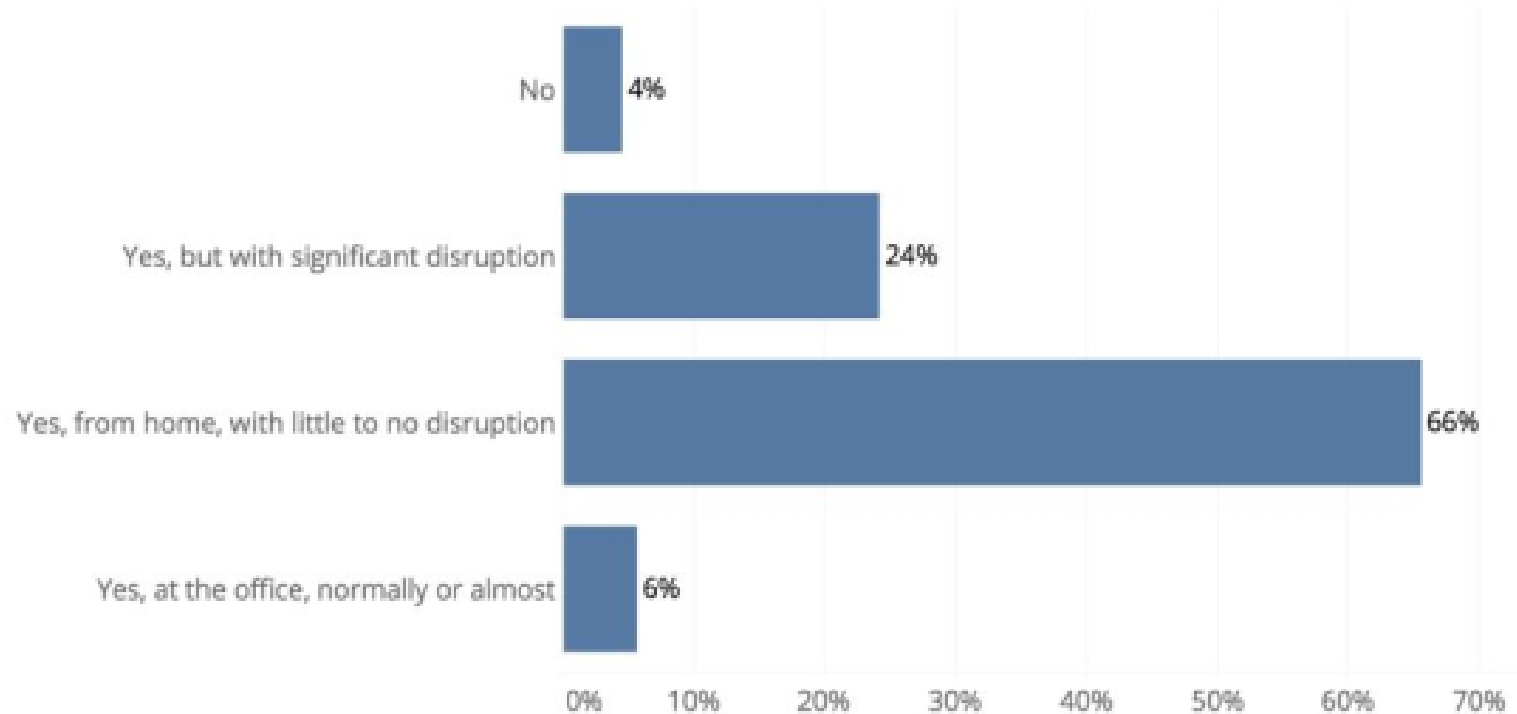
Since the beginning of the crisis, 75% of startups have seen their revenue decline and 16% have seen a their revenue drop by more than 80%.



Main reason high revenue drops is that three out of every four startups work in industries severely affected by Covid-19 (though some experiencing growth during crisis).

Operations and Management

Is your company able to operate during lockdowns?



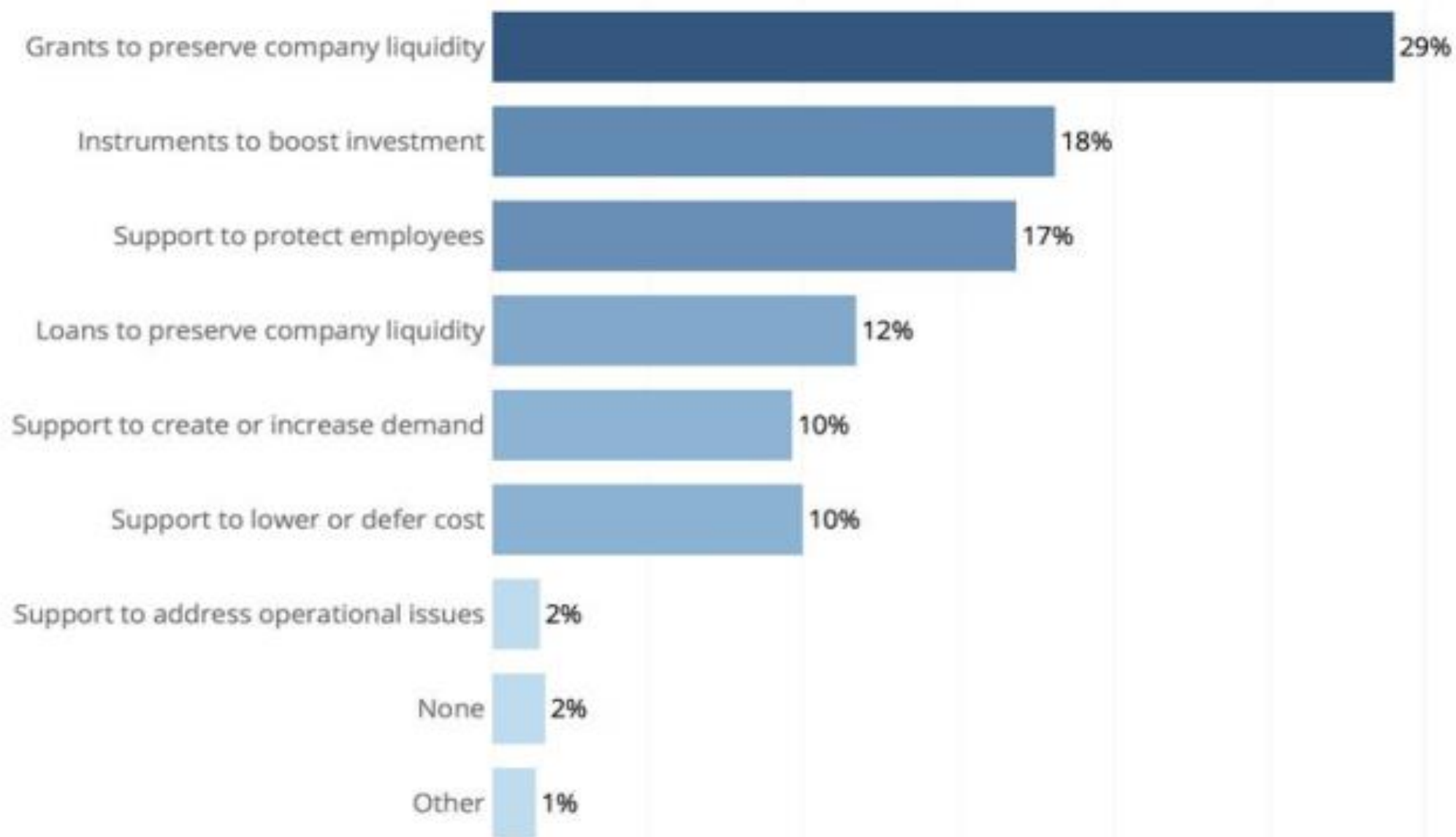
Source: Startup Genome | www.startupgenome.com

96% of startups can continue to work during lockdown even with significant disruption (not surprising most startups work in the digital space)

Policy (aka helping
startups!)



What type of policy support would be **most** helpful to you?



What does this all mean?

To help more startups and entrepreneurs, the top four most helpful policies involve grants and loans for liquidity purposes, instruments to boost investments and financially protecting workers.

- Government of Canada Economic Response Plan
 - <https://www.canada.ca/en/department-finance/economic-response-plan.html#businesses>
- Financial Relief for entrepreneurs from BDC
 - <https://www.bdc.ca/en/pages/special-support.aspx?ref=shorturl-coronavirus>
- Startup Canada – direct to more tools/aids to help start-ups and entrepreneurs
 - <https://www.startupcan.ca/>

Conclusion and Final Remarks

Despite the devastation, Covid-19 could perhaps be an accelerator for economic change...

Examples:

- Provide opportunity to transform more businesses into the digital era
 - Utilize technological tools to expand their customer base to grow business globally
- Drastic increase in e-commerce businesses and opportunities for head offices/warehouses
- Increase in remote working, more cloud storage, more security software are required.
- Provide more employment opportunities in the field of data analytics, IT, research and development, etc.
- Silver Lining? It may bring on new business innovations to the global economy which will help Burlington achieves its economic vision.

Thank you!

Questions?