

Training for New Entrepreneurs

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Introduction

Each year hundreds of northern Albertans establish new businesses. Most of these people start out with a good idea and some knowledge in the field, but almost all have something to learn about the world of operating a business. Not surprisingly, business training is a staple of most colleges' course offerings.

This report examines the training opportunities in this field by looking at the training that is seen to be most needed and the training that is, in fact, most popular. It also examines training offered by other institutions and that found on the Internet.

Methods

The data for this report comes primarily from a series of interviews with representatives of: Community Futures Corporations; lending institutions; and training institutions. In addition to the Clearinghouse partners, the Mount Royal College Small Business Training Centre and the Kiwanis Enterprise Centre in Dawson Creek, BC were contacted in order to broaden the scope of the study. Likewise, the Internet was a valuable source of national and international information.

New Entrepreneurs

Those preparing to start new businesses come from a variety of backgrounds. Some have worked for others and wish to start out on their own; others have recently lost their jobs (or see it as likely in the future) and choose self-employment over unemployment. Education levels also vary, though most do have some job-related skills and/or business skills. Would-be entrepreneurs usually have family or other commitments that make relocating for training difficult at best.

Most new ventures are in the retail and service sectors. According to Alberta Economic Development and Tourism's Small Business Fact Sheet (October 16, 1996):

- Over 50% of new businesses in Alberta are home-based, at least in the beginning. 30% of those eventually move into commercial space.
- Over 50% of new businesses start with an investment of less than \$25,000.
- Approximately 140,000 Albertans are self-employed (sole proprietorships).

One potential growth area for new businesses is in the agriculture sector. Many producers are starting secondary businesses such as Bed and Breakfast lodging, and food processing and marketing. Interest is growing in the area of value-added agricultural production in northern Alberta, which may lead to an increase in the number of new food processing ventures. A recent (October, 1996) survey of farmers and others in agribusiness in northeastern Alberta indicates both a need for and an interest in, entrepreneurial training.

- Marketing and finance were the most needed training topics.
- 53% of those surveyed had not taken any training in the operation of a food business.
- All respondents indicated a willingness to pay for locally-delivered training that would meet their needs. 48% said that they would pay \$50 to \$75 for a two-day course; 40% would pay \$100 to \$125.

Available Training

There are many sources of training for potential entrepreneurs in addition to the many courses and programs offered by northern Alberta Colleges. Community Futures Corporations (CFCs) offer one-on-one counselling and some of them provide training to groups as well. Most Community Futures Corporation provide training for the Employment Insurance funded Self-Employment Assistance program; which generally includes Bookkeeping, Marketing, Management and Business Plan Preparation. CFCs often work with colleges and/or local continuing education societies to provide training to their clients. Private colleges such as Martech College in Grande Prairie, along with other private training companies, provide a wide range of business-related courses. Alberta Agriculture has a number of home study programs available for producers who wish to diversify their operations or who simply want to improve their business practices.

The Internet is also a valuable resource for anyone considering starting a business. A variety of web sites offer information, advice and other resources to the entrepreneur. Government sites provide information on regulations and government services as well as training materials. For example:

- The Alberta ED&T web page (<http://www.edt.gov.ab.ca/>) includes a Small Business Guide Series of six booklets covering the most needed training areas that can be downloaded directly.
- The Canada/B.C. Business Services Centre home page (<http://www.nocdc.bc.ca/>) offers an online small business workshop including instructions and a form to help you prepare a business plan.
- Western Economic Diversification (<http://www.wd.gc.ca/>) offers, among other services, an online self-assessment guide titled, “Do You Have What it Takes to Be an Entrepreneur?”

University web sites such as Simon Fraser University’s (<http://www.bus.sfu.ca/pointers.html>) and Purdue’s (<http://www2.mgmt.purdue.edu/html/busedrsrc.html>) provide course information and links to business related sites worldwide. Potential exporters, for example, might benefit from reading the American State Department’s, Army’s and CIA’s notes on countries around the world, available through the Purdue site.

Private training companies such as Steppingstones (<http://www.steppingstones.ab.ca>) can also be found on the web offering “Sources and Resources for Business Owners and Entrepreneurs”, and advertising themselves and the services that they offer.

Kiwanis Enterprise Centre

The Kiwanis Enterprise Centre in Dawson Creek, BC provides an example of training and support geared to its relatively remote, northern setting. This centre opened in 1987 in conjunction with a local high school as a response to high unemployment and a high rate of out migration among the town's young people. The centre now operates several training and support programs for would-be entrepreneurs from grade 7 to adult. The success of these programs has been recognized by Canadian Business Magazine, among others.

Adults who want to start a business in Dawson Creek can participate in the New Ventures Program. This program includes a 20-week training program designed to provide participants with skills in the following areas:

- Market research and development
- Sales and public relations
- Product development and sourcing
- Bookkeeping
- Negotiations
- Goal setting and strategic planning
- Creating direct mail and advertising pieces
- Writing job descriptions
- Completing business plans

Students must have an idea for a business to apply to this program and the course work that they do is directly related to that business. At the end of the program students open their own business, often with assistance from the Development Centre which has funding, commercial space, shared clerical support and counselling available on a limited-term basis to help businesses get underway. While the program takes more time than many would-be entrepreneurs would like, it does provide training in the most needed skills and, equally important, the training is tied directly to the individual student's business making the training meaningful for the participant.

Tables

For Table 1 on page 4, representatives of CFCs, the Alberta Development Corporation and the Canadian Business Development Bank were asked which training topics were most needed by their clients. For Table 2 on page 5, college representatives were asked to list their institutions' most popular business and entrepreneurial extension courses. This information is largely anecdotal rather than statistical. A selection of comments follows each table.

Table 1: Main Training Needs of New Entrepreneurs*

Course/Topic Agency	PCDC	MEDC	LSLCDC	SMEDA	YEBDC	TCFDC	Ft. M RBDC	LCDC	LLB RCDC	ADC	BDBC	Total
Marketing		x	x	x	x	x		x	x			7
Business Planning/Research				x	x		x	x	x	x	x	7
Bookkeeping	x	x		x	x	x						5
Management	x	x	x		x	x						5
Computers		x		x	x	x						4
Financial Analysis		x									x	2
Accounting			x			x						2
Finances					x	x						2

*As seen by representatives of Community Futures agencies and other lending/support institutions. See Contacts for full names.

Comments on Training Needs

- Most of those contacted agreed that their clients neither want nor need long, theoretical courses. They want short courses directly related to their businesses. They do not want accounting theory, they do want to know how to do their own books.
- Clients of the Alberta Development Corporation and the Business Development Bank of Canada were more likely to have some knowledge of accounting and management issues than are the clients of the Community Futures agencies; who generally have work-related skills but fewer business skills.
- Almost every new entrepreneur needs training in both the need for, and the techniques of, marketing.
- Business research training should be geared toward the realities of doing business in northern Alberta communities. Theoretical marketing courses based on southern or urban models will have little relation to business in a small northern town.
- People starting home-based businesses often need training in issues such as separation of home life from the business.
- Computer and Internet training are becoming increasingly important for new entrepreneurs.

Table 2: Course Topics Listed Among the Most Popular by Colleges

Course/ Topic	GPRC	AVC- LSL	FC	LC	KC	MRC	Total
Computers (general)		x	x	x	x		4
Introduction/ How to Start a New Business			x		x	x	3
Bookkeeping				x		x	2
Accounting			x	x			2
Personal Skills	x			x			2
Sales						x	1
Internet						x	1
Customer Service		x					1
Business Law			x				1
Management					x		1
Marketing	x						1

Comments on Course Demand

- “How to Start a New Business” and similar courses usually cover many of the most needed training topics. This may explain the lower-than-expected demand for high-need courses such as marketing or accounting.
- Computer courses, while not aimed specifically at new entrepreneurs, are often applicable and are consistently popular.
- The Small Business Training Centre at Mount Royal College has seen a decline in demand for courses on franchising and on business law over the past year; however the latter remains a popular subject at Fairview College.
- Lakeland College and AVC-Lesser Slave Lake have had mixed success with general entrepreneurship programs over the last couple of years.
- Demand is growing at Keyano College for “New Manager” skills foundation courses.
- Grande Prairie Regional College’s “Fast Track” Entrepreneurship/Business Management Program, which combines classroom and on-the-job training, has attracted a higher percentage of would-be entrepreneurs (as opposed to those taking the course to improve their employment prospects) than expected (about 50% of current enrollment).

Tables summary

Most of the “most needed” courses are not overly popular on their own. Bookkeeping is fairly popular, but other courses such as marketing and management, are more popular as part of programs than on their own. Business research and Planning appears on the popular courses list only as part of such programs. Nonetheless, success with such programs has not been universal.

Partnership Possibilities

While some Community Futures Corporations conduct their own training or work with local continuing education societies, most expressed some interest in partnering with colleges in order to provide training for their clients. Most CFCs recognise that colleges have particular expertise in training for technical and computer skills, but that not all standard college courses are well suited to the needs of the Community Futures clients.

Implications for Training

Given the wide range of sources for “tastes of training” such as Community Futures Corporations, continuing education societies, the Internet and private training companies; there is little to be gained from colleges developing and offering such courses on their own. The success of the Kiwanis Enterprise Centre, however; suggests that training combined with other forms of support for new businesses would be valuable to new entrepreneurs. The positions and mandates of the CFCs and their expressed interest in cooperative efforts suggest that they would appear to be likely partners for colleges in such programs.

Any courses offered should:

- Be based on real, northern examples; using the participants’ own books, if possible.
- Be available in a number of locations so that entrepreneurs do not have to leave home for extended periods.
- Cover the main training needs such as bookkeeping, marketing, business planning and research, and management.

Contacts

Community Futures Corporations:

Dolores Cuthbertson, Lakeland Community Development Corporation, 826-3858
Joan Goldhawk, Peace Country Development Corporation, 338-2125
Shari Huighe, SMEDA Business Development Corporation, 354-8747
Rob Koebel, Tawatinaw Community Futures Development Corporation, 349-2903
Russell Maxwell, Fort McMurray Regional Business Development Centre, 791-0330
Bonnie Morton, Lesser Slave Lake Community Development Corporation, 849-3232
Cal Polturak, Lac La Biche Regional Community Development Corporation, 623-2662
Kelly Semple, Yellowhead East Business Development Corporation, 785-2900
Linda Wallace, Mackenzie Economic Development Corporation, 926-4233

Financing/Support Institutions

Mark Caveny, Alberta Opportunity Corporation, 624-6387
Wanda Clarke, Royal Bank of Canada, 624-1650
Dean Gottselig, Business Development Bank of Canada, 532-8875

Training Institutions

Etienne Johnson, Grande Prairie Regional College, 324-3737
Bryan Lane, Lakeland College, 853-5437
Dave McLaughlin, Fairview College, 624-4616
Joan Pole, Small Business Training Centre, Mount Royal College, 240-5525
Michelle Pratt, Grande Prairie Regional College, 539-2975
Audrey Shapka, AVC -Lesser Slave Lake, 523-6690
Anne Marie Szucs, Keyano College, 1-800-340-4592
Mac Taylor, Kiwanis Enterprise Centre, (250) 782-5745

Other Sources

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Business Education Internet Resources, <http://www2.mgmt.purdue.edu/HTML/busedrsrc.html>

Business ed. Related Sites at Simon Fraser University, <http://www.bus.sfu.ca/pointers.html>

Steppingstones, <http://www.steppingstones.a.ca>

Western Economic Diversification Home Page, <http://www.Wd.gc.ca>