



*Unveiling of the Indice entrepreneurial québécois 2022*

## **Business transfer in Québec: only four out of ten owners are preparing for it**

Going into business to acquire an existing company: three-quarters want to do it with other people

**Montréal, May 18, 2023** – Réseau Mentorat today unveiled the [Indice entrepreneurial québécois 2022](#) (*Québec Entrepreneurship Index 2022*, the "Index") - "Vers une culture entREPRENEURIALE", a key benchmark since 2009 in measuring entrepreneurship in Québec. The 2022 Index, presented by the Ministère de l'Économie, de l'Innovation et de l'Énergie du Québec, highlights a massive willingness on the part of SME owners to sell or transfer their business in the next ten years and reveals a flagrant lack of preparation on their part. Family businesses, however, are doing better in this regard.

As Québec is experiencing a wave of retirements of its business owners, as well as profound changes in the younger generation of entrepreneurs, the challenge of demystifying, promoting, supporting and celebrating business takeovers is one of the greatest entrepreneurial challenges of the decade.

### **A wave of retiring owners needing better preparation**

In Québec, 6 out of 10 business owners say they intend to sell or transfer their business within 10 years. However, a lack of preparation for this sale or transfer on the part of the owners could jeopardize this major project. Among other things, the Index highlights that:

- Only 4 out of 10 owners (38.8%) who plan to sell/transfer their business are prepared and have a succession plan. For family businesses, this figure is 45.7%.
- Four out of 10 owners (42.6%) have identified the successor(s) (family businesses: 51.4%), and very few (5.5%) indicate that the identification is the result of a process overseen by a board or committee.
- Only 3 out of 10 owners (30.8%) have used at least one expert in the process of transferring their business to date (family businesses: 41.1%). Accounting/tax experts are the most popular (75.0%), followed by specialized transfer consultants (51.0%).
- Approximately 1 in 2 owners (55.6%) who plan to transfer their business one day do not know the market value of their business (family businesses: 49.3%). Of those who do, 1 in 4 (28.2%) have established it with the help of experts.
- Nearly 6 out of 10 owners (57.9%) believe that the process of transferring their business, once started, will be done quickly and will take only 1 to 3 years. A very optimistic view, according to many experts, and one that may add an element of risk to the process.
- 42.3% of owners want to remain involved in the business after the transfer.

## **Starting a business by acquiring an existing company: three-quarters of respondents intend to do it with other people**

If the Index had noted a few years ago a trend among young people wanting to start a new business venture with others (Index 2014), this tendency has percolated among the other age groups since then. Indeed, the Index reports that a majority of people (58.5%) intending to start a business want to do so with others. This proportion is even higher if the intention is to acquire an existing business: 76.8%. While this collaboration is good news for collective entrepreneurship or for the strength of the entrepreneurial teams, this trend does increase the necessary ratio of potential acquirers in the process.

## **Working on the entrepreneurial culture to expand the pool of potential acquirers**

Given the number of owners who want to transfer their business within the next 10 years, expanding the pool of potential buyers has to be a priority. Indeed, while the large number of people in the process of starting or buying an existing business has almost doubled since 2010 (from 4.6% to 7.5%), the more specific rate of people in the process of acquiring a business has seen a much more modest increase, from 19.0% (2010) to 21.9% by 2022. And the ratio of 1 buyer to 1 business to be purchased is not realistic - especially given the trend toward takeover teams aforementioned.

## **Inspire to take over a business**

The Index also reveals that the motivations of those wishing to buy an existing business are also less focused on fulfilling a personal dream than those wishing to create a business (81.8% versus 92.3%) and less focused on exploiting a good business idea (75.5% versus 87.2%).

In light of these figures, the Réseau Mentorat sees certain factors that could help entrepreneurship experience the same exponential curve of desirability as that experienced by business creation over the past few years in Québec. Achieving one's dreams and personal fulfillment is just as possible in a business takeover as it is in a new venture, for example. This calls for a stance of innovation that is just as possible and gratifying as in the creation of a business.

The good news is that 4 out of 5 (79.6%) of those who are not involved in any kind of entrepreneurial process say that entrepreneurs who buy/take over an existing business are just as important to society as those who start a new business.

## **Entrepreneurship pipeline: stable rates of intentions and ventures, slight decline in the rate of ownership**

After three years of consecutive declines in the major rates of entrepreneurial intentions and ventures (creation and buying), these rates stabilized in 2022 and even increased slightly:

- Intentions to create/buy a business: 16.1% (2021: 15.1%);
- Ventures: 7.5% (2021 : 7.2%).

However, the business ownership rate is down slightly to 5.3% (it had stabilized for two years at 5.6%). It should be remembered that the overall trend in this rate has been downward since 2015 (it was at 7.9% then). Behind this decline in the overall ownership rate is the decline in the rate for 50-64 year-old group (from 6.4% in 2021 to 5.9% in 2022 - the rate has been declining since 2019) and the decline in the rate for immigrants group (from 6.9% in 2021 to 4.7% in 2022). This significant decrease could be tied to the record level of jobs available for people of immigrant background in 2022 in Québec and is a reminder that work to support and retain the entrepreneurial potential of immigrants is necessary, both for creating and acquiring businesses.

## **Other highlights**

- The growth potential of the companies to be acquired is the number one attraction factor for buyers.
- Business acquiring and women:
  - Of those who are in the process of buying a business, one-third (32.7%) are women. Work/life balance remains an obstacle for them.

- However, more than half of the women in the process of acquiring a business (50.3%) plan to make at least one pivot (change in business model), a slightly higher rate than for men (44.7%).
- Failure rate of the business transfer process:
  - Approximately 1 out of 5 entrepreneurs has experienced at least one process failure, both for the buyers (22.8%) and the sellers (18.3%).
- 1 in 5 (22.4%) sellers want to start a new business after completing their transfer process.

## Key partners in the business ecosystem

The Réseau Mentorat *Indice entrepreneurial québécois 2022* is presented by the [ministère de l'Économie et de l'Innovation et de l'Énergie du Québec](#) and by the following major partners : [National Bank](#), [CDPQ](#), [Familles en affaires HEC Montréal](#), [l'Institut d'entrepreneuriat Banque Nationale | HEC Montréal](#) and the [Ordre des CPA du Québec](#). The *Index* is made in partnership with the [Centre de transfert d'entreprise du Québec](#), [EVOL](#) and [Léger](#).

The *Index* also counts on the following collaborating partners: Alias entrepreneur(e), Agoralliance, École des entrepreneurs du Québec, EntreChefs PME, Entreprendre ICI, Groupe 3737, La Ruche, MicroEntreprendre, Portail de connaissances pour les femmes en entrepreneuriat, Réseau des Femmes d'affaires du Québec, OSEntreprendre.

To learn more about the *Indice entrepreneurial québécois 2022* and download the report (in FRENCH): <https://indiceentrepreneurialqc.com/rapports/indice-2022>

## Quotes

"Business recovery is a major issue for the future of entrepreneurship in Quebec. This publication by the Réseau Mentorat shows that we must focus on collaboration within our business ecosystem to promote and stimulate the acquisition of businesses throughout Quebec. "

Pierre Fitzgibbon  
Minister of Economy, Innovation and Energy, Minister Responsible for Regional Economic Development and  
Minister Responsible for the Metropolis and the Montréal Region

"Quebec entrepreneurs have every interest in preparing their succession. There is support for this. The mobilization and cooperation of all players in the Quebec business community is the key to meeting the challenges facing us in terms of entrepreneurship. I warmly congratulate the Réseau Mentorat and its partners on the publication of the Index 2022!"

Joëlle Boutin  
Member for Jean-Talon and Parliamentary Assistant to the Minister of Economy, Innovation and Energy  
(sciences and innovation)

"In Québec, we know how to make entrepreneurship appealing. The progress in the rates of intentions and ventures since the Index was created are proof of this. However, this work has focused more on business creation. Given the wave of departures of current business owners, there is a need to promote more business takeovers and better preserve the existing ones. "

Pierre Duhamel  
General Manager  
Réseau Mentorat

"The reasons that can motivate an entrepreneur to transfer their business are multiple. However, all successful transfer projects have one element in common: they are the result of significant preparatory work spread over time. All the resources and tools to successfully transfer one's business exist. As stakeholders in the field, we have a responsibility to promote them so that our entrepreneurs can use them to their full potential in order to

ensure the success of their project, both on the seller's side and the buyer's side."

Stéphane Bourgeois  
Senior Director  
Business Transfer National Bank

"It is important to highlight the challenges of business succession and transfer, and its stakes, both from the perspective of the selling entrepreneurs and the acquiring ones. This year's Index allows us to grasp the full importance of carefully preparing for this crucial transition. CDPQ continues its efforts to support companies in their succession and growth processes, ensuring their sustainability and, above all, their success."

Ani Castonguay  
Executive Vice-President, Public Affairs  
CDPQ (Caisse de dépôt et placement du Québec)

"The entrepreneurial takeover process of a family business is the perfect moment to challenge its business model, explore and exploit new opportunities, and sometimes even reinvent it, with the goal of giving it momentum or a fresh start. Family entrepreneurship lies at the intersection between the wisdom of the successor, often accompanied by experience and know-how, and the speed of the acquirer driven by their aspirations, new ideas, and new vision for the company. Leveraging this unique phase of collaboration greatly contributes to its sustainability."

Luis Cisneros  
Full Professor, Department of Entrepreneurship and Innovation, HEC Montréal  
Academic Director, Family Business - HEC Montréal Founder of the Entrepreneurship, Takeover, and Family Business Hub

"A new norm is starting to emerge when it comes to entrepreneurial takeover: team takeovers. Researchers, experts, and literature often refer to *solo* business takeovers. However, the results of this Index demonstrate that not only is the desire to take over a business important, but team takeovers are no longer a rare phenomenon, with all the advantages that come with it. On the contrary, in a few years, entrepreneurial takeovers will be written in the plural."

Jorge Meija  
Associate Professor, Department of Entrepreneurship and Innovation, HEC Montréal  
Director, National Bank Institute of Entrepreneurship Observatory - HEC Montréal

"The resilience of the Quebec economy largely depends on what has been built by our predecessors. Whether it is to accompany them in continuity or change, CPAs (Chartered Professional Accountants) are essential allies to guide entrepreneurs in the heart of their most strategic decisions."

Geneviève Mottard, CPA  
President and CEO  
Ordre des CPA du Québec (Quebec Order of Chartered Professional Accountants)

"Québec is currently facing a surge of business transfer initiatives. The Index confirms that the organization of sellers prior to the transfer remains an issue and that we must raise awareness in this regard. Transfers initiated too late are more likely to end in failure. It is therefore essential to work to ensure the long-term survival of our companies."

Alexandre Ollive  
General Manager  
Centre de transfert de l'entreprise du Québec

"The 2022 Index confirms a phenomenon that we observe in the field. Acquirers, especially women acquirers, have a desire to innovate. At Evol, we know that entrepreneurial takeover is a golden opportunity to include strong sustainable development actions within a company. It is also a great opportunity to partner with underrepresented individuals in entrepreneurship. We will continue to support the innovative approaches of these acquirers, representing the diverse faces of Quebec."

Chantal Thieblin Goffoz  
Director, Impact Financing and Sustainable Development  
Evol

"In this time of inflation and the threat of a downturn, it is interesting to see that this unique context does not dampen intentions to start a business, quite the contrary. The survey also demonstrates the entrepreneurial culture of immigrants in Québec. They contribute directly to this culture in Québec. Now, how to light the flame of business takeover in our economy, which needs all its talents to continue the work of an entrepreneur who wishes to leave his place."

Christian Bourque  
Executive Vice President  
Léger

## Study Methodology

The survey was conducted from December 12, 2022 to February 20, 2023.

### PART A

The 2022 *Index* is composed of a survey of 18,658 Quebecers, including 5,022 respondents to the entire questionnaire. This component of the Index refers to the survey conducted through the Léger Web panel and covers all stages of the entrepreneurial pipeline: intentions, ventures, owners, closures and individuals who are not in the entrepreneurial process (or "entrepreneurial pipeline"). For a probability sample of the same size, the margin of error would have been  $\pm 1.6\%$ , 19 times out of 20.

### PART B

The 2022 *Index* is also the record mobilization of 43 collaborating partners who launched the survey in their respective networks of business owners, for a total of 1,160 entrepreneurs. These partners work, according to their respective missions, to network entrepreneurs, inform them, provide them with tools, sometimes finance them, and accompany them. For a probability sample of 1,160 respondents, the maximum margin of error would have been  $\pm 2.9\%$ , 19 times out of 20.

## About Réseau Mentorat

Le Réseau Mentorat is dedicated to the development of entrepreneurs' full potential through mentoring. In collaboration with partners, we establish sustainable mentoring relationships based on listening and sharing, throughout Quebec and the French-speaking world. We believe that the growth of businesses primarily relies on the well-being of those who lead them. Through mentoring, we help entrepreneurs find the necessary support for their personal growth so that they can fully contribute to the economic development of their region. In Quebec, the Mentoring Network relies on the significant support of the Ministère de l'Économie, de l'Innovation et de l'Énergie, National Bank, Québecor, and Desjardins, as well as leading partners, including the Barreau du Québec, Cascades, Cogeco, Economic Development Canada, Laval économique, Fonds de solidarité FTQ, Hydro-Québec, Intact Insurance, Léger, RBC Royal Bank, and the Secrétariat à la jeunesse du Québec. [www.reseaumentorat.com](http://www.reseaumentorat.com)



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## Source

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