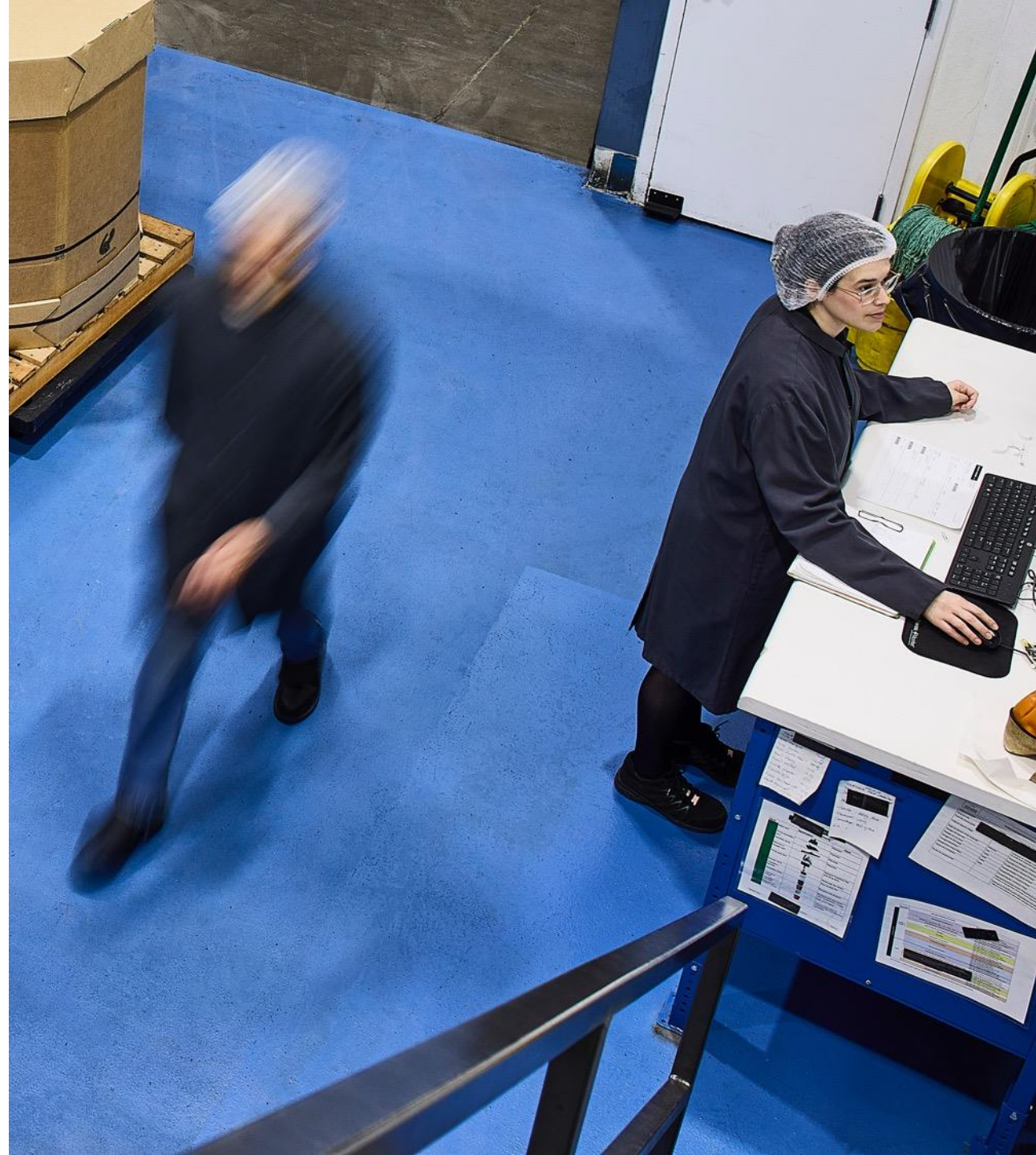


# Running your business in 2025

Building resilience  
in a changing world



# Agenda



1. Canada's economic outlook
2. Building business resilience
3. Q&A

1



# Canada's economic outlook

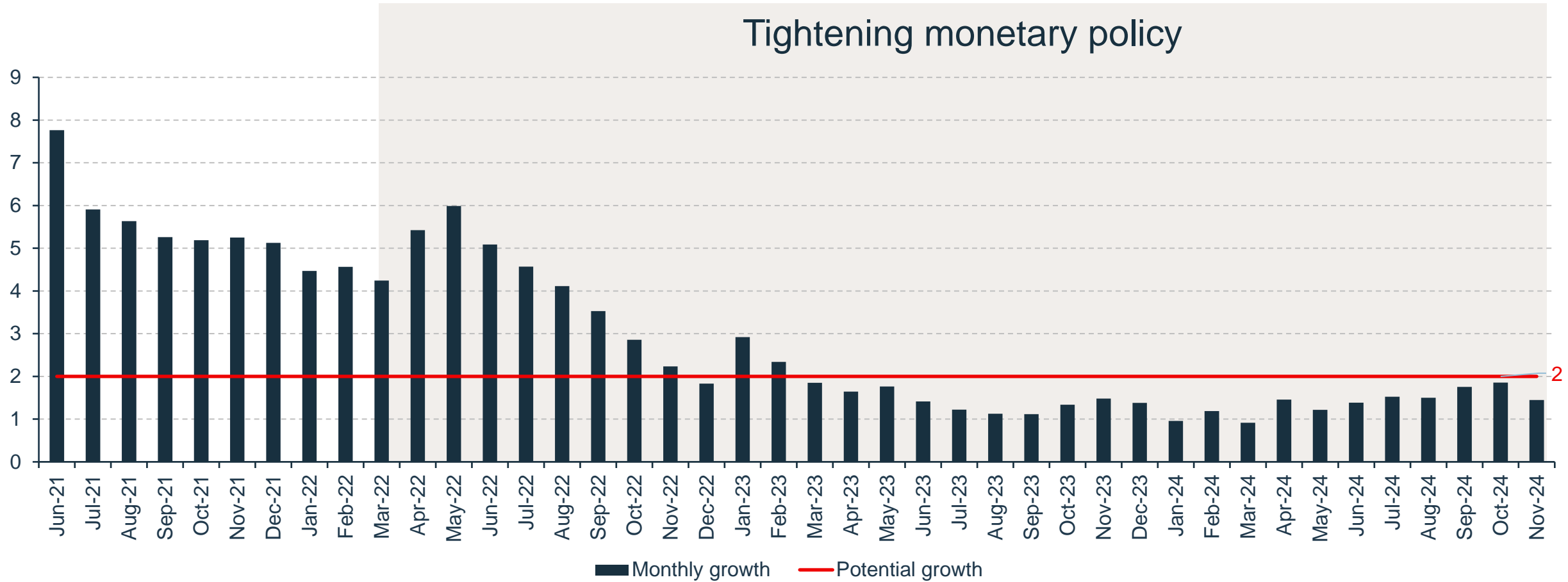


On the bright  
side...

# The economy showed resilience in the face of rising interest rates



## Real GDP growth, monthly, (%), Canada

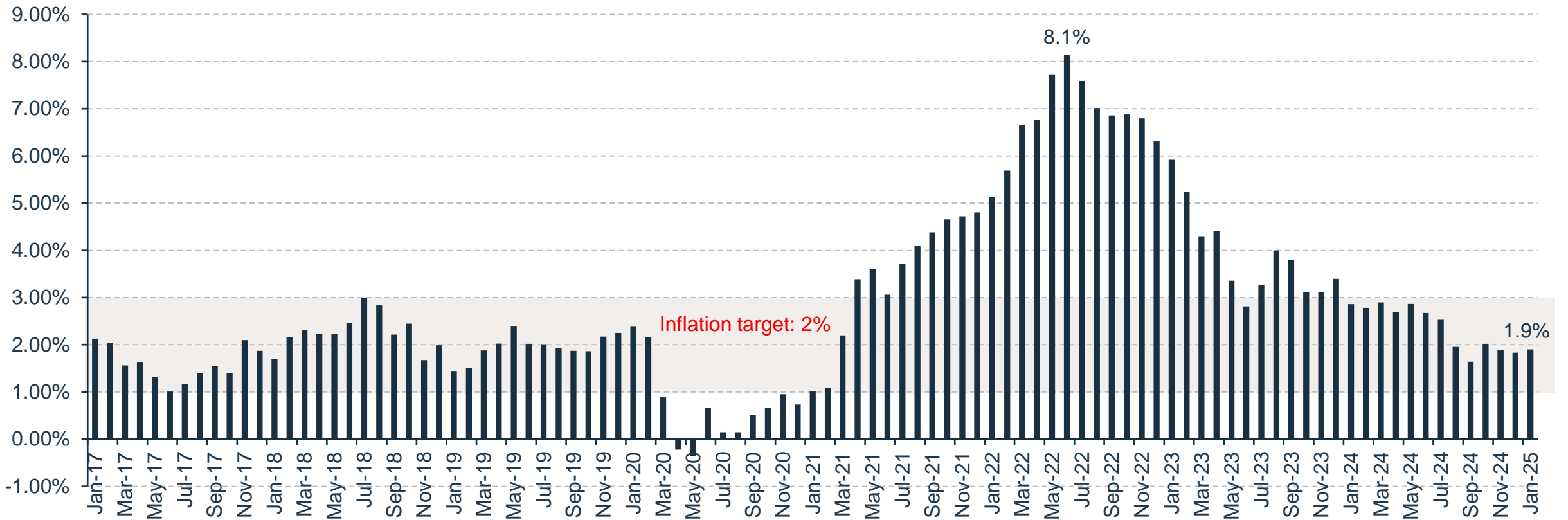


Source : via Haver Analytics, BDC.

# Inflation is back to target



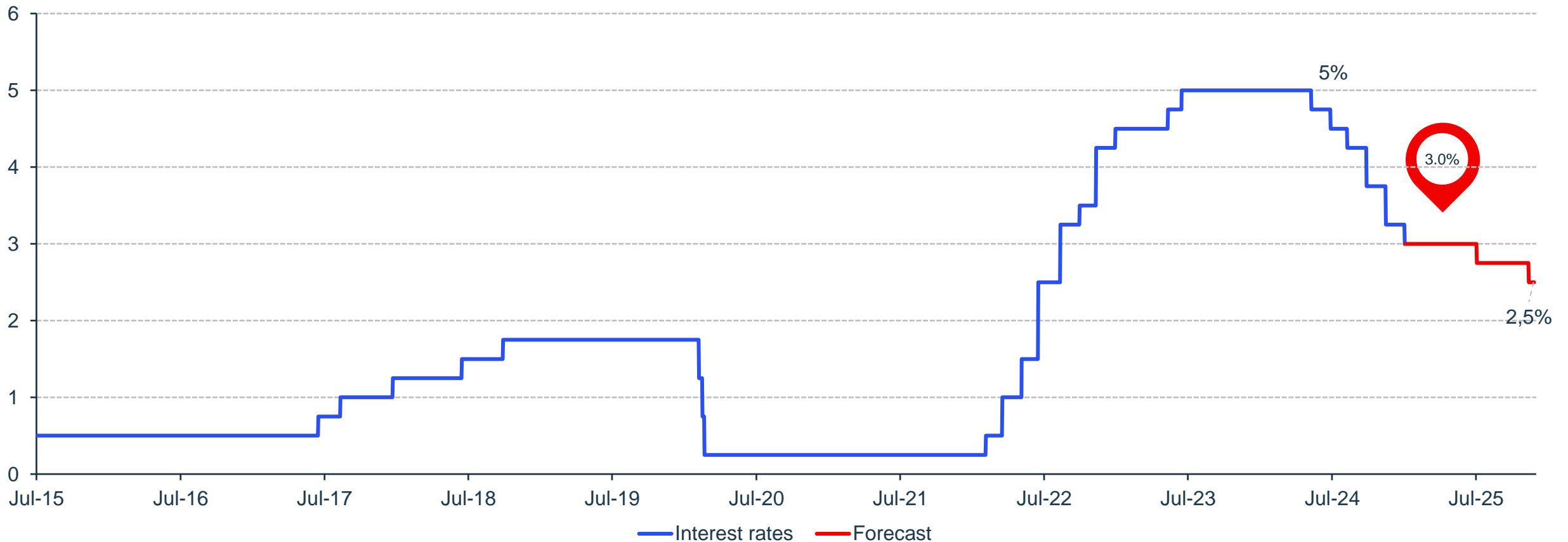
## Consumer price index, year-over-year growth, Canada



# Interest rates have fallen significantly



## Policy rate (%), Canada





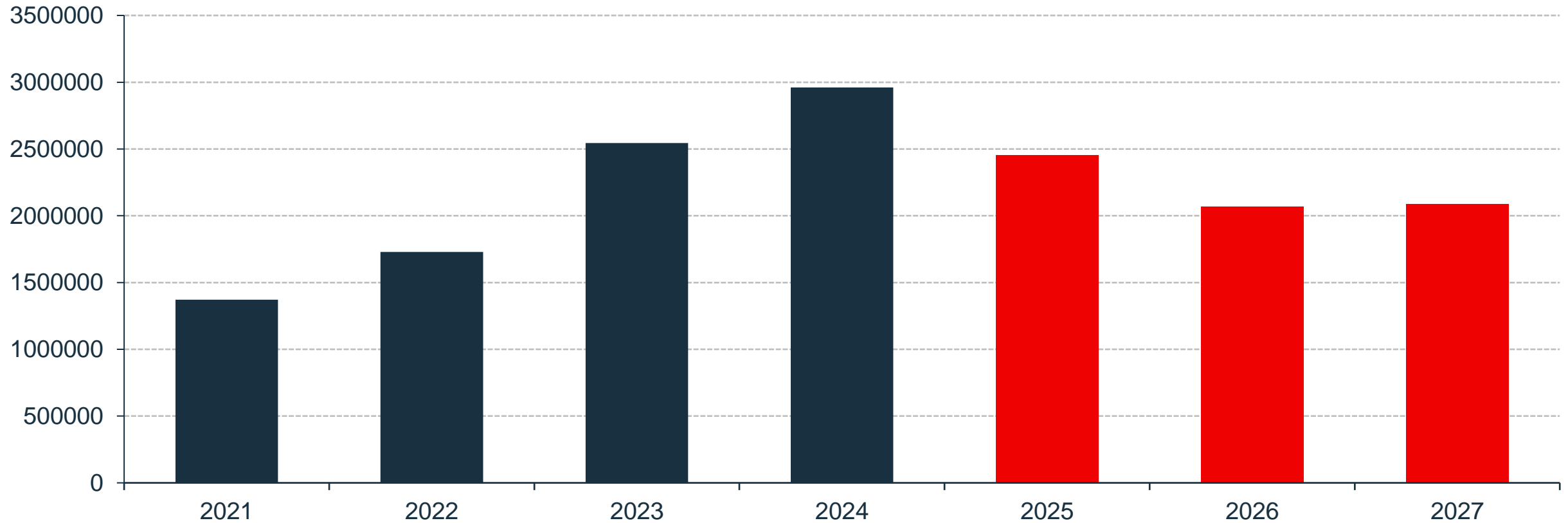
# Uncertainty has grown



# Lower immigration targets



## Population of non-permanent residents



# The tariffs announced on February 1<sup>st</sup>



## Canada

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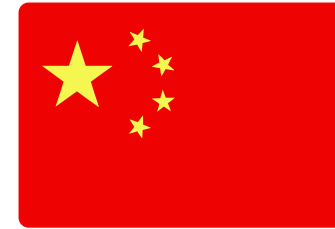
- 25% tariffs on all good exports to the US
- 10% tariffs on energy exports



## Mexico

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- 25% tariffs on all good exports to the US
- 10% tariffs on energy exports



## China

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- 10% tariffs on all good exports to the US

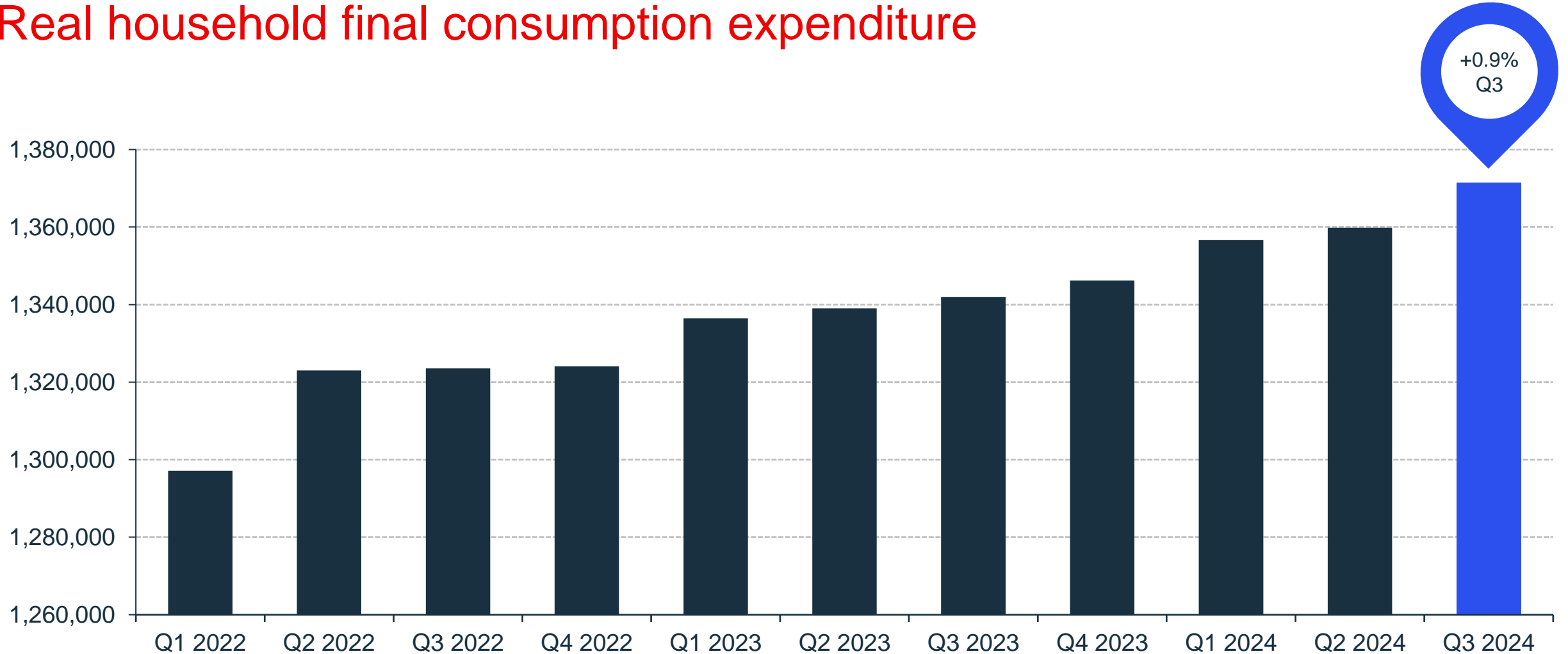


What should  
we expect  
over the next  
12 months?

# Household spending to improve in 2025



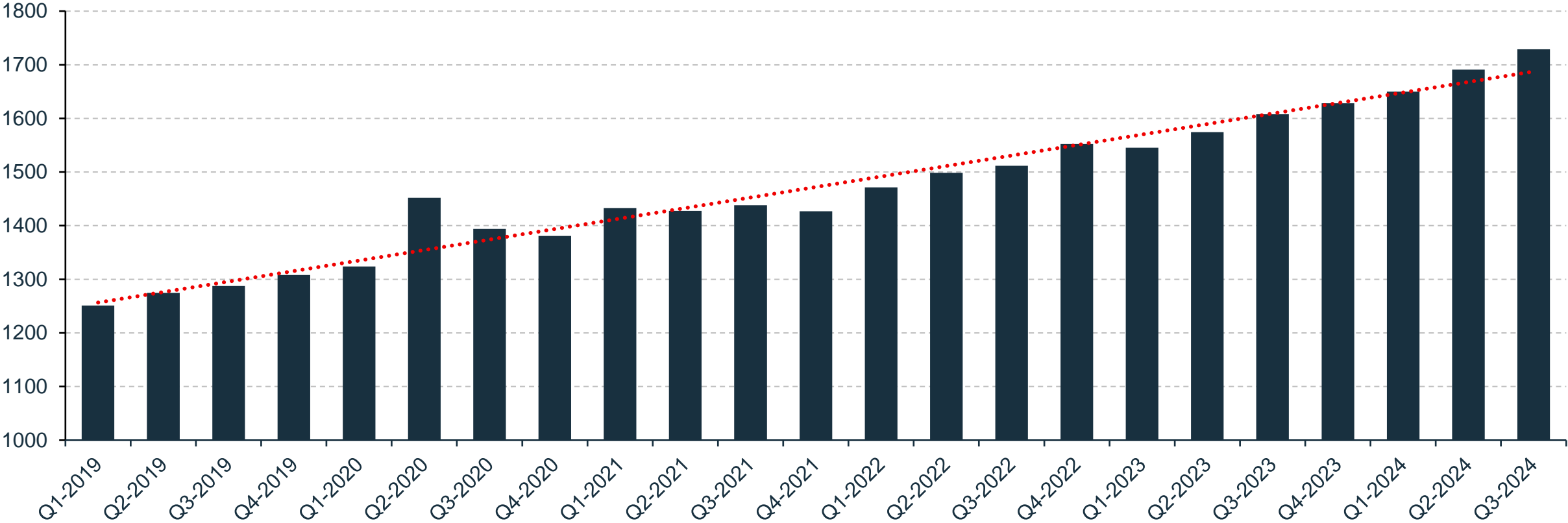
## Real household final consumption expenditure



# Canadians' disposable income is rising



Disposable income, in billions of dollars, Canada

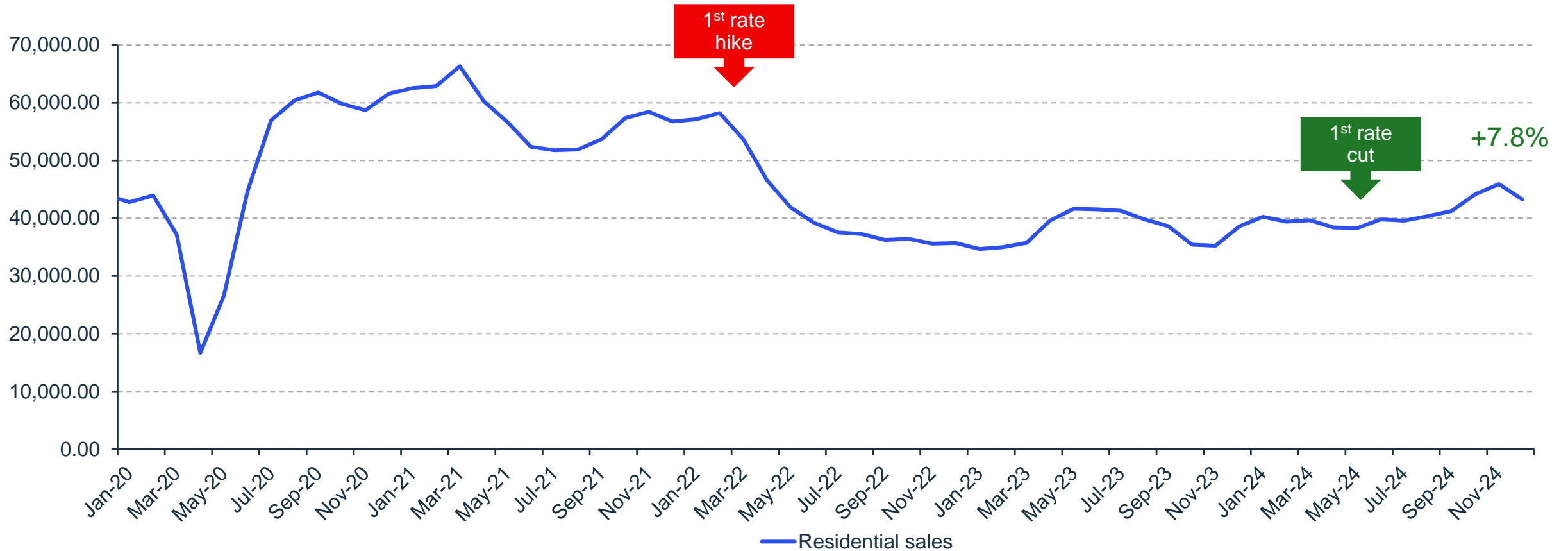


Source : via Haver Analytics, BDC.

# Rate cuts have boosted home sales



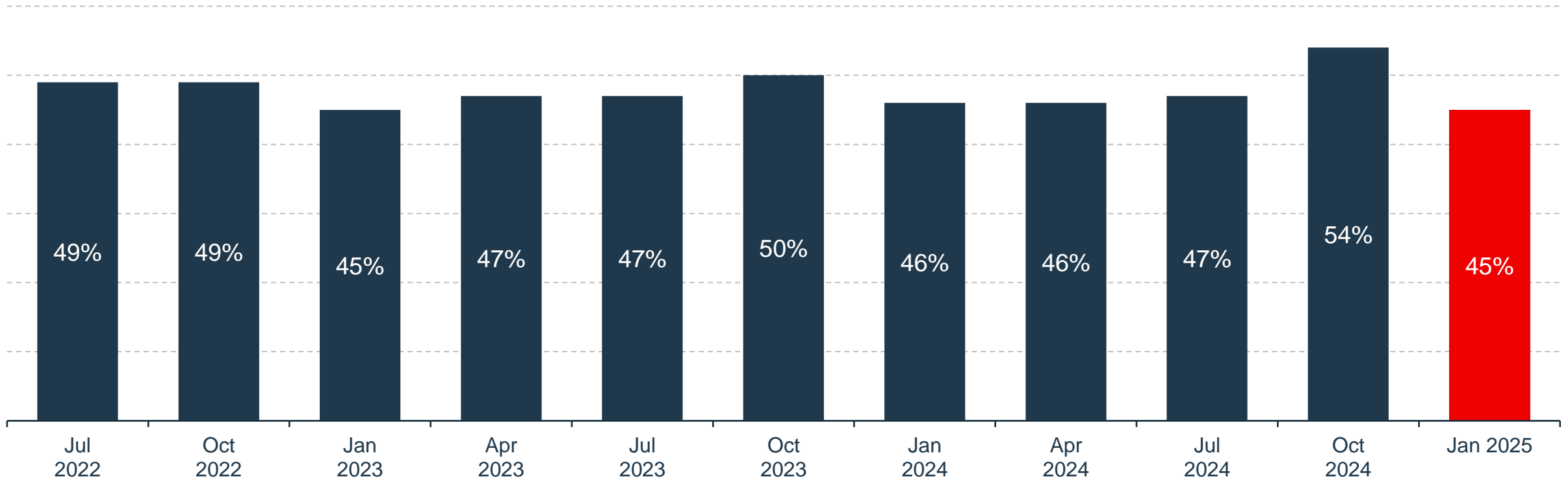
## Monthly residential sales, in units, Canada



# Investment intentions dampened



Percentage of SMEs planning to invest in the next 12 months



# Export outlook remains uncertain



Exports, seasonally adjusted data, in billions of dollars

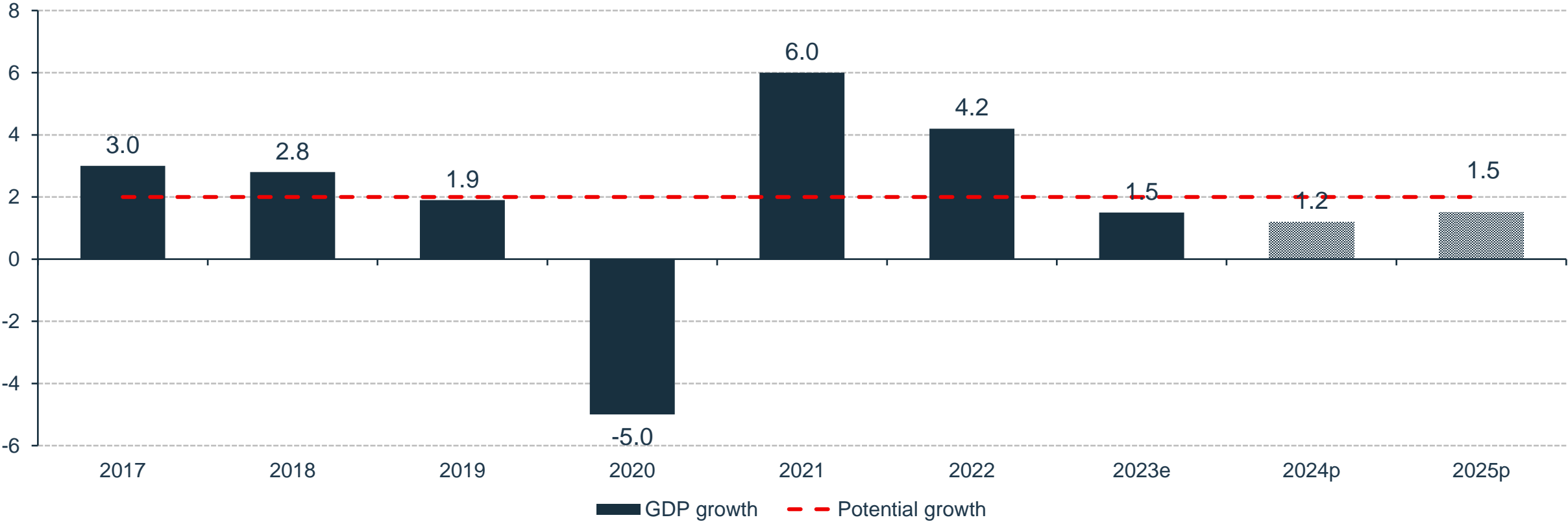




# Growth will be modest in 2025



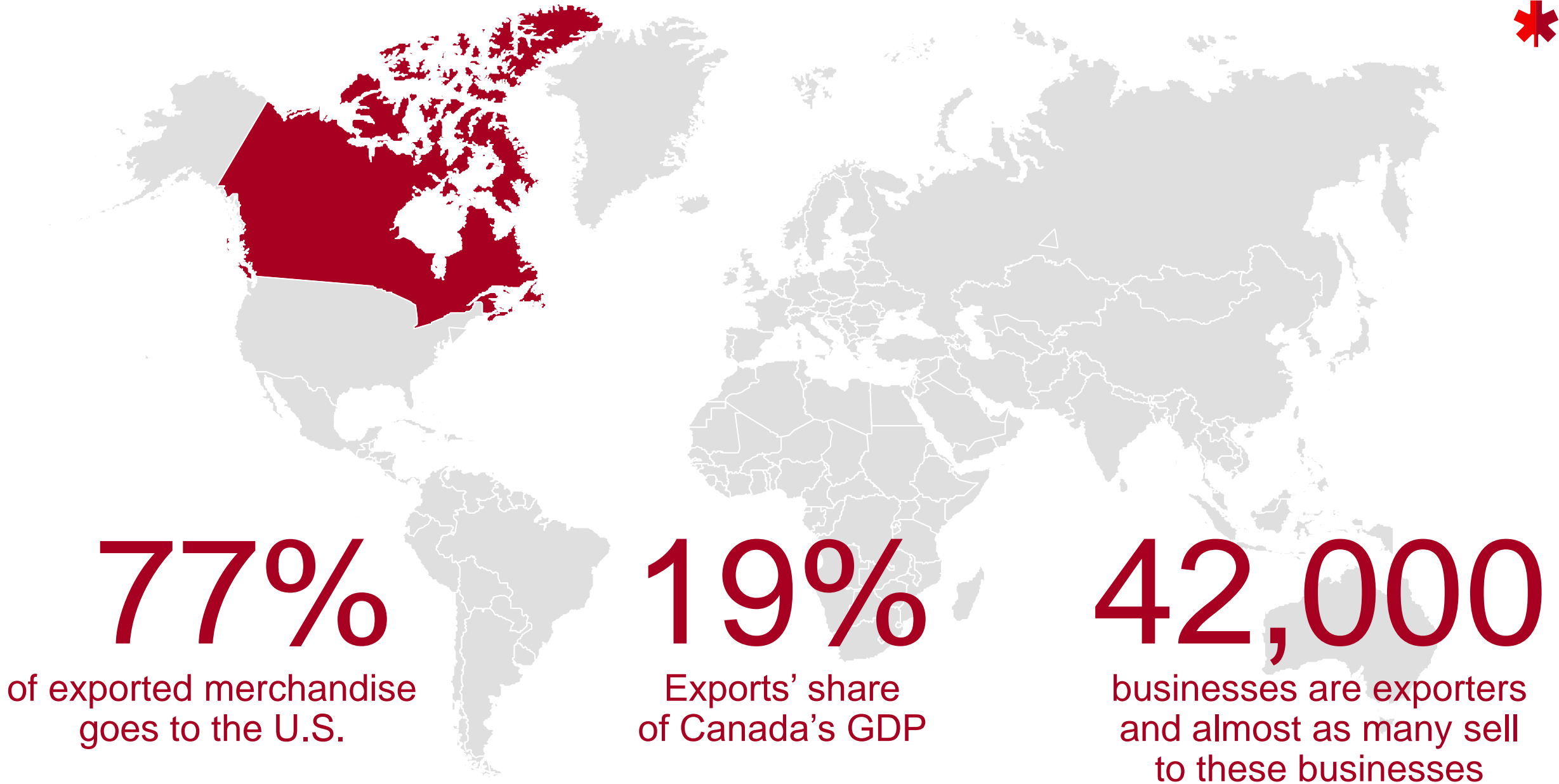
## Annual growth in Canadian real GDP (%)



Source : via Haver Analytics, BDC.  
f: forecasts



What if  
tariffs are  
put in place?



**77%**

of exported merchandise goes to the U.S.

**19%**

Exports' share of Canada's GDP

**42,000**

businesses are exporters and almost as many sell to these businesses

# The impact of tariffs on Canada will be significant



Tariffs and  
retaliation

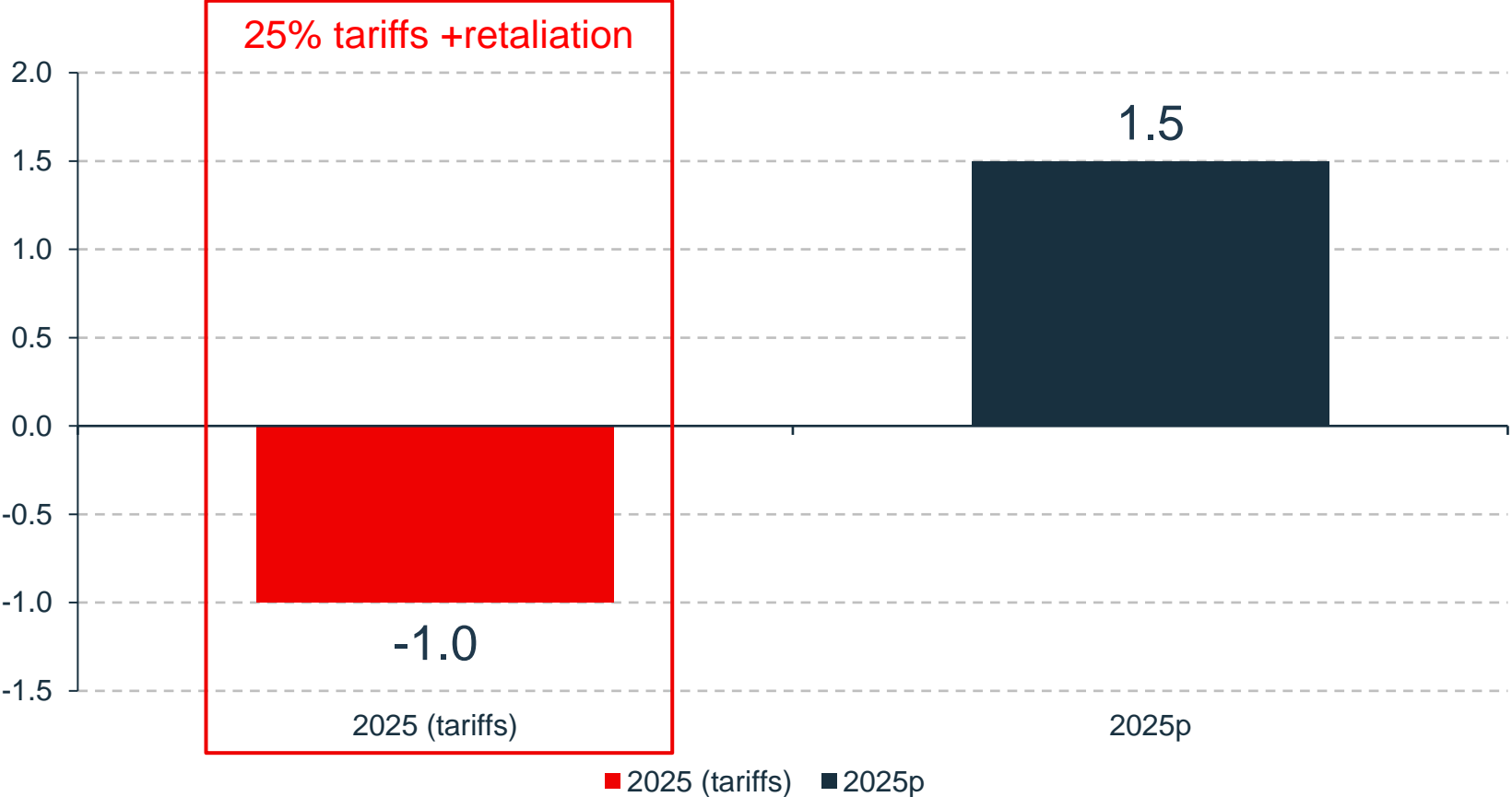


Economic slowdown



# Growth could turn negative depending on the outcome of trade talks

## Annual growth in Canadian real GDP (%)



Source: via Haver Analytics, BDC.  
f: forecast



# What can Canada do?



# What can Canada do?

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1. Reduce interprovincial trade barriers
  2. Accelerate strategic infrastructure projects
  3. Support local businesses
-



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Internal trade can add up to 8%  
to long-run GDP\*

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Multi-billion dollar infrastructure  
projects create jobs and  
contribute to growth

---

Supporting local businesses  
has a positive ripple effect on  
the economy

---





# What can businesses do?

# Managing through uncertain times



## 1. Improve your productivity:

Businesses that have high productivity are more resilient to increased costs.

## 2. De-risk international activities:

Diversify your markets and suppliers to reduce dependency on any single market or supplier. This will help mitigate risks associated with geopolitical tensions and trade policy issues.

## 3. Enhance financial resilience:

Strengthen your financial position by securing access to credit and other financial resources. This will provide a buffer against economic uncertainty and position you to invest in growth opportunities.

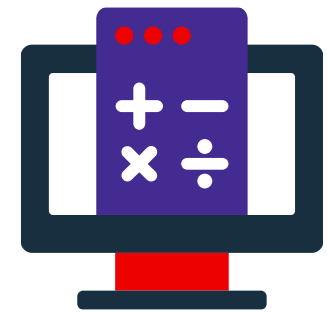
# The most productive SMEs perform better and are worth more



**6x**  
more sales



**4x**  
more profits



**3.5x**  
higher EBITDA



# What distinguishes the most productive SMEs?

They invest more

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**1.8x more**

in information and communications technologies (ICT)

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**1.5x more**

in machinery and equipment per employee

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# Conclusion



## → The economy

is headed for a soft landing. Inflation is under control and the Bank of Canada is normalizing its monetary policy.

## → Lower interest rates

will stimulate consumption and the housing market this year. We anticipate GDP growth of 1.5% in 2025.

## → Trade tensions

with the U.S. are clouding the economic outlook. Much will depend on their eventual intensity.

## → Your business

should adopt strategies that help you stay resilient during uncertain times and adapt to new trends shaping the future.

2



# Building business resilience

# Compressed planning cycle



## Stable market



## Volatile market



### All-hands-on-deck approach

- ➔ Constant communication
- ➔ Meet with leadership team often
- ➔ Review metrics weekly (even daily)
- ➔ Create a task force (larger SMEs)

The left side of the image features a large, abstract graphic composed of red and white geometric shapes. A prominent white shape, resembling a stylized letter 'E' or a large '3', is set against a red background. The white shape has rounded corners and a central horizontal bar. The red background is composed of several angular, overlapping shapes that create a dynamic, modern look.

# First horizon

Actions to take now



# Ensure your company's financial situation is solid



- 
- Understand how your business is doing and how external factors will impact it
- 
- Use real and reliable financial data (not gut feelings)
- 
- Take the full measure of your financials
-

Preparing your business  
for a volatile market is  
like preparing your car  
for a long road trip





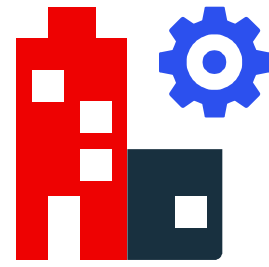
# 4 financial ratios to measure financial health



**Liquidity**  
Can I pay my bills?



**Profitability**  
How much profit am I making?



**Productivity**  
Am I making the most of my assets?

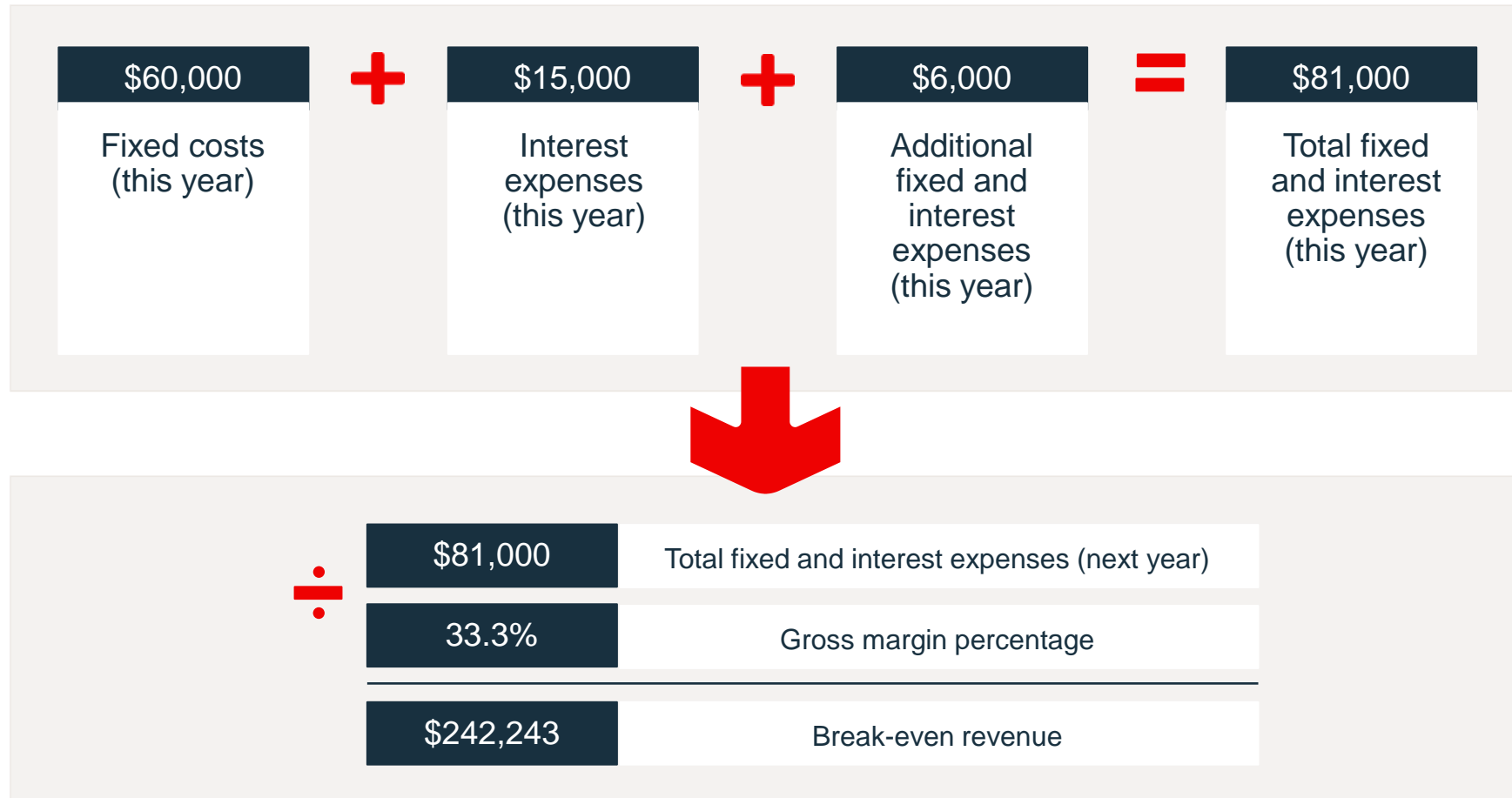


**Leverage**  
How much debt am I carrying?

# Calculate your break-even point

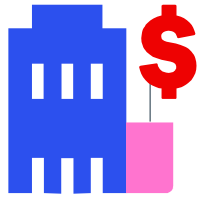


How much money you need to make to cover all your expenses and generate a net income of \$0.





# Financial management tools every business needs



Operating budget



Cash flow planner/forecast



Costing tool

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# How vulnerable is your business to different impacts?

## Create scenarios

- Sales volume drops from X to Y
- Price changes from A to B
- Overhead costs go from 3 to 1

## Evaluate various assumptions

- Market competition
- Exchange rate
- Changes to supplier costs
- Importing costs

Plan for the worst and hope for the best.

# Cash flow planner

## Understand your future cash position



	Week 1	Week 2	Week 3		
<b>Opening cash balance (\$)</b>	2,000	900	(600)		Same as the closing balance from previous period.
<b>Cash inflows (+)</b>					
Receivables	500	450	350		Inflows of cash from general activities, grants and sponsorships, etc.
Cash sales	1,500	900	200		
Other (wage subsidies, loans, etc.)	-	-	500		
<b>Cash outflows (-)</b>					
Accounts payable	1,100	900	300		Outflows through predicted and unpredicted activities.
Payroll	1,000	1,000	750		
Monthly operating expenses (rent, utilities, communications)	800	750	500		
Financing (principal, interest)	200	200	50		
<b>Increase (decrease) in cash</b>	(1,100)	(1,500)	(550)		
<b>Ending cash bank balance (\$)</b>	900	(600)	(1,150)		Cash available at the end of the period.

# 1.

## Put together a plan

- Act quickly
- Set a timeline
- Ensure accountability

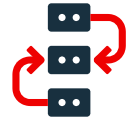
# 2.



If you're unsure,  
contact a financial  
management  
expert for advice



# Contact key customers and suppliers



Ensure your suppliers can still deliver



Inform main customers of order status



Consider how to improve customer satisfaction



Check clauses in your client and supplier contracts



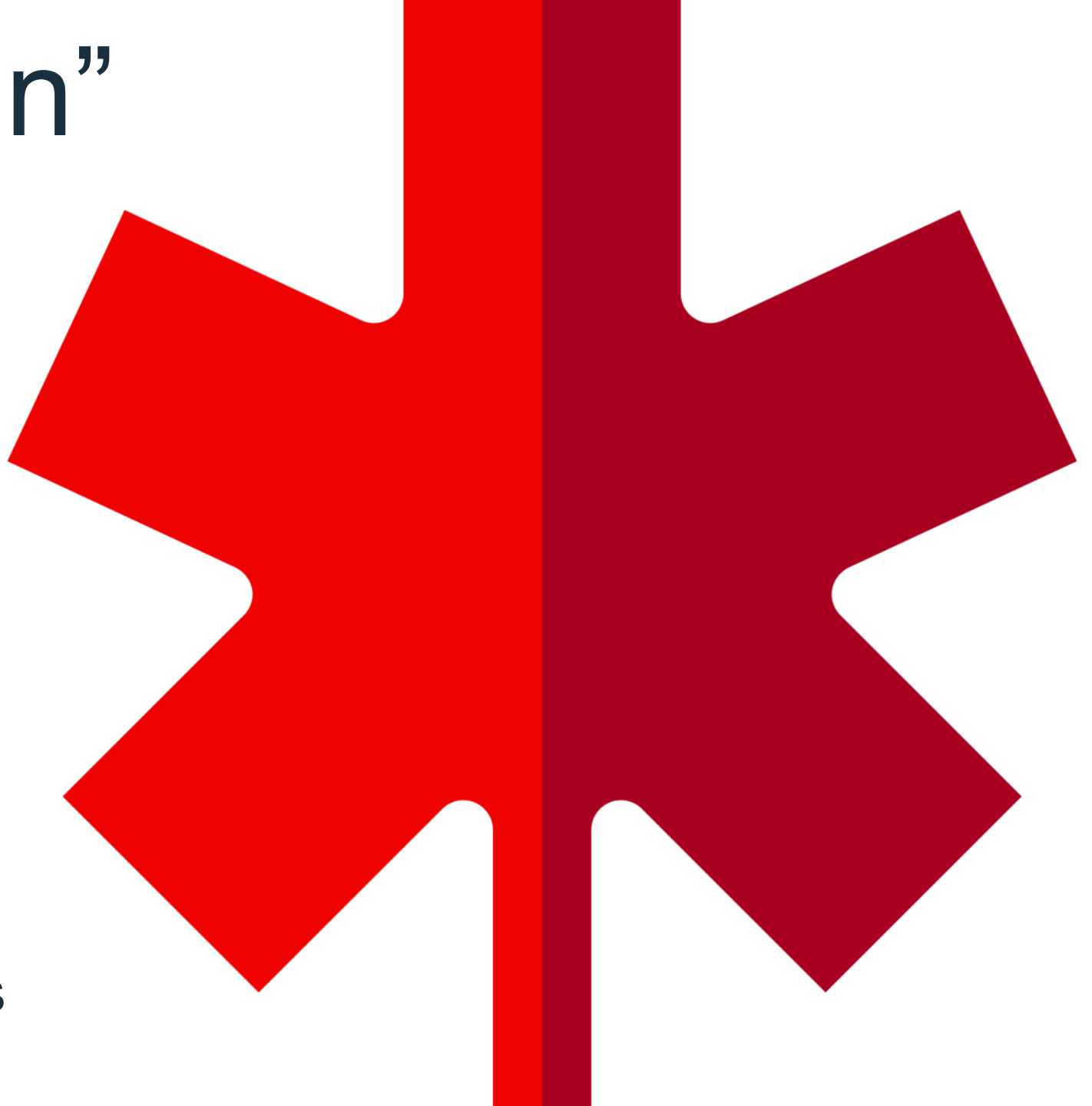
Check financial tools if asked to absorb price increases



Assess your supply chain costs, dependencies, reliability

# “Buy Canadian” sentiment

- New opportunities
- Made in/Product of Canada advertising
- Label packaging
- Do business with Canadian businesses
- Talk to your network and suppliers
- Look for local opportunities





# Second horizon

Plan for next 2 to 3 months



# Review your cost structure



- Review your expenses
- Examine recurring costs
- Identify where you can cut
- Ask if you can stop doing anything
- Phase out unprofitable products
- Think strategically

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Don't risk your long-term viability for short-term gain

# Re-evaluate your pricing strategy



- 
- Talk to customers
    - What are they willing to pay?

- 
- Benchmark competitors
    - What are they charging?
-

# Pricing strategies

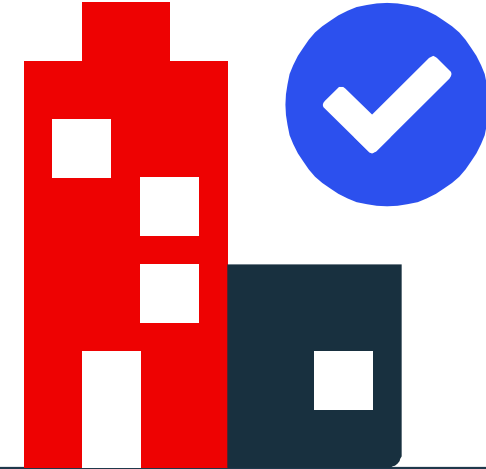
Examples of different tactics



Leverage high-margin products



Monitor pricing changes and adjust



Find new suppliers or materials

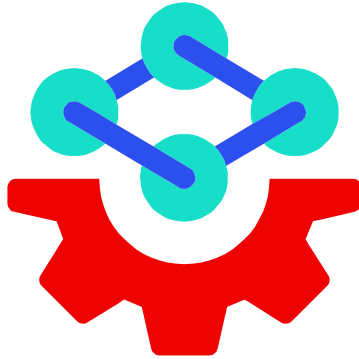


# Third horizon

Plan for 6 months out



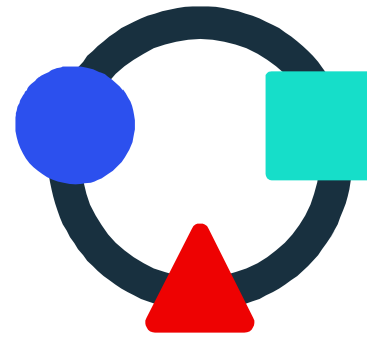
# Longer-term strategies for building resilience



## Productivity

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- Technology
- Automation
- Artificial intelligence



## Diversification

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- Market
- Supplies
- Sales



# How productive is your business today?



Identify sources of waste and address them



Overproduction  
High inventory levels  
Poor quality and rework  
Idle machines or staff  
Inefficient processes  
Wasted time  
Poor use of resources  
Underperforming staff

Identify pain points  
Develop an action plan  
Focus on high-priority tasks & quick wins  
Establish a timeline  
Assign responsibility  
Eliminate tasks that don't add value  
Standardize



# Technology can solve multiple challenges



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## → Control costs

- Automating repetitive tasks
- Improving productivity
- Predicting equipment breakdowns

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## → Increase sales

- Generating leads
- Contacting prospects
- Personalizing recommendations

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## → Ease labour shortage

- Reducing number of redundant tasks
- Increasing engagement
- Facilitating recruitment

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## → Navigate uncertainty

- Improving forecasting
  - Monitoring inventory
  - Optimizing resource allocation
-

# Geographic diversification is a more long-term strategy



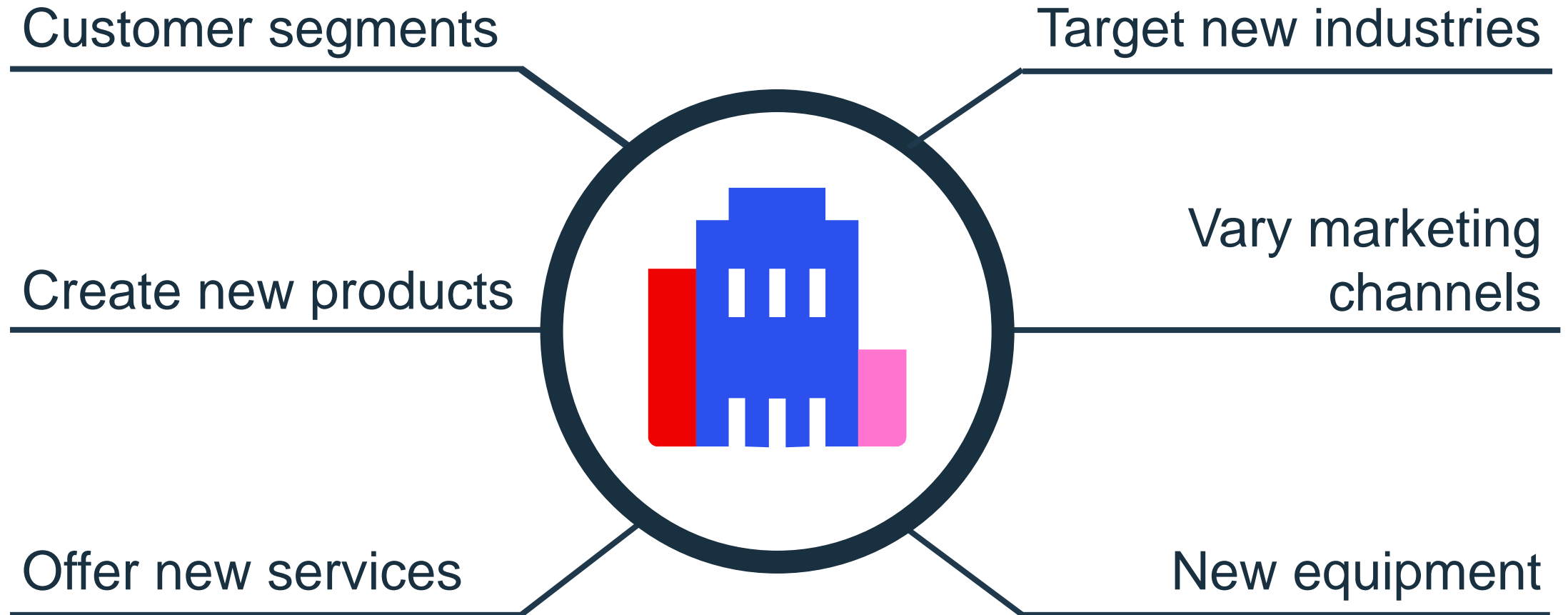
Selling to more customers in Canada is probably the quickest way to diversify geographically

Free-trade  
agreements

- European Union (CETA)
- Several Asian-Pacific & Latin American countries (Trans-Pacific Partnership)



# There are many ways to diversify your business



# Key takeaways



- Review your numbers and financial position
- Reach out to customers and suppliers
- Cut costs, improve productivity, use technology
- Plan ahead and diversify
- Ask for professional help





Connect  
with other  
entrepreneurs



Do you feel that your company needs to make changes to be more resilient in the face of current economic headwinds?



# BDC is here to help

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## → Loans

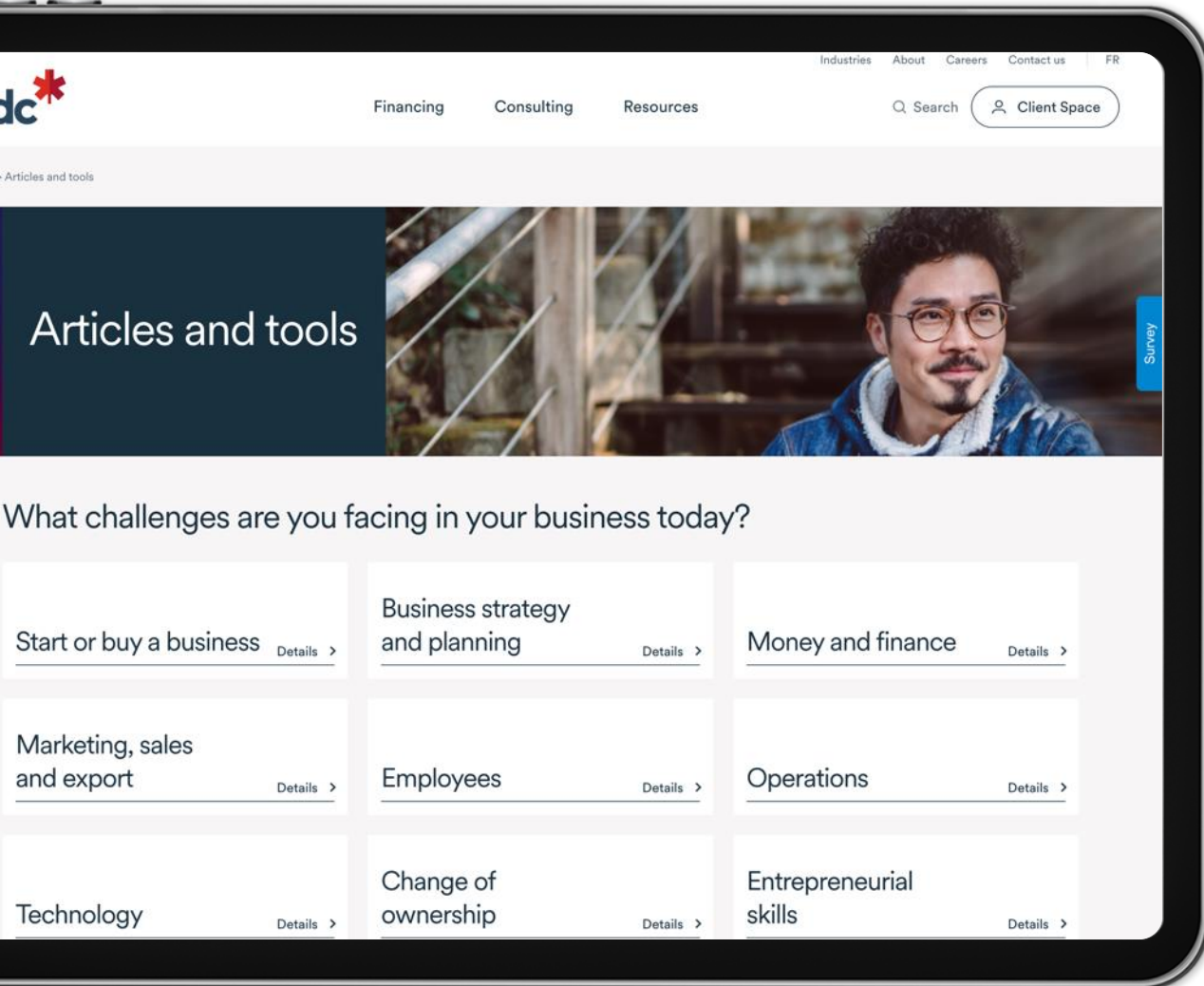
- To invest in your projects.

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## → Advisory Services

- To build a leaner, more profitable company.
-





# Free tools and resources

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➔ eBooks

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➔ Template tools

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➔ Entrepreneur's toolkit

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# Q&A session



# Thank you



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