



Overview of Canadian Small and Medium Enterprises[†]

> INDUSTRY PROFILE

Small and medium enterprises (SMEs) are generally classified as organizations with under \$2 million in annual sales and fewer than 50 employees. In Canada, about three-quarters of SMEs provide services with the remainder manufacturing goods.

SMEs play an integral role in the Canadian economy, contributing 25% of the country's total GDP—amounting to over \$250 billion in 2005. Driven by increases in consumer spending, the segment grew by almost 4% in 2006.

Small and medium enterprises also provide employment to almost half of the country's private sector workforce. In 2006, approximately 5.1 million Canadians worked for SMEs.

> HOW DO SMEs PAY FOR BUSINESS EXPENSES?

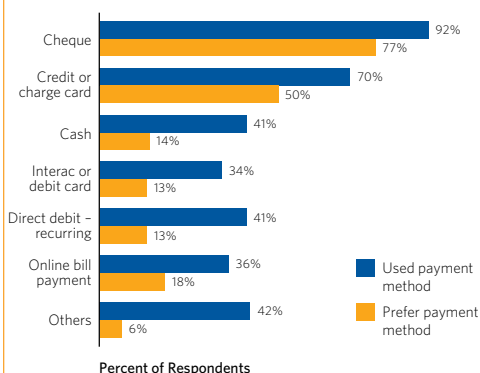
A recent survey found that more than 40% of SMEs use cash to pay for business expenses. Most also use credit cards; however less than half use a business credit card.

SMEs that use credit cards pay for approximately one-quarter of their business expenses with cards (see *How Small Businesses Pay and Prefer to Pay for Expenses* graph, left).

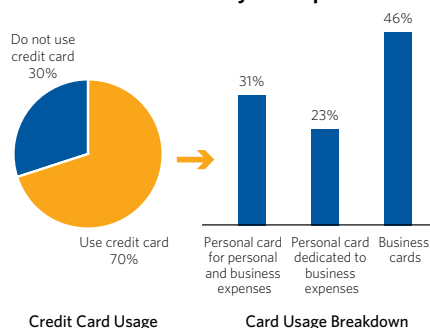
> BUSINESS CREDIT CARD USE BY LIFE STAGE

	START-UP	GROWTH	STEADY STATE
Number of Employees	Sole proprietorship	2 to 5 employees	>5 employees
<ul style="list-style-type: none"> Start-ups need to separate personal and business expenses. Visa Business cards provide an easy way to track business spending, helping with accounting, tax preparation, and cost analysis. SMEs in the growth and steady stages have a bigger focus on cutting costs. Visa Business cards can be customized with employee spending limits and merchant blocking, helping to control expenses. 			
Annual Revenue	<\$1m in revenues	\$1m - \$5m in revenues	>\$5m in revenues
<ul style="list-style-type: none"> As revenue grows, the number of payments—made and received—grows too. Using Visa Business cards requires less processing and administration overhead, saving money and staff time over paper-based invoicing and cheques. Increasing revenue often requires additional expenses. Using a Visa Business card with an available rewards program, such as travel miles or cash back, translates additional spending into additional benefits. 			
Age of Business	<2 years	3 - 5 years	>5 years
<ul style="list-style-type: none"> Established businesses often rely on traditional, paper-based payment methods. Alternatively, a Visa Business card program can help save costs, increase efficiency and facilitate spend analysis. 			

How Small Businesses Pay and Prefer to Pay for Expenses



How Small Businesses Use Credit Cards to Pay for Expenses



[†] In 2007, Deloitte and Ipsos Reid conducted a survey for Visa Canada to determine spending patterns in Canadian business. The survey, "How Business Buys and Sells", reached several conclusions about small and medium enterprises in Canada, which are presented throughout this document together with the statistics and charts shown.



VISA® BUSINESS CARDS: The Right Choice for Canadian Small Businesses

> WHAT ARE THE BENEFITS OF USING A VISA BUSINESS CARD FOR YOUR EXPENSES?

Over other payment methods

- Visa Business cards are more secure, and eliminate some of the risks associated with using cash or cheques.
- They enable quick settlement of funds between you and your vendors, eliminating delays associated with cheque processing times.
- Using Visa Business cards can help save money, as cheque payments often require more time and labour to approve, process, and track.
- By taking advantage of payment 'grace periods,' Visa Business cards can help you improve your cash flow and earn interest.

Over personal cards

- Visa Business cards enable you to set spending limits on cards issued to your employees.
- They can provide more detailed expense breakdowns, helping you to analyze your purchasing patterns and potentially renegotiate key supplier contracts.
- Visa Business cards can have higher credit limits and interest rates as low as prime, enabling large-scale purchases to support working capital requirements and business expansion.
- They can offer reward programs, such as travel points or cash back, similar to personal cards.

> WHY ACCEPT VISA CREDIT CARDS?†

- Offer your customers more options: over half of SMEs saw increased sales after accepting credit cards—with an average growth of 34%.
- Credit card payments ensure quicker receipt of funds, helping to reduce collections and bad debt costs.
- Accepting credit cards facilitates cross-border and overseas sales, helping your business grow.
- A significant percentage of SMEs also found accepting cards to be less expensive than issuing invoices, since less paperwork and administration is required.



BENEFITS OF VISA CREDIT CARDS

- Convenient and secure
- Some credit cards offer issuer-based rewards for purchases made
- Can be customized to include a line of credit and travel insurance

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VISA BUSINESS CARDS:

Empowering Canadian Small Businesses

VISA SAVINGS FOR BUSINESS® PROGRAM



The Visa Savings for Business program is an easy way for your business to get exclusive discounts and special offers from selected merchants when you pay using your Visa Business card. Recent offers include:

- 10% off office supplies from Grand and Toy*
- Up to 25% off computers from Lenovo*
- Up to 20% off at Hertz*
- Up to 15% off at selected restaurants across Canada*

*For full terms and conditions, visit visasavingsforbusiness.ca

“Credit cards are handy. Everything is consolidated in one place... We use credit cards when customers want COD or use them instead of sending a cheque to the US.”

Owner, Small Electrical Appliances Wholesale, Saskatchewan
Visa cardholder†

Case Study† 1

Ontario manufacturer sounds the alarm on organizational effectiveness

An Ontario manufacturer of security alarm systems averages annual sales of \$1.5 million and has less than 10 employees on staff. After 37 years of business, the company has recently begun using business credit cards for expenses. Since the switch, the manufacturer has enjoyed:

- Competitive interest rates
- The benefits of a travel rewards program
- Detailed expense breakdowns by spend category
- The ability to set card spending controls
- Lower payment processing costs than cheques
- Improved cash flow by taking advantage of grace periods

Business cards also offer the manufacturer access to higher credit, enabling the company to meet financing requirements as they arise.

Case Study† 2

Accepting credit cards revs up sales for Alberta repair centre

An automotive repair centre in Alberta—with fewer than 10 employees and under \$1 million in annual sales—saw sales increase by 30% after accepting credit cards. Since there is virtually no delay in receiving payments from customers, cash flow has improved and write-downs from bad debt have decreased. This repair centre also found card acceptance cheaper to administer than issuing invoices.

Visit visa.ca/smallbusiness to learn more

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