

# Startup Barometer

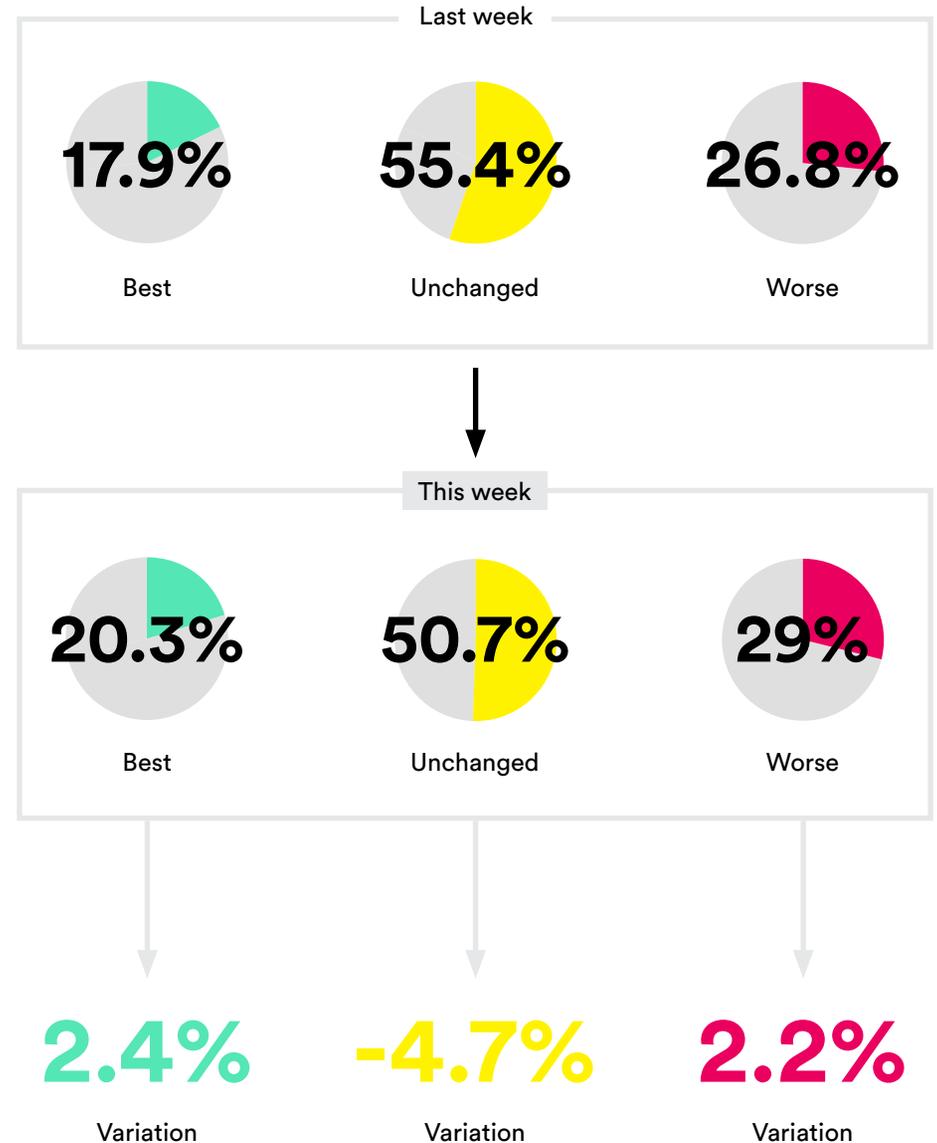
Published April 14, 2020

The Barometer provides weekly monitoring of Québec startup challenges and needs in the context of the current health and economic crisis.

It is published every Monday in order to support the actions of public decision-makers, business accelerators and incubators (BAIs), and all of the critical players supporting startups.

## How are you?

In general, how would you qualify your situation compared to last week?



## Highlights



Overall federal measures — and —> provincial measures

**68.1%**

**55.1%**

attract the attention of a majority of startups.  
A quarter, or **26.1%** of startups are interested in **municipal measures**.

**29%**

of startups surveyed are undertaking  
**a temporary or permanent reduction**  
in the number of employees.

**27.5%**

of startups are **reducing**  
executive pay.



**30.4%**

Nearly a third  
of startups **plan**  
to hire in the next  
three months.

**45%**

of the startups  
are forecasting a  
**deficit of more than**  
\$25,000 in three  
months.

**52.2%**

More than half  
of startups will **not**  
be able to meet  
**certain financial**  
**obligations** in the next  
three months.



**69**

startups  
participated in this  
week's survey

**337**

total  
participants in the  
Barometer

# Key points **1** this week

Data collected from April 6-8, 2020

# Startups take action

All of the startups surveyed this week have implemented or plan to implement measures in the coming days to **reduce costs or to increase revenues**.

## 72.5%

of startups surveyed have made use of government measures (or are considering the option in the coming days).



Overall, federal measures (68.1%) and provincial measures (55.1%) attract the attention of a majority of startups. A quarter, or 26.1% of startups are interested in municipal measures.

## 65%

of startups are looking for new financing, credit or loans (or will be in the next few days).

### Actions taken by startups



Based on question: What have you put in place or are you planning to implement in the next few days to reduce your costs or increase your revenue? (69 respondents, 264 individual responses)

# Focus: employees and working conditions

## 46.4%

of startups have implemented (or plan to implement in the coming days) **cost-cutting measures** that affect their employees (including founders).

## 29%

of startups surveyed are temporarily or permanently **reducing the number of employees**.

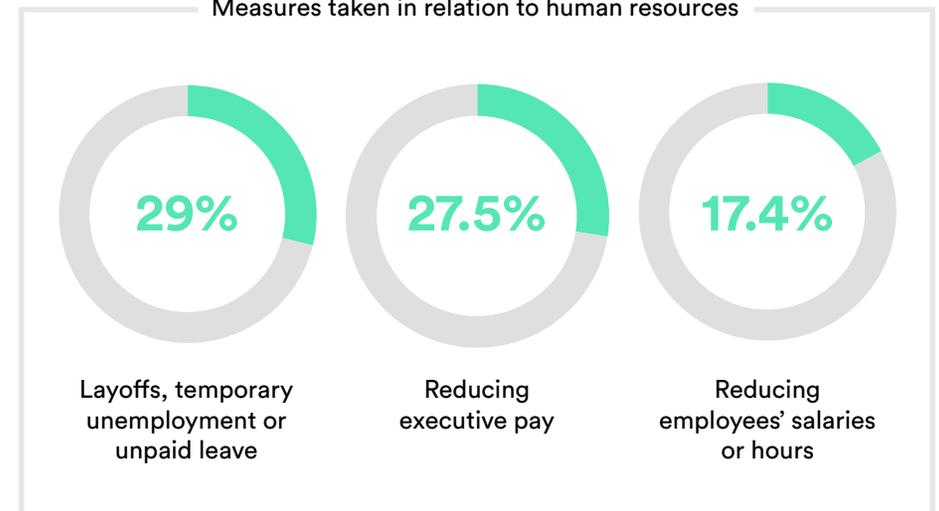
## 27.5%

of startups are reducing **executive pay**.

## 17.4%

The **least popular form** of human resources compression is the **reduction in wages or hours** of employees, adopted by only 17.4% of participating startups.

### Measures taken in relation to human resources



Based on question: What have you put in place or are you planning to implement in the next few days to reduce your costs or increase your revenue? (69 respondents, 51 individual responses)

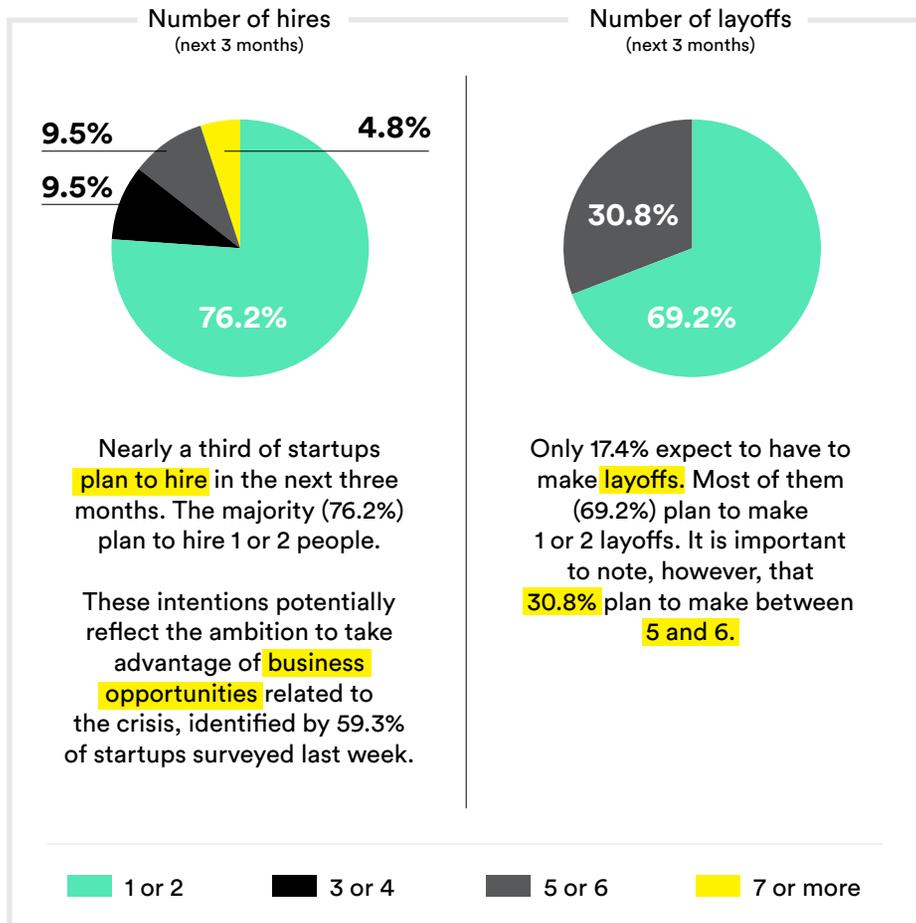
## Hires and layoffs

**52.2%**

of startups are not planning on permanently making headcount changes as a result of the crisis.



Based on question: In the next three months, do you anticipate having to hire or lay off employees?



## Business prospects

**47.4%**

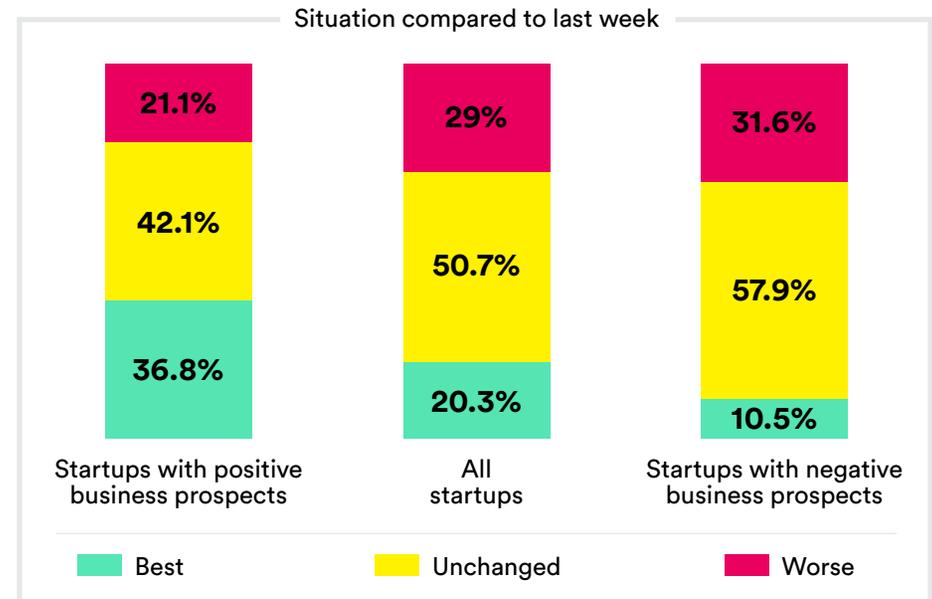
Almost half of businesses that rated their prospects as **positive** at the start of the crisis (and who responded to the survey this week) say they **plan to hire**,

**30.4%**

compared to only 30.4% of the **week's overall respondents**.

**5.3%**

In addition, only 5.3% of these businesses are **planning layoffs**, compared to 17.4% of the week's overall respondents.



Generally, startups tend to believe that their situation has deteriorated since last week. But, overall, those who positively assessed their future prospects perceive an improvement and, conversely, those who viewed them negatively perceive a deterioration.

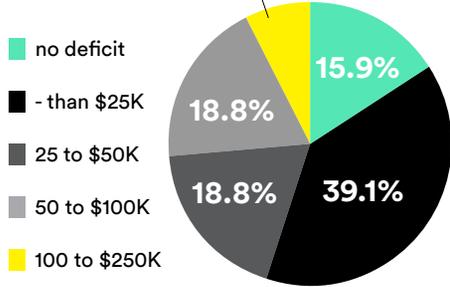
Based on question: Based on what you understand about the crisis and its potential impact on your business, how do you see the future prospects for your business? 1 - survival threatened, 10 - new business opportunities (full-length questionnaire)

# Financial outlook

## Financial shortfall

In assessing their financial outlook over the next three months and taking into account all possible spending cuts,

7.3%



55%

of startups plan to avoid a deficit (15.9%) or to accumulate a deficit of less than \$25,000 (39.1%).

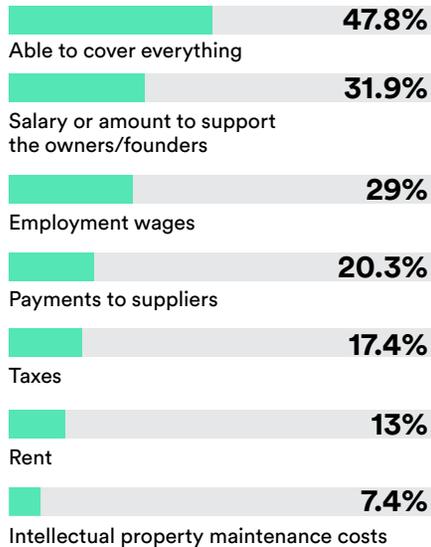
37.6%

startups expect to accumulate a deficit of between \$25,000 and \$100,000 over three months.

Based on question: After making all the possible spending cuts and considering your current reserve, how much do you estimate your accumulated deficit in three months?

## Financial obligations

### Types of obligations



52.2%

More than half of startups surveyed will not be able to meet certain financial obligations in the next three months.

Wages are by far the most important financial obligation that cannot be met, both at the founder and employee levels.

68.4%

of startups that cannot meet executive or employee salaries have 6 or fewer employees.

Based on question: Despite these solutions, are there any financial obligations that you will not be able to meet in the next three months? (69 respondents, 115 individual responses)

# Overview of the situation

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This section is a compiled analysis of all participating startups' responses to date. The overall portrait is thus in evolution, as startups continue to register for the Barometer.

	Data analyzed	Broadcasted	Total sample	Sample of the week
Initial barometer →	March 19-26, 2020	March 30, 2020	275 startups	
Week 1 →	March 19 to April 2, 2020	April 6, 2020	322 startups	63 startups
Week 2 →	March 19 to April 8, 2020	April 14, 2020	337 startups	69 startups
Week 3 →		April 20, 2020		
Week 4 →		April 27, 2020		

# Startups are reinventing themselves

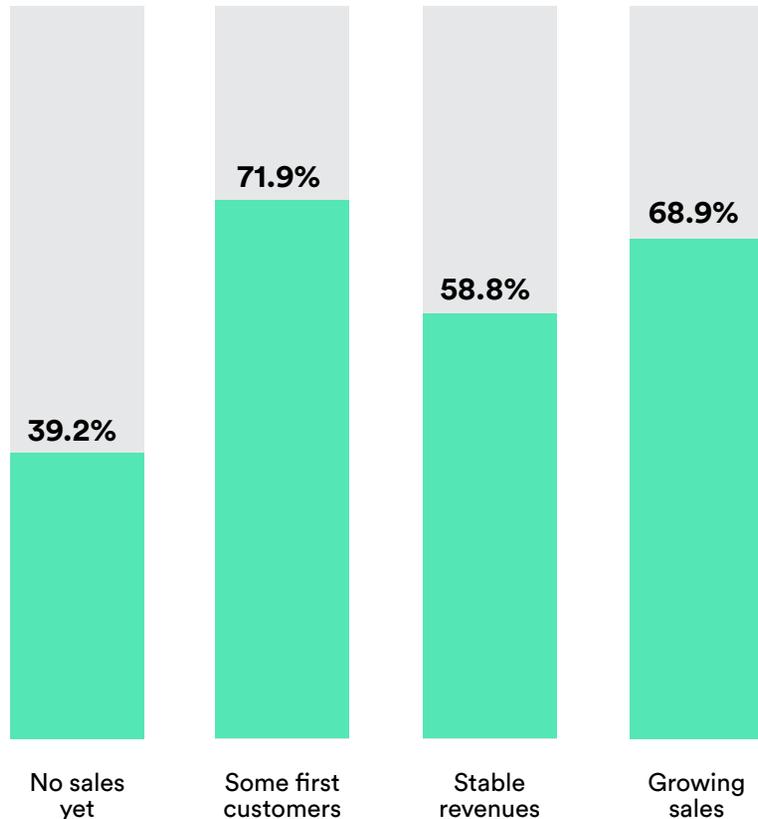
## 63.5%

Nearly two-thirds of the 337 startups having participated in the Barometer say they **have had to change their business priorities** since the beginning of the crisis.

## 71.9%

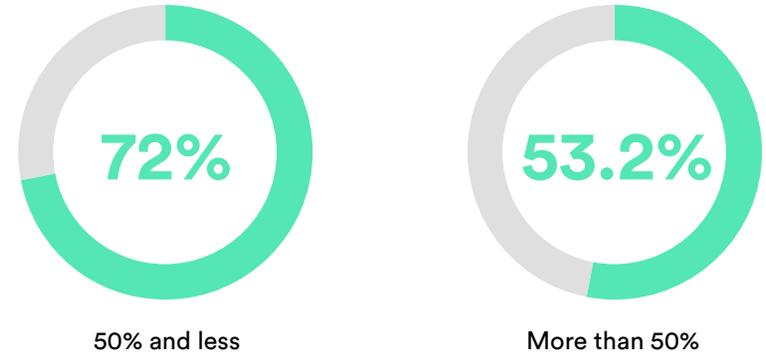
of startups with a **few first customers** say they **are reconsidering their business priorities** in the context of the crisis, while companies that do not yet have sales are the least likely to change their business priorities.

Intention to review business priorities according to stage of commercialization



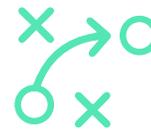
In addition, startups that expect to achieve 50% or less of their pre-crisis revenue predictions are more likely to review their business priorities than those with less risk of revenue loss.

Intention to review business priorities according to % of revenue expected to be achieved



Based on question: Compared to your last pre-crisis forecasts, what percentage of your expected revenue do you expect to achieve in the next year?

## How do they reinvent themselves?



## 25.7%

are working to develop a **new go-to-market strategy.**



## 20.6%

are developing a **new product or service.**



## 20.1%

are **redesigning their business model (pivot).**

Based on questions: Since the beginning of the crisis, have these priorities changed? Based on what you understand about the impacts of the crisis, what types of activities do you plan to focus on in the next three months?

# Methodology

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Every week, the Startup Barometer is divided into two sections:

# 1



## Key points

An analysis of the total Barometer sub-sample that responded to the weekly follow-up survey.

# 2



## Overview of the situation

Analysis of the compiled sample of participating organizations, which grows every week. Details about the sample will be updated every time it is increased by 100 respondents or more.

## Approach

Organizations subscribed to the Barometer receive a few express follow-up questions every week in order to track their challenges and needs over time.

Participating business accelerators and business incubators are given access to the data of businesses they work with to better meet their needs.

The Barometer is part of the [LeCoude](#) action plan, where by business accelerators and incubators along with MAIN Québec are combining their efforts to obtain a quick and concerted response to the needs of startups.

## How to participate?

Thank you for taking the time to share the survey ([English](#) and [French](#)) with your networks.

If you are a startup and would like to participate, please take a few minutes now!

To receive weekly Barometer updates, [please sign up here.](#)

## Acknowledgments

A special thank you to all of the startups who have been filling out the survey, the accelerators, incubators and all of our partners for contributing to the data collection, and to Sébastien Bibeau of [Ton Équipier](#) for his significant involvement in our data analysis efforts.

Graphic Design: [Amélie Lagueux](#)

Québec 

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