



SUMMARY OF

J'ENTREPRENDS MA VILLE

Opinion paper on youth entrepreneurship in
Montréal

PREPARED BY THE
CONSEIL JEUNESSE DE MONTRÉAL

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Montréal 



SYNOPSIS

The vitality of a major city like Montréal is determined primarily by the entrepreneurial spirit it spawns in its citizens and for which it provides support through its various spheres of activity. By fostering the development of an entrepreneurial culture among its younger citizens, such a city creates a driver for its own social and economic development while generating a learning and mobilizing tool for an entire generation.

With Montréal currently faced with an ever-shrinking pool of entrepreneurs, the Conseil jeunesse de Montréal took it upon itself to examine the situation of young Montréal entrepreneurs in the present context. After inventorying of the various strategies and programs concerning youth entrepreneurship adopted by the City of Montréal, this opinion paper takes a closer look at young Montréal entrepreneurs, especially female entrepreneurs, entrepreneurs from cultural communities, social entrepreneurs and artist entrepreneurs. Based on analysis of these different profiles, it presents 22 recommendations including several aimed at combating four major challenges facing young entrepreneurs and which the City of Montréal can directly affect: difficulties accessing information, training, and financing, as well as the complexity of administrative, legal and tax procedures.

This opinion paper was produced by conducting a literature review on youth entrepreneurship as well as interviews with key stakeholders from the municipal, university and business communities. Interviews were also carried out with members of organizations that especially cater to the young entrepreneurial clientele mentioned above, and three round tables, each bringing together a dozen young entrepreneurs from all walks of life, were held during the summer of 2014.

MONTRÉAL: AN ENTREPRENEURIAL CITY

According to the OECD (Joyal, 2011), an entrepreneurial city is a "dynamic city that strives to mobilize social, political and economic resources via a coherent institutional framework to promote a clearly defined strategy of economic and social development"[Translation].

The City of Montréal possesses various tools for encouraging youth entrepreneurship:

- a strategy that it executes primarily through organizations it has created (e.g., the Réseau Accès culture, the Montréal Fashion Bureau, the Conseil des arts de Montréal, and the Fondation Montréal Inc.) or entrusted with one of its mandates (e.g., local development centres or LDCs);
- a voice in defining and implementing both regional plans (such as those of the Conférence régionale des élus de Montréal and the Table d'action en entrepreneuriat) and metropolitan plans (like that of the Communauté métropolitaine de Montréal) targeting or touching on entrepreneurship development;
- and partnerships that enable it to act on specific issues or projects (e.g., the social economy partnership agreement, Montréal International, Technoparc Montréal, Société du Havre de Montréal, and the Fonds de développement Emploi-Montréal).

1. Montréal's youth entrepreneurship strategy

1.1 A municipal strategy

In 2011, the City of Montréal adopted an economic development strategy incorporating a component specifically concerned with entrepreneurship. The latter was inspired by a strategy called *Entreprendre à Montréal – L'urgence d'agir ensemble* (Doing Business in Montréal—The Urgency of Working Together) put forward by the Projet entrepreneuriat Montréal (PEM) task force. The PEM strategy recommended six actions to improve business start-up rates and development conditions. Two of these actions, which focused on the creation of technology companies, referenced youth entrepreneurship (Actions 4 and 6).

The *Conseil jeunesse de Montréal* believes the City should focus more on the younger generation in order to ensure business succession. Like the people we consulted, we believe the City can and must exercise strong leadership in promoting entrepreneurship in Montreal to young people and ensuring coherency among the various strategies and agencies involved in developing entrepreneurship in the Montréal area.

Recommendation 1

That the City of Montréal make youth entrepreneurship a priority in its next economic development strategy.

In addition to this strategy, since 2005 Montréal has also had a cultural development policy designed to make culture a key driving force for the development of Montréal. In it, the City recognizes the vital role played by the Conseil des arts de Montréal, which was founded by the City in 1956. Furthermore, in 2010, Montréal adopted an action plan for the Réseau Accès culture, a network incorporating the different municipal venues for the performing and visual arts in the city. In the action plan, the City states its intention of increasing the proportion of emerging artists among those presented by the network from 12% to 20%. In its 2012 opinion paper *Montréal : et les jeunes dans ce bouillon de culture?*, the Conseil jeunesse de Montréal examined the situation of emerging artists in Montréal. We will reiterate one of the recommendations we made at the time, as it has yet to be achieved.

Recommendation 2

That the Réseau Accès culture make a consolidated effort to provide greater support for emerging artists with regard to opportunities for both presentation and incubation. That it therefore:

- adopt specific means of action to increase the presence of emerging artists in network programming from 12% to 20%;
- adopt a clear definition of the term *emerging artist*; and
- develop a residency program specifically for emerging artistic companies.

1.2 A regional strategy

The City of Montréal's economic development plan is an offshoot of the five-year development plan (2010-2015) of Montréal's Conférence régionale des élus (CRÉ), mandated with promoting Montréal's development. Elements 3 and 4 of the CRÉ's plan deal primarily with entrepreneurship. However, the Québec government's announcement in the fall of 2014 of the abolition of the CRÉs obliges us to focus more on concerns about possible repercussions for regional consultation and Montréal's economic development rather than on the plan's implications for youth entrepreneurship.

More specifically, regional entrepreneurship development is the concern of the Table d'action en entrepreneuriat (TAE), a task force on entrepreneurship that brings business people together with other stakeholders like the City of Montréal. Its mandate consists of revitalizing the entrepreneurial culture in the region of Montréal by fostering consultation among economic stakeholders. To this end, it adopted an action plan with the primary objective of increasing the

number of entrepreneurs in the region of Montréal by 10 000 by the year 2020. One of the primary issues addressed by the action plan concerns immigrant entrepreneurship in particular.

1.3 A metropolitan strategy

The City of Montréal's economic development strategy is also in line with the vision put forward by the Communauté métropolitaine de Montréal (CMM)—to which the City belongs—for the development of the greater metropolitan area. To implement *Vision 2025*, as it is called, the CMM produced an economic development plan (2010-2015) that incorporates the development of *economic clusters*. The objectives of these clusters are:

- to contribute to the international reach and reputation of the Montréal region by attracting foreign workers and investors;
- to stimulate entrepreneurship; and
- to increase innovative capability and productivity, thereby enhancing Montréal's social capital.

These clusters take the form of urban geographic zones with a high density of interconnected businesses of diverse sizes and expertise that compete with one another and cooperate with investors, financial institutions, specialized suppliers, service providers, and associated institutions such as universities, professional agencies, etc.

Since 2002, eight metropolitan clusters (associated with aerospace, aluminium, film and television, logistics and transportation, life sciences, financial services, information technology, and clean technology) have been developed in Montréal in collaboration with various levels of government. Despite being dynamic hubs of consultation and innovation where small and big businesses work side-by-side, they do not appear to have any clear objectives with regard to entrepreneurial renewal. Several have set up groups to deal with this issue, or have established mentoring and training initiatives for their members as well as projects to get high school students interested, but there is nothing systematic in place. However, innovation is not the only thing necessary to ensure development; renewal is vital as well.

Clusters should follow the examples of FabLab Montréal, a digital design hub; Notman House, which focuses on Web technologies; and Salon 1861, in the field of arts and culture: they should create business incubators and accelerators to foster the emergence of new ideas, opportunities to meet professionals in their fields, and the development of innovative projects that would subsequently contribute to the economy. According to a 2007 Statistics Canada survey on business incubators (ISQ, 2009), the three primary obstacles to business incubator success are the lack of access to start-up financing for future entrepreneurs (75%), the difficulty such entrepreneurs have obtaining funding for innovation (70%), and the numerous obstacles that prevent them from finding potential clients (45%). Clusters could play a role in overcoming

these obstacles because, by providing already functioning networks, they would make it easier to establish financing networks and a client base.

In addition, clusters should also be strongly encouraged to develop such projects in available public heritage buildings in order to contribute to the preservation of our built heritage. Given that according to Statistics Canada (2007) the services provided by incubators are of a human nature, space requirements would be more concerned with ensuring offices and workshops are laid out in such a way as to allow for networking and training events than with anything requiring major architectural transformations. Such initiatives appear entirely feasible, particularly if one were to take advantage of the recently updated directory of heritage buildings in need of restoration, in addition to the tax relief measure for owners for the restoration and refurbishing of such buildings that was a product of the 2012-2015 agreement on Montréal's cultural development between the City and the Ministère de la Culture et des Communications.

Recommendation 3

That the City suggest to the Communauté métropolitaine de Montréal that it include in its next economic development plan a clear entrepreneurial renewal mandate for metropolitan clusters, in particular one that involves the development of business incubator and accelerator projects that would revitalize heritage buildings. Such a mandate should factor into the clusters' annual evaluation.

2. Montréal's youth entrepreneurship support programs

2.1 Business start-up programs

When the Québec government mandated the City of Montréal in 2004 with responsibility for local development and entrepreneurial support, the City was obligated to entrust the mandate to the Local Development Centres (LDCs) in its territory¹. LDCs' key mandate is to provide coaching along with technical and financial support for potential and active entrepreneurs, both individual and collective, including social economy enterprises.

There are 18 LDCs on the Island of Montréal, including 9 that are community economic development corporations (CDECs)² that have been accredited as LDCs for their territory. Five CDEC-managed funds provide support for business start-up initiatives through loans and bursaries ranging from \$1000 to \$150,000. The funds are primarily for companies that are either

¹ The local development centres had been responsible for local development and entrepreneurship support since their creation by the provincial government in 1998.

² The mission of CDECs is to work to improve the local population's quality of life by promoting dialogue and encouraging the individuals, businesses and institutions on their territory to take ownership of the area's economic and social development. There are ten CDECs in Montréal.

incorporated or in the process of becoming so, self-employed workers, and social economy enterprises. In their 2007-2012 achievement report, the 18 Montréal CDECs and LDCs stated that they had provided start-up consulting services to over 14 500 businesses, awarded grants to more than 1 100 young entrepreneurs, and met with and advised nearly 41 000 business promoters over five years. During the same period, the CDECs contributed to the creation and development of some 650 businesses. However, following the reforms carried out by the Québec government in the fall of 2014, there is some uncertainty as to whether this expertise and the funds managed will be preserved.

Be that as it may, while acknowledging the impact of the LDCs, many of the members of the business community and young entrepreneurs we consulted questioned some of their ways of doing things. For example, each LDC has its own local economic and employment action plan (*Plan d'action local pour l'économie et l'emploi*—PALÉE). While all 18 PALÉEs take into account the five-year development plan established by the Montréal CRÉ, they appear to be elaborated without any effort at City-level coordination. Furthermore, during the interviews, some young entrepreneurs mentioned having had difficulty accessing LDC services. Some felt the criteria were too strict given that, more often than not, as young entrepreneurs they have less work or credit experience. Others had been unable to receive LDC support for their projects because they did not correspond to the targets established in the local action plan.

Entrepreneurs also have to contend with territorial obstacles, as LDCs generally only serve entrepreneurs who live or who wish to establish a business in their catchment area or borough. Business implementation criteria are therefore determined not the company's target market, but by the services provided by the LDC. The LDC catchment area issue was frequently mentioned by young entrepreneurs during roundtable discussions.

Provided that LDCs continue to exist, the CJM recommends:

Recommendation 4

That the City, in collaboration with the Government of Québec, allow LCDs and CDECs to serve entrepreneurs not residing in their catchment areas so the latter may have access to the thematic expertise and specialized services developed by some LCDs.

Recommendation 5

That the City of Montréal strongly encourage its partners to make full use of new information and communications technologies so entrepreneurs may have access to all pertinent information and online training, and be able to fill out forms, make appointments, etc. online.

Along with the LCDs, Montréal SAJEs (support services for young entrepreneurs, formerly known as Services d'aide aux jeunes entrepreneurs) have also been mandated with stimulating, promoting, and supporting small and medium business start-up and expansion. According to the latest report of one SAJEs (the SAJE accompagnateur d'entrepreneurs), [Translation] "In 25 years, the SAJE model has helped launch 18 542 businesses, which have created nearly 40 000 jobs, for projected investments of over \$800 million."

2.2 Business succession support programs

Around 2008, the SAJE accompagnateur d'entrepreneurs was mandated by the Ministère de l'Économie, de l'Innovation et des Exportations to establish the Centre de transfert d'entreprises de Montréal (CTE), whose partners include the CRÉ de Montréal. The CTE's mission is to inform, train, and provide guidance to business owners and buyers as they navigate the transfer process. It offers the course *Achat d'une entreprise* during which buyers work with a trainer-consultant to draw up a take-over plan. The CTE also has three business directories of sellers, buyers, and the professionals who help them work together. It also offers specialized workshops on various aspects (legal, accounting, etc.) of business succession.

In its 2013-2014 report, the SAJE accompagnateur d'entrepreneurs states that during the year the CTE de Montréal coached 100 entrepreneurs in their efforts to buy businesses. However, future needs are substantial and the economic stakes are high. In its study on business transfers published in June 2014, the Board of Trade of Metropolitan Montréal states (BTMM, 2014) that the greater Montreal area should anticipate the potential closure of between 2 700 and 4 700 businesses due to owners reaching the age of 65 years and above. These closures would result in GDP losses of \$4.5 to 6.6 billion, or between 2.6% and 3.8% of the Montréal CMA's total GDP in 2011, and the loss of between 41 000 and 72 000 jobs, the equivalent of between 2% and 3.5% of total jobs in the Montréal CMA in 2013.

If we look at financing possibilities for business transfers, there do not appear to be any financial measures to encourage the acquisition by young entrepreneurs of longstanding small businesses in good financial health. In the CJM's opinion, the City of Montréal and its partners have an important role to play in promoting the transfer of very small businesses to young entrepreneurs given the current economic stakes for Montréal. In a context where available funding is stagnant, it is vital that a portion of existing support funds for business start-up, transfer, and acquisition be reserved for young entrepreneurs ready to take the leap as long as they have access to good coaching and support.

According to the stakeholders we consulted, the transfer or acquisition of a business can take between five and ten years all told, which represents a long term investment as much for the seller as for the buyer and the investors. The creation of a tax credit providing favourable conditions for sellers transferring their businesses to young entrepreneurs might encourage sellers to consider business transfer as a retirement option. By granting a tax credit on the

outstanding principal balance, the government would encourage sellers to rapidly make available to entrepreneurs the money the latter require to make the acquisition, and would clearly demonstrate the government's desire to augment this type of support for economic development.

Finally, the CJM supports the creation of a business buyers' plan (Régime d'accès à l'entrepreneuriat—RAE) along the lines of the Home Buyers' Plan, as proposed in February 2010 by the Regroupement des jeunes chambres de commerce du Québec (RJCCQ, 2010) at the 5th *Bâtissons l'avenir* symposium. This would permit young entrepreneurs to use their personal savings to acquire existing businesses, thereby helping to safeguard a vital part of Québec's economic heritage.

Recommendation 6

That the City and its partners reserve a portion of available entrepreneurship funds for projects involving the transfer or acquisition of small businesses.

Recommendation 7

That the City of Montréal make representations to the Government of Québec to proceed with the creation of a tax credit for business transfers to young entrepreneurs based on the outstanding principal balance.

Recommendation 8

That the City of Montréal call upon the Government of Québec to implement the recommendation made by the Regroupement des jeunes chambres de commerces du Québec (RJCCQ) regarding the creation of a program to facilitate the acquisition of a first company, modeled on the Home Buyers' Program.

3. Montréal's place on the North American stage

A number of recent studies, including those by the Canadian Federation of Independent Business (CFIB), have looked at the City of Montréal's standing in North America from an entrepreneurial perspective. Several have shown Montréal to be lagging behind other Canadian cities as well as its own census metropolitan area (CMA). However, as it is impossible to ensure observation consistency due to the indicators used, it is difficult to accurately assess the development of Montréal's entrepreneurial community.

Recommendation 9

That the City adopt fixed indicators enabling it to produce an annual snapshot of entrepreneurship in Montréal. This task could be carried out by Montréal en statistiques in collaboration with stakeholders from the business and financial communities.

4. Montréal's partnerships targeting youth entrepreneurship

The City of Montréal has joined with various partners, primarily from the financial community, in order to take more effective action on specific issues or projects. Examples include:

- a social economy partnership agreement on sustainable and socially cohesive development [*Entente de partenariat en économie sociale pour un développement solidaire et durable*] that the City signed with social economy enterprises, of which one of the objectives is to provide increased support for collective entrepreneurship.
- Montréal International (MI), an organization funded by the private sector, the governments of Canada and Québec, the Communauté métropolitaine de Montréal and the City of Montreal, that is mandated with attracting foreign investment, international organizations and strategic workers to Montréal, as well as promoting Greater Montréal's competitive situation.

The City of Montréal does not appear to have established any special partnerships concerned with entrepreneurial renewal. Yet, with its eight universities and 27 colleges, Montréal has a huge pool of aspiring entrepreneurs. The establishment of entrepreneurial ecosystems in academic environments has proven its worth. Both the J.-Armand-Bombardier Incubator at the Université de Montréal and Polytechnique Montréal, and the École de technologie supérieure's Centech are examples of success. However, according to estimates by the City's economic development department, business incubators reach a mere 2% of university students interested becoming entrepreneurs. The potential impact of universities, businesses, and organizations working together to provide start-up support is therefore considerable.

Recommendation 10

That the City of Montréal, in collaboration with universities, the Montréal Board of Trade, and Montréal International, establish an entrepreneurial renewal component of the Programme Réussir à Montréal (PRAM—Relève entrepreneuriale) to provide support for projects aimed at creating entrepreneurial ecosystems in academic settings that would bring together research centres, businesses, investors, creators, and other interested parties. The establishment of low-rent "business centres" to serve as preliminary head offices for start-ups should be one of the selection criteria for eligible projects.

Recommendation 11

That the City of Montréal include in its economic development strategy a quantified objective for itself regarding the development of business incubators affiliated with educational institutions.

5. Youth and entrepreneurship

According to the 2014 Québec Entrepreneurial Index (Indice entrepreneurial québécois 2014—Fondation de l'entrepreneurship, 2014), one quarter (25%) of young Quebecers between the ages of 18 and 34 intend to become entrepreneurs, which is double the percentage found in the general adult population of Québec. Entrepreneurship appears to be the top career choice for nearly 40% of them regardless of whether they are involved in the business community or not. According to the Index, 9.7% of young people plan to acquire an existing business as opposed to 1.9% of Quebecers age 35 or older. Despite this marked interest for entrepreneurship, young Quebecers face numerous obstacles due to their age: Young people rarely have access to financing, and they lack experience, knowledge, and networks. There are technical difficulties to be dealt with as well, such as drafting their business or marketing plan, obtaining their first contract, and reaching their break-even point (PEM, 2007).

5.1 Young women entrepreneurs

Little data is available on women entrepreneurs in Montréal and even less on young women entrepreneurs. Some of the most recent data indicate that, in 2005, 2.7% of Montréal women ran their own businesses, as compared to 8.1% of Montreal men (PEM, 2007). Similarly, 5.3% of Montreal women were in the process of starting up a business, as opposed to 12.2% of Montreal men. Although it is not possible to report on the evolution of women's entrepreneurship in Montreal since 2005, Industry Canada data from 2010 would appear to indicate that women's share of Montréal's business community is growing. This data shows that the number of women who had started their own business in Québec increased by 23% between 2001 and 2011, compared to by 14% for men (Foster, 2014).

That said, several studies, including the one by Lee-Gosselin (2010), point out that in addition to the obstacles encountered by all entrepreneurs, women entrepreneurs must still contend with subtle obstacles due to continued sexual stereotyping in the business community. However, in Montréal, several organizations, such as Femmessor and Compagnie F, offer women entrepreneurs support through training, coaching, financing, and the like.

5.2 Young social entrepreneurs

Social entrepreneurs use entrepreneurial principles to create and manage ventures that respond to social issues or needs. In 2005-2006, social entrepreneurs represented 6% of the population of Montréal (PEM, 2007).

Like women entrepreneurs, social entrepreneurs face a unique set of difficulties. Most entrepreneurial resources and the majority of the different programs offered by the various levels of government are geared primarily towards the needs of private, sole proprietorships (FJÎM, 2013). The needs of social entrepreneurs thus receive insufficient consideration in the development of public support for business.

5.3 Young entrepreneurs from cultural communities

In 2005, entrepreneurs from cultural communities represented 10.5% of the population of Montréal (PEM, 2007). The entrepreneurial spirit appears to be very much alive in the immigrant population with the proportion of self-employed workers in this group in the greater Montréal area is slightly higher (8%) than in the rest of the population (6%) (City of Montréal, 2010).

The entrepreneurial spirit takes on different characteristics depending on the generation of immigrants. While first-generation immigrants are drawn to self-employment and entrepreneurship as a means of overcoming obstacles to their integration into the host country's workforce and difficulties associated with their status as recent immigrants (such as prejudice), children of immigrants are more likely to choose to become entrepreneurs because they anticipate that the transition from paid employment to self-employment will bring a higher income. First-generation immigrants also tend to gravitate towards ethnic forms of self-employment. Second-generation immigrants however tend to be more like third-generation immigrants, specializing in fields unrelated to ethnic commerce. Thus, the support needs of young immigrant entrepreneurs differ from those of first-generation immigrant entrepreneurs.

According to the organizations we consulted, the difficulties encountered by entrepreneurs from cultural communities tend to be related more to a lack of knowledge of Québec or Montréal bureaucracy, problems mastering the language, and difficulty understanding Québec culture and the province's business culture in particular.

5.4 Young artist entrepreneurs

Montréal is among Canadian cities with the highest numbers of artists. Due to its numerous arts training schools and as one of the leading centres for artistic creation and production in Canada, Montréal exerts a strong attraction on young artists.

There are two types of cultural entrepreneurs:

- artist entrepreneurs who become entrepreneurs by choice or happenstance to carry out their projects or to support themselves over the long term in their chosen profession; and
- entrepreneurs who hire artists or develop businesses based on their work.

The two profiles require different services. The first group frequently have few management skills, while the second have little or no knowledge of the arts and culture community and the implicit rules of each distinct artistic discipline. The cultural milieu is also undergoing a number of transformations that affect young artist entrepreneurs in particular. For example, the funding system has evolved such a way as to require increasing levels of experience and risk-taking on the part of entrepreneurs. Likewise, the heightened expectations of cultural consumers require artist entrepreneurs to have marketing know-how and skills younger entrepreneurs do not necessarily possess.

Coaching/consulting services are available from several Montréal organisations, such as the Carrefours jeunesse-emploi (CJE), SAJE, Youth Employment Services (YES), CDECs, entrepreneurship centres (centres d'entrepreneuriat), Compagnie F, and services designed more specifically for the cultural milieu are provided by from the Conseil des arts de Montréal, the Conseil québécois de la musique, Diagramme-gestion culturelle, and Montréal, arts interculturels (MAI). Some of these organizations have designed tools especially for artists who are just starting out, such as the *Outils la relève artistique montréalaise* (ORAM) project (Providing Tools for Emerging Montreal Artists) and the *Artère portal* developed by the Conseil des arts de Montréal in collaboration with the Forum jeunesse de l'île de Montréal and the City of Montréal. However, young artist entrepreneurs still struggle to find support, as the demand often exceeds the supply.

6. The challenges

Of the challenges facing the different categories of young Montrealers we looked at, four were mentioned repeatedly: difficulties accessing information, training, and financing, and the complexity of administrative, legal, and tax procedures.

6.1 Information

The first challenge the City could address is that of accessing detailed information on the entire range of services for entrepreneurs available in Montréal. Several young entrepreneurs suggested that the City of Montréal's website could serve as both an international showcase and a gateway for future entrepreneurs to the various resources available to them. The site could even serve as a learning platform with on-line educational videos and webinars.

Recommendation 12

That the City overhaul its web interface with regard to entrepreneurship and economic development to make it into both an exclusive gateway to entrepreneurship material in Montréal and a dynamic and innovative international showcase, incorporating an educational element through topical on-line videos and webinars.

Recommendation 13

That the City improve its web site's SEO so it becomes the first result that appears when people do on-line searches on how to start a business in Montréal.

Recommendation 14

That the City add a Entrepreneurship section to its Espace jeunesse (Youth) page. This could be done in collaboration with members of the business community.

6.2 Training

In addition to the various skills directly related to business start-up and management, the business community has its own language and set of codes that are perceived and interpreted differently by entrepreneurs depending on their social background. To enable aspiring entrepreneurs to access the resources best suited to their needs, the City of Montréal could develop entrepreneurial training packages designed for different entrepreneurial profiles. This would also help identify any gaps in services.

Recommendation 15

That as part of the restructuring announced in the fall of 2014, the City of Montréal diversify services for entrepreneurs of all types, and maximize contact with and efforts to reach out them, whether they are just starting out, immigrants, or already established.

Recommendation 16

That the City of Montréal develop its new web storefront based on the different paths adopted by aspiring, immigrant, and active entrepreneurs, to make it easier for them to find the information they want.

6.3 Financing

Financing is a key issue for young people and small businesses starting up who have practically nothing they can use as security for loans and whose financial statements are insufficient to obtain financing from banks. Young social entrepreneurs are also faced with obstacles that block or restrict their access to government funding programs and tax credits.

There are, however, a multitude of Québec organizations other than banks that provide financing to start-ups, but young entrepreneurs seem to have difficulty making sense of the various organizations and understanding what each has to offer. The City should present information on business start-up and financing in Montréal in simple terms so that young entrepreneurs can readily understand the resources available to them. The CJM also encourages the City of Montréal to clearly demonstrate its support for the entrepreneurial renewal by raising the issue with the relevant organizations to which it belongs, and to make it easier for young entrepreneurs to access financing by setting aside funds especially for them.

Recommendation 17

That the City of Montréal produce an inventory of the various organizations involved in entrepreneurship specifying the field of action and services provided by each of them, and make this information accessible in order to meet the needs of the various types of entrepreneurs.

Recommendation 18

That the City of Montréal make the organizations it is a part of aware of the importance of making the criteria for accessing start-up financing more flexible.

Recommendation 19

That as part of the restructuring efforts announced in the fall of 2014, the City of Montréal reserve 25% of funds allotted to the Local Investment Fund for business start-up projects by Montrealers between the ages of 18 and 35.

6.4 The complexity of administrative, legal and tax procedures

The complexity of administrative, legal and tax procedures associated with business start-up and development is an obstacle that appears to have a greater negative impact in Québec than in other Canadian provinces. According to the Fondation de l'entrepreneuriat, the complexity of these procedures effectively acts as a hindrance for 27% of entrepreneurs in Québec versus less than 17% in the other Canadian provinces (Fondation de l'entrepreneuriat, 2014). The City of

Montréal may act to reduce and simplify the administrative procedures within its jurisdiction for businesses. The CJM encourages the City to follow the example of the work carried out at the provincial level as a result of the Audet report.

Recommendation 20

That the City of Montréal mandate a panel of experts to replicate the work of the Audet report at the Montréal level with the objective of simplifying administrative procedures for businesses.

There is also a Canadian initiative, the PerLe/BizPal system, that makes it possible to centralize all information on the permits and licences required to start a business by province, city, and industry. Only 10 cities in Québec use the PerLe/BizPal system, but Montréal is not one of them, although all the other major economic centres in the rest of Canada, i.e. Toronto, Vancouver, Calgary, Winnipeg, use it.

Recommendation 21

That the City of Montréal and its boroughs join BizPal as soon as possible to permit future entrepreneurs to quickly find information on the permits and licences they require.

One final element the City of Montréal could modify to address this situation is its tendering system. It is difficult for small businesses to qualify for public tenders for contracts with all large public administrative bodies (Bergeron, 2014; Government of Canada, 2014), and Montréal is no exception. The CJM therefore invites the City of Montréal to follow the example of the European initiative of dividing tenders into lots so SMEs can take part in bigger projects.

Recommendation 22

That the City of Montréal establish a tendering system using lots to enable small businesses to obtain major contracts.

IN CONCLUSION

The CJM produced this opinion paper to share with elected municipal officials and representatives of the Administration the perspective of young Montrealers on entrepreneurial renewal. The CJM hopes its recommendations will serve to provide inspiration for solutions that meet the needs of young entrepreneurs.

Finally, like many of the stakeholders it met with, the CJM would like to strongly encourage the City of Montréal to play a leadership role in the city's entrepreneurial development. The restructuring announced in the fall of 2014 represents a unique opportunity to make Montréal a dynamic, prosperous city that believes in the potential, initiative, and creativity of its young people, by making youth entrepreneurship one of the major drivers of the city's economic development.

SUMMARY OF RECOMMENDATIONS

Recommendation 1 : That the City of Montréal make youth entrepreneurship a priority in its next economic development strategy.

Recommendation 2 : That the Réseau Accès culture make a consolidated effort to provide greater support for emerging artists with regard to opportunities for both presentation and incubation. That it therefore:

- adopt specific means of action to increase the presence of emerging artists in network programming from 12% to 20%;
- adopt a clear definition of the term emerging artist; and
- develop a residency program specifically for emerging artistic companies.

Recommendation 3 : That the City suggest to the Communauté métropolitaine de Montréal that it include in its next economic development plan a clear entrepreneurial renewal mandate for metropolitan clusters, in particular one that involves the development of business incubator and accelerator projects that would revitalize heritage buildings. Such a mandate should factor into the clusters' annual evaluation.

Recommendation 4 : That the City, in collaboration with the Government of Québec, allow LCDs and CDECs to serve entrepreneurs not residing in their catchment areas so the latter may have access to the thematic expertise and specialized services developed by some LCDs.

Recommendation 5 : That the City of Montréal strongly encourage its partners to make full use of new information and communications technologies so entrepreneurs may have access to all pertinent information and online training, and be able to fill out forms, make appointments, etc. online.

Recommendation 6 : That the City and its partners reserve a portion of available entrepreneurship funds for projects involving the transfer or acquisition of small businesses.

Recommendation 7 : That the City of Montréal make representations to the Government of Québec to proceed with the creation of a tax credit for business transfers to young entrepreneurs based on the outstanding principal balance.

Recommendation 8 : That the City of Montréal call upon the Government of Québec to implement the recommendation made by the Regroupement des jeunes chambres de commerces du Québec (RJCCQ) regarding the creation of a program to facilitate the acquisition of a first company, modeled on the Home Buyers' Program.

Recommendation 9 : That the City adopt fixed indicators enabling it to produce an annual snapshot of entrepreneurship in Montréal. This task could be carried out by Montréal en statistiques in collaboration with stakeholders from the business and financial communities.

Recommendation 10 : That the City of Montréal, in collaboration with universities, the Montréal Board of Trade, and Montréal International, establish an entrepreneurial renewal component of the Programme Réussir à Montréal (PRAM—Relève entrepreneuriale) to provide support for projects aimed at creating entrepreneurial ecosystems in academic settings that would bring together research centres, businesses, investors, creators, and other interested parties. The establishment of low-rent "business centres" to serve as preliminary head offices for start-ups should be one of the selection criteria for eligible projects.

Recommendation 11 : That the City of Montréal include in its economic development strategy a quantified objective for itself regarding the development of business incubators affiliated with educational institutions.

Recommendation 12 : That the City overhaul its web interface with regard to entrepreneurship and economic development to make it into both an exclusive gateway to entrepreneurship material in Montréal and a dynamic and innovative international showcase, incorporating an educational element through topical on-line videos and webinars.

Recommendation 13 : That the City improve its web site's SEO so it becomes the first result that appears when people do on-line searches on how to start a business in Montréal.

Recommendation 14 : That the City add a Entrepreneurship section to its Espace jeunesse (Youth) page. This could be done in collaboration with members of the business community.

Recommendation 15 : That as part of the restructuring announced in the fall of 2014, the City of Montréal diversify services for entrepreneurs of all types, and maximize contact with and efforts to reach out them, whether they are just starting out, immigrants, or already established.

Recommendation 16 : That the City of Montréal develop its new web storefront based on the different paths adopted by aspiring, immigrant, and active entrepreneurs, to make it easier for them to find the information they want.

Recommendation 17 : That the City of Montréal produce an inventory of the various organizations involved in entrepreneurship specifying the field of action and services provided by each of them, and make this information accessible in order to meet the needs of the various types of entrepreneurs.

Recommendation 18 : That the City of Montréal make the organizations it is a part of aware of the importance of making the criteria for accessing start-up financing more flexible.

Recommendation 19 : That as part of the restructuring efforts announced in the fall of 2014, the City of Montréal reserve 25% of funds allotted to the Local Investment Fund for business start-up projects by Montrealers between the ages of 18 and 35.

Recommendation 20 : That the City of Montréal mandate a panel of experts to replicate the work of the Audet report at the Montréal level with the objective of simplifying administrative procedures for businesses.

Recommendation 21 : That the City of Montréal and its boroughs join BizPal as soon as possible to permit future entrepreneurs to quickly find information on the permits and licences they require.

Recommendation 22 : That the City of Montréal establish a tendering system using lots to enable small businesses to obtain major contracts.