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Leveraging Data and Analytics for Economic Recovery in Canada

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The COVID-19 pandemic has greatly challenged Canadian businesses, and with a more prolonged second wave and, in some jurisdictions, indications of a third wave, the hopes for economic recovery and survival of businesses appear to be more uncertain. In fact, the return to lockdowns and stay at home orders in harder hit central Canada, have further impacted the confidence of business owners.

A recent study by the Canadian Federation of Independent Business[1] (CFIB) surveyed its members about their concerns regarding their businesses. Uncertainty and business operations were top of mind where:

1. 70% cited "economic repercussions

2. 58% cited "business cash flow"

3. 56% cited "consumer spending will be reduced, even following the COVID-19 crisis"
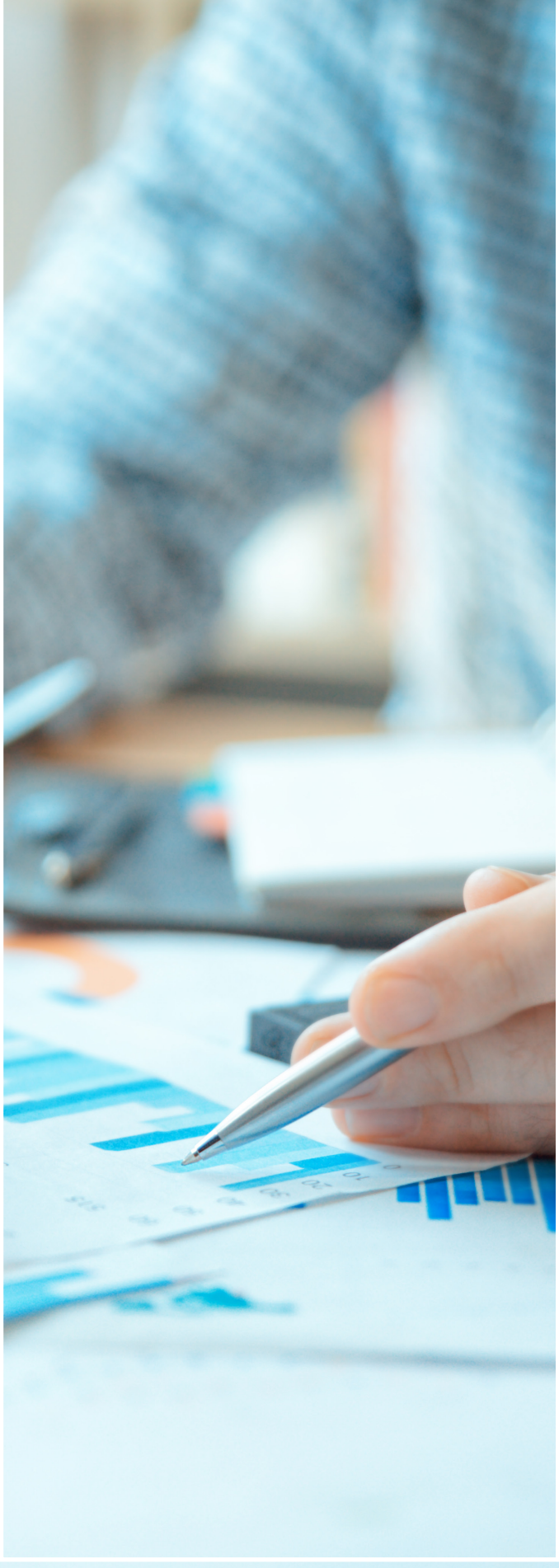
4. 53% cited "physical health impacts"

A **recent poll by KPMG** of Canadian small and mid-sized businesses revealed that 54% of businesses surveyed were focused on survival and that 31% believe that they won't have access to financing to support their business. This is despite the stimulus monies federal and provincial governments have extended.

While economic development agencies (EDAs) have had to focus on economic recovery such as the 2008 financial crisis or the loss of a major employer, the scale and work to recover the tax and industrial base from COVID-19 will be prolonged and daunting.

How can EDAs begin to identify the path to economic recovery - at the local, provincial, or federal level? They can begin by looking at their jurisdiction(s) and asking:

1. How many businesses were financially viable before COVID-19? Who are they?

2. How many businesses are currently impacted by COVID-19 and to what degree?

3. How many businesses have a higher propensity to emerge successfully from the pandemic?

4. Which businesses, although healthy, are impacted by supply chain interruptions that could weaken a business's viability?

5. How many businesses are on the verge of closing or bankruptcy?

6. How many businesses have become delinquent in their credit obligations, a signal of weakening cash flow?

7. How many businesses are linked to other businesses (through ownership) in more impacted regions that could affect the survival of a business locally?

8. What are the employment and revenue impacts to the region based on the above insights?

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1.   CFIB, COVID-19 Recovery Survey – February 2021

While some, or perhaps all, of these questions are top of mind, short of conducting a census, the challenge is how to obtain accurate information in a given region. The task can be very expensive and would be unlikely to yield specific operational and financial data on individual businesses. A survey of businesses also would be unlikely to help an EDA assess the overall impact and degree of intervention required for recovery.

While monthly or quarterly statistics depict general trends by industry or geography, they tend to be lagging, not leading indicators, and do not reveal information on individual businesses. To truly understand and lay a framework for action, commercial enterprises and government agencies look to site-specific business data, signals, and analytics that are timely and influence decision-making.

For almost 200 years, Dun & Bradstreet has helped clients and partners grow and thrive through the power of data, analytics, and data-driven solutions. Despite the economic environment, our data and insights are valuable at all phases of a business life cycle. They remain essential in understanding the impact of COVID-19 on business and the propensity for recovery, down to the site level.

As it relates to economic recovery, Dun & Bradstreet has decades of experience working with government agencies in disaster recovery, workforce development, economic development, and investment attraction. Our work has aided EDAs in the efficient direction of stimulus monies that help to enhance recovery and avoid fraud, alert agencies to potential layoffs, and identify businesses on growth trajectories, and companies investing globally.

The New Paradigm:
Getting Ahead of the Curve

Based on our experience, the path to recovery can be greatly enhanced and be proactive with the use of data and analytics. We recommend a tiered approach that initially provides an overall census of impact to businesses in an EDA's jurisdiction through identifying and triaging businesses in need. In addition, we advise informing elected officials and stakeholders of these findings for awareness and planning purposes.

While we are unaware of how long the pandemic will continue, we recommend considering your approach from a pre-COVID-19 standpoint, during the pandemic, and then post-COVID-19 recovery. This will allow EDAs to develop an informed approach to recovery utilizing Dun & Bradstreet data and analytics:

1. **Pre-COVID-19:** Dun & Bradstreet archives its business data going back 10 years. By taking an inventory and analyzing business health prior to COVID-19, EDAs can establish a baseline of data that can then be compared to how businesses are impacted today and how they may emerge post-COVID-19.

   Dun & Bradstreet can provide pre-COVID-19 numbers for employment and sales at the business site level as well as predictive indicators. Was the company viable going into the pandemic? Was there a propensity for failure regardless of the effect of the pandemic? And how well did the company retire its debt obligations? Dun & Bradstreet's financial and operational scores can greatly inform EDAs on the overall health of business and select industries. By developing a baseline, the EDA can then compare, month-over-month, how the economics of its jurisdiction is faring.

2. **COVID-19 duration:** Once the baseline has been established, we recommend appending Dun & Bradstreet's COVID-19 Impact Index to the businesses in your jurisdiction. This index, developed in April 2020, ranks the impact of COVID-19 to an individual business in terms of severity. It also indexes the impact on a company's network (customer and supplier impact) as well as financial health. This initial read of impact across a jurisdiction can then be compared to the pre-COVID-19 data to give an assessment of economic impact within a region or in key industries as well as aid in formulating strategies for planning recovery.

   We also recommend monitoring businesses to get ahead of or to spot problem areas. Dun & Bradstreet's scores are updated daily, and the COVID-19 Impact Index is updated weekly. In addition, monitoring business closures or the propensity for business closure/bankruptcy can aid in understanding and reacting to employment recovery or in remediation plans to ensure skilled workers can find work in key industries. The data can be also parsed by specific industries or more vulnerable businesses. One area for concern is the impact to women led businesses ("the she-cession"). Dun & Bradstreet has developed a Women Owned Indicator that can be appended to the assessment data also.

3. **Post-COVID-19 Recovery:** It is too early to determine when business and the economy will return to "normal." Taking the steps outlined above will help ensure that EDAs will know the impact on their jurisdictions and allow for a more informed and pragmatic approach to aiding in recovery.

   While the public sector does not typically measure return on investment, by monitoring business health and recovery post-COVID-19, the intervention effort by EDAs in terms of the success of stimulus, remediation, or training can be directly monitored with Dun & Bradstreet data while allowing the EDAs to inform stakeholders of success throughout the recovery process.

Dun & Bradstreet brings decades of expertise utilizing data and analytics in disaster recovery. Our approach understand, monitor, and react has helped agencies better manage the effects of a disaster and aid in the prompt recovery of economically affected regions.

The information provided in this brochure is a suggestion only and is based on best practices. Dun & Bradstreet is not liable for the outcome or results of specific programs or tactics. Please contact an attorney or tax professional if you are in need of legal or tax advice."

About Dun & Bradstreet

Dun & Bradstreet, a leading global provider of business decisioning data and analytics, enables companies around the world to improve their business performance. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk, and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity.

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