Together to build the future

Guide to growth and prosperity for Québec businesses
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Focus Québec survey summary

- **Focus Québec** is an initiative launched in fall 2021 by KPMG in Québec and which aims to address the major issues facing Québec businesses. The initiative seeks to define how businesses, government organizations and educational institutions must adjust to changing business and societal conditions to sustain their businesses and prosper. To this end, in fall 2022, a survey was conducted across the province with a range of business community respondents.

- This is the second in an annual series of surveys. Every year, current issues will be covered.

- The two main themes or business issues addressed this year are:
  - Economic instability risks
  - Resilience in relation to financial strength

- The sub-themes presented in the survey as means and solutions:
  - **Supply chain breakdowns**: Adapt your strategy to stabilize the supply chain amid ongoing transformation
  - **ESG and climate change**: Integrate concrete and promising actions into the business model and strategic planning
  - **Digitalization and innovation delay**: Where and how to invest amid economic turbulence

This second edition will highlight the existing and emerging drivers of success and prosperity for Québec businesses with a focus on financial strength and opportunities.

This guide presents survey findings and concrete solutions for businesses.

Benoit Lacoste
Bienvenue
Regional Managing Partner, Québec Region

Yanick Brissette
Partner-in-Charge,
KPMG Enterprise
Survey sample: regional perspective and profile

The Focus Québec survey was conducted in fall 2022 and targeted our business and strategic partners’ networks. In all, 232 respondents from across Québec completed the survey. Of these respondents, 90% hold executive positions, including 66 presidents.

The data collected throughout the province comes from businesses and organizations of all sizes and from a wide range of sectors. Businesses with under 100 employees comprise over half of the sample. The sample offers a more interesting view of large corporations (500 employees or more), accounting for 19% of the sample, or 45 corporations.

Businesses were also grouped by industry:
- Government (1%)
- Transportation and warehousing (1%)
- Health care and social assistance (2%)
- Real estate (2%).
- Accommodation and food services (2%)
- Life sciences (2%)
- Sustainable development (2%)
- Aerospace (2%)
- Public utilities (3%)
- Wholesale trade (5%)
- Retail trade (5%)
- Finance and insurance (6%)
- Technology, media and telecommunications (7%)
- Construction (9%)
- Administrative, professional, scientific and technical services (11%)
- Other sectors (11%)
- Agri-food (13%)
- Manufacturing (17%)
Survey sample: regional perspective and profile

The Québec regions were grouped as follows:

**Capital regions (2):**
Capitale-Nationale and Outaouais

**Manufacturing regions (4):**
Chaudière-Appalaches, Eastern Townships, Mauricie and Centre-du-Québec

**Urban regions (5):**
Laval, Lanaudière, Montérégie, Montréal and the Laurentians

**Resource regions (6):**
Northern Québec, Abitibi-Témiscamingue, Northern Coast, Lower St. Lawrence, Saguenay–Lac-Saint-Jean, and Gaspé and the Magdalen Islands

Survey sample: Size of respondent businesses

Respondent businesses were grouped into size categories as follows:

**Very large corporations:**
500 employees or more

**Large corporations:**
100 to 499 employees

**Medium-sized businesses:**
25 to 99 employees

**Small businesses:**
Under 25 employees
Economic outlook

79% of respondent businesses expect an economic slowdown (28%), a minor recession (40%) or even a major recession (11%) within the next year.

21% of respondent businesses expect moderate growth (16%) or major growth (5%) within the next year.

▸ Most of these respondents, or 60%, have under 100 employees.
Economic outlook

Mélissa Fortin, PhD, MSc, CPA, Professor, Department of Accounting, Université du Québec à Montréal

Persistent economic worries despite the “recovery”

In the Focus Québec study, very few executives feel confident about the current economic and geopolitical environment. This feeling of distrust or concern by business leaders and managers can be easily associated with the recession expected within the next 12 months. The vast majority of businesses anticipate an economic downturn that fuels this concern about their organization.

Despite this concern, businesses will not remain idle in this fragile economic environment. Multiple options are available, and fortunately, lower costs are not the only answer here. In the survey, it is considered that improving business agility, investment, such as in organizational culture and talent development, plus recruiting will be concrete actions for these businesses to remain proactive and potentially adapt to the trends of the coming year.

The anticipated financial impact seems more positive for business profit margins than provincial finances, or even internationally. Over 65% of businesses believe their profit margins will hold steady or improve. This financial outlook can reassure us that organizations are able to adapt to a somewhat less bright economic environment. It is inevitable to consider higher production or operating costs. As a result, businesses will have to raise selling prices to maintain profit margins. These factors appear to be direct consequences of the pandemic.
Survey highlights

Nearly 80% of respondent businesses expect an economic slowdown or even a recession within the next year.

This is precisely what the vast majority of Canadian CEOs believe according to the findings of a 2022 survey by KPMG in Canada. Of CEOs who responded to the survey, 92% believe there will be a recession in the next 12 months.

- 33% of respondents expect that the current economic climate will have a negative impact on their profit margins.
- 55% of respondent businesses have recently reviewed their borrowing capacity.
- 50% of CEOs said they are concerned about the current economic and geopolitical situation.
- 41% of respondents expect revenue growth the next 12 months.
- 71% of respondent businesses expect their operating costs to increase in the next 12 months.
- 72% of respondents said they tend to make their businesses more agile when faced with economic turbulence or uncertainty.
Inflation and interest rates in 2023: the role of expectations

Foued Chihi, PhD, Professor, Department of Finance and Economics, Université du Québec à Trois-Rivières

The second Focus Québec survey is a relevant source of data. According to survey findings, 72% of the businesses in the sample expect a rise in operating costs in 2023. This pressure on production costs could force businesses to raise product prices, which could further sustain inflation. In addition, 43% of businesses surveyed find that inflation significantly hampers investment, while 51% have made reining in production costs a business priority.

However, due to downside expectations about the future economic environment, policy rate hikes are likely to be more moderate compared with 2022 to minimize the risk that monetary tightening could kick off a recession. According to the results of the second Focus Québec survey, 50% of businesses in the sample feel concerned about the current economic and geopolitical situation, and 77% see an unfavourable economic environment in the next 12 months.

50% of respondents said they are concerned or very concerned about the current economic and geopolitical situation

➢ 22% of this half of business respondents are presidents
➢ 58% of this half of the sample are businesses with under 100 employees
Inflation and interest rates in 2023: the role of expectations

*Foued Chihi, PhD, Professor, Department of Finance and Economics, Université du Québec à Trois-Rivières*

In Canada, as around the world, 2022 was marked by sharp and sustained inflation that resulted from excess demand caused by several factors, including:

- Goods and services in short supply. Lockdown measures, following the COVID-19 health crisis, significantly disrupted production and supply chains.
- A lower supply of goods and services due to higher production costs as a result of:
  1. Higher energy product prices caused by global geopolitical conditions, and
  2. Canada’s very tight labour market.

Labour shortages in Canada have put upside pressure on wages. Higher personal incomes, coupled with the easing of health measures, have fuelled excess demand for goods and services.

To learn more, click [here](#).
Factors driving business growth

Leaders need to prioritize growth strategies that address key enterprise-wide strategic goals.

70% Workforce recruitment and retention
49% New service and product development

43% Digital transformation (automation and digital solution implementation)
38% Optimizing the supply chain and logistics

Growth strategy (M&A and geographic expansion)

Factors holding back business investment

It comes as no surprise to find that the current labour shortages restrain entrepreneurs’ investment ambitions, particularly for SMBs.

58% Workforce recruitment and retention
44% Inflation and rising raw material prices

30% Access to financing
29% Supply chain performance and disruptions
Executive business priorities: business as usual is not an option

Unsurprisingly, recruiting and retaining talent remains the top priority for business leaders according to survey findings. Human capital appears to be the main business focus. This priority is even more significant for large corporations (100 employees or more), at 84% compared with 58% for small businesses.
When faced with economic turbulence or uncertainty, business leaders are more likely to...

- **72%** Enhance business agility
- **59%** Reduce costs
- **43%** Develop and recruit talent
- **32%** Invest in organizational culture

**Other popular business strategies**

- **A quarter** of respondents nonetheless have a growth strategy based on merging with or taking over other businesses.

- **17%** would be likely to ramp up investments, but who are these respondents? 23% are very large corporations and 28% small businesses.

- **9%** of respondents would be likely to divest assets. Of these respondents, 25% are very large corporations and 40% are small businesses.
The era of workforce and digital transformation

Josianne Marsan, PhD, Full Professor, Director of the Information Technology and Business Research Centre (CeRTIA), Vice-Dean of Research and Innovation, Department of Organizational Information Systems, Université Laval

In this era of uncertainty and turbulence, alongside digital and workforce transformation, addressing the following three dimensions together has proven key to successful transformations.

Build a culture for successful workforce transformation

Workforce transformation often meets with resistance, particularly where it involves fatigue, stress and the need for staff to continually respond to unexpected events—a trend observed in recent years that is highly likely to continue. Organizations need to build a strong cultural foundation, which they must continuously reassess with regular leadership investment in improvements. Cultural values that facilitate workforce transformation include: issue reporting, non-punitive assessments, openness to sharing ideas, innovation and evidence-based management. Leaders must actively encourage practices aligned with these values, such as instilling a reporting culture that encourages bottom-up communication on key issues or problems, induces a learning culture based, as much as possible, regarding staff mistakes, and creates an open environment in which innovative and evidence-based ideas can be shared when developing solutions to issues.

Adopt a sustainable approach to digital and workforce transformation skills acquisition

Associated practices must be transformed into a sustainable skill set. To achieve this, two behaviours were identified as essential:

1) Collaborative vision
2) Evidence-based improvisation

A collaborative vision involves stakeholders coming together to decide which goals to achieve and how to get there. A collaborative vision promotes unity in organizational culture, preventing it from splitting into disparate and misaligned subcultures. A collaborative vision overcomes issues such as staff resistance and facilitates true transformation. To establish such a vision, organizations need to identify influential people at different levels of seniority, with a change-as-usual rather than business-as-usual mindset, and invite them to various forums to discuss their vision for the organization’s future. These key individuals will act as a team of champions spread across the organization, sowing their ideas, driving momentum for change, easing resistance and boosting staff engagement.

Manage digital transformation tensions

Leaders must manage the tensions that arise at all organizational levels during the digital transformation, from frontline staff to executives, and even external stakeholders. Leaders need to identify challenges and necessary responses or solutions at each level and ensure they do not conflict. As a result, leaders need to monitor the efforts of each stakeholder group during the transformation, even efforts made outside of traditional governance structures, and group them together in terms of time and place, if such a grouping is deemed relevant. Given that an organization-wide transformation can be time-consuming, stressful and erode staff morale, leaders must also foster shorter, iterative digital transformation efforts to achieve quick and encouraging results. This approach also requires significant coordination effort between organizational levels and stakeholders.

To learn more, click here.
Where do Québec business customers and suppliers come from?

Where are your customers located?

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Québec</td>
<td>77 %</td>
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<tr>
<td>Rest of Canada</td>
<td>53 %</td>
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<tr>
<td>United States</td>
<td>41 %</td>
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<tr>
<td>Europe</td>
<td>25 %</td>
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<tr>
<td>South America</td>
<td>16 %</td>
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<td>Mexico</td>
<td>16 %</td>
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<td>Asia</td>
<td>13 %</td>
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<td>Africa</td>
<td>7 %</td>
</tr>
<tr>
<td>Oceania</td>
<td>7 %</td>
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</tbody>
</table>

Half are raw material processors and 31% are very large corporations.

Where are your suppliers located?

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Québec</td>
<td>81 %</td>
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<tr>
<td>United States</td>
<td>54 %</td>
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<tr>
<td>Rest of Canada</td>
<td>53 %</td>
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<tr>
<td>Europe</td>
<td>29 %</td>
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<td>South America</td>
<td>27 %</td>
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<td>Mexico</td>
<td>10 %</td>
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<td>Asia</td>
<td>3 %</td>
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<td>Africa</td>
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<tr>
<td>Oceania</td>
<td>3 %</td>
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</tbody>
</table>

Half are raw material processors and 30% are very large corporations.
We know that environmental, social and governance (ESG) factors are essential to business success and resilience across all sectors. Customers, employees, shareholders, creditors, suppliers and public authorities are increasingly demanding that businesses consider their impact on society and the environment.

A sustainability policy sets out a business’s vision and commitment to ESG issues and describes how the organization manages these risks and creates a positive impact on society and the environment.
44% of respondent businesses from across the province have not adopted sustainability goals and policies.

The results of the first edition showed that 42% of respondents had an existing sustainability policy.

The data varies according to the size of the business:

- **62%** of corporations with **500 employees or more** have a sustainability policy.
- **40%** of businesses with **under 25 employees** have a sustainability policy.
- **53%** of respondents have **under 100 employees** in their organization.

According to the first edition’s survey findings, only 29% of businesses with under 25 employees reported existing sustainability goals and policies. A lack of time, funding and in-house expertise are reportedly the main barriers to investment by SMBs. **In this second edition of the survey, there is a considerable increase of 11% in the present sample.** As a result, SMBs appear to be on the right track to meet market demands.

*By Prioritizing ESG Today, SMEs Can Look Forward to a Successful Future | Forbes.com*
The case for sustainability showrunners

Jean Cadieux, PhD, Full Professor, Department of Administration, Université de Sherbrooke

According to the Focus Québec survey, 44% of businesses surveyed have an existing sustainability policy. Regardless of how high that figure seems, the real question is: "Who is in charge of implementation?" The results show that out of all respondents, 32% say the board of directors is in charge of managing the sustainability program, 15% say Communications, 5% say Finance and 12% say Human Resources. Any other parties said to be in charge are grouped under the "other" category. In the first two cases, the board and Communications, experience shows that concerns and actions are more driven by any progress or impact on the organization’s relationships with external stakeholders, such as suppliers, customers, investors, municipalities and governments. More specifically, their focus is more outward looking, on societal factors. For Human Resources, although the focus is clearly on managing the organization’s internal stakeholders, such as employees, temporary workers, students and consultants, sustainability is expressed in managing social relationships.

With the benefit of hindsight, three findings emerge:

1. Operational responsibility is often too far from where sustainability actually plays out.

2. The focus of leaders in charge of sustainability programs is either more outward or more inward looking, not both.

3. Regardless of who is in charge, sustainability coverage is patchy at best.

In the BNQ21000 standard, managing sustainability consists of a four-part assessment that seeks balance and consistency between social, economic, environmental and cross-cutting factors. To learn more, click here.
Integrate ESG into strategic business planning

Michelle Rodrigue, PhD, CPA, Full Professor, School of Accounting, Université Laval

Sustainability means economic activities are not carried out in isolation but within a social environment, itself integrated into an environmental ecosystem. As a result, a systemic approach is required to address sustainability issues and allow corporate activities to be transformed and adapted to mitigate their adverse social and environmental impacts. In this systemic vision, integrating sustainability considerations at the highest organizational levels provides a better chance of transformation through their potential impacts on strategy and corporate culture.

It is therefore encouraging to note that, among the businesses with a sustainability policy surveyed, the board of directors is in charge of managing sustainability programs for about one third of the survey participants, and that the top management positions—presidents, vice-presidents and boards of directors—are in charge of overall sustainability in the vast majority of cases. For businesses that have not yet set sustainability goals and policies (over half of survey respondents), taking a systematic view when starting their sustainability thinking, although a major challenge, will bring big rewards. This is an opportunity to initiate a strategy review on solid and sustainable foundations.

To learn more, click here.
Sustainability at a crossroads

Michel Magnan, PhD, FRSC, FCPA Auditor, ASC, C.Dir., Distinguished University Research Professor, Accountancy, John Molson School of Business, Concordia University, Stephen A. Jarislowsky Chair in Corporate Governance

Why care about sustainability and make it a strategic priority?

Given the turbulence and economic uncertainty they face, businesses will rely on strategies focused on greater agility (72%) or minimizing cost (59%). Yet, for most respondents, talent recruitment and retention challenges are the main factor holding back investment and growth. Limited growth potential arguably jeopardizes the investment required for a business to become agile and successful. Against this backdrop, World Economic Forum studies interestingly posit that businesses committed to sustainability are becoming more competitive in their ability to attract and retain talent.

With respondent businesses struggling to recruit and retain talent, continued growth can only be driven through productivity gains from investments in technology, such as digitization, and automation. However, these investments require capital from investors who are placing increasing importance on sustainability considerations. As a result, companies with sustainable business strategies will be better positioned to secure the capital they need to expand.
More generally, **factoring in sustainability also helps bolster longevity**. Global warming driven by greenhouse gas emissions is exacerbating the frequency and severity of climatic events, such as tornadoes, floods and forest fires, prompting multiple risk management questions: Are my facilities located in a high-risk area? What about my suppliers and customers? How will my product (service) lineup be affected by the decarbonization of the economy? How will my production operations be affected by the decarbonization of the economy?

Beyond risk management, global warming and decarbonizing the economy are real strategic issues. Every business must develop a policy to address them and seize the right opportunities that result. **As a result, business strategy, growth and sustainability policy have a symbiotic relationship.** However, to drive a sustainability transformation, adapt to future climate challenges and seize the resulting business opportunities, companies need to adopt a sustainability policy, build it into their strategic plan and make implementation an organizational and governance priority.

To learn more, click [here](#).
Investing in environmentally responsible business practices will yield a host of benefits that will grow over time.

Where can ESG factors be integrated into the business?

<table>
<thead>
<tr>
<th>...with senior management</th>
<th>...in key functions</th>
<th>...in operations functions</th>
<th>...in internal support</th>
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</thead>
<tbody>
<tr>
<td><strong>Strategy</strong></td>
<td><strong>Governance</strong></td>
<td><strong>Supply chain</strong></td>
<td><strong>Marketing and sales</strong></td>
</tr>
<tr>
<td>- Sustainability vision, values and purpose</td>
<td>- Sustainability accountability and oversight</td>
<td>- Sustainable supply chains and responsible procurement (managing downstream environmental and social impacts such as GHG emissions, water use, waste, and labour rights)</td>
<td>- Corporate social responsibility</td>
</tr>
<tr>
<td>- Sustainability commitment and targets, including Net Zero and renewable energy</td>
<td>- Incentives and compensation</td>
<td>- Operational eco-efficiency, including renewable energy sources</td>
<td>- Diversity and inclusion</td>
</tr>
<tr>
<td>- Business model resilience</td>
<td>- Board makeup and characteristics, including diversity and skills</td>
<td>- Transparency, including sourcing of raw materials</td>
<td>- Talent retention and attraction, employee engagement, training and development</td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td></td>
<td><strong>Shipping and distribution</strong></td>
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</tr>
<tr>
<td>- Environmental impacts of operations, such as GHG emissions, water use and waste</td>
<td>- Product development and R&amp;D, including green products and certification</td>
<td>- Route optimization, such as last-mile delivery</td>
<td>- Community investment and development</td>
</tr>
<tr>
<td>- Social impacts of operations, such as health and safety and work practices</td>
<td></td>
<td>- Fleet modernization, including electrification</td>
<td>- Health and safety programs and procedures</td>
</tr>
<tr>
<td></td>
<td>- Product development and R&amp;D, including green products and certification</td>
<td>- Low-carbon fuel, including biofuel, propane and natural gas</td>
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<tr>
<td></td>
<td></td>
<td>- Sustainable e-commerce, such as sustainable business models, return processing and shipping</td>
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<tr>
<td><strong>Supply chain</strong></td>
<td><strong>Manufacturing</strong></td>
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<td><strong>Corporate social responsibility</strong></td>
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<td>- Sustainable supply chains and responsible procurement (managing downstream environmental and social impacts such as GHG emissions, water use, waste, and labour rights)</td>
<td>- Environmental impacts of operations, such as GHG emissions, water use and waste</td>
<td>- Sustainable brand positioning, including reputational risk and analysis of consumer wants</td>
<td>- Diversity and inclusion</td>
</tr>
<tr>
<td>- Operational eco-efficiency, including renewable energy sources</td>
<td>- Social impacts of operations, such as health and safety and work practices</td>
<td>- Consumer awareness and engagement, including product disposal and the circular economy</td>
<td>- Talent retention and attraction, employee engagement, training and development</td>
</tr>
<tr>
<td>- Transparency, including sourcing of raw materials</td>
<td>- Product development and R&amp;D, including green products and certification</td>
<td>- Product impact metrics, such as water used, CO2 emitted and waste produced</td>
<td>- Community investment and development</td>
</tr>
<tr>
<td>- Supply chain resilience, including climate change factors</td>
<td></td>
<td></td>
<td>- Health and safety programs and procedures</td>
</tr>
</tbody>
</table>

KPMG solution

- Sustainability strategy
- Sustainable supply chain and operations
- ESG impact metrics
- ESG impact metrics
- Sustainability strategy
- Reporting
- Assurance

Reducing operational costs

Higher customer satisfaction

Better access to capital on more favourable terms

Access to the best talent

Burnished reputation

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Implementation options: adapting your business model in times of economic uncertainty
Solutions to address workforce challenges

Grow the labour pool

• Attraction and retention of older talent
• Immigration of professionals and students
• Investment and integration into share ownership
• Independent or outsourced workforce
• Workforce further away from the labour market
• Partnerships with educational institutions (paid internships)

Invest in training

• Alignment between the company’s needs and professional development options
• Raising employee awareness of the value of training for their professional development
• Intergenerational expertise transfers

Automate processes

• Gradual and/or experimental integration of automation before being used across the board
• Integration of technologies into operations as part of a broader strategy.
• Internal and external monetization of business data

Process automation, keeping jobs in Québec and development in key sectors (such as information technology and engineering) are some of the Québec government’s strategies to address staffing shortages.
Globally, automation can provide a solution to many of the challenges faced by entrepreneurs in SMBs and large corporations.

1. Improve efficiency while curbing costs
   By automating certain repetitive tasks and streamlining workflows, businesses can rein in labour costs, improve accuracy and complete tasks faster, resulting in productivity and production gains. In addition, workflow optimization involves streamlining the steps of completing a task to cut down the time and resources required to complete it. This can help businesses manage costs more efficiently and improve their bottom line.

2. Enhance the customer experience
   Automation can also help entrepreneurs deliver a better customer experience by streamlining processes and providing faster response times. For example, chatbots can provide 24/7 customer support, while automated email responses can improve response times and lower customer wait times.

3. Enhance decision-making
   Automation can help entrepreneurs make better decisions by providing them with real-time data and information. For instance, automated data analytics tools can help SMBs and large corporations identify data trends and patterns, which can be used to make more informed business decisions.

4. Step up agility and flexibility
   Automation can help entrepreneurs respond faster to changing market conditions and customer needs by affording them greater agility and flexibility. This can help SMBs and large corporations remain competitive and adapt more easily to new challenges.
41% of organizations still have no system to analyze, understand and safeguard their data

68% of these respondents are SMBs (representing only 53% of the sample)

Capitalize on this opportunity

In addition to meeting regulatory requirements, this can be a good opportunity to take back control of data and leverage this strategic asset, making it possible to:

1. Implement a transparent customer- and employee-centric approach
   The primary objective of legislation is to protect the rights and interests of customers and employees. Under the requirements governing consent and individuals’ rights, companies will have the opportunity to clearly disclose the actions taken to protect the personal information of customers and employees, thereby strengthening trust.

2. Improve security
   Implementing legislative requirements will help improve your organization’s overall security.

3. Develop your data management capabilities
   By taking back control, you will have a better grasp of your data and will be more able to leverage this strategic asset.

4. Accelerate the digital shift
   Data is central to digital transformation. New requirements provide an opportunity to lay the foundation for sound governance and data management, thereby accelerating digitization.

5. Implement a consent collection and management strategy
   This strategy will bring you closer to your customers and employees and allow you to better meet their needs with a management approach that focuses on their preferences.
The inevitable digital transformation

Mélissa Fortin, PhD, MSc, CPA, Professor, Department of Accounting, Université du Québec à Montréal

For an organization, data is the starting point for everything. The information system chosen is critical and participants in the Focus Québec survey are aware of how important it is. A range of new digital technologies are emerging to further automate business operations, including artificial intelligence, robotics, big data and blockchain. These technologies have the potential to automate business operations to save time and costs while improving agility and product and service quality. Digital transformations enabled by these technologies can be very exciting, even essential, yet hard to execute. As a result, recruiting specialized talent will be a major challenge for these businesses.

The pandemic certainly accelerated the digitization of data across the business world. The technologies discussed above have very attractive potential, provided they are developed with a work ethic. Risk analysis is needed, such as for data protection and cyber security. AI can involve bias in a great many areas, potentially setting significant precedents for organizations. This can damage business reputations and have unintended effects. As a result, vetting automation and digitalization technologies to ensure that they are tailored to company realities is important, but above all, that they meet a concrete business need.

To learn more, click here.
An international strategic vision of procurement

Studies by the Institute for Research on SMEs (InRPME) have shown strong links between an SME’s export capacity and its imports. **SMEs need a competitive product to successfully enter international markets to overcome extra shipping, logistics and solicitation costs.** Businesses are extremely unlikely to find the best supplier subcontractors for all components and expertise locally or in Québec. As a result, businesses seeking to be competitive must consider all international subcontractors and suppliers. Strategic imports thus stimulate exports!

This calls for a true international strategic procurement vision, involving a structured and ongoing monitoring of subcontractors/suppliers worldwide, by creating an inventory of their products and expertise to identify opportunities for productive meshes. According to the Focus Québec survey, **businesses primarily source in North America, but a little in Europe (29%) or Asia (26%)** for instance, while these markets offer a broad variety of specialized expertise and technologies.

Such a strategic vision would also respond to the need to diversify procurement sources in the face of supply chain disruptions, political risks (Russia and China), and the rising cost of carbon energy (shipping costs) in an energy transition.

What about buying local?

Despite this argument for international sourcing, the **benefits of buying local** are well known:

- Minimizing shipping costs
- Simplifying logistics
- Cutting down carbon emissions with short routes (environmental issues)
- Strengthening local and Québec economies

In fact, half (49%) of survey respondents partially source in their areas.

To learn more, click **here.**
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