

Small & Medium Enterprises Research



Report Prepared for the
SME Association of
Australia

May 2014

1424X



association of australia

Method

- Interviews were conducted online amongst small and medium business owners and managers.
- All members of SME Association of Australia (SMEAA) and recipients of My Business newsletter, were sent an email inviting them to participate in a survey about their business outlook.
- SMEAA supplied the email data base.
- The survey was designed by McNair Ingenuity Research and Stable Research.
- Stable Research programmed the questionnaire into WebSurvey Creator.
- Validations were conducted on 75% of 5% of interviews.
- Analysis and reporting was conducted by McNair ingenuity Research.
- Results in this report are based on unweighted data.



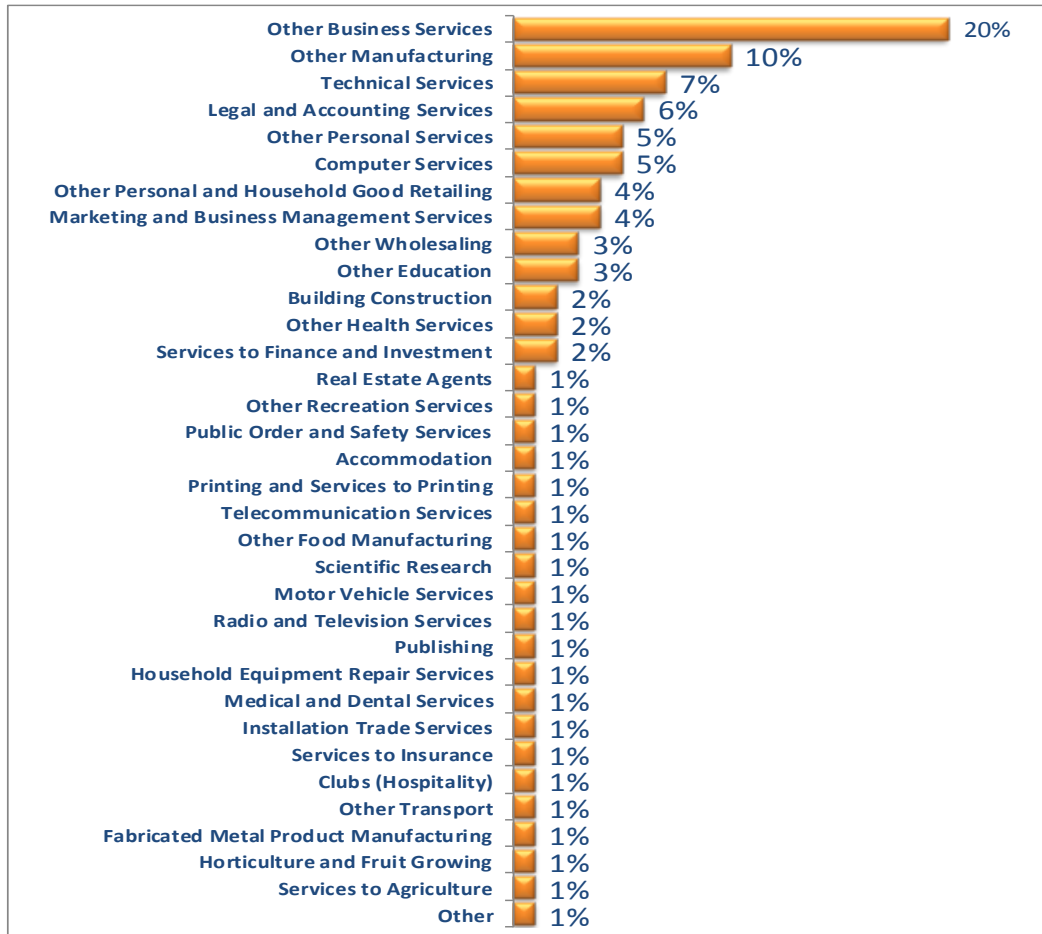
About the Respondents

- 648 small to medium enterprise owners and managers responded to the survey.
- There were 75 different industries represented (based on ANZIS codes) with the greatest number of respondents coming from property and business services industries (44%), manufacturing (16%) and wholesale or retail trading (11%).
- On average respondents had 12.4 full-time employees with 9% being sole traders and 29% employing just one other full time person.
- 53% employed some part-time staff and 47% employed some casual staff.
- 68% of the respondents were male and 32% female.
- More than half were over 50 years old.
- 65% of respondents were in businesses that had been trading for more than 10 years.
- More than half (52%) had an annual turnover of less than \$500,00 with 32% less than \$200,000.



Primary Business Type

What is your primary business type?



- Respondents mostly had businesses in:
- Property or Business Services (44%);
- Manufacturing (16%); or
- Wholesale or Retail trading (11%).

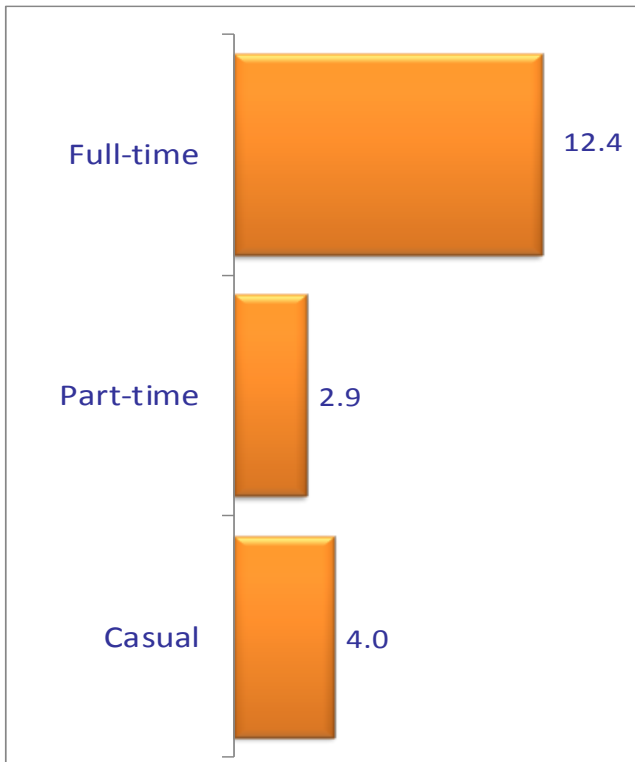


Number of Employees

Full time employees

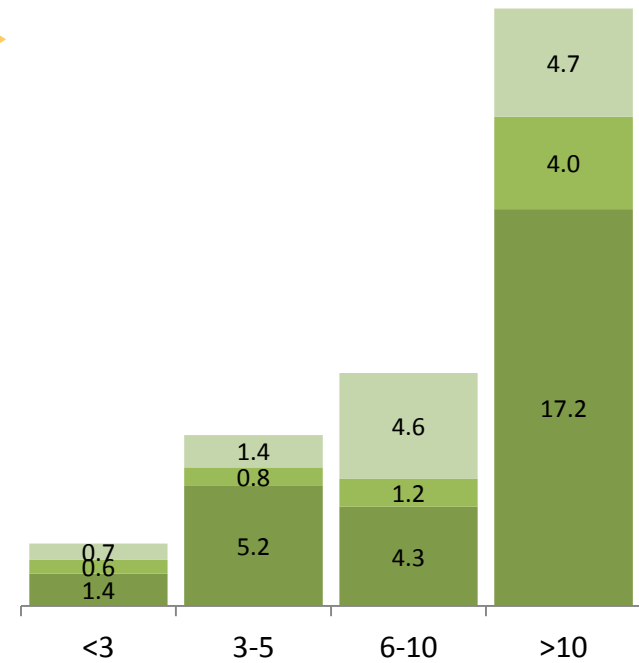


No. Employees



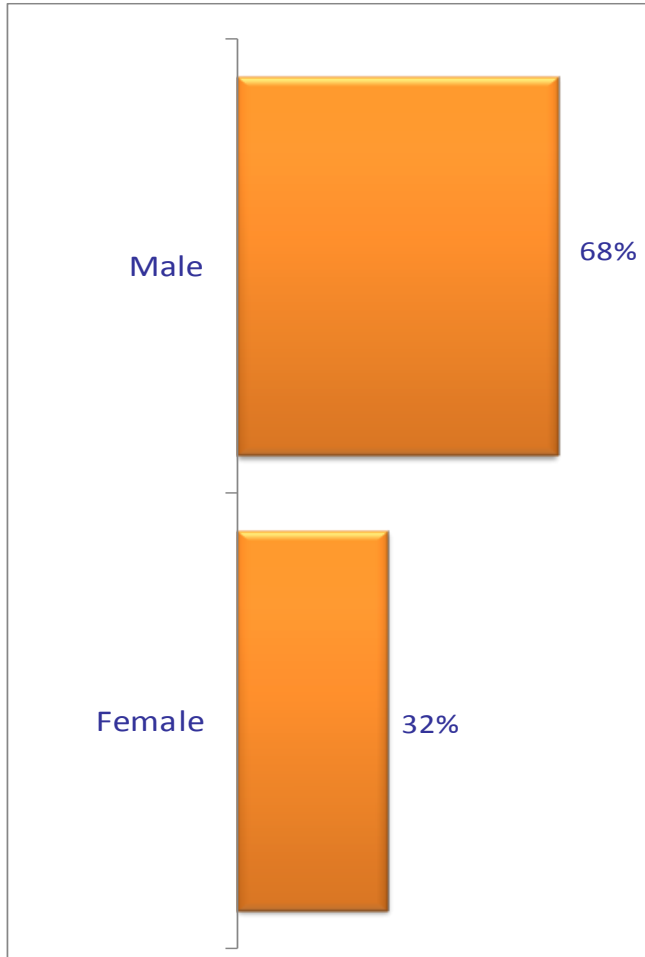
Years of Trading

■ Full-time ■ Part-time ■ Casual



Gender

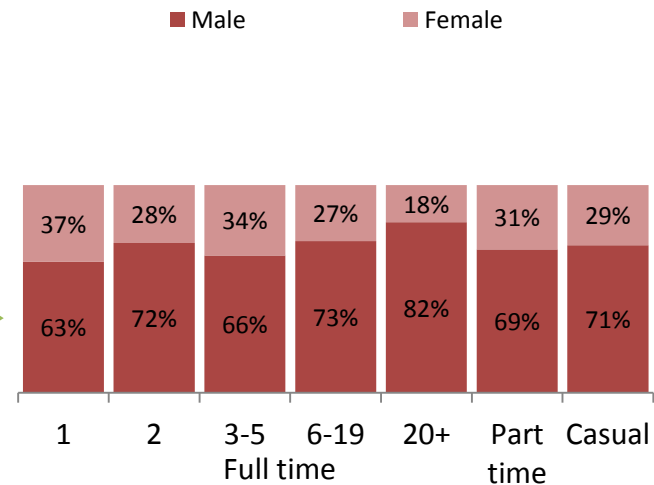
Are you....?



Years of Trading

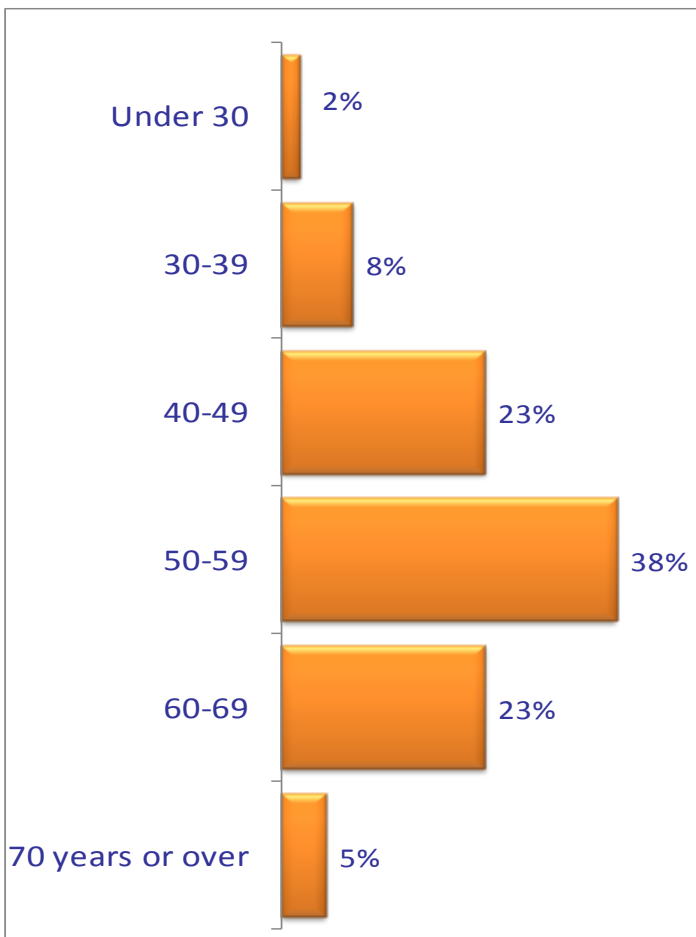


No. Employees



Age

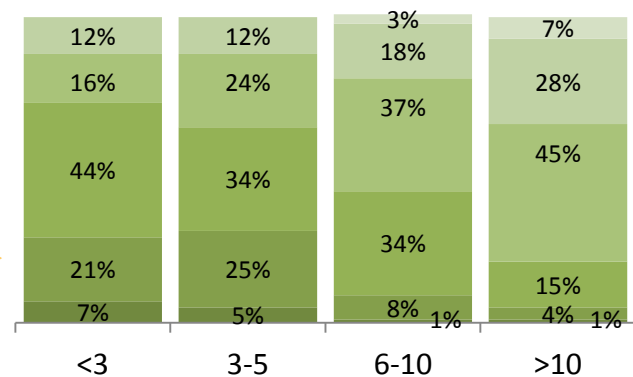
What is your age?



■ Under 30 years ■ 30-39 ■ 40-49
■ 50-59 ■ 60-69 ■ 70 years or over



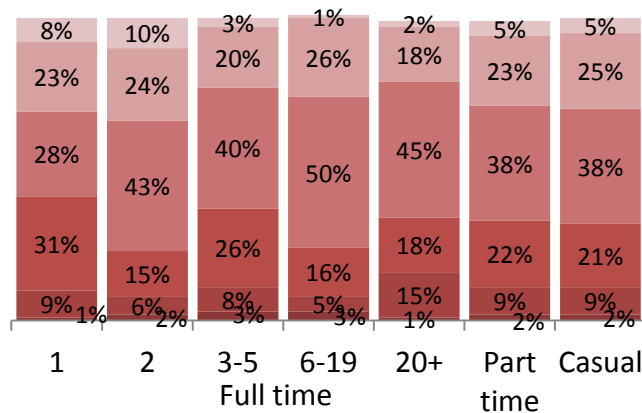
Years of Trading



■ Under 30 years ■ 30-39 ■ 40-49
■ 50-59 ■ 60-69 ■ 70 years or over

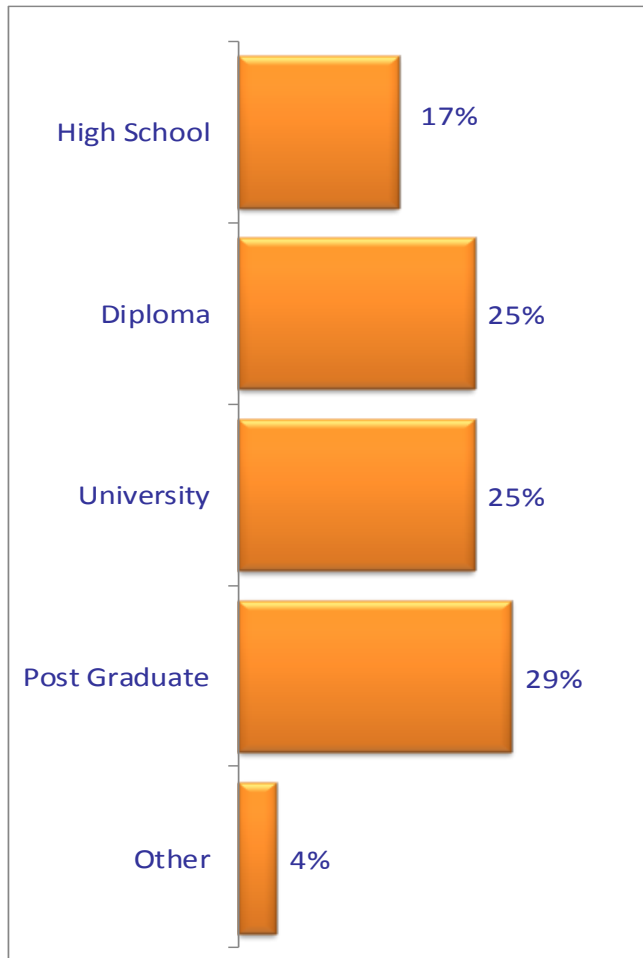


No. Employees

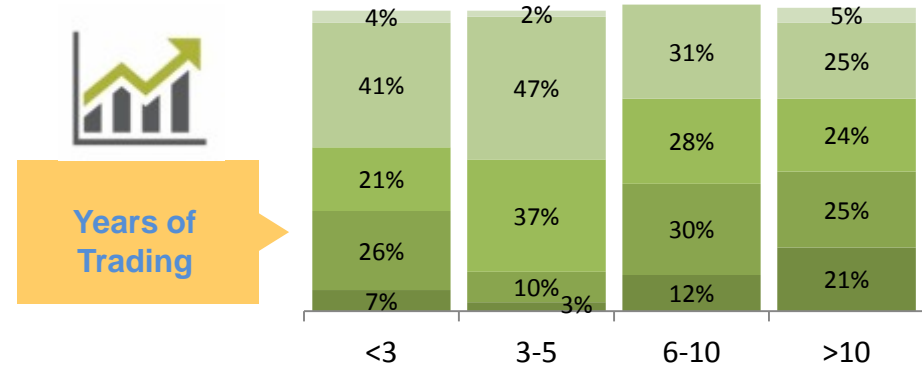


Education

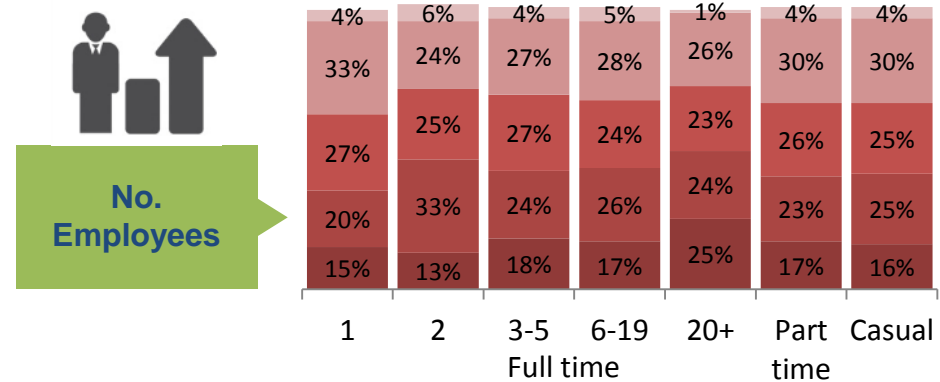
What is your highest level of education?



■ High School ■ Diploma ■ University ■ Post Graduate ■ Other

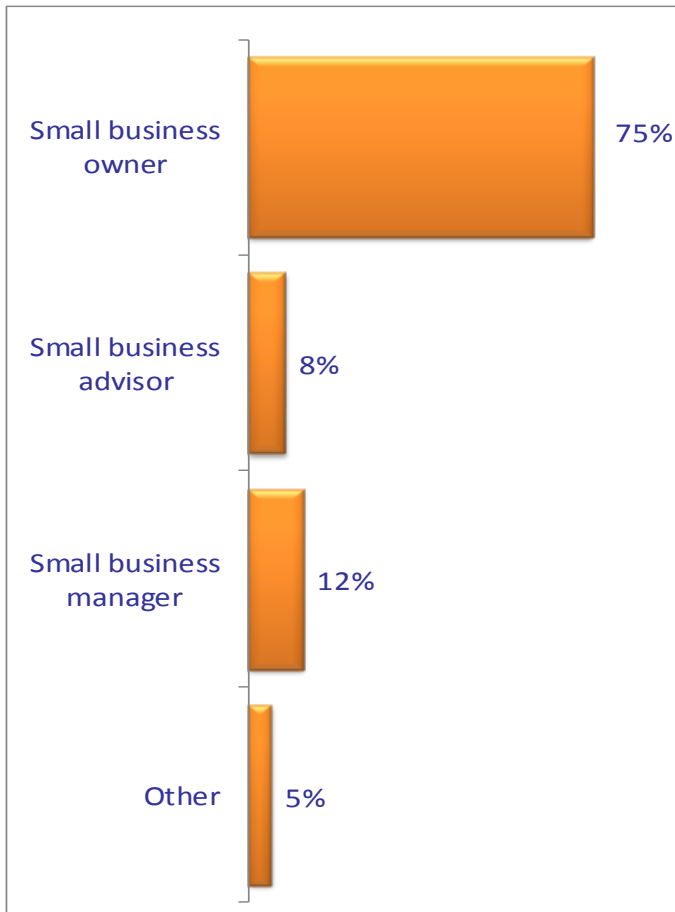


■ High School ■ Diploma ■ University ■ Post Graduate ■ Other



Business Role

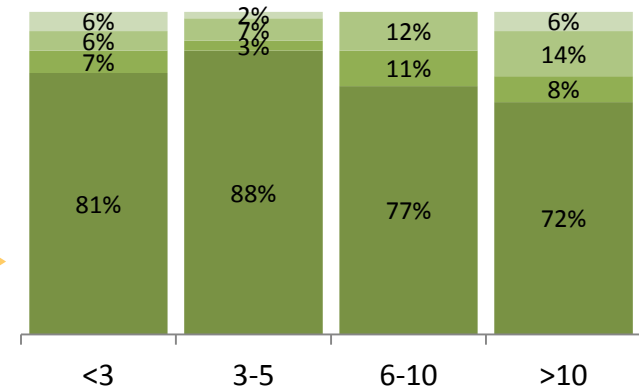
Which of the following describes your role?



■ Small business owner ■ Small business advisor ■ Small business manager ■ Other



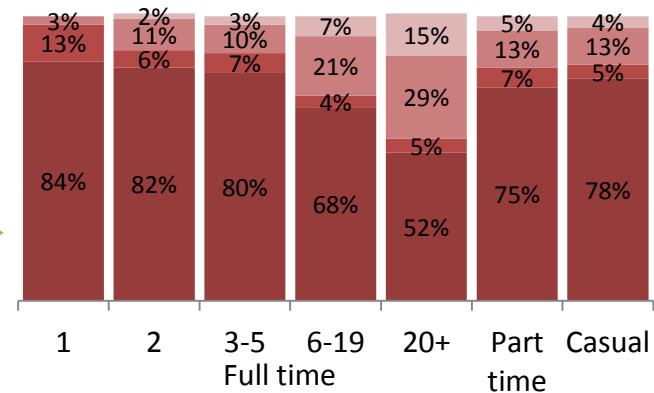
Years of Trading



■ Small business owner ■ Small business advisor ■ Small business manager ■ Other

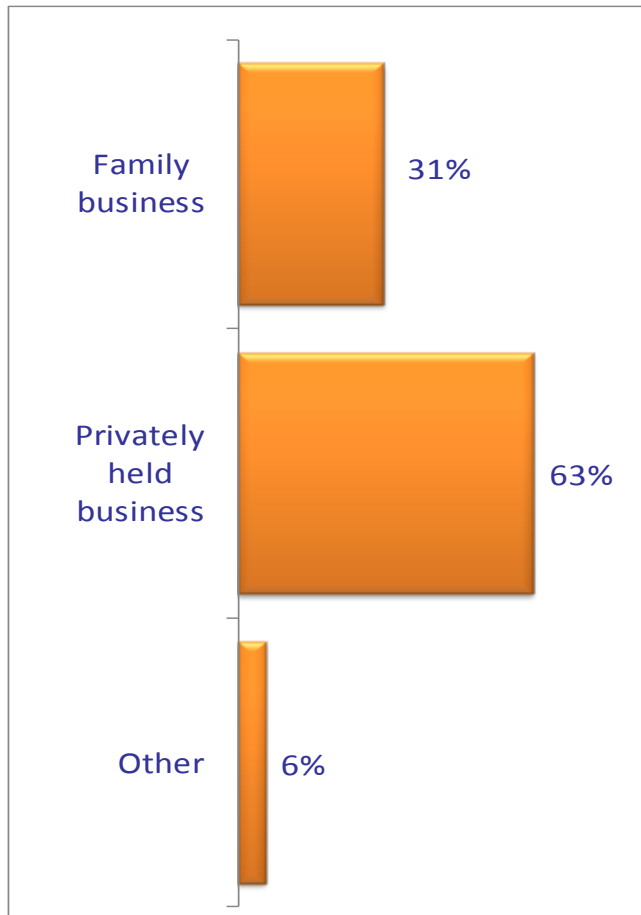


No. Employees

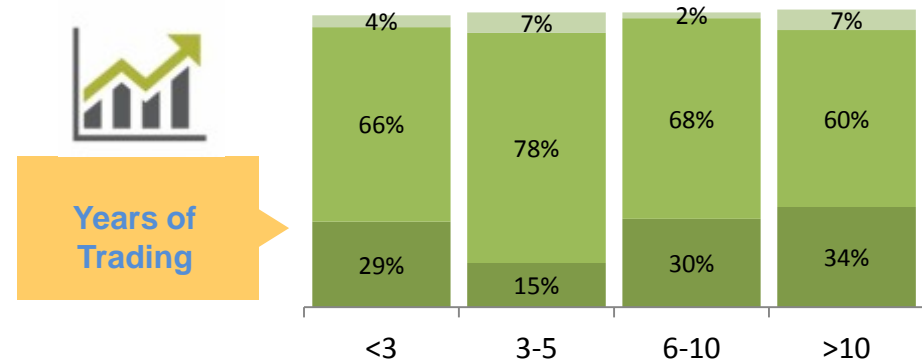


Type of Business

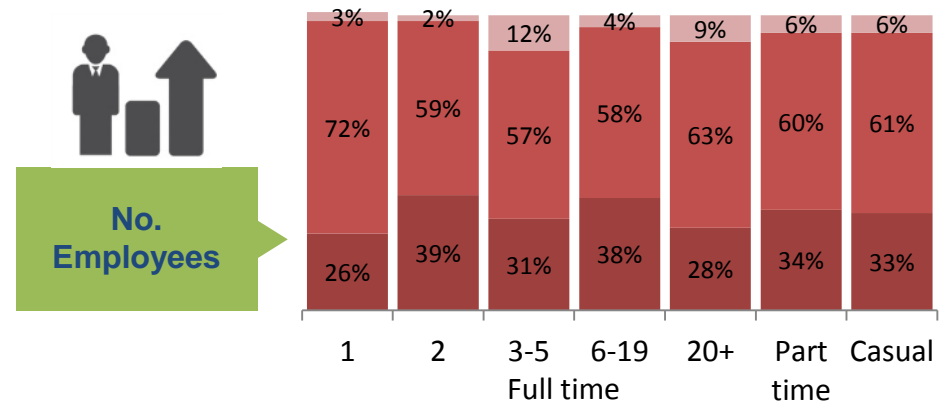
Which of the following describes your business?



■ Family business ■ Privately held business ■ Other

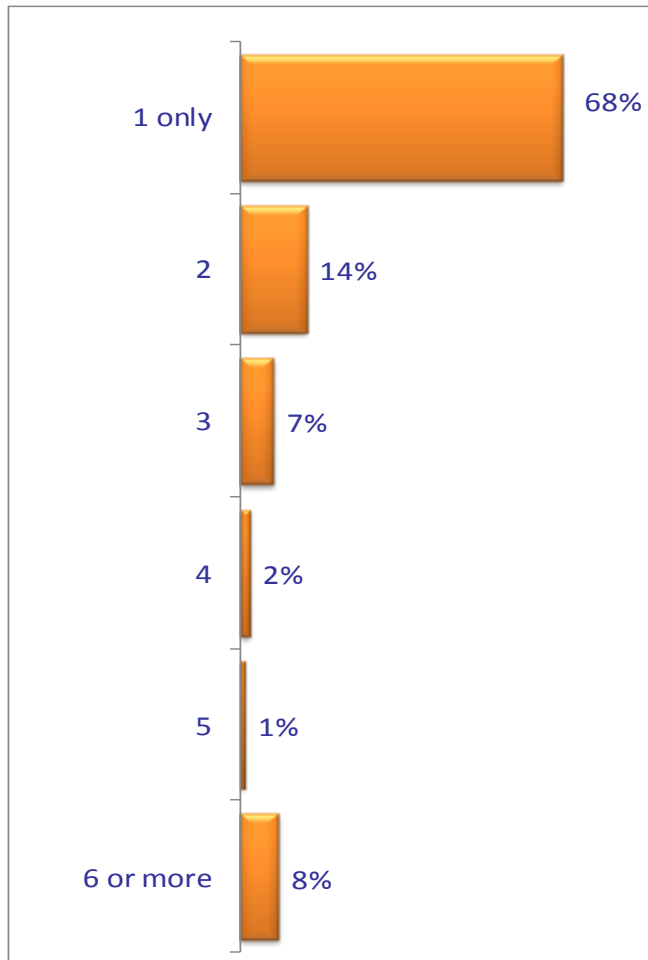


■ Family business ■ Privately held business ■ Other

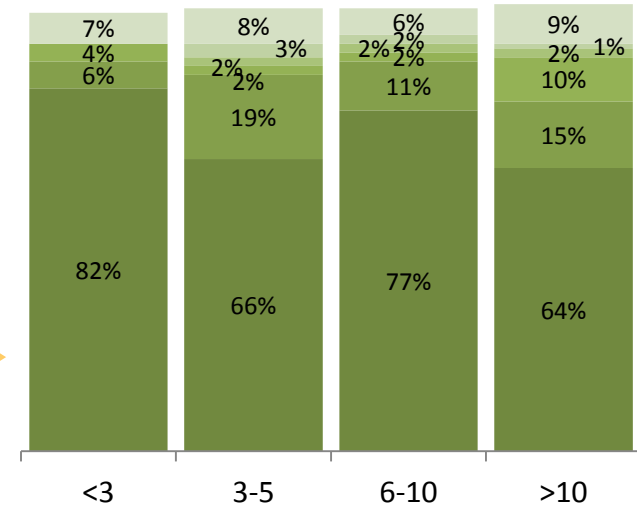


Location

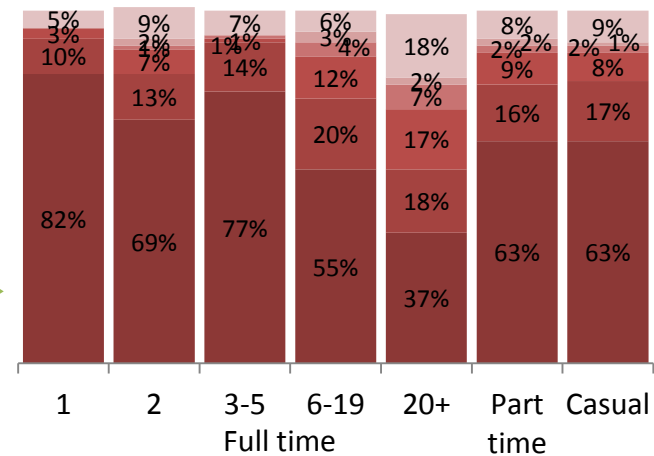
How many locations does your business operate in?



■ 1 only ■ 2 ■ 3 ■ 4 ■ 5 ■ 6 or more



■ 1 only ■ 2 ■ 3 ■ 4 ■ 5 ■ 6 or more

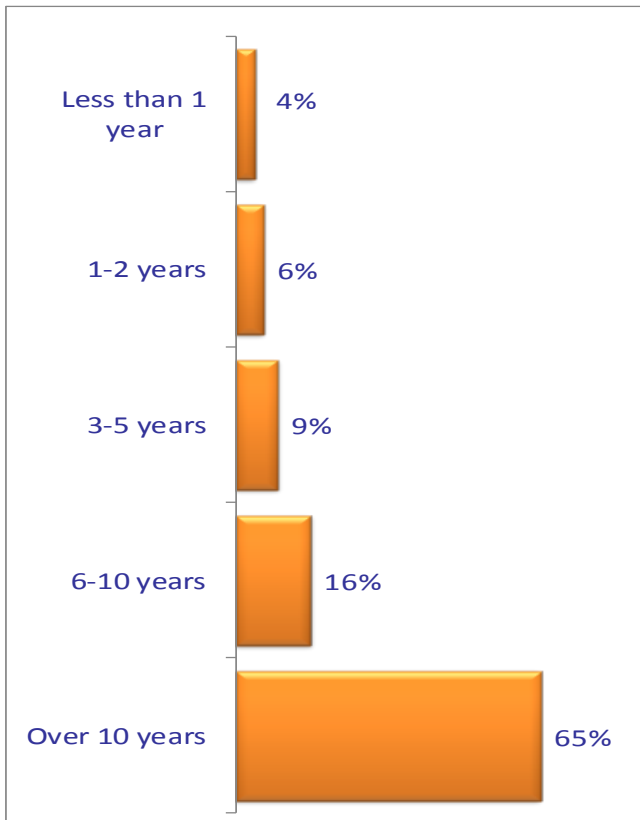


Length of Trade

How long has your business been trading?



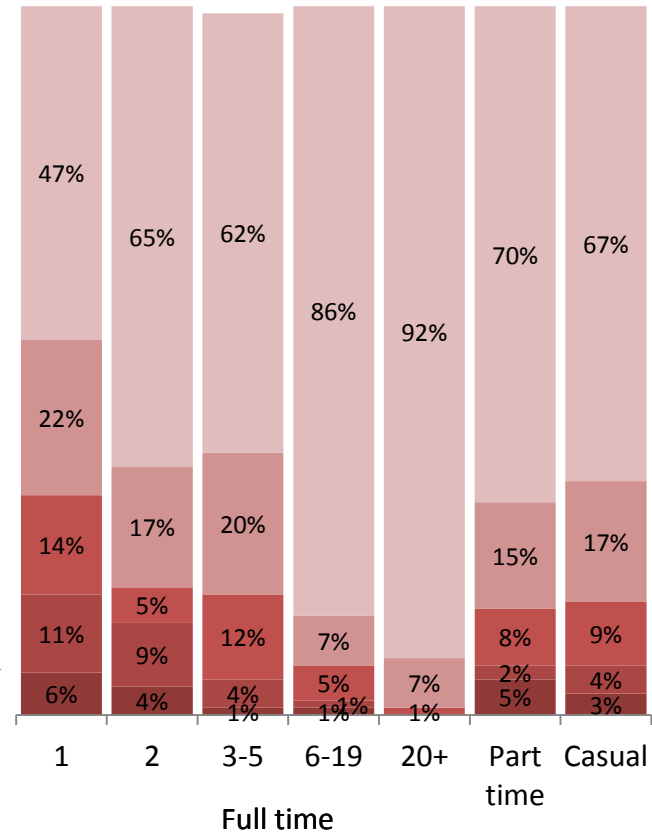
Years of Trading



- Less than 1 year
- 1-2 years
- 3-5 years
- 6-10 years
- Over 10 years

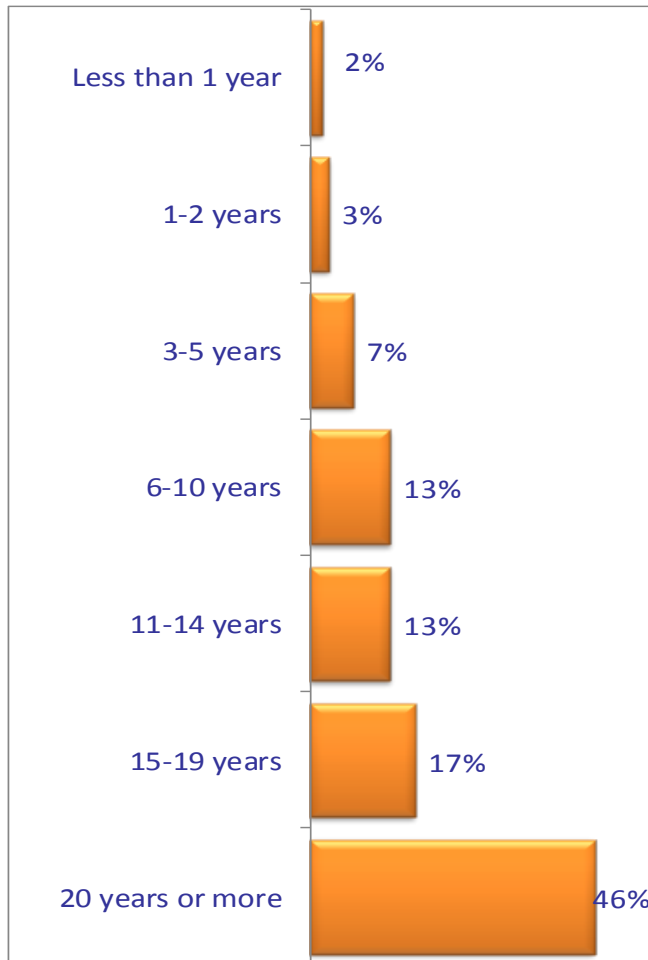


No. Employees

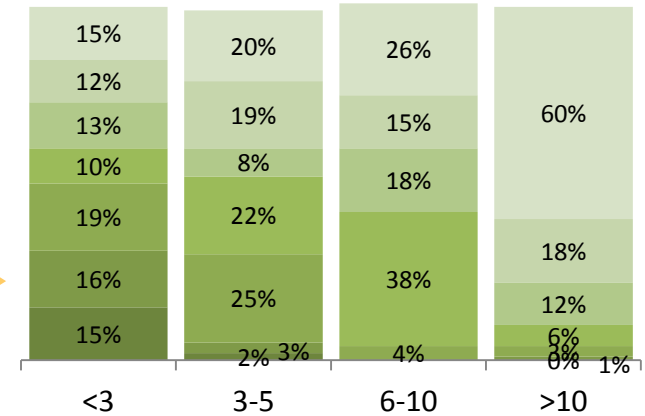


Length in Current Industry

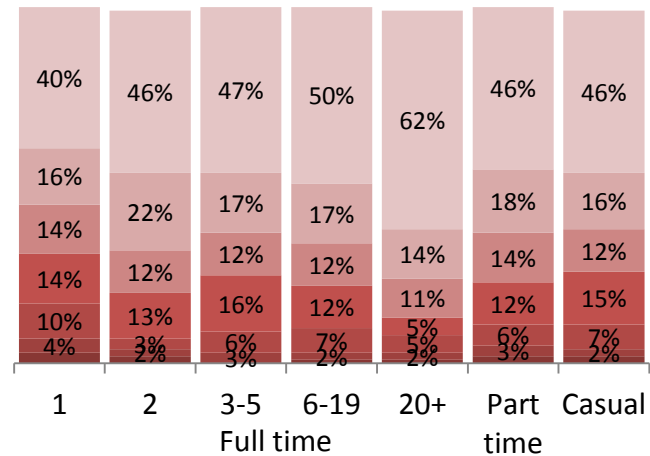
How long have you been in your current industry or field?



■ Less than 1 year
 ■ 1-2 years
 ■ 3-5 years
 ■ 6-10 years
■ 11-14 years
 ■ 15-19 years
 ■ 20 years or more

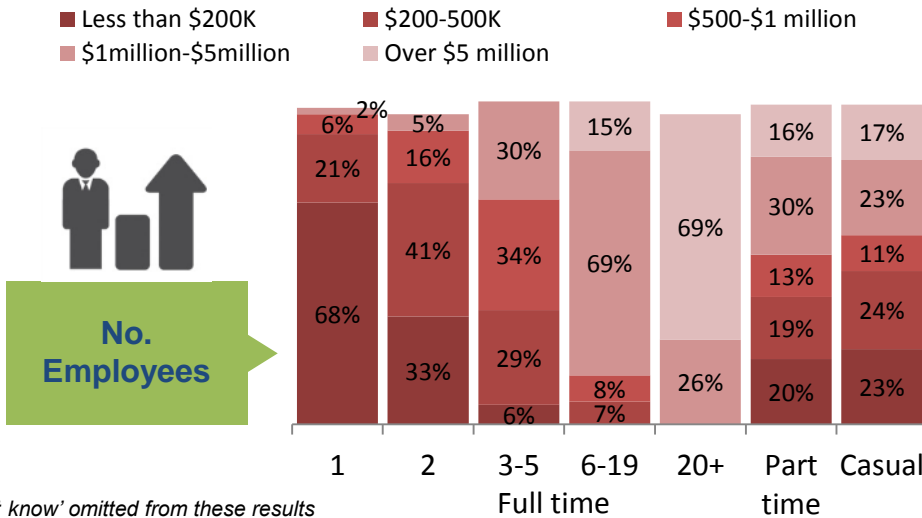
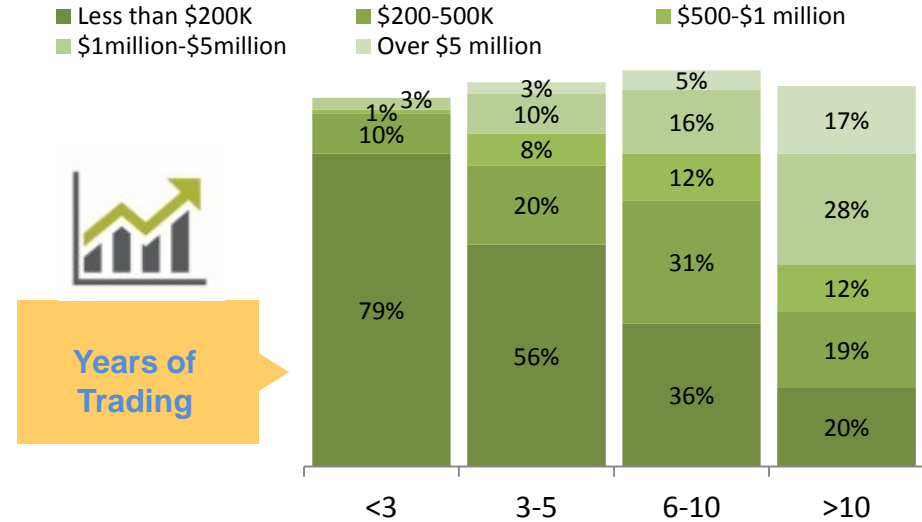
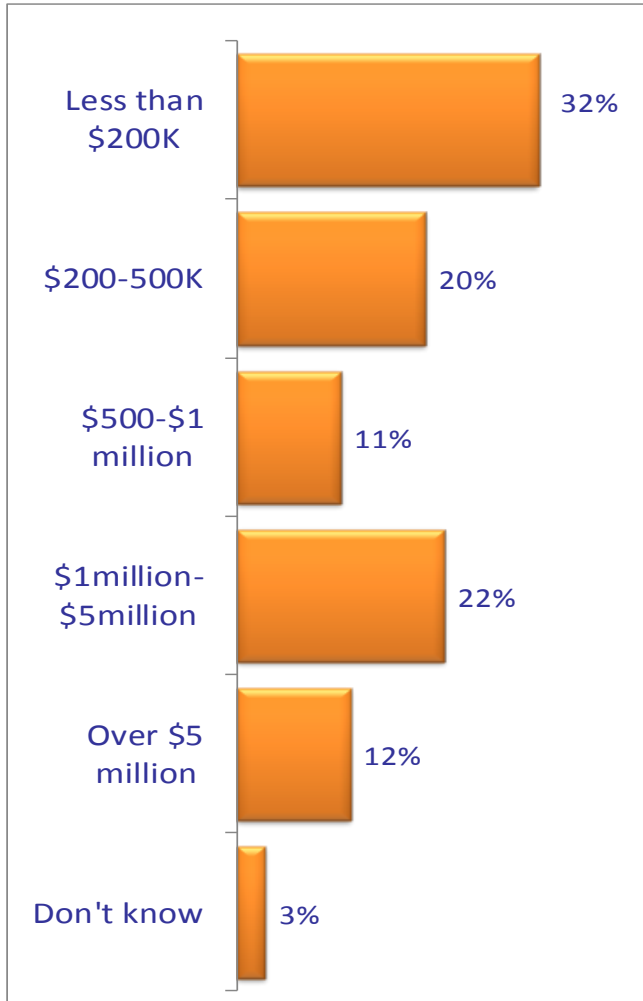


■ Less than 1 year
 ■ 1-2 years
 ■ 3-5 years
 ■ 6-10 years



Annual Turnover

What is your annual business turnover?



'Don't know' omitted from these results

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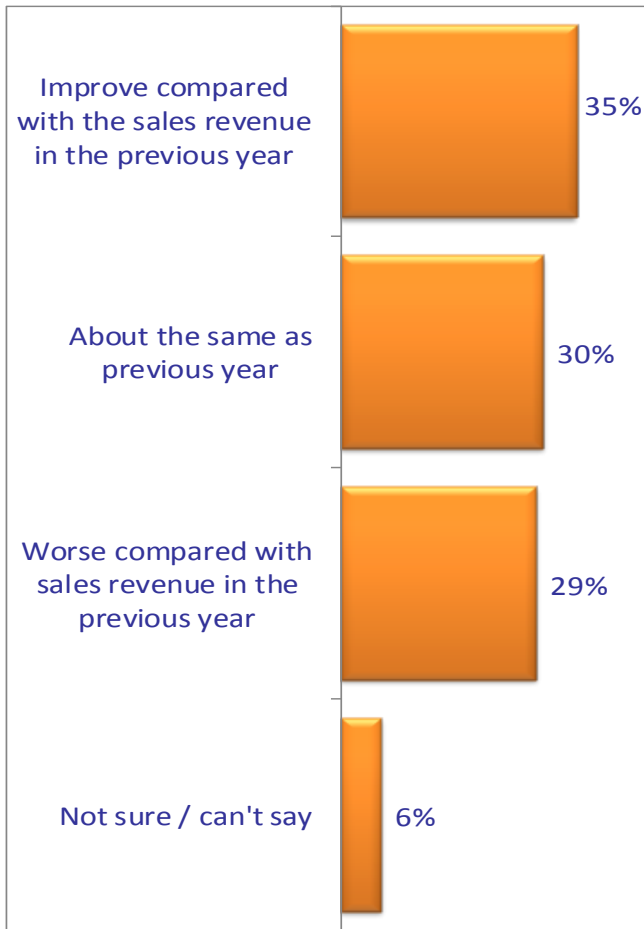
Business Outlook

- Respondents were split as to how their revenue performed over the last year with 35% saying it improved and 29% saying it was worse and 30% saying it stayed the same compared to last year.
- On average there was an overall increase of 1.4% in revenue.
- Businesses with 20 or more employees were most likely to have had an improvement in revenue over the last year (49% had an improvement).
- Nearly half the respondents (46%) expected their revenue to improve over the next year.
- Businesses who had traded for less than three years were more likely to predict an improvement in revenue in the next year (68%).
- The majority of respondents (52%) expected the general economy to grow in the next year – 7% saying it would grow a lot and 45% saying it would grow a little.
- More than a quarter of respondents (26%) expect to employ more people in their business over the next year. Only 12% expect to employ fewer people.
- Growth in employment is most likely to come from businesses that have been trading for less than three years with 40% expecting to employ more people in the next year.

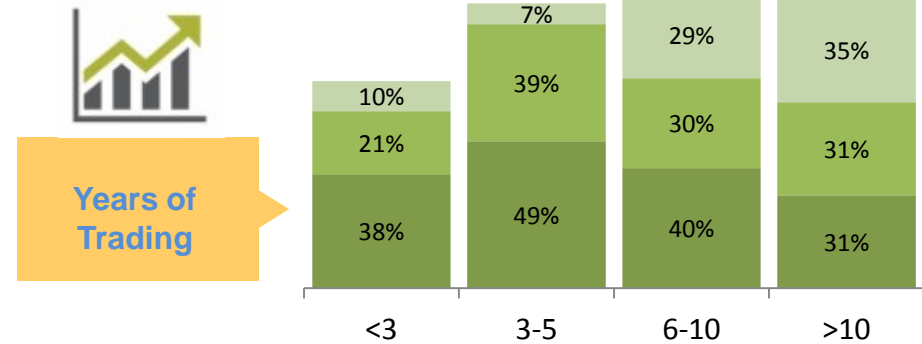


Revenue Performance

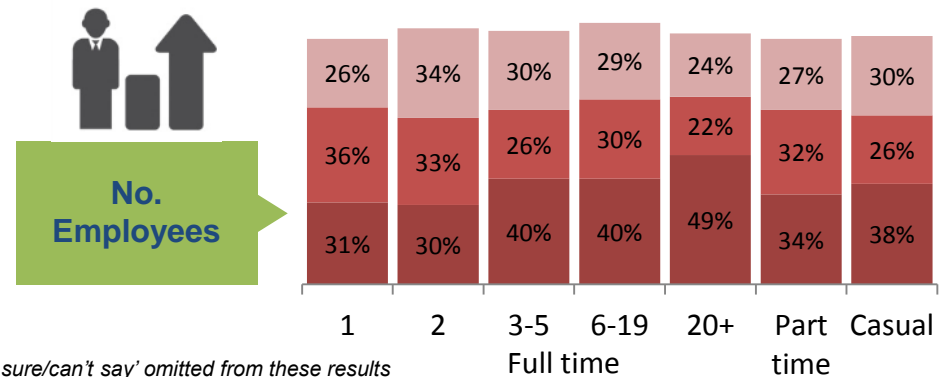
How did your revenue perform over the last year?



- Worse compared with sales revenue in the previous year
- About the same as previous year
- Improve compared with the sales revenue in the previous year



- Worse compared with sales revenue in the previous year
- About the same as previous year
- Improve compared with the sales revenue in the previous year



'Not sure/can't say' omitted from these results

n=648

Revenue Performance

Approximately by what percentage did your revenue increase/decrease in the last year?

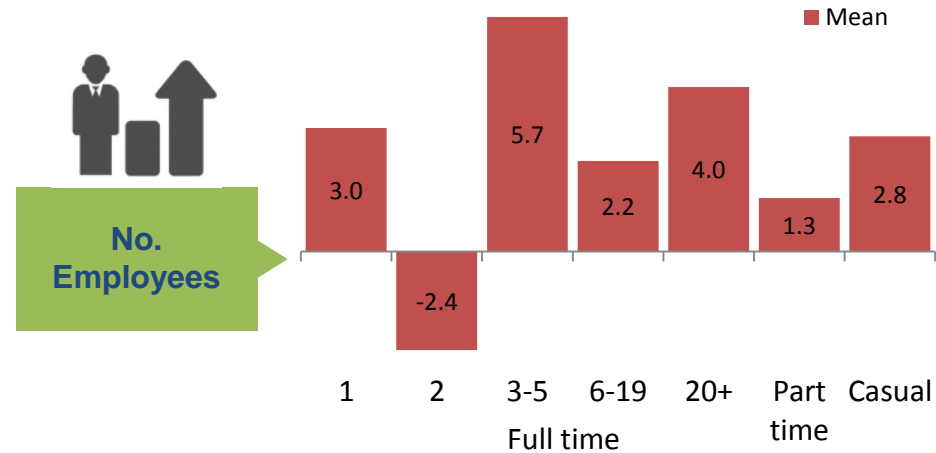
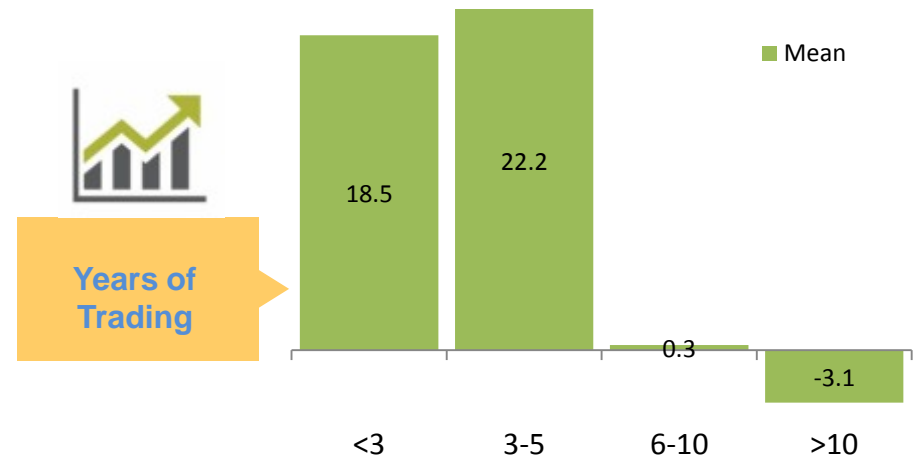
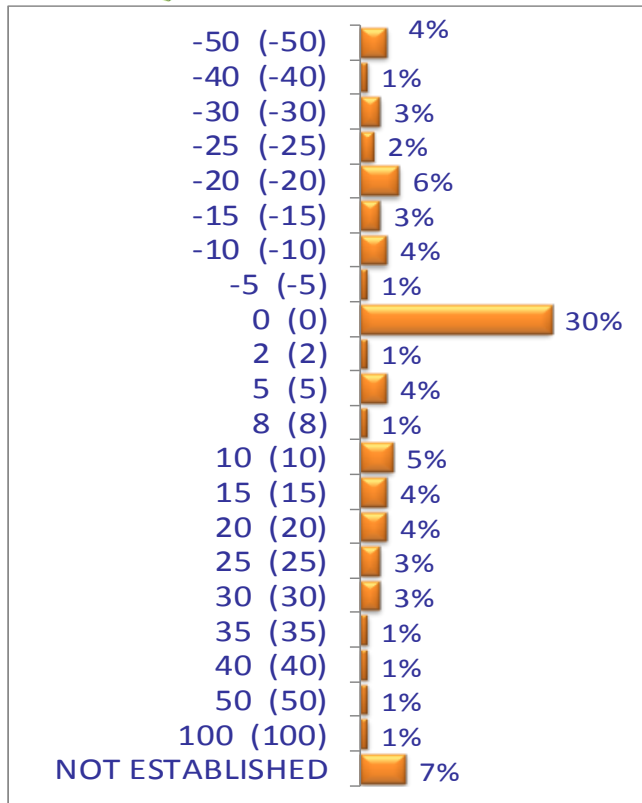
On average revenue



increased by

1.4%

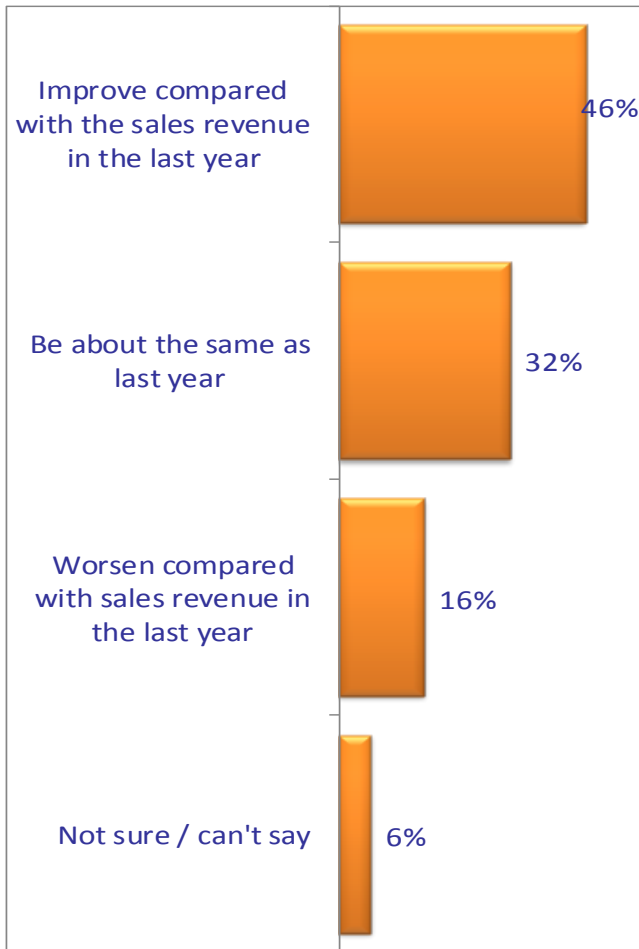
in the last year



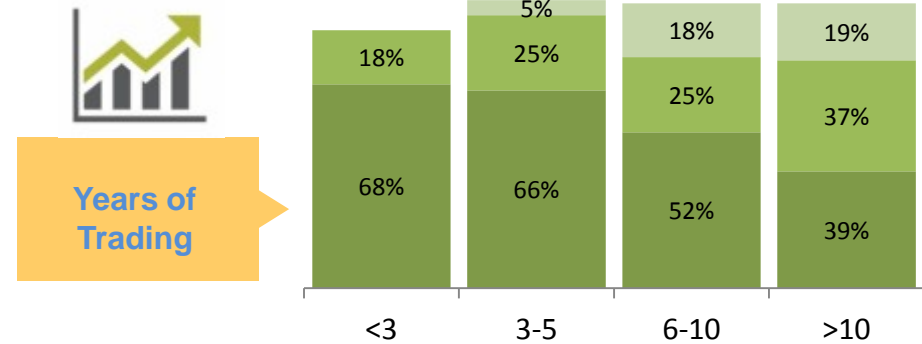
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Projected Revenue Performance

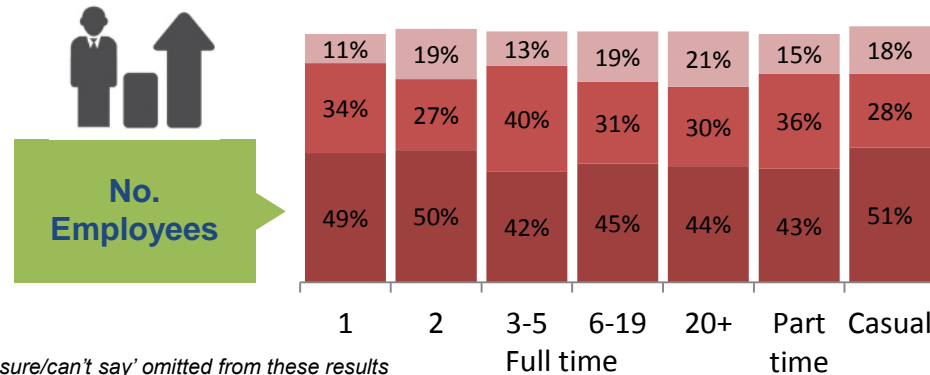
How do you expect your revenue to perform over the next year?



- Worsen compared with sales revenue in the last year
- Be about the same as last year
- Improve compared with the sales revenue in the last year



- Worsen compared with sales revenue in the last year
- Be about the same as last year
- Improve compared with the sales revenue in the last year

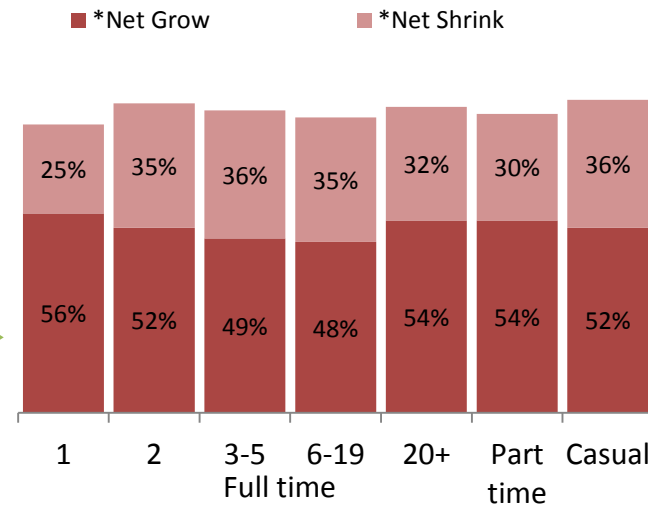
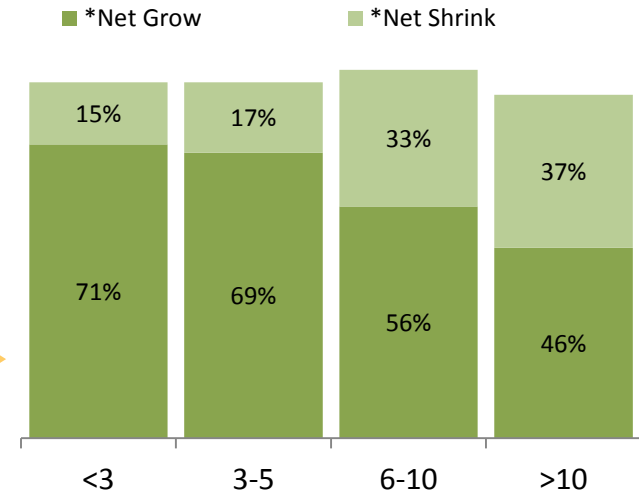
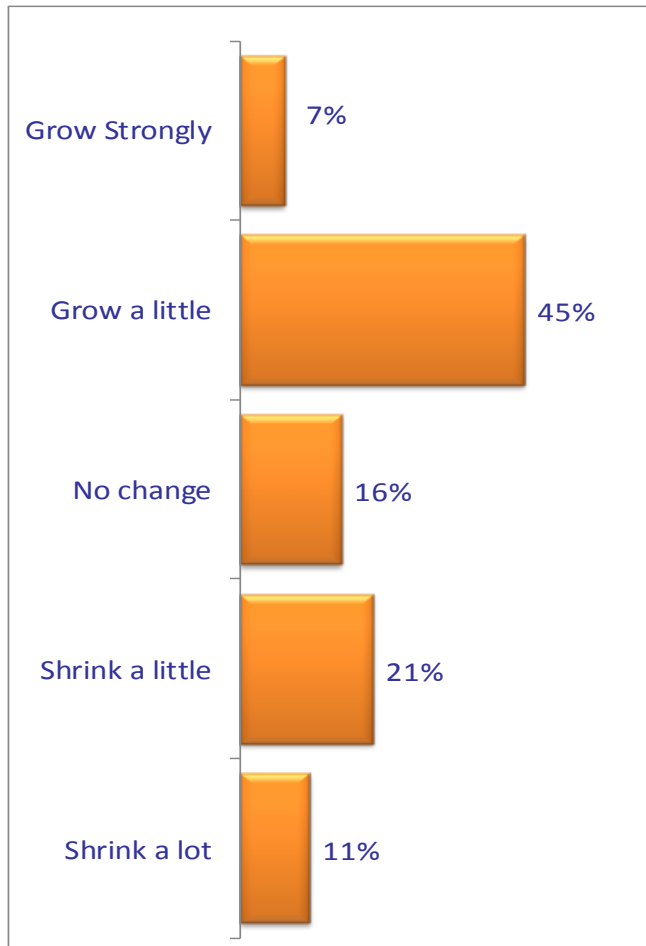


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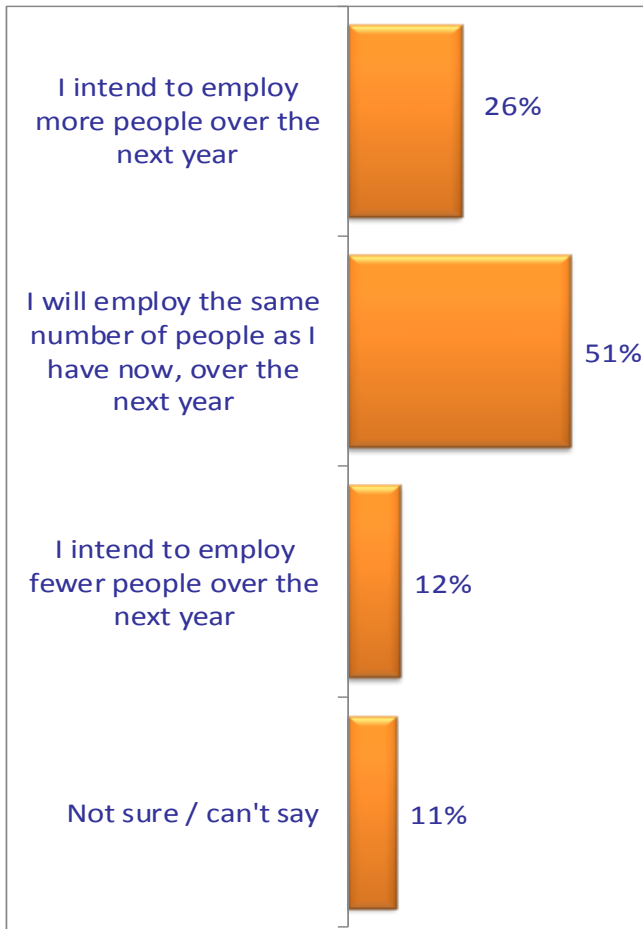
Future Prospects of Business Economy

What do you believe are the prospects for the business economy over the next 12 months? Do you think that it will..

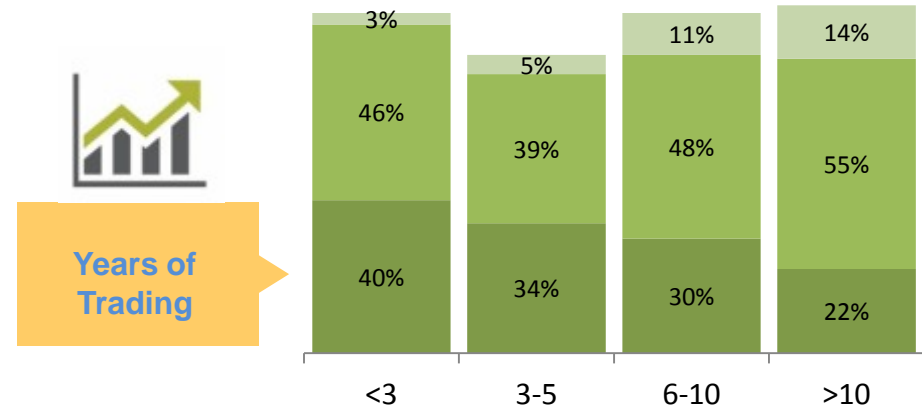


Future Employment

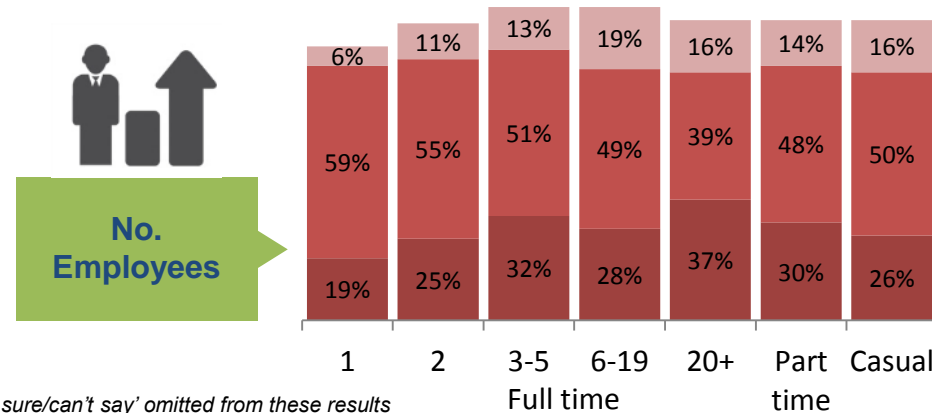
Do you expect to employ more people than you currently have, fewer people than you currently have or keep the same number of people during the next year?



- I intend to employ fewer people over the next year
- I will employ the same number of people as I have now, over the next year
- I intend to employ more people over the next year



- I intend to employ fewer people over the next year
- I will employ the same number of people as I have now, over the next year
- I intend to employ more people over the next year



'Not sure/can't say' omitted from these results

n=648

Impacting Business

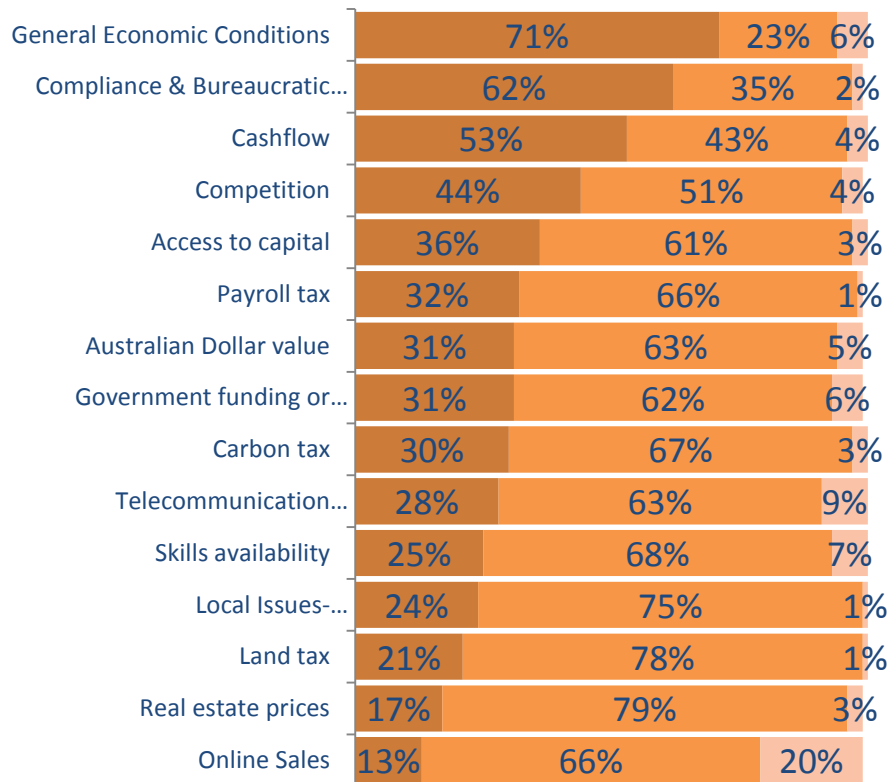
- The main issues business more difficult for respondents are:
 - The general economic conditions (71%);
 - Compliance and bureaucratic issues (62%); and
 - Cash flow (53%).

- Overall three quarters of respondents said that their utility costs increased in the last year with 39% saying they increased significantly.
- Other noticeable increases were:
 - Employee wages (51% had increased);
 - Insurance and workers compensation costs (55% had increased), and
 - Technology costs (53% had increased).



Business Impact

To what extent are the following impacting your business?



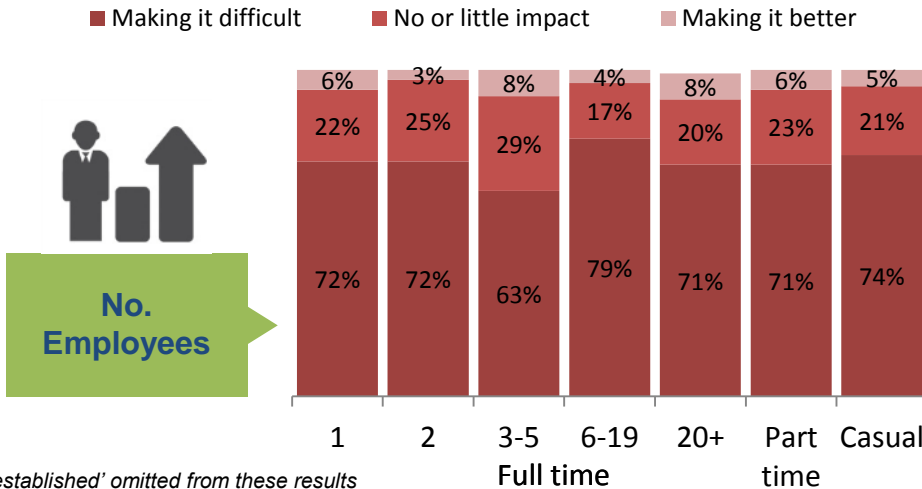
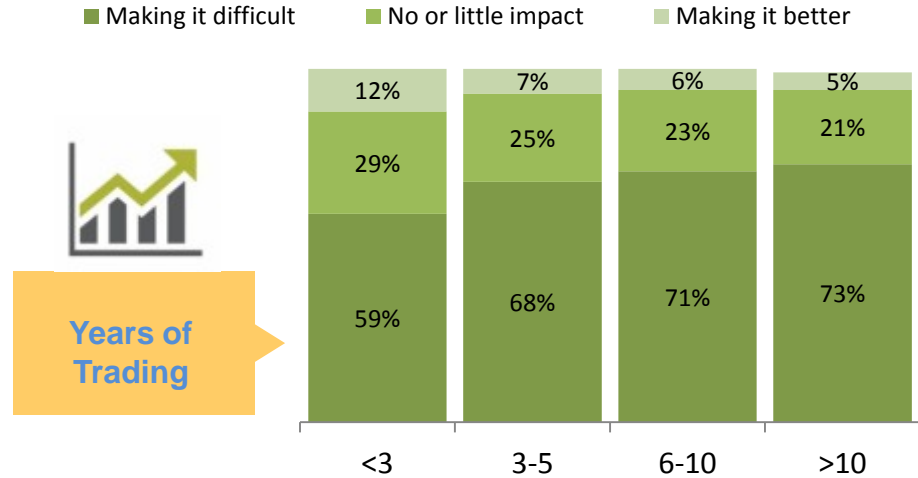
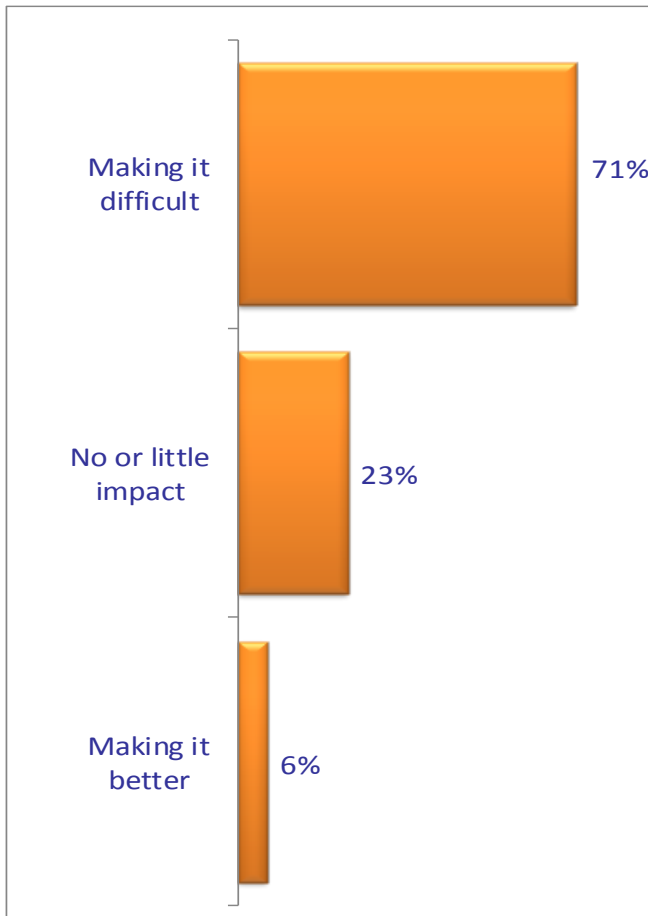
■ Making it difficult ■ No or little impact ■ Making it better

- The main factors impacting businesses are:
- General Economic Conditions
- Compliance and Bureaucratic red tape
- Cash flow



Impact – General Economic Conditions

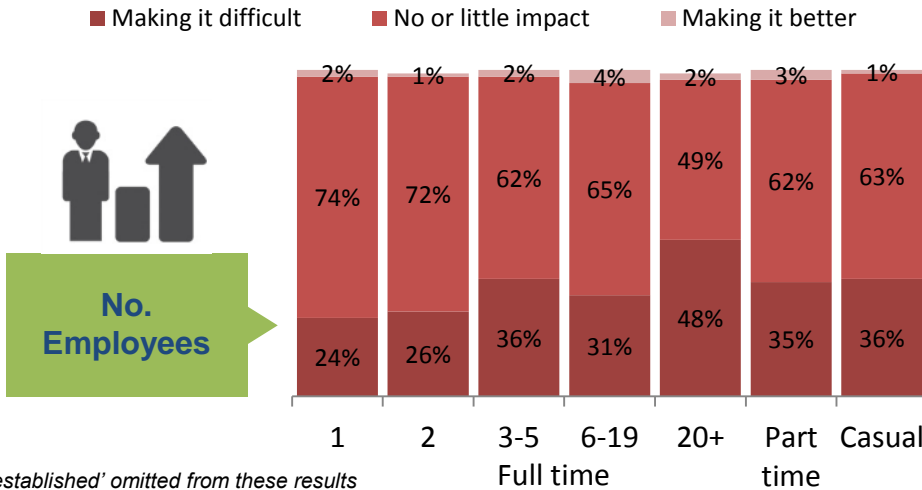
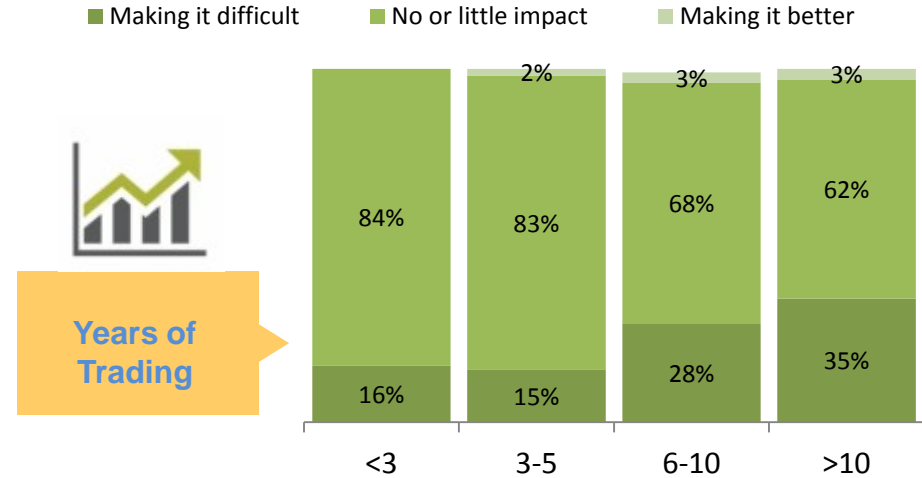
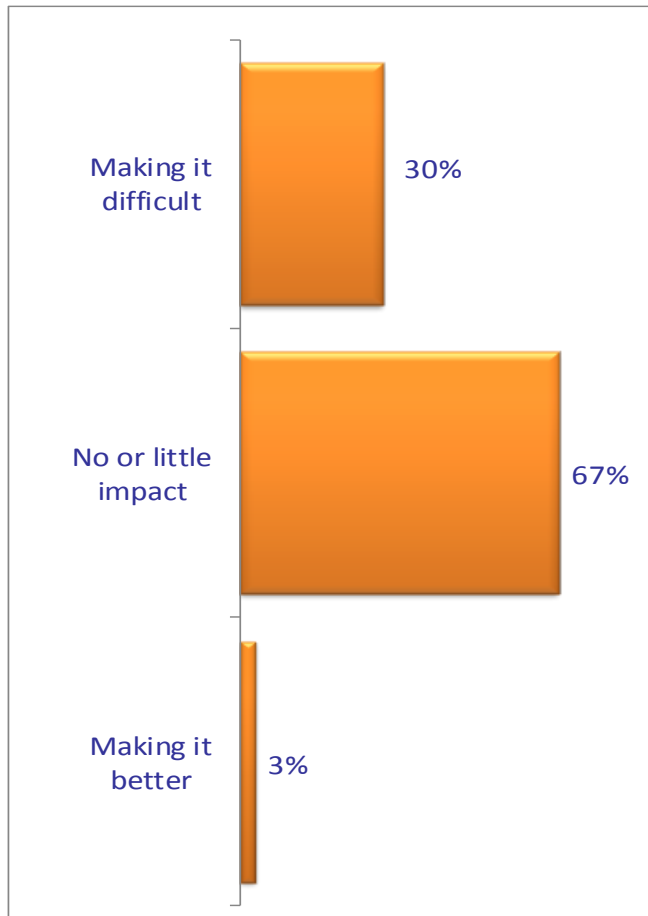
To what extent are the following impacting your business?



'Not established' omitted from these results

Impact – Carbon Tax

To what extent are the following impacting your business?

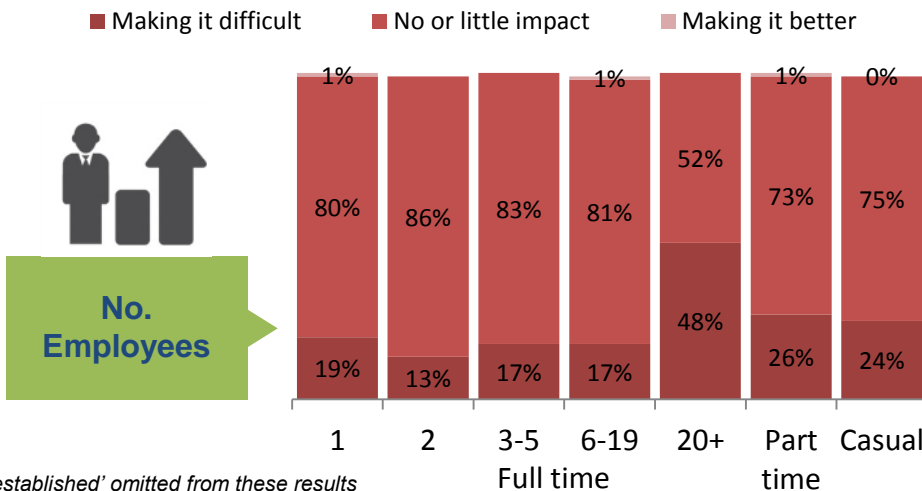
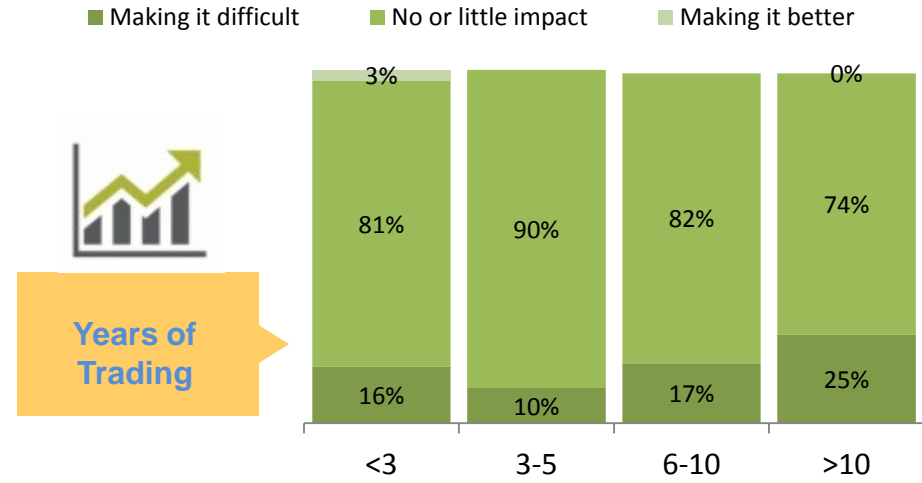
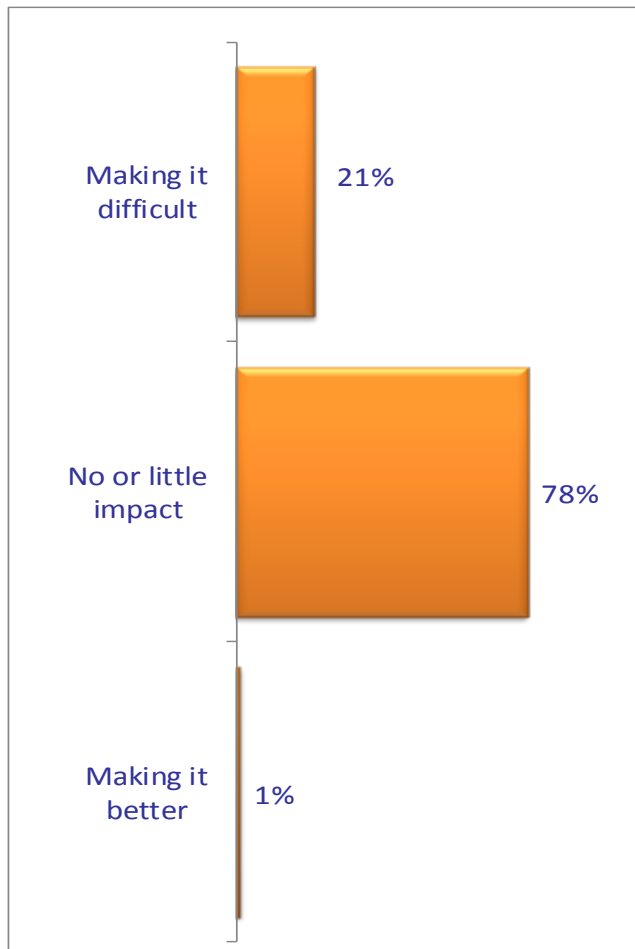


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Impact – Land Tax

To what extent are the following impacting your business?

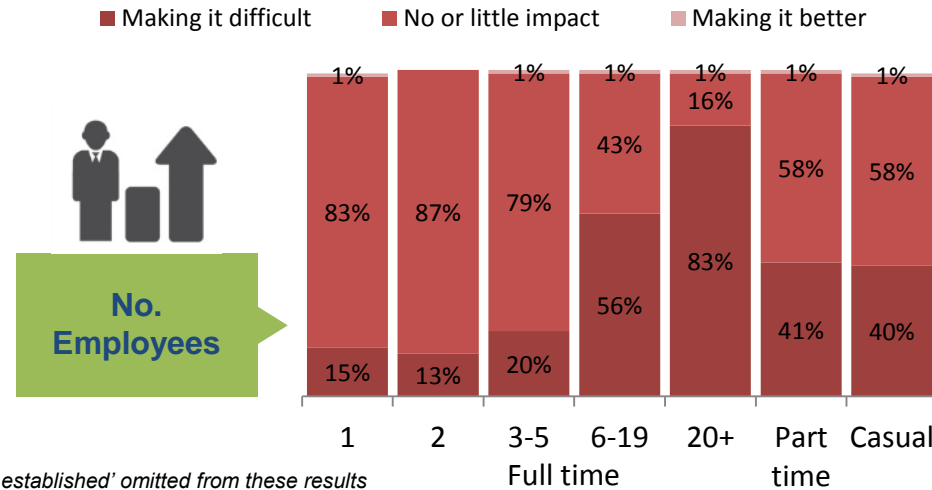
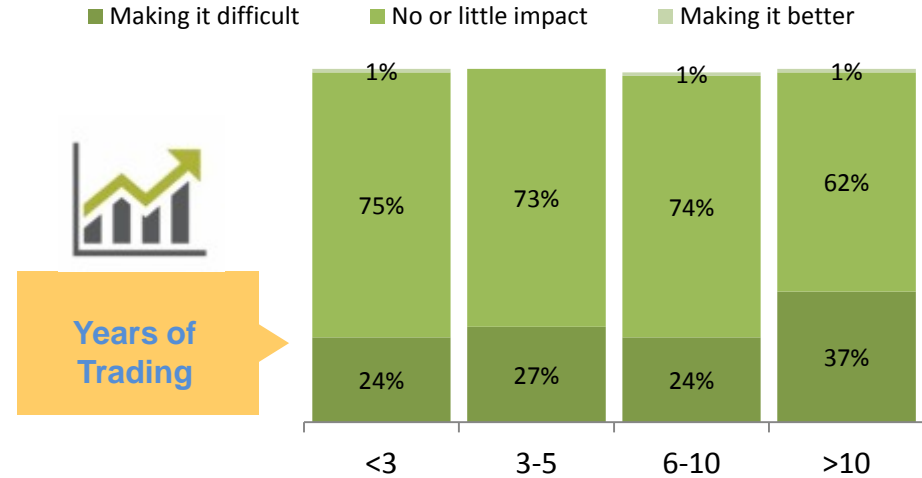
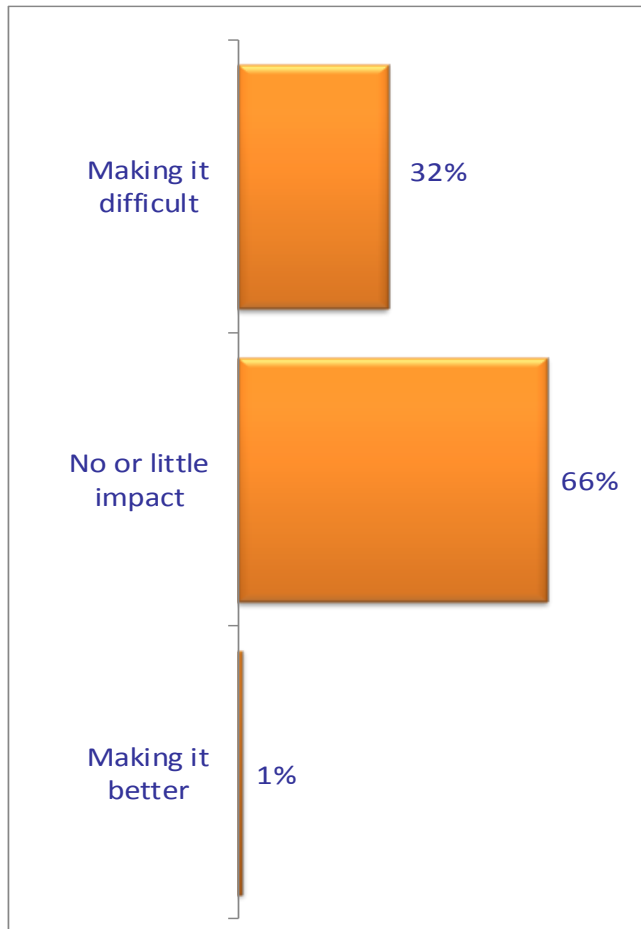


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Impact – Payroll Tax

To what extent are the following impacting your business?

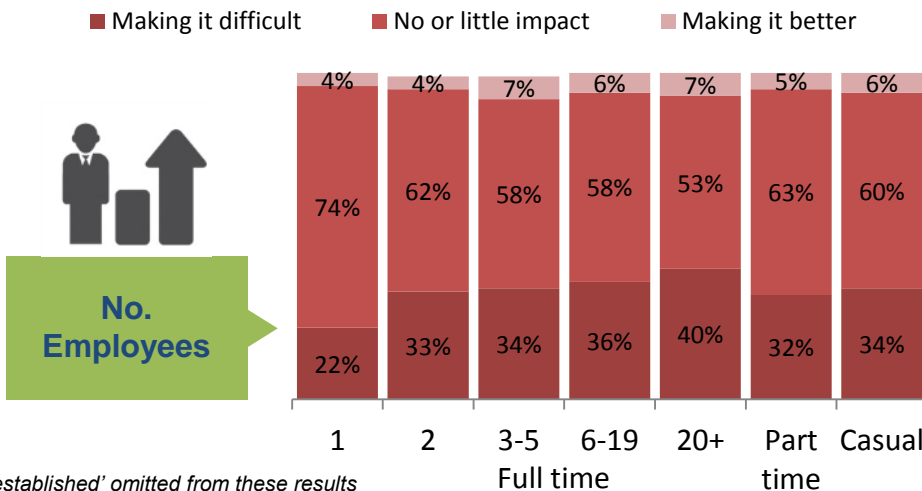
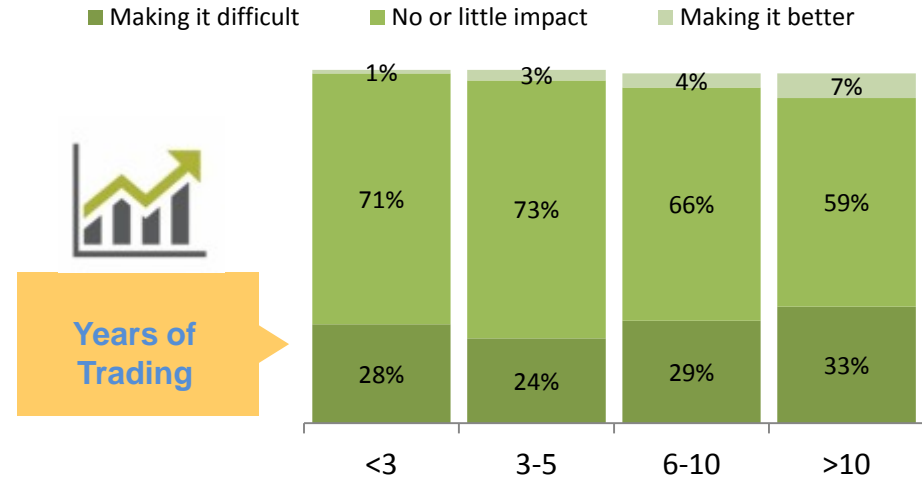
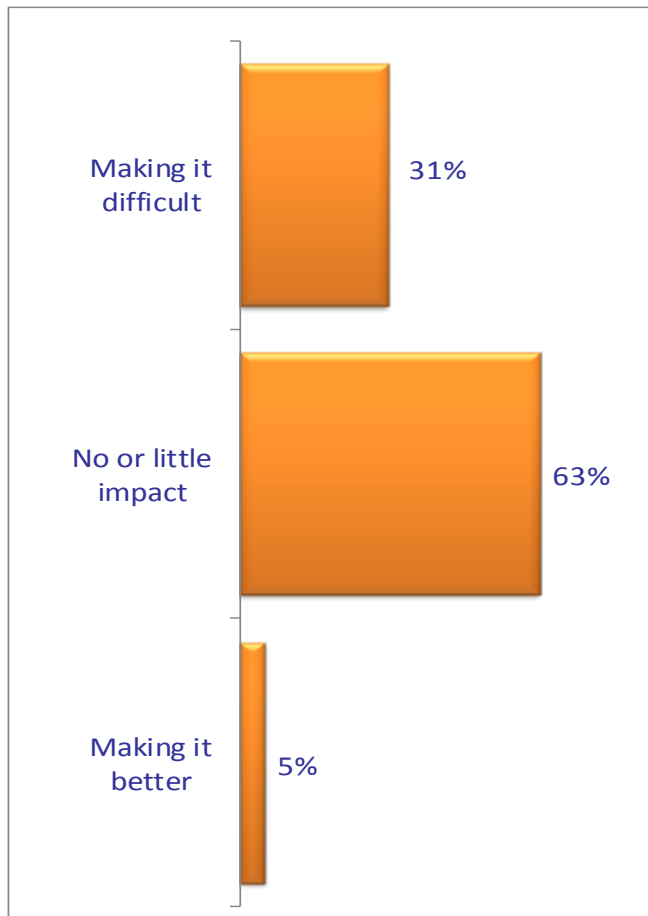


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Impact – Australian Dollar value

To what extent are the following impacting your business?

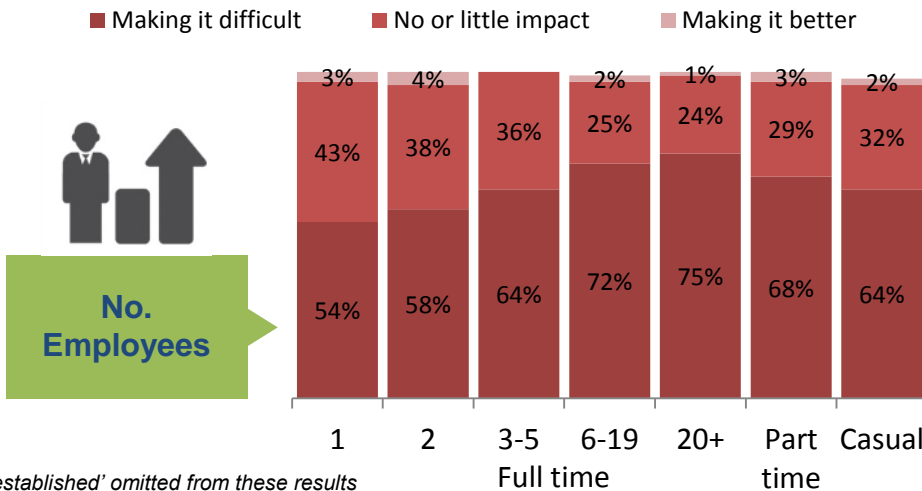
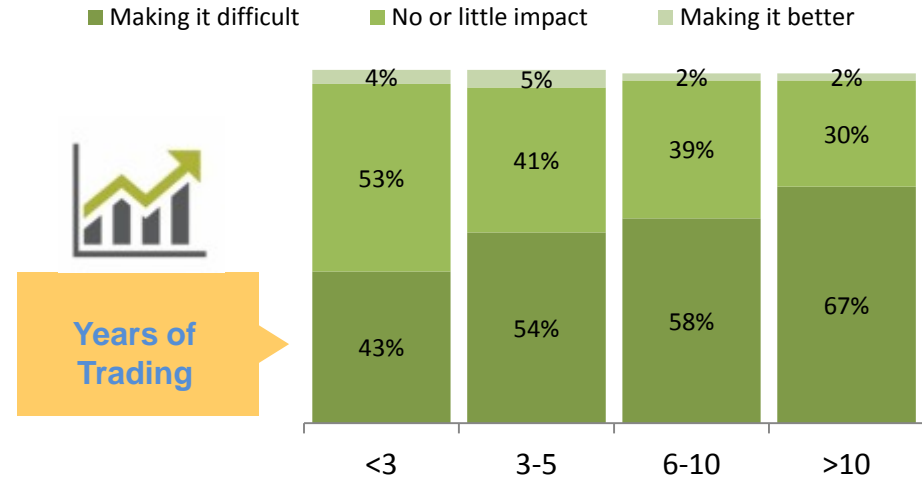
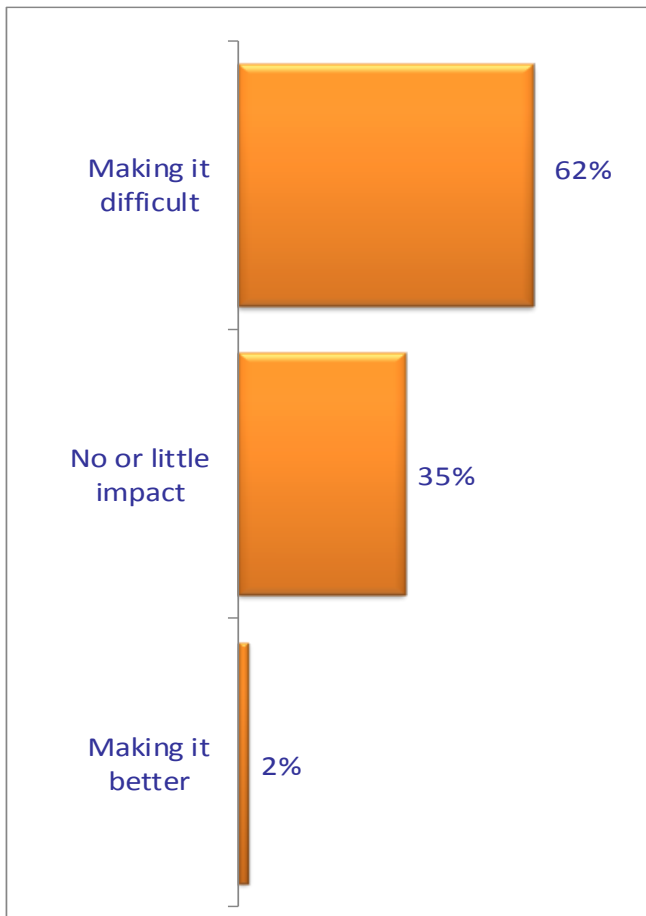


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Impact – Compliance & Bureaucratic Issues

To what extent are the following impacting your business?

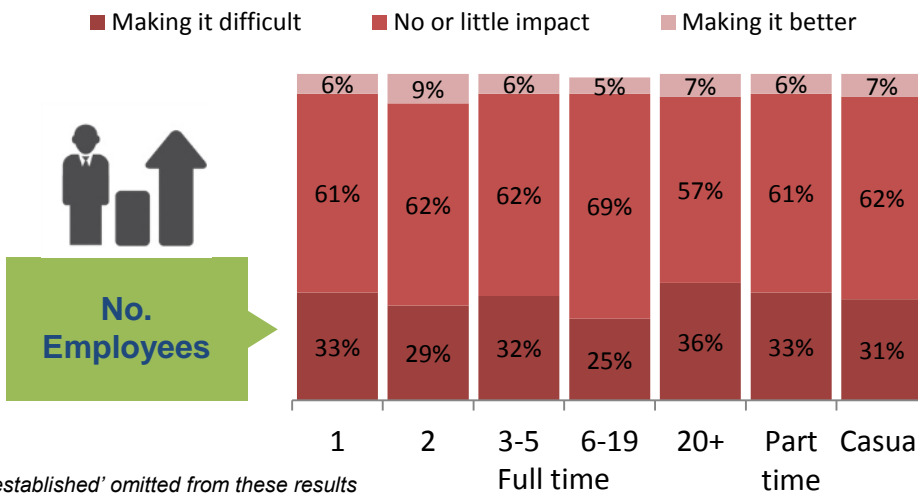
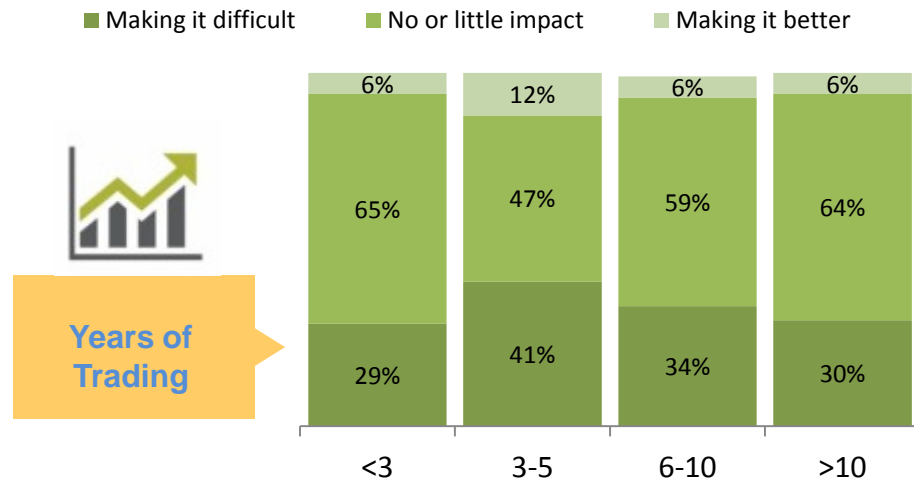
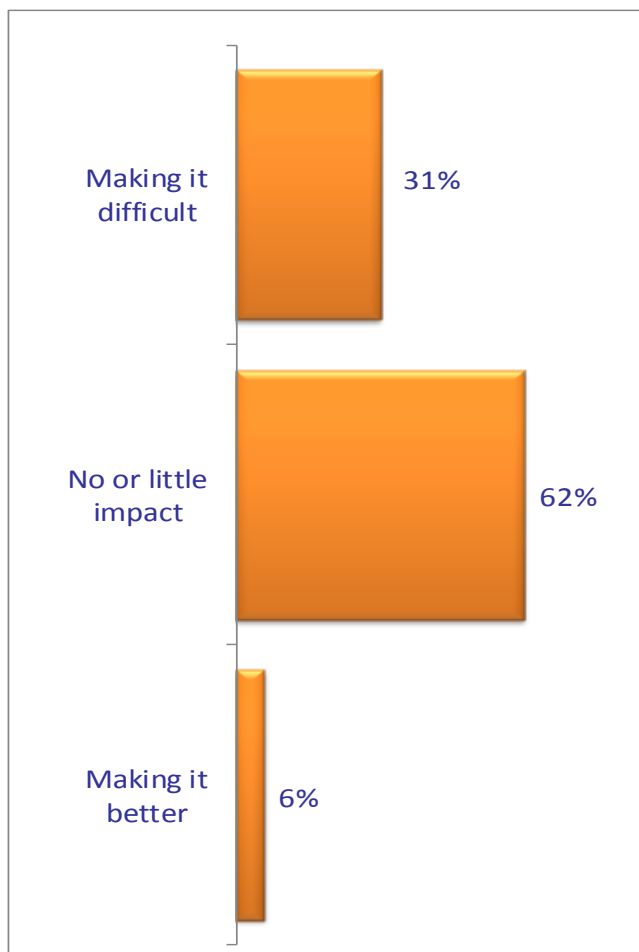


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Impact – Government funding or support

To what extent are the following impacting your business?

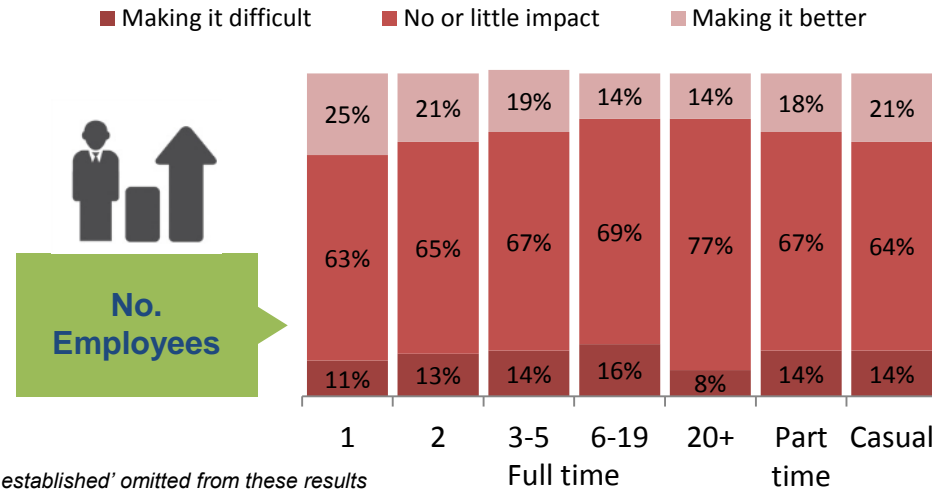
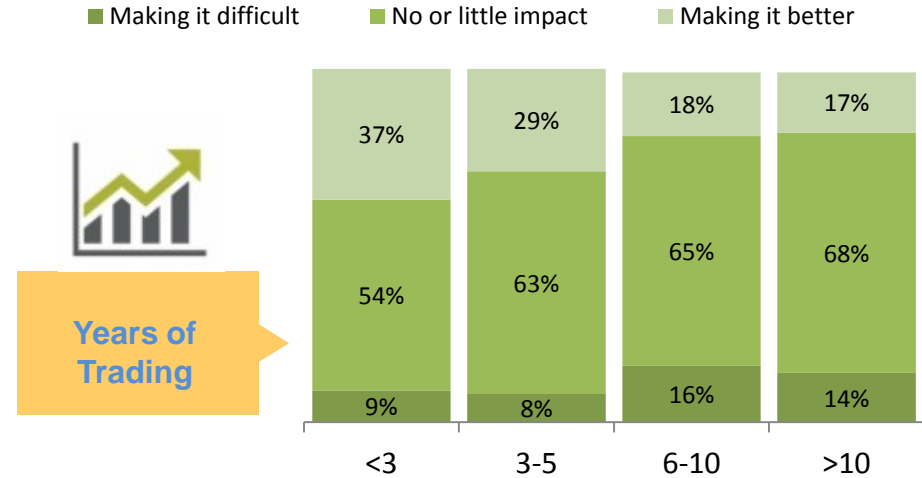
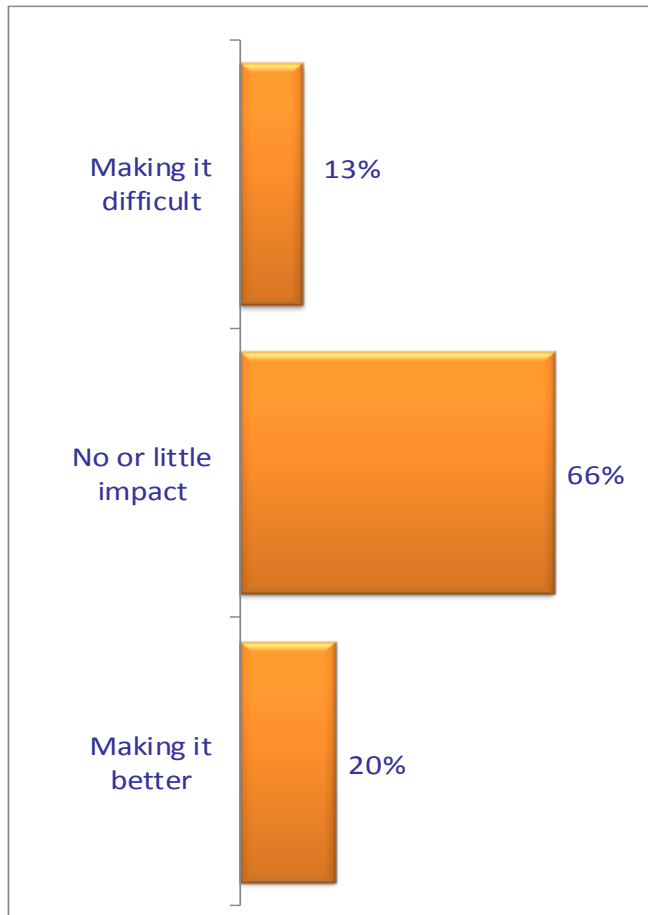


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Impact – Online Sales

To what extent are the following impacting your business?

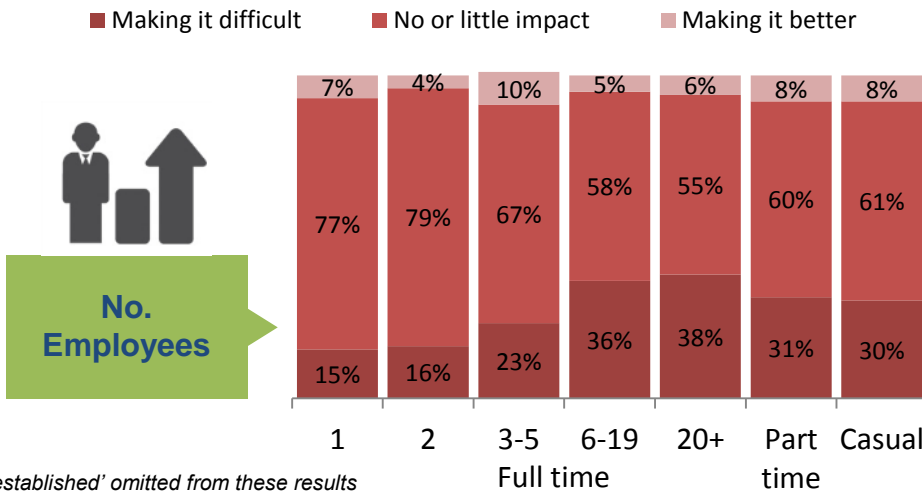
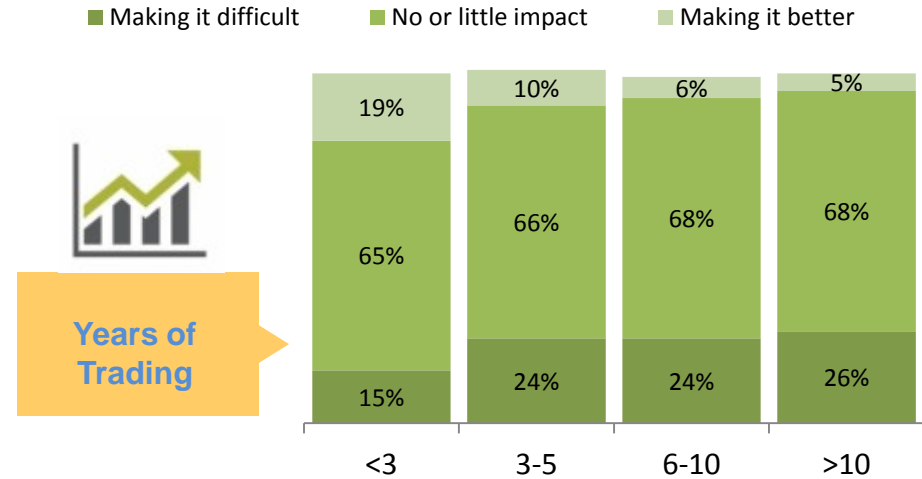
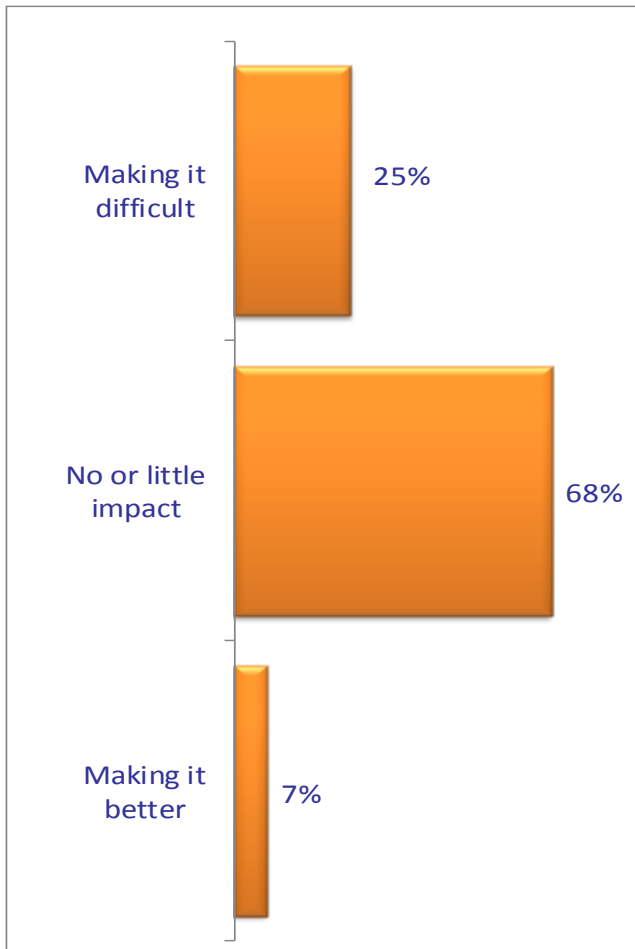


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n=648

Impact – Skills Availability

To what extent are the following impacting your business?

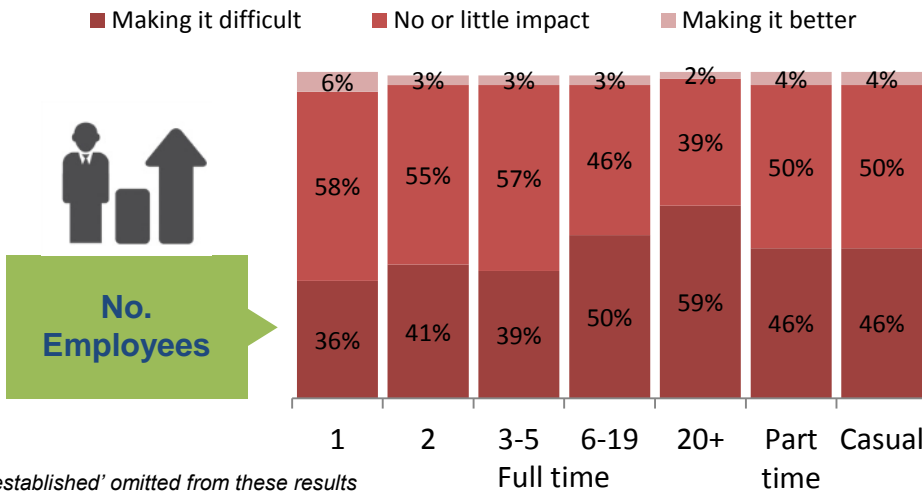
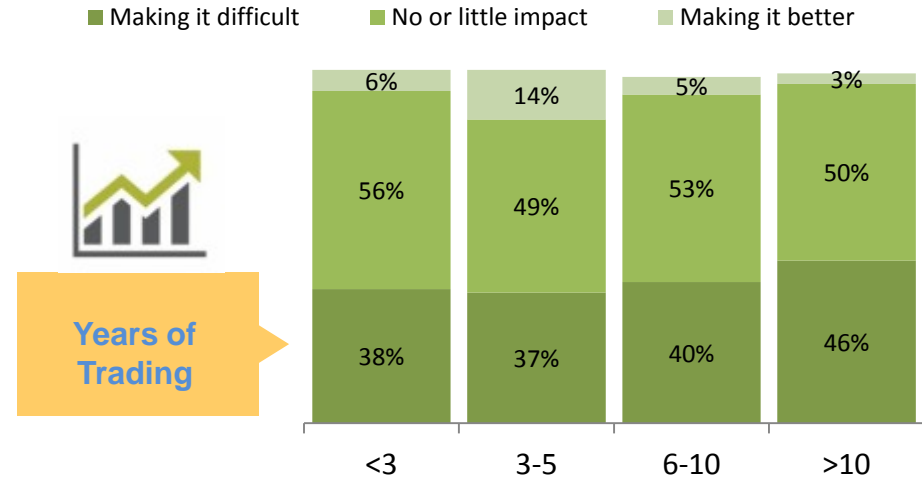
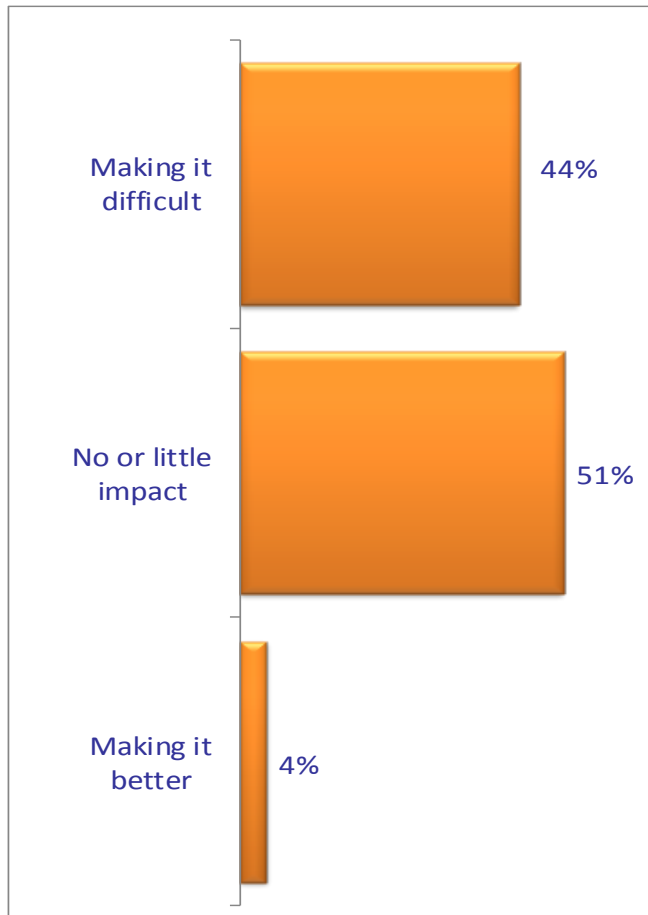


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n=648

Impact – Competition

To what extent are the following impacting your business?

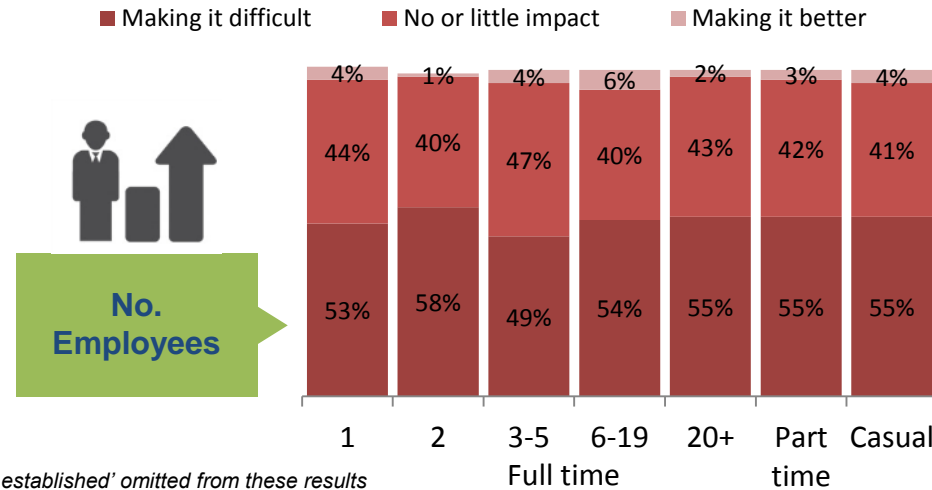
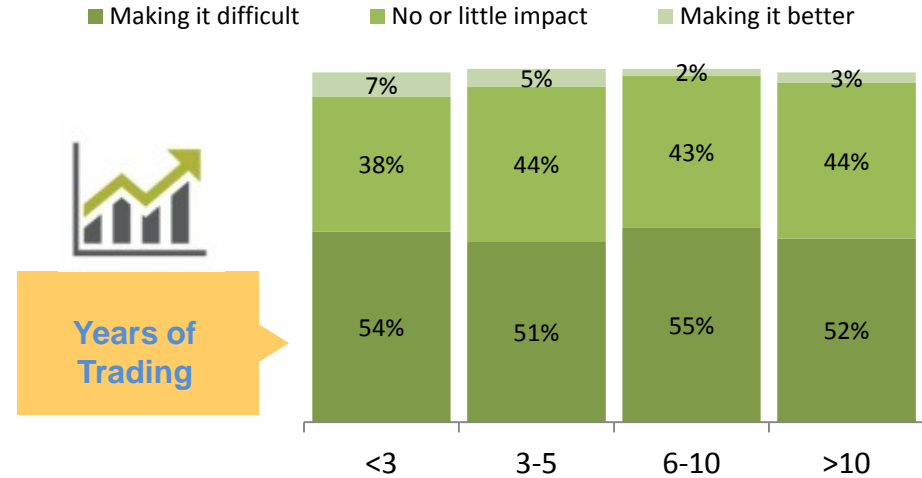
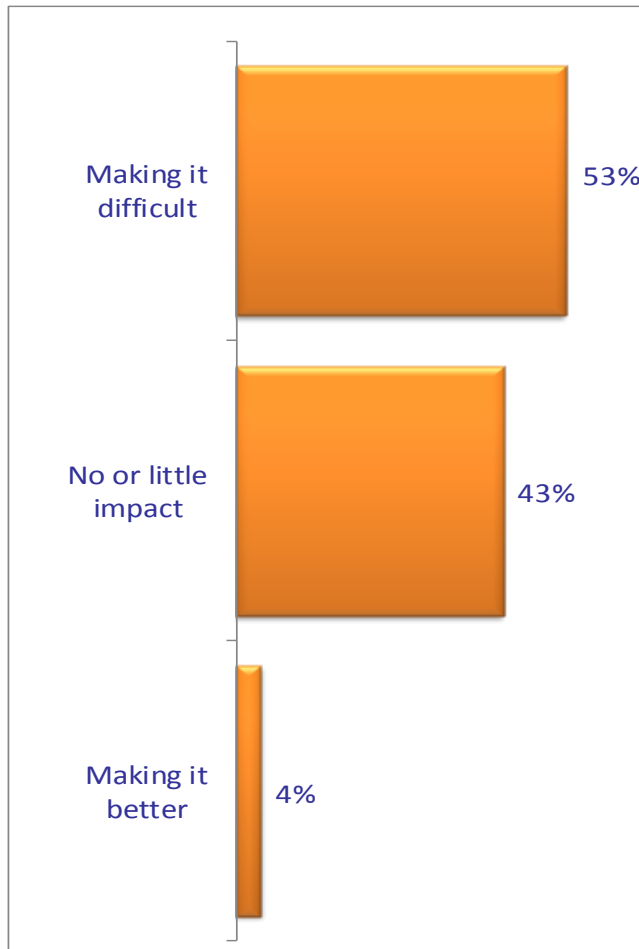


'Not established' omitted from these results

n=648

Impact – Cash flow

To what extent are the following impacting your business?

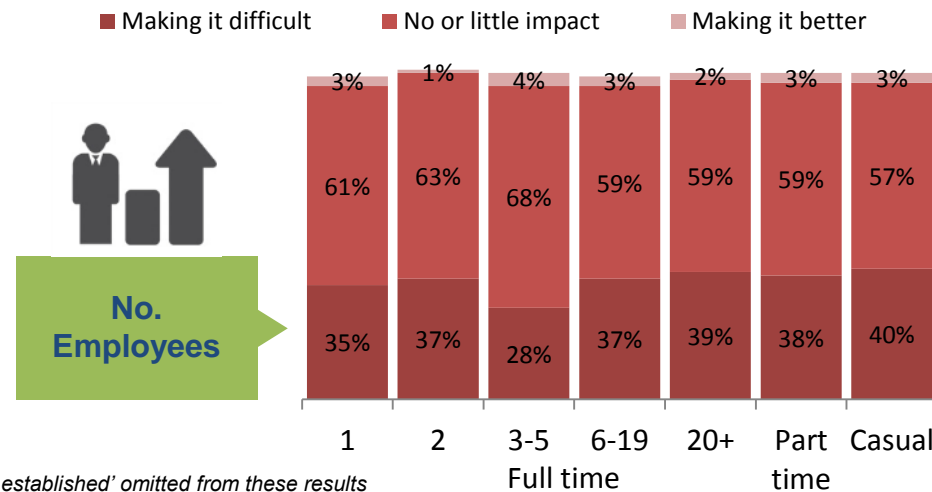
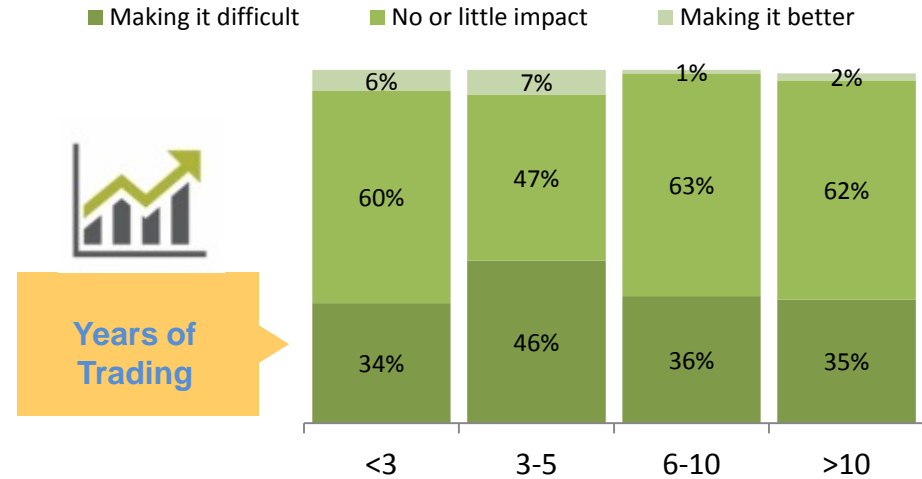
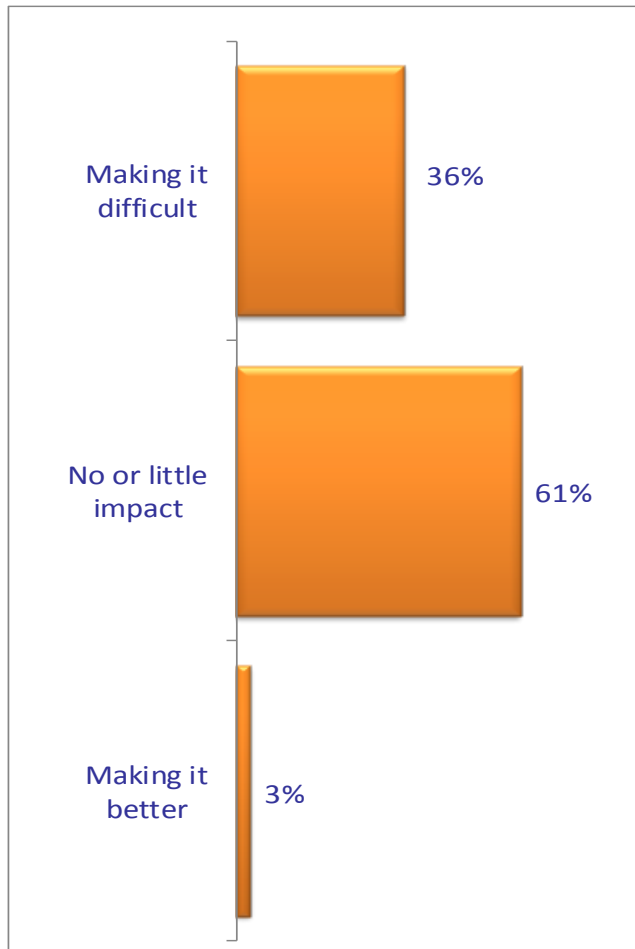


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n=648

Impact – Access to Capital

To what extent are the following impacting your business?

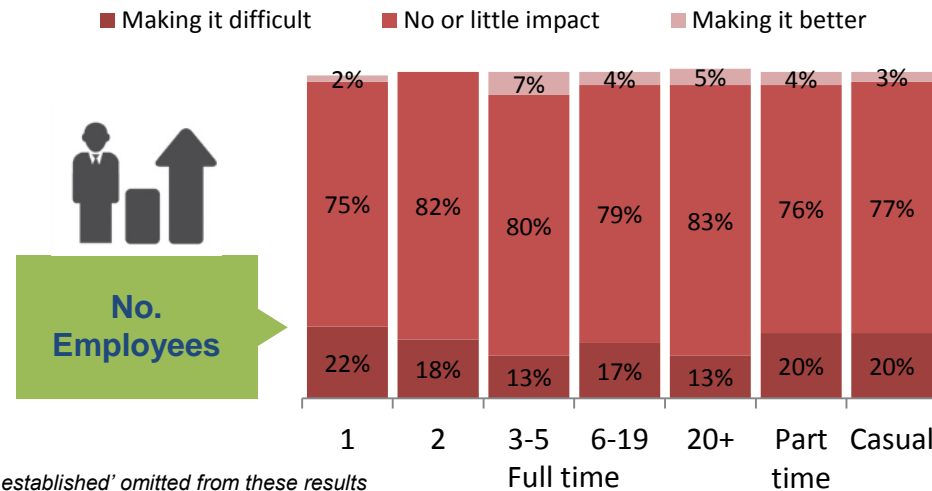
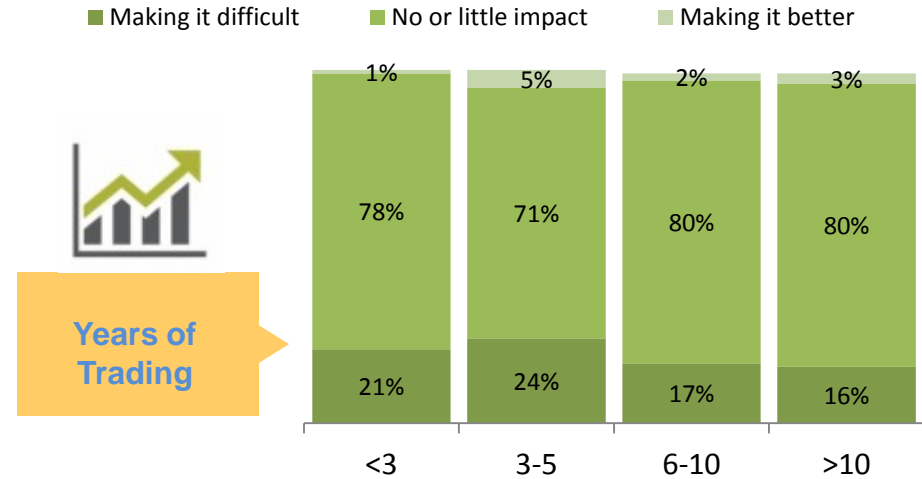
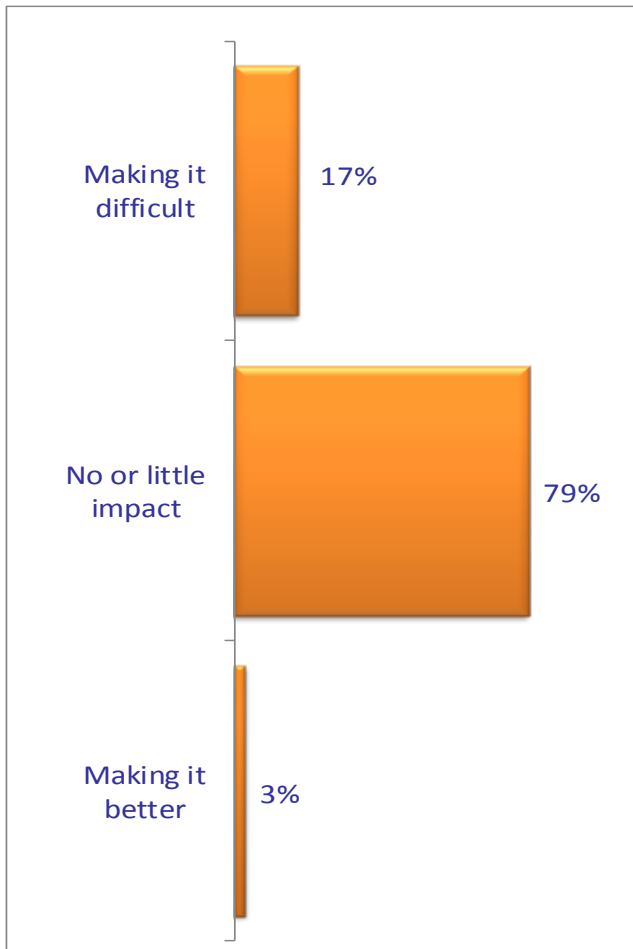


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n=648

Impact – Real Estate Prices

To what extent are the following impacting your business?

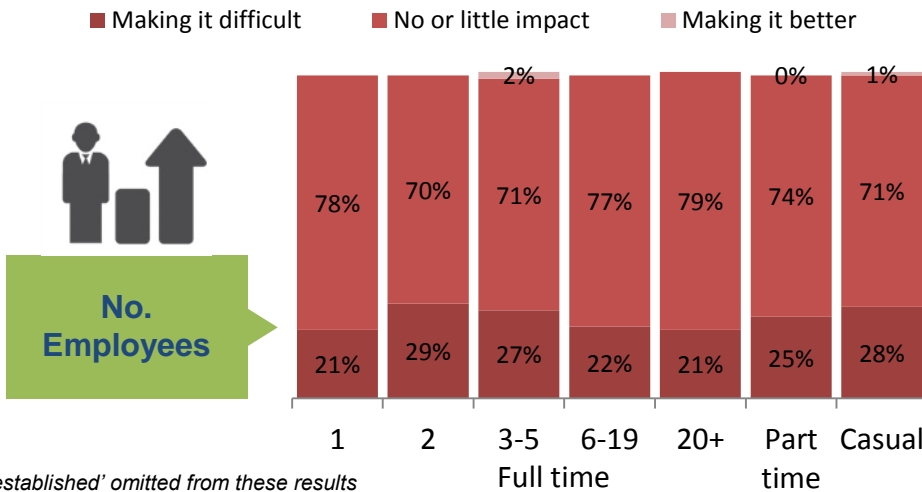
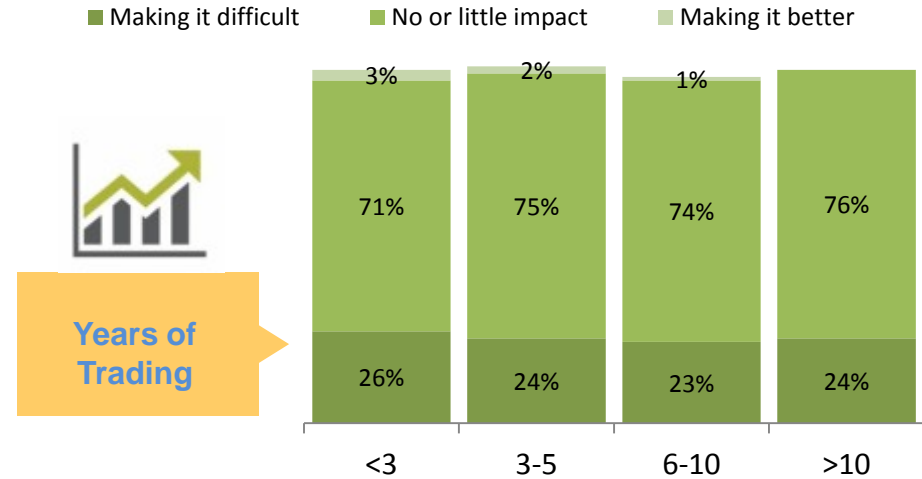
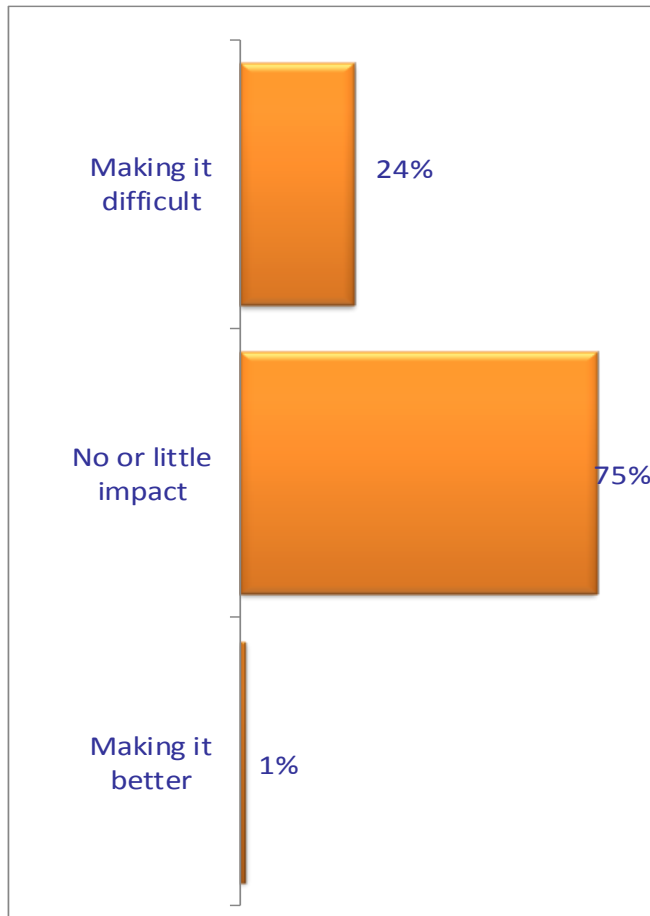


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n=648

Impact – Local Issues

To what extent are the following impacting your business?

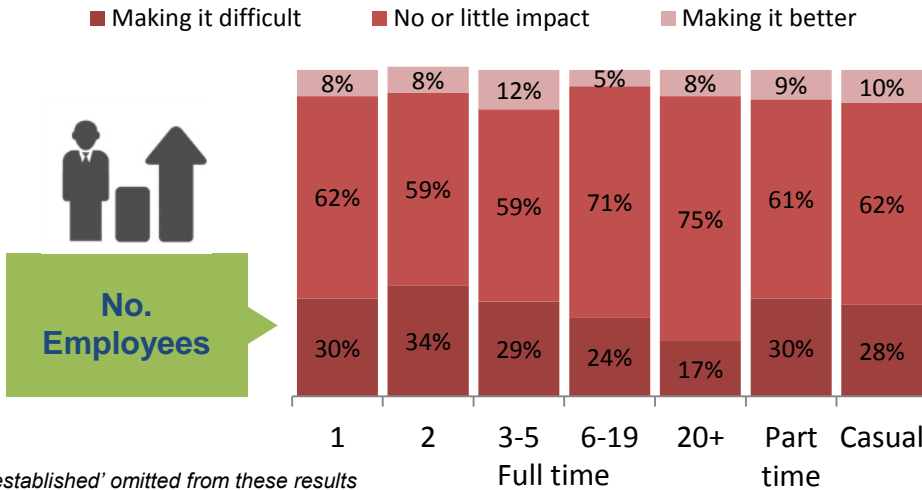
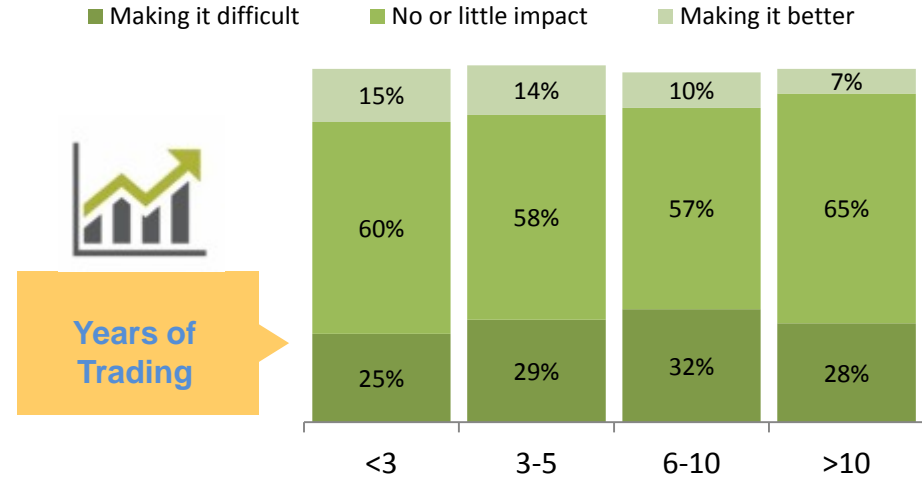
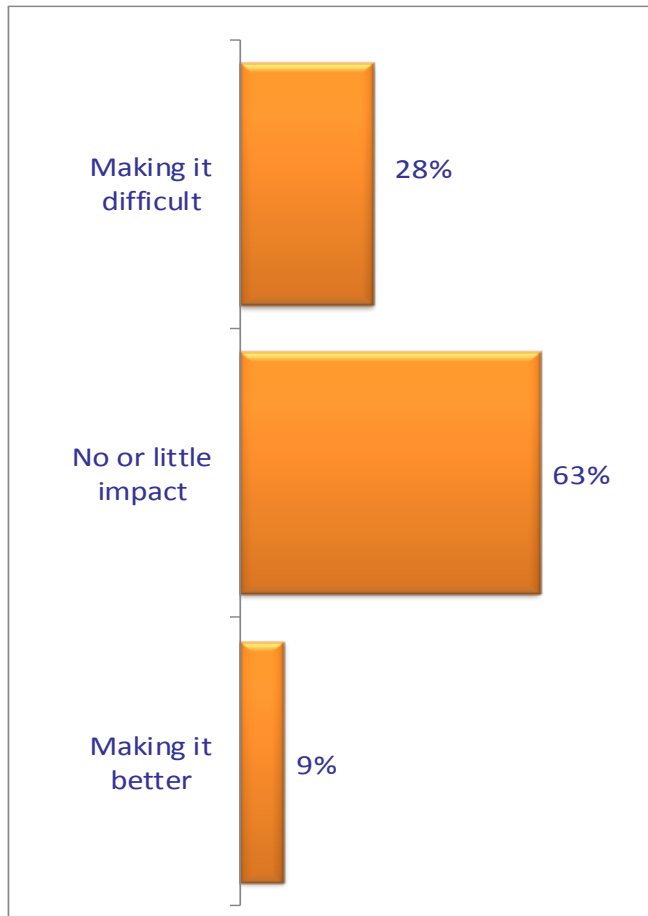


'Not established' omitted from these results

n=648

Impact – Telecommunication infrastructure

To what extent are the following impacting your business?



'Not established' omitted from these results

n=648

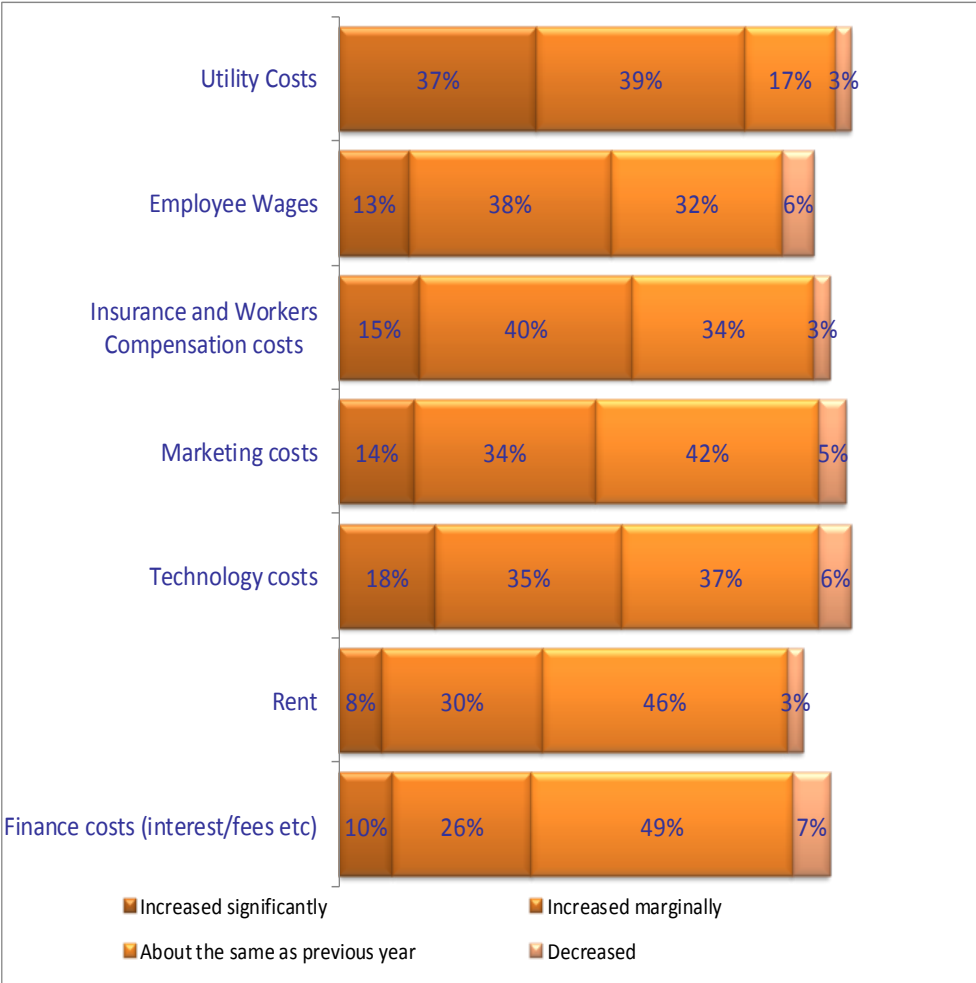
Impact – Other

Do you have any other comments you would like to add regarding the above impact factors?



Costs

How did your costs change over the last year?



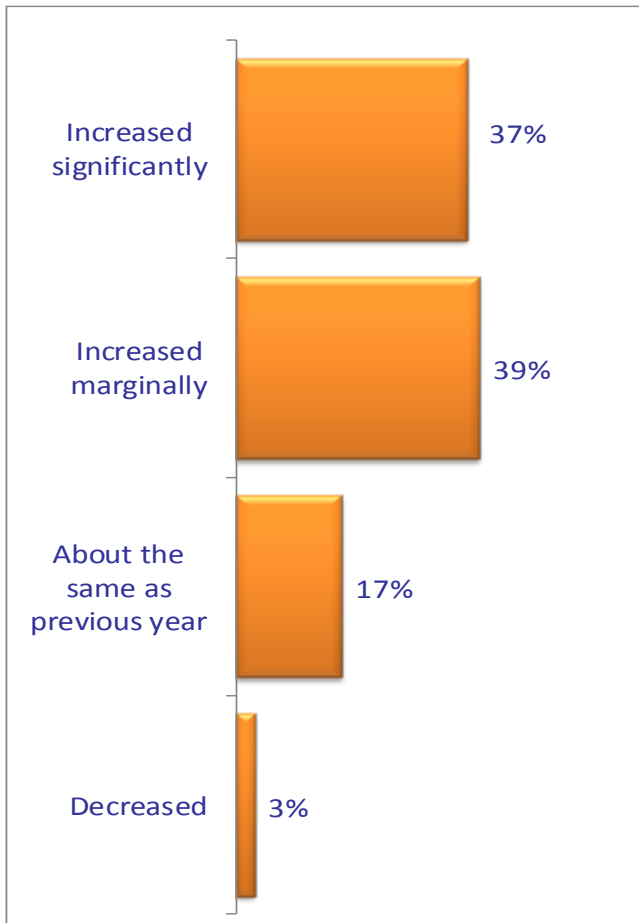
- More than three quarters of respondents said that their utility costs increased in the last year (39% significantly).
- More than half said that the following costs had increased:
 - Employee wages
 - Insurance and workers compensation
 - Technology

'Not sure/can't say' omitted from these results

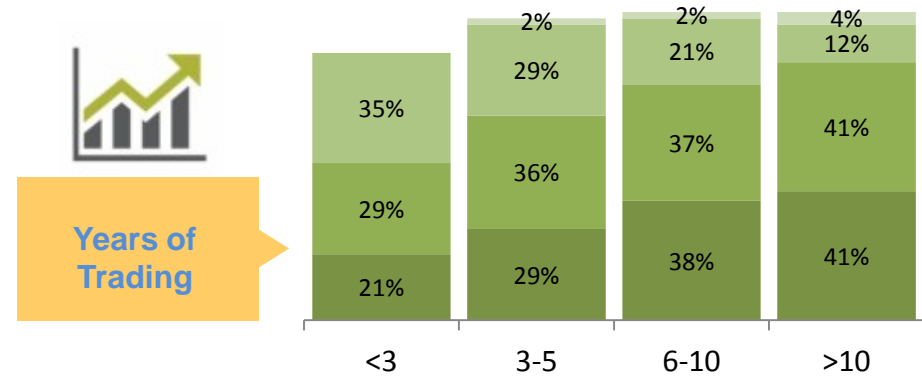
n=648

Costs – Utility Costs

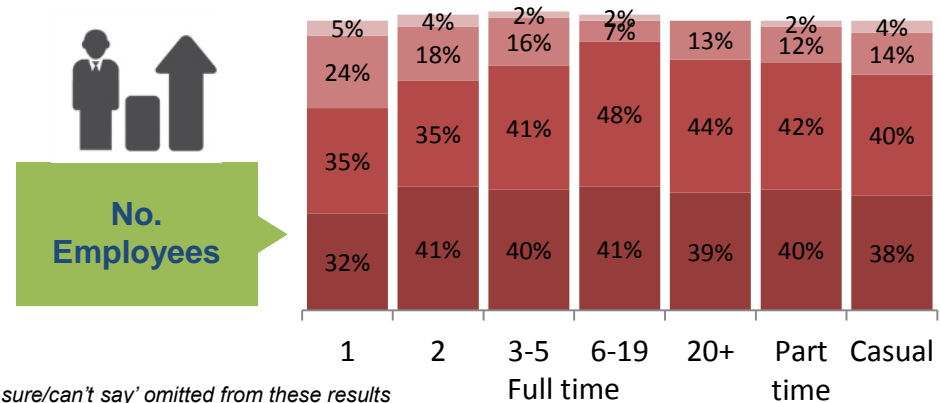
How did your costs change over the last year?



■ Increased significantly
■ Increased marginally
■ About the same as previous year
■ Decreased



■ Increased significantly
■ Increased marginally
■ About the same as previous year
■ Decreased

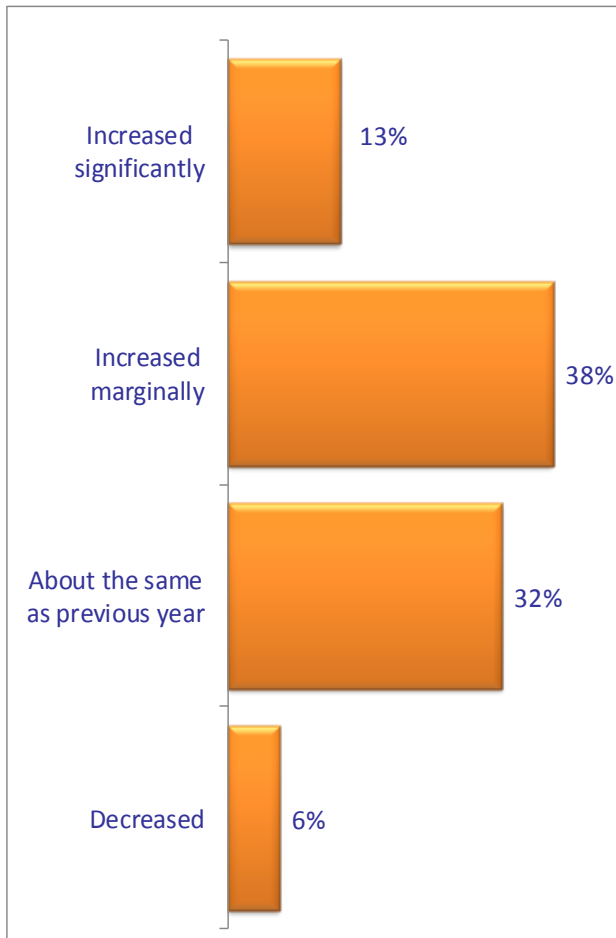


'Not sure/can't say' omitted from these results

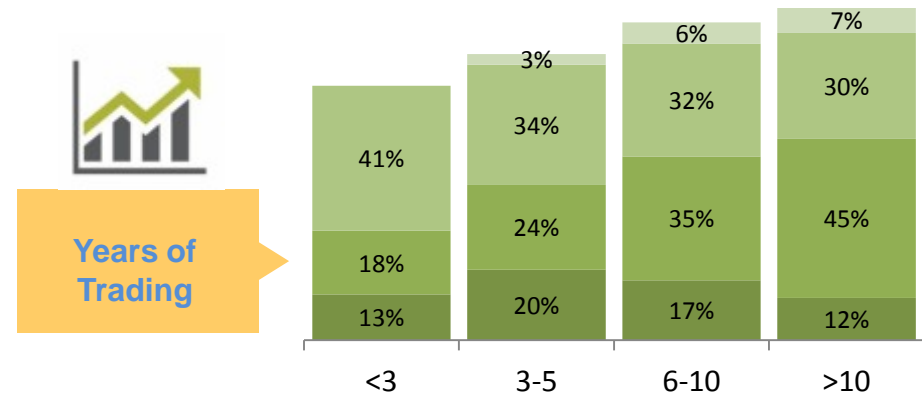
n=648

Costs – Employee Wages

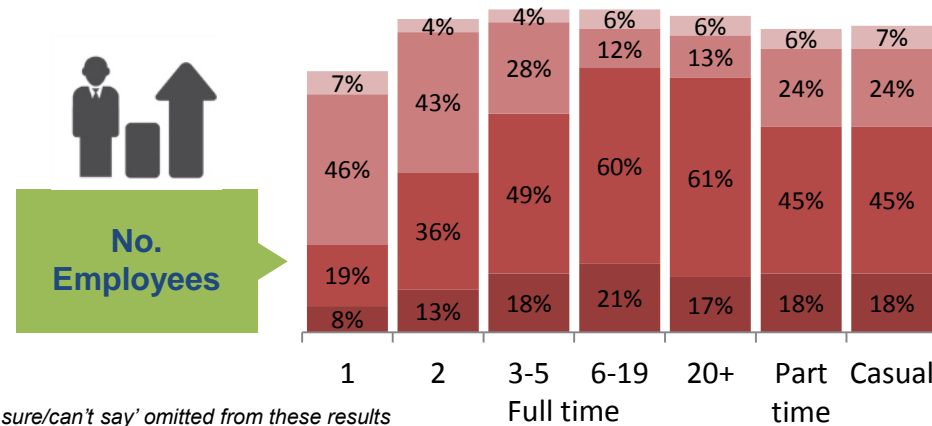
How did your costs change over the last year?



■ Increased significantly
■ Increased marginally
■ About the same as previous year
■ Decreased



■ Increased significantly
■ Increased marginally
■ About the same as previous year
■ Decreased

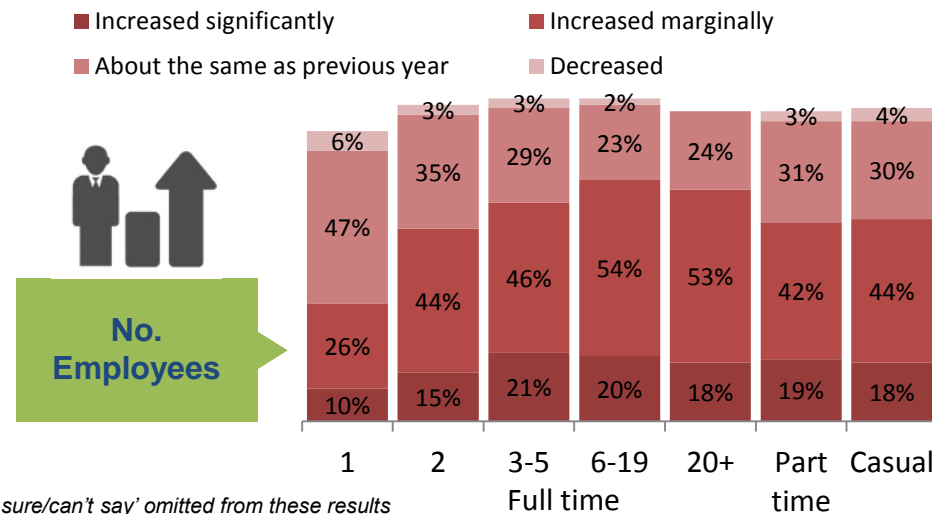
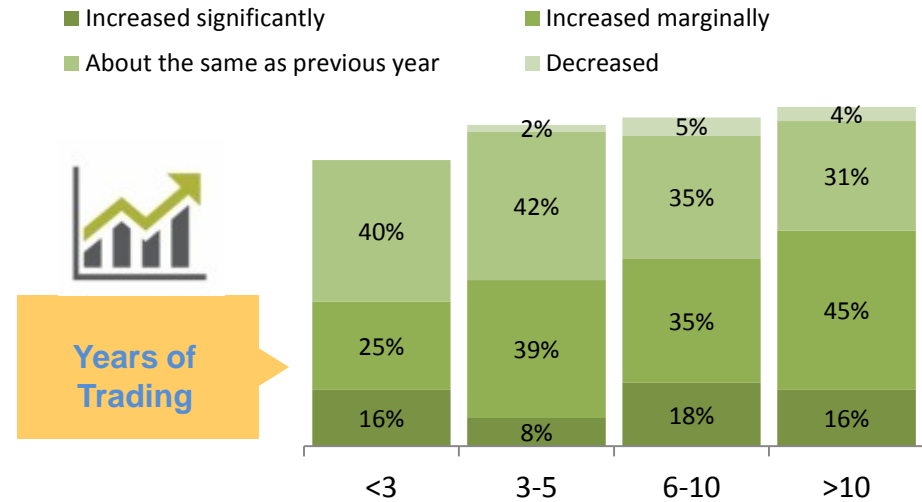
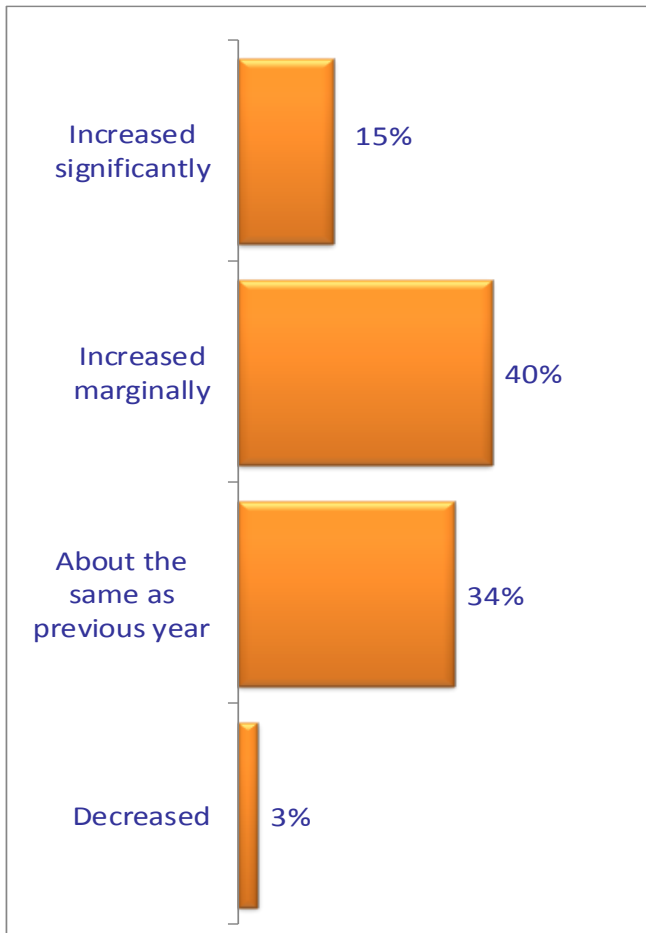


'Not sure/can't say' omitted from these results

n=648

Costs – Insurance and Workers Compensation costs

How did your costs change over the last year?

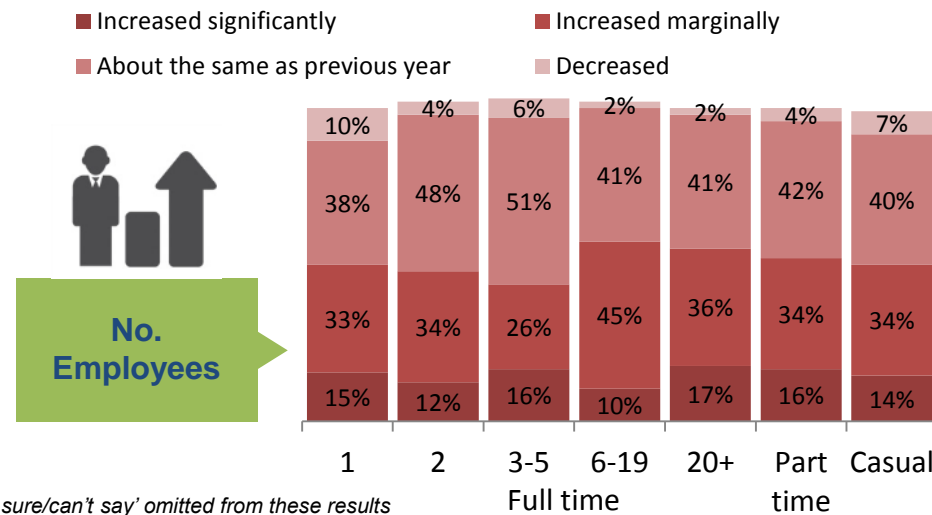
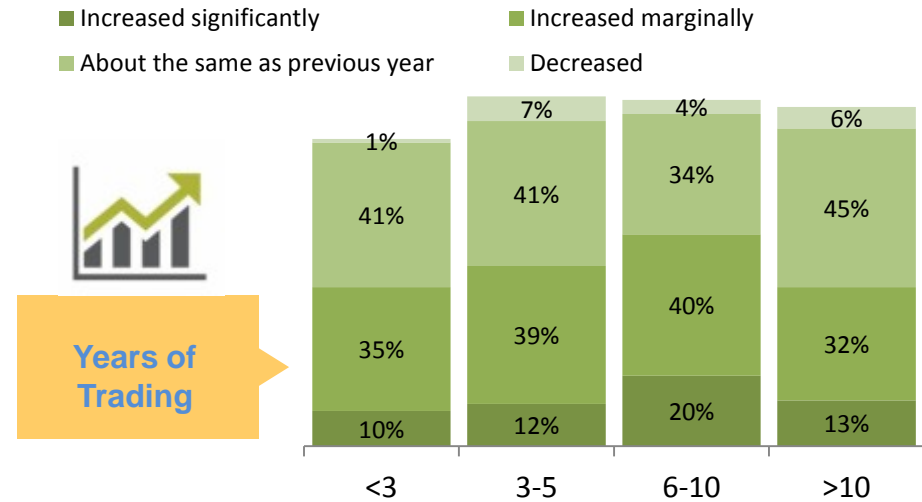
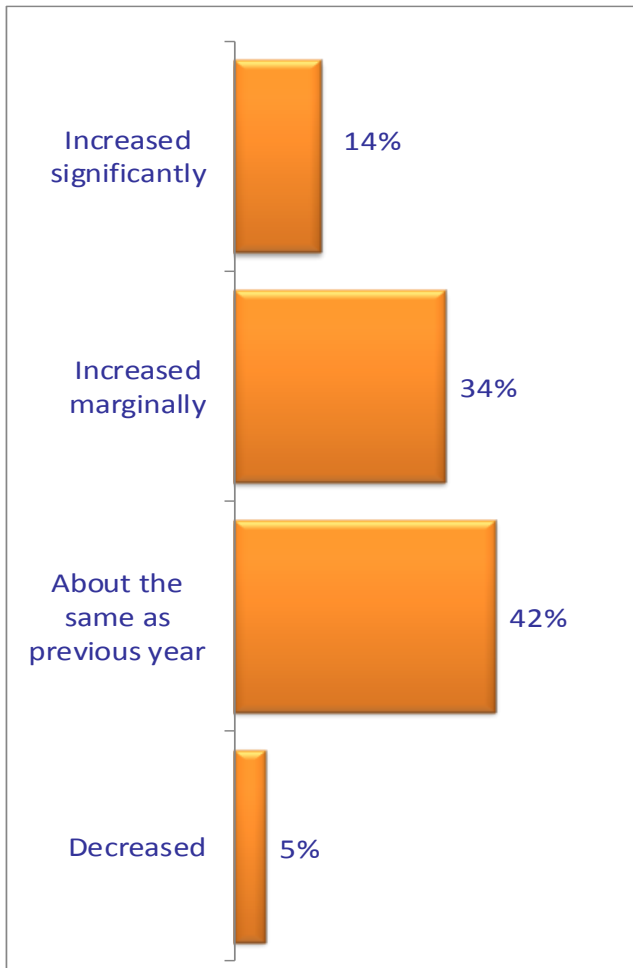


'Not sure/can't say' omitted from these results

n=648

Costs – Marketing Costs

How did your costs change over the last year?

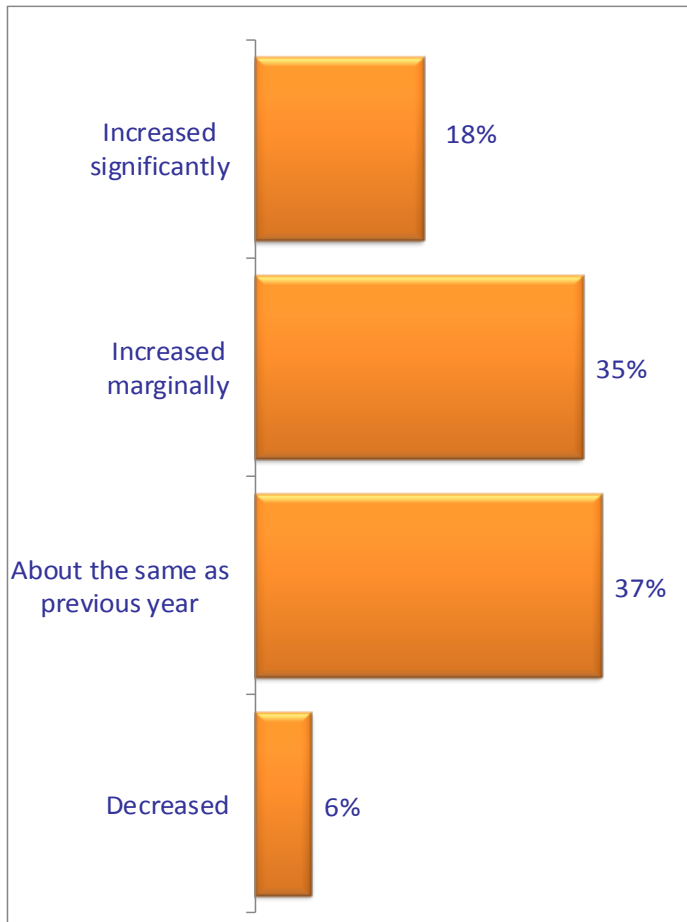


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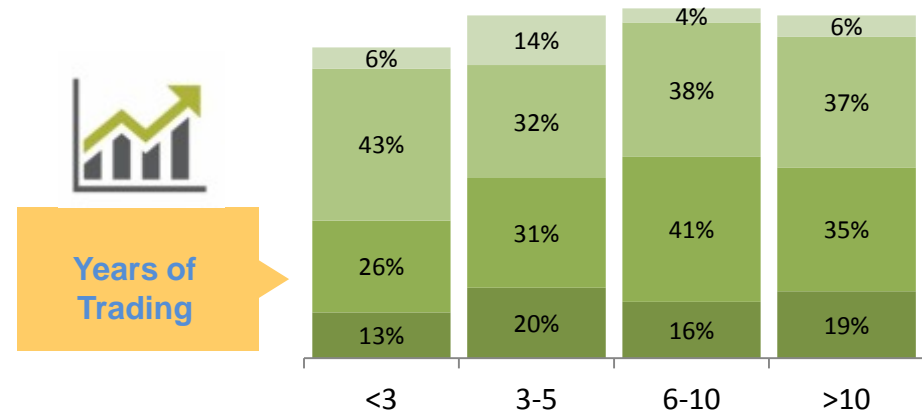
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Costs – Technology Costs

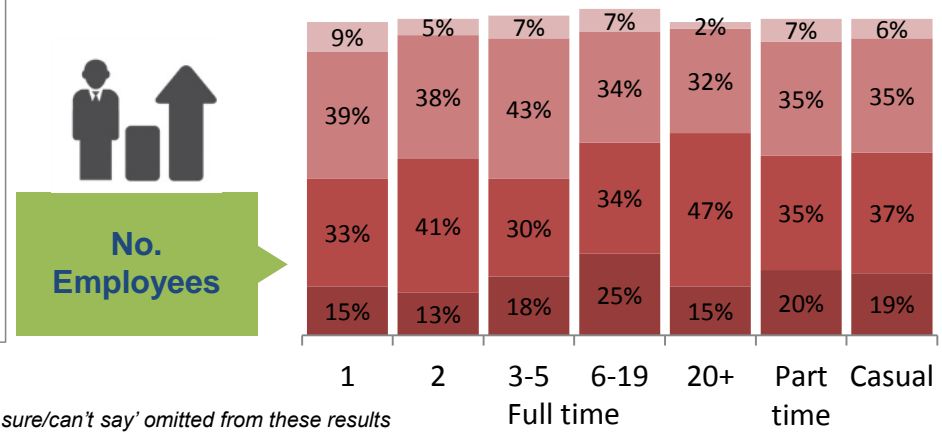
How did your costs change over the last year?



■ Increased significantly
■ Increased marginally
■ About the same as previous year
■ Decreased



■ Increased significantly
■ Increased marginally
■ About the same as previous year
■ Decreased

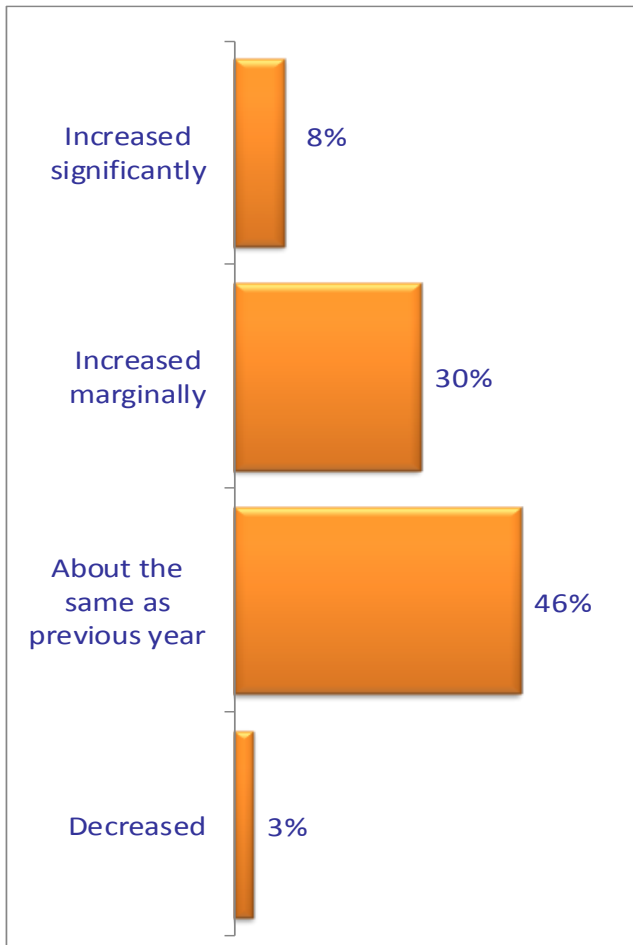


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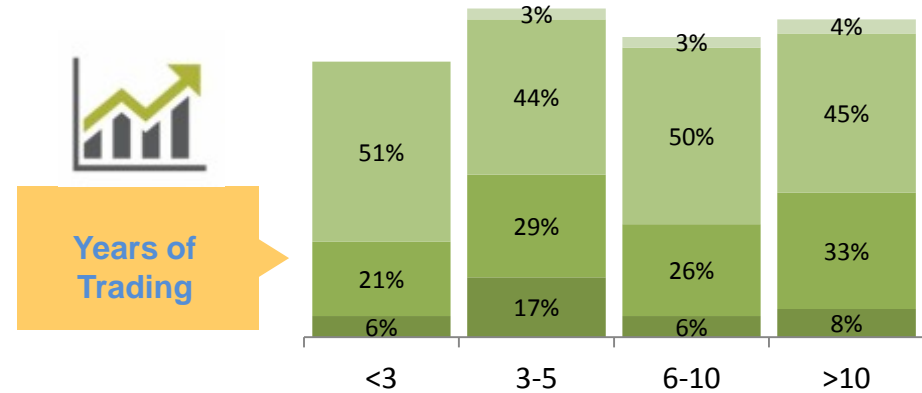
n=648

Costs – Rent

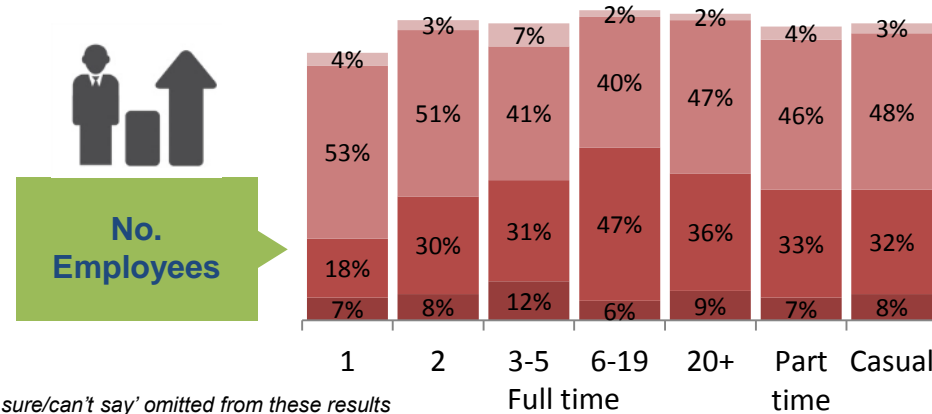
How did your costs change over the last year?



■ Increased significantly
■ Increased marginally
■ About the same as previous year
■ Decreased



■ Increased significantly
■ Increased marginally
■ About the same as previous year
■ Decreased

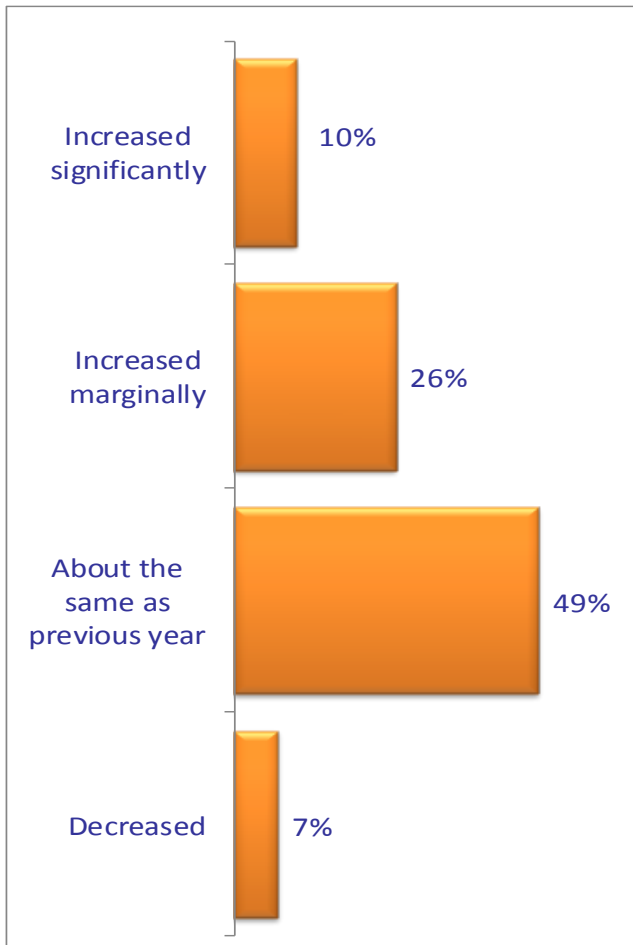


'Not sure/can't say' omitted from these results

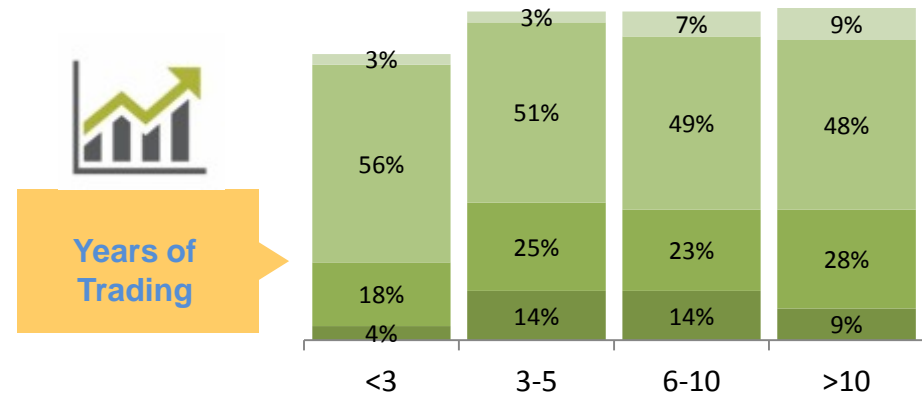
n=648

Costs – Finance Costs

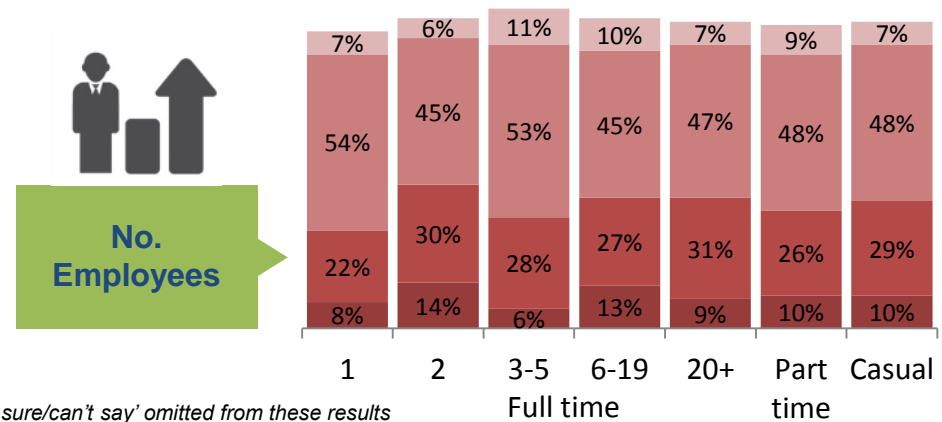
How did your costs change over the last year?



■ Increased significantly
■ Increased marginally
■ About the same as previous year
■ Decreased



■ Increased significantly
■ Increased marginally
■ About the same as previous year
■ Decreased



'Not sure/can't say' omitted from these results

n=648

Emerging Trends

- The main emerging trends expected are:
 - Globalisation (18%)
 - Off shore manufacturing (17%)
 - Competitiveness through technology (14%)
 - Growth in online and e-commerce (13%).
- The main investments small business respondents intend to invest in are:
 - Technology hardware (57%); and
 - Software (51%).
- Respondents who have been in business for longer (6 or more years) are more likely to intend to invest in technology hardware and software than those who have been in business for less than 5 years.
- More than half the respondents (51%) had recently invested in mobile devices including tablets for their business.



Emerging Trends – In their own Words

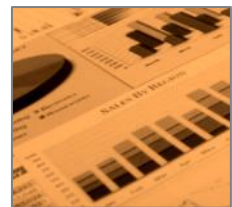


Major impact will be declining manufacturing base and lack of support of the manufacturing sector.



Shift in operations to low cost regions offshore Scarcity of some resources e.g. energy, labour in particular sectors

The increasing overseas imports of products and labour will make it hard for normal Australian businesses to survive.



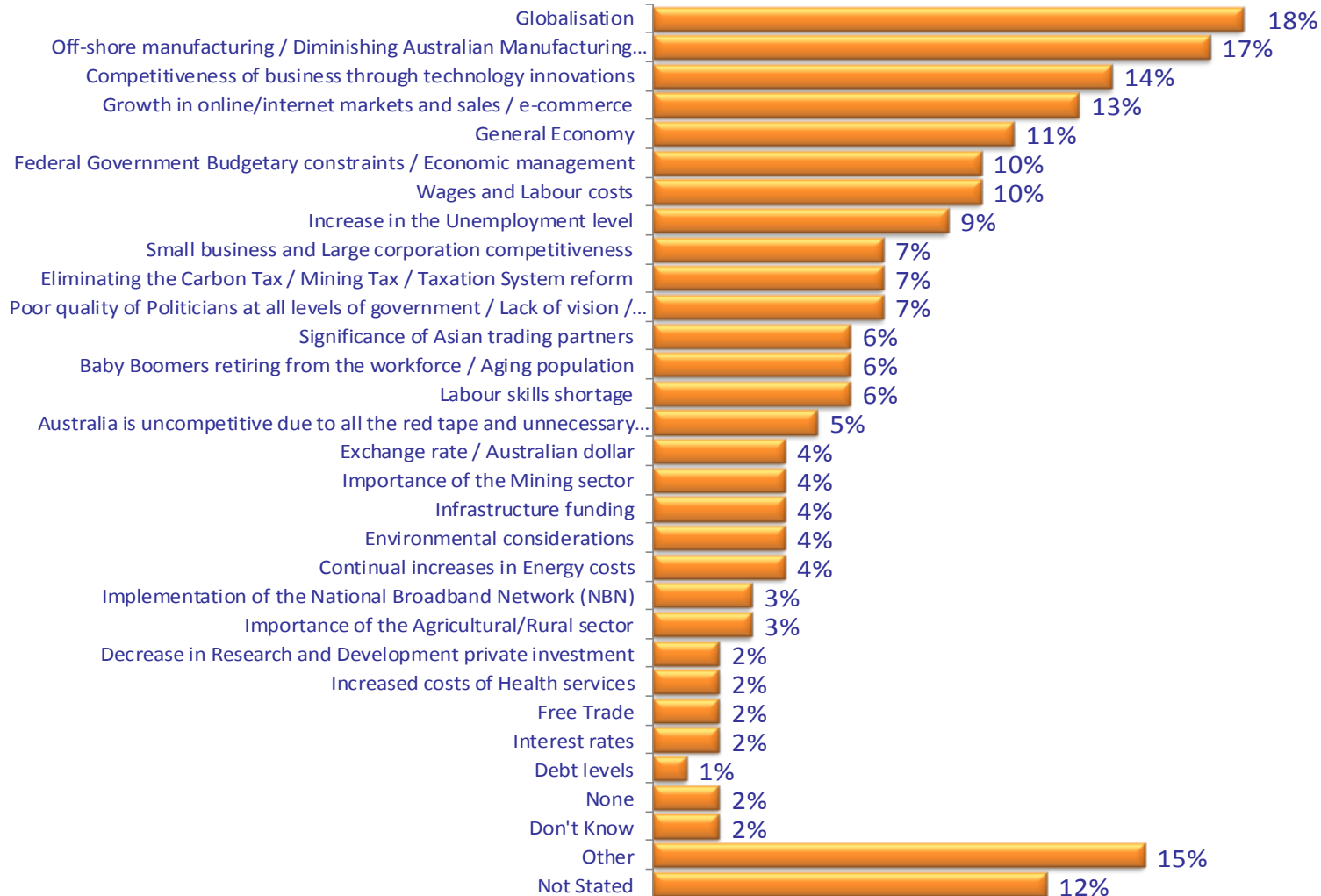
Globalisation is like cancer, it erodes opportunities gradually and not always noticeable.

Increase in people working from home as VR technology develops and workers can collaborate on ideas in companies which combine people from around the globe in a way that increases productivity without the loss of corporate identities or the ill effects of isolation.



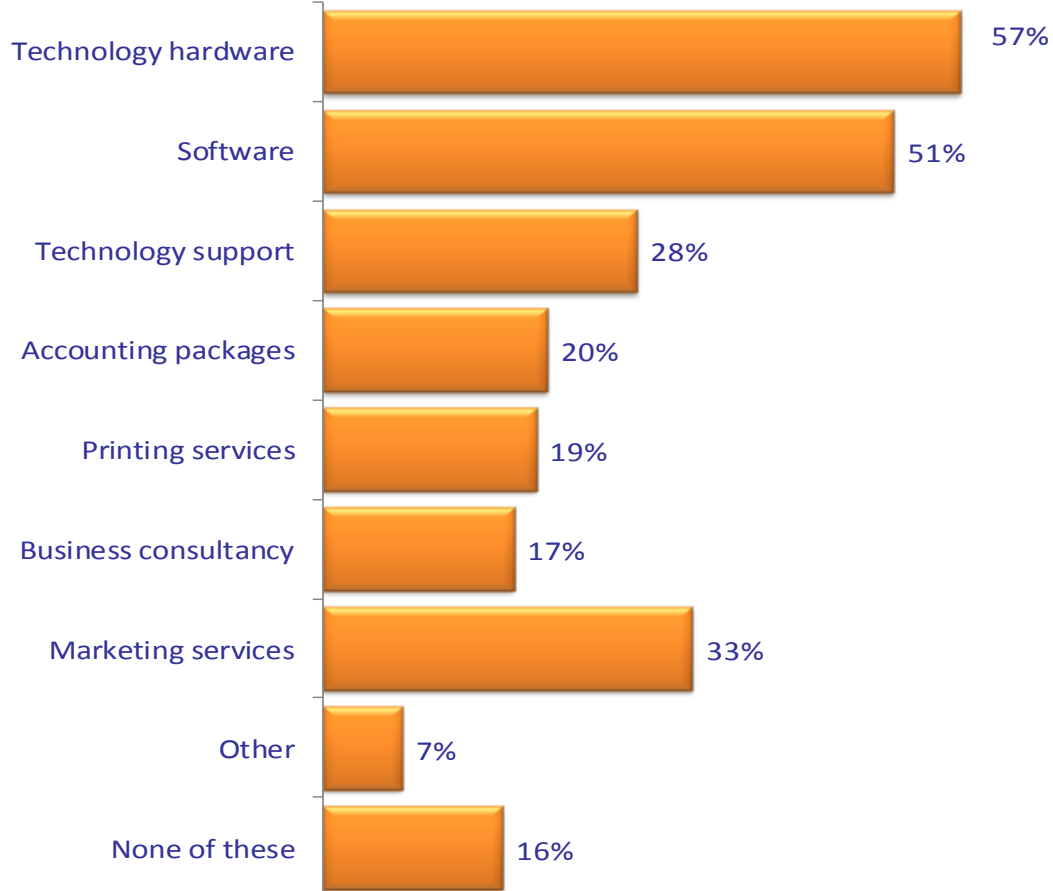
Emerging Trends

What emerging trends do you think will impact the Australian marketplace over the coming 5 years?



Future Investment in Products/Services

What products and services do you intend to invest in over the coming 12 months? Select any/all that apply



'None of these' omitted from these results

n=648

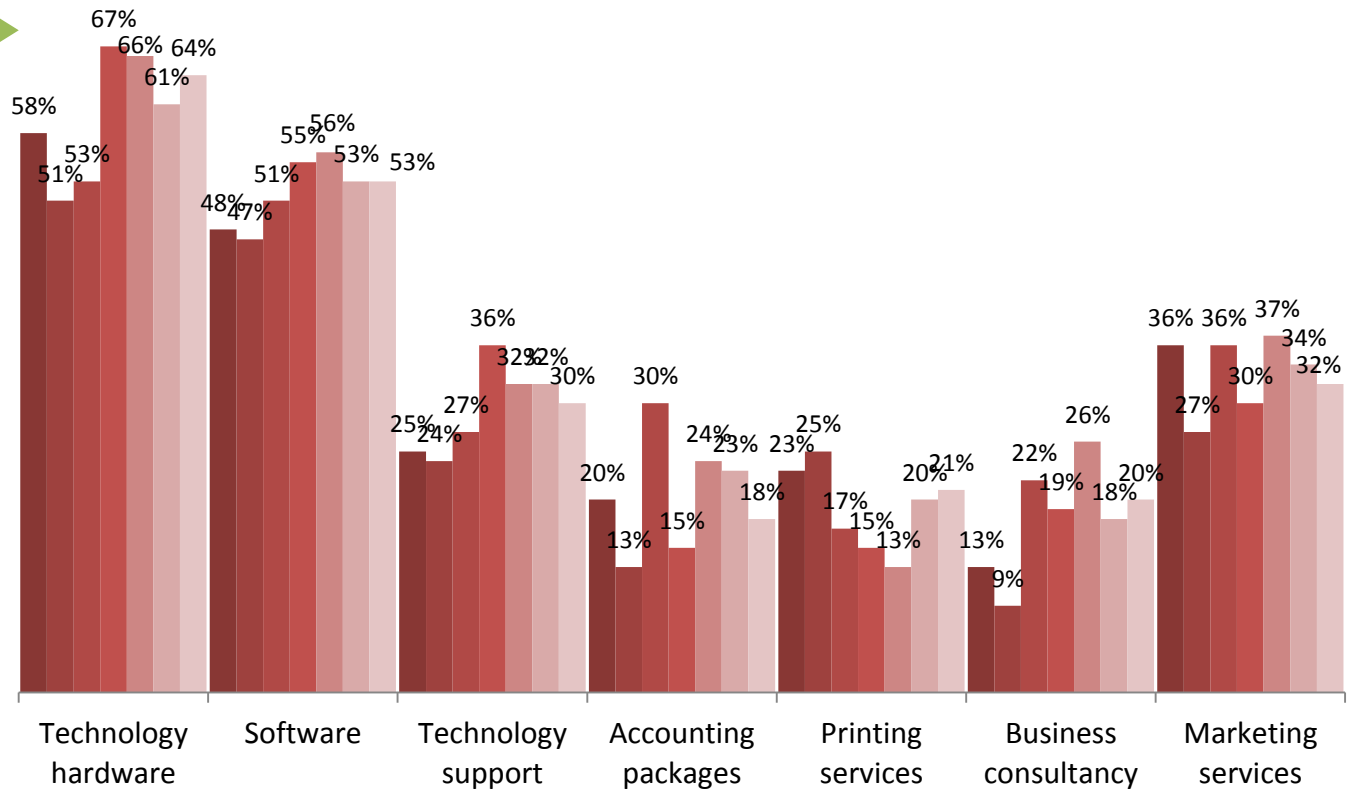
Future Investment in Products/Services

What products and services do you intend to invest in over the coming 12 months? Select any/all that apply



No. Employees

■ 1 ■ 2 ■ 3-5 ■ 6-19 ■ 20+ ■ Part time ■ Casual



'None of these' omitted from these results

Full time

n=648

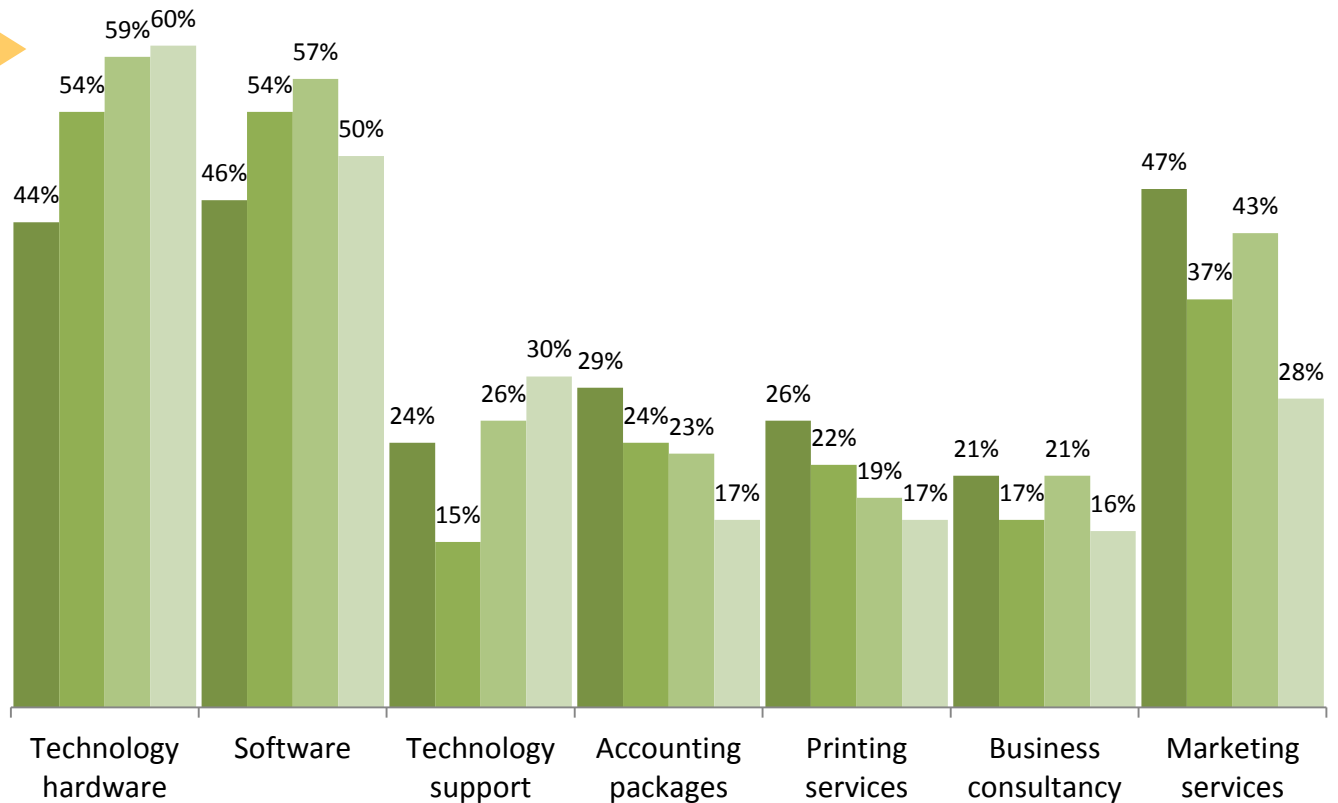
Future Investment in Products/Services

What products and services do you intend to invest in over the coming 12 months? Select any/all that apply



■ <3 ■ 3-5 ■ 6-10 ■ >10

Years of Trading

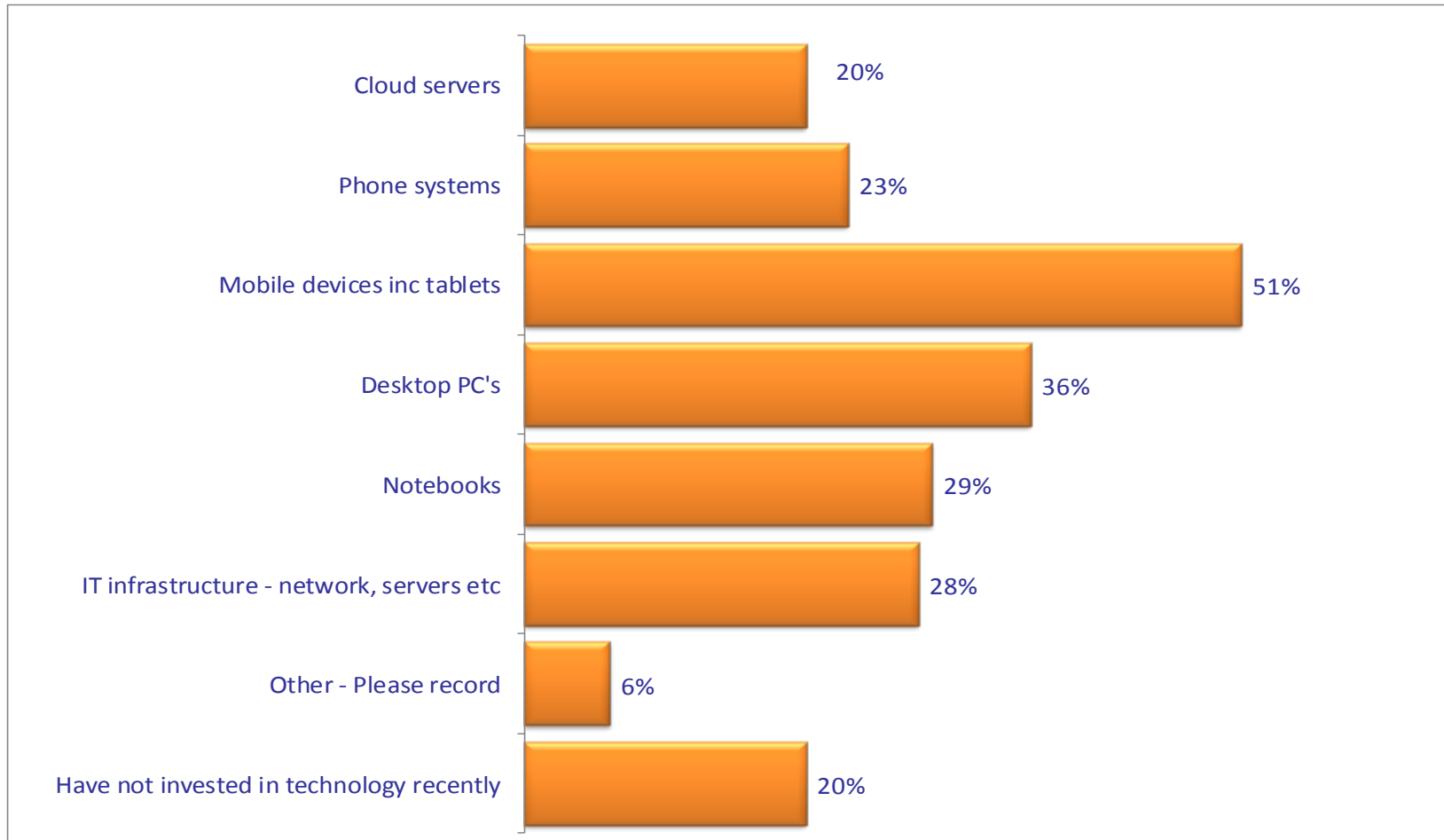


'None of these' omitted from these results

n=648

Recent Technology Investments

What technology have you invested in recently?



Full time

n=648

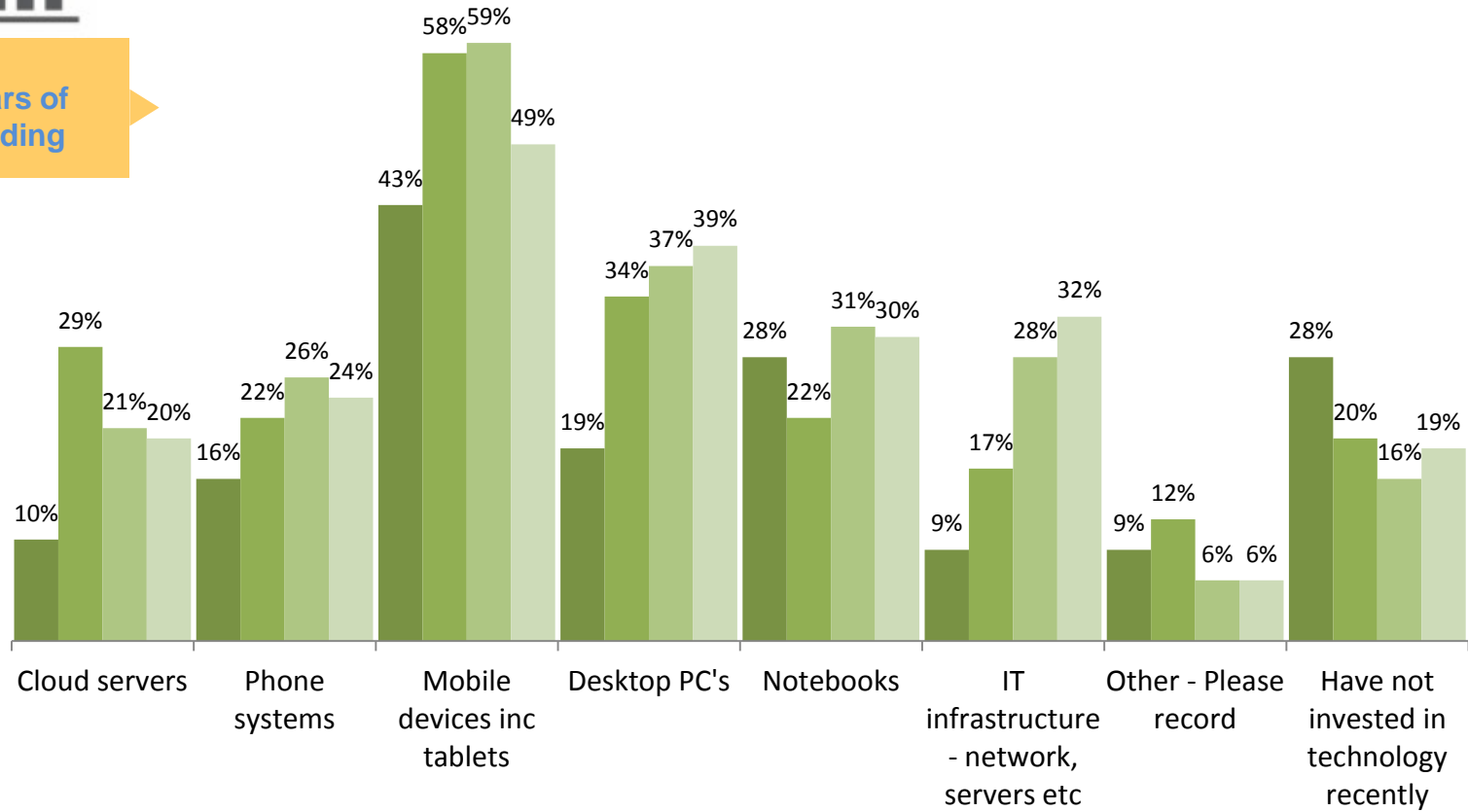
Recent Technology Investments

What technology have you invested in recently?



■ <3 ■ 3-5 ■ 6-10 ■ >10

Years of Trading



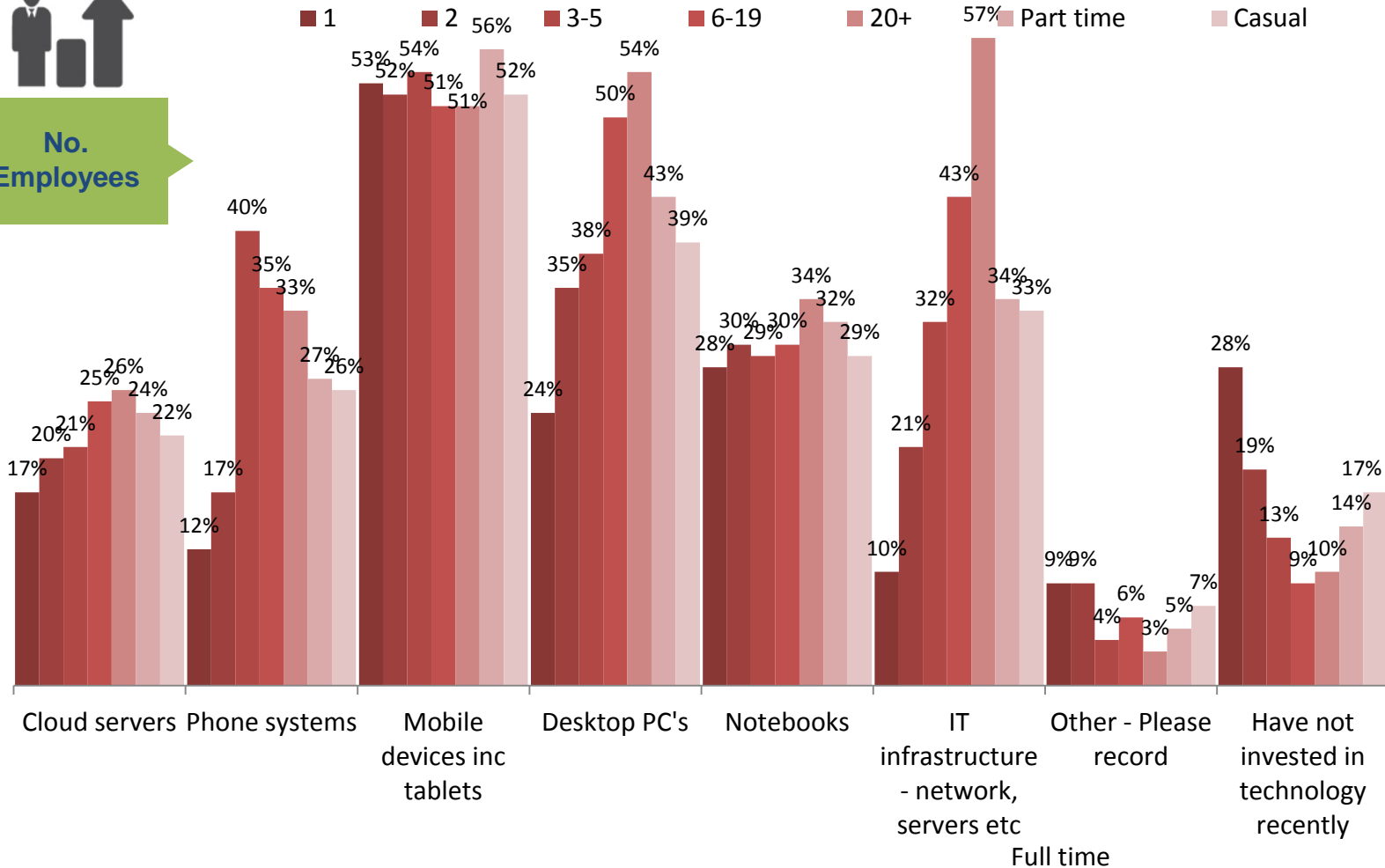
Full time

Recent Technology Investments

What technology have you invested in recently?



No. Employees



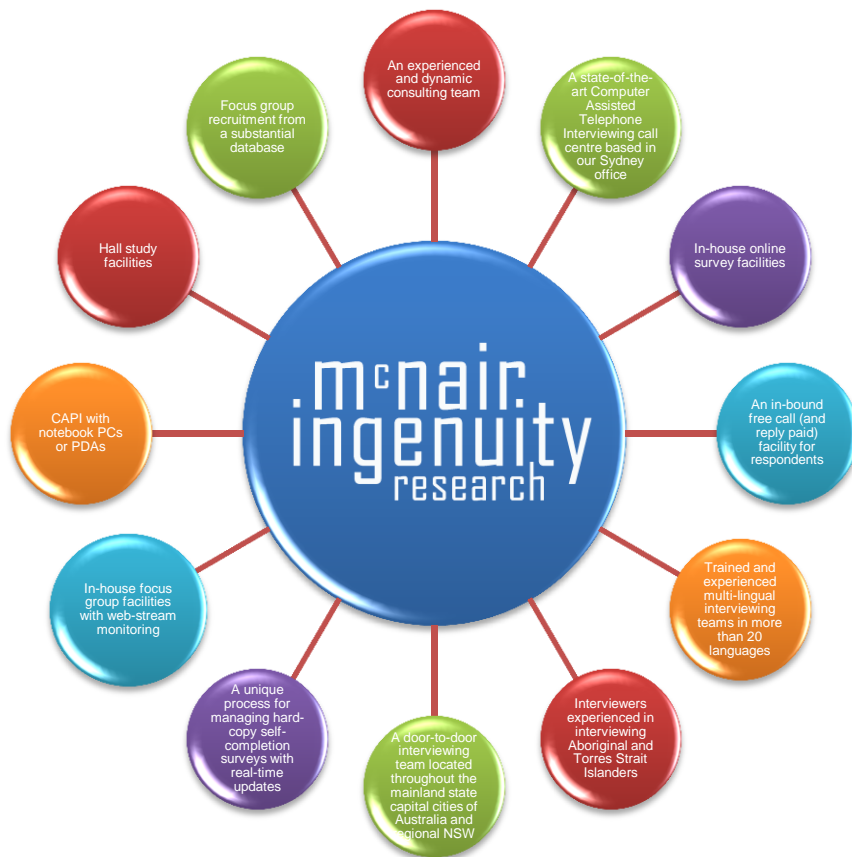
Full time

n=648

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