



wavelength

2016

insights into the
SME world

The key highlights of the 2016 Wavelength survey illustrated in this document provide a snapshot into the current challenges and focus of business owners across Australia and New Zealand.

presented by

dfk **australia
new zealand**
LEADING ACCOUNTANTS AND BUSINESS ADVISERS

Who's talking?

Wavelength represents the opinions and experiences of business owners across multiple industries - including manufacturing, mining, retail, construction, business services, accommodation, property, professional services, health & community, agriculture and more. 92% have an annual turnover up to AUD \$10 million.

what are the **challenges** faced by business owners?



74.6%
increasing profits

a significant increase on 58% in 2015



59.9%
growing existing customer base

a large increase on 48% in 2015



51%
increasing value of business assets

stable – same as 2015



48.7%
entering new markets with existing products and services

up from 40% in 2015



45.7%
diversifying customer base

stable – was 47.72% in 2015

There is keen focus on maintaining margin and retaining traditional client bases with existing services and products rather than being distracted by new services and products in what is perceived as a continuing tough market.

“Developing and maintaining business and client relationships in this environment is extremely difficult”

what new **skills** do business owners want to develop?

personal skills focus

#1 with 52.44%

to increase my understanding of how to take more advantage of sales, marketing and branding to grow my business



#2 with 50.27%

to increase my awareness of potential new markets and products in my industry



“I want to be able to compete, not just on price”

staff skills focus

#1 with 49.2%

marketing skills




#2 with 38.1%

sales skills



Given the intentions above, it is not surprising to see that the main areas business owners want to upskill in, for both themselves and their staff, is **marketing and sales**

Getting Social – everybody's onboard


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51% of business owners report increasing their social media activity as a marketing tool this year.


Facebook and LinkedIn are the most popular platforms with **61.4%** and **51.3%** of business owners utilising them respectively.

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Youtube was third at **18.4%**, and **Twitter** was a distant fourth at just **16.3%**.

Faint, light green logos for YouTube and Twitter are visible in the background of this section.

The great majority of businesses, **68.24%** **implement Social Media in house**, with only **5.6%** **outsourcing** this activity.

Faint, light green icons for various social media platforms are visible in the background of this section.

"We get positive feedback & interaction with client but it is very difficult to quantify"

but...

70% cannot identify the amount of time and money they invest

and...

76.2% cannot identify their ROI.

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NO THANKS! 12.4% of business owners do not use Social Media for marketing.

The tick,tech,time

In previous surveys business owners indicated the intention to implement new tech solutions. The availability of high quality, easy to use and economical solutions sees them now being utilised for basic business operations including scheduling, rostering, project management and more.

The top reasons for adopting new technologies are

59.6%

Efficiencies and cost savings

27.8%

Getting ahead of the competition

23.7%

Establishing or expanding new areas of revenue

"You need to move with the times and be in the market early or risk being left behind"

Who takes care of these and other IT systems?

44.7%

Outsourced IT Service Provider

20.2%

A dedicated in-house IT person

22.8%

Someone in-house who has tech skills

What are the areas of greatest opportunities in your business through the increased use of technology?

42.9% Operations

39.6% Marketing

37.9% Administration

how are business owners staying informed?

email newsletters	69.2%
website articles	67.6%
industry conferences	58.1%
educational events	56.4%
magazines	53.2%
Linked In	52.7%
webinars	50.4%

These insights are particularly valuable for marketing and growth purposes for B2B Business Owners, influencing where and how they can communicate with their audiences.

looking off shore and closer to home

Brexit and the US Election are not considered to exert a significant impact on the majority of business owners:

92.5% report no anticipated affect from Brexit

85.4% are not anticipating any impact from the US results

Our respondents are keeping their **focus on the Australian market**, with the key observation being domestic interest rates

51.9% of business owners believe our Interest Rates will stabilise

25.1% believe they will decrease

23.1% believe they will increase

what will you do next?

It was surprising to see that more than half of respondents **do not yet have an exit strategy or succession plan** in place – a profitable and satisfying outcome for your business life is dependent upon having these in place.

*"It's a creative lifestyle.
Not a sellable business"*

51.5% of business owners have not yet considered an Exit Strategy or Succession Plan

25.5% have a Succession Plan, with family members being the oft-mentioned strategy

23.0% have an exit strategy that involved either selling or simply letting go of the business at the right time

A lot can happen in one year!

Welcome to the DFK Australia New Zealand third annual Wavelength survey. In comparing the three years results, this year we have identified significant changes to how SME business owners are operating. Owners are no longer sitting on the sidelines waiting to see what will happen with technology. Social media has become social marketing. Facebook and LinkedIn are being actively embraced and SME's are using in-house resources to promote and maintain this technology. Further, new technologies are being adopted across the board to improve processes, achieve efficiencies and to gain a competitive advantage. Cloud computing continues to work its way into the SME marketing driving change in many areas.



How we see the future...

You have taken on the challenge to drive your businesses with technology to keep up with your markets both in Australia and overseas. However, in driving change it is important to keep an eye on the basics, growing profit margins, controlling costs and managing the cash flow. These basics will never change. The decision to adopt new technology must be justified with improvements to at least one of these basics. With this approach we see substantial improvements in productivity in SME business in the next 12 to 24 months as rate of take up of technology by SME businesses increases. DFK Australia New Zealand is committed to working with business owners to keep driving your businesses forward, and to help assist you to identify and embrace new opportunities.

For an open discussion with a business specialist at your closest DFK Australia New Zealand office please contact us.

Stephen Bushell Chairman DFK ANZ

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