



wavelength

2017

insights into the
SME world

The key highlights of the 2017

Wavelength survey findings are illustrated in this overview document and 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 property and business services, finance and insurance, manufacturing, retail, construction, wholesale, professional services, health & community, agriculture and more. 84% of respondents have an annual turnover up to AUD \$10 million.

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

This year's survey uncovered a significant shift of focus for business owners - a shift away from a pure focus on improving the bottom line and increasing profits to one that embraces expanding customer bases and entering new markets with new products and services. It seems owners feel future profits are likely to come from diversification.



increasing profits

62%

a significant decrease on 74% in 2016



diversifying customer base

57%

up from 46% in 2016



entering new markets with EXISTING products & services

52%

up from 49% in 2016



entering new markets with NEW products & services

47%

up from 33% in 2016



implementing new technologies

44%

up from 37% in 2016

The priority of attracting staff has **increased from 11% to 25%** and retaining staff has **increased from 9% to 19%**

"All I have time to focus on is business growth and I need good staff to do that"

the new issue of **cyber security**

A new issue explored in this year's survey, we found that **64% of business owners are moderately to highly concerned about cyber security risks** in a business environment with rapidly increasing tech demands.

we asked:
how are you addressing **cyber security**?

Internal expert responsible for security

22%

External company responsible for data security

48%

A real concern is that **31% are yet to address** this area of their business.

"Cost is the primary reason - we are small and our margins are tight - it's just not in our expenditure"

The majority of respondents - 54% - see the greatest opportunity to benefit from technology is in the operations and administration areas of their business.

"We love the ease of accessing clients' files via the cloud"

getting social – the wave continues

NO THANKS! 9% of business owners do not use Social Media for marketing

Increasing awareness... but still a long way to go

59% cannot identify the amount of time and money they invest (a decrease from the 70% of 2016) **and...**

72% cannot identify their ROI (a decrease from 76% in 2016)

Facebook and LinkedIn remain the most popular platforms.

66% of business owners using free posting on Facebook and **24%** investing in paid Facebook ads. **51%** of business owners post LinkedIn updates

Just **3%** of early adopters are investing in LinkedIn **paid ads**, likely due to the relative newness and subsequent cost. **Watch this space for a future update.**

YouTube and Twitter are now neck and neck with 23% of business owners present on these platforms (up from 16%, and 18% in 2016)

The great majority **65%** **implement Social Media in house**, with just **4.3%** **outsourcing** this activity.

48% of business owners report increasing their social media activity as a marketing tool this year.

"Social media is more of a value add area in our marketing - we do this activity as a give back and an engagement tool and for social proof for those looking at working with us"

the question of **disruption**

Disruption refers to an innovation that creates a new market and value network and eventually disrupts an existing market and value network, displacing established market leading firms, products, and alliances.

we asked “Do you feel your industry is vulnerable to competitive disruption?”

40%
yes, we’ve already
seen it happen

*“We have lost market
share in areas as a result
of disruption”*

39%
no, our industry is unlikely
to be impacted in the
short term

17%
of respondents considered
themselves market
disruptors at present

21%
I’m not sure - it seems
anything can happen!

13%
were actively planning
market disruption in
the future

*“We are small and nimble
company and have been able
to interrupt market entry for
many competitors by quickly
developing and bringing to the
market new products”*

staying **informed** and self-education

Across the board there were increases in the options business owners were embracing to stay abreast of information in a rapidly changing and busy marketplace.

It’s interesting to note that “**Traditional**”
mediums are still strongest:

website articles **79%**
up from 68% in 2016

email newsletters **78%**
up from 69% in 2016

industry conferences **64%**
up from 58% in 2016

A significant increase in the reliance on
Social Media Platforms to provide up
to the minute information

Facebook
62%

LinkedIn
63%

The **use of video**
leapt into the **top 6 at**
59% (from 40%) and
webinars were close
behind **at 57%**, up
from 38% in 2016.

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

what will you **do next?**

The response to “**Future Steps**”
was very similar to previous years
with more than half of respondents
not yet having an exit strategy or
succession plan in place

“It’s on the list...”

53% of business owners have not
yet considered an Exit Strategy or
Succession Plan

26% have a Succession Plan,
with family members being the
oft-mentioned strategy

21% have an exit strategy that
involved either selling or simply letting
go of the business at the right time

Why are the results from this survey important to you?

Firstly thank you to everyone for your responses so that we could make a significant charity contribution to Movember. These results give insight into how your competitors and peers see the current business landscape. How does this compare with your approach? Where are you getting your information, what are you doing with it and how can it make a profit for you? Do you need to change? What will happen if you don't? Is it time to rethink your strategy, update your plan or implement those ideas you have been considering?

It's also key to note that business owners now, more than ever, are feeling the pressure of juggling the speed of market change including social media explosion, consistent technology variation and the inherent cyber risks these open you too with the traditional demands of business operation, including an emphasis on entering new markets. There is only so much time and headspace available and thus, outsourcing to professional service providers is an increasing trend with 25% of our respondents seeking outside advice several times a month.



How we see the future

With 4 years of important results to compare, the 2017 Wavelength Survey certainty sends a clear message. There has been a very significant shift away from bottom line profit focus and more towards top line diversification of products and market share.

As social media continues to change the way we interact in both our private and business worlds, the ever increasing online presence brings with it the pervasive Cyber Security threats and challenges.

Cyber Security has become paramount and even those who feel they can least afford it need to make contingency plans – like any insurance policy it is a must for peace of mind and outsourcing can offer an accessible solution.

Disruptors are now an everyday part of the business community. They force us to think and transact differently. Traditional ways of doing business are constantly being challenged. Influencers continue to emerge and social media changes rapidly.

At DFK Australia New Zealand we remain committed to working with business owners to ensure they are able to benefit from the rapidly changing business world and to ensure they are at the forefront to embrace new opportunities that arise. For an open discussion with a business specialist at your closest DFK Australia New Zealand office please contact us.

Cheree Woolcock

Chair DFK Australia New Zealand

local knowledge
national connections
global reach



Adelaide
Auckland
Brisbane
Cairns
Canberra
Fremantle

Gold Coast
Melbourne
Newcastle
Perth
Parramatta
Sydney