



wavelength

2019

insights into the
SME world

The key highlights of the 2019 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 and community, agriculture and more. 76% of respondents have an annual turnover up to AUD \$5 million.

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

This year's survey showed us that many business owners explored and implemented new technologies in the past 12 months in response to an increasingly competitive and disrupted market. This proactive action has been coupled with a continuing interest in growing and diversifying the customer base. Interestingly, the desire to enter new markets with existing products and services has decreased this year. The perennial improving profit margins remains.



entering new markets with new or existing products & services

41%

down from 50% in 2018



growing and diversifying customer base

57%

stable with 2018



increasing profits

59%

a slight increase on the 2018 figure of 56%

"Getting, and staying, on top of all areas of my business is always the challenge"

human resources

Interest in our "Hiring, Firing and Everything in between" webinar in the Better Business Series this year showed us that recruiting, retaining and managing the right people is a key area of attention for business owners.

How do you **source your staff**?

48%

Online Job Boards

25%

Recruitment Companies

What **challenges** are you facing?

12%

Performance Management

17%

Recruitment

"Navigating the change in expectations with younger employees and meeting not just the technological changes but their work/life and remuneration desires is a new challenge for us"

We also asked "do you have remote team members?"

30% of respondents said yes

citing website development and/or maintenance, tech support and bookkeeping as their top three outsourced services, with the lower cost of service the main reason for the choice.

new **technologies**

Significant numbers of respondents are exploring, or have adopted a diverse range of new technologies, responding to the increasing need to be agile and innovative to find **"new ways to meet customer demand"** (a focus for 59% of all respondents)

Artificial Intelligence

25%

are exploring

9% have

already adopted



The Internet of Things

29%

exploring

12% have

already adopted



Video & Unified Communication

22%

exploring

20% have

already adopted



Cloud Services Resource Planning

29%

exploring

27% have

already adopted



the reality of **disruption**

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

There was a large attitudinal change towards the reality of disruption in this year's survey. When asked **"Do you feel your industry is vulnerable to competitive disruption?"**

71% of this year's respondents said it **was likely to impact** their industry, an increase from **52%** in 2018.

"That's the world we live in today"

"The pace of change is accelerating and even though we've made a raft of changes we've only scratched the surface"

staying **aware & informed**

Overwhelmingly business owners are **consuming online content at an all-time high** with the top 3 sources of information being:

website articles **94%**
up from 70% in 2018

social media **77%**
up from 63% in 2018

email newsletters **78%**
up from 73% in 2018

Having a strong online presence and developing a digital marketing and communications strategy for your business is more important than ever.

Attending conferences and seminars also saw an increase from **68%** to **72%** further reinforcing the desire for insight, growth and positioning.

“Social proof is an important part of our marketing, engaging those considering working with us”

the impact of **unrest**

With political and economic unrest in several geographic areas, we asked respondents if they felt this would impact their business.

Asia Pacific 39% mildly to significantly

USA 33% mildly to significantly

Europe 25% mildly to significantly

The geopolitical events in the Asia Pacific region are seen to have **greater potential for impact and influence** on our respondents than unrest in other parts of the world. This is to be expected given the proximity to our area.

what will you **do next?**

The response trend to our **“Future Steps”** questions found that with just over **66%** of respondents do not yet having an exit strategy or succession plan in place.

It's imperative to address this critical issue, and the earlier you do so, the more time you will have to get your business ready for sale, work on maximising its potential value and planning for your retirement, a key priority for a significant number of our respondents.

Embracing technology changes seems to have become an embedded part of business owners processes as they respond to the ever-changing business landscape and look for new ways to serve and meet their customers' requirements.

The way relevant information is sourced by business owners has now become almost totally via on-line platforms. Thus, it is vital to have a strong online business presence.

Business remains extremely competitive. More than 70% of the respondents now feel their industry will likely be disrupted, which is significantly higher than last year's 50%.

Other factors emerging relate to the potential impact of the worlds political unrest and, not surprisingly, the largest group of our respondents believe the situation in the Asian region will have an effect on their businesses.

HR issues remain a major, and often challenging, focus for business owners whether its recruiting, retaining, or managing the expectations of staff. There is a trend to outsource more roles than in prior years, costs and inability to source the right person being common reasons for this shift.

Business succession planning keeps becoming a bigger issue with this year 66% of respondents acknowledging they have no formal exit strategy or succession plan in place, an increase of more than 10% on last year. We suspect this number will continue to grow as the younger generations don't necessarily aspire to be classic business owners, with a lot of them more focused on work/ life balance.

The DFK Australia New Zealand team are utilising these insights to ensure we have a deeper understanding of the current focus and needs of our clients and their businesses, so we can continue to provide the first-class levels of services that assist with growth and consolidation in a constantly changing market.

Cheree Woolcock
Chair DFK Australia New Zealand



DFK Australia New Zealand is a leading accounting association, established in 1991. Together, our 14 member firms offer the kind of world-class advice and reach you'd expect from the biggest companies, with the personal service only possible in smaller organisations. Our locations are in the key cities across Australia and New Zealand.

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global reach**

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