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The engine room of the economy may be at risk of stalling, as new research reveals the weight of administration and red tape is costing small business an average of 541 hours in time, and \$14,857 in money each year. This is a total annual cost of more than \$20.16 billion per year for Australian small businesses.

The In The Zone research from leading Australian accounting software provider, Reckon, revealed that almost half of small business owners (46%) say the admin and red tape of running their business is 'killing the dream' that made them start it in the first place.

The survey of more than 1,300 small business leaders across Australia sought to investigate the benefits and barriers to achieving peak performance – or being 'in the zone' – at work. It comes ahead of the deadline to adopt Single Touch Payroll (STP), which is the biggest compliance change for employers since the introduction of GST almost 20 years ago, and will require more frequent reporting of payroll information to the ATO.

"Being 'in the Zone' – is, a continual, concentrated, mental effort of heightened focus, efficiency and productivity," says financial expert Thomas Mousa, partner and director of Sydney-based TLK Partners.

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Over a fifth (22%) of small business leaders said that the pressure of admin makes it hard for them to get 'in the zone' and do their best work to succeed and grow the business. Per week, many spend more time on administration and payroll (at an average of 10 or more hours) than they do operating at their peak (an average of fewer than 10 hours).

Some of the biggest barriers preventing small business owners from achieving peak performance include having to do administrative tasks, feeling tired or stressed from work, or interruptions from phone calls and emails.

Entrepreneur, and CEO and Founder of The Remarkable Woman, Shivani Gopal, encourages all small business owners to realise the financial and emotional benefits of seeking ways to get 'in the zone'.

"Small changes can have a big impact. This research shows that even simple steps such as moving to a more comfortable workspace, using music or exercise can boost productivity and happiness – to the point of positive financial returns," said Gopal.

To stay on top of their admin, payroll and compliance requirements, respondents are willing to make a number of sacrifices at the expense of their health and wellbeing. 84 per cent of small business leaders said they would make a lifestyle sacrifice because of admin workload or requirements, with 50 per cent specifically saying they would sacrifice their wellbeing, including sleep.

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The In the Zone research revealed that the average small business owner gets approximately 4.5 hours sleep per night, far less than the recommended 7-9 hours [1]. 13 per cent of respondents even say they do their admin and payroll before 6am.

"Health and wellbeing is a huge cultural conversation, but unfortunately it seems small business owners are not heeding advice, or simply not able to due to the demands placed on them, which is a real concern," said Gopal.

Small business leader and Managing Director at T.E.C.K.nology Indigenous Corporation, Leslie Lowe, explains that the pressures of running a small business can make it difficult to create a work-life balance.

"Running your own business can be incredibly stressful. There have been a number of times when I found myself prioritising work over health and wellbeing, such as skipping on sleep, when the everyday demands of sustaining a profitable business and admin pressures build up. To stay on top of emails, admin and compliance reporting, I'm often up at 4am to make an early start on the day," said Lowe.

The research found that the pressure of administrative tasks and red tape has caused 58 per cent of small business leaders to make an error that has had a financial implication, such as over or underpaying a supplier or employee, or transferring payments to the wrong person.

This could also be due to time-poor small business leaders trying to juggle several things at once. 84 per cent say they have done their business admin or reporting while multitasking – for instance, a quarter have watched TV or used a streaming service while doing admin and payroll tasks.

Concerningly, ahead of the STP requirements, 21 per cent or 659,000 of small business leaders in Australia don't believe or don't know if their business meets all existing compliance requirements, let alone upcoming changes from 1 July. Around a quarter (24%) also admit that they do not currently use an accounting and payroll software, which is a pre-requisite to getting STP-compliant with the ATO.

"Helping businesses remain compliant is the speciality of TLK Partners," Mousa concluded.

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