



Last five years show remarkable resilience of SME sector

Australia's SME sector has displayed remarkable resilience through the last five years, battling the aftermath of the Global Financial Crisis and subsequent international downturn to remain remarkably upbeat.

The Five Year MYOB Business Monitor Report, which canvases the biannual national survey of over 1000 small and medium sized business operators over the five years from July 2009, highlights the number of businesses in Australia has grown 1.4% to 1.9 million enterprises.

The increase in the number of businesses in Australia has come despite a relatively flat period of revenue growth for the nation's SME sector. However, the revenue gap has closed in the last half decade, with the difference between the proportion of businesses reporting declining revenue and those seeing revenue gains falling from a net 20% in 2009 to a net 10% this year.

MYOB CEO Tim Reed says the survey underscores the fact that the period since the recession has been very much characterised by a two-speed economy.

"This survey actually shows it may be more accurate to characterise the Australian economy as a 'two-sized' economy, with the majority of enterprises working extremely hard to increase revenue, while a small – and declining – number of larger businesses enjoy most of the benefits of economic growth.

"But although the past five years have often been challenging what we are really seeing here is the true spirit of Aussie business: determined, resilient and resourceful."

SME operators' confidence in their own business is illustrated by their revenue forecasts over the past five years. While many expected the effects of the global recession in the early part of the decade to have only a short-term impact on their performance, businesses have remained confident in their revenue expectations over the last five years.

Pressures ramp up

Despite having confidence in their revenue performance, business operators have reported increasing pressure on their operations over the last five years. This is particularly true of leading pressures like fuel prices, cashflow, price margins and the timing of customer payments, which have all risen significantly over the last half-decade. Only interest rates, which are currently at historically low levels, have reduced as a pressure over the period.

Customers a key priority

Investment priorities have also remained stable over the past five years, although as businesses have become more constrained by lower revenue growth, the emphasis on each has reduced.

The key areas of increased investment for SME operators over the last five years are:

Customer retention strategies

Customer acquisition strategies

The number or variety of products or services offered by the business

"Local SMEs have demonstrated a strong customer focus over the last five years, as operators are fully aware how hard-won each new customer is," says Tim Reed. "The issue though has been funding that increased investment as revenue expectations reduce and pressures increase."

Dissatisfaction levels with Federal Government back to same levels as 2009

The survey also canvassed the opinions of business operators on the level of support they received from Federal Government.

Five years ago, dissatisfaction with the then Labor Government was beginning to rise from 39% in mid 2009 to 57% in May 2012. Labor's last term was marked by business dissatisfaction approaching or over 50%, before the Coalition Government came to power last year. However, after seeing dissatisfaction fall to 32% in February this year, and an accompanying rise in satisfaction to 24%, dissatisfaction levels with the Coalition Government have now returned to the same levels seen in 2009 under Labor.

"The Coalition Government has demonstrated a business friendly agenda," says Tim Reed. "However, it is likely some frustration is being seen in the SME sector at the pace of change and the time it is taking for policy initiatives to be felt amongst the nation's small business community."

Mr Reed says the Five Year MYOB Business Monitor Report paints a fascinating picture of the challenges and triumphs for local SMEs.

"What we have seen over the last five years is quite a test of the mettle of our small business owners and operators, as rising pressures and constrained revenue, coupled with unpredictable international headwinds, have made conditions less favourable than many would have liked."

"But despite that, local SMEs remain upbeat. They are continuing to invest in their people and their communities; they are doing more – often with fewer resources; and they have increasingly been taking advantage of technology to become more nimble and more innovative. I believe that is the real strength of Aussie business – we are adaptable and, with the right Government policies and professional support, can cope with whatever the economy sends our way," he said.

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About the MYOB Business Monitor Established in 2004, the MYOB Business Monitor is a national survey of small and medium business owners and managers, commissioned to independent market research firm Colmar Brunton. The most recent study ran in January and February 2014, surveying 1,032 Australian operators from sole traders to mid-sized companies, representing the major industry sectors. The Monitor researches business performance and attitudes around areas such as profitability, cash flow, pipeline work, technology usage and government. Note: the weighting of MYOB client and non-client respondents is reflective of overall market proportions.

About MYOB

Established in 1991, MYOB is Australia's leading accounting software provider. It makes life easier for approx. 1.2 million businesses across Australia and New Zealand by simplifying accounting, payroll, tax, CRM, websites, job costing, practice management, inventory and more. MYOB also provides ongoing client support via many channels including a network of over 40,000 accountants, bookkeepers and other consultants. It is committed to ongoing innovation, particularly in cloud computing solutions, and spends more than AU\$35 million annually on research and development. For more information, visit myob.com.au.

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