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**The Deloitte Private –
Canberra Region SME Survey**

An insight into the Canberra Region's SME
Sector.

Contents

1. Executive Summary
2. Broader Business Environment
3. Attitudes to Growth
4. Optimism
5. Barriers to Growth
6. Growth Intentions
7. Business Tech readiness

Executive Summary

- Analysis of the survey data suggests three distinct broad categories of businesses.
- Businesses may move from one category to another as they mature or progress through the business cycle.
- As times change however and as technology advances, there is a risk of the gap between the various categories widening, lessening the capacity for businesses to 'transition' from one state to another.
- The following slides provide high level insights from the survey results, while the table below shows the three categories of businesses.

Status Quo	Improved status quo	Pushing the boundaries
<ul style="list-style-type: none"> • Happy where things are; not seeking to improve or alter the status quo • Not adapting to or embracing technological change • Policies aimed at enhancing export capability, fostering growth, etc. are going to miss the mark for these businesses, • This category could be anywhere between 5 and 35% of the total 	<ul style="list-style-type: none"> • Happy with the same broad mix of products/services • Seeking to improve efficiency or effectiveness of current product mix without broadening the service offering • May be seeking to grow but not to a huge extent 	<ul style="list-style-type: none"> • Actively seeking to improve to amend the status quo • Not content to sit back; pushing the boundaries at every turn • Early adopters for tech advances; innovators in product or service design • Exports products outside of ACT/Australia and actively seeks new markets

Key Takeaways

- The ACT Businesses appear to have a very insular market focus.
- Only 2/3 of businesses selling to NSW, and only 55% selling to other states other than NSW and the ACT.
- Not all business owners want to grow their business with 5 – 25% showing a lesser willingness to grow their business.
- High net optimism from owners in relation to their own business.
- The further outside the ACT, the lesser the net optimism result. Supports the insular market theory.
- Skilled labour and employment regulation is a major business growth barrier.
- 13.8% of businesses are not effectively utilising social media and the web.

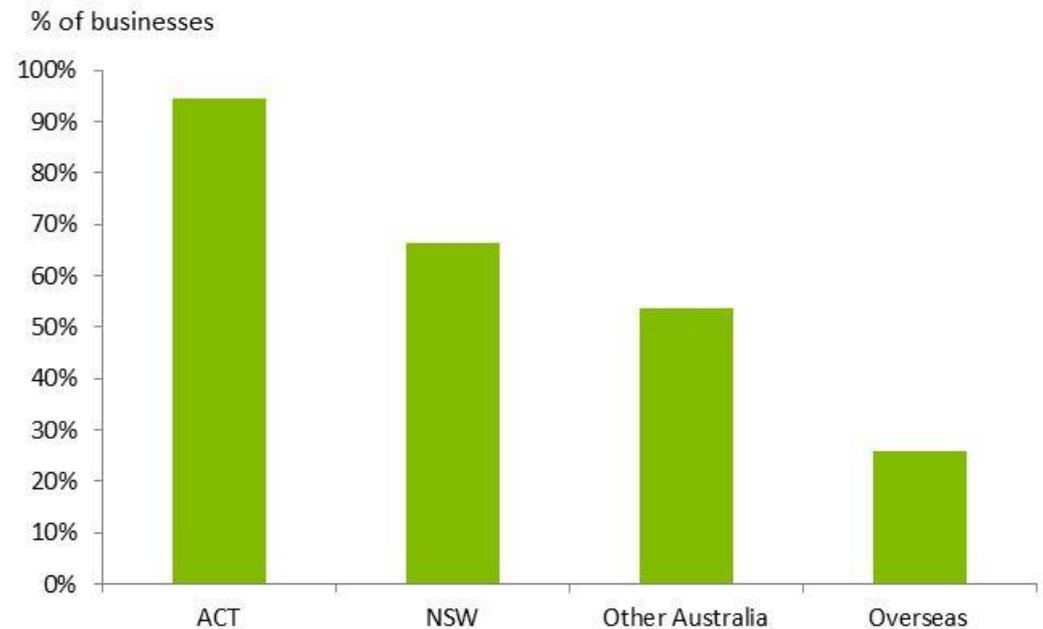
Broader Business Environment

Insights

- Insular market focus
- Only 2/3 of businesses sell to NSW.
- Only 55% of businesses sell outside of NSW/ACT
- Only ¼ of businesses export

Key Questions:

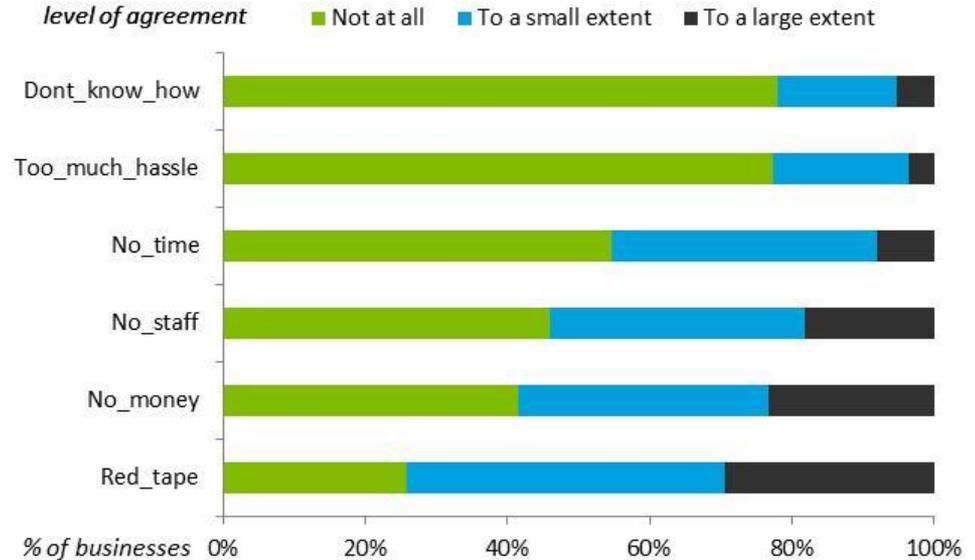
- What is stopping businesses from expanding into other states?
- What is stopping businesses from exporting?



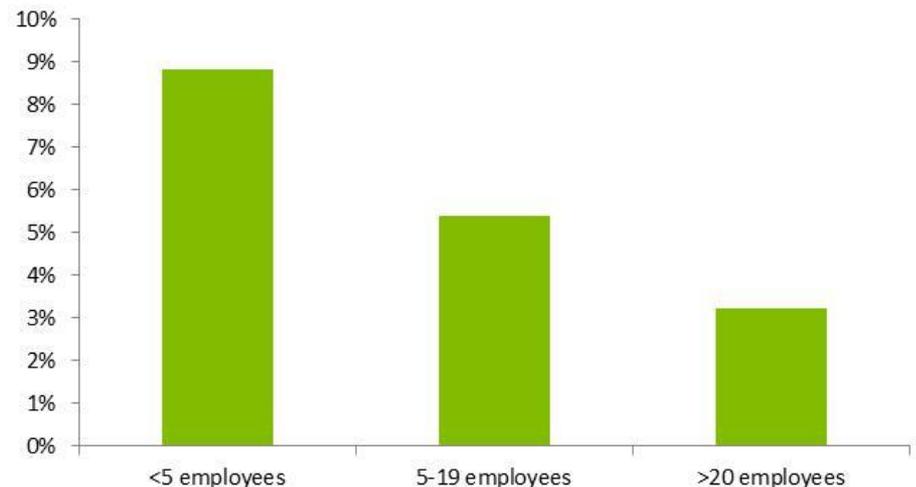
Attitudes to Growth

Insights:

- Most businesses want to grow, but not all do.
- Growth is not the only factor that businesses are concerned about
- Between 5-25% of businesses show a lesser willingness to grow; of small businesses 9-35% of show a lesser desire to grow
- As anticipated, 75% of businesses have a **perception** that “red tape” is a barrier to growth
- 58% of business deemed that insufficient money is a factor preventing growth



% that do not want to grow



Optimism

Analysis of the net optimism of ACT businesses

Insights

- Net Optimism Scores (Optimists less Pessimists)
 - Your business 36%
 - ACT 21%
 - Greater Economy 1%
- Optimists > Pessimists
- As businesses focus further from their own business and their own local market, the net optimism diminishes.

Implications

- Positives
 - High confidence about own businesses
 - Relative confidence in ACT - the economy improved
- **Negatives**
 - Global and national economic factors are weighing heavily on overall business confidence
 - At a high level, this reinforces the insular market theory

Barriers to Growth

Analysis of the actual barriers preventing business growth

General Economic Conditions

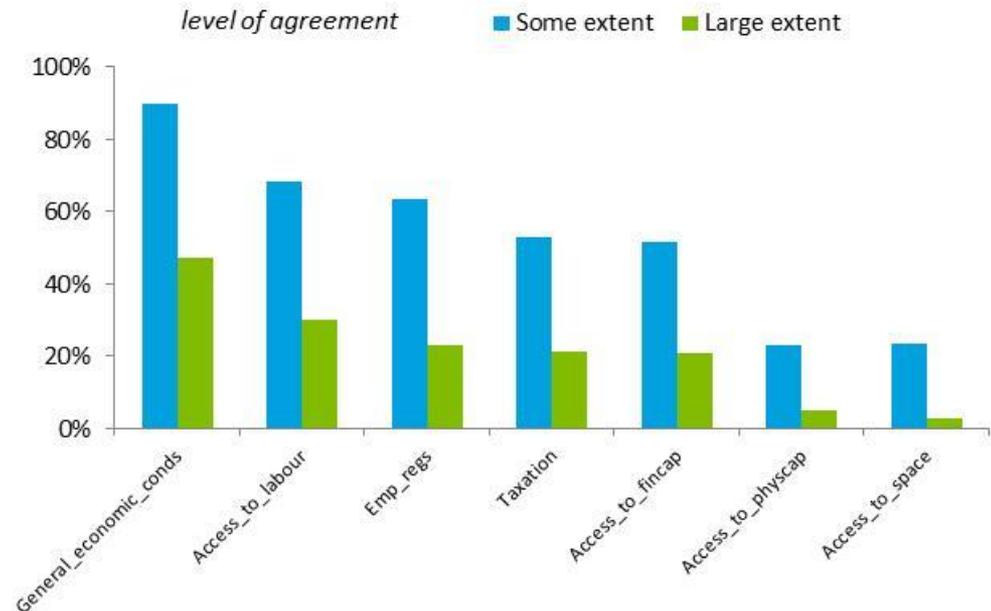
- Presents the largest barrier to growth
- 90% of respondents state that this is the reason preventing growth. 45% state that this affects their business to a large extent.

Skilled labour shortage

- 68% of respondents state that access to skilled labour presents a barrier to growth (30% state this is a large barrier)

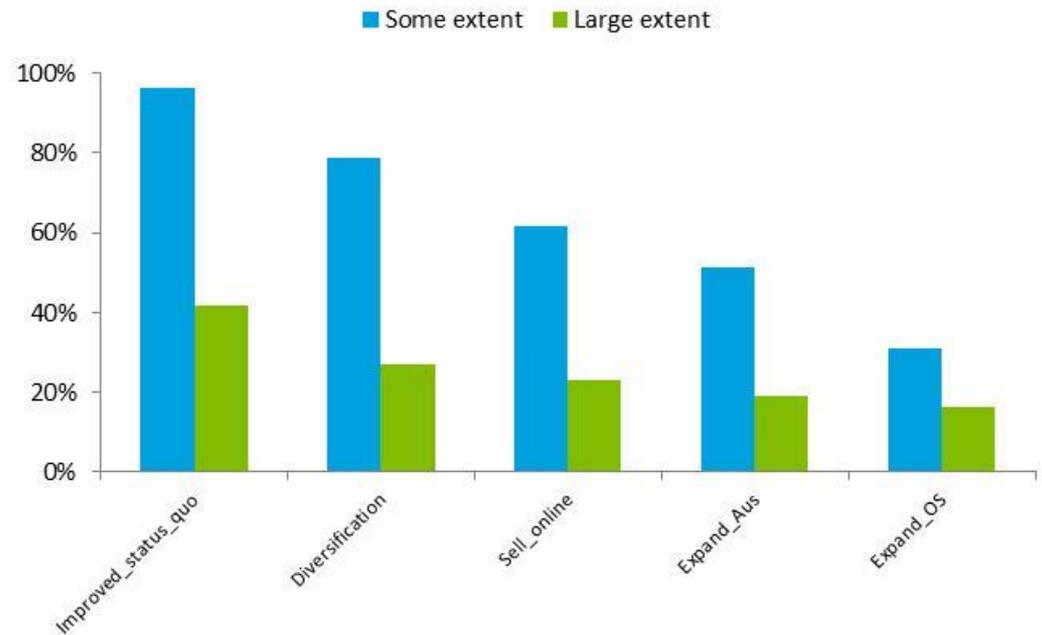
Employment Regulations

- 62% state that employment regulations, to a small extent, are presenting a barrier to growth



Growth Intentions

- While almost all respondents show some intention for improving or amending the status quo, intentions for actively expanding into other Australian or overseas markets were less apparent.
- Respondents were also asked the extent to which various factor have impacted on their business' operations. Main factors identified were:
 - Domestic competition
 - Technological change
 - Employment regulations



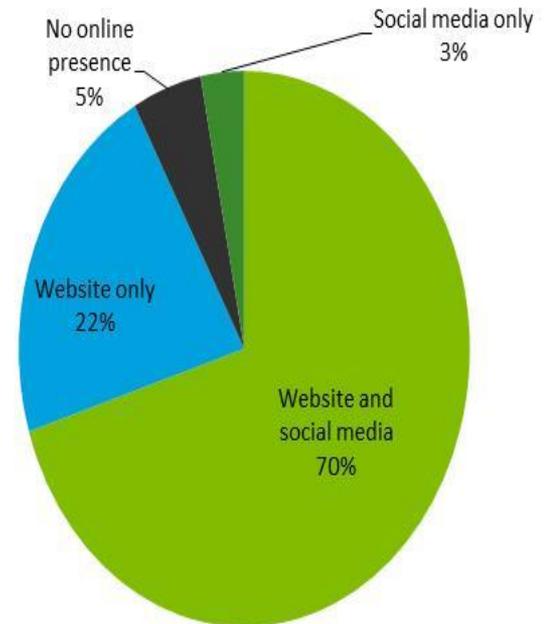
Business Tech Readiness

Presence / Activeness

- Presented in chart to the left

Future Tech expansion plans

- 60% want to expand further
- 22% have no expansion plans of which 8.8% could expand further.
- 18% may expand of which 5% could expand further
- 13.8% of the population are not utilising social media and the web at all, or to its full capacity.





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