



wavelength

2018

insights into the
SME world

The key highlights of the 2018

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 showed us the focus away from a purely improving profitability to one that embraces expanding customer bases and entering new markets with new products and services continues in 2018. Business owners are still emphasizing the strategy of diversification in an increasingly competitive market.



entering new markets with NEW or EXISTING products & services

50%

down from 56% in 2017



growing and diversifying customer base

57%

stable with 2017



increasing profits

56%

This continues the downward trend we have witnessed over the past 3 years - from 62% in 2017 and 74.2% in 2016



implementing new technologies

54%

report having this under control compared with 42.86% in 2017, so action has been taken!

"What we most need is more planning and thinking time"

the issue of **cyber security**

There is increased concern around the issue of Cyber Security with 72% of business owners moderately or highly concerned about this issue, **up from 64% in 2017**.

when asked:
how are you addressing
cyber security?

Internal expert responsible

24%

External company responsible

52%

Yet to address the issue

26%

The increased concern is media driven: **"I'm hearing more and more incidents being reported each day - there's an increase in cyber crime globally"**

And there are words of wisdom from the coalface: **"I've had one of my websites hacked and it took almost 12 months to fix it"**

technology and the rate of change

Business owners appear to be increasingly welcoming of new technologies with

46% of respondents saying "We're excited - bring it on!"

a significant increase from the **40%** who were so inclined in the previous survey.

There is, however, a change in what business owners see as the greatest opportunity technology offers with

Marketing and Social Media at **34%** now tipping

Operations at **33%** for the first time in 2018.

the impact of **disruption**

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

There was a noticeable decrease in concerns about disruption in this year's survey. When asked **"Do you feel your industry is vulnerable to competitive disruption?"**

48%
No, our industry is unlikely to be impacted in the short term

Only 39% felt that way last year

"Personal Services are hard to automate and replace"

"How can we not be vulnerable to change?"

However

40% do report having already seen disruption in their market, with diverse responses and opinions strongly segregated by industry type.

staying socially **informed**

The top 3 choices business owners are making to stay informed remained consistent in **“traditional” mediums**

email newsletters **73%**
down from 78% in 2017

website articles **70%**
down from 79% in 2017

industry conferences **68%**
up from 64% in 2017

“It’s still so difficult to measure how effective it (social media) is!”

But reliance on **Social Media Platforms** to provide up to the minute information continues to be close behind with

62% of respondents indicating this is their source of choice at the moment, and

11% “planning on using these platforms” soon.

Thus, those businesses – **44%** – who report increasing their social media activity this year are leveraging this trend.

Now in its 5th year the Wavelength Survey continues to send strong messages about what is important to business owners across many industries and professions.

This year there has been an ongoing embracing of technological change and business owners now welcome these changes.

Along with technology comes Cyber Security issues and this is emerging as one of the major concerns. With the increased media reporting on cyber crime and cases of hacking, the awareness of these issues continues to grow.

Social media usage by business continues to grow but more traditional forms of staying informed such as newsletters, online articles and attendance at conferences and seminars still remain popular.

Despite all of the advances in the business environment the thing that continues to keep business owners up at night remains as succession planning and business exit strategies.

We at DFK Australia and New Zealand are the best place to be able to assist and guide you through these issues. We can connect you through our local and global connections to ensure you are best placed to get the best out of your business.

Cheree Woolcock
Chair DFK Australia New Zealand



what will you **do next?**

The response to **“Future Steps”** was very similar to previous years with **59%** of respondents not yet having an exit strategy or succession plan in place

For those with a plan, **58%** are revising it annually and making adjustments as needed.

This uncertainty causes angst for many business owners:

“I don’t have a clear plan and that’s something that keeps me up at night”

yet for others, it’s not a concern:

I am the only one in the business, I don’t believe it’s saleable”.

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 are looking for, with the personal service possible in smaller organisations. Our locations are in the key cities across Australia and New Zealand.

local knowledge
national connections
global reach

