

What's going on with **small** **business** in Australia?

THE BIG SMALL BUSINESS SURVEY 2023



3	ABOUT	22	MENTAL HEALTH
4	EXECUTIVE SUMMARY	23	Staffing
		24	The facts
		25	The solution
8	RESEARCH THEMES		
10	STAFFING	26	TECHNOLOGY
11	Staffing	27	Staffing
12	The facts	28	The facts
13	The solution	29	The solution
14	PRICING	30	REFLECTIONS
15	Staffing	31	MEET THE EXPERTS
16	The facts		
17	The solution		
18	MARKETING		
19	Staffing		
20	The facts		
21	The solution		

Contents

Australia's two million small businesses are often

described as the 'backbone of the economy'. Led by highly driven individuals and families, these organisations employ close to half of the nation's workforce.

Authored by five Australian business experts, the annual Big Small Business Survey was created to give a voice to the nation's industrious, innovative and hard-working small business owners.

After the stress of the pandemic, 2023 brought new challenges to small business owners, with economic uncertainty and rising costs forcing them to rethink, pivot and adapt. The Big Small Business Survey gathered answers from hundreds of these business owners, to uncover their major concerns and find out what's on their minds as they prepare for 2024.

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341
BUSINESS
OWNERS

THE BIG SMALL BUSINESS SURVEY 2023

SEPTEMBER
TO
NOVEMBER

The Big Small Business Survey reached out to 341 business owners from all over Australia and around the world, with answers submitted between September and November 2023.

Coming from all industries, the survey participants were spread across age groups, with the majority (59%) being aged between 43 - 58 years old. A third (30%) had been in business for between ten and 19 years, while 20% reported being in business for between five and nine years.

97.3% of respondents reported a turnover of under \$4.9 million per annum, and two-thirds of the business owners employ between two and 20 people.

At the end of 2022, business owners who participated in the Big Small Business Survey listed their top concerns as keeping up with demand, managing workloads and staying on top of wellbeing and mental health issues.

A year later, entrepreneurs are facing a fresh set of challenges.

Exec Summary

Instead of being worried about keeping up with demand, their focus has turned to figuring out how to grow in these rapidly evolving times and finding new customers. In the meantime, cash flow issues and rising costs remain a source of stress.

Key findings from the survey included:

Business owners' top seven challenges were listed as:

- (33.60%)** Understanding the best way to grow their business
- (30.79%)** Finding customers
- (25.22%)** Lack of leads
- (24.93%)** Keeping up with demand
- (24.63%)** Cash flow issues
- (19.35%)** Keeping up with technology and AI
- (19.06%)** Managing rising costs

Despite the many challenges they face, business owners reported that there are still opportunities on the horizon. Many commented that they still expect positive sales outcomes in the new year.

In 2023, small business owners say their biggest opportunities are:

- (50.15%)** Creating new partnerships and collaborations
- (49.85%)** Systemising and scaling their business
- (47.80%)** Increased sales overall

A key theme to emerge was the power of partnerships. Business owners recognise that collaborating with partners gives them an opportunity to expand their audience and make more sales with less effort. As one business owner stated, “Strategic partnerships are incredibly important to help grow your business.”

Meanwhile, despite the daily stress of running a business, most wouldn't have things any other way.

For **54.55%** of business owners, the best thing about being self-employed is the flexibility it offers. Others choose the entrepreneurial life because it means they can:

- (63.05%)** Choose the direction their business can go in
- (34.90%)** Make an impact on the world
- (33.14%)** Not answer to someone
- (29.91%)** Do meaningful work
- (29.91%)** Be available for important family events

Of the five categories explored in the survey, it was clear that **overwhelm is a key issue for business owners**. Now more than ever, there are countless options to leverage new technology and marketing trends, but business owners are finding themselves paralysed by the sheer number of choices. As a result, it feels impossible to decide where to invest time and resources.

As explained by one of the authors of the study Jenn Donovan:

“This year, as well as in 2023, we saw a clear message that the majority of owners want business growth. However, the struggle is seeing a clear pathway to achieve it. Business owners know marketing is essential but reported that being consistent and knowing what strategy to apply is a huge challenge.”

Exec Summary

The Big Small Business Survey took a deep dive into the key issues small business owners faced in 2023.

STAFFING & TRAINING

The ongoing impact of labour shortages and the importance of training.

PRICING

Dealing with rising costs and managing customer expectations.

MARKETING

Managing overwhelm and sticking to a strategy.

MENTAL HEALTH

Business owners seem to be becoming more savvy in this area.

TECHNOLOGY

Surfing the incredible wave of artificial intelligence and change.

Research themes

Staffing



“We are now seeing a better flow of migration than in previous years, but filling vacant positions and boosting retention have remained a problem in 2023. Our survey reveals that nearly 30% of business owners struggle with hiring quality staff.”

Business owners understand they need to be able to ‘run lean’ and operate with as few people as possible by ensuring everyone is well trained, loyal and engaged. Flexible work arrangements have also become increasingly essential. The survey highlights this as the most popular employee retention strategy, used by over 30% of respondents.

While competitive salaries are important, the survey suggests a growing emphasis on practical training and development. Investment in employee skill-building is seen as equally vital to financial incentives for fostering a small, skilled, and loyal workforce.

In summary, small businesses in 2023 are focusing on efficiency, staff development, and adaptability to flexible work environments.”

- Report Author David Jenyns.



**29.33% of
business owners
are still
experiencing
issues finding
and hiring
quality staff**

> Staffing : The facts

29%

Around a third of business owners (29.33%) are still experiencing issues finding and hiring quality staff in 2023. This is a drop from last year's figure of 33%.

To retain their best employees and reduce turnover, business owners use strategies such as:

30.21% Flexible work arrangements

14.37% Competitive salaries and benefits

8.50% On-the-job training and mentorship

The types of training business owners offer their team members are:

44.57% Internal training (in-house)

31.96% Basic on the job training

20.53% Online education subscription

> Staffing : What's the solution?

While filling vacancies is becoming slightly less of a headache, small business owners are still crying out for support when it comes to human resources. Some commented that grants for training would make a difference in terms of staffing, so they can encourage the people they have on board to stay for longer.

#InTheirWords



“

“Good staff do come along, you just need to be open to trying different things.”

“

“(Government should) support small businesses by providing accessible training by market leaders at an affordable price.”

“

“Retaining staff requires a plan.”

Pricing



“There’s no denying costs have risen across the board and business owners have been doing it tough over the last twelve months. However, while close to 25% of businesses noted that prices have gone up by between 10 and 20%, I was surprised to see that only 12.9% of business owners have raised their prices by that amount.

A big concern for me is that this increase in costs versus an aversion to increasing prices means the profitability of many small businesses in Australia is diminished. This in turn leads to a lack of financial resilience. If there is a hiccup outside of the issues already being experienced, we could see a dramatic and catastrophic impact on small businesses around the country.

After last year’s survey, I mentioned how business owners weren’t taking action to change their prices. Unfortunately, this has remained the case in 2023, despite the incredible increase in operating costs. One of the biggest issues that becomes clear from this year’s survey and last year’s survey is that business owners need to be shown how to increase their prices in a much more strategic and realistic way.

Avoiding price increases is due to not having a strategy or process and that’s the issue. It isn’t really about whether or not a business can put its prices up, the reality is that prices have to go up. Dealing with the concern of “what will happen if we increase prices” needs to be addressed.

Fear of raising prices puts incredible pressure on business owners and their families, and they need to find ways to overcome this issue if they want to survive for the long term."

- Report Author Andrew Griffiths.

> Pricing : The facts

92%

The vast majority (92%) of business owners saw an increase in costs during 2023.

71%

In 2023, approximately 71% of small business owners responded to rising costs by increasing their prices. Interestingly, many kept these increases to a minimum:

15.25% increased prices by less than 5%

4.69% increased prices by 21-30%

34.10% increased prices by 5-10 %

2.05% increased prices by 31-50%

12.90% increased prices by 11-20%

1.76% increased prices by 51% or more

> Pricing : What's the solution?

Interest rates and the increased cost of doing business are on everyone's minds. However, in 2023, businesses have been so scared of losing customers that they are not taking action to reset their prices despite dwindling profits. To add to this, there is a lack of transparency and confusion about what things cost, particularly in service industries. This has the potential to bring small businesses to breaking point.

#InTheirWords



"The economy right now is making life difficult for small businesses, so many cannot survive."



"All my expenses are going up at the moment and this is the same for the small businesses I work with. The dilemma we find ourselves in is that we cannot put our prices up to offset this, as our clients can't afford to pay more (in most cases they are asking to pay less)."



"A lot of businesses (including established ones) are scaling back or shutting down entirely at the moment."

Marketing



“In tough economic times when people spend less money, having effective marketing is more important than ever. Strategy and consistency are key for brands that want to get noticed, get leads and maintain market share.

Business owners are facing the multi-pronged challenge of deciding on a strategy, implementing it and maintaining the work they do to market their business. In 2023, they have found themselves overwhelmed by the number of options out there and confused about which approach is right for them. As a result, their efforts are inconsistent and they’re not achieving the returns they want.”

- Report Author Jenn Donovan



**56% of small
business owners
surveyed find
marketing
overwhelming**

> Marketing: The facts

56%

56% of small business owners surveyed say they find marketing overwhelming. They acknowledge the following challenges:

- 56.89% Being consistent with marketing effort
- 46.04% Producing and delivering good quality content
- 35.78% Not knowing what marketing strategy works best

57%

More than half (57%) of the surveyed small business owners said that they use AI (eg. ChatGPT) in some aspects of their marketing efforts.

33%

33.43% of business owners promote their business on social media several times per week and 10% post multiple times per day.

> Marketing: What's the solution?

Clarity around marketing is key to success. Business owners struggle to find the time and access the support they need to work from the bottom up, by identifying their goals and then crafting a marketing strategy around them. The next step is to stay the course and produce consistent content in order to build audience and engagement.

#InTheirWords



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“Planning a consistent marketing strategy, that is right for my business, and sticking to it long term is important.”

“

“Nothing stays the same and marketing has never been more important, especially as businesses lockdown for a recession.”

“

“I can't expect to survive on referrals alone. I need to have a marketing plan.”
“Consistently showing up on social media (mixing it up with reels, stories and posts) is a non-negotiable”

Mental Health





**42% of small
business owners
said mental
health has been
a challenge**

“In 2023, 34% of business owners said they noticed an increase in mental health issues in or amongst their team and 24.3% say they don’t feel equipped to deal with these issues.

Meanwhile, over 40% of business owners still report having mental health issues, which highlights the importance of supporting the wellbeing of these individuals. Consider how many business owners say the thing they worry about at night the most is the prospect of not being able to support their families. It’s a very heavy load to carry.”

- Report Author Katrina McCarter

> Mental Health: The facts

42.82%

In 2023, close to half (42.82%) of small business owners said mental health has been a challenge.

34%

Meanwhile, 34% of small business owners noticed an increase in mental health issues in or amongst their team over the past five years.

40.47%

40.47% of small business owners feel equipped to deal with the mental health issues experienced by their team members.

Key stressors for business owners involve money and work/life balance, with the top three things keeping small business owners awake at night being:



Not having enough money to provide for themselves or their family



Having decent boundaries between work and family



Managing rising expenses

> Mental Health : What's the solution?

Work is becoming synonymous with life and employers are embracing the two-fold challenge of looking after themselves and others. Emerging tools such as Mental Health First Aid training are enabling business owners to support their team and find the courage to make their own mental wellbeing a priority. This highlights the importance of funded training to upskill business owners so they can provide greater support to their team members as well as finding a way to take care of their own mental health.

#InTheirWords



“

"(It is important to maintain training and growth support, and consider costs of mental health downtime on businesses"

“

"(The Government should) help small businesses access more mental health support and AI training"

“

"When you are physically and mentally at your limit - everything comes to a crashing halt."

Technology





40% of small business owners surveyed are concerned about the impact of technology and AI is having on their business

“2023 has been the year of AI, and things are only just getting started. The businesses that succeed between now and 2030 will be able to adapt, shift and leverage new technology to reduce costs, produce at higher volume and stand out from the crowd.

This is not the time to stick your head in the sand. It is great to see how many business owners are learning about what’s out there, integrating AI into their daily workflows and that 25% of survey respondents are excited about what’s around the corner. These are the ones who will thrive.”

- Report Author Dale Beaumont

> Technology: The facts

40% 40% of business owners are concerned about the impact that new technology and AI is having on their business.

25% 25% of business owners say that they are using AI tools (eg. ChatGPT) in their business several times a week and 9.68% are using it several times per day.

36% A third of business owners (36%) believe technology will replace human roles in their business or industry within the next five years.

To increase their knowledge around the impending AI revolution, business owners report they have:

Searched online and read blogs

Attended an educational event

Listened to podcasts

Watched YouTube videos

> Technology: What's the solution?

Like it or not, AI has created a 'sink or swim' environment. However, it puts smaller businesses in a place where it is much easier to compete with large brands because of the reduced costs of creating high-quality, impactful content and the ability to increase productivity without adding to headcount.

#InTheirWords



“

“AI is here to stay and if you are not using it, you will not have a business in the future.”

“

“I'm implementing AI into my business and putting strategic systems in place to prevent burnout.”

“

“AI is changing the landscape so fast. Small businesses are in an incredible position to adapt faster than corporations.”



Australia has emerged from the pandemic to face fresh economic challenges and a whole new world of game-changing technology. Because of this, small business owners have struggled to take a breath, going from ‘out of the frying pan and into the fire’.

Perhaps the most worrying result from The Big Small Business Survey in 2023 is the number of business owners who have failed to keep up with rising costs. A reluctance to pass increased expenses on to customers is putting their ventures at risk, while ‘marketing paralysis’ is a genuine issue that is also threatening business success.

As 2024 approaches and pricing pressures persist, clear strategies around pricing, staff retention and marketing will make all the difference.



Reflections

David Jenyns

In 2016, David successfully systemised himself out of his small business. Through this process he became a business systems devotee - founding SYSTEMology. Today, his mission is to free all business owners worldwide from the daily operations of running their business.

www.SYSTEMology.com

Jenn Donovan

Jenn is a marketing thought leader and strategist, international keynote speaker, and sought-after advocate for rural and regional small businesses with a community of over 380,000 people. She is Founder of the Small Business Made Simple Podcast, Social Media and Marketing Australia and Co-Founder of Spend With Us - Buy From a Bush Business.

www.socialmediaandmarketing.com.au

Andrew Griffiths

Andrew is Australia's #1 Small Business Author, with 14 bestselling business books sold in over 65 countries. His latest book, "Someone has to be the most expensive, why not make it you" continues to receive international acclaim around the world. Andrew has been providing strategic business advice across all aspects of running a successful small business for over 30 years to millions of people. He proudly specialises in helping people of substance to build businesses of substance.

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Meet the experts

Katrina McCarter

Armed with over a decade of running successful businesses, global marketing expert Katrina McCarter - a Fortune 100 corporate chief turned entrepreneur, international award-winning speaker and author - has helped hundreds of clients to build businesses, reputations and visibility. She's reached audiences of thousands across Europe, the US and Australia and is a five-time B&T Women in Media Awards finalist and 2021 Top 50 Small Business Leader.

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Dale Beaumont

Dale Beaumont is best known as an award-winning entrepreneur, business growth expert and the author of 19 best-selling books. Dale started his first business at the age of 19 and has been building companies ever since. Today he owns 7 different businesses that collectively produce more than \$15,000,000 per year.

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Meet the experts

A very big thank you to everyone involved in the 2023 BIG Small Business Survey. This is a significant project and a vitally important one in our eyes. We will be back in 2024 to find out what your biggest issues and opportunities are. If it's anything like the last few years, it's going to be interesting. Our big picture goal is to do this survey annually and provide small business owners, governments, industry associations and media with the facts about what is happening in the small business world in Australia. We hope this drives change and ensures that the right type of support is offered to the two million plus small business owners in Australia.

