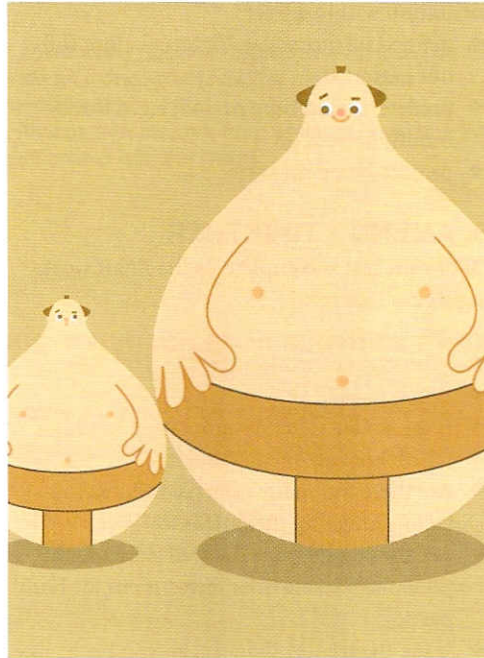


Today's views on yesterday's news

THEN MARKETING, AUGUST 1998: MARK PHILLIPS IN 'EDITOR'S NOTE':

"Of the million or so SMEs in Australia, 93 percent of them employ fewer than 10 staff. A frightening statistic is that their average turnover is only around \$82,000 – and that average incorporates some of the big boys at the top who could do \$1 billion in turnover and still be privately owned. Clearly there are a lot of people at the bottom of the scale who are just saving the country the cost of keeping them alive. But make no mistake: the total turnover of SMEs in Australia remains three times the value of the 1200-odd companies floated on the Stock Exchange. Everyone seems to have forgotten that part of what small business does is that which big business hasn't got the time to do. When Kym Bonnefin, regional chairman and CEO of the Council of Growing Companies and managing director of Small Business Australia lobbied long and hard for John Howard to follow the US example and cut red tape by 50 percent, what happened? The PM gave the idea to bureaucrats, who did exactly what they're good at, and that's kill off the idea by doing red tape studies of red tape! Now Bonnefin watches as scores of the SMEs he deals with go from 100 percent to zero overnight."



NOW GENE STARK, DIRECTOR, STARK REALITY

There is no doubt that government policies affect businesses and consumers; however, government policy cannot be relied on for success, not then and not now. All business owners have to focus their efforts on those business factors that they can control themselves. The market has never been so competitive, but at the same time the advance of the internet and a changing consumer landscape present new opportunities for the SME 'Davids' to effectively compete with the corporate 'Goliaths'.

WHY DO SO MANY SMES FAIL?

Estimates by the CPA Australia are that: "One in three new small businesses in Australia fail in their first year of operation, two out of four by the end of the second year, and three out of four by the fifth year. This means that approximately only eight percent of small businesses succeed." This cost is too great for both the economy and the individuals involved.

Motivated by the promise of better income, professional satisfaction and lifestyle factors, the majority of business owners end up working longer hours than ever, enduring great emotional and physical stress and, in the worst cases, face financial and personal failure

that could have been avoided if only they had followed some basic business principles. This is not surprising when you consider that only three to five percent of Australian small businesses prepare a business plan – that is, know that their business is feasible and have a formal plan to operate that business. Having a realistic business plan would also prevent many entrepreneurs starting out so undercapitalised that they never even have a chance.

Based on the fact that a feasibility study and a SWOT analysis are both a part of any marketing plan, and the marketing plan is one of the most important elements of the business plan, we can attribute much business failure and lack of business growth to inadequate marketing or marketing activity that is ineffective or damaging to the business.

ENDLESS OPPORTUNITIES FOR SMES

Many people are opting out of the traditional full-time workforce with more part-timers and freelancers joining the SOHO (Small Office Home Office) segment, which already accounts for 75 percent of all SMEs. There are ample opportunities for marketers to make it more pleasurable for them to work from home or increase their productivity.

Service industries catering to the needs of the baby boomers are set to boom! This will give rise to many niche markets, for example smart technology suppliers who upgrade homes and buildings and special interest retirement homes. Succession planning is already a booming category for numerous accounting practices and new specialist players. Growth in nature-based tourism and medical tourism will benefit proactive Australian SMEs in this sector. People will want to stay at home as long as possible before being confined to aged care facilities, so any services to help them with that will also prosper. As people are working harder and harder and feeling emptier, businesses involved in any service or product helping individuals to find meaning will do well. Growth in personal development and wellness is pushing these industries into the billions of dollars globally. Cosmetic enhancements – to help baby boomers grow old without feeling old – is also a growing sector.

Spend some time thinking about how your business can tap into these trends and grow a 'booming business'. **M**