2015 State of Small Business Report

Wasp Barcode Technologies
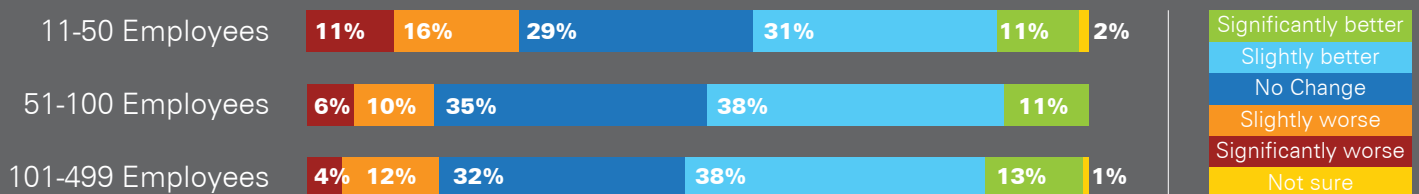
Wasp®
BARCODE TECHNOLOGIES

Setting goals and identifying the key factors of success and growth are paramount for every small business owner. While developing a long-term plan for our own small business (Wasp Barcode Technologies), we found there were no hard numbers or statistics to answer the questions we were asking ourselves. We consulted with industry peers and experts, searched trade publications, and scoured the internet for concrete numbers that would help us compare our company's growth and direction to other small businesses – all we could find were theories and assumptions.

We could not base the success of our company on those theories and assumptions without hard evidence. As a result, we developed a study to collect the data directly from other small business owners and executives. Our questions focused on their thoughts about the upcoming year, specifically: economic confidence, potential business challenges, and anticipated investments. Wasp's final goal; to efficiently share the results so our peers can make more informed business decisions.

How has confidence in economy changed vs. 12 months ago

	Significantly worse	Slightly worse	No Change	Slightly better	Significantly better	Not sure
11-50 Employees	11%	16%	29%	31%	11%	2%
51-100 Employees	6%	10%	35%	38%	11%	
101-499 Employees	4%	12%	32%	38%	13%	1%

Legend:
- Significantly better
- Slightly better
- No Change
- Slightly worse
- Significantly worse
- Not sure

"I am confident in the improvement and growth of the economy. I have grown my business year over year and now feel as though we are setup for a breakthrough in 2015."
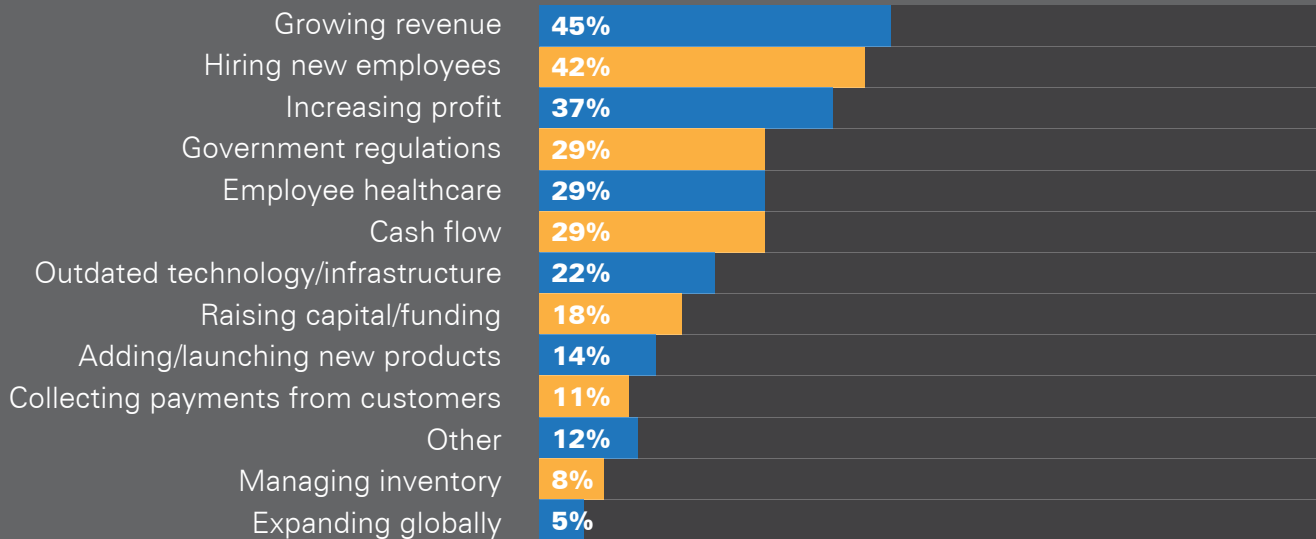
- Don Powers, Powers Scanning

Growth &
The Economy

What are the top three, biggest challenges facing your business?

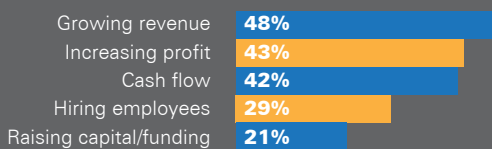| Challenge	%
Growing revenue	45%
Hiring new employees	42%
Increasing profit	37%
Government regulations	29%
Employee healthcare	29%
Cash flow	29%
Outdated technology/infrastructure	22%
Raising capital/funding	18%
Adding/launching new products	14%
Collecting payments from customers	11%
Other	12%
Managing inventory	8%
Expanding globally	5%

Revenue growth, hiring new employees, and government regulations are the challenges most business leaders named as their primary business challenges across all segment sizes for 2015. However, a majority of businesses with 11-50 employees expect raising capital and cash flow to be two of their main concerns in 2015.   While restrictions on lending has eased since the "Great Recession," some companies still find it difficult to receive loans from banks or often find the bank's higher loan amount a burden on their business operations. An alternative to the traditional small business loan are loans offered through micro lenders like Kabbage or CANcapital. This alternative provides small businesses with the flexibility of securing funds under terms traditional methods limit.   The Small Business Administration's loan section is a valuable resource for small businesses looking to procure capital.
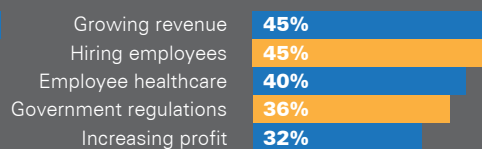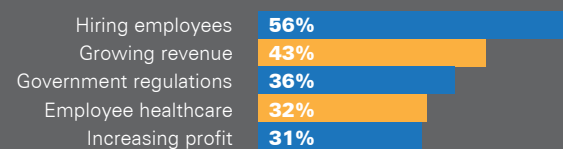
Top 5 Business Challenges

Companies 11-50

Challenge	%
Growing revenue	48%
Increasing profit	43%
Cash flow	42%
Hiring employees	29%
Raising capital/funding	21%

Companies 51-100

Challenge	%
Growing revenue	45%
Hiring employees	45%
Employee healthcare	40%
Government regulations	36%
Increasing profit	32%

Companies 101-499

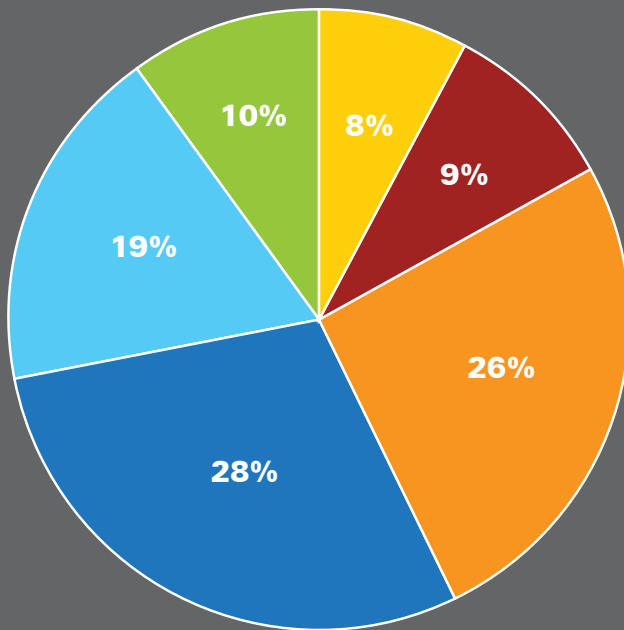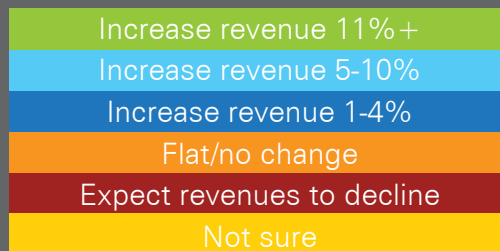| Challenge	%
Hiring employees	56%
Growing revenue	43%
Government regulations	36%
Employee healthcare	32%
Increasing profit	31%

Although 57% of the SMB leaders surveyed expect revenue and sales to increase in 2015, most have listed this as a potential business challenge as well. The concern for most small business leaders comes from the uncertainty in just how the revenue increase will be generated. The economic growth trend mimics what most economists predict, with GDP expected to grow at a rate of 3.3% in 2015. The top growth driver for companies will be improving the customer experience in 2015.   For more than 44% of small businesses, attracting new customers remains a top reason behind the expanded growth as well as other organic means, such as expanding product and service offerings. Small businesses also continue to view overseas' markets as foreign territory. Fewer than 8% said global market expansion is part of their 2015 growth plans.

What is your anticipated revenue growth in 2015?

11-50 Employees

51-100 Employees

101-499 Employees

57% are anticipating revenue growth

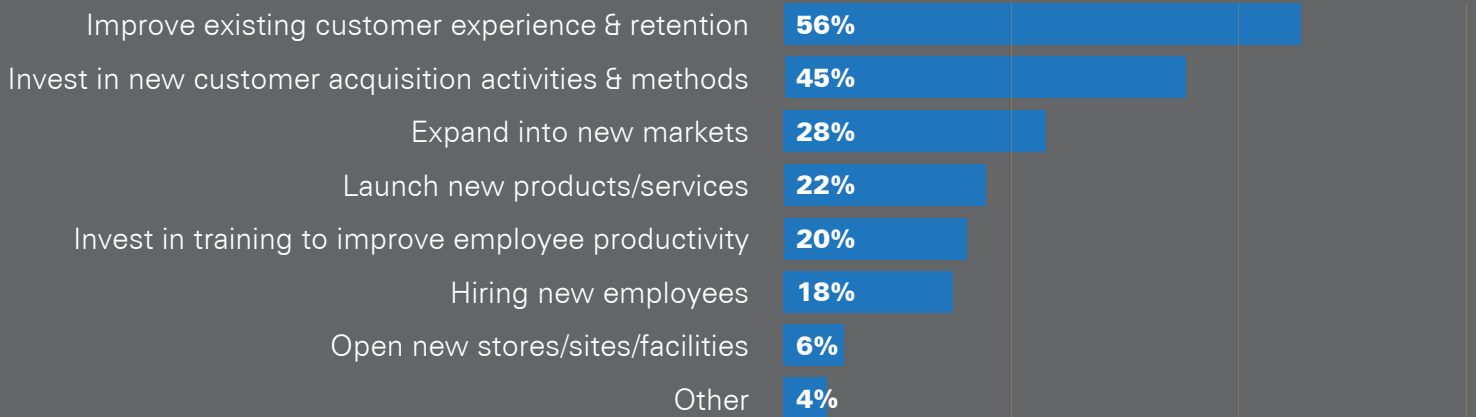|	Legend
	Increase revenue 11%+
	Increase revenue 5-10%
	Increase revenue 1-4%
	Flat/no change
	Expect revenues to decline
	Not sure
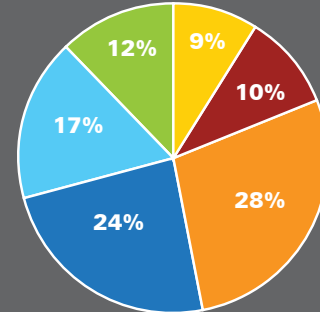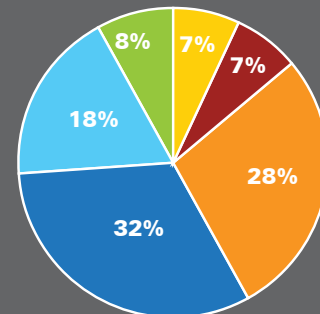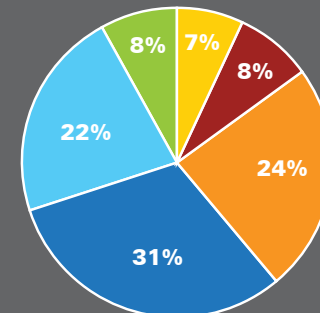
Which of the following strategies will you use to achieve your expected revenue growth? (Please select your top 2 choices)

Strategy	Percentage
Improve existing customer experience & retention	56%
Invest in new customer acquisition activities & methods	45%
Expand into new markets	28%
Launch new products/services	22%
Invest in training to improve employee productivity	20%
Hiring new employees	18%
Open new stores/sites/facilities	6%
Other	4%

Do you plan to expand globally?

Response	Percentage
No current plans	82%
I've already expanded globally	10%
Yes, within the next 6 months	1%
Yes, within 6-12 months	1%
Yes, within 1-2 years	2%
Yes, within 3-5 years	0.5%
Yes, > 5 years	0.5%
Not sure	3%
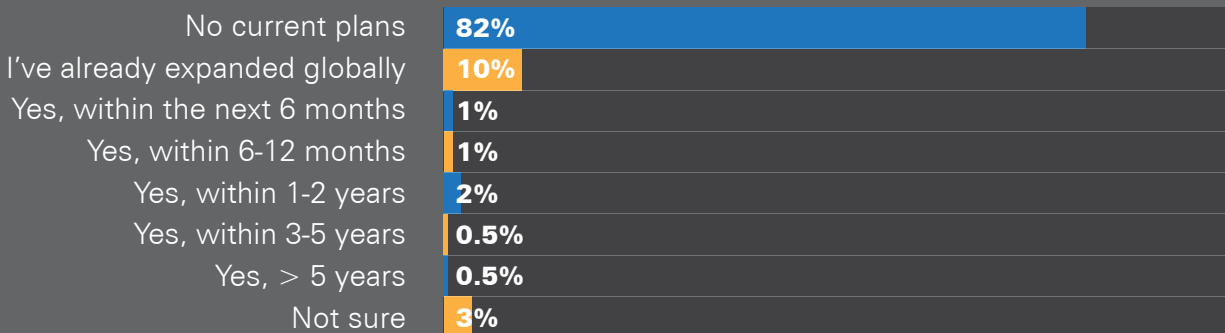
Marketing Investments

Percent Revenue Invested in Marketing

Color	Category
11%+	
7-10%	
4-6%	
1-3%	
We don't invest in marketing	
Not sure	

Pie chart values: 5%, 10%, 10%, 19%, 19%, 37%
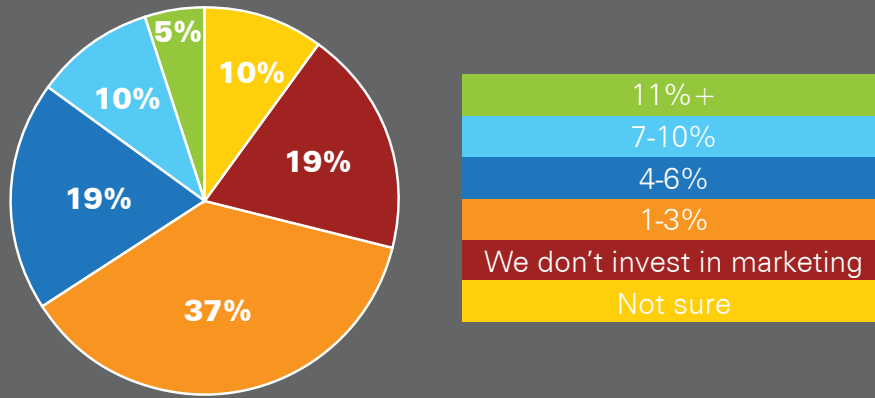
Percent Revenue Invested in Marketing

56%
Invest less than 3%

34%
Invest more than 4%

Product companies will typically **invest a greater percentage of revenue** than non-product companies.

49%
Invest less than 3%

42%
Invest more than 4%

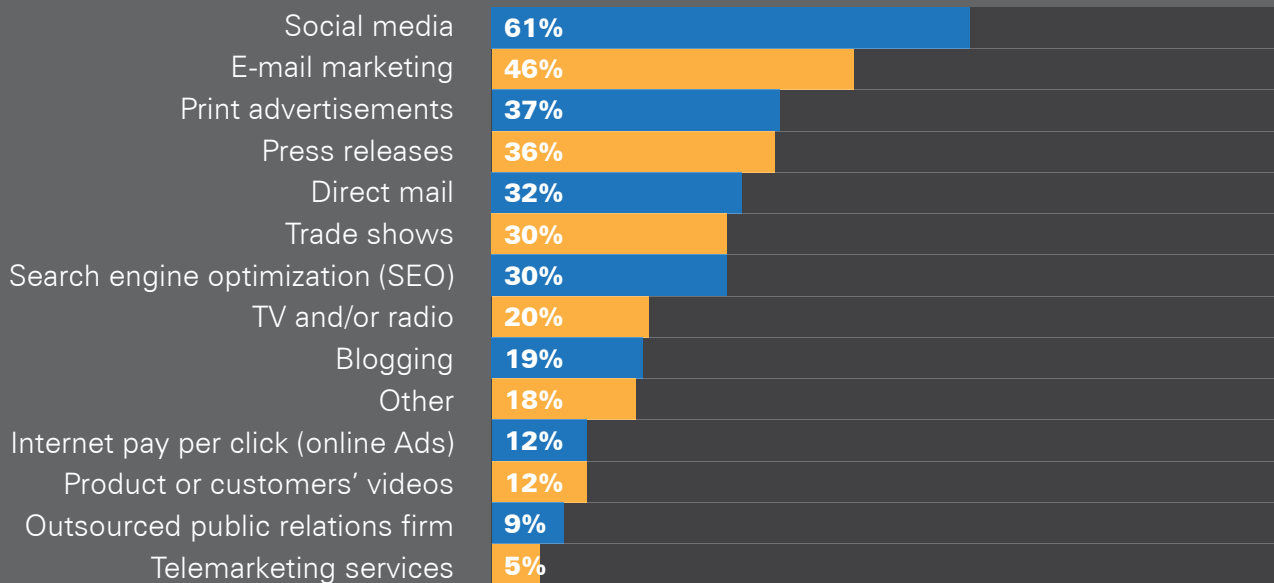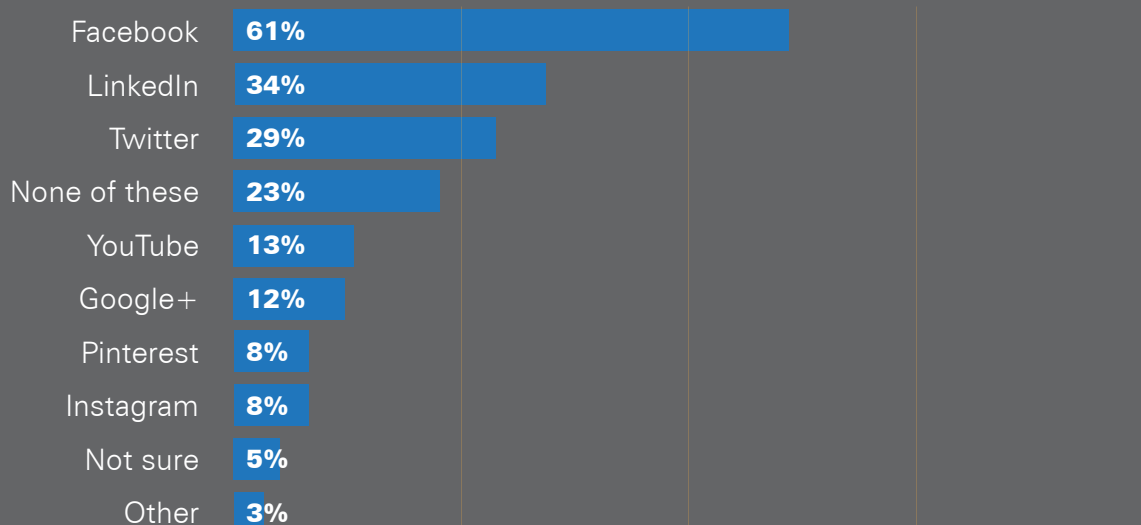While the national average of percent of revenue spent on marketing activities is 10.2%, nearly 56% of small business leaders surveyed stated they will spend less than 3% of revenue on marketing. Facebook is currently the most widely used social media channel. However, since the site changed their Edgerank algorithm (altering the content users see in their feeds), organic traffic has been cut in half. Here is an article discussing the different types of ads Facebook offers to business marketers. Investing in paid social media marketing is an opportunity for small businesses to expand into newer markets, and the potential data collection can help SMBs create leads and offer more personalized service to consumers.

Which marketing tools does your company use?

Marketing tool	Percentage
Social media	61%
E-mail marketing	46%
Print advertisements	37%
Press releases	36%
Direct mail	32%
Trade shows	30%
Search engine optimization (SEO)	30%
TV and/or radio	20%
Blogging	19%
Other	18%
Internet pay per click (online Ads)	12%
Product or customers' videos	12%
Outsourced public relations firm	9%
Telemarketing services	5%

Which of the social media channels do you actively update (at least once a month) as part of your company's marketing strategy?

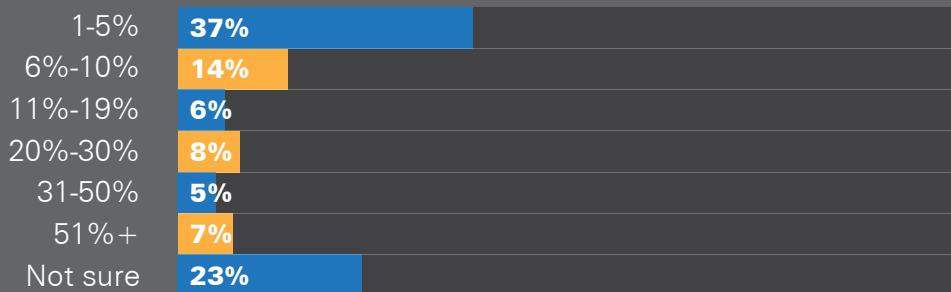| Channel	Percentage
Facebook	61%
LinkedIn	34%
Twitter	29%
None of these	23%
YouTube	13%
Google+	12%
Pinterest	8%
Instagram	8%
Not sure	5%
Other	3%

Nearly 59% of SMBs view their website as an integral part of their business, yet over half of the business leaders surveyed said less than 11% of their annual revenue was generated online. Here are two articles, The Return of "Barnacle SEO" and Why It's Perfect for Small Businesses and The Beginner's Checklist for Small Business SEO, that offer cost effective suggestions for small business owners without an SEO specialist.

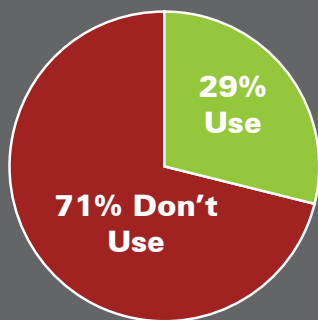## How important is your company website to your business success?

Extremely important	10%
Very important	25%
Important	24%
Somewhat important	24%
Not important at all	9%
Not applicable	8%

What percent of your business is generated online?

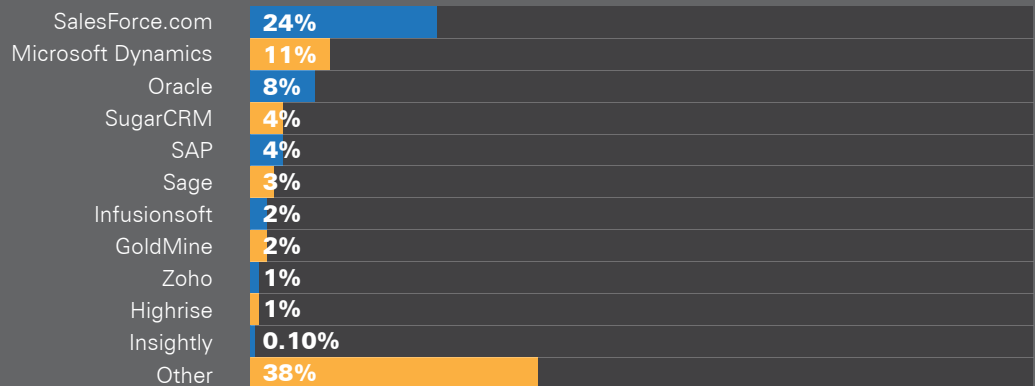|	
1-5%	37%
6%-10%	14%
11%-19%	6%
20%-30%	8%
31-50%	5%
51%+	7%
Not sure	23%

71% of business leaders surveyed don't use a customer relationship management (CRM) software. The top three CRM benefits businesses experience are greater access to customer data, improved interaction tracking, and better customer relationship management. While only 29% of those surveyed currently use a CRM, implementing this system was listed in the top-half of IT investment priorities for 2015.

Use of CRM is limited and fragmented across platforms

29% Use

71% Don't Use

Those who use CRM, use:

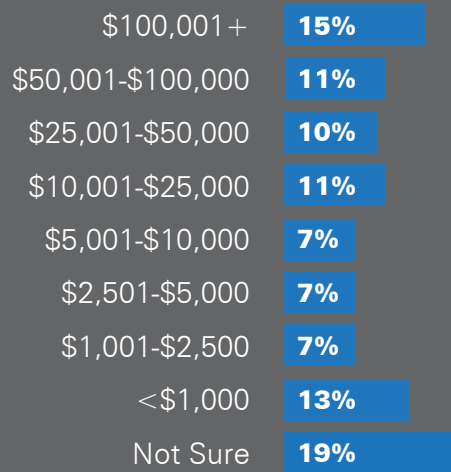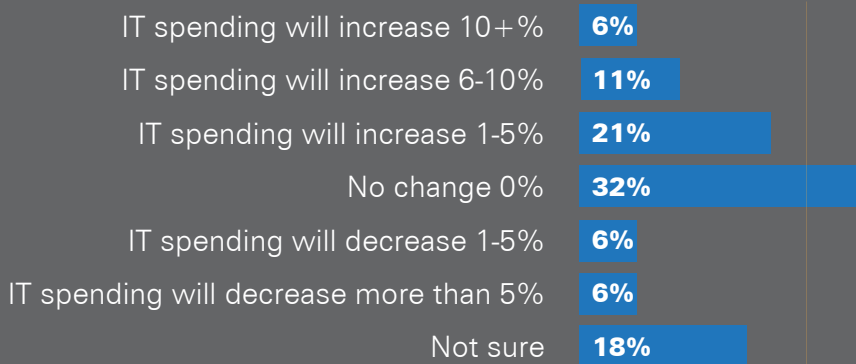|	
SalesForce.com	24%
Microsoft Dynamics	11%
Oracle	8%
SugarCRM	4%
SAP	4%
Sage	3%
Infusionsoft	2%
GoldMine	2%
Zoho	1%
Highrise	1%
Insightly	0.10%
Other	38%

IT Investments and Tools

Which dollar range best represents your business's total expenditure on IT related equipment and software (or expects to spend) in 2014?
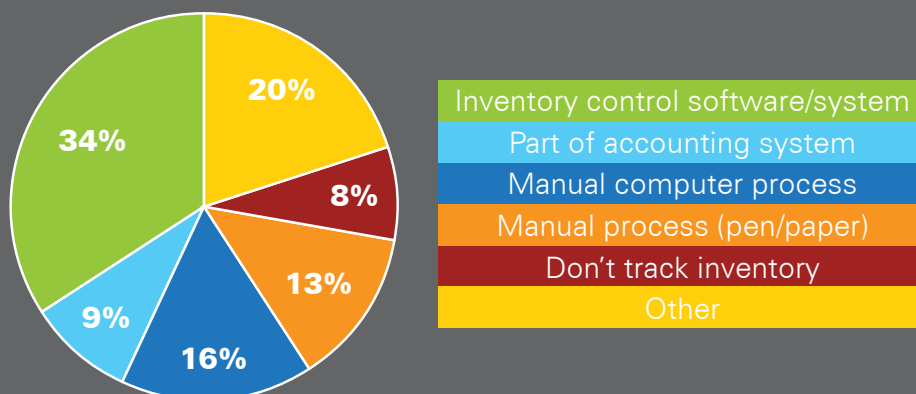
Range	Percentage
$100,001+	15%
$50,001-$100,000	11%
$25,001-$50,000	10%
$10,001-$25,000	11%
$5,001-$10,000	7%
$2,501-$5,000	7%
$1,001-$2,500	7%
<$1,000	13%
Not Sure	19%

For 2015, what % change in IT spending do you anticipate investing over your 2014 expenditures?

Category	Percentage
IT spending will increase 10+%	6%
IT spending will increase 6-10%	11%
IT spending will increase 1-5%	21%
No change 0%	32%
IT spending will decrease 1-5%	6%
IT spending will decrease more than 5%	6%
Not sure	18%

38% anticipate an increase

Over 57% of the small business leaders surveyed stated they expect an increase in revenues during 2015, and this influx does correspond to heightened plans for capital spending in IT departments. 38% of the SMBs surveyed plan to increase their IT investment in 2015 and another 32% will spend the same amount as 2014. 45% of the small business leaders who responded prefer working directly with IT equipment suppliers and replacing computer hardware remains a top priority for small businesses followed by server and wireless infrastructures, network security, and business intelligence tools.

What SMB's Use to Track Inventory
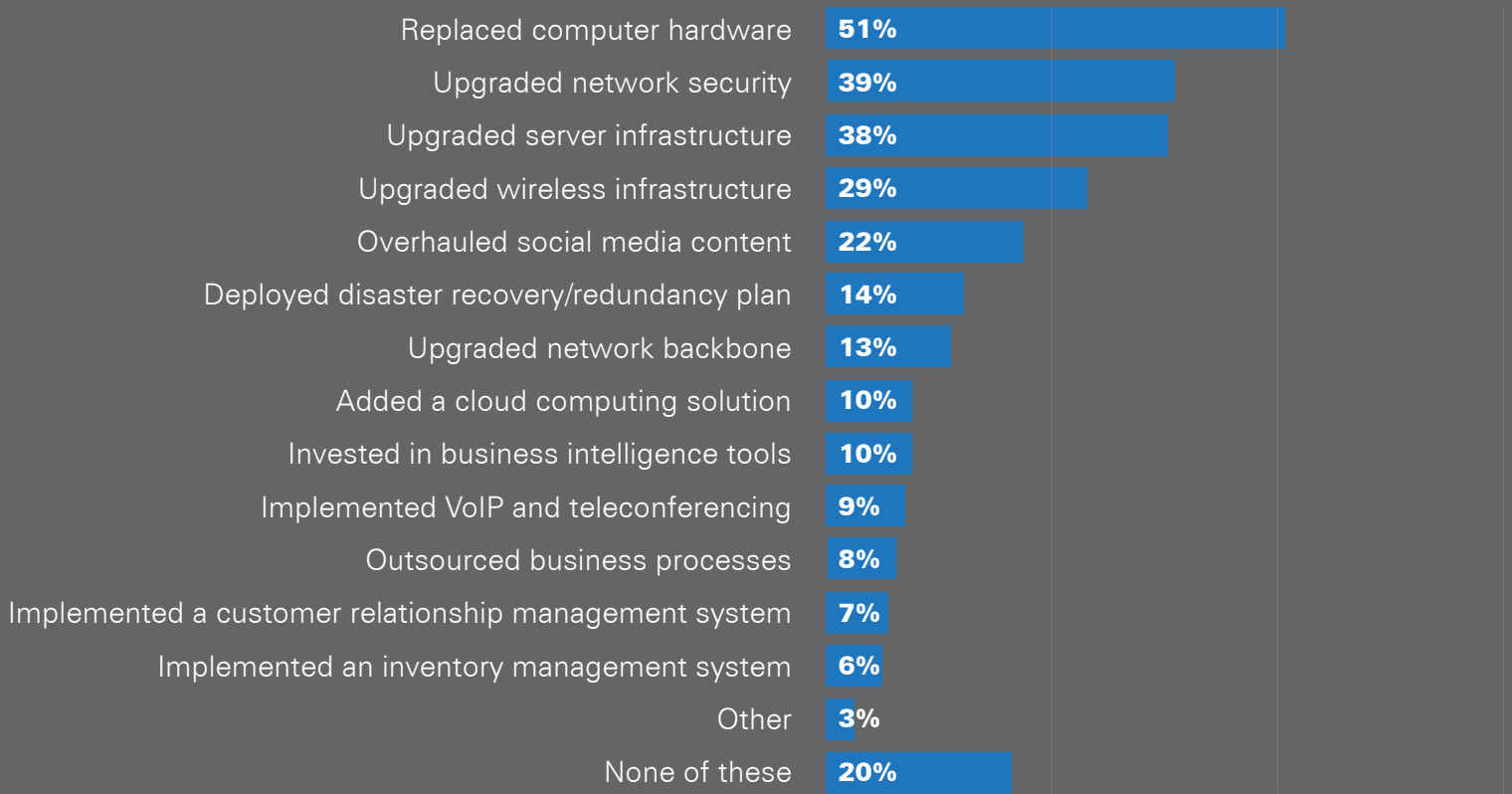
- 34% Inventory control software/system
- 9% Part of accounting system
- 16% Manual computer process
- 13% Manual process (pen/paper)
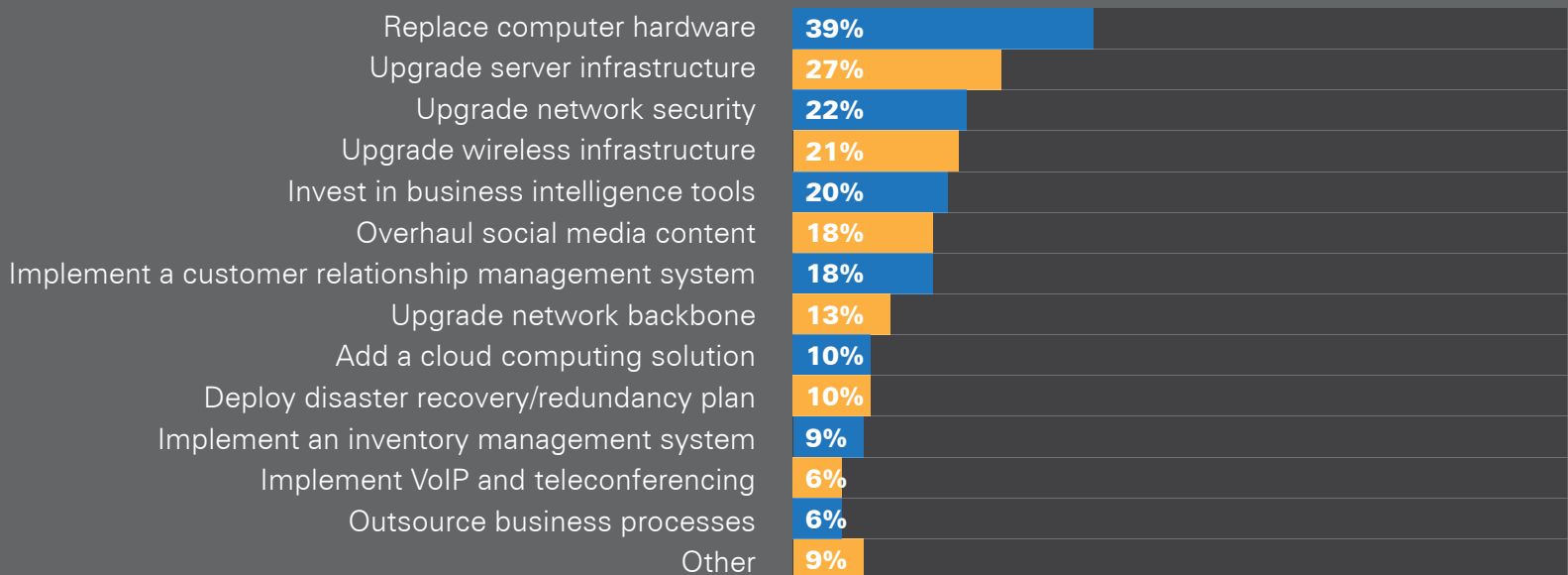- 8% Don't track inventory
- 20% Other

46% don't currently track inventory or use a manual process

As software vendors continue to evolve offerings and move those offerings to the cloud, 54% of the SMB leaders surveyed still prefer the traditional, on premise software model of the past. Roughly 24% of those surveyed are not sure which software model they would prefer when implementing new business applications. Because cloud offerings have evolved, many applications now allow small businesses to implement applications that were previously cost-prohibitive or required resources many SMBs didn't employ. This software progression has opened a path for a small businesses to use big software, allowing them to be more competitive and scalable while decentralizing the IT department.

Which of the following did you implement in 2014? (select all that apply)

Replaced computer hardware	51%
Upgraded network security	39%
Upgraded server infrastructure	38%
Upgraded wireless infrastructure	29%
Overhauled social media content	22%
Deployed disaster recovery/redundancy plan	14%
Upgraded network backbone	13%
Added a cloud computing solution	10%
Invested in business intelligence tools	10%
Implemented VoIP and teleconferencing	9%
Outsourced business processes	8%
Implemented a customer relationship management system	7%
Implemented an inventory management system	6%
Other	3%
None of these	20%

Assuming your company had the money to invest in technology, which of the following would be your TOP priorites? (select up to 3 choices)

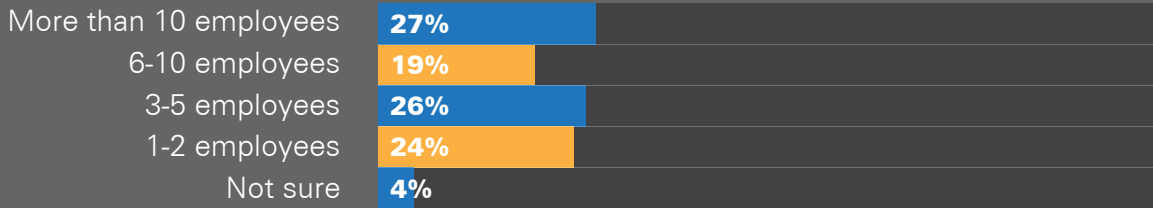|	
Replace computer hardware	39%
Upgrade server infrastructure	27%
Upgrade network security	22%
Upgrade wireless infrastructure	21%
Invest in business intelligence tools	20%
Overhaul social media content	18%
Implement a customer relationship management system	18%
Upgrade network backbone	13%
Add a cloud computing solution	10%
Deploy disaster recovery/redundancy plan	10%
Implement an inventory management system	9%
Implement VoIP and teleconferencing	6%
Outsource business processes	6%
Other	9%

Employees and Staffing

What are your staffing plans for the next 12 months?

Staying the same	**50%**
We plan to hire new employees	**38%**
We plan to reduce staff	**4%**
Not sure	**8%**

How many full-time employees do you plan to hire?

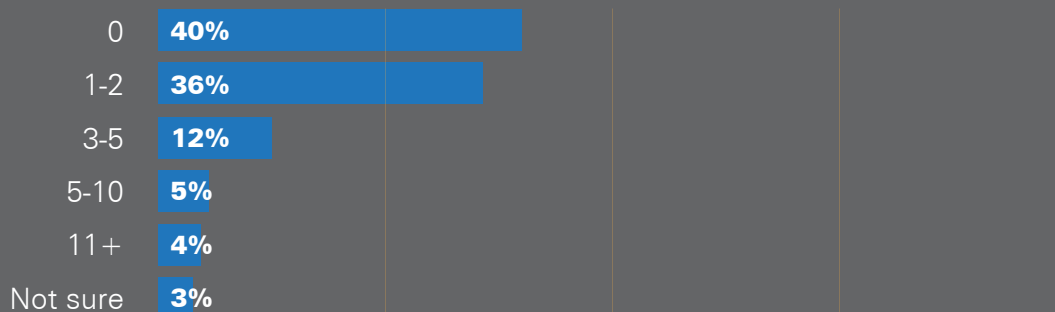|	
More than 10 employees	**27%**
6-10 employees	**19%**
3-5 employees	**26%**
1-2 employees	**24%**
Not sure	**4%**

Change in staffing for next 12 months	11-50 Employees	51-100 Employees	101-499 Employees
Staying the same	63%	40%	41%
Plan to hire new employees	25%	48%	50%
Plan to reduce staff	4%	7%	3%
Not sure	8%	5%	6%

A majority of the small business leaders surveyed anticipate revenue to rise in the coming year. 38% of these leaders plan to increase their headcounts. The additional headcounts will not be a small undertaking since 46%, of those hiring, plan to add 6+ new hires to total staff in 2015. In 2013, the unemployment rate averaged 7.4% and was predicted to fall to 6.6% in 2014. Instead, unemployment fell to 5.8%. If unemployment rates continue to follow the current path, unemployment will fall an additional half a percentage point by the second quarter of 2015. The steady growth in optimism and confidence in the economy has caused businesses to add new jobs; 2015 projections have 230,000 jobs being added per month.

How many dedicated sales staff does your business employ?

0	**42%**
1-2	**20%**
3-5	**10%**
5-10	**8%**
11+	**15%**
Not sure	**5%**
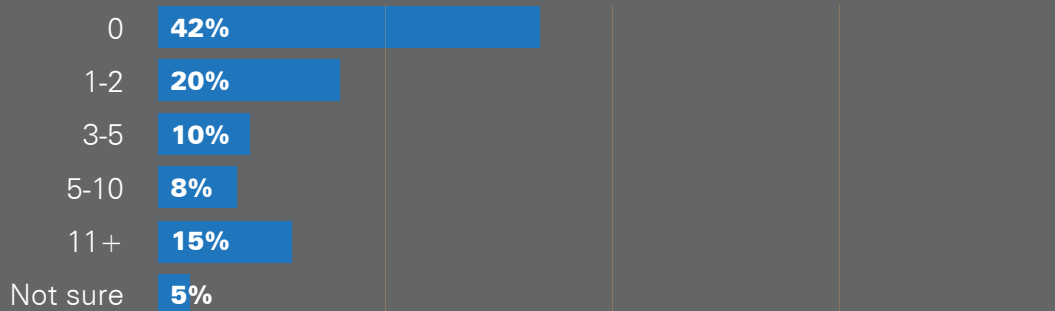
How many dedicated marketing staff does your business employ?

0	**40%**
1-2	**36%**
3-5	**12%**
5-10	**5%**
11+	**4%**
Not sure	**3%**

Our Process

All effective research starts with general assumptions about a topic. To turn those assumptions into solid facts and statistics that lead to a conclusion, different samples of the population can be asked using a variety of techniques: interviews, surveys, or questionnaires. Techniques are typically determined by the population being questioned, and the types of questions asked will be determined by the technique. Once an audience and technique is selected, questions should be written, revised, and tested prior to conducting the actual research. After the research is conducted, data should be quickly gathered, analyzed, organized, interpreted and published.

Research and Assumptions

Our first step was deciding what we wanted to learn. As a company, we researched numerous sources for information about the plans of small businesses heading into 2015. However, the information found lacked solid facts and statistics. We were able to make assumptions about how small businesses felt regarding their growth, confidence in the economy, and technology trends but found little more than opinion.

Define Population and Develop Questions

Our next step was to determine the precise population sample. Who did we want to learn from and which titles and positions did we need to answer questions about strategic goals and objectives of small businesses? To ensure we obtained a low margin of error, we determined our sample size should be at least 1000 responses from small business owners, C-Level Executives, and Senior Management. Once our sample was identified, we determined the best research method would be an on-line survey consisting of a list of questions developed to gather information intended to help small businesses learn, benchmark, and compare themselves to other small businesses.

Review, Revise, Organize, and Test

After we identified our population sample, research method and wrote survey questions, we partnered with a survey consulting firm to review our question bank. With the help of the expert, we revised the questions to guarantee clarity, and the question set was organized into logical groups by subject matter. We then proceeded to testing. With guidance and assistance from the consultant, the survey was tested for continuity, simplicity, and appeal.

Data Collection

To collect the 1000 responses we required, we used a well-known survey and polling company because of their extensive reach and strong reputation. Using the survey method in an on-line environment was convenient and ensured swift delivery of responses.

Data Analysis

In one week, we received over 1000 completed survey responses and collected all the data needed to start analysis. We partnered with an industry expert to provide examination and breakdown of the survey results. To get the data's big picture, we analyzed the results of each question and then fragmented the data into sub-groups by number of employees, and then searched further for trends and comparisons.

Respondents	C-Level	Senior Level
Business Owners	Executives	Executive VP
Partner	President	Senior VP
Principal Owner	CEO	VP Assistant
	CFO	VP Controller
	COO	Assistant Controller
	CMO	General Manager
		Sr. Director
		Sr. Dept. Director
		Dept. Head

Contact Us

For interivews or media request or to see additional data points for your publications please:

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About Wasp Barcode Technologies:

Wasp Barcode Technologies provides data capture and tracking solutions designed specifically for small businesses. Solutions include: inventory control, asset tracking, time & attendance, and point of sale (POS); as well as the supporting mobile computers, barcode scanners, and barcode printers utilized to automate operations. Wasp products help small businesses achieve efficiency through cost-effective solutions designed to increase productivity. Learn more at www.waspbarcode.com or call 866-547-WASP.