

THIRD EDITION

salesforce research

Small & Medium Business Trends Report

Insights from 2,000+ business owners and leaders worldwide



About This Report

For the third edition of the “Small & Medium Business Trends Report,” we analyzed responses from 2,000+ small and medium business (SMB) owners and leaders to determine:

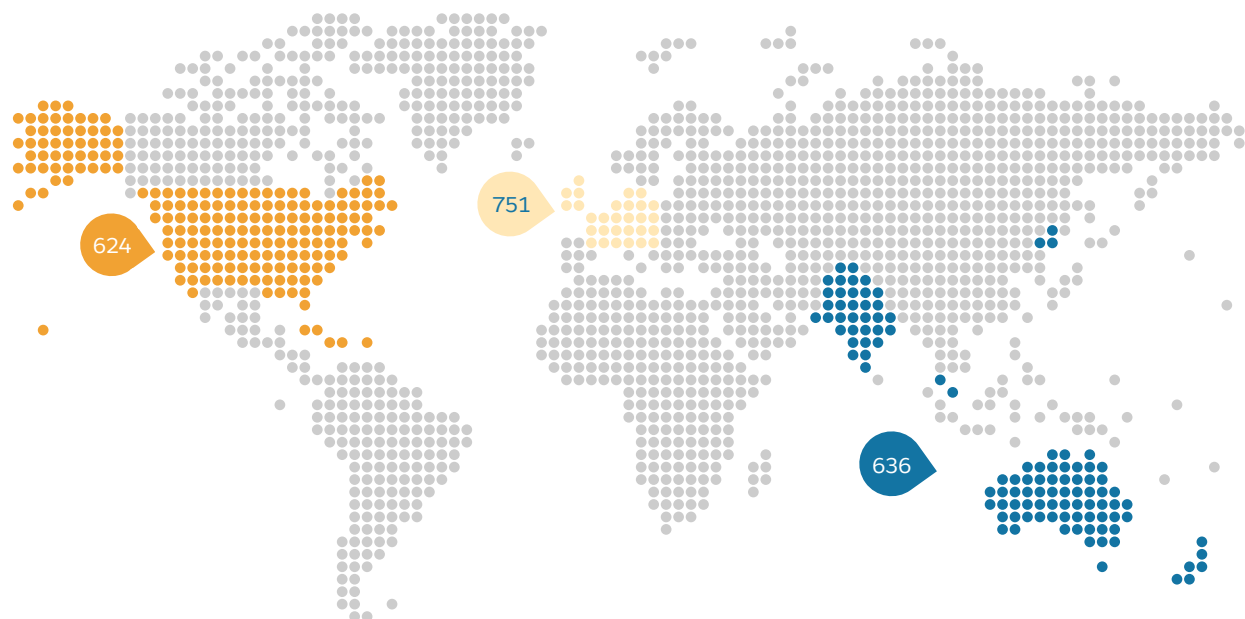
- SMB leaders’ motivations, challenges, and goals
- How demographics shape the SMB experience
- The role of technology in satisfying customer expectations

The survey was conducted online by the Harris Poll on behalf of Salesforce, between February 11 and March 7, 2019, among 2,011 SMB owners and leaders in North America, Europe, and Asia Pacific. Respondents were 18 years of age or older, and their businesses had between 2–200 employees.

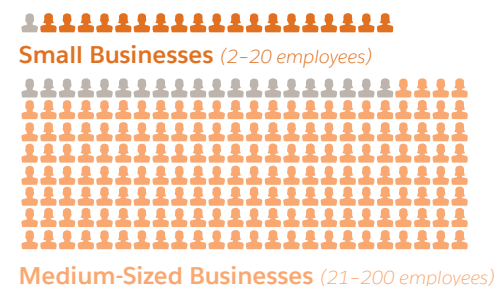
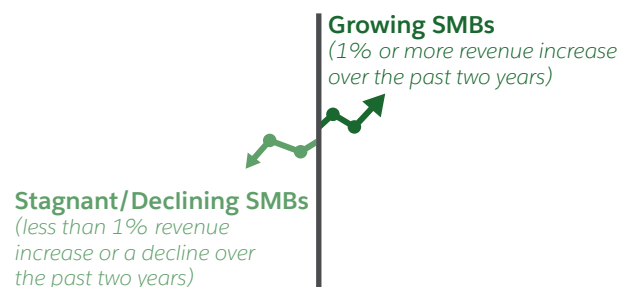
Data points were weighted by number of employees to bring insights in line with actual company size proportions in the population. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. Comparison calculations were derived from percentages taken out to two decimal places.

[See “[Demographics](#)” for further breakdown of demographics in this study.]

Respondent Breaks by Region



Data Breaks Shown Throughout This Report:





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Small and medium-sized businesses (SMBs) around the world are major drivers of today's economic growth, representing over 90% of the business population, 60%–70% of employment, and 55% of GDP in developed economies.* Their leaders are hard-working, passionate entrepreneurs who face unique challenges, which change and evolve as their businesses grow.

This report examines the obstacles SMBs encounter on the road to success, offering insights on the decision-making and actions of business leaders who run them.

Here's an overview of the major trends.

01 | Demographics Shape Entrepreneurial Experiences

Starting a business requires passion and stamina. Although most SMB leaders are driven individuals who wear many hats, we found key differences in their experiences that are shaped by age and gender. **Access to capital is the top constraint on current business activity for women but number two for men.**

02 | Customer Expectations Dictate Investment Plans

Today's customers have high expectations. When planning investments, SMBs prioritize capabilities that help them offer the personalized experiences that customers are looking for. **CRM is the top technology budget priority for growing SMBs.**

03 | Advanced Technology Comes to SMBs

Technology is rapidly changing – not just for enterprise organizations but also for SMBs. The majority of CRM-using SMBs started leveraging the technology within the last two years, and three times as many SMBs have future plans for AI than are currently using it. **Growing SMBs are more likely to leverage CRM, marketing automation, and AI.**

04 | Trust Matters Above All Else

In today's business landscape, trust isn't a commodity – it's a differentiator. SMBs take trust seriously in their relationships with customers, employees, and vendors. **Ninety percent of SMB leaders value trust above all else in their relationships with customers.**

* ["World Trade Report 2016: Leveling the Trading Field for SMEs,"](#) World Trade Organization, 2016.

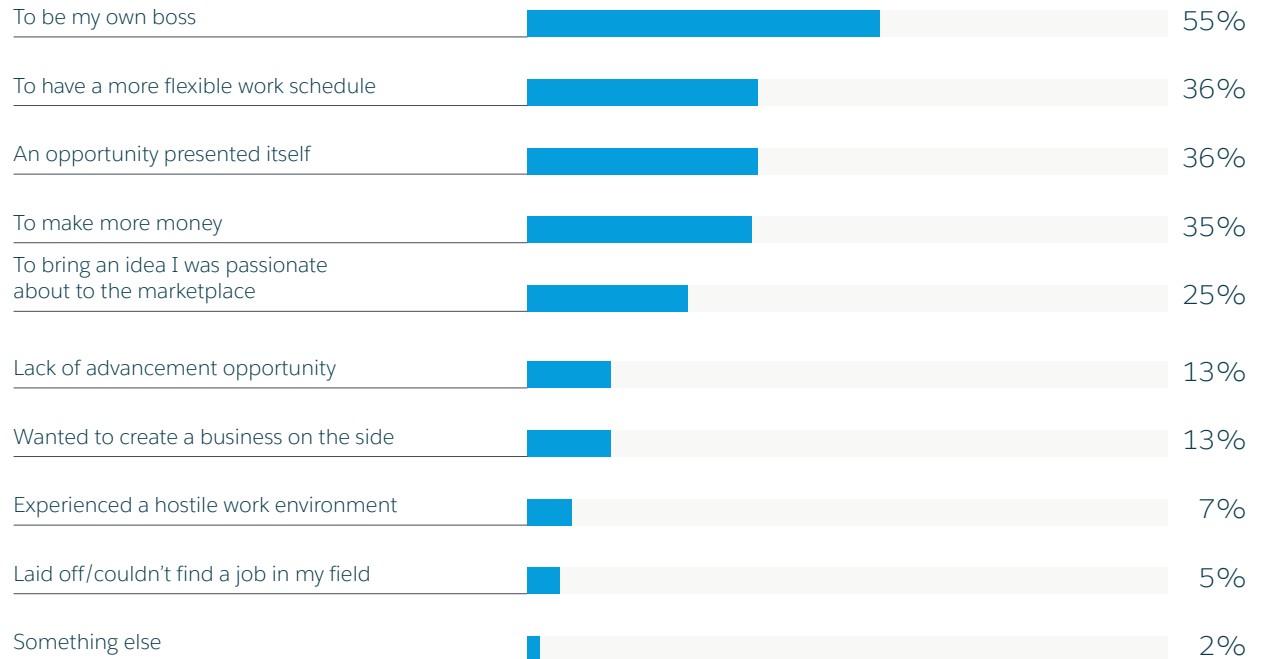
01 Demographics Shape Entrepreneurial Experiences

Every SMB leader has a unique story and their own motivation for becoming an entrepreneur. But data shows that some drivers are more common than others.

The main reason SMB leaders start a business is to be their own boss. More than one-third sought a more flexible schedule, seized an opportunity that presented itself, or simply wanted to make more money.

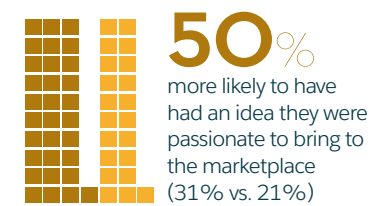
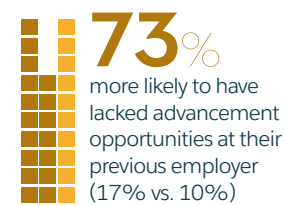
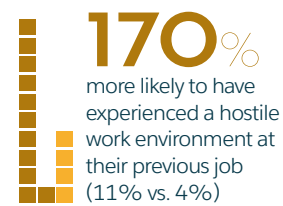
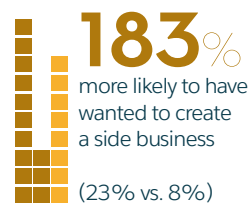
The reasons for starting a business tend to align with age. Compared with baby boomers and traditionalists, millennials and Gen Zers are more likely to start businesses to pursue ideas they're passionate about, earn supplemental income, or escape a hostile work environment.

Reasons for Starting a Business*



Millennials/Gen Zers vs. Traditionalists/Baby Boomers**

■ Millennials/Gen Zers ■ Traditionalists/Baby Boomers



* Multiple responses accepted for this question.

** Responses of (millennials/Gen Zers – baby boomers/traditionalists) / baby boomers/traditionalists.

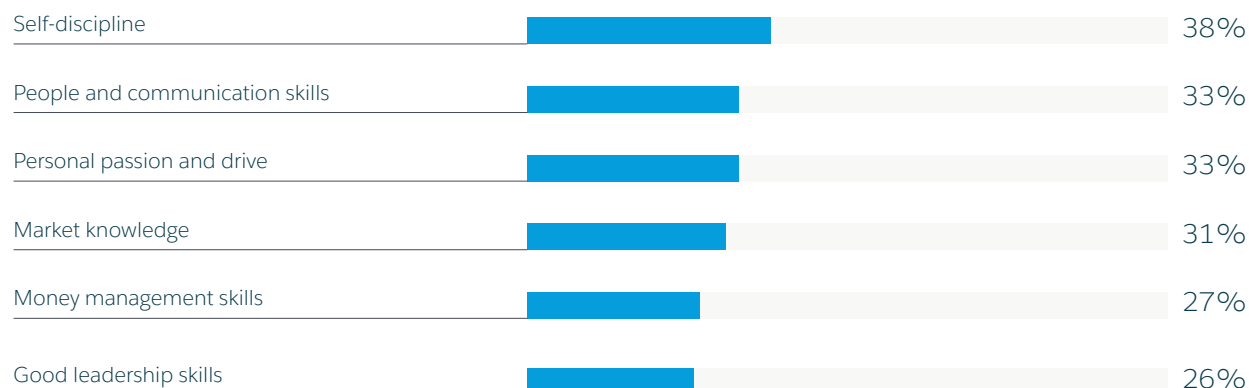
01 Demographics Shape Entrepreneurial Experiences

Running an SMB provides high levels of autonomy and flexibility, but leaders can be faced with uncertainty. Certain traits can help the entrepreneur survive and thrive in such an environment.

According to SMB leaders, the most critical characteristics for success are self-discipline, people/communication skills, and personal passion/drive. These soft skills rank higher than hard skills like market knowledge and money management competency.

Although self-discipline and communication are highly valued by all genders, women and men show notable differences in what they view as the top three characteristics for success. Women are more likely to cite people/communication skills and money management skills, while men are more likely to include market knowledge. Men are 45% more likely to say willingness to take risks is most important to running a successful business (24% vs. 17%)*, while women are 42% more likely to cite an innovative mindset (25% vs. 18%).**

Top Characteristics for Running a Successful Business[†]



Top Entrepreneurial Characteristics by Gender



MALE SMB LEADERS

- 1 Self-discipline (40%)
- 2 Personal passion and drive (34%)
- 3 Market knowledge (32%)



FEMALE SMB LEADERS

- 1 People and communication skills (37%)
- 2 Self-discipline (34%)
- 3 Money management skills (32%)

* Responses of (male - female) / female.

** Responses of (female - male) / male.

† Up to three responses accepted for this question.

Full list of characteristics shown in the Appendix, [page 33](#).

01 Demographics Shape Entrepreneurial Experiences

Starting a business is not easy. SMB leaders face many obstacles getting their dreams off the ground, let alone growing them into something bigger.

Approximately three in five SMB leaders are challenged to hire the right talent, access capital, and find enough time in their day to get everything done.

While men and women struggle with similar constraints, there are some differences. Women cite access to capital as their leading constraint, followed by insufficient time. For men, access to capital is the second highest constraint, behind hiring the right talent.

Biggest Constraints on Business Activities*



Top Business Constraints by Gender*



MALE SMB LEADERS

- 1 Hiring the right talent (62%)
- 2 Money/access to capital (57%)
- 3 Insufficient time (56%)



FEMALE SMB LEADERS

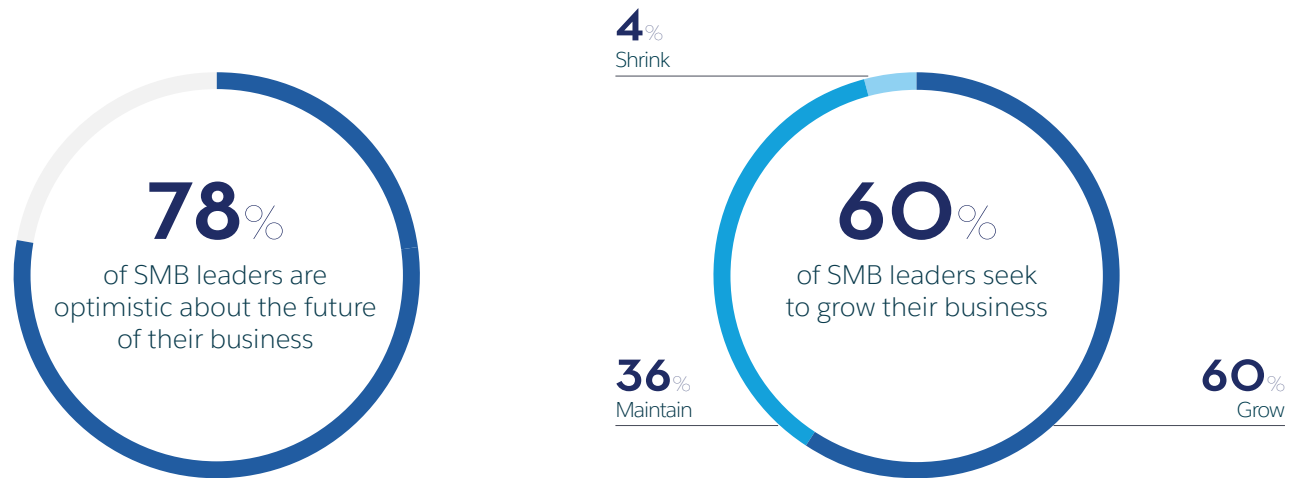
- 1 Money/access to capital (62%)
- 2 Insufficient time (60%)
- 3 Hiring the right talent (55%)

* Percentage represents responses of major, substantial, or moderate constraint.
Full list of factors shown in the Appendix, [page 29](#).

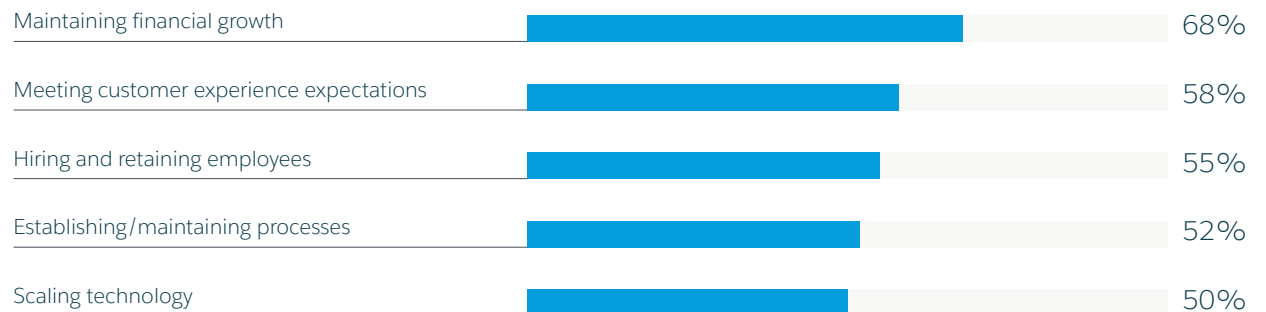
01 Demographics Shape Entrepreneurial Experiences

Plans for a business' long term are as diverse as their leaders' plans for starting them in the first place. While three-fifths of SMB leaders seek to grow their business, a substantial portion are content with their current size. Whatever their objective may be, most are looking forward to the future, with nearly four in five reporting an optimistic outlook.

SMB leaders who *do* seek growth experience some common obstacles along the way. Given that access to capital is a top constraint on overall business activities, it's no surprise that maintaining financial growth is their top challenge. The second most common growth challenge is meeting customer experience expectations, which nearly three in five SMB leaders cite. At least half of SMB leaders also find growth to be curtailed by hiring and retaining employees, establishing and maintaining processes, and scaling technology.



Challenges for Growth Over the Next Two Years*



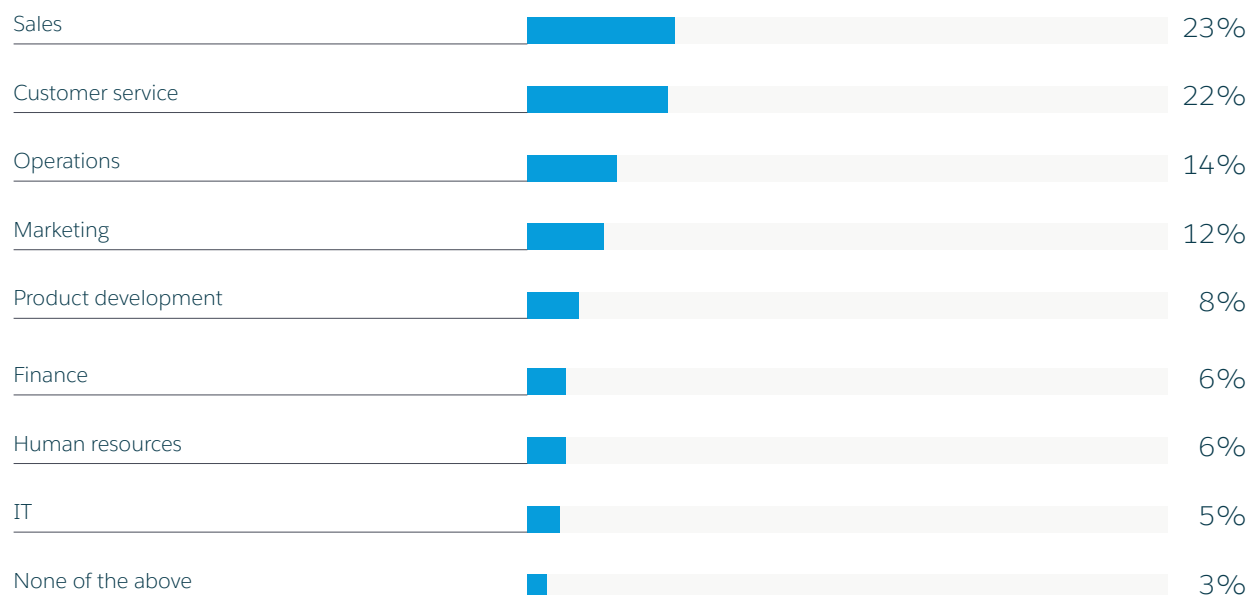
* Percentage represents responses of critical, major, or moderate challenge.

01 Demographics Shape Entrepreneurial Experiences

Sales and customer service are considered the most crucial roles for SMB success – a nod to the importance of not just acquiring customers, but keeping them happy in the long term.

The relative importance of roles shifts as SMBs grow. Medium-sized businesses are 212% more likely than small businesses to consider IT the most crucial role (9% vs. 3%), and 76% more likely to say the same about product development (12% vs. 7%)*. Small businesses, on the other hand, are 70% more likely than medium-sized businesses to say marketing is the most crucial role (14% vs. 8%), and 45% more likely to say the same of sales (26% vs. 18%).**

Most Crucial Role to SMB Success



* Responses of (medium businesses – small businesses) / small businesses.

** Responses of (small businesses – medium businesses) / medium businesses.

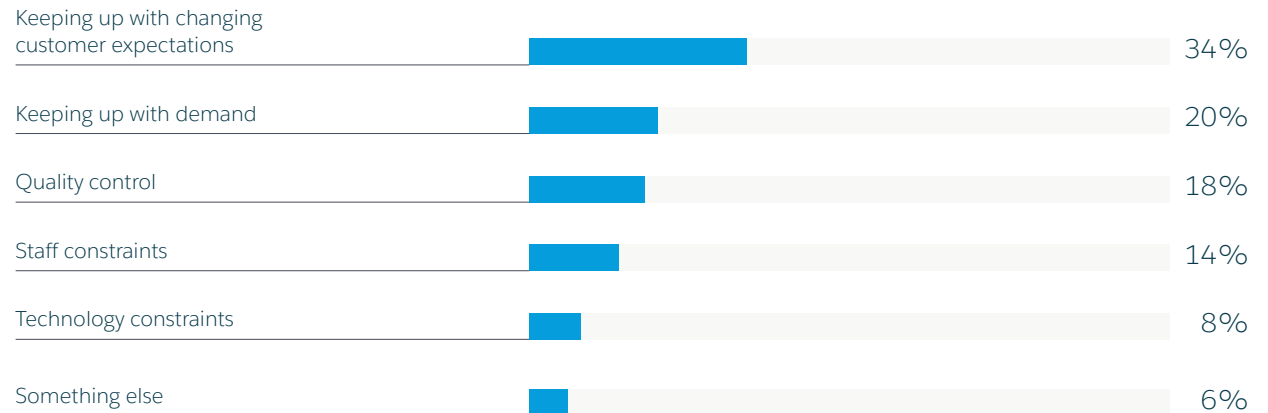
02 Customer Expectations Dictate Investment Plans

Finding, winning, and keeping customers is key to business success, but this can be difficult when those customers' expectations are a moving target. It turns out the rapid shift in customer expectations is the biggest challenge to satisfying customers, rising above keeping up with demand, quality control, staff constraints, and others.

53% of SMB leaders feel at a competitive disadvantage versus enterprises in meeting customer expectations

Today, 76% of customers expect companies to understand their needs and expectations.* What's more, 70% expect connected experiences – such as interactions that are personalized based on their actions and demographics.** The implications of this are enormous for SMBs.

Challenges to Meeting Customer Expectations



* ["State of the Connected Customer."](#) Salesforce Research, June 2018.

** ["Trends in Integrated Customer Experiences."](#) Salesforce Research, September 2018.

02 Customer Expectations Dictate Investment Plans

SMBs have a lot to consider when planning how to allocate their limited technology budgets. Customer relationship management (CRM) systems take the top spot, underscoring just how strategically important the customer experience is to modern business success. Financial software and hardware round out the top three technology priorities.

Compared to stagnant/declining SMBs, growing ones are more focused on plans for business-scaling technology. Among growing SMBs, CRM, financial software, and technology services are top priorities, while stagnant/declining SMBs place more emphasis on hardware and internet hosting.

Across all SMBs, ease of use and vendor trustworthiness are the most important factors when evaluating new technology – rating higher than even price.

Top Three Priorities for Technology Budget*

- 1 Customer relationship management (CRM) system (31%)
- 2 Financial software (31%)
- 3 Hardware (28%)

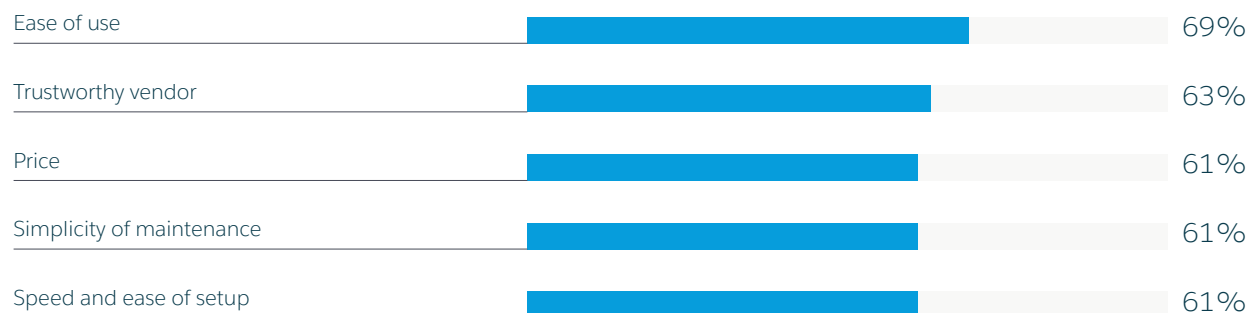
Tech Priorities of Growing SMBs

- 1 Customer relationship management (CRM) system (35%)
- 2 Financial software (34%)
- 3 Technology services (28%)

Tech Priorities of Stagnant/Declining SMBs

- 1 Hardware (31%)
- 2 Internet hosting/ internet service provider (ISP) (26%)
- 3 Financial software (25%)

Most Important Technology Evaluation Factor for SMBs**



* Up to three responses accepted for this question.

** Percentage represents responses of extremely, very, or moderately important. Full list of priorities and factors shown in the Appendix, [page 30](#).

SPOTLIGHT

Technology Priorities by Company Size

Technology priorities vary between small and medium-sized businesses, possibly because smaller businesses are still building their technical infrastructure.

Medium-sized companies are 81% more likely than small companies to prioritize a CRM system, and 49% more likely to prioritize technology services that can help them scale. Small companies, on the other hand, are more likely to prioritize technological building blocks like hardware and internet hosting services.

Medium-sized businesses are not only more likely than small businesses to prioritize CRM, but also to actually use one.

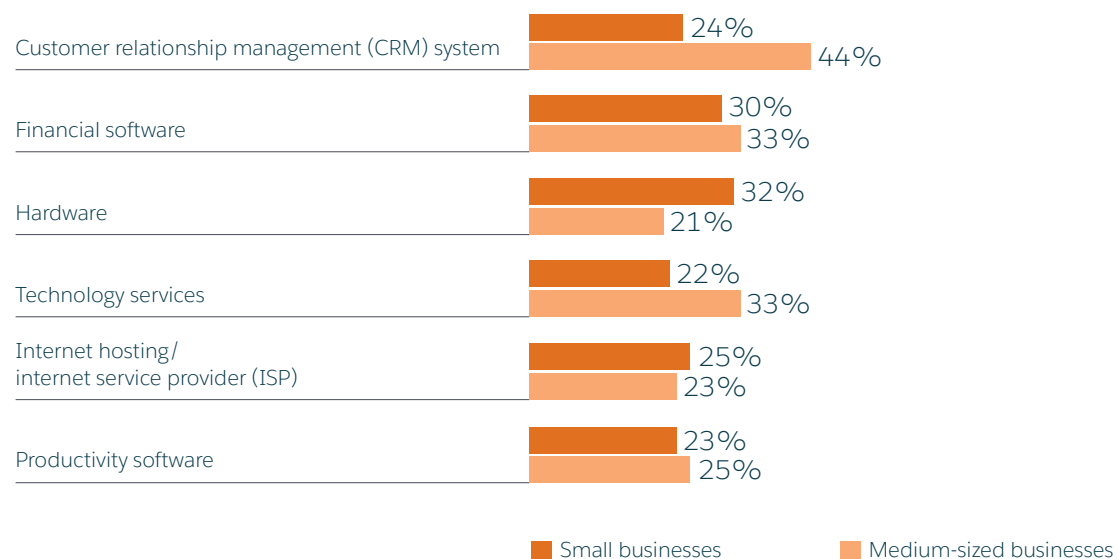
Medium-Sized vs. Small Businesses

136% more likely to use CRM
(72% vs. 30%)*

* Top-three box responses of (medium businesses – small businesses) / small businesses.

** Percentage represents responses of extremely, very, or moderately important.

Top Priorities for Technology Budget by Company Size**



03 Advanced Technology Comes to SMBs

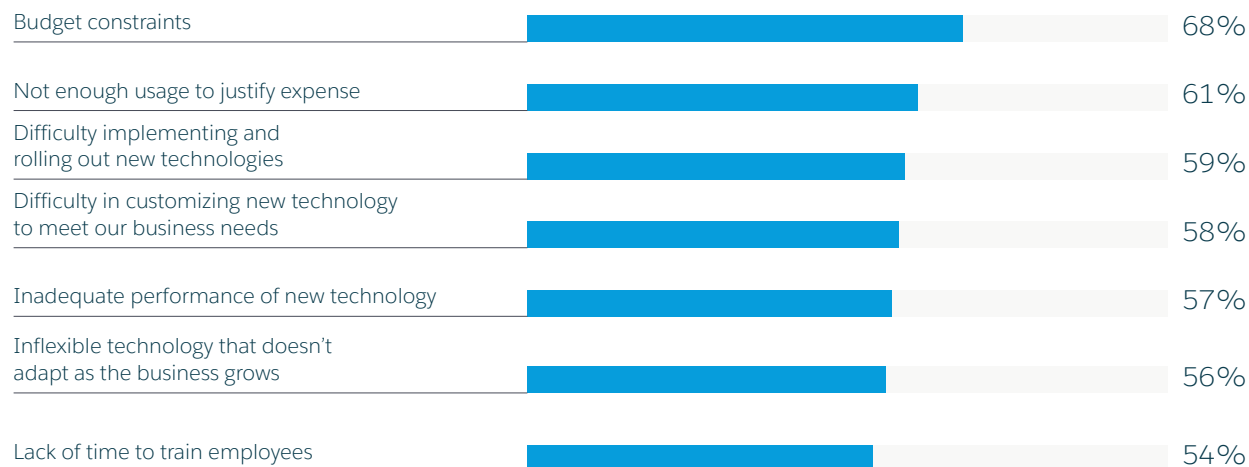
On average, SMB leaders report using 5.2 applications to run their business, with 31% using five or more.

Increasingly, technologies like AI and CRM – which are entrenched in large global companies – appear to be moving downstream to SMBs.

Introducing new technology isn't always easy. SMB leaders are most constrained by budgets, justifying the expense, and difficulty implementing and rolling out new technologies.

More than half of SMB leaders cite additional technology adoption challenges, such as a lack of time to train employees or solutions that don't scale as businesses grow.

Challenges to Adopting New Technologies*



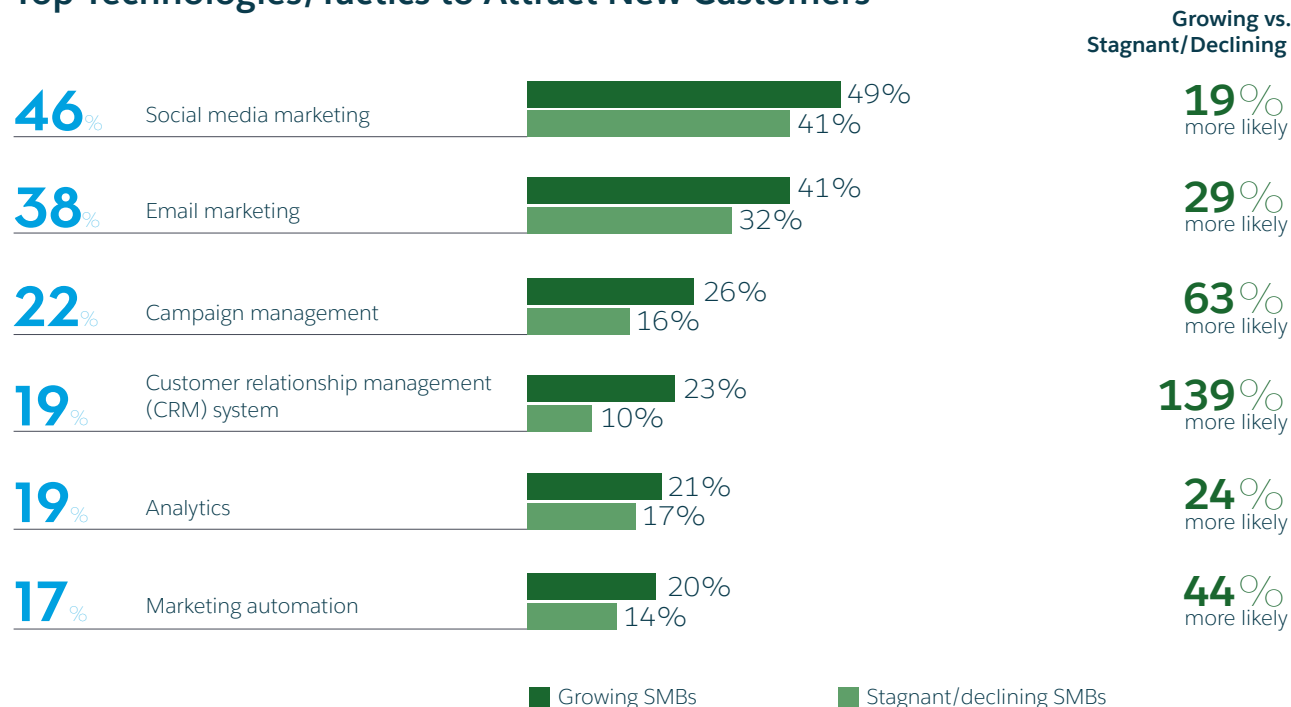
* Percentage represents responses of critical, major, or moderate challenge.

03 Advanced Technology Comes to SMBs

Acquiring new customers is the most frequent obstacle reported by SMB leaders (67%). Some of the most common tactics used to solve this challenge are social media and email marketing.

Growing SMBs are more likely than stagnant/declining companies to also include additional technologies in their customer acquisition arsenal. Growing SMBs are 139% more likely than stagnant/declining SMBs to say a CRM system is helpful for attracting new customers, and 44% more likely to say the same for marketing automation.*

Top Technologies/Tactics to Attract New Customers**



* Responses of (growing – stagnant/declining) / stagnant/declining.

** Multiple responses accepted for this question.

Full list of technologies for total SMBs shown in the Appendix, [page 30](#).
Answers of “website” excluded.

There appears to have been a recent uptick in CRM use among SMBs: 45% of SMBs use a CRM system, and nearly three in five that use a CRM (62%) have had it for less than two years.

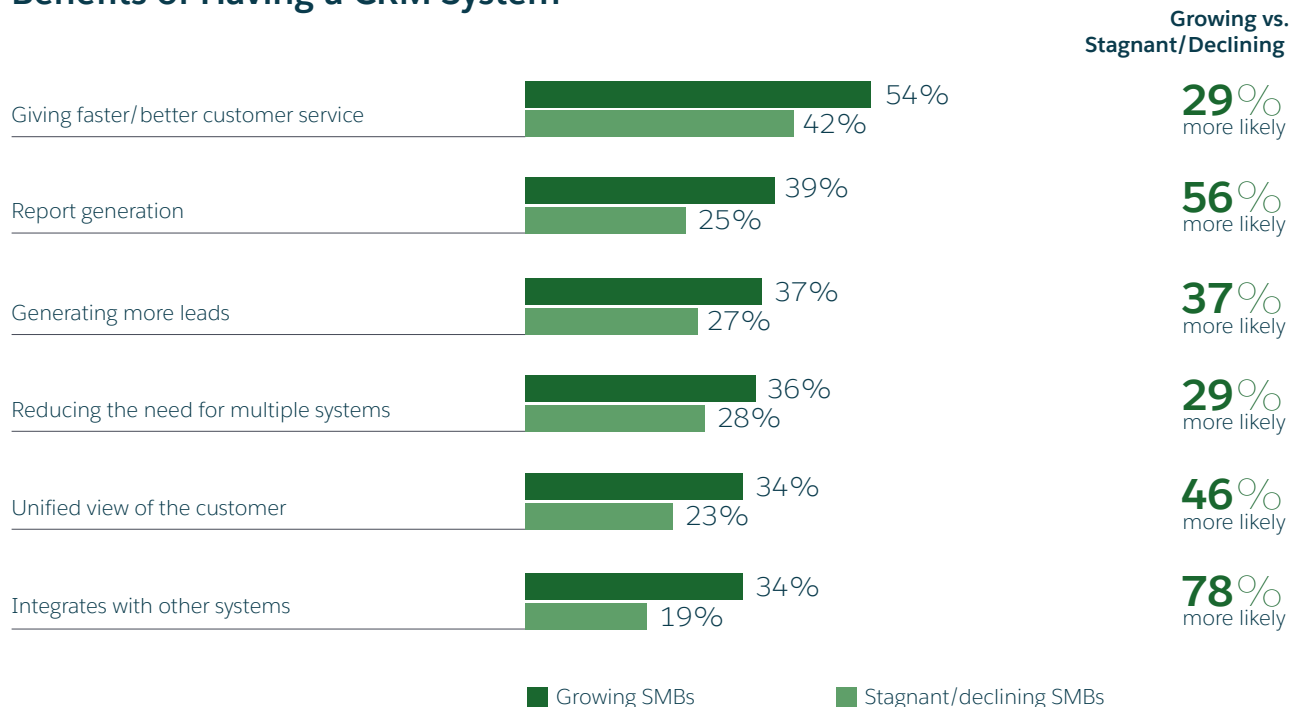
The biggest benefits of CRM for SMBs are faster customer service, report generation, visibility for multiple users, and more leads.

Growing vs. Stagnant/Declining SMBs

61% more likely to use CRM
(52% vs. 32%)*

Growing companies are more likely than stagnant/declining ones to see benefits from using a CRM. Growing SMBs are, for instance, 78% more likely to benefit from integrating their CRM with other systems, and 46% more likely to have created a unified customer view.*

Benefits of Having a CRM System**



* Responses of (growing – stagnant/declining) / stagnant/declining.

** Full list of benefits shown for all SMBs in the Appendix, [page 29](#).

SPOTLIGHT

CRM Benefits by Company Size

Business applications are integral to running nearly any company of any size, and the number of applications used typically expands as a company grows. On average, small businesses use 4.3 applications, while medium-sized businesses use 6.8.

CRM systems are more common in larger companies. Medium-sized businesses are 136% more likely than small businesses to use a CRM system (72% vs. 30%).*

Although improving customer service is the most commonly cited benefit across all SMBs with a CRM system, medium-sized businesses are more likely than small ones to cite lead generation and system integration as major benefits (16% and 20% more likely).^{*} Small businesses are more likely to name searchability and having customer data visible/accessible to multiple users (22% and 14% more likely).^{**}

Medium-sized businesses are 102% more likely than small businesses to have had their CRM for more than two years (25% vs. 12%), further highlighting the recency of CRM adoption as a small business trend.^{*}

Top Benefits of Having a CRM System by Company Size[†]

Small Businesses

- 1 Giving faster/better customer service (57%)
- 2 Searchability (38%)
- 3 Visible/accessible to multiple users (37%)
- 4 Report generation (36%)
- 5 Reducing the need for multiple systems (35%)
- 6 Unified view of the customer (34%)

Medium-Sized Businesses

- 1 Giving faster/better customer service (46%)
- 2 Generating more leads (36%)
- 3 Report generation (34%)
- 4 Reducing the need for multiple systems (33%)
- 5 Visible/accessible to multiple users (33%)
- 6 Integrating with other systems (32%)

Average Number of Business Apps Used by Company Size

Small Businesses

4.3 business apps used, on average



Medium-Sized Businesses

6.8 business apps used, on average



* Responses of (medium businesses – small businesses) / small businesses.

** Responses of (small businesses – medium businesses) / medium businesses.

† Multiple responses accepted for this question.

Full list of benefits shown for total SMBs in the Appendix, [page 29](#).

03 Advanced Technology Comes to SMBs

Conversations about artificial intelligence (AI) have become mainstream, but the technology's early use has been mostly relegated to enterprises. How do SMB leaders view AI – as a key asset, a consideration, or out of reach?

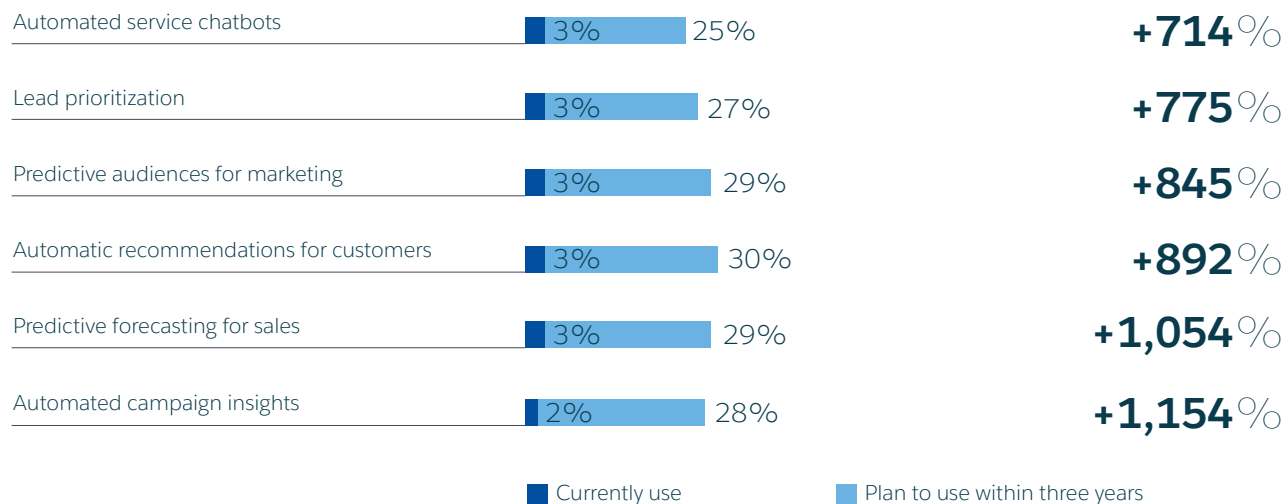
While only 8% of SMBs are using AI today, an additional 32% have plans to implement the technology, representing a potential growth rate of 310%. Almost half (46%) of SMB leaders believe their business is ready to use AI.

Growing vs. Stagnant/Declining SMBs

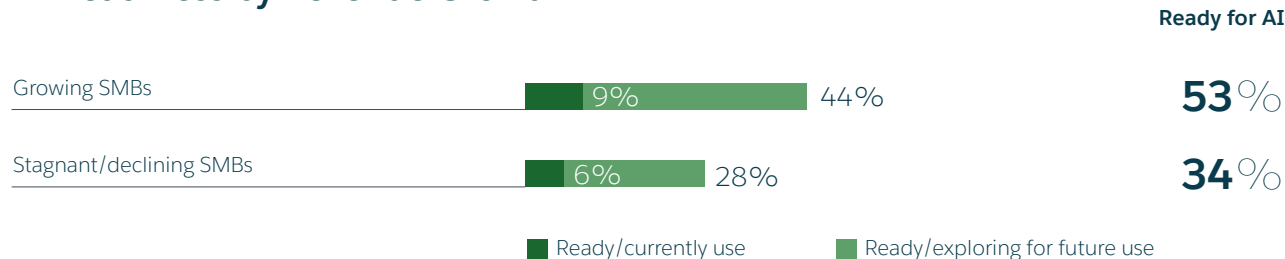
54% more likely to say they are ready to use artificial intelligence (AI) and 45% more likely to already be using it*

Among those already using AI, the top use cases are automated service chatbots, lead prioritization, and predictive audiences for marketing. Looking ahead, automatic recommendations for customers and predictive sales forecasting are among the top anticipated uses.

How SMBs Use or Plan to Use AI



AI Readiness by Revenue Growth



* Responses of (growing – stagnant/declining) / stagnant/declining.

04 Trust Matters Above All Else

As opaque data privacy policies proliferate, security breaches regularly make headlines, and regulations like the European Union's GDPR take root, trust is a hot topic for technologists across the globe. This is all the more important when considering that 54% of customers don't believe companies have their best interests in mind.* Trust isn't just an imperative for business leaders, but a potential competitive differentiator.

This sentiment rings true with SMB leaders, who overwhelmingly view trust as the most critical element in their relationships with customers, employees, and vendors alike.

Value of Trust in Relationships



* ["State of the Connected Customer,"](#) Salesforce Research, June 2018.



Country Profiles^{*}

^{*} Please keep in mind that cultural bias impacts survey results across regions.



Country Profile

Australia/New Zealand (200 SMB leaders)

Starting and Growing an SMB

Top Reasons for Starting a Business

- 1 I wanted to be my own boss
- 2 I wanted a more flexible work schedule
- 3 An opportunity presented itself

Top Characteristics for Running a Successful Business

- 1 Self-discipline
- 2 People and communications skills
- 3 Money management skills

Top Factors Constraining Business Activities*

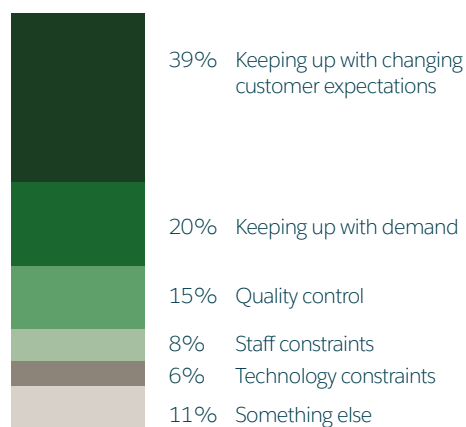
- 1 Insufficient time
- 2 Money/access to capital
- 3 Hiring the right talent

Top Growth Challenges Over the Next Two Years

- 1 Maintaining financial growth
- 2 Meeting customer experience expectations
- 3 Establishing/maintaining processes

Customer Engagement and the Role of Technology

Top Challenges to Meeting Customer Expectations



Top Priorities for SMB Technology Budgets

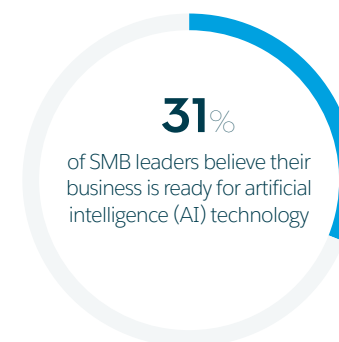
- 1 Hardware (e.g., service, laptop)
- 2 Financial software (e.g., accounting, bookkeeping, bill payment)
- 3 Customer relationship management (CRM) system

Investment and Use of Technology



#2

SMB leaders who have a CRM system rate it as the second best technology for attracting new customers**



4%

of SMB leaders use artificial intelligence (AI) technology

* Includes responses of major, substantial, or moderate constraint.

** Answers of "website" excluded.

Country Profile

France (251 SMB leaders)

Starting and Growing an SMB

Top Reasons for Starting a Business

- 1 I wanted to be my own boss
- 2 An opportunity presented itself
- 3 I wanted to make more money

Top Characteristics for Running a Successful Business

- 1 High energy levels
- 2 Personal passion and drive
- 3 Self-discipline

Top Factors Constraining Business Activities*

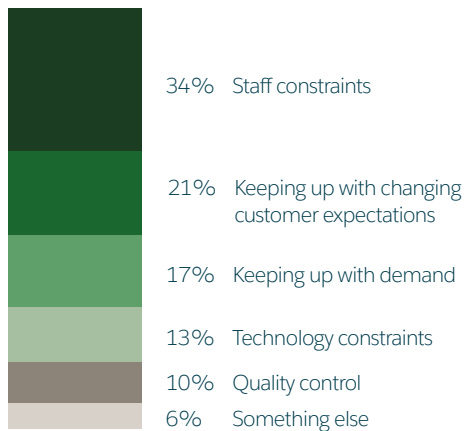
- 1 Insufficient time
- 2 Hiring the right talent
- 3 Money/access to capital

Top Growth Challenges Over the Next Two Years

- 1 Maintaining financial growth
- 2 Hiring and retaining employees
- 3 Meeting customer experience expectations

Customer Engagement and the Role of Technology

Top Challenges to Meeting Customer Expectations



Top Priorities for SMB Technology Budgets

- 1 Hardware (e.g., service, laptop)
- 2 Mobility/mobile solutions
- 3 Financial software (e.g., accounting, bookkeeping, bill payment)

Investment and Use of Technology

49%
of SMBs use a customer relationship management (CRM) system

#3

SMB leaders who have a CRM rate it as the third best technology for attracting new customers**

37%
of SMB leaders believe their business is ready for artificial intelligence (AI) technology

7%

of SMB leaders use artificial intelligence (AI) technology

* Includes responses of major, substantial, or moderate constraint.

** Answers of "website" excluded.

Country Profile

Germany (250 SMB leaders)

Starting and Growing an SMB

Top Reasons for Starting a Business

- 1 I wanted to be my own boss
- 2 An opportunity presented itself
- 3 I wanted to make more money

Top Characteristics for Running a Successful Business

- 1 Self-discipline
- 2 Personal passion and drive
- 3 High energy levels

Top Factors Constraining Business Activities*

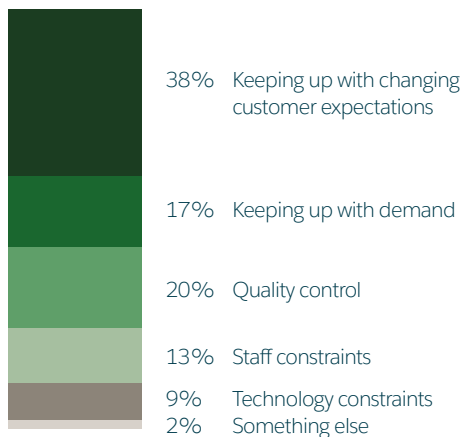
- 1 Hiring the right talent
- 2 Insufficient time
- 3 Money/access to capital

Top Growth Challenges Over the Next Two Years

- 1 Maintaining financial growth
- 2 Meeting customer experience expectations
- 3 Hiring and retaining employees

Customer Engagement and the Role of Technology

Top Challenges to Meeting Customer Expectations



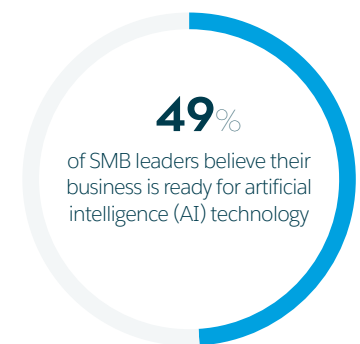
Top Priorities for SMB Technology Budgets

- 1 Technology services (e.g., consultants, partners)
- 2 Hardware (e.g., service, laptop)
- 3 Financial software (e.g., accounting, bookkeeping, bill payment) / Internet hosting/internet service provider (ISP)

Investment and Use of Technology



#1 SMB leaders who have a CRM rate it as the top technology for attracting new customers**



8% of SMB leaders use artificial intelligence (AI) technology

* Includes responses of major, substantial, or moderate constraint.

** Answers of "website" excluded.

Country Profile

Hong Kong (86 SMB leaders)

Starting and Growing an SMB

Top Reasons for Starting a Business

- 1 I wanted a more flexible work schedule
- 2 I wanted to be my own boss
- 3 I wanted to make more money

Top Characteristics for Running a Successful Business

- 1 People and communications skills
- 2 Market knowledge
- 3 Innovative mindset

Top Factors Constraining Business Activities*

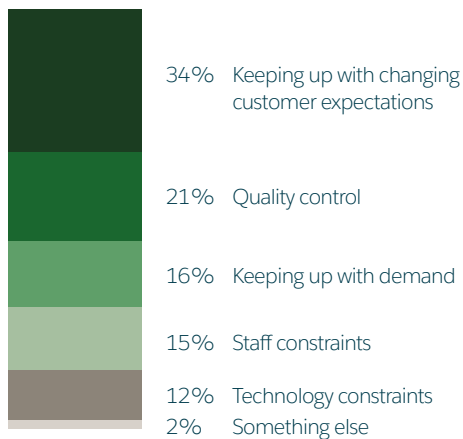
- 1 Money/access to capital
- 2 Finding the right technology to meet our needs
- 3 Hiring the right talent

Top Growth Challenges Over the Next Two Years

- 1 Meeting customer experience expectations
- 2 Maintaining financial growth
- 3 Establishing/maintaining processes

Customer Engagement and the Role of Technology

Top Challenges to Meeting Customer Expectations



Top Priorities for SMB Technology Budgets

- 1 Customer relationship management (CRM) system
- 2 Technology services (e.g., consultants, partners)
- 3 Financial software (e.g., accounting, bookkeeping, bill payment)

Investment and Use of Technology

42%
of SMBs use a customer relationship management (CRM) system

#6

SMB leaders who have a CRM rate it as the sixth best technology for attracting new customers**

49%
of SMB leaders believe their business is ready for artificial intelligence (AI) technology

6%

of SMB leaders use artificial intelligence (AI) technology

* Includes responses of major, substantial, or moderate constraint.

** Answers of "website" excluded.

Country Profile

India (250 SMB leaders)

Starting and Growing an SMB

Top Reasons for Starting a Business

- 1 I wanted to be my own boss
- 2 I wanted a more flexible work schedule
- 3 I wanted to make more money

Top Characteristics for Running a Successful Business

- 1 Market knowledge
- 2 People and communications skills
- 3 Self-discipline

Top Factors Constraining Business Activities*

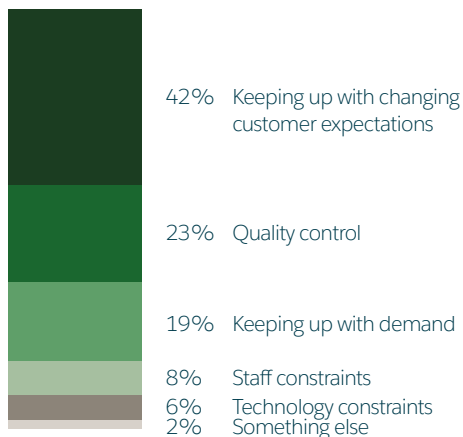
- 1 Money/access to capital
- 2 Hiring the right talent
- 3 Retaining/motivating employees

Top Growth Challenges Over the Next Two Years

- 1 Maintaining financial growth
- 2 Meeting customer experience expectations
- 3 Establishing/maintaining processes

Customer Engagement and the Role of Technology

Top Challenges to Meeting Customer Expectations



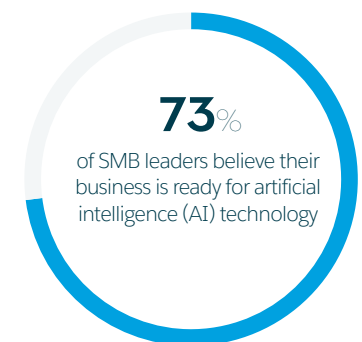
Top Priorities for SMB Technology Budgets

- 1 Customer relationship management (CRM) system
- 2 Technology services (e.g., consultants, partners)
- 3 Financial software (e.g., accounting, bookkeeping, bill payment)

Investment and Use of Technology



#2 SMB leaders who have a CRM rate it as the second best technology for attracting new customers**



16% of SMB leaders use artificial intelligence (AI) technology

* Includes responses of major, substantial, or moderate constraint.

** Answers of "website" excluded.

Country Profile

Singapore (100 SMB leaders)

Starting and Growing an SMB

Top Reasons for Starting a Business

- 1 I wanted to be my own boss
- 2 I wanted a more flexible work schedule
- 3 An opportunity presented itself

Top Characteristics for Running a Successful Business

- 1 Market knowledge
- 2 Self-discipline
- 3 Personal passion and drive

Top Factors Constraining Business Activities*

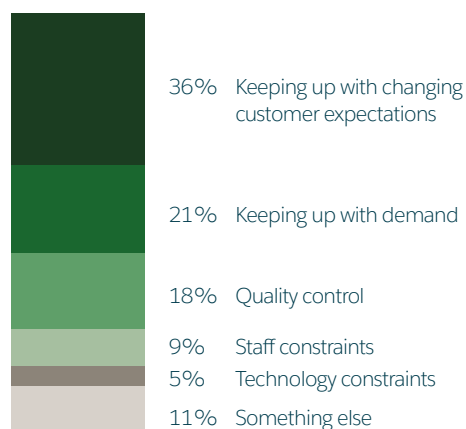
- 1 Money/access to capital
- 2 Hiring the right talent
- 3 Insufficient time

Top Growth Challenges Over the Next Two Years

- 1 Maintaining financial growth
- 2 Meeting customer experience expectations
- 3 Hiring and retaining employees

Customer Engagement and the Role of Technology

Top Challenges to Meeting Customer Expectations



Top Priorities for SMB Technology Budgets

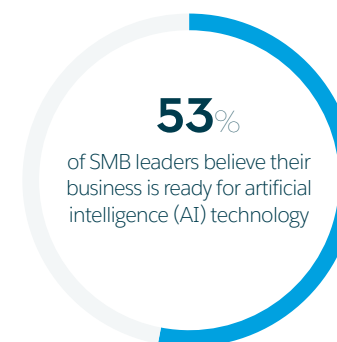
- 1 Financial software (e.g., accounting, bookkeeping, bill payment)
- 2 Customer relationship management (CRM) system
- 3 Internet hosting/internet service provider (ISP)

Investment and Use of Technology



#4

SMB leaders who have a CRM rate it as the fourth best technology for attracting new customers**



4%

of SMB leaders use artificial intelligence (AI) technology

* Includes responses of major, substantial, or moderate constraint.

** Answers of "website" excluded.

Country Profile

United States (624 SMB leaders)

Starting and Growing an SMB

Top Reasons for Starting a Business

- 1 I wanted to be my own boss
- 2 An opportunity presented itself
- 3 I wanted to make more money

Top Characteristics for Running a Successful Business

- 1 Self-discipline
- 2 People and communications skills
- 3 Personal passion and drive

Top Factors Constraining Business Activities*

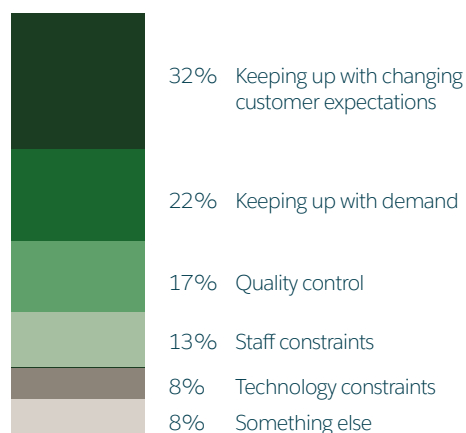
- 1 Hiring the right talent
- 2 Insufficient time
- 3 Retaining/motivating employees

Top Growth Challenges Over the Next Two Years

- 1 Maintaining financial growth
- 2 Hiring and retaining employees
- 3 Meeting customer experience expectations

Customer Engagement and the Role of Technology

Top Challenges to Meeting Customer Expectations



Top Priorities for SMB Technology Budgets

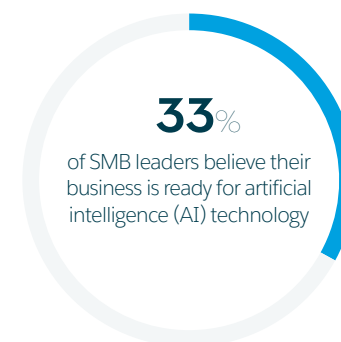
- 1 Customer relationship management (CRM) system
- 2 Financial software (e.g., accounting, bookkeeping, bill payment)
- 3 Hardware (e.g., service, laptop)

Investment and Use of Technology



#3

SMB leaders who have a CRM rate it as the third best technology for attracting new customers**



8%

of SMB leaders use artificial intelligence (AI) technology

* Includes responses of major, substantial, or moderate constraint.

** Answers of "website" excluded.

Country Profile

United Kingdom/Ireland (250 SMB leaders)

Starting and Growing an SMB

Top Reasons for Starting a Business

- 1 I wanted to be my own boss
- 2 I wanted to make more money
- 3 An opportunity presented itself

Top Characteristics for Running a Successful Business

- 1 Self-discipline
- 2 Market knowledge
- 3 People and communications skills

Top Factors Constraining Business Activities*

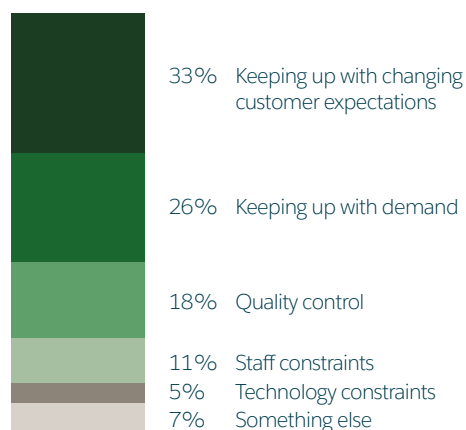
- 1 Insufficient time
- 2 Hiring the right talent
- 3 Money/access to capital

Top Growth Challenges Over the Next Two Years

- 1 Maintaining financial growth
- 2 Meeting customer experience expectations
- 3 Hiring and retaining employees

Customer Engagement and the Role of Technology

Top Challenges to Meeting Customer Expectations



Top Priorities for SMB Technology Budgets

- 1 Internet hosting/internet service provider (ISP)
- 2 Hardware (e.g., service, laptop)
- 3 Productivity software (e.g., Microsoft Office, Google Suite)

Investment and Use of Technology

39%
of SMBs use a customer relationship management (CRM) system

#2

SMB leaders who have a CRM rate it as the second best technology for attracting new customers**

45%
of SMB leaders believe their business is ready for artificial intelligence (AI) technology

8%

of SMB leaders use artificial intelligence (AI) technology

* Includes responses of major, substantial, or moderate constraint.

** Answers of "website" excluded.

Appendix



Appendix

All Respondents

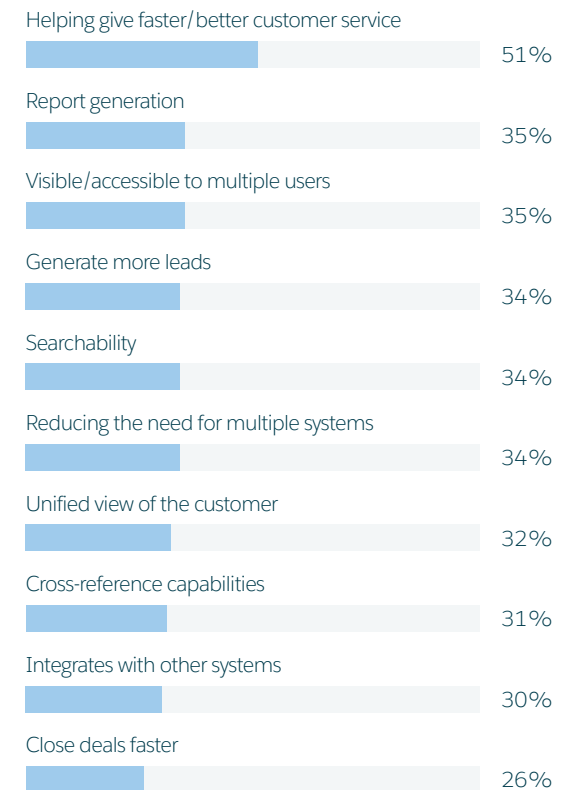
Characteristics for Running a Successful Business



Factors Constraining Business Activities*



Benefits of Having a CRM System**



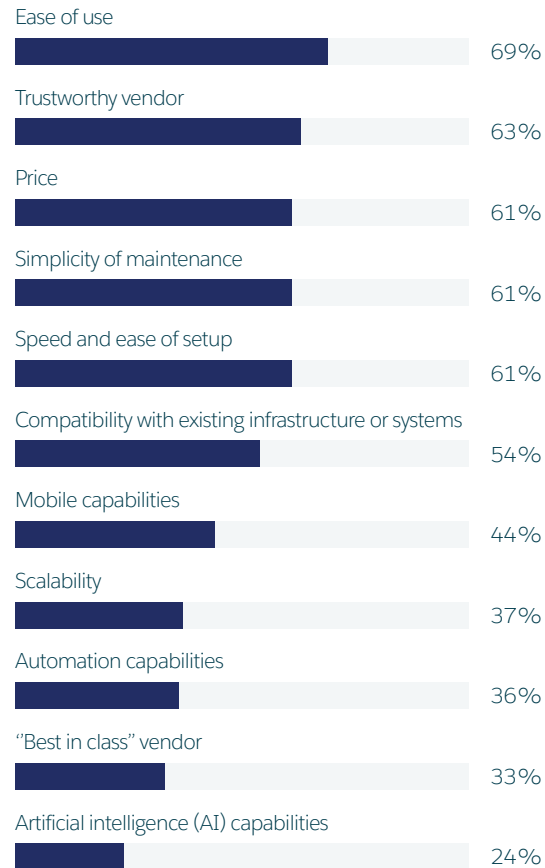
* Includes responses of major, substantial, or moderate constraint.

** Among those who use CRM.

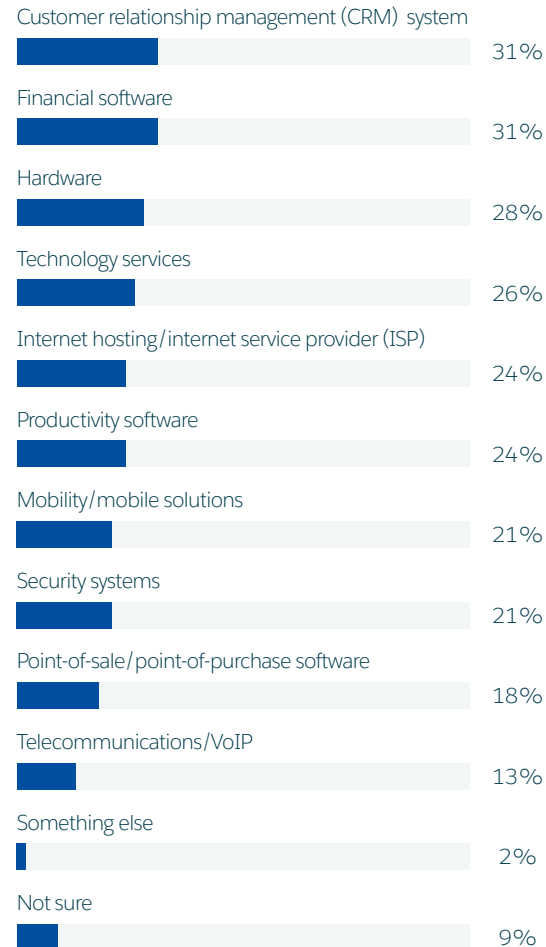
Appendix

All Respondents

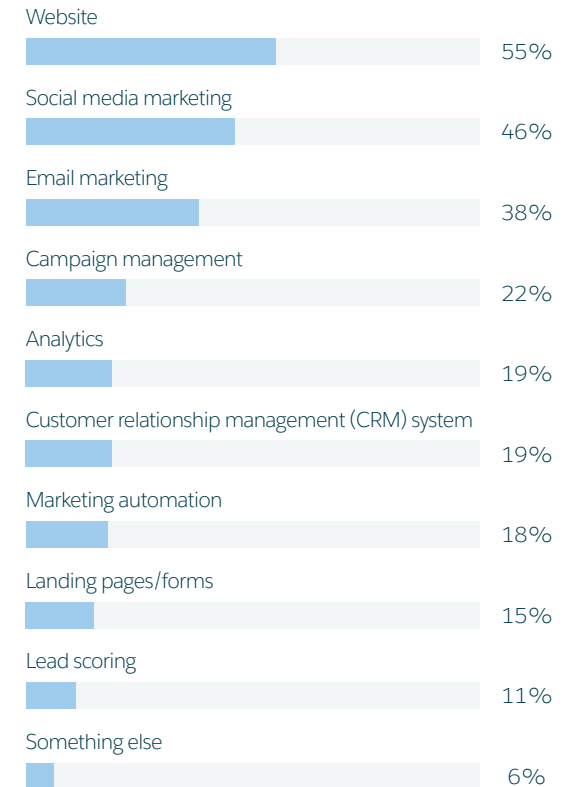
Important Factors for Evaluating New Technology*



Top Priorities for Technology Budget



Technologies/Tactics to Attract New Customers



* Includes responses of extremely or very important.

Appendix

By Growing vs. Stagnant/Declining SMBs

Top Priorities for SMBs' Technology Budget

Growing SMBs

- 1 Customer relationship management (CRM) system
- 2 Financial software (e.g., accounting, bookkeeping, bill payment)
- 3 Technology services (e.g., consultants, partners)

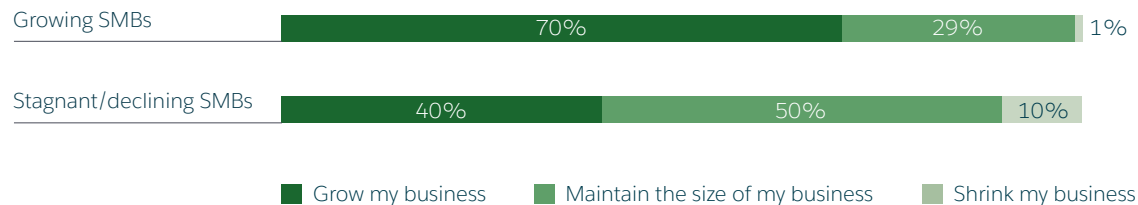
Stagnant/declining SMBs

- 1 Hardware (e.g., service, laptop)
- 2 Internet hosting/internet service provider (ISP)
- 3 Financial software (e.g., accounting, bookkeeping, bill payment)

Growing vs. Stagnant/Declining SMBs

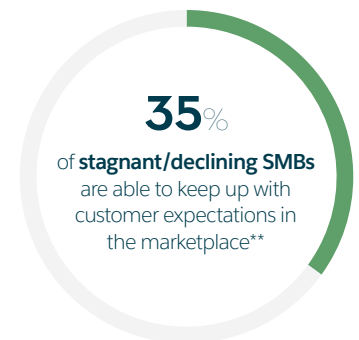
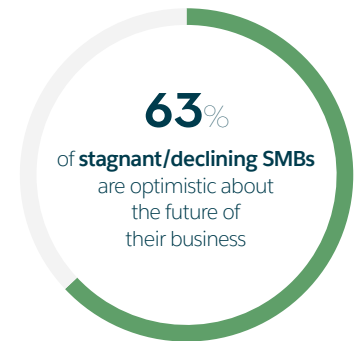
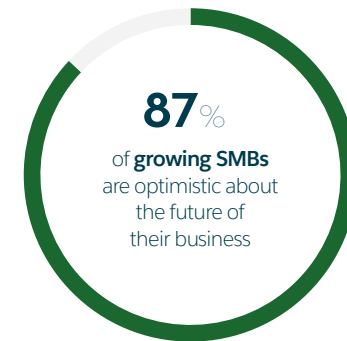
70% more likely to say they started a business because they had an idea they were passionate about bringing to the marketplace*

SMB Leaders' Goals for Their Business



* Percentage difference calculated as responses of (growing – stagnant/declining) / stagnant/declining.

** Responses of "strongly agree."



Appendix

By Company Size

Major Challenges as an SMB Leader

Small businesses (2–20 employees)

1 Acquiring new customers

2 Access to investment capital

3 Not enough time

Medium-sized businesses (21–200 employees)

1 Acquiring new customers

2 Achieving work-life balance

3 Not enough time

Medium-Sized vs. Small Businesses

48% more likely to say achieving work-life balance is a challenge to them as a business leader*

28% more likely to say not having enough time is a challenge to them as a business leader*

Biggest Factors Constraining Business Activities

Small businesses (2–20 employees)

1 Money/access to capital

2 Hiring the right talent

3 Insufficient time

Medium-sized businesses (21–200 employees)

1 Hiring the right talent

2 Money/access to capital

3 Insufficient time

Small business leaders
are responsible for
an average of

4.2 roles



Medium-sized business
leaders are responsible for
an average of

3.4 roles



* Responses of (medium businesses – small businesses) / small businesses.

Appendix

By Gender

Top Characteristics for Running a Successful Business



Male SMB Leaders



Female SMB Leaders



Males vs. Females



45% more likely to say willingness to take risks is most important for running a successful business*

30% more likely to say effectively using tools/technology is most important for running a successful business



Females vs. Males



42% more likely to say having an innovative mindset is most important for running a successful business**

28% more likely to say having money management skills is most important for running a successful business**

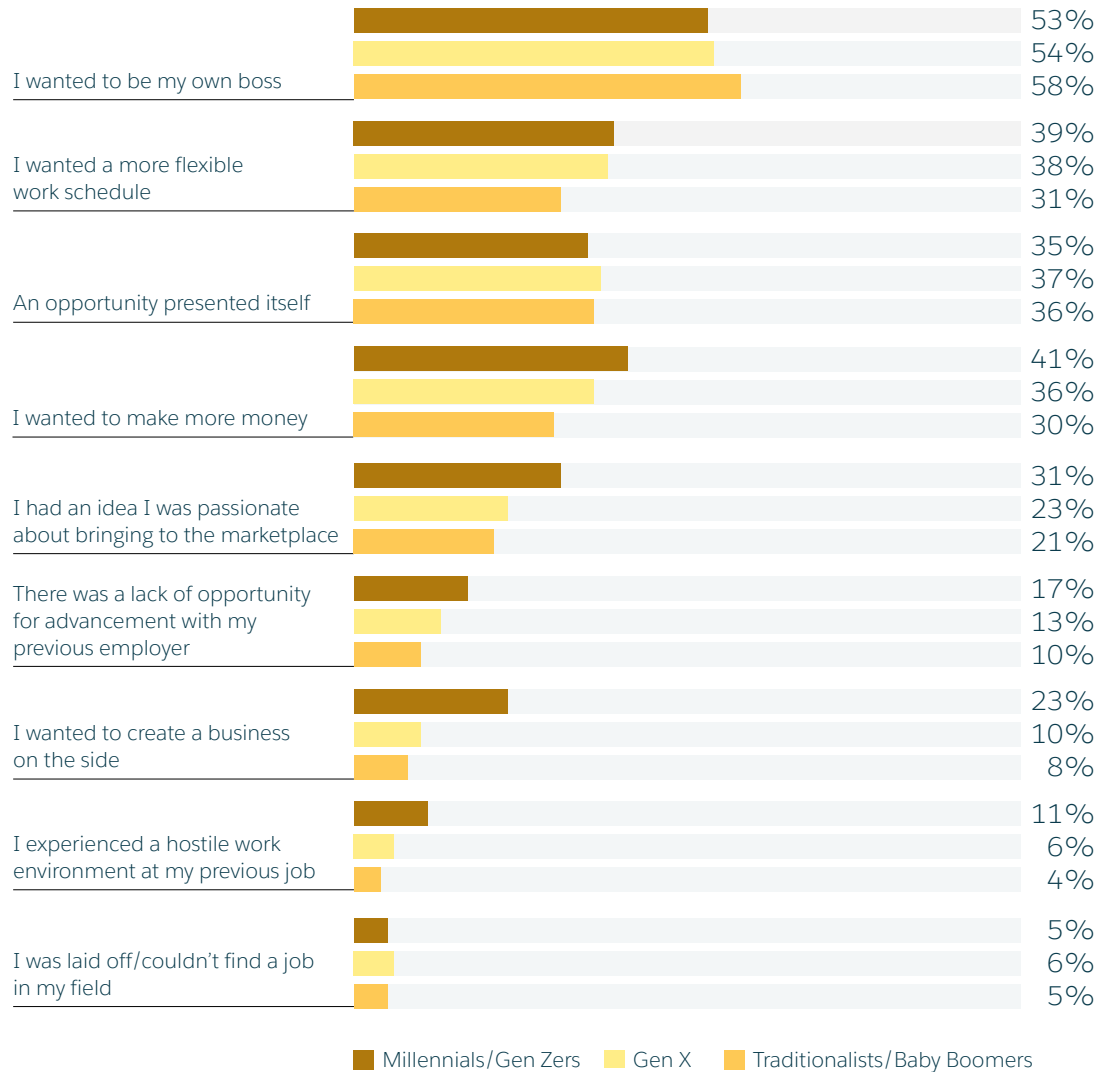
* Responses of (male - female) / female.

** Responses of (female - male) / male.

Appendix

By Generation

Reasons for Starting a Business



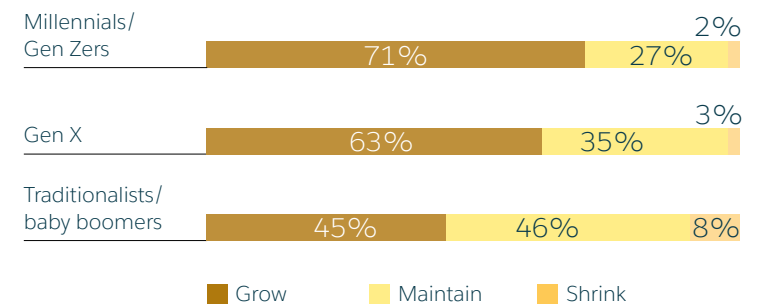
Traditionalists/Baby Boomers vs. Millennials/Gen Zers

79% more likely to say self-discipline is the most important characteristic for running a successful business*

Major Challenges as a Small Business Leader

Millennials/ Gen Zers	Gen X	Traditionalists/ Baby Boomers
1 Acquiring new customers	Acquiring new customers	Acquiring new customers
2 Access to investment capital	Not enough time	Not enough time
3 Planning for the long term	Planning for the long term	Recruiting and retaining employees

Goals for Business Growth



* Responses of (traditionalists/baby boomers – millennials/Gen Zers) / millennials/Gen Zers.

Survey Demographics



Survey Demographics (Weighted)

COMPANY SIZE

2–20 employees.....	65%
21–50 employees.....	17%
51–200 employees.....	18%

BUSINESS MODEL

Business-to-consumer (B2C)	46%
Business-to-business (B2B)	31%
Business-to-business-to-consumer (B2B2C).....	23%

ROLE WITHIN COMPANY

Business owner.....	84%
Senior executive (e.g., CEO, CFO, COO).....	16%

COUNTRY

United States.....	13%
France	13%
Germany	13%
India	13%
United Kingdom/Ireland.....	13%
Australia/New Zealand	13%
Singapore.....	13%
Hong Kong.....	13%

REGION

EMEA.....	37%
Asia Pacific	50%
North America	12%

GENERATION

Baby boomers/Traditionalists (born before 1965)	32%
Gen Xers (born 1965–1980).....	38%
Millennials/Gen Zers (born 1981–1999)	30%

GENDER

Male	64%
Female.....	36%

REVENUE OVER THE PAST TWO YEARS

Growing.....	64%
Stagnant	23%
Declining	13%



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