

## Top 4 SME Trend Predictions for 2016!

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**What would you do if you knew the change coming in the next 5 years had everything to do with the strategy and actions you take in your business and nothing to do with the market?**

If the theme of 2015 was to “do more, with less”, the theme for 2016 will be striving to ‘work smarter, not harder’. To survive to this point, most business owners have had to find efficiencies and cost savings in their business with margins already stretched. The next evolution of business is to start thinking outside the box and to use innovative thinking and ideas to drive the next wave of business value in your business.

Here are our Top 4 trends to which you should pay attention (or in some cases not).

### 1. Ignore Economic Predictions

There is a view that when the big end of town sneezes, SMEs catch a cold.

Our advice: ignore it. It's easy to get caught up in the news of whether Australia is going through a downturn, an adjustment, a normalisation of the economy or the dreaded ‘R’ word - recession. The reality is that the fortune of most small to midsize firms doesn't rest with the big end of town. In fact, this can be just another distraction from stopping you doing what you need to make your business successful.

There is plenty of business in Australia and in the world. Australia's GDP is about US\$1453.77 billion with the world's GDP in 2014 being about US\$77.3 trillion. If you can't find enough customers for your business, then it might be time to take a serious look at your business model.

### 2. Stalk Your Competitors

You are kidding yourself if you think your business doesn't have competitors. If potential customers are spending money with someone else to solve their problem, then you have a competitor.

As no significant economic growth is expected in Australia in 2016, growth will be achieved off the back of taking market share from someone else. This means it will be another year of business owners not being able to take the foot off the gas. Competition will come thick and fast as more people lose jobs and SMEs, particularly in the business-to-business (B2B) arena, will continue to be squeezed on margin.

Keep one step ahead of your competitors by taking time to do our ‘Competitor Benchmark Review’ to see how your business stacks up against your top competitors. Now is the time to make sure you can differentiate why customers should buy from you.

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### 3. Everyone, Everywhere: Our Global Village

The internet community is predicted to grow from 3 billion in 2015 to 7.5 billion by 2020. This means there are 5 billion new minds both accessing and contributing to the overall global community.

With the launch of instantaneous voice translation, through Google Translate, Skype and other platforms, for the first time, we have an instant way to connect and communicate with the entire world.

Australia's population is relatively miniscule in the global village. We are also challenged with two thirds of our population residing in cities and a low population density per square metre. SMEs should be looking at geographic diversification to ensure that they can secure the customer base they need to be successful.

### 4. Know Which Trends To Monitor

Earlier in my career, I contributed to a 50-year future think tank with 100 leaders of a Top 10 ASX listed company. The topics covered included health, water scarcity, climate change, resource shortages, education and population. Whilst there was a lot of brain power extended on the issues, my biggest takeaway was that the only trends that could be accurately predicted in the future were demographic or population trends.

For our generation, the explosion in human population is driving both the challenges (food and water supply) and opportunities (access to global market) for the modern day. After taking nearly all of human history to reach a population of one billion in 1800s, it took a little over a century to reach 2 billion and we have tripled that in just 85 years to 6 billion in 2000. At this rate, it is predicted that we will reach 9.2 billion by 2050.

Here is just one example of how you can translate trends into business opportunities. It is well documented that we have an ageing population with a longer life span that is skewed with baby boomers. Both of these demographic trends have seen a shift in growth industries such as health, financial management and travel. At a global level, with the dramatic increase in population and the access through the global internet, we have seen a desire for other countries to increase their standard of living. The industrialisation of these second and third world countries has created long-term needs in commodities to supply electricity, food and steel.

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### So what does this mean for SMEs?

Understand your customer intimately – who they are and where they are. Successful businesses are ones that have a strong and diverse customer base.

If your customers are searching for solutions on-line, then your business must be on-line. Have you looked for markets overseas? Chances are your global competitors are looking in our backyard to expand their business. Really challenge your thinking to start looking at diversification as a way to secure and build on your customer base.

With most business leaders winding down for the holiday season, it is a perfect time to take a step back and figure out what success will look like for you at the end of 2016.

- ◇ How does your business make money and is it enough?
- ◇ Who are your customers and how do you find more?
- ◇ How effectively do you deliver your products and services? Is there a better way?
- ◇ How do you leverage your people to deliver results?