



## St George & Sutherland Shire

### Executive summary of the SME Business Perspective on the Current Economy

#### Conducted by Business Enterprise Centre – St George & Sutherland Shire

##### THE SAMPLE SIZE

The survey was conducted in April 2009 and attracted responses from 374 businesses. This compares well with the 440 responses in a recent NSW Business Chamber *Business Conditions* Survey.

Businesses were spread across all industry sectors with the top four sectors being: Personal & Other Services (19.4%), Property & Business Services (13.7%), Retail (13.3%) and Construction (10.5%).

Overall the respondents were well-established businesses, with the largest sector (33.9%) having operated for 10yrs or more and only 30.2% considered new businesses, having operated for less than 3 yrs.

The respondents can be described as mainly small and micro businesses - over 75% are a combination of sole traders and small businesses employing less than 5 staff and 41.5% have a turnover less than \$100,000. 20.8% of businesses have a turnover over \$1 million.

Many businesses operate across multiple local government areas, with 77% operating across the Sutherland Shire, over 30% in each of the local government areas of Hurstville, Kogarah and Rockdale, and a further 25% in Botany and other areas.

##### EFFECTS OF ECONOMIC DOWNTURN

Overall, half of SMEs are experiencing a **moderate** or **slight** negative effect, with one quarter are feeling a **significant** negative impact. One quarter of businesses are experiencing either **no impact** or a **positive** impact.

Generally, exporters reported the **least** negative impact, with 47% experiencing a **significant** or **moderate** negative impact, compared to the **general** sample of 52.2%. Importers scored the **worst**, with 61% recording **significant** or **moderate** negative impacts.

When considering those businesses experiencing a positive effect at 5.6% exporters still out do importers at 2.7% while the overall sample was higher at 9.1% of the sample experience a positive effect.

## MAJOR AREAS OF NEGATIVE IMPACTS

Overwhelmingly the major negative impact has been reduced sales and revenues, with 81% of those reporting a negative impact citing a decrease in sales and revenue. The next two highest areas being hit are cash flow problems (45%) and not purchasing equipment (42%).

## JOB IMPACT

In considering the **impact on jobs** within the SME sector of our local region we can see that of those businesses reporting a negative impact who **have put off staff** this represents 10.4% of the total respondents whilst 10.6% noted that **would like to hire additional staff** but they cannot afford to which means we are losing opportunities to create new jobs.

On a positive note, 9.1% of businesses are **experiencing a positive impact**. When examining the number employing additional staff as a percentage of the **total sample** we know that of these 1.4% have employed additional staff.

Of the 9.1% experiencing a positive effect, the major impact was overwhelmingly an increase in sales and revenue (78.6%), followed by increased profitability (42.9%).

For the very small number of businesses who have not yet started their business the economy does not seem to be the major factor.

## WHAT BUSINESSES WANT

When asked what support services they would like, the top three requested services were:-

- 65% want networking events
- 59% want business introductions
- 40% want Government support

## AWARENESS & USAGE OF EXISTING SUPPORT SERVICES

The overall response to this question shows a good awareness rate for all local business support services:-

- BEC enjoyed a 97% awareness rate and 95% usage
- Austrade Tradestart- 32% awareness rate and 10% usage
- Enterprise Connect - 17.4% awareness and 6.6% usage
- Department of State & Regional Development - 26% awareness rate and 11% usage
- Apprentice / Traineeship Providers - 28% awareness and 12% usage
- Local Council Business Support - 26% awareness rate and 13% usage

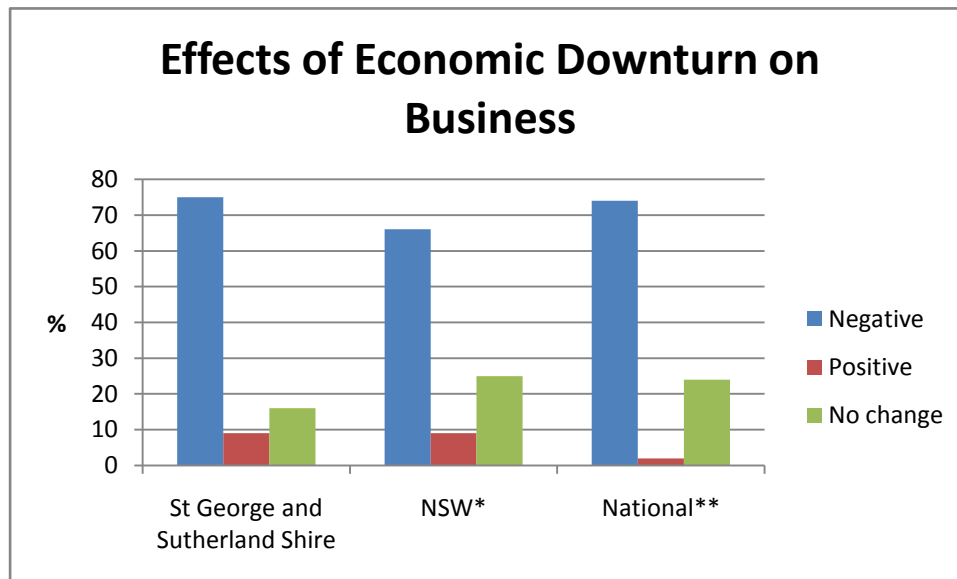
## OUTLOOK FOR THE FUTURE

SMEs showed an overwhelming positive attitude: over 58% felt positive and only 20% were pessimistic about the future. 22% felt neither positive nor negative about the future.

74% of businesses can see new opportunities arising for their businesses within the next 12 months. The new opportunities that topped the list are:-

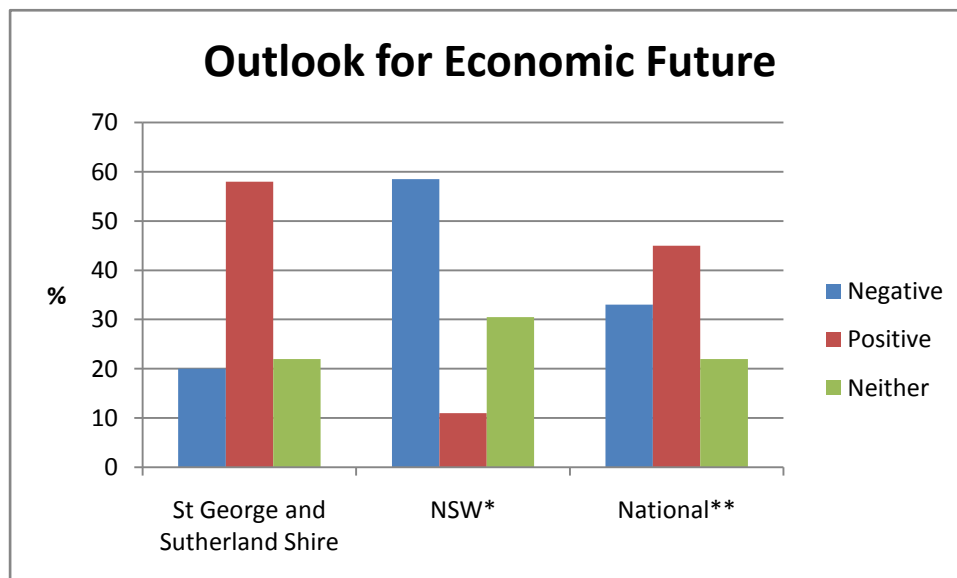
- New customers as competitors close down
- Taking market share from larger companies
- Construction opportunities as a result of the Rudd Nation Building Stimulus Package
- Moving into new growth markets in the economic downturn

**HOW WE COMPARE - STATE AND NATIONAL FIGURES**



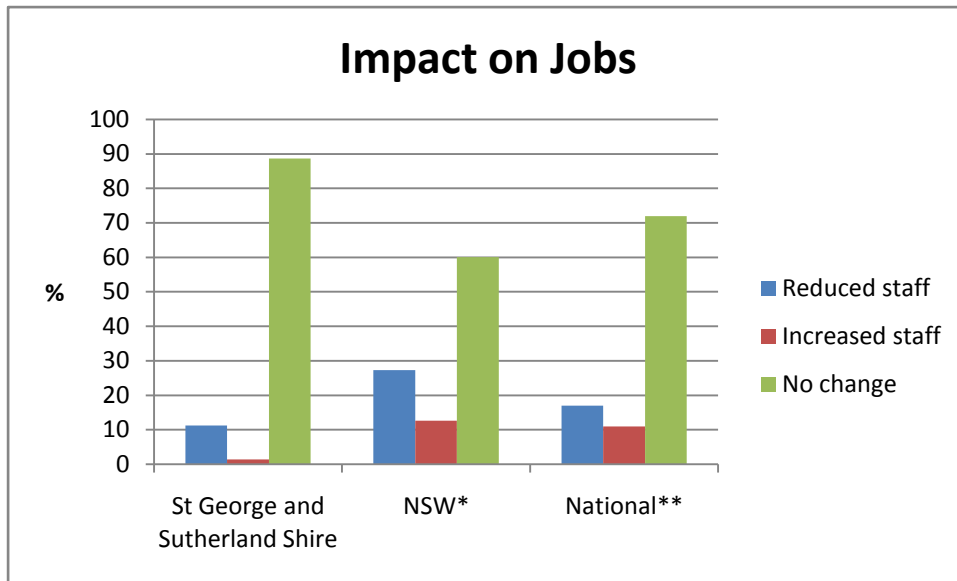
\* SOURCE: Table 1 - NSW Economy, April 2009 Business Conditions Survey, NSW Business Chamber

\*\* SOURCE: Sensis® Business Index, Sweeny Research, February 2009, Perceptions of the Economy, p.8



\* SOURCE: Table 1- NSW Economy, April 2009 Business Conditions Survey, NSW Business Chamber

\*\* SOURCE: Sensis® Business Index, Sweeny Research, February 2009, Confidence in own business prospects over the next 12 months, p. 6



\* SOURCE: Table 7 - Number of Employees, April 2009 Business Conditions Survey, NSW Business Chamber

\*\* SOURCE: Sensis® *Business Index*, Sweeny Research, February 2009, Employment, p.12

### Major Areas of Negative Impacts

#### St George and Sutherland Shire

- Revenue and sales are down (81.0%)
- Cash flow problems (45.1%)
- Not purchasing equipment/ inventory (42.0%)

#### New South Wales\*

- Profits are down (52.0%)
- Revenue and sales are down (47.5%)
- Business conditions have declined (45.5%)

#### National\*\*

- Lack of work/sales (22%)
- Economic climate (15%)
- Cash flow problems (15%)
- No concerns (31%)

\* SOURCE: Table 7 - Number of Employees, April 2009 Business Conditions Survey, NSW Business Chamber

\*\* SOURCE: Sensis® *Business Index*, Sweeny Research, February 2009, Concerns, p.10