

Five considerations for SMEs in 2018

Coming off the back of a tough 2017, what can small-to-medium-sized enterprises (SME's) do to chart a new growth path and scale their businesses?



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Jesse Weinberg, head of the SME Customer Segment at FNB Business says, “Small business success becomes a monumental task when there’s arguably very little to no real economic growth overall. However every challenge presents an opportunity, and in South Africa, not only are we fortunate to consistently have SME development as a key objective on the national government agenda, but most corporates are also hungry to shift spend to smaller businesses as part of the procurement policies.”

Weinberg says as 2018 begins in earnest, there are some important insights that business owners should consider in order to grow their businesses.

- **The digital economy is in full swing** – SME’s that are comfortably operating without adopting digital technology in their business will likely be outperformed by their competitors unless they adapt to the current reality. Across the globe, consumers and businesses are rapidly migrating services to digital channels for its sheer efficiency, convenience and scalability. This includes basic elements like digitising accounting processes with software, through to using social media to campaign to customers. If you’re ever unsure where to start, start by observing your customers and listening carefully to how they expect to be dealing with a business like yours – you can’t go wrong by putting yourself in your customers’ shoes and then reflecting on your business through their eyes.

- **Expect little to no help from the economy** – The World Bank recently predicted that SA will grow at roughly 1.1% in 2018 and while this is not cast in stone, it's a relatively firm indicator that SME's will have to do the hard yards to engineer any form of business growth. The focus should thus mainly be on differentiating your business, products or services from your competitors through marketing or even innovation if possible.
- **Maximise your banking relationship** – Banks are investing a lot of time to understand the needs of businesses and have some of the tools to help SME's run efficiently. The relationship should not only be limited to just banking. With the multitude of rewards and value-add services offering by most banks, with just a bit of time spent understanding the offerings, great value can be derived for you and your business. Examples of these offered by FNB include eBucks rewards, free Instant Accounting software and CIPC registration services.
- **'Think local, act global'** – Your business may be based in South Africa but its potential to scale shouldn't be hampered by your location. In other words, be open to the opportunity of growing your business beyond South African shores, especially if your service or product has universal appeal and relevance. With global marketplaces such as Alibaba and AirBnB, the world market has never been more accessible and easier to do business with.
- **Avoid the race to the bottom** – Market forces continue to show that consumers aren't only focused on the cheapest product or service despite the tough economic conditions. These days offering great service will build trust and loyalty with customers and keep them coming back. If you combine this with good quality, accessible products and services, you will generally have an edge over your competitors offering the same or similar products and services.

"Even though 2018 is unlikely to come with an SME development boom, a solid homegrown business can still grow sustainably. More than ever, business owners need to arm themselves with as much information and insights as they can to grow their businesses or even reduce the risk of total business failure. With South Africa's level of unemployment showing little to no signs of reduction, we need to sustain the spotlight on growing our SME sector and offering as much support to it as possible. SME's represent one of the most effective ways to create employment in local communities, especially if these businesses find ways to trade with customers beyond their normal operating territories," says Weinberg.

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