



# Australia's SMEs: A Powerful Story of Commitment

An address to the Australia Israel Chamber of Commerce, Brisbane  
by Bruce Akhurst, CEO, Sensis

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I wanted to thank Liz and the team at Australia Israel Chamber of Commerce for giving me the chance to share my thoughts with you.

I must say, I feel a bit humble standing before you today.

A bit later today, the Chamber will be hosting another luncheon just like this in Perth.

Their guest speaker is the Dalai Lama.

I can't help thinking you got the short end of the stick here.

But I promise I'll do my best to make the next few minutes as interesting as I can.

Many of you would know Sensis as the company behind Yellow™, the White Pages®, the Trading Post®, CitySearch®, Whereis®, UBD® and Gregory's®.

We're Telstra's advertising business and Australia's leading information resource.

We're also one of the largest and fastest growing media businesses in Australia.

Our 350 print directories, maps, atlases and guides, ten web sites, three voice, one satellite navigation and seven mobile services are used by almost 13 million Australians every month<sup>1</sup> to find the people, business and places they need.

And there's another function these services perform. We support almost 600,000 Australian businesses by providing a critical ingredient of their success – customers.

Most of these advertisers are small to medium enterprises or SMEs.

And it's those customers – and the SME sector in general – that I'm keen to talk about today.

I'd like to talk about who they are.

Why they're important – not only to Telstra and Sensis but to every single Australian.

How Sensis supports Australian SMEs today.

And how we need to – and will – increase that support.

In Australia, small business is everywhere.

Take a drive around any city, town or rural area in Australia and you'll see small business in action.

You'll pass their places of business so quickly that you'll hardly notice they're there.

And you might miss the fact that this endless stream of shops, offices, factories, farms and home-based businesses is the foundation upon which our entire Australian way of life is built.



Let me explain this with a few statistics.

According to Roy Morgan, there are about 1.2 million small business owners in Australia<sup>ii</sup> today.

This number has grown by about 11% since 2001<sup>iii</sup>.

Interestingly, the number of small business owners in Queensland has grown at double that rate – by about 27% to over quarter of a million<sup>iv</sup>.

Every one of these people has decided to opt out of the relative safety of paid employment and take a punt.

And the rewards we all reap from their risk and effort is extraordinary.

Firstly, they directly support over three and a half million people, including themselves<sup>v</sup>. I'm talking here about the families they feed and clothe.

Their businesses employ over 4 million Australians. That's about 40% of the entire Australian workforce<sup>vi</sup>.

And two-thirds of SMEs see their business as being their main source of retirement income. Their efforts are saving us all a significant long term financial burden<sup>vii</sup>.

But that's just the start. Think about the knock-on benefits these people deliver.

The families they support through their employees.

The suppliers, banks, accountants and other partners they support.

And then there are the obvious contributions, such as taxes.

When you add it all up, you can see that these 1.2 million people make a contribution to the wellbeing of all Australians that goes way beyond their share.

At Sensis, we spend a lot of time focused on Australian SMEs. And we support the SME sector in three different ways.

I've already mentioned the first – we help SMEs find customers.

All of our brands, most notably the iconic Yellow<sup>TM</sup> directories, help different businesses reach out to buyers right when they're looking to buy.

And the value proposition Yellow<sup>TM</sup> offers is powerful.

To begin with, no other advertising business is committed to speaking with almost every Australian SME every year.

In fact, over half our entire workforce is made up of consultants, customer service officers, designers and researchers who are totally devoted to meeting the needs of our SME customers.

The Yellow<sup>TM</sup> ads we help our customers produce reach a potential audience of 11 million potential buyers every month<sup>viii</sup>.

These buyers are turning to Yellow<sup>TM</sup> well over a million times a day<sup>ix</sup>.



And about nine out of every ten of them will go on to contact a business, with 70% going on to buy<sup>x</sup>.

That's a lot of potential customers! No other form of advertising comes close to matching Yellow<sup>TM</sup>.

We also help SMEs by increasing their productivity.

The services we provide are usually seen as consumer buying guides. But a large proportion of Yellow<sup>TM</sup>, White Pages<sup>®</sup>, sensis.com.au, Whereis<sup>®</sup> and 1234<sup>®</sup> usage comes from people at work looking for information that will help them run their business.

Information like suppliers, associations, networks, customers and so on.

Our services help companies all over Australia do business more efficiently.

The third way we support small business is through information, ideas and advocacy. We do a large amount of research into many aspects of the small business sector.

This includes the annual Sensis<sup>®</sup> *eBusiness Report*. This detailed survey looks at the technologies Australian SMEs are using, how they're using them and why. Over ten years, the Sensis<sup>®</sup> *eBusiness Report* has become a mainstay of the Australian information and communications technology, or ICT, sector.

We also publish the Sensis<sup>®</sup> *Business Index* – the flagship of our SME research program.

The Sensis<sup>®</sup> *Business Index* was launched in February 1995 to provide a barometer of the health and opinions of Australia's SME sector. It is a quarterly survey of about 1,400 small businesses (employing one to nineteen people) and 400 medium businesses.

The *Index* provides valuable data covering sales, cost, capital and employment performance, SME views on government performance and areas of concern within the sector.

Over the years, the *Index* has become one of the most widely referenced small business survey in Australia. It is regularly reported in the media and quoted in parliaments right across Australia.

The Sensis<sup>®</sup> *Business Index* has led to a new unit in Sensis dedicated to providing research and market insights to government and business.

Not only is this unit producing a stream of Government research, covering areas such as teleworking, ICT production and working conditions, but it is beginning to mine yellow.com.au searches to uncover some incredible insights.

Like the fact that there's been a 12-fold increase in the number of Queensland searches for water tanks in the last 12 months<sup>xi</sup>.

And exactly nine months after our Federal Treasurer Peter Costello announced the baby bonus in 2004, searches for baby clothes suddenly spiked to three times their normal levels<sup>xii</sup>.

No wonder they called him Australia's sexiest politician!

I'd like to take a moment to introduce Christena Singh, Christena can you stand up?

Christena manages our Sensis Reports and Market Insights and I wanted to acknowledge her for the incredible drive and passion that makes all of this possible.



There's few people in Australia today who know as much about SMEs than Christena.

The latest Sensis® *Business Index* was released today.

I'd like to take a moment and brief you on the headlines.

Overall, it has been a fairly good quarter for Australia's SMEs.

Business confidence rose by three percentage points.

And SMEs reported continuing improvement in most key indicators, such as sales, employment, profitability and capital expenditure.

Only wages and prices fell, which points to an easing of inflationary concerns.

The main issues facing SMEs were reported as finding and keeping staff, a lack of work in some areas and paperwork and bureaucracy.

And SME support for the Federal Government rose substantially over the quarter from an already high base. The Federal Government continues to be the most highly rated government in Australia among SMEs, largely due to their industrial relations policies.

And Queensland SMEs continue to report positive results as well.

While there was a fall in business confidence over the quarter, Queensland SMEs continue to perform above the national average on all performance indicators.

At the same time, support for the Queensland Government dropped marginally. It is currently just above the average for all state governments.

There's a copy of the Index on the table in front of you and I'd invite you to take it with you and have a look at the results.

In preparing for this speech, I was keen to explore some of the more human elements of the SME sector. Who are these entrepreneurs and what is life like for an SME owner?

So we added some new questions to the latest *Business Index* and came up with some very interesting findings.

We began by asking "why did you start a small business".

And we were given three key reasons.

The first is opportunistic – reasons like "to make money" or "I saw an opportunity". Over 50% of Australian SME owners entered the sector for these reasons.

The second is lifestyle. Examples of this are "I wanted to be my own boss" or "the business grew out of a hobby or interest". Over 40% of SMEs are born for lifestyle reasons. And the third is defensive. Things like "I was retrenched" or "to get a job". This accounted for the balance.

One person said he started a small business because he lost a bet. I'd love to know what the bet was!

We then asked if running a small business was meeting their expectations – and we got a stunning response.



An incredible 92% of SME owners said their experience had met their expectations.

What an overwhelming endorsement!

But don't take this as a sign that owning a small business is 'the easy life'.

These people work mighty hard.

On average, Australian SME owners work about five and a half days a week, with 21% of small business owners reporting they work every day of the week.

And the days are long. On average SME owners work 9.5 hour days during the week, with almost 20% saying they work more than 12 hours a day. On top of that, they're doing an average of 5.5 hours a day on the weekends.

It's therefore not surprising to hear that almost half of all SME operators say their work prevents them from spending time with their families.

But there's a flip-side to this observation which shows just how all-consuming life as an SME can be.

A staggering half of all SME owners say they have family members working in the business.

And while the bulk of those family members are paid, almost 20% are providing their services to the business for free.

As you can see, these Australians make an enormous commitment. Not just the owners, but their families as well.

They work in conditions that would be totally unacceptable in the paid employment sector.

And their commitment generates prosperity for millions and millions of Australians.

Given this, it's not surprising that these 1.2 million people are called the engine room of the Australian economy.

We should celebrate their commitment, effort and success.

And we should be pulling out all stops to help them.

Firstly, because they well and truly deserve our support.

And secondly, because so much of our own prosperity relies on their success.

Which brings me back to Sensis and our support for SMEs.

I am proud of everything we have achieved over the years, but there is still much more to do.

We recently did a survey of our largest customers and found that about a third of them see Sensis as their principle source of advertising and marketing advice.

This underlines just how important SMEs see us to their businesses.

It's an exciting position for Sensis to be in.

But, more importantly, it's an enormous responsibility that we must live up to.



Because, when it all boils down, Sensis relies on Australia's SMEs as much as they rely on us.

So we're embarking on a substantial program to make sure we continue to deliver on the needs of our customers into the future.

I know there are quite a few Sensis customers in the audience today. I wanted to make a commitment to you and tell you about what these changes mean.

Firstly, you can expect Yellow™ consultants who are knowledgeable – not just about the few products they sell but about your industry, your business and the whole suite of print, online and mobile opportunities we can offer you. Last year, we took the first step by combining our print and online sales forces into a single unit. And we've already seen customer satisfaction results increase by 7%.

You can expect them to be focused not simply on making a sale but on finding the right solutions for you. You can expect them to ask a lot of questions as they try to find out more about you, your business and your customers. And you can expect them to work closely with you to help you get you the best results.

You can expect to have a good chance of seeing the same consultant year in, year out. Of course, this isn't always possible, but we are now focused on giving you a chance to build a relationship with your consultant over time wherever we can.

You can expect to be able to monitor your advertising and see the return on your investment. We've just released a new system that provides regular reports on the level of interest your ad is generating and the impact of that interest. We're also rolling out a program of metered ads.

I must confess, there's an ulterior motive here. We want to help you manage your advertising better and be more accountable to you. But we also want you to really see the value of Yellow™ and your advertising spend with us.

You can expect more advice on the rapidly changing world of advertising.

The book you see on your table – Small Business Big Opportunity – is an example of this. This copy is yours to take with you if you wish.

Small Business Big Opportunity was conceived by Sensis and co-authored by the well-known advertising identity Rob Hartnett. It provides a wealth of marketing and advertising information tailored for small business operators.

The book is also accompanied by a website at [smallbusiness.sensis.com.au](http://smallbusiness.sensis.com.au). This site keeps small business advertisers up to date with news, events, tips, tools and even discussion forums.

Small Business Big Opportunity has been an enormous success. We have thousands of people visiting the web site every month and we're well on the way to distributing over 100,000 books free of charge.

And, finally, you can expect us to become very active in teaching you 'the art of Yellow™'.

We've combined our own experience with an extensive bank of US research and we're now rolling out a major program of ad design support. This impacts everything from the advice our sales people give you at the interview, to the literature you receive, to the local seminars and workshops you'll be able to attend.

We're even building a design team who can specialise in what we call 'info-rich ads' to provide advice and design services where needed.



Here are two ads for florists from the USA<sup>xiii</sup>. There are copies of these ads on your table.

They're both the same size and sit in the same heading.

Which ad do you think is the more successful?

Marlow's Flowers?

Or Van Kim's Florist?

Or maybe you think it doesn't make much of a difference.

Well, these ads were metered over a period of time to see which performed best, and the results were astounding.

Marlow's Flowers received over ten times more calls than Van Kim's Florist.

Who said all Yellow<sup>TM</sup> ads were the same?

In essence Marlow's is performing because it's using information to highlight relevance and service. You can see specifically where they deliver, what they offer, the credit cards they take, their opening hours and multiple telephone numbers.

All the information needed to help the buyer make a simple decision.

Van Kim's goes part of the way to achieving this, but not as far as Marlow's.

And, as I've already shown, the results of that are devastating.

As you can see, advertising in Yellow is a real art form. The content, creative and placement of your ad are critical.

And seemingly small things could have a huge impact. Coupons and special offers can potentially drive between 15% and 25% more calls. And including easy payment plans and financing options can drive up to 20% more calls<sup>xiv</sup>.

There's a lot of principles like this and they can be quite complex.

But the impacts – the benefits an advertiser could achieve by understanding them – can be enormous and go right to their bottom line.

That's why we plan to drive a much stronger understanding of these principles among our customers. Our aim is to help them get every piece of value they can out of their Yellow<sup>TM</sup> advertising.

So that's my commitment to you:

- Knowledge
- Commitment
- Solutions
- Familiarity
- Accountability
- And information.



This re-focusing of our customer support operation is a major initiative for Sensis.

I won't pretend it will happen overnight, although we've already made significant strides.

And we're committed to making this 100% customer-centric approach standard business practice as quickly as we can.

There's a simple reason why. It applies not just to Sensis and Telstra, but to every single one of you in this room today.

Australia's SME owners have shown time and again that they can repay the support we give them many times over.

In doing so, they create prosperity for us all.

So supporting Australia's SME sector – the 1.2 million business owners, their employees and their families – is much more than philanthropy.

It's good business.

Thank you.

## Endnotes

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<sup>i</sup> Roy Morgan, Single Source Australia, Jan – Dec 2006, base Australians 14+

<sup>ii</sup> *ibid*

<sup>iii</sup> *ibid*

<sup>iv</sup> *ibid*

<sup>v</sup> *ibid*

<sup>vi</sup> *ibid*

<sup>vii</sup> Sensis Business Index, May 2007

<sup>viii</sup> Roy Morgan Single Source Australia, Jan – Dec 2006, base Australians 14+

<sup>ix</sup> *ibid*

<sup>x</sup> Independent research of people aged 18-64 by TNS in Sydney, Melbourne, Brisbane, Adelaide and Perth (Jan – Dec 2006)

<sup>xi</sup> Yellow.com.au search logs

<sup>xii</sup> Yellow.com.au search logs

<sup>xiii</sup> US examples from CRM Associates

<sup>xiv</sup> 'Content is King', CRM Associates, USA