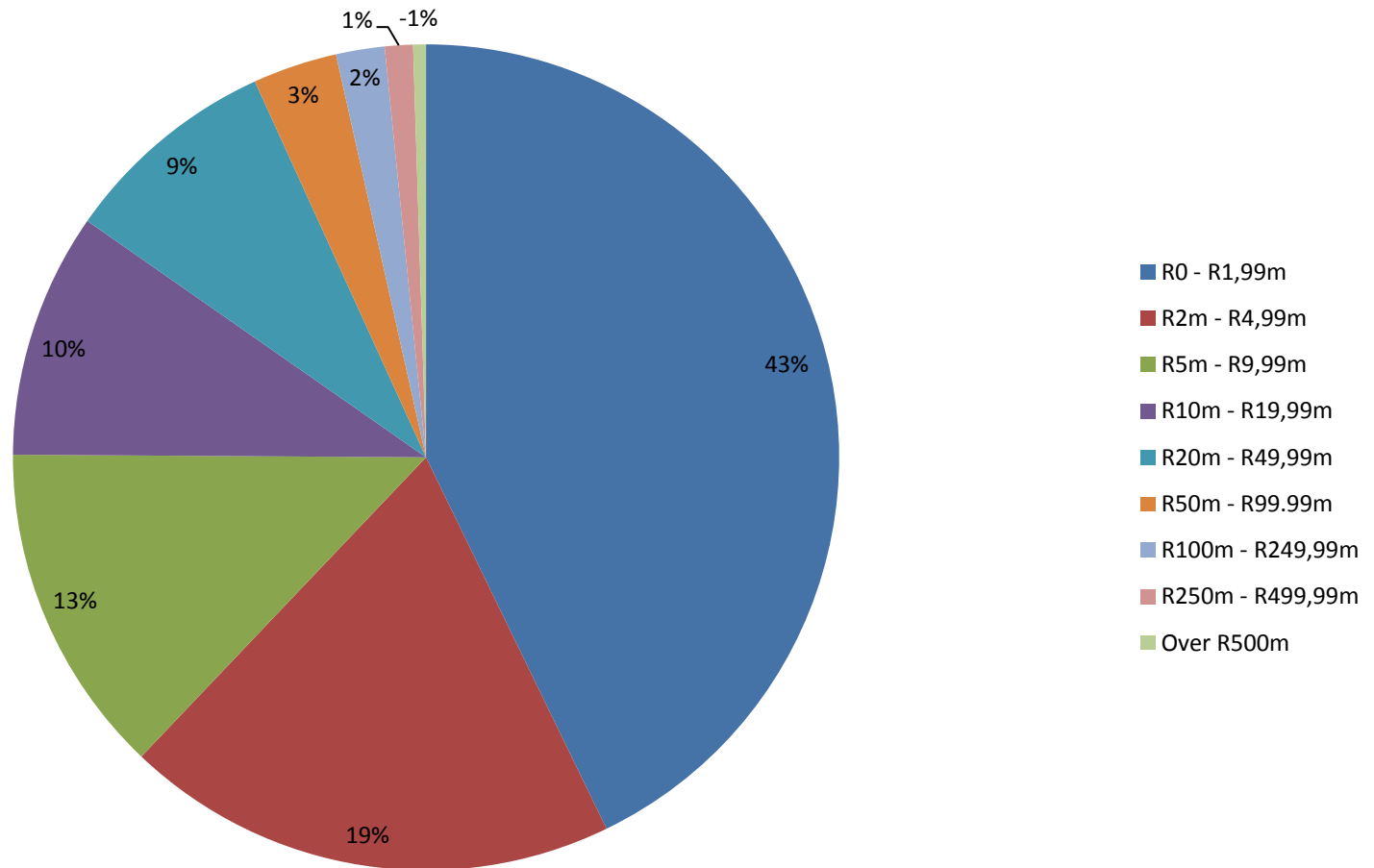


**CHANGE IS
INEVITABLE**
PROGRESS IS
INTENTIONAL

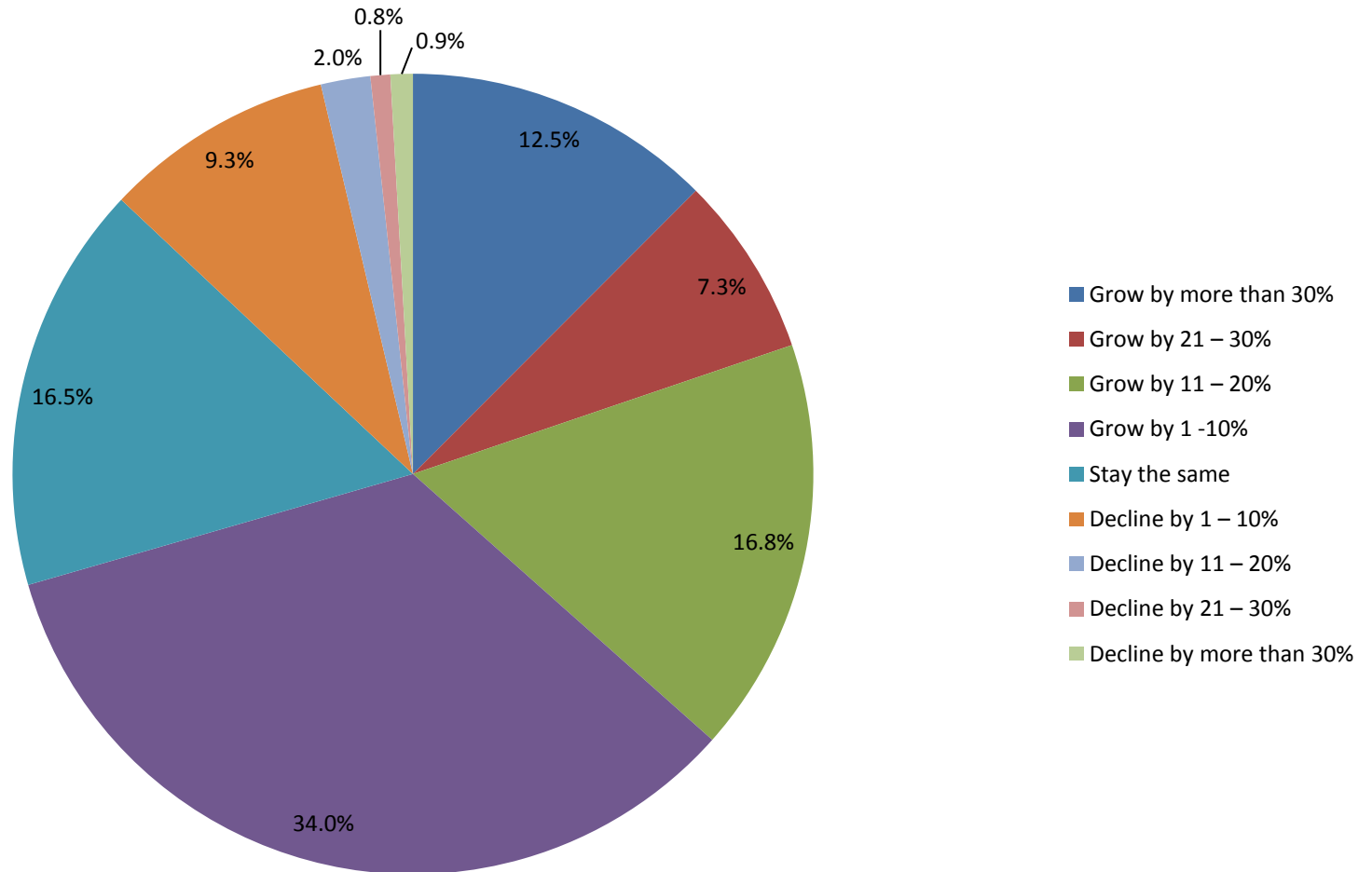


SAICA SME Research

What turnover bracket (per annum) does your business fall into? (National result)



Do you expect your turnover to grow or decline by this time next year? (National result)

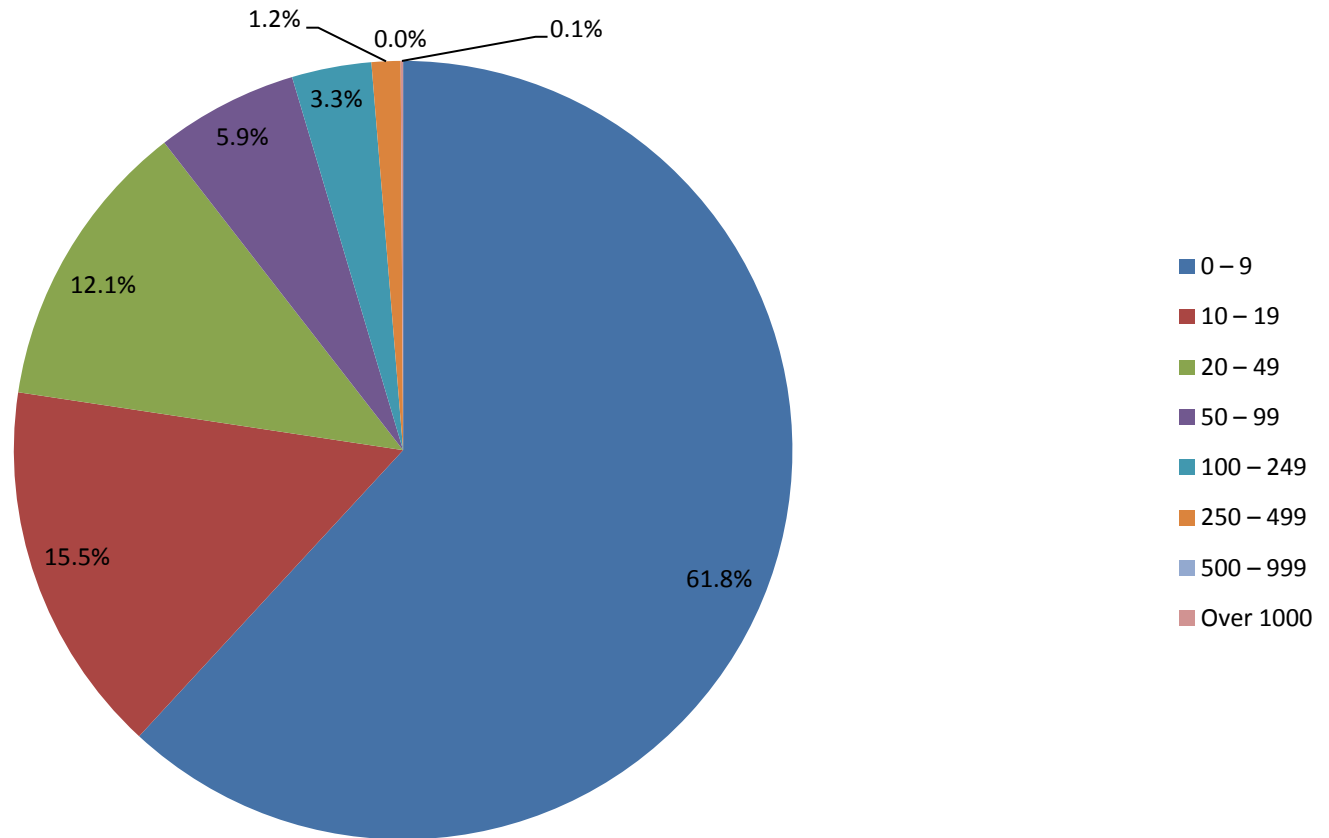


SME research results - Turnover

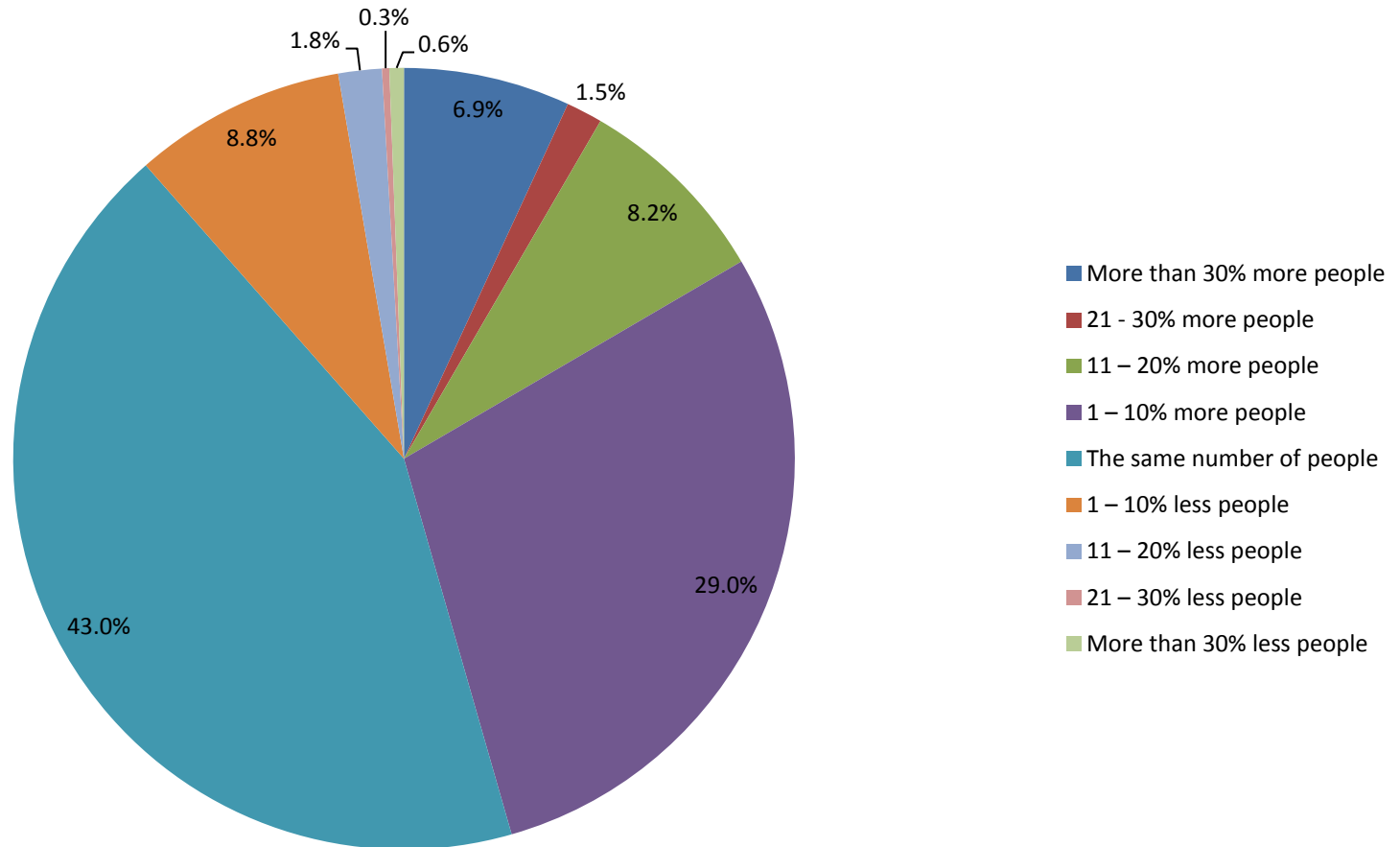
Conclusions:

- Gauteng SMEs are turning over more than the rest
- Over 70% of SMEs are confident that they will grow next year
- Gauteng SMEs believe that their growth rates will outpace the rest of the country next year

How many people does your business employ directly? (National result)



Do you expect to be employing more or less people by this time next year? (National sample)

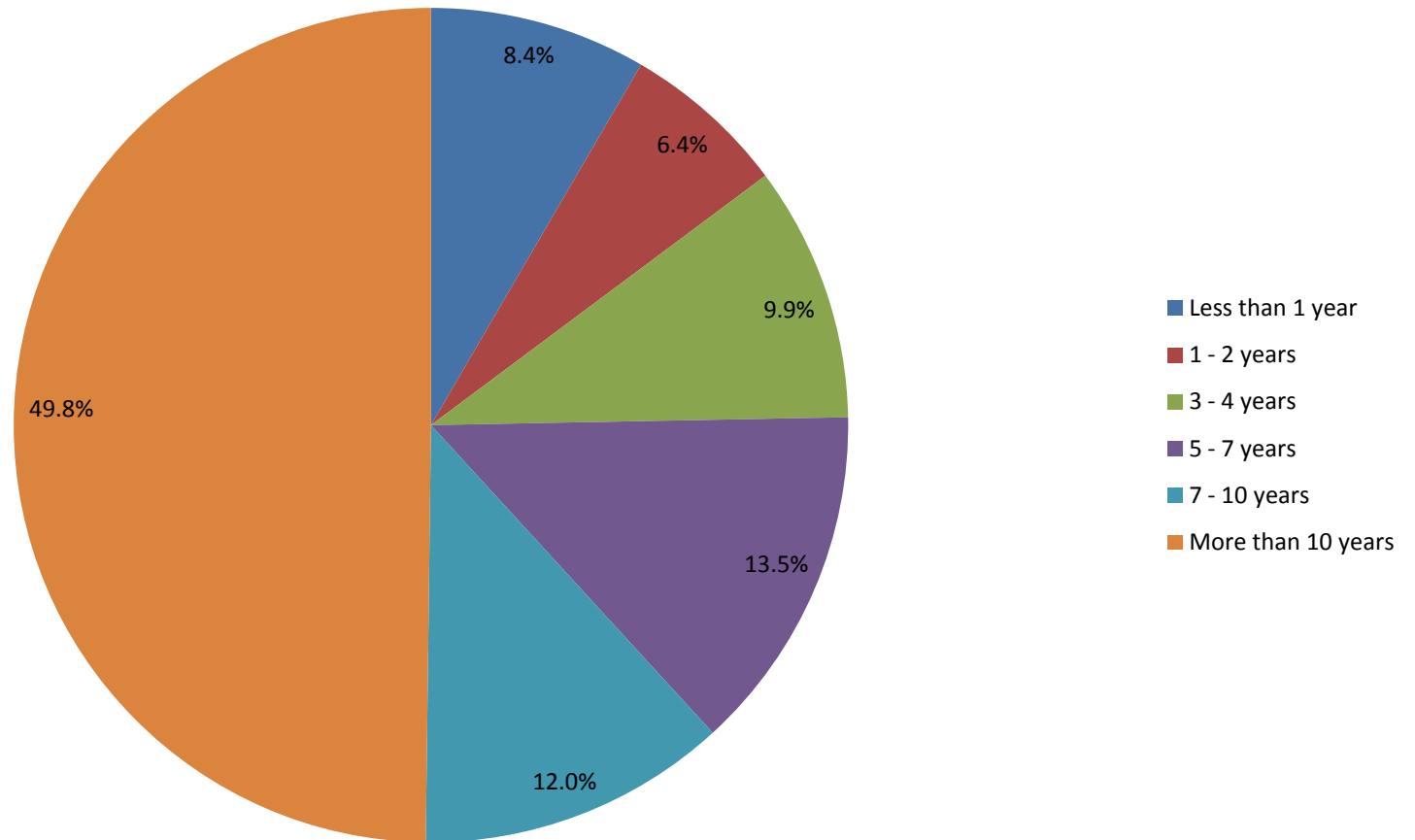


SME research results - Employment

Conclusions:

- Most SMEs employ less than 10 people
- The employment rates of different provinces by SMEs are similar, with the smaller provinces employment rates being slightly higher
- The number of people employed grows rapidly with turnover, and with the length of time an SME survives. It is not sufficient to stimulate SME creation to create jobs. The stimulation of existing SMEs to grow may be more beneficial to job creation
- 46% of SMEs are confident they will employ more people next year. 42% will employ the same number of people
- The biggest SMEs are the most confident. KZN SMEs the least.

How long has your business been in operation? (National result)

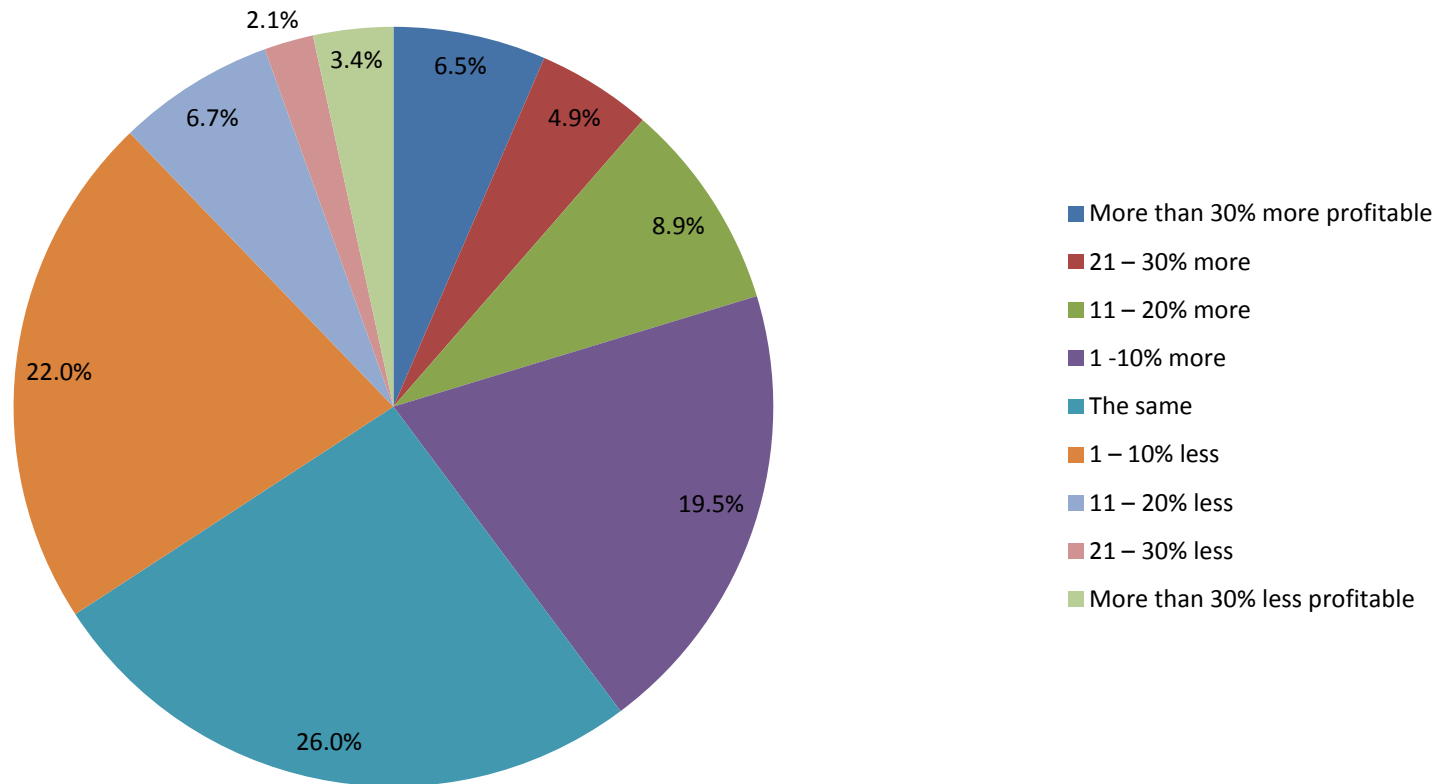


SME research results - Longevity

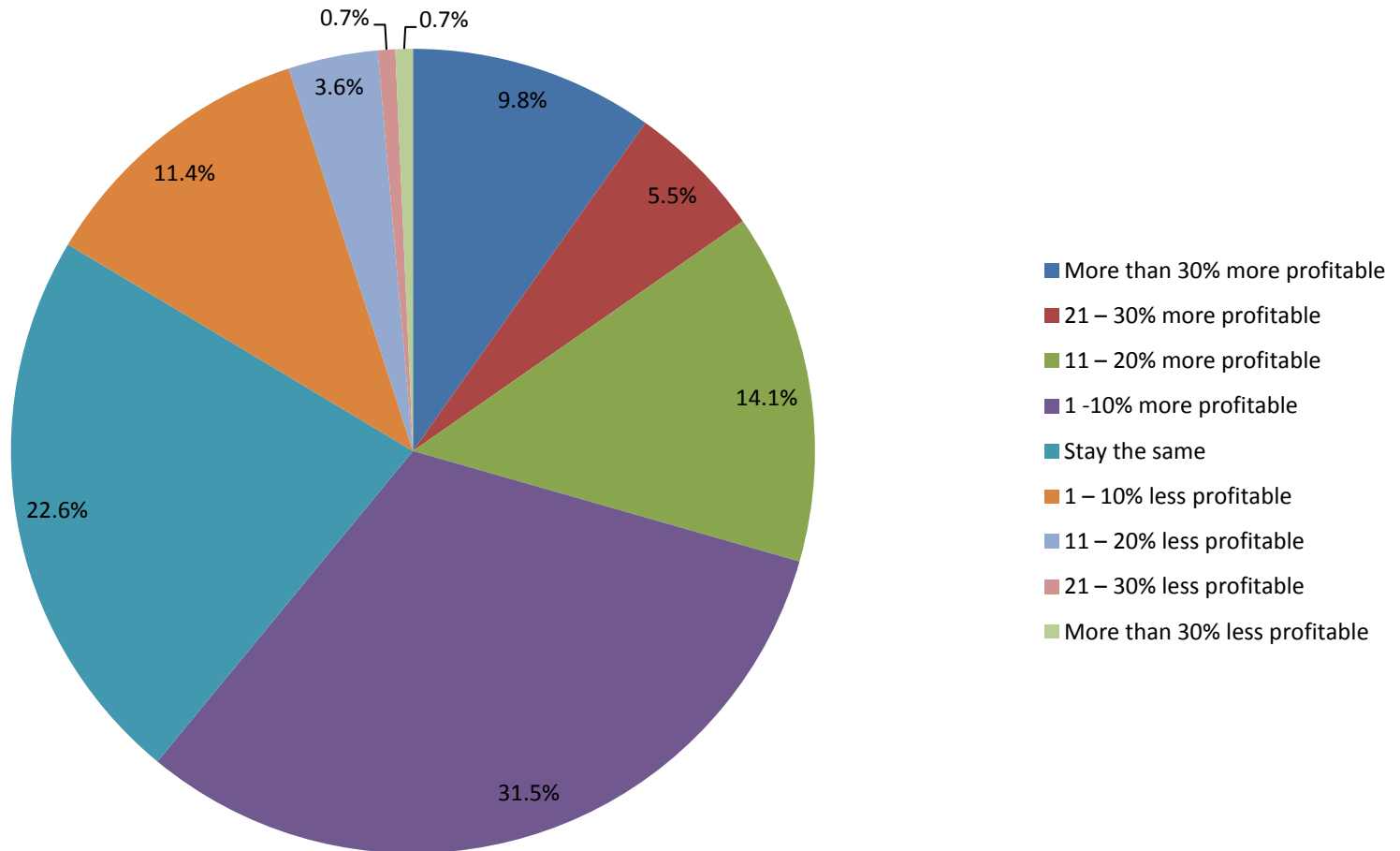
Conclusions:

- Half of the SMEs in this sample have been in existence for 10 years or more. 8% started less than a year ago.
- Businesses in KZN, and the W Cape have been in existence for longer than those in Gauteng and the other provinces. This may be because there are more new businesses in Gauteng and the smaller provinces, or because KZN and the W Cape businesses have a better chance of survival.
- No matter what the size of the business, most businesses that have survived have been in business for more than 10 years
 - The longer a business has been in operation the more likely it is to grow
 - Bigger businesses have a propensity to employ more people

Is your business more or less profitable than it was this time last year? (National result)



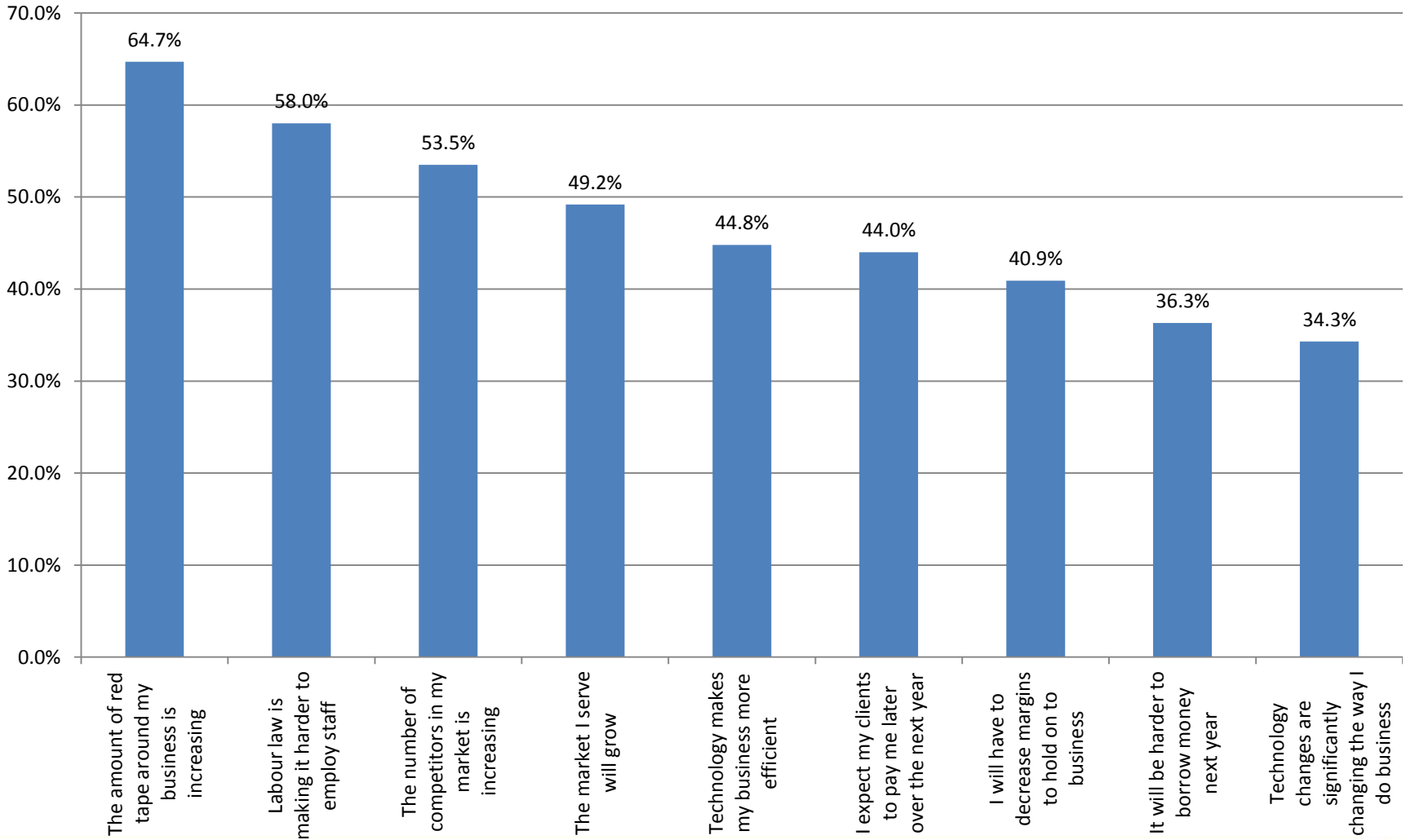
Do you expect your business to be more or less profitable by this time next year? (National Result)



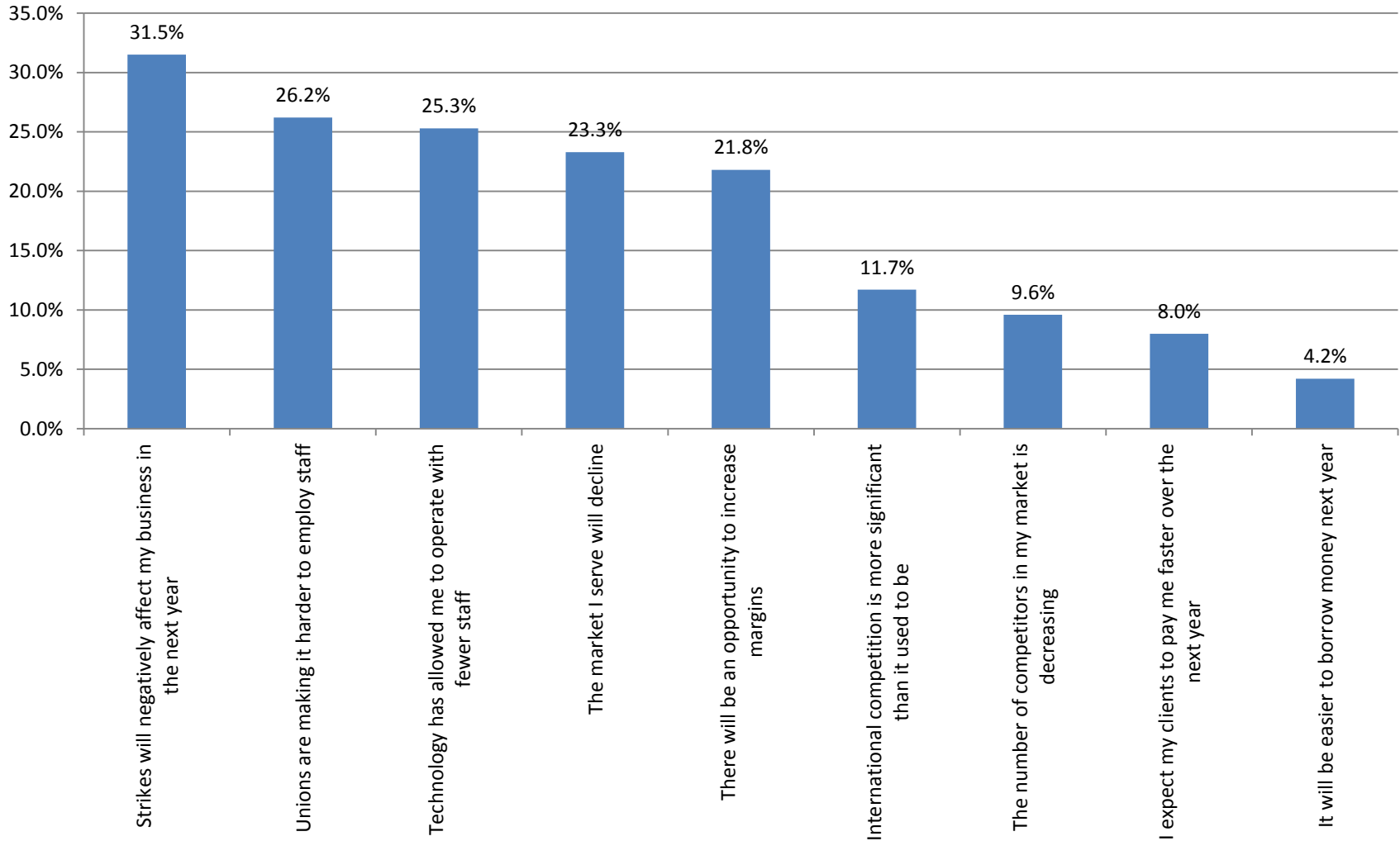
SME research results

Changing business conditions

How do you see business conditions changing over the next year? (National result)



How do you see business conditions changing over the next year? (National result)

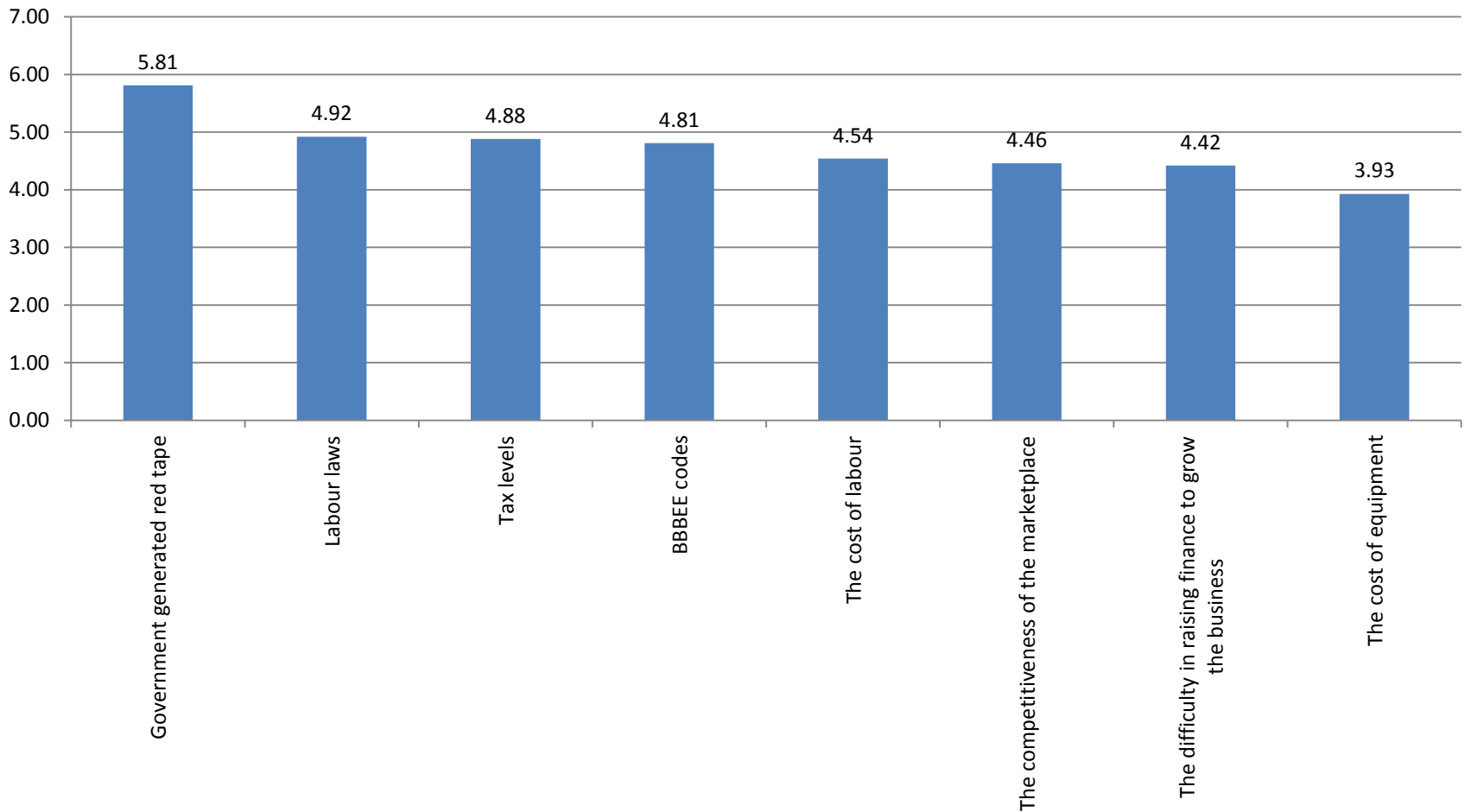


SME research results

Obstacles to business growth

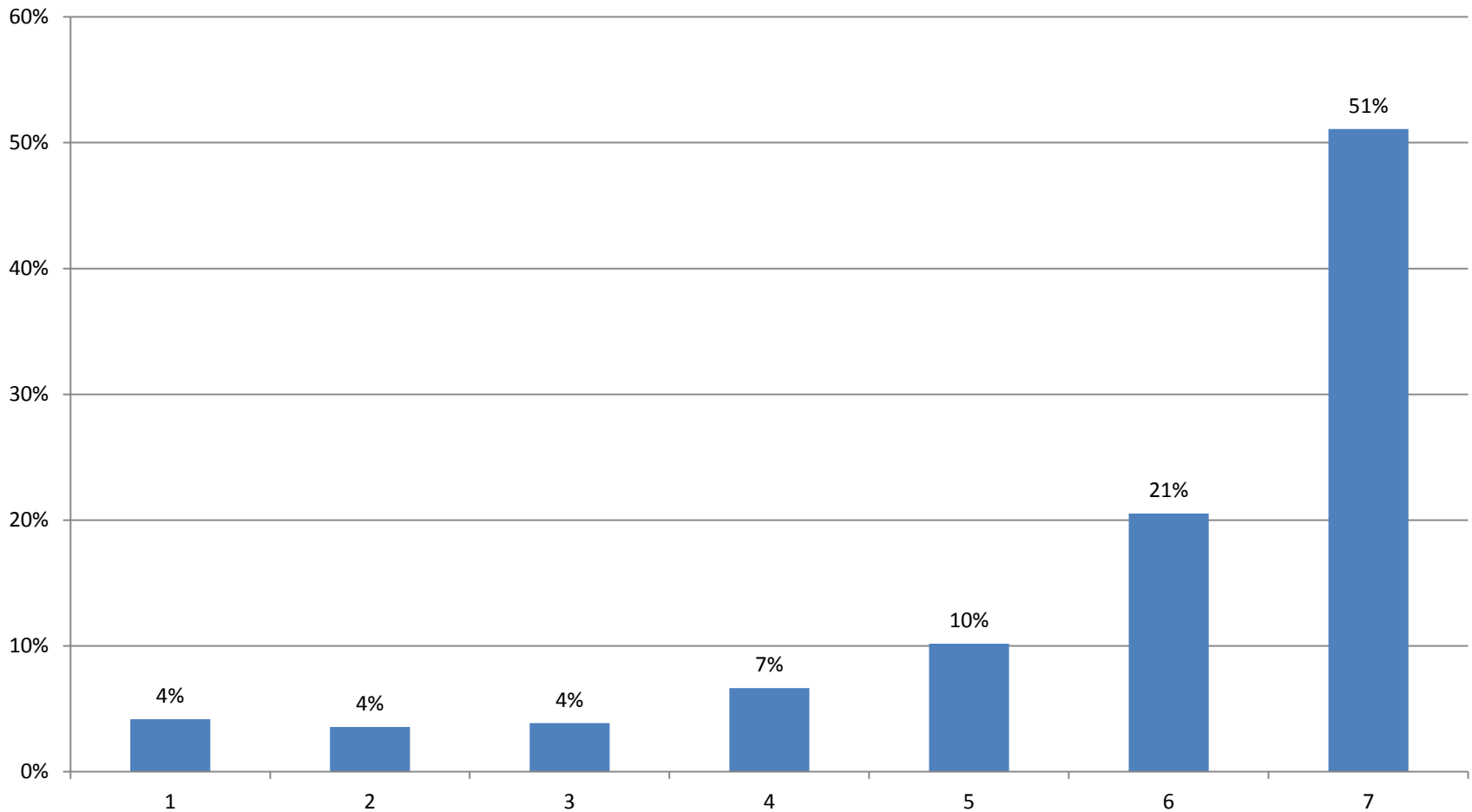
What are the most difficult obstacles in growing your business? (Score each obstacle out of 7) (National result)

Rating Average



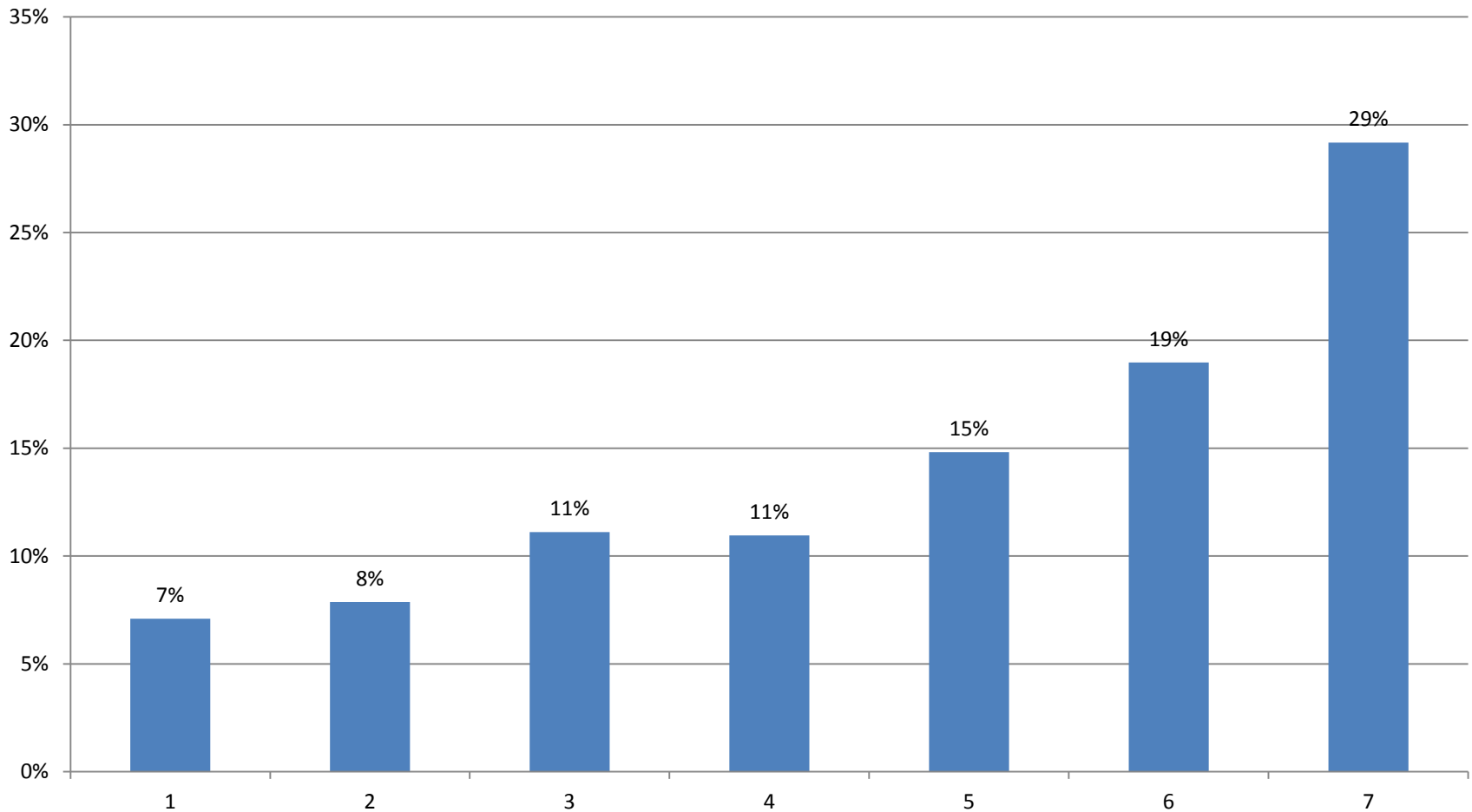
What are the most difficult obstacles in growing your business? (Score each obstacle out of 7) (National result)

Government generated red tape



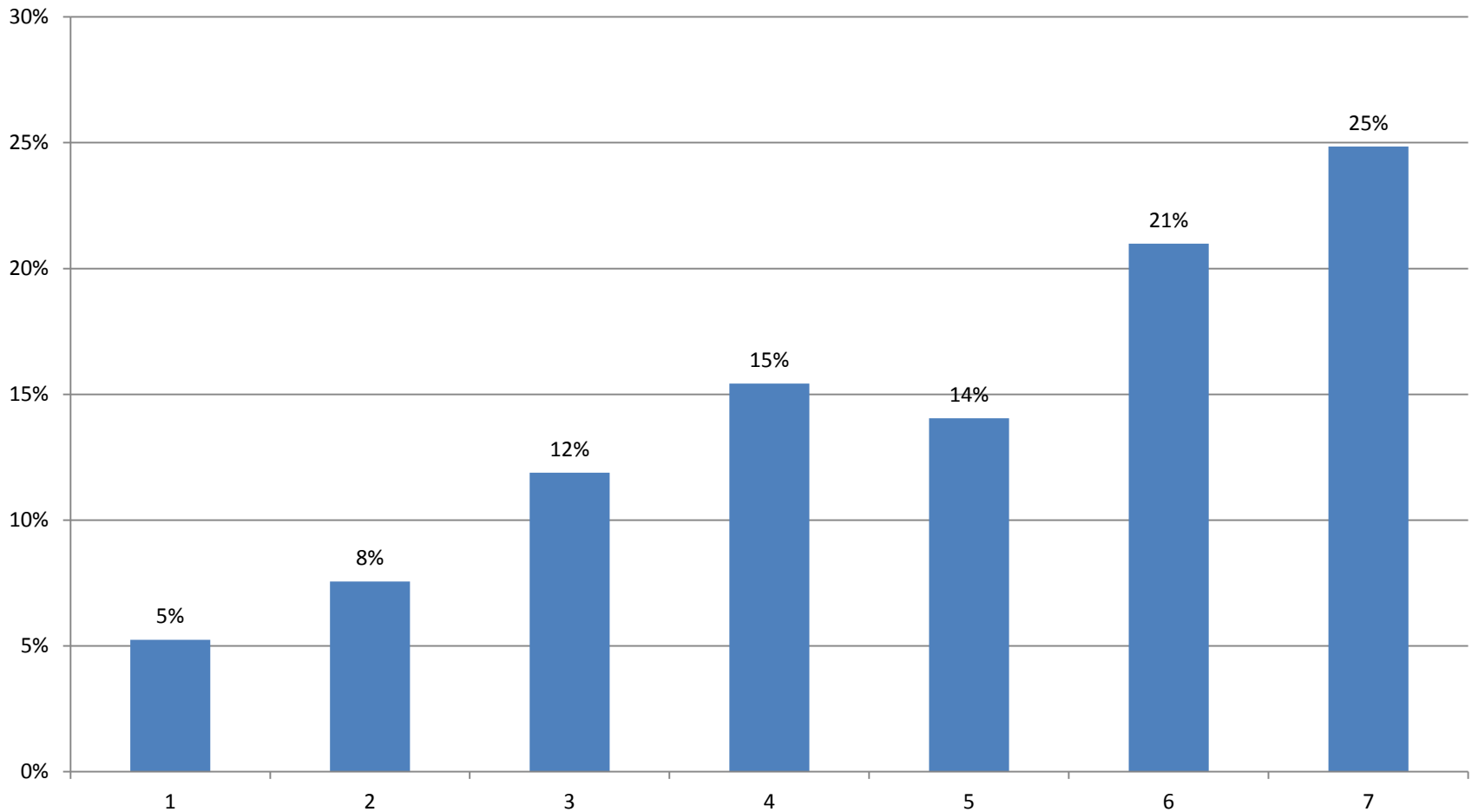
What are the most difficult obstacles in growing your business? (Score each obstacle out of 7) (National result)

Labour laws



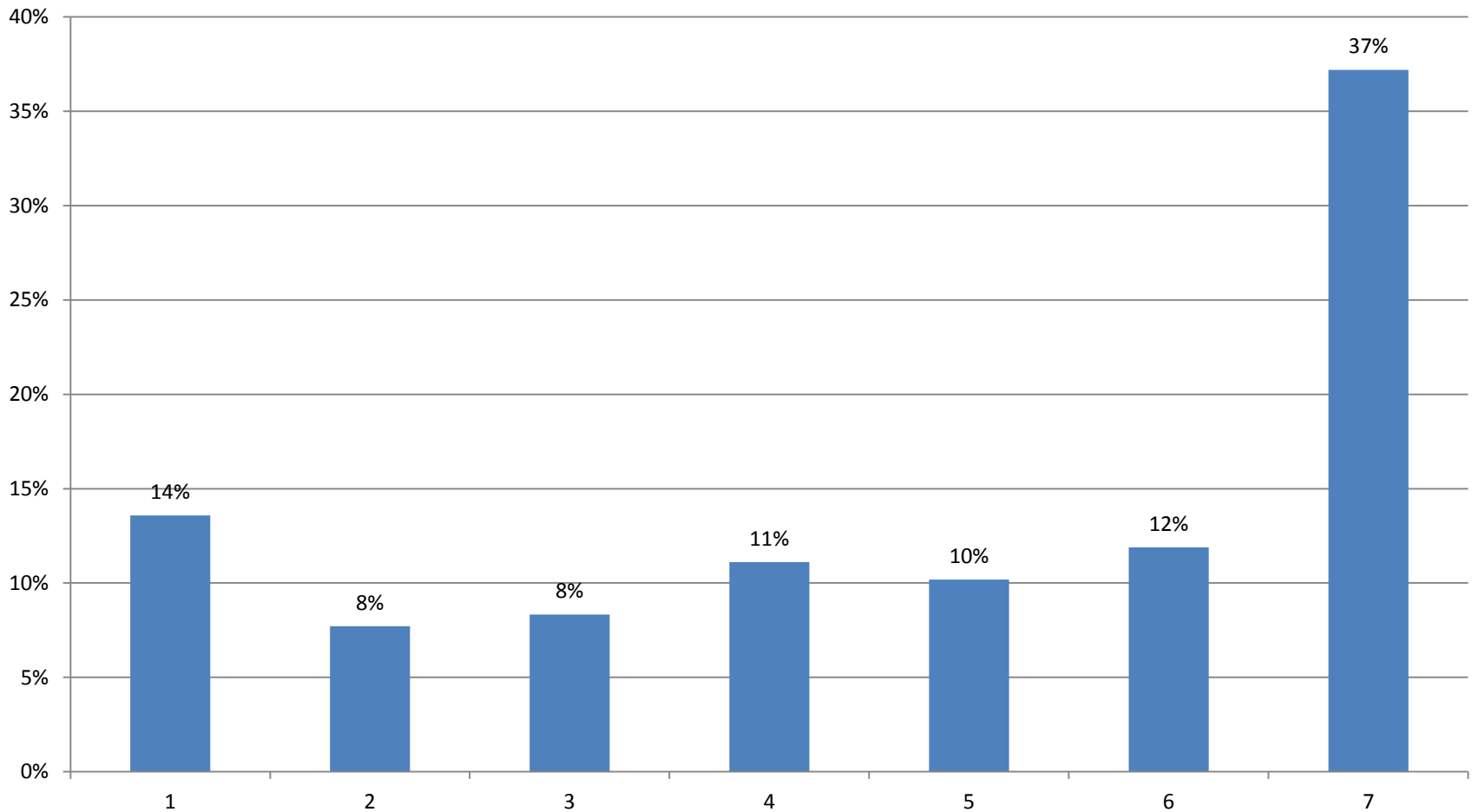
What are the most difficult obstacles in growing your business? (Score each obstacle out of 7) (National result)

Tax levels



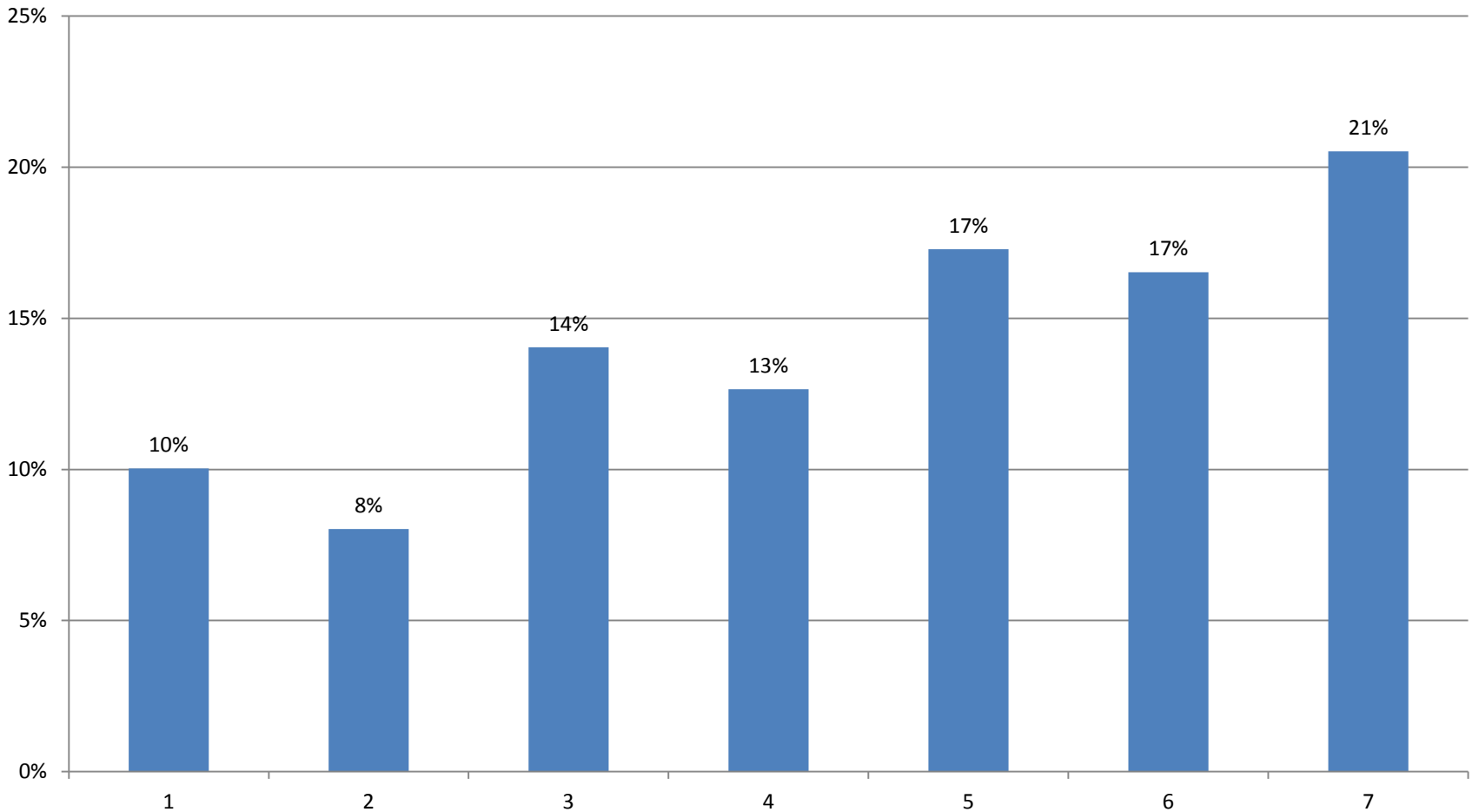
What are the most difficult obstacles in growing your business? (Score each obstacle out of 7) (National result)

BBBEE codes



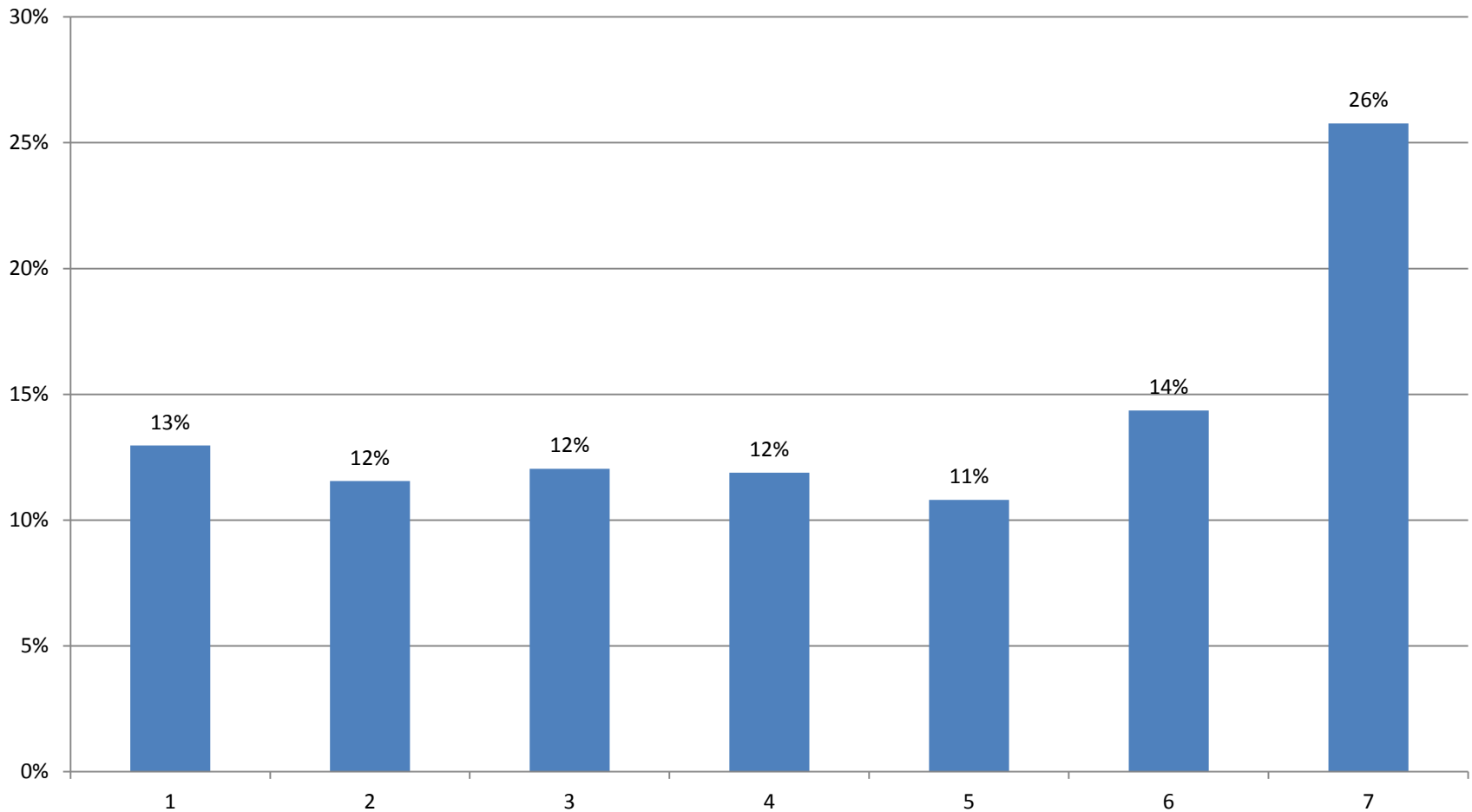
What are the most difficult obstacles in growing your business? (Score each obstacle out of 7) (National result)

The cost of labour



What are the most difficult obstacles in growing your business? (Score each obstacle out of 7) (National result)

The difficulty in raising finance to grow the business

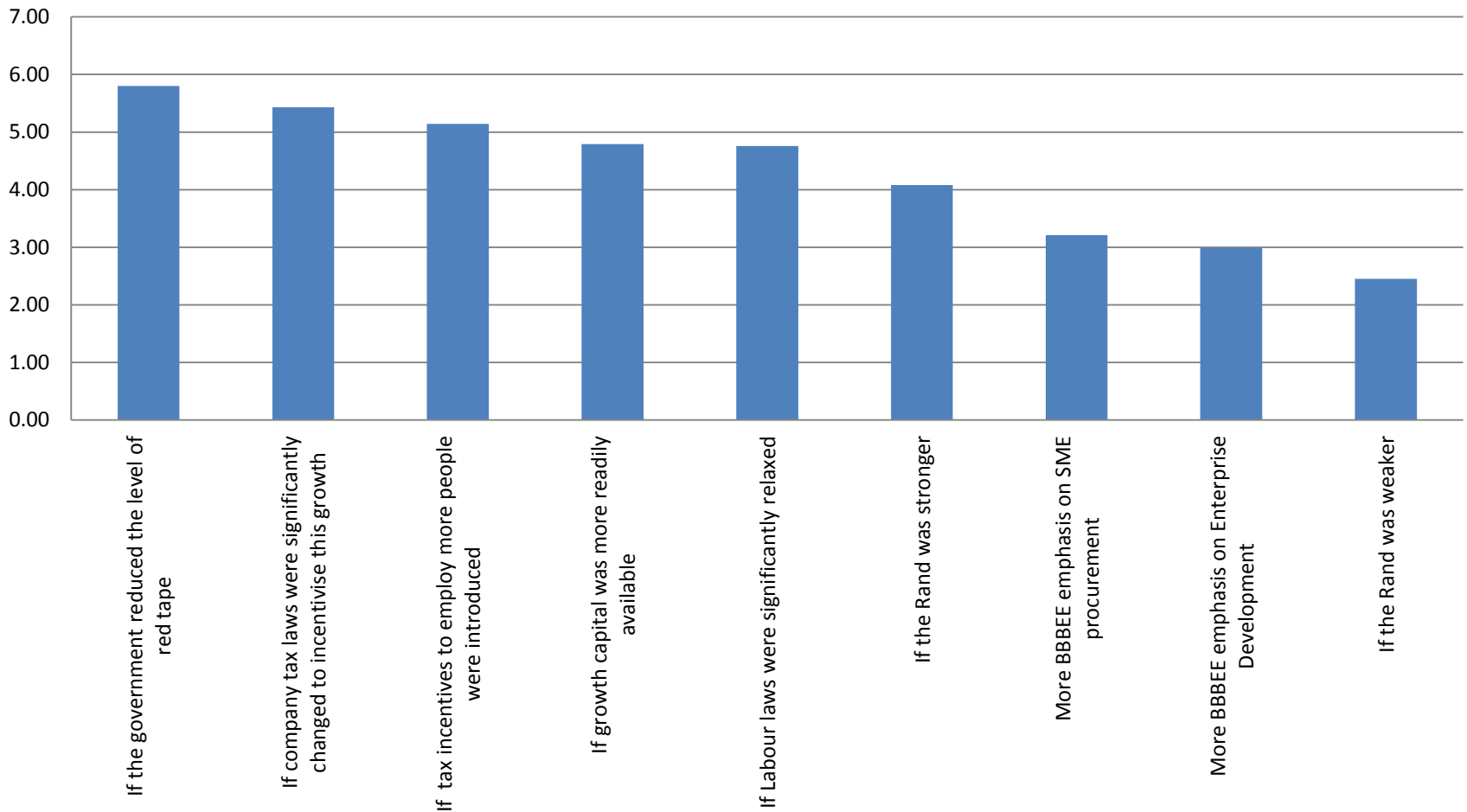


SME research results

Motivations for business growth

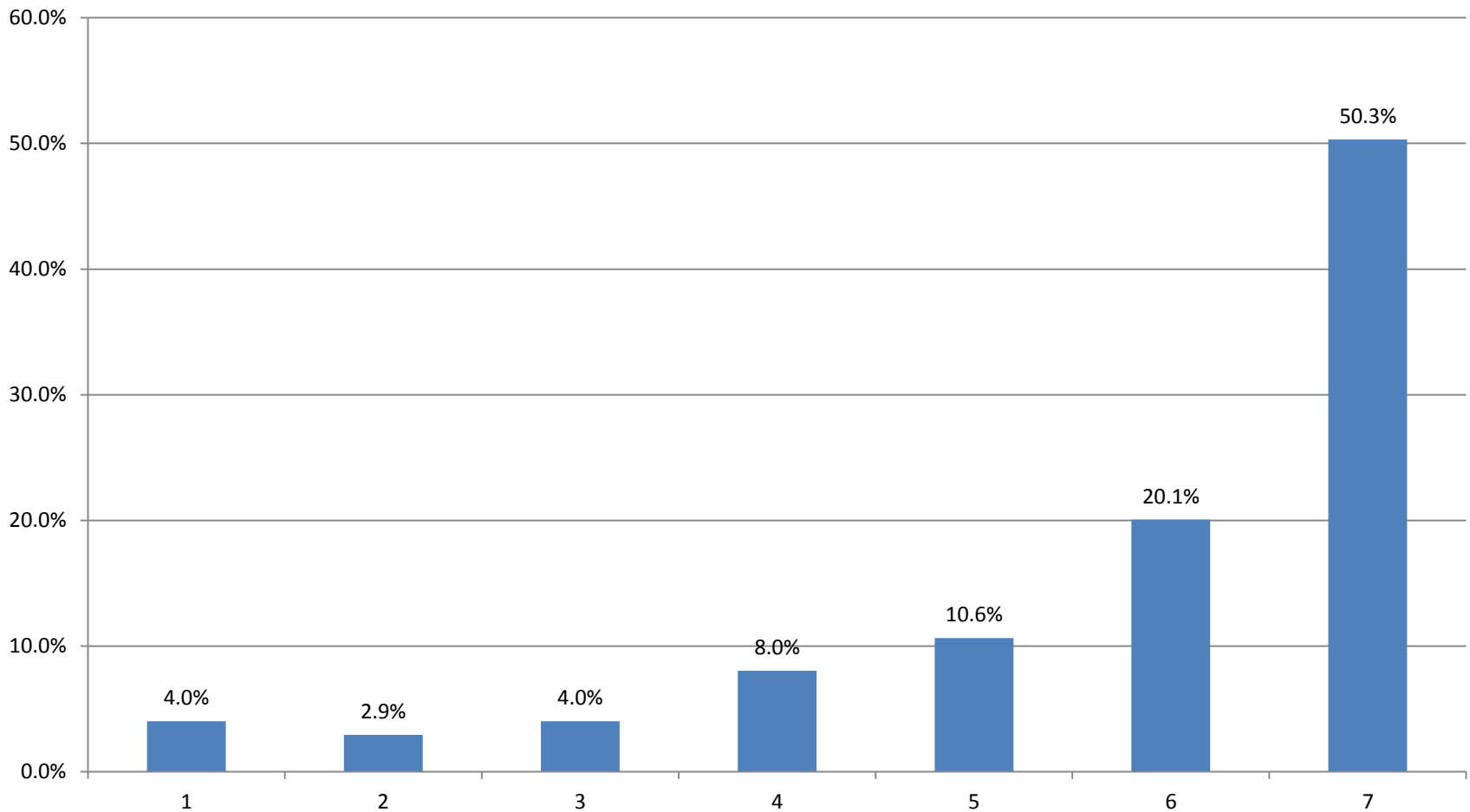
Which reasons would motivate you to actively grow your business? (Score each reason out of 7) (National result)

Rating Average



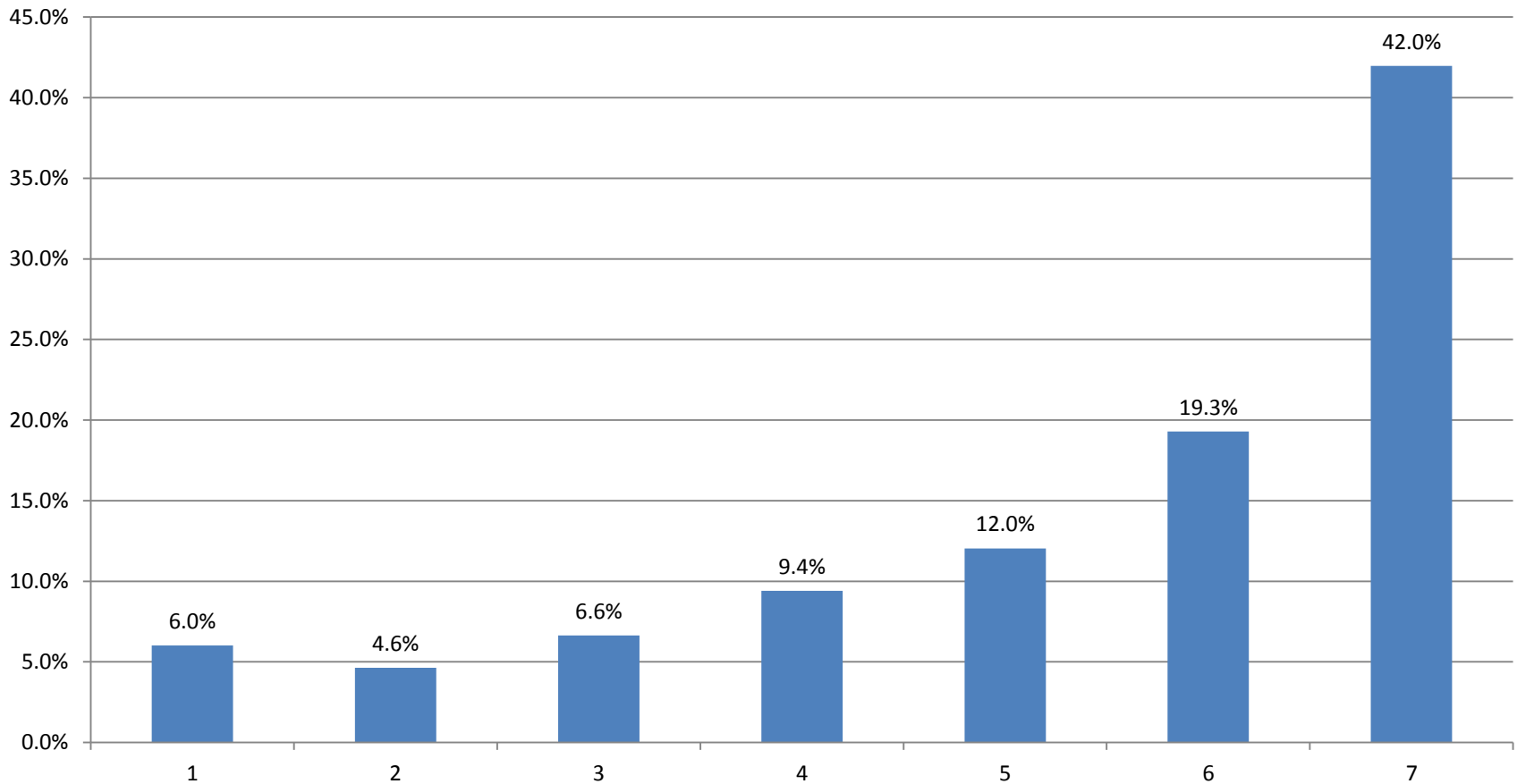
Which reasons would motivate you to actively grow your business? (Score each reason out of 7) (National result)

If the government reduced the level of red tape



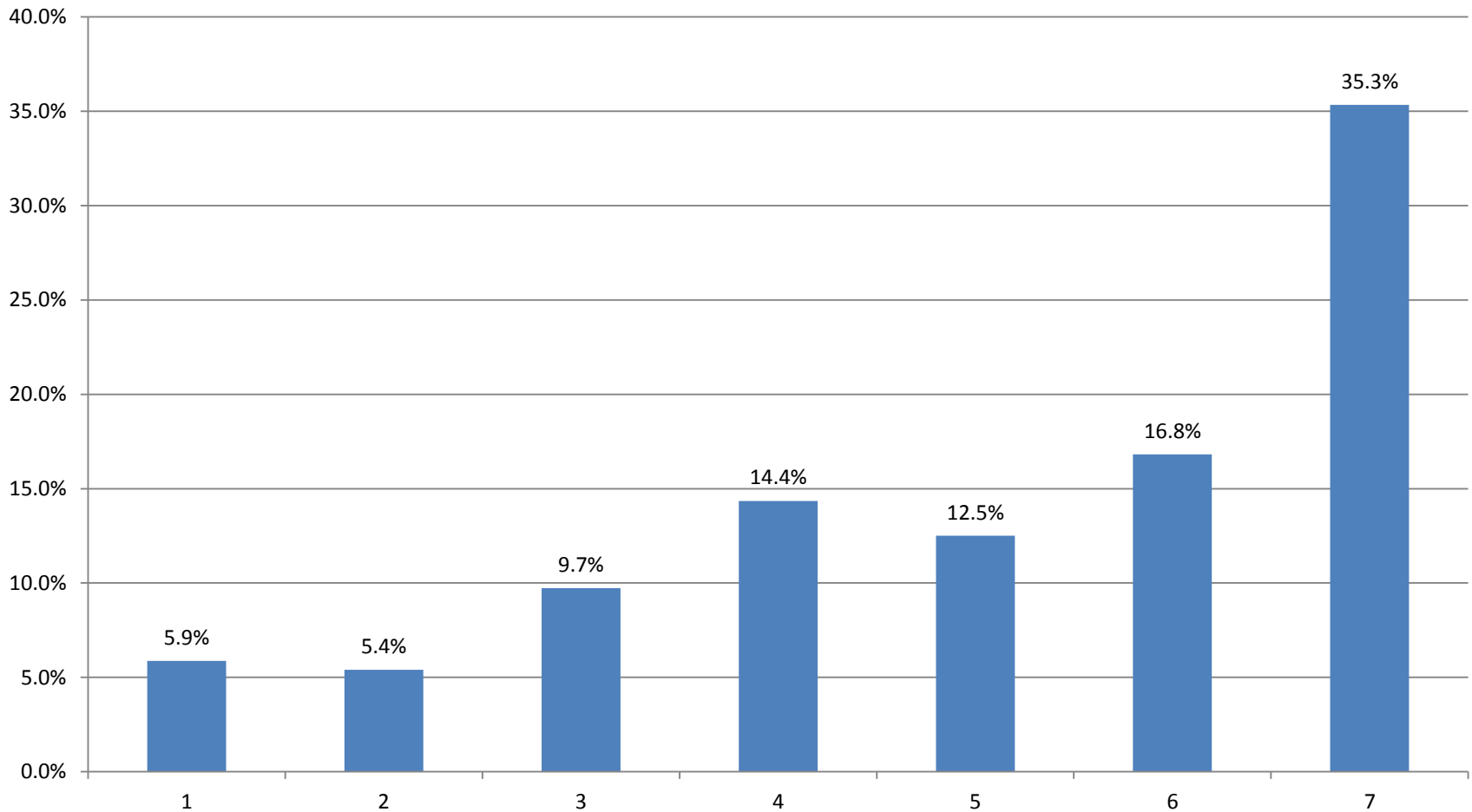
Which reasons would motivate you to actively grow your business? (Score each reason out of 7) (National result)

If company tax laws were significantly changed to incentivise this growth



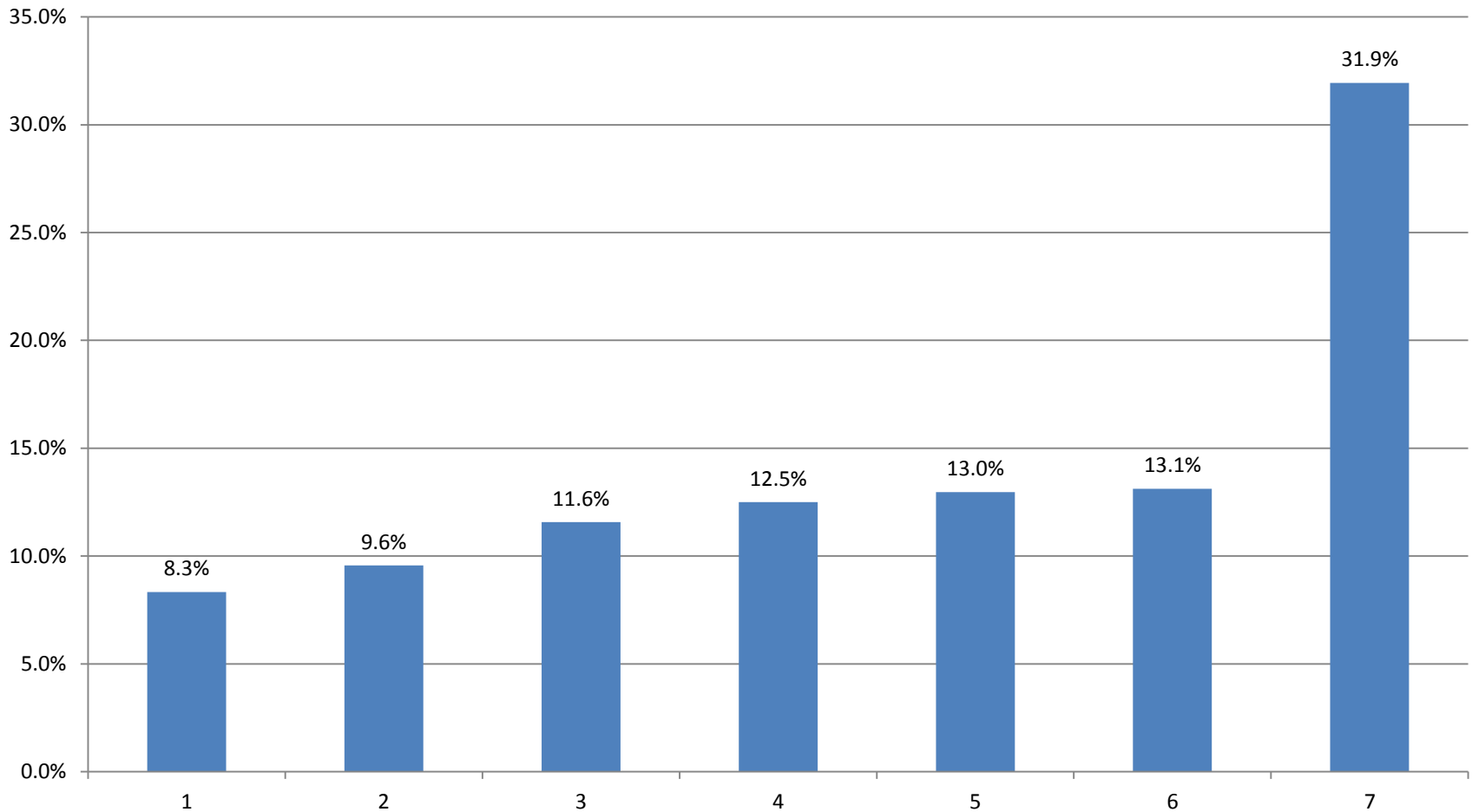
Which reasons would motivate you to actively grow your business? (Score each reason out of 7) (National result)

If tax incentives to employ more people were introduced



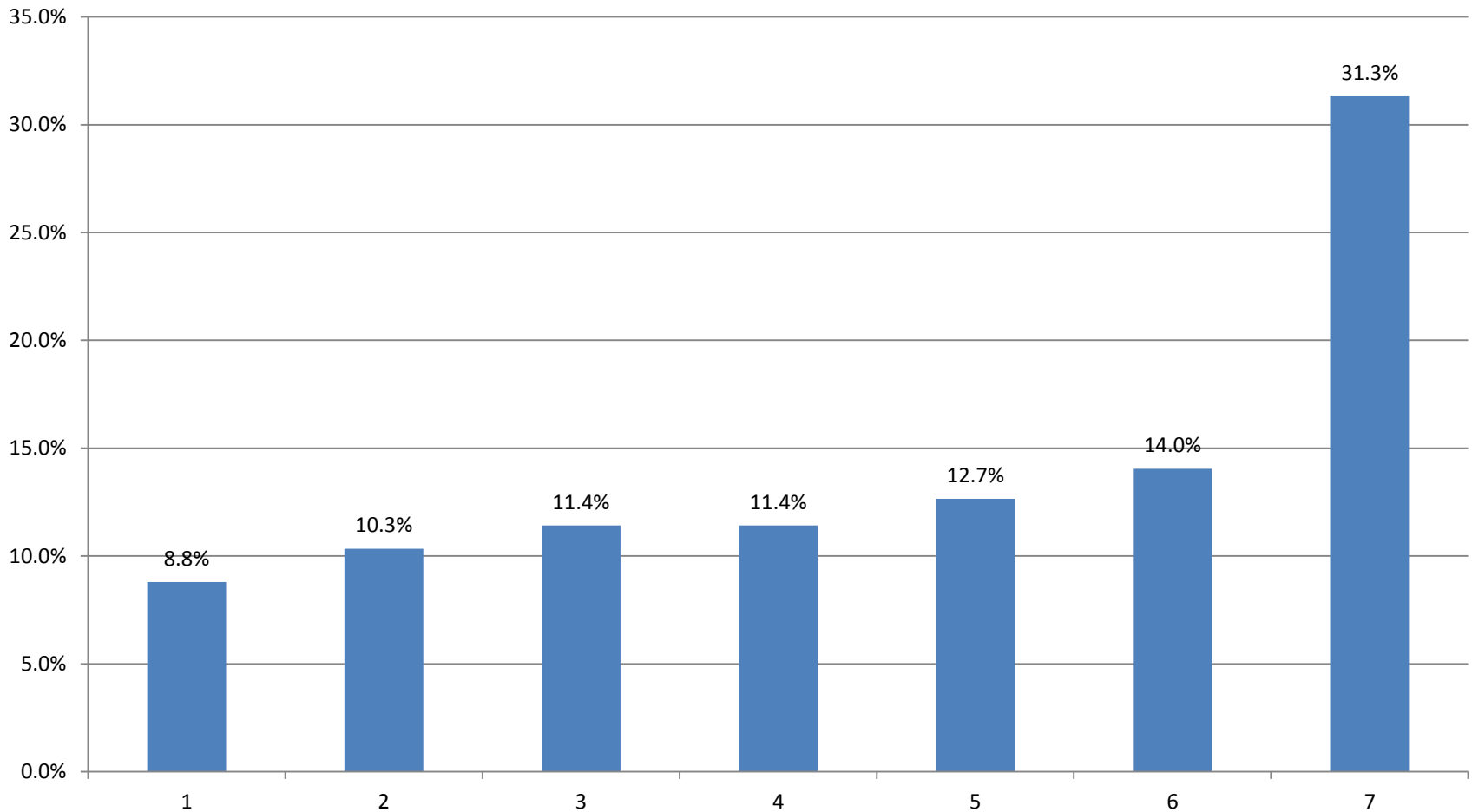
Which reasons would motivate you to actively grow your business? (Score each reason out of 7) (National result)

If growth capital was more readily available



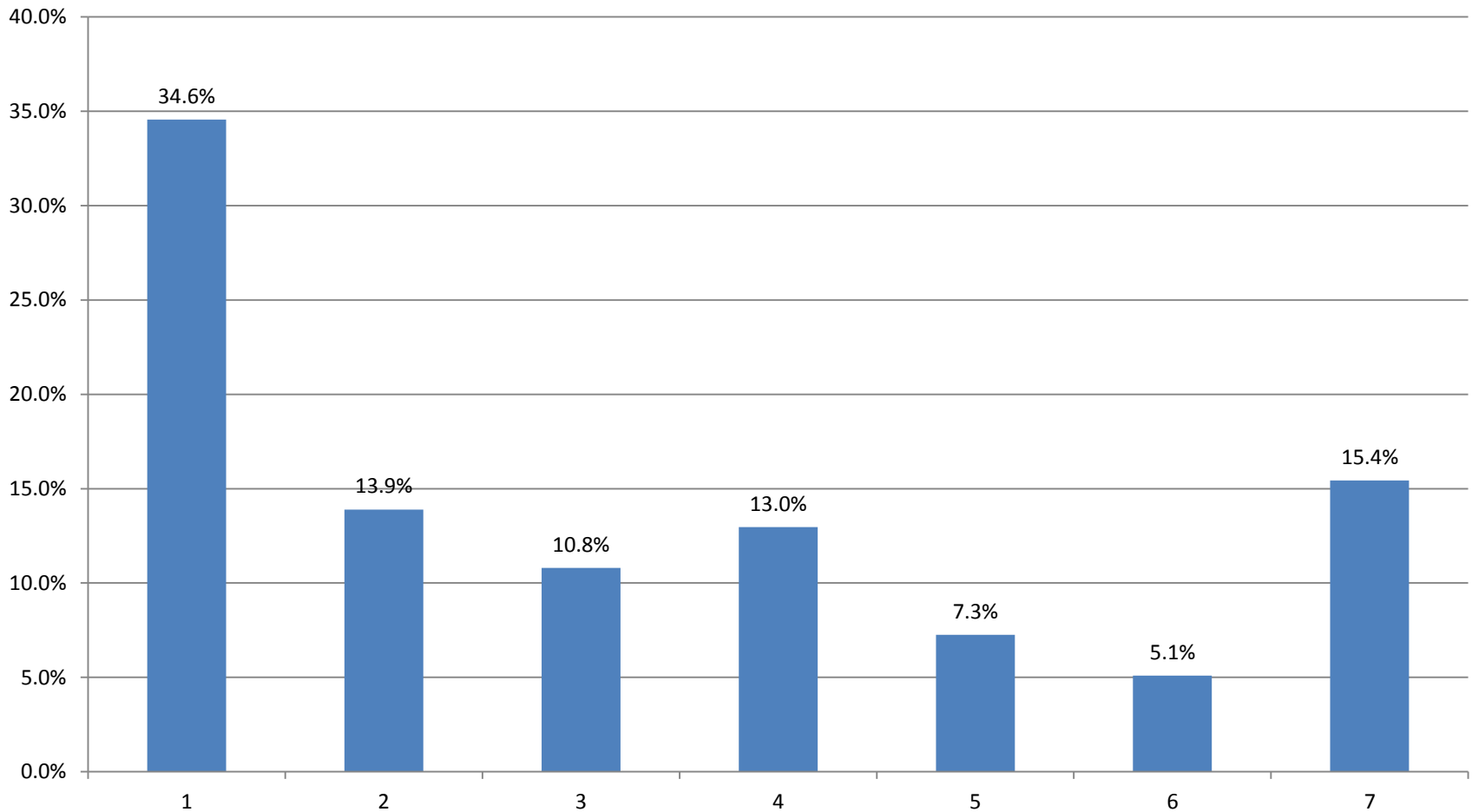
Which reasons would motivate you to actively grow your business? (Score each reason out of 7) (National result)

If Labour laws were significantly relaxed



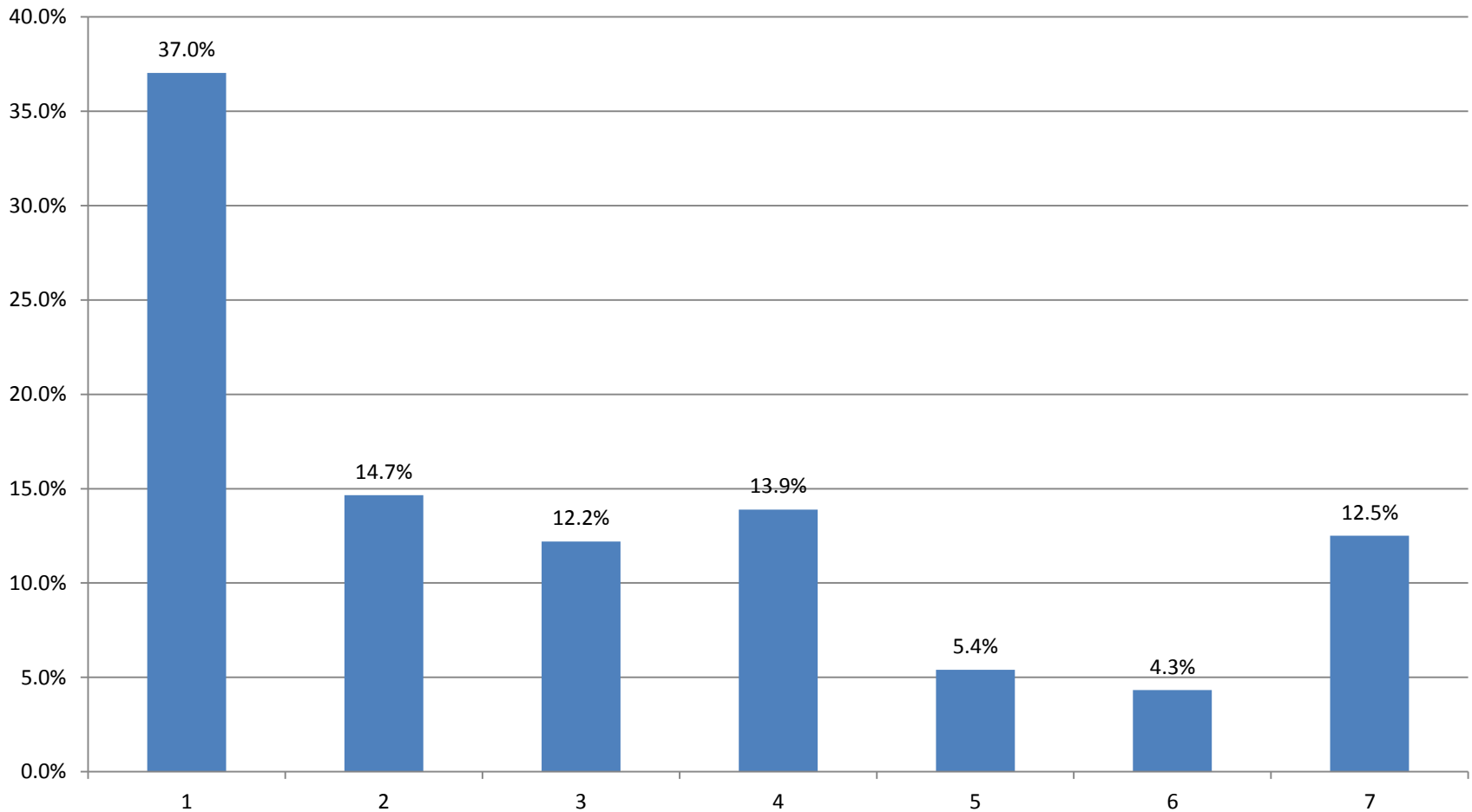
Which reasons would motivate you to actively grow your business? (Score each reason out of 7) (National result)

More BBEE emphasis on SME procurement



Which reasons would motivate you to actively grow your business? (Score each reason out of 7) (National result)

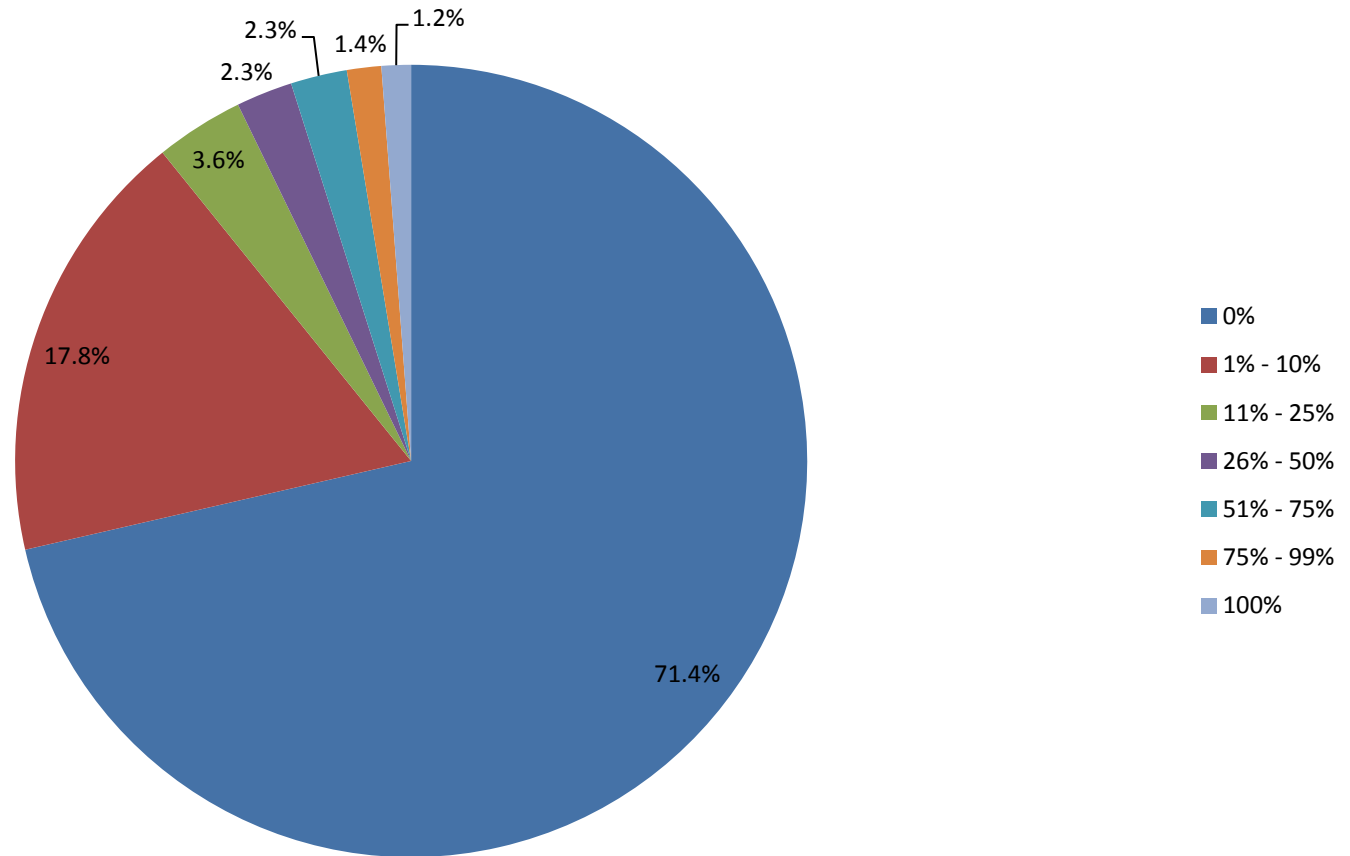
More BBBEE emphasis on Enterprise Development



SME research results

SME dependence on Government for business

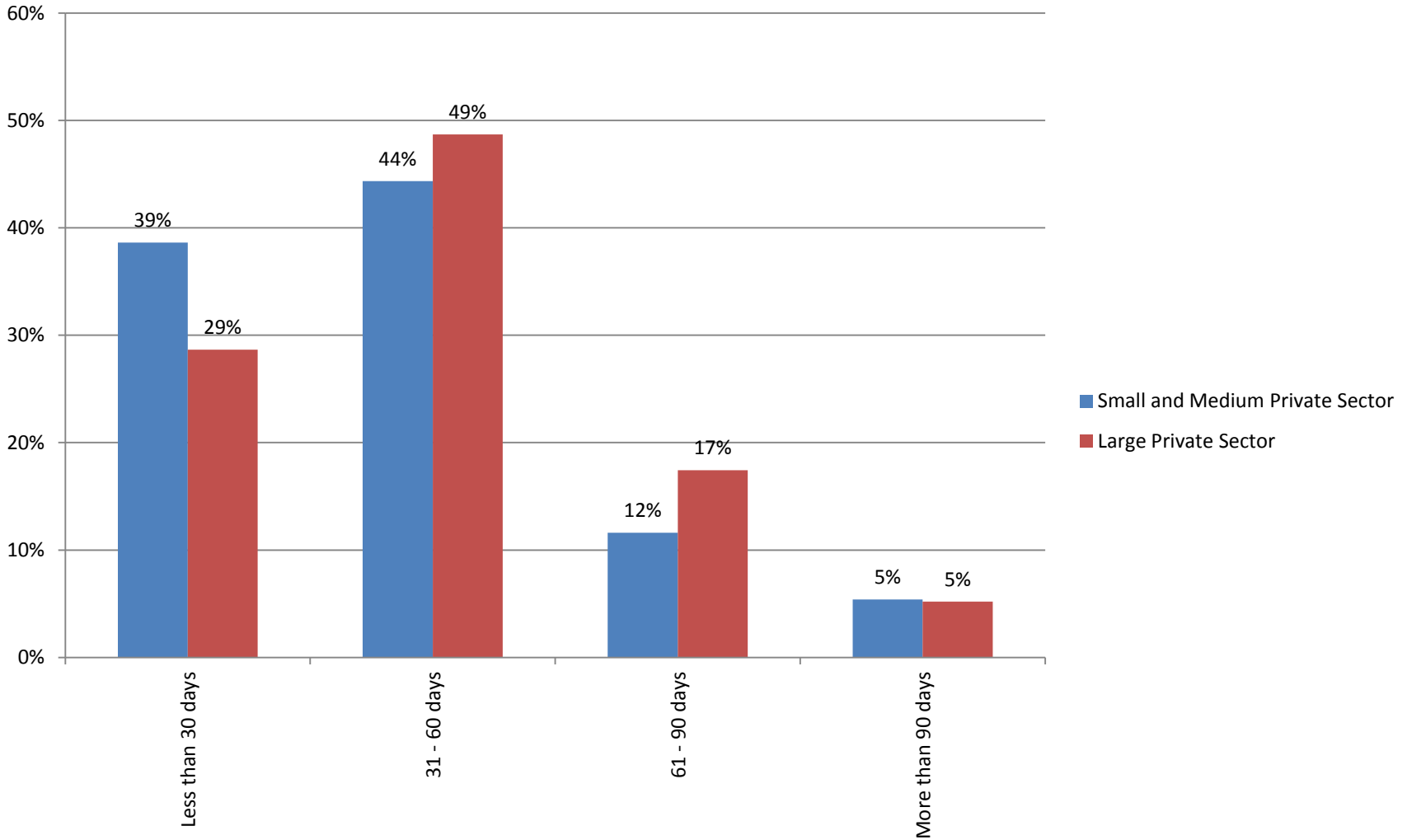
What percentage of your business' turnover is derived from Government at any level (National result)



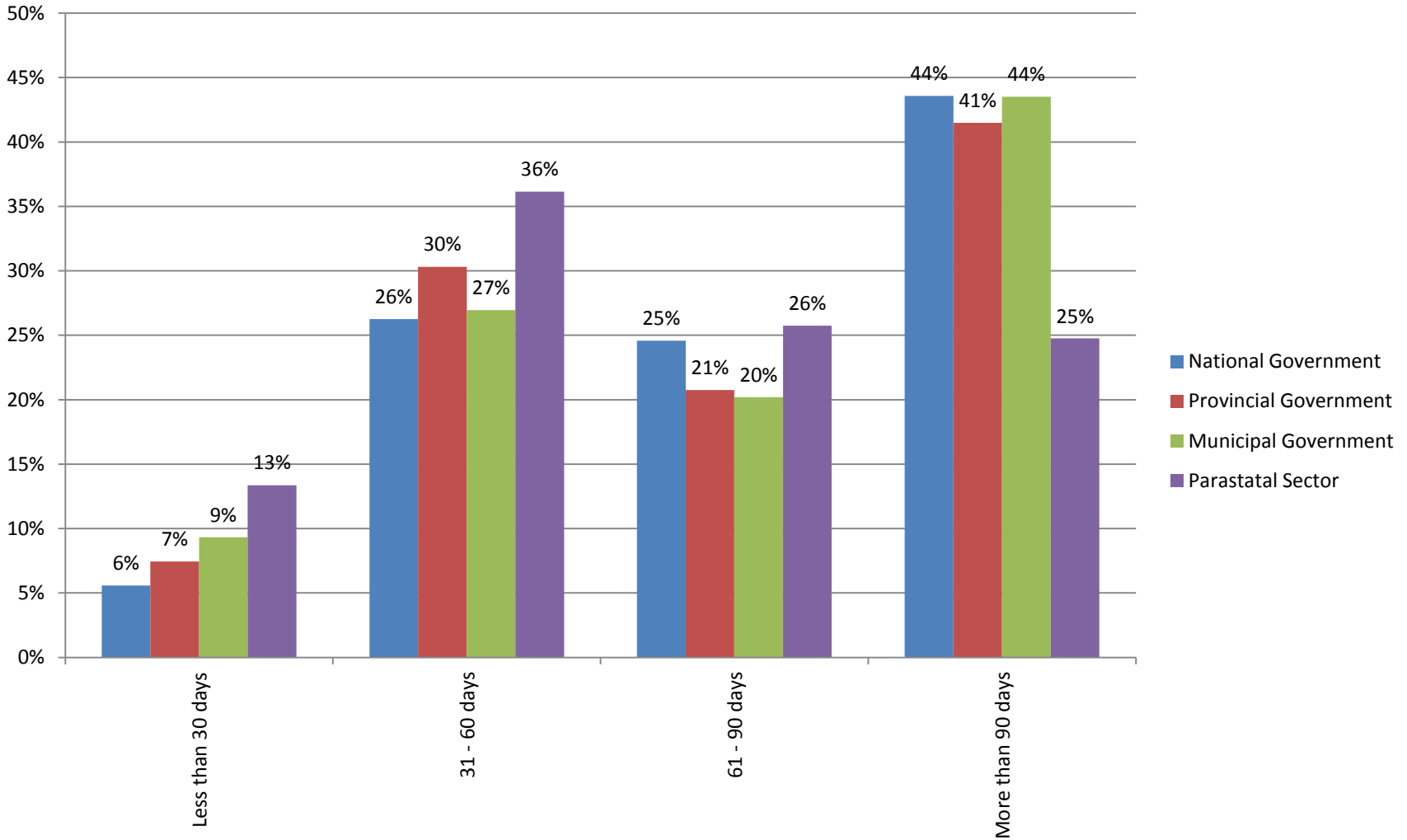
SME research results – Dependence on Government for business

- 90% of the SMEs surveyed conducted less than 10% of their business with government- at any level. 72% do not deal with government at all
- This pattern is consistent across the major provinces, with slightly more work being done for Government in the smaller provinces
- The smaller the SME, the less likely it is to do business with Government

How long does it take you to collect money on average from the private sector



How long does it take you to collect money on average from each government sector



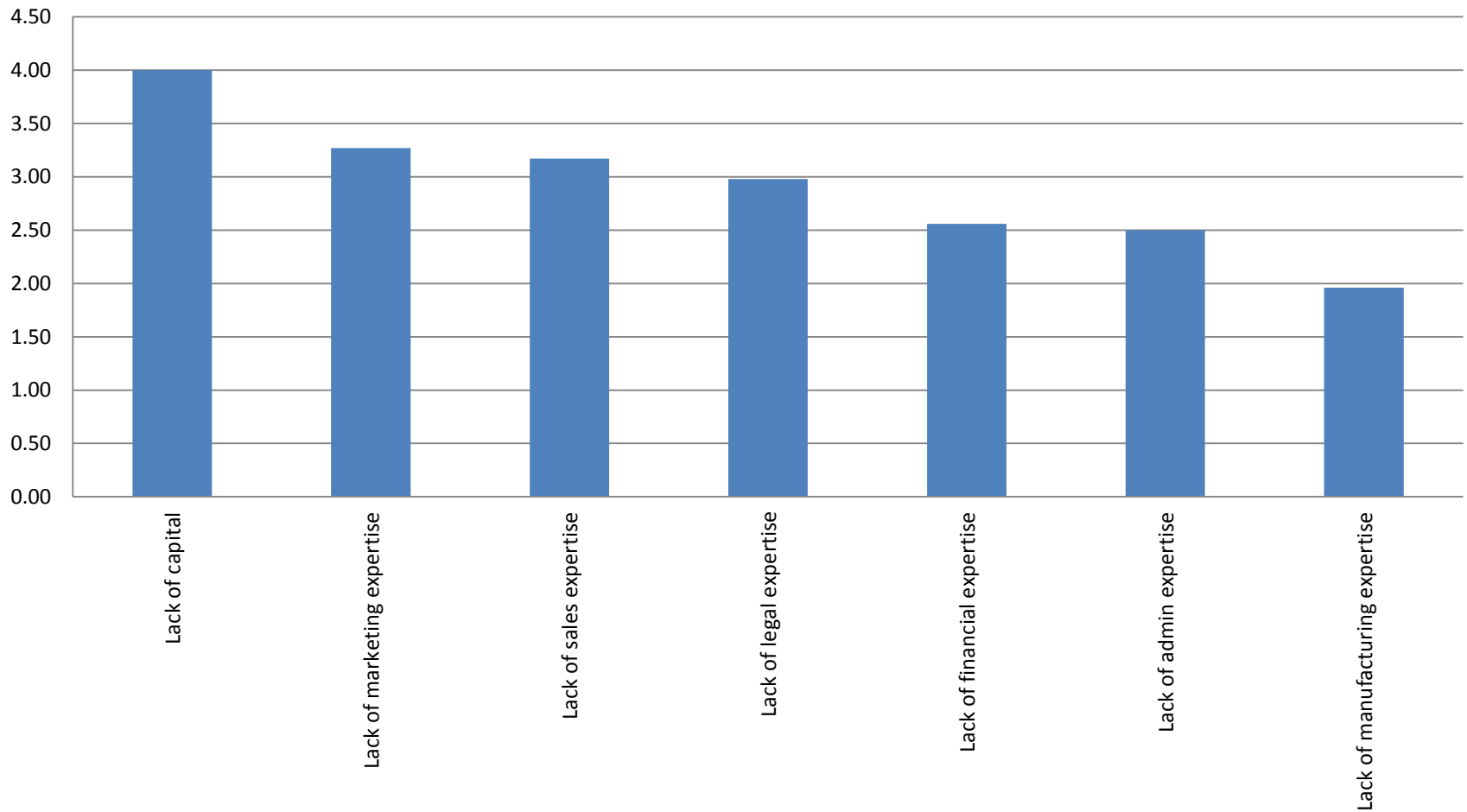
SME research results – Time to pay

Conclusions

- The best sector for SMEs to do business with from a payment-terms point of view is with other SMEs
- Large private sector firms are next best in terms of the time they take to pay their SME suppliers
- Government – from the national to the municipal sectors and parastatals are poor at paying SMEs

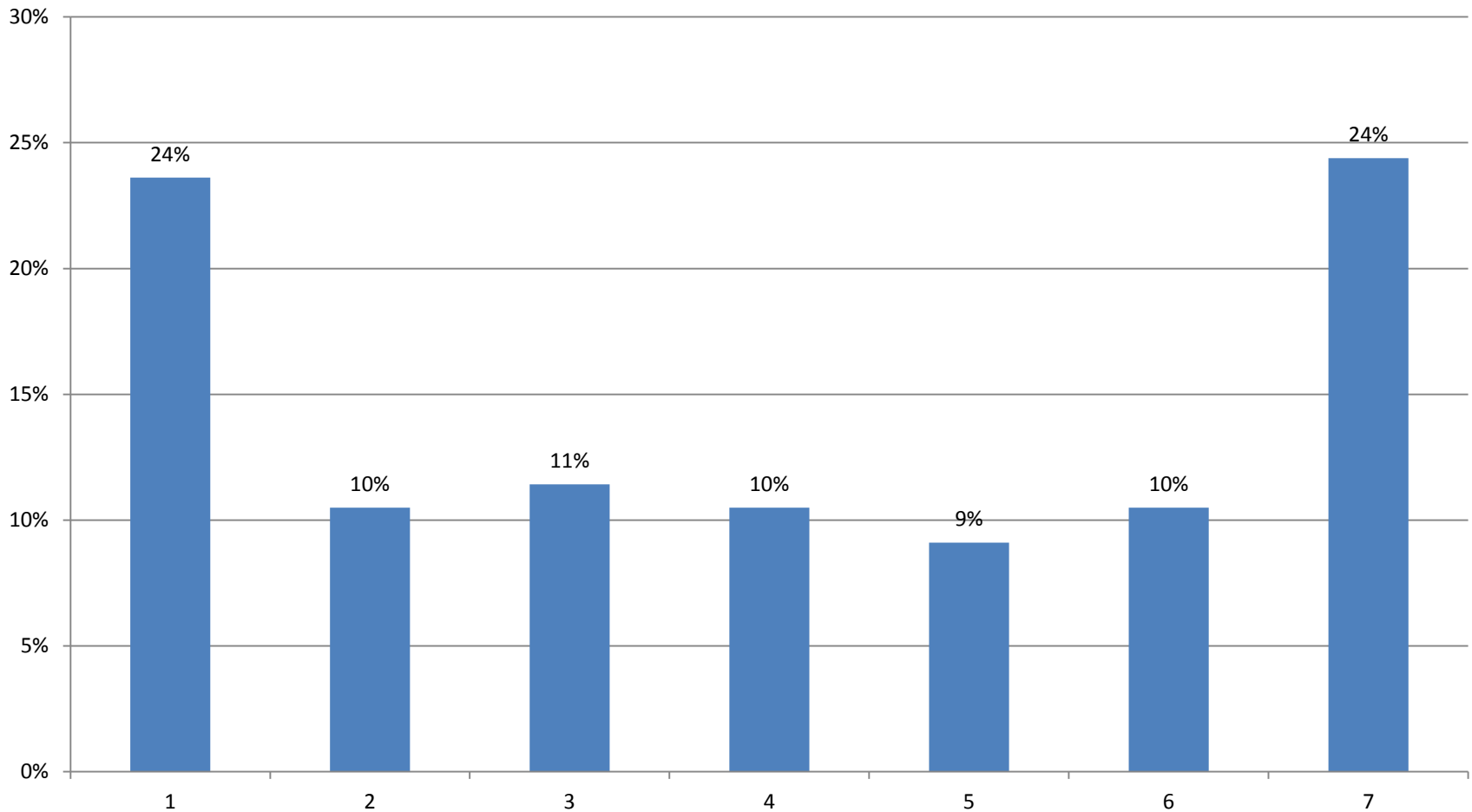
What are the major internal challenges facing your business currently? (Score each challenge out of 7) (National result)

Rating Average



What are the major internal challenges facing your business currently? (Score each challenge out of 7) (National result)

Lack of capital



SME research results – internal challenges

Conclusions

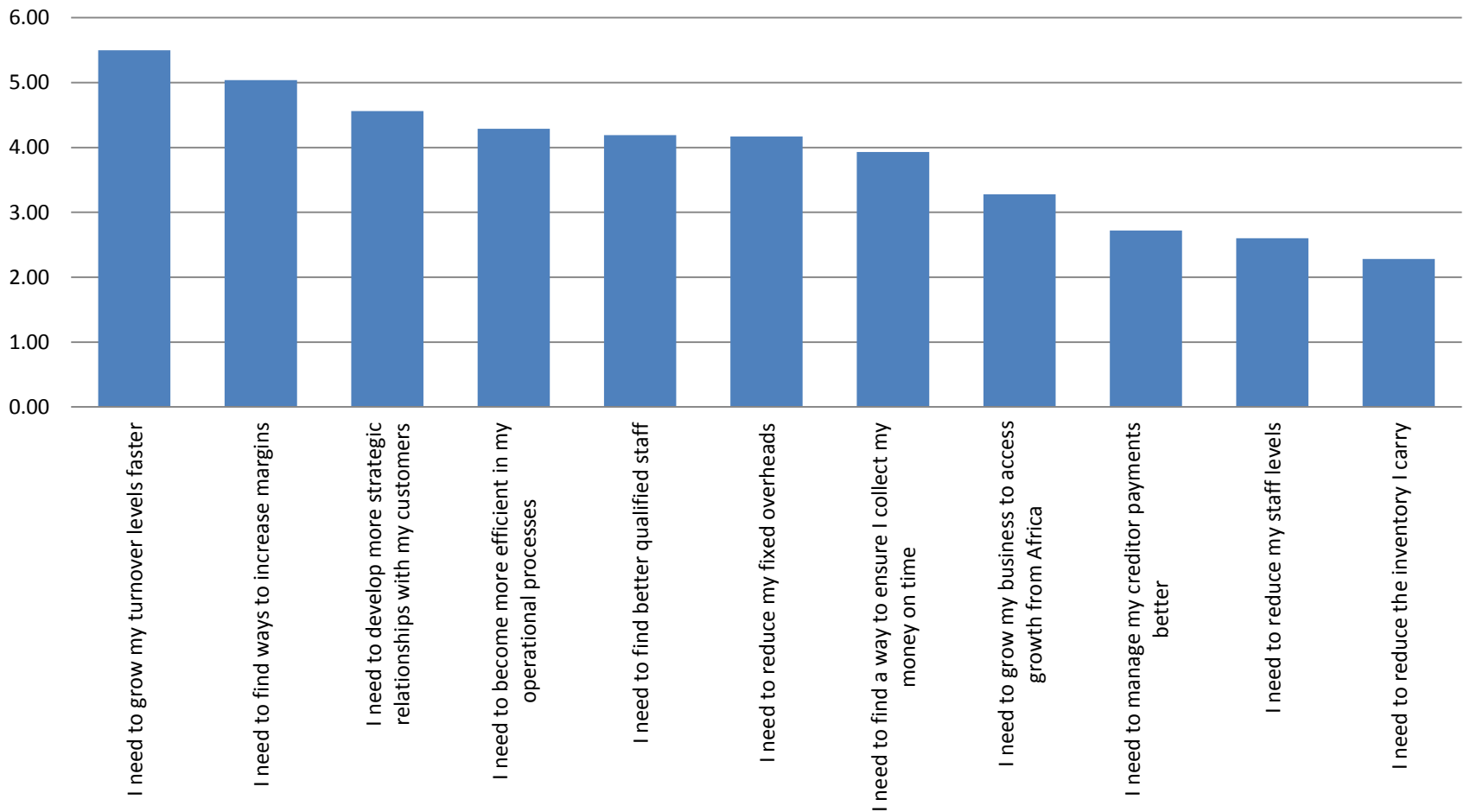
- There are no major pressing internal challenges for SMEs
- The biggest challenge is the lack of internal capital, with the shortage of marketing and sales skills being the next most important internal challenges
- Financial, admin and operational skills are seen as the least challenging internal areas

SME research results

Major objectives for the next year

What are the major objectives that you have for your business over the next year? (Score each objective out of 7) (National result)

Rating Average



SME research results – Objectives

Conclusions:

- The major focus of SME objectives over the next year will be on improving their top lines and their margins. They will do this as they attempt to build more strategic relationships with their clients
- The next biggest group of objectives revolve around driving efficiencies in the following areas:
 - Operations
 - Quality of staff
 - Overheads
 - Collections