Setting goals and identifying the key factors of success and growth are paramount for every small business owner. While developing a long-term plan for our own small business (Wasp Barcode Technologies), we found there were no hard numbers or statistics to answer the questions we were asking ourselves. We consulted with industry peers and experts, searched trade publications, and scoured the internet for concrete numbers that would help us compare our company’s growth and direction to other small businesses – all we could find were theories and assumptions.

We could not base the success of our company on those theories and assumptions without hard evidence. As a result, we developed a study to collect the data directly from other small business owners and executives. Our questions focused on their thoughts about the upcoming year, specifically: economic confidence, potential business challenges, and anticipated investments. Wasp’s final goal; to efficiently share the results so our peers can make more informed business decisions.

**How has confidence in economy changed vs. 12 months ago**

<table>
<thead>
<tr>
<th>Employee Size</th>
<th>Significantly better</th>
<th>Slightly better</th>
<th>No Change</th>
<th>Slightly worse</th>
<th>Significantly worse</th>
<th>Not sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-50 Employees</td>
<td>11%</td>
<td>16%</td>
<td>29%</td>
<td>31%</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>51-100 Employees</td>
<td>6%</td>
<td>10%</td>
<td>35%</td>
<td>38%</td>
<td>11%</td>
<td>1%</td>
</tr>
<tr>
<td>101-499 Employees</td>
<td>4%</td>
<td>12%</td>
<td>32%</td>
<td>38%</td>
<td>13%</td>
<td>1%</td>
</tr>
</tbody>
</table>

“I am confident in the improvement and growth of the economy. I have grown my business year over year and now feel as though we are setup for a breakthrough in 2015.”

- Don Powers, Powers Scanning
Growth & The Economy
What are the top three, biggest challenges facing your business?

- Growing revenue: 45%
- Hiring new employees: 42%
- Increasing profit: 37%
- Government regulations: 29%
- Employee healthcare: 29%
- Cash flow: 29%
- Outdated technology/infrastructure: 22%
- Raising capital/funding: 18%
- Adding/launching new products: 14%
- Collecting payments from customers: 11%
- Other: 12%
- Managing inventory: 8%
- Expanding globally: 5%

Revenue growth, hiring new employees, and government regulations are the challenges most business leaders named as their primary business challenges across all segment sizes for 2015. However, a majority of businesses with 11-50 employees expect raising capital and cash flow to be two of their main concerns in 2015. While restrictions on lending has eased since the “Great Recession,” some companies still find it difficult to receive loans from banks or often find the bank’s higher loan amount a burden on their business operations. An alternative to the traditional small business loan are loans offered through micro lenders like Kabbage or CANcapital. This alternative provides small businesses with the flexibility of securing funds under terms traditional methods limit. The Small Business Administration’s loan section is a valuable resource for small businesses looking to procure capital.
Although 57% of the SMB leaders surveyed expect revenue and sales to increase in 2015, most have listed this as a potential business challenge as well. The concern for most small business leaders comes from the uncertainty in just how the revenue increase will be generated. The economic growth trend mimics what most economists predict, with GDP expected to grow at a rate of 3.3% in 2015. The top growth driver for companies will be improving the customer experience in 2015. For more than 44% of small businesses, attracting new customers remains a top reason behind the expanded growth as well as other organic means, such as expanding product and service offerings. Small businesses also continue to view overseas’ markets as foreign territory. Fewer than 8% said global market expansion is part of their 2015 growth plans.

What is your anticipated revenue growth in 2015?

57% are anticipating revenue growth

- Increase revenue 11%+
- Increase revenue 5-10%
- Increase revenue 1-4%
- Flat/no change
- Expect revenues to decline
- Not sure
Which of the following strategies will you use to achieve your expected revenue growth? (Please select your top 2 choices)

- Improve existing customer experience & retention: 56%
- Invest in new customer acquisition activities & methods: 45%
- Expand into new markets: 28%
- Launch new products/services: 22%
- Invest in training to improve employee productivity: 20%
- Hiring new employees: 18%
- Open new stores/sites/facilities: 6%
- Other: 4%

Do you plan to expand globally?

- No current plans: 82%
- I’ve already expanded globally: 10%
- Yes, within the next 6 months: 1%
- Yes, within 6-12 months: 1%
- Yes, within 1-2 years: 2%
- Yes, within 3-5 years: 0.5%
- Yes, > 5 years: 0.5%
- Not sure: 3%
Marketing Investments
Finally, a small business report initiated by an actual small business. Wasp Barcode Technologies surveyed over 1000 small business owners, executives, and decision makers to find the true State of Small Business.

Why does the State of Small Business Report matter?


97% Headquartered in North America

Company Size by Employees

- 11-50
- 51-100
- 101-499

Job Titles Represented

- Business Owner: 20%
- Executive/C-Level/Senior Manager: 50%
- Middle Management: 25%
- Intermediate: 4%
- Entry Level: 1%

95% Involved in Decision Making

Industries Represented

- Repair Services
- Warehousing
- Retail
- Non-Profit
- Other
- Manufacturing
- Hospitality
- IT
- Healthcare
- Financial
- Government
- Energy
- Construction
- Education
- Agriculture

2% 1%

Confidence in the Economy vs. 12 Months Ago

Companies 11-50 are more pessimistic about the economy.

Anticipated Revenue Growth in 2015

- Growth
- Flat
- Decline

Product companies are expecting higher revenue growth than non-product companies.

41% Anticipate at least a 5% increase in revenue.

Strategies to Achieve Expected Revenue Growth

- Improve existing customer experience & retention
- Invest in new customer acquisition activities & methods
- Invest in training or tools to improve employee productivity
- Expand into new markets
- Launch new products/services
- Hiring new employees
- Open new stores/sites/facilities

Percent Revenue Invested in Marketing

- 11%+
- 7-10%
- 4-6%
- 1-3%
- We don’t invest in marketing
- Not sure

Product companies will typically invest a greater percentage of revenue than non-product companies.

Percent Revenue Invested in Marketing

- 56% Invest less than 3%
- 34% Invest more than 4%

Product companies will typically invest a greater percentage of revenue than non-product companies.

Percent Revenue Invested in Marketing

- 49% Invest less than 3%
- 42% Invest more than 4%
While the national average of percent of revenue spent on marketing activities is 10.2%, nearly 56% of small business leaders surveyed stated they will spend less than 3% of revenue on marketing. Facebook is currently the most widely used social media channel. However, since the site changed their Edgerank algorithm (altering the content users see in their feeds), organic traffic has been cut in half. Here is an article discussing the different types of ads Facebook offers to business marketers. Investing in paid social media marketing is an opportunity for small businesses to expand into newer markets, and the potential data collection can help SMBs create leads and offer more personalized service to consumers.
Nearly 59% of SMBs view their website as an integral part of their business, yet over half of the business leaders surveyed said less than 11% of their annual revenue was generated online. Here are two articles, The Return of “Barnacle SEO” and Why It’s Perfect for Small Businesses and The Beginner’s Checklist for Small Business SEO, that offer cost effective suggestions for small business owners without an SEO specialist.

### How important is your company website to your business success?

- Extremely important: 10%
- Very important: 25%
- Important: 24%
- Somewhat important: 24%
- Not important at all: 9%
- Not applicable: 8%

### What percent of your business is generated online?

- 1-5%: 37%
- 6%-10%: 14%
- 11%-19%: 6%
- 20%-30%: 8%
- 31-50%: 5%
- 51%+: 7%
- Not sure: 23%

71% of business leaders surveyed don’t use a customer relationship management (CRM) software. The top three CRM benefits businesses experience are greater access to customer data, improved interaction tracking, and better customer relationship management. While only 29% of those surveyed currently use a CRM, implementing this system was listed in the top-half of IT investment priorities for 2015.
IT Investments and Tools
For 2015, what % change in IT spending do you anticipate investing over your 2014 expenditures?

- IT spending will increase 10+%: 6%
- IT spending will increase 6-10%: 11%
- IT spending will increase 1-5%: 21%
- No change 0%: 32%
- IT spending will decrease 1-5%: 6%
- IT spending will decrease more than 5%: 6%
- Not sure: 18%

38% anticipate an increase

Over 57% of the small business leaders surveyed stated they expect an increase in revenues during 2015, and this influx does correspond to heightened plans for capital spending in IT departments. 38% of the SMBs surveyed plan to increase their IT investment in 2015 and another 32% will spend the same amount as 2014. 45% of the small business leaders who responded prefer working directly with IT equipment suppliers and replacing computer hardware remains a top priority for small businesses followed by server and wireless infrastructures, network security, and business intelligence tools.

What SMB’s Use to Track Inventory

- Inventory control software/system: 20%
- Part of accounting system: 34%
- Manual computer process: 8%
- Manual process (pen/paper): 13%
- Don’t track inventory: 16%
- Other: 9%

46% don’t currently track inventory or use a manual process
As software vendors continue to evolve offerings and move those offerings to the cloud, 54% of the SMB leaders surveyed still prefer the traditional, on premise software model of the past. Roughly 24% of those surveyed are not sure which software model they would prefer when implementing new business applications. Because cloud offerings have evolved, many applications now allow small businesses to implement applications that were previously cost-prohibitive or required resources many SMBs didn’t employ. This software progression has opened a path for a small businesses to use big software, allowing them to be more competitive and scalable while decentralizing the IT department.

### Which of the following did you implement in 2014? (select all that apply)

<table>
<thead>
<tr>
<th>Implementation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replaced computer hardware</td>
<td>51%</td>
</tr>
<tr>
<td>Upgraded network security</td>
<td>39%</td>
</tr>
<tr>
<td>Upgraded server infrastructure</td>
<td>38%</td>
</tr>
<tr>
<td>Upgraded wireless infrastructure</td>
<td>29%</td>
</tr>
<tr>
<td>Overhauled social media content</td>
<td>22%</td>
</tr>
<tr>
<td>Deployed disaster recovery/redundancy plan</td>
<td>14%</td>
</tr>
<tr>
<td>Upgraded network backbone</td>
<td>13%</td>
</tr>
<tr>
<td>Added a cloud computing solution</td>
<td>10%</td>
</tr>
<tr>
<td>Invested in business intelligence tools</td>
<td>10%</td>
</tr>
<tr>
<td>Implemented VoIP and teleconferencing</td>
<td>9%</td>
</tr>
<tr>
<td>Outsourced business processes</td>
<td>8%</td>
</tr>
<tr>
<td>Implemented a customer relationship management system</td>
<td>7%</td>
</tr>
<tr>
<td>Implemented an inventory management system</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
<tr>
<td>None of these</td>
<td>20%</td>
</tr>
</tbody>
</table>

### Assuming your company had the money to invest in technology, which of the following would be your TOP priorities? (select up to 3 choices)

<table>
<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replace computer hardware</td>
<td>39%</td>
</tr>
<tr>
<td>Upgrade server infrastructure</td>
<td>27%</td>
</tr>
<tr>
<td>Upgrade network security</td>
<td>22%</td>
</tr>
<tr>
<td>Upgrade wireless infrastructure</td>
<td>21%</td>
</tr>
<tr>
<td>Invest in business intelligence tools</td>
<td>20%</td>
</tr>
<tr>
<td>Overhaul social media content</td>
<td>18%</td>
</tr>
<tr>
<td>Implement a customer relationship management system</td>
<td>18%</td>
</tr>
<tr>
<td>Upgrade network backbone</td>
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</tr>
<tr>
<td>Add a cloud computing solution</td>
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</tr>
<tr>
<td>Implement an inventory management system</td>
<td>9%</td>
</tr>
<tr>
<td>Implement VoIP and teleconferencing</td>
<td>6%</td>
</tr>
<tr>
<td>Outsource business processes</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
</tr>
</tbody>
</table>
Employees and Staffing
What are your staffing plans for the next 12 months?

<table>
<thead>
<tr>
<th>Plan</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staying the same</td>
<td>50%</td>
</tr>
<tr>
<td>We plan to hire new employees</td>
<td>38%</td>
</tr>
<tr>
<td>We plan to reduce staff</td>
<td>4%</td>
</tr>
<tr>
<td>Not sure</td>
<td>8%</td>
</tr>
</tbody>
</table>

How many full-time employees do you plan to hire?

<table>
<thead>
<tr>
<th>Hiring Plan</th>
<th>11-50 Employees</th>
<th>51-100 Employees</th>
<th>101-499 Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staying the same</td>
<td>63%</td>
<td>40%</td>
<td>41%</td>
</tr>
<tr>
<td>Plan to hire new employees</td>
<td>25%</td>
<td>48%</td>
<td>50%</td>
</tr>
<tr>
<td>Plan to reduce staff</td>
<td>4%</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Not sure</td>
<td>8%</td>
<td>5%</td>
<td>6%</td>
</tr>
</tbody>
</table>

A majority of the small business leaders surveyed anticipate revenue to rise in the coming year. 38% of these leaders plan to increase their headcounts. The additional headcounts will not be a small undertaking since 46% of those hiring plan to add 6+ new hires to total staff in 2015. In 2013, the unemployment rate averaged 7.4% and was predicted to fall to 6.6% in 2014. Instead, unemployment fell to 5.8%. If unemployment rates continue to follow the current path, unemployment will fall an additional half a percentage point by the second quarter of 2015. The steady growth in optimism and confidence in the economy has caused businesses to add new jobs; 2015 projections have 230,000 jobs being added per month.

How many dedicated sales staff does your business employ?

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>42%</td>
</tr>
<tr>
<td>1-2</td>
<td>20%</td>
</tr>
<tr>
<td>3-5</td>
<td>10%</td>
</tr>
<tr>
<td>5-10</td>
<td>8%</td>
</tr>
<tr>
<td>11+</td>
<td>15%</td>
</tr>
<tr>
<td>Not sure</td>
<td>5%</td>
</tr>
</tbody>
</table>

How many dedicated marketing staff does your business employ?

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>40%</td>
</tr>
<tr>
<td>1-2</td>
<td>36%</td>
</tr>
<tr>
<td>3-5</td>
<td>12%</td>
</tr>
<tr>
<td>5-10</td>
<td>5%</td>
</tr>
<tr>
<td>11+</td>
<td>4%</td>
</tr>
<tr>
<td>Not sure</td>
<td>3%</td>
</tr>
</tbody>
</table>
Our Process
All effective research starts with general assumptions about a topic. To turn those assumptions into solid facts and statistics that lead to a conclusion, different samples of the population can be asked using a variety of techniques: interviews, surveys, or questionnaires. Techniques are typically determined by the population being questioned, and the types of questions asked will be determined by the technique. Once an audience and technique is selected, questions should be written, revised, and tested prior to conducting the actual research. After the research is conducted, data should be quickly gathered, analyzed, organized, interpreted and published.

Research and Assumptions
Our first step was deciding what we wanted to learn. As a company, we researched numerous sources for information about the plans of small businesses heading into 2015. However, the information found lacked solid facts and statistics. We were able to make assumptions about how small businesses felt regarding their growth, confidence in the economy, and technology trends but found little more than opinion.

Define Population and Develop Questions
Our next step was to determine the precise population sample. Who did we want to learn from and which titles and positions did we need to answer questions about strategic goals and objectives of small businesses? To ensure we obtained a low margin of error, we determined our sample size should be at least 1000 responses from small business owners, C-Level Executives, and Senior Management. Once our sample was identified, we determined the best research method would be an on-line survey consisting of a list of questions developed to gather information intended to help small businesses learn, benchmark, and compare themselves to other small businesses.

Review, Revise, Organize, and Test
After we identified our population sample, research method and wrote survey questions, we partnered with a survey consulting firm to review our question bank. With the help of the expert, we revised the questions to guarantee clarity, and the question set was organized into logical groups by subject matter. We then proceeded to testing. With guidance and assistance from the consultant, the survey was tested for continuity, simplicity, and appeal.

Data Collection
To collect the 1000 responses we required, we used a well-known survey and polling company because of their extensive reach and strong reputation. Using the survey method in an on-line environment was convenient and ensured swift delivery of responses.

Data Analysis
In one week, we received over 1000 completed survey responses and collected all the data needed to start analysis. We partnered with an industry expert to provide examination and breakdown of the survey results. To get the data’s big picture, we analyzed the results of each question and then fragmented the data into sub-groups by number of employees, and then searched further for trends and comparisons.

Respondents
**Business Owners**
- Partner
- Principal Owner

**C-Level**
- Executives
- President
- CEO
- CFO
- COO
- CMO

**Senior Level**
- Executive VP
- Senior VP
- VP Assistant
- VP Controller
- Assistant Controller
- General Manager
- Sr. Director
- Sr. Dept. Director
- Dept. Head
Contact Us

For interviews or media request or to see additional data points for your publications please:

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About Wasp Barcode Technologies:
Wasp Barcode Technologies provides data capture and tracking solutions designed specifically for small businesses. Solutions include: inventory control, asset tracking, time & attendance, and point of sale (POS); as well as the supporting mobile computers, barcode scanners, and barcode printers utilized to automate operations. Wasp products help small businesses achieve efficiency through cost-effective solutions designed to increase productivity. Learn more at www.waspbarcode.com or call 866-547-WASP.