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Scottish Pacific SME Growth Index

March 2015



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Introduction

Established in 1988, Scottish Pacific Debtor Finance is Australia and New Zealand's largest specialist provider of debtor finance, with more than 1,000 clients generating a combined turnover of \$6 billion per annum.

The company's clients are predominantly Small to Medium Sized Enterprises (SMEs) which are often faced with cash flow and working capital issues, in particular during periods of sustained growth.

Scottish Pacific is therefore well placed to understand the needs and the sentiment of SME businesses, and the *Scottish Pacific SME Growth Index* is a response to the firm's unique position in the market, and its growing status as a market leader.

This is the second round of the Index, representing the first step in reporting unique and reputable trends forming from a demand side perspective in the debtor finance market.

The purpose of the Index is three-fold:

- To drive development of the financial solutions available to SMEs throughout Australia and New Zealand, by providing Scottish Pacific with market intelligence to deepen our understanding of SMEs' needs.
- To provide Scottish Pacific with the data to help us act as advocates for SMEs, and as thought leaders within the business finance community.
- To share our insights with the broad SME community - the lifeblood of business in Australia - and with fellow business finance professionals.

Scottish Pacific has engaged East & Partners to execute the Index, which comprises eight core questions – to be repeated each round every six months – and three special questions, which can differ with each index round. The interviews were with key SME decision-makers (82 percent of respondents were either the business owner, CEO or CFO).

The questions cover growth forecasts, investment and product/service intentions, funding alternatives and constraints, acquisition and merger plans, cash flow timing, business advice and long term plans for the business.

This second round of the index, carried out in January 2015, revealed an Australian SME community which remains largely optimistic about their business prospects despite considerable funding constraints.

There was significant energy directed towards the introduction of new products and services and, among those businesses in growth mode, an appetite for acquiring other businesses in order to grow.

Key Market Insights

- More than half of all businesses surveyed (58.9 percent) forecast positive growth against 16.1 percent predicting a decline and exactly a quarter expecting no change in business revenue growth in the first half of 2015. These figures show a slight swing since the September 2014 results in which 62.6 percent of businesses predicted positive growth and only 13.2 percent predicted a decline.
- SME's average growth forecast for the next six months contracted since the inaugural round of reporting conducted in September 2014. SME's predict an average enterprise revenue growth rate of 6.7 percent over the next six months – dropping significantly from a forecasted 8.6 percent biannual growth rate nominated by SME's in Round 1.
- SME's use of specialist non-bank lenders has expanded considerably, with 13.6 percent naming this as a preferred method of funding future growth, compared to 10.8 percent last round.
- Although a significant 38.6 percent of SMEs plan to invest in their business by funding growth via bank lending, the overwhelming majority do not look beyond their own funds and unsecured lending sources (89.6 percent).
- 40.3 percent of growth SMEs intend to borrow from their main relationship bank in contrast to 21.3 percent of declining growth SMEs, which indicates that it is easier to access bank funding as a growing business.
- 45.0 percent of SMEs market wide describe the phase their business is currently in as 'growth', eclipsing 'stable' conditions (27.4 percent), 'start-ups' (11.5 percent) and businesses winding down (11.4 percent).
- Four out of ten businesses are planning a trade sale for the business while an alarming 34.9 percent of small business owners do not have any concrete current plans for the business in the long term, perhaps pointing to the short term nature of small business management.
- 65.0 percent of small business owners intend to add new products, new services and new products and services in the first half of 2015, down from 68.8 percent in September 2014. New services (33.4 percent) remain more prevalent than new products (21.1 percent) while SMEs introducing a combination of new products and new services was 10.5 percent compared to 11.6 percent last round.
- These findings strongly support the notion that small businesses are in fact targeting new markets and customer demographics by expanding their product and service offering.
- Businesses experiencing declining or flat-lining turnover are unsurprisingly positioned defensively, reflected by 84.3 percent possessing no plans to introduce new products or services – up from 82.8 percent in the September 2014 *Scottish Pacific SME Growth Index*.

- Growth by merger and/or acquisition remains firmly on the agenda for 25.5 percent of growth SMEs in the first half of 2015, up from 23.7 percent. Outright acquisitions are marginally more popular than merging, evidenced by the whole of market 10.9 percent of enterprises seeking new acquisitions compared to 9.1 percent intent on merging with another business.
- 37.7 percent of growth SMEs plan to grow geographically – both domestically and/or internationally – before the end of the financial year. 97.1 percent of enterprises in the declining/no change category hold no plans to expand.
- Cash flow conditions are tightest during the busy year-end and New Year periods. Q4 was selected by 36.2 percent of businesses, followed by Q1 (31.8 percent). The end of financial year does not represent a tight cash flow time period for SMEs.
- Businesses are broadly untrusting of outside advice, reflected by 38.6 percent of business owners not nominating an explicit trusted business advisor. Other sources of trusted business advice included trading partners (26.6 percent) and friends (9.7 percent). Bank managers elicit a strongly unfavourable response in terms of trustworthiness, garnering a mere 4.2 percent of responses.
- High taxes and overlapping/multiple taxes emerge as the key barrier to growth for SME's market wide (65.8 percent) ahead of challenging credit conditions seemingly resulting from asset definitions as opposed to record low interest rates (63.8 percent) and outright availability of credit (54.7 percent).
- NAB remains the largest primary working capital provider to the SME segment with 31.4 percent of primary relationships and 15.3 percent secondary market share. CBA (including Bankwest) consolidated its position as the second most preferred working capital provider (22.9 percent) ahead of Westpac & St George (22.0 percent) and ANZ (12.1 percent). Cumulative Big Four working capital market share stands at 88.4 percent, down one point from 88.5 percent last round.
- Regional providers BOQ (3.4 percent) and Suncorp (3.7 percent) gained market share ground at the expense of Bendigo Adelaide (1.0 percent) and Citi (0.4 percent). It is important to note that a rising 22.8 percent of SMEs do not employ a secondary working capital provider.
- A lower Australian Dollar is clearly beginning to influence export competitiveness, evidenced by the percentage of businesses targeting international expansion increasing from 3.7 to 4.3 percent within the last six months.
- Undoubtedly core customers (36.0 percent) and capable staff (33.7 percent) form the backbone of sustainable business growth, yet the rising incidence of business owners who do not know what the key drivers are behind their business growth would be of paramount concern to key stakeholders, regulators and lenders alike (32.2 percent).
- An additional 20.9 percent of SME's nominating good fortune as a key driver would also present as a worrying trend to review closely next round, given smart marketing (12.7 percent) and technology integration (13.4 percent) are surprisingly underrepresented.

Methodology

East & Partners interviewed 1,253 SME businesses with annual revenues of between A\$1-20 million executed over a five week period ending 16 January 2015. The interviews were conducted with key decision-makers (82.0 percent of respondents were either the business owner, CEO or CFO).

All interviews were conducted over the telephone or face-to-face by an accredited East interviewer, speaking with the company CEO, CFO or treasurer as represented in Table B below.

The sample was framed in accordance with ANZSIC codes to provide a natural sample of the Australian enterprise population, with state and sector demographics outlined in Tables A and C.

All interviews followed the questionnaire which is included as Appendix 1 to this report.

TABLE A
Geographical Distribution
% of Total

	Feb 2015 (N: 1253)
NSW & ACT	38.8
VIC & TAS	24.0
QLD	18.0
WA	12.9
Other	6.2
TOTAL	100.0

TABLE B
Interviewee Distribution
% of Total

	Feb 2015 (N: 1253)
Business Owner / CEO	59.9
CFO	22.1
Finance Director	8.6
Treasurer	2.6
Other	6.8
TOTAL	100.0

TABLE C
Sample Industry Sector Distribution
 % of Total

	Feb 2015 (N: 1253)
Agriculture, Forestry, Fishing	5.6
Mining & Resources	8.5
Manufacturing	18.7
Electricity, Gas & Water	1.1
Construction	8.5
Wholesale	8.9
Retail	12.4
Accommodation, Cafes & Restaurants	2.8
Transport & Storage	7.2
Media & Telco	1.0
Finance & Insurance (non-banks)	4.6
Property & Business Services	12.1
Personal & Other Services	8.8
TOTAL	100.0

TABLE D
Age of Business
 Years

	Feb 2015 (N: 1253)
Average number of years in business	8.6

TABLE E
Headcount of Business
 Full Time Employees

	Feb 2015 (N: 1253)
Average FTE in Business	86

TABLE F
Primary Working Capital Provider
 % of Total

	Feb 2015 (N: 1253)	Relationship Age (Average Years)
ANZ	12.1	6.0
BankWest	5.6	5.1
Bendigo Adelaide Bank	1.0	7.9
BoQ	3.4	6.9
CBA	17.3	6.0
Citigroup	0.4	8.1
HSBC	0.6	3.9
NAB	31.4	7.8
St George	7.4	7.4
Suncorp	3.7	5.0
Westpac	14.6	6.2
Other	2.5	6.2
TOTAL	100.0	6.7

TABLE G
Secondary Working Capital Provider
 % of Total

	Feb 2015 (N: 1253)
ANZ	7.7
BankWest	5.2
Bendigo Adelaide Bank	0.8
BoQ	3.8
CBA	14.4
Citigroup	1.0
HSBC	1.9
NAB	15.3
St George	7.8
Suncorp	3.7
Westpac	11.8
Other	3.7
None	22.8
TOTAL	100.0

Index Results

Scottish Pacific SME Growth Index

March 2015

Please forecast the percentage change in your business revenues - either negative or positive - over the coming six months?

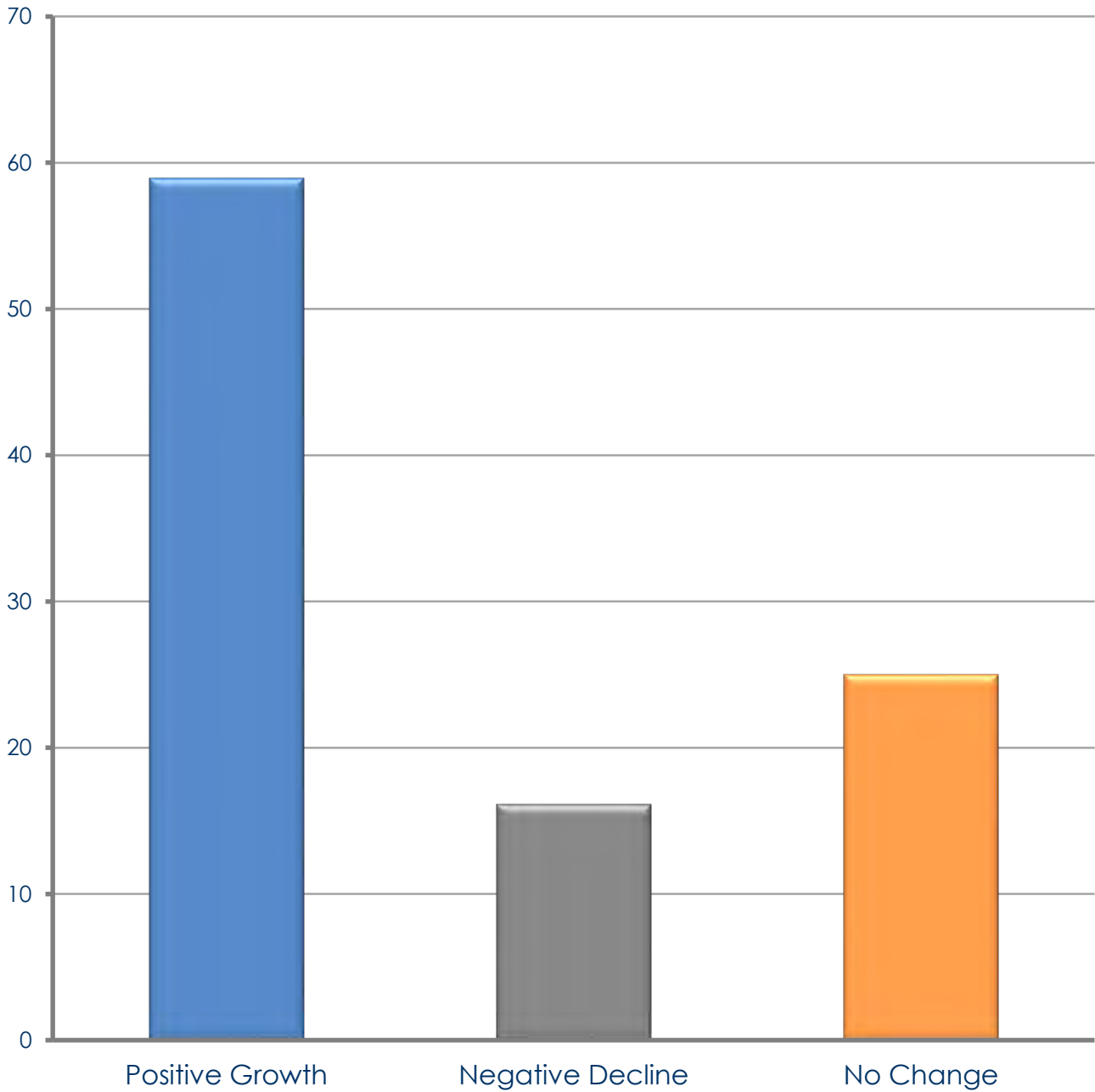
- The average overall growth forecast for SME's stands at 4.3 percent - down six points from 4.9 percent recorded in the first round of the SME Growth Index in September 2014
- Over half of all SMEs forecast positive growth, on average improving by 6.7 percent.
- The number of small business owners forecasting negative growth in 1H 2015 jumped from 13.2 percent in September 2014 to 16.1 percent this round.
- The average negative change forecast also rose by five points from 3.9 percent to 4.4 percent.

TABLE 1
Forecast Changes in Enterprise Revenue

(N: 1253)	Positive Growth	Negative Decline	No Change	Whole SME Market
% of Enterprises	58.9	16.1	25.0	100.0
Average Change Forecast	6.7	4.4	-	4.3
Range of Change Forecasts	3.5-8.2	3.3-8.9	-	3.5-8.9

Note: no statistically significant variance by state or industry sector of SME

FIGURE 1
Forecast Changes in Enterprise Revenue
% of Enterprises



Which of these descriptions best describes the phase your business is currently in?

- SME business owners broadly continue to display optimism towards growth.
- 45.0 percent of SMEs market wide perceive their business to be realising growth against 11.4 percent describing themselves in a contracting business phase.
- 27.4 percent of enterprises are experiencing stable growth – unchanged from September 2014 – owing to the large proportion of SMEs encountering declining revenue yet describing their current business phase as ‘stable’ (60.8 percent).
- Fewer SMEs classify themselves as outright start-ups, declining from 13.8 percent to 11.5 percent since September 2014 overall. Most business owners in this classification have shifted into a growth phase, evidenced by a rise from 72.6 percent to 76.2 percent of SMEs achieving growing revenue.

TABLE 2

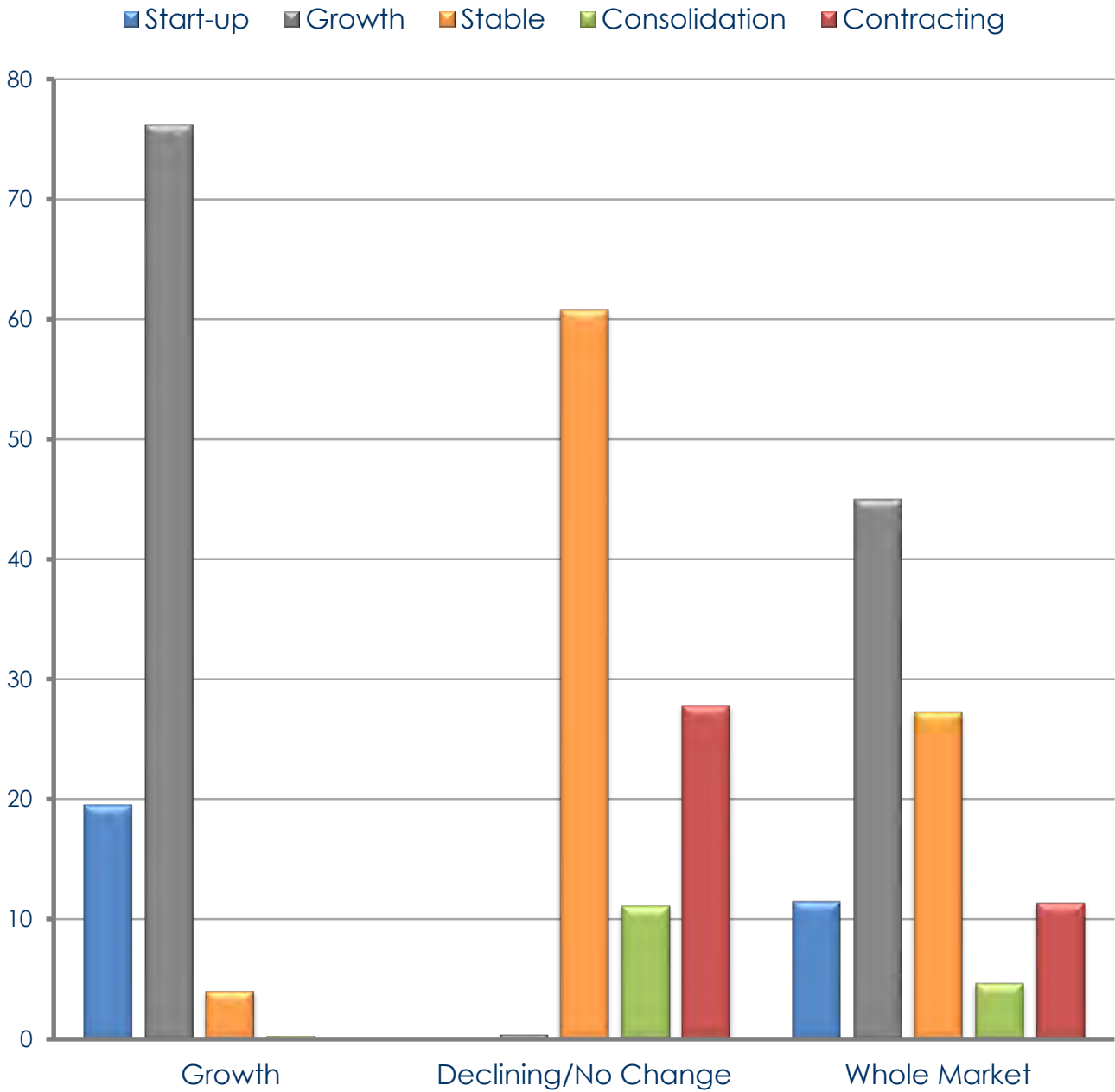
Perception of Own Business Phase

% of Total SMEs

	Growth (N: 738)	Declining/No Change (N: 515)	Whole Market (N: 1253)
Start-up	19.5	-	11.5
Growth	76.2	0.4	45.0
Stable	4.1	60.8	27.4
Consolidation	0.3	11.1	4.7
Contracting	-	27.8	11.4
TOTAL	100.0	100.0	100.0

Note: no statistically significant variance by state or industry sector of SME

FIGURE 2
Perception of Own Business Phase
 % of Total SMEs



Are you planning to introduce any new products or services in the next six months?

- In the next six months a total 65.0 percent of the whole SME segment plans to introduce new products, services or a combination of both. This figure has fallen from 68.8 percent since September 2014.
- The majority of enterprises experiencing declining/unchanged revenues do not plan to introduce new products or services (84.3 percent).
- Introducing new services is clearly more preferred to new product generation, irrespective of growing or declining revenue.
- 21.1 percent of enterprises intend to complete R&D or marketing programs supporting new product launches, compared to 33.4 percent providing new services. Wholesale promotions of new products and services are a comparatively difficult proposition, undertaken by a declining 10.5 percent of SMEs market wide.

TABLE 3

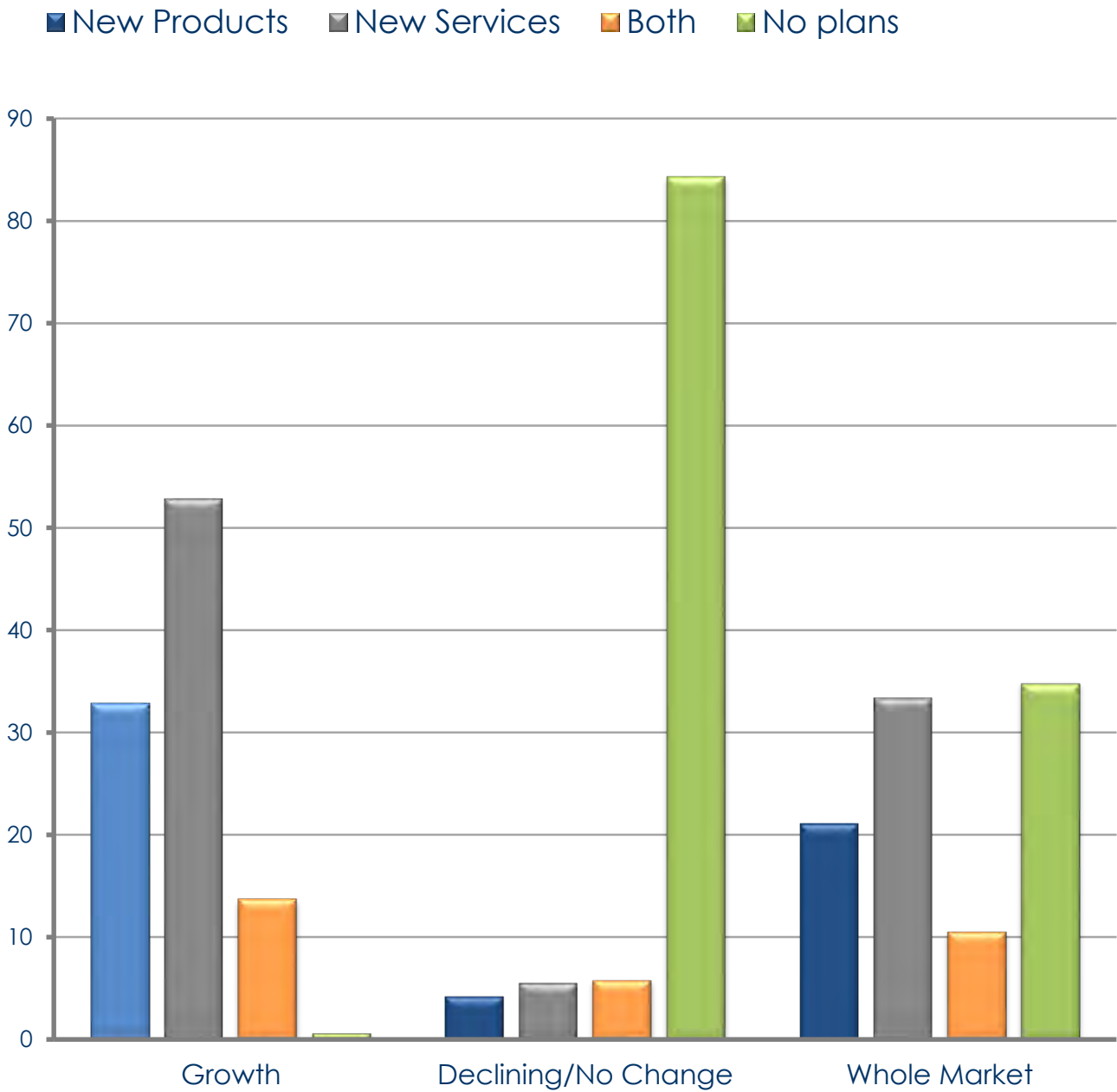
New Product / Service Plans in Next Six Months

% of Total SMEs

	Growth (N: 738)	Declining/No Change (N: 515)	Whole Market (N: 1253)
New products	32.8	4.3	21.1
New services	52.8	5.6	33.4
New products and new services	13.7	5.8	10.5
No plans	0.7	84.3	35.0
TOTAL	100.0	100.0	100.0

Note: no statistically significant variance by state or industry sector of SME

FIGURE 3
New Product / Service Plans in Next Six Months
 % of Total SMEs



Are you planning to expand your business geographically in the next six months, either domestically or overseas?

- Geographic expansion is predominantly undertaken in domestic markets (10.8 percent) in preference to international markets (4.3 percent) however the gap is closing (respectively 11.5 percent and 3.7 percent in the September 2014 Index).
- A rising incidence of SMEs seeking new international markets is forecast to continue as the weaker Australian Dollar falls and a greater number of bilateral trade agreements reduce barriers to entry in foreign markets.
- Over three quarters of all small business owners do not plan to expand their business geographically, either domestically or overseas. Given 65.0 percent intend to introduce new products and services, it can be concluded that most of these new offerings will be introduced into established customer markets.
- As expected those SMEs with declining/unchanged revenue are comprehensively disinterested in geographical expansion (97.1 percent) compared to SMEs with expanding revenue - 37.7 percent harbour geographic expansion plans.

TABLE 4

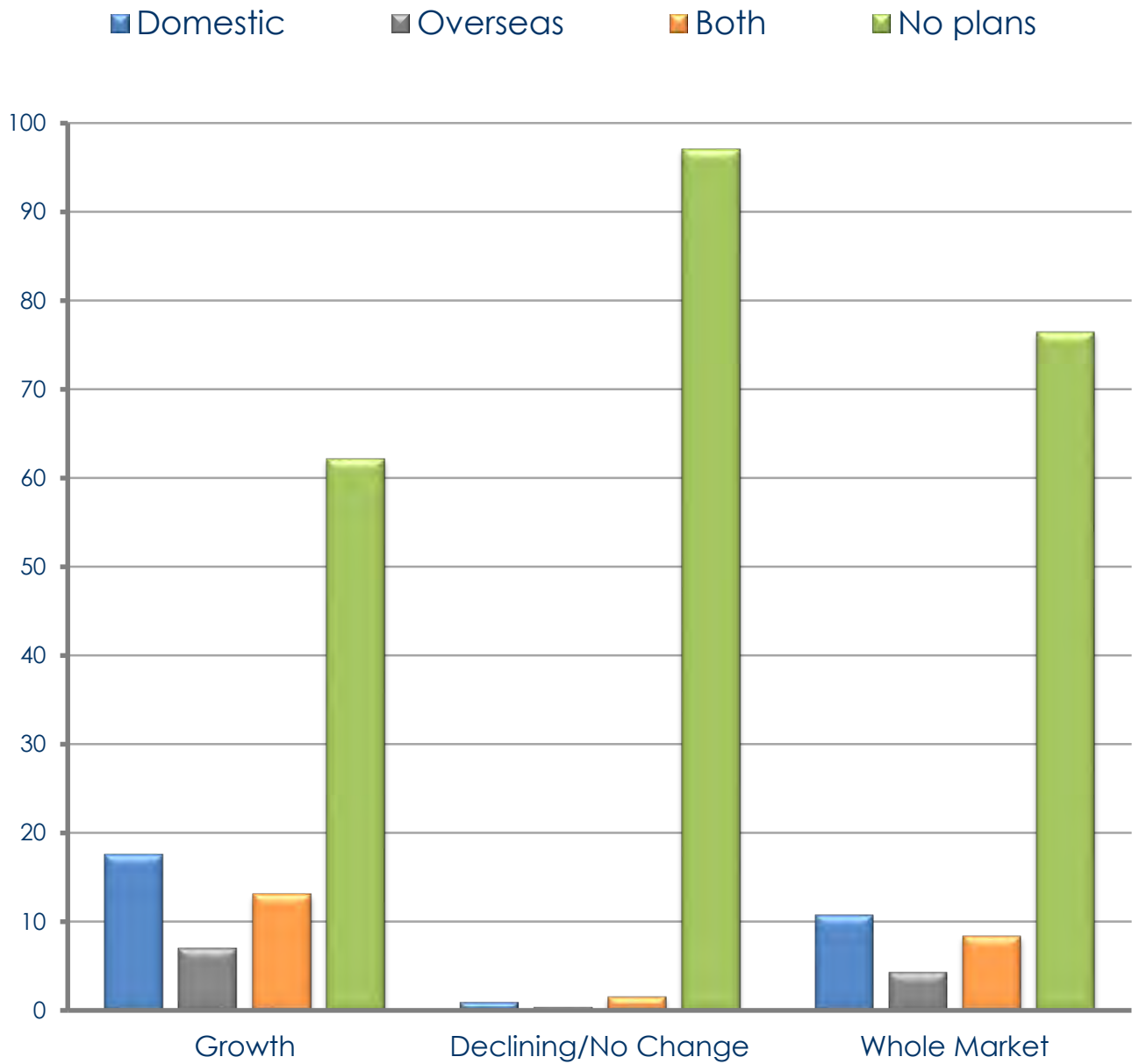
Geographical Expansion Intentions

% of Total SMEs

	Growth (N: 738)	Declining/No Change (N: 515)	Whole Market (N: 1253)
Domestic geographic expansion	17.6	1.0	10.8
Overseas geographic expansion	7.0	0.4	4.3
Both domestic and overseas expansion	13.1	1.6	8.4
No plans	62.2	97.1	76.5
TOTAL	100.0	100.0	100.0

Note: no statistically significant variance by state or industry sector of SME

FIGURE 4
Geographical Expansion Intentions
 % of Total SMEs



Are you planning to acquire another business or merge with another business in the next six months?

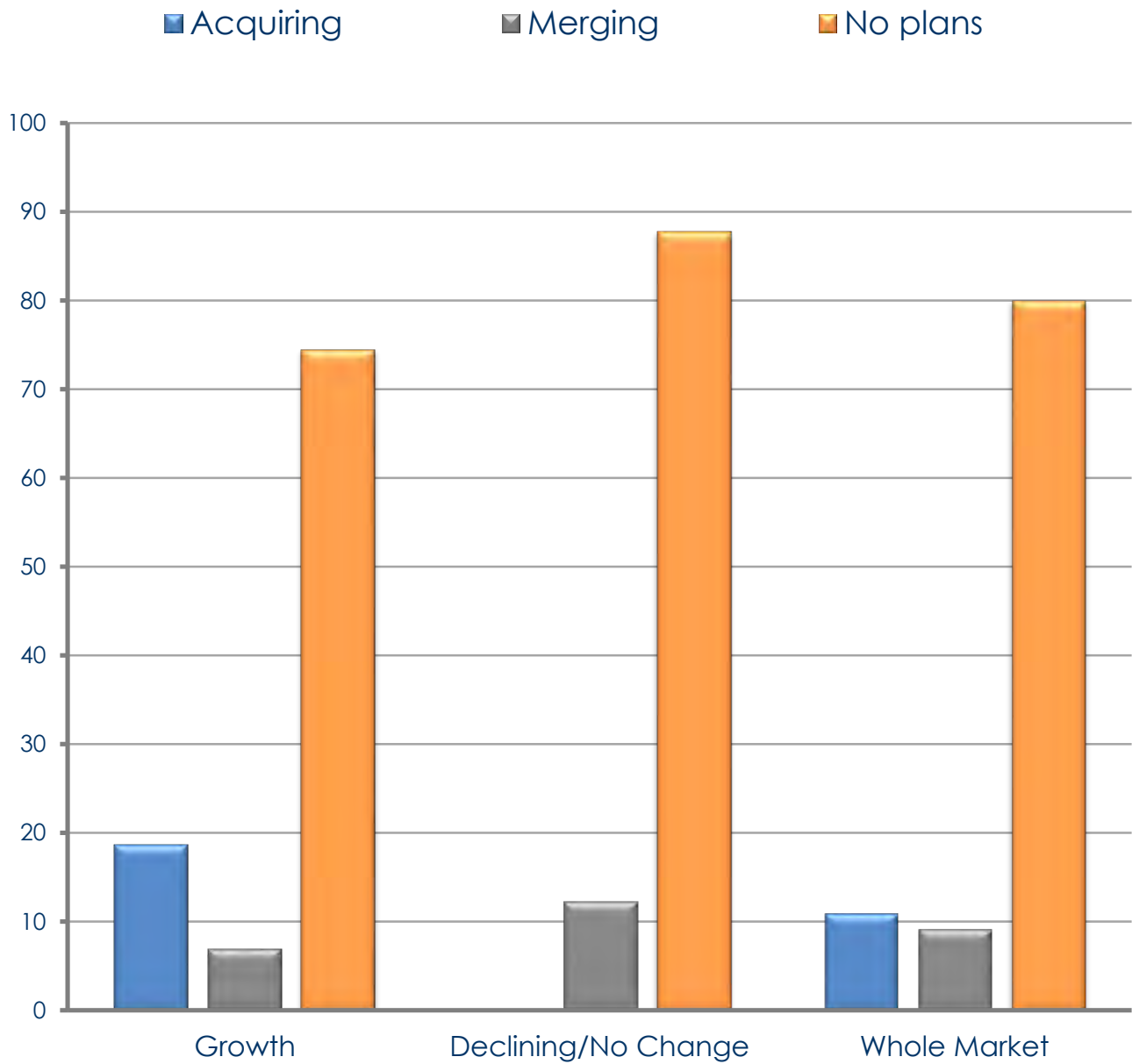
- 10.9 percent of SMEs plan to acquire another business in the next six months, and 9.1 percent of SMEs are currently investigating merger plans. Combined, this total is slightly up against the September 2014 results of 11.9 percent planning to acquire and 6.0 percent investigating merger options.
- New business acquisition is clearly not a pressing concern for small business owners coping with declining/flat revenue. None intend to acquire another business while 12.2 percent are seeking new revenue streams via merging.
- SMEs in growth mode are seemingly developing greater M&A aspirations and although the number planning formal acquisitions dropped by three points to 18.6 percent, merging with another business proved significantly more popular with a rise from 4.8 percent to 6.9 percent in the past six months alone.
- Overall, 20.0 percent of SMEs are planning M&A activity in the next six months in contrast to 80.0 percent who hold no plans – dropping from 82.1 percent last round.

TABLE 5
Business Acquisition / Merge Intentions
% of Total SMEs

	Growth (N: 738)	Declining/No Change (N: 515)	Whole Market (N: 1253)
Acquiring another business	18.6	-	10.9
Merging with another business	6.9	12.2	9.1
No plans	74.5	87.8	80.0
TOTAL	100.0	100.0	100.0

Note: no statistically significant variance by state or industry sector of SME

FIGURE 5
Business Acquisition / Merge Intentions
 % of Total SMEs



If you are planning to invest in your business in the next six months, how are you planning to fund that growth?

- Growing SMEs remain attracted to borrowing exclusively from their primary relationship bank (40.3 percent) or from another bank/specialist non-bank lender (13.3 percent) compared to 21.3 percent and 16.4 percent of SMEs in the declining/no change category respectively.
- 89.6 percent of businesses are required to rely on their own funds in order to fund growth, rising rapidly from 81.1 percent in September 2014.
- Of those businesses in the declining/no change group which have plans to invest, a significantly higher 75.4 percent will require recourse to their own funds – up from 55.6 percent last round.
- Secondary bank relationships or specialist non-bank lenders are increasing in popularity as shown by the percentage of SMEs considering this avenue for future business investment, expanding from 10.8 percent in the second half of 2014 to 13.6 percent in the current Index.

TABLE 6

Funding Plans for Business Investment

% of Total SMEs

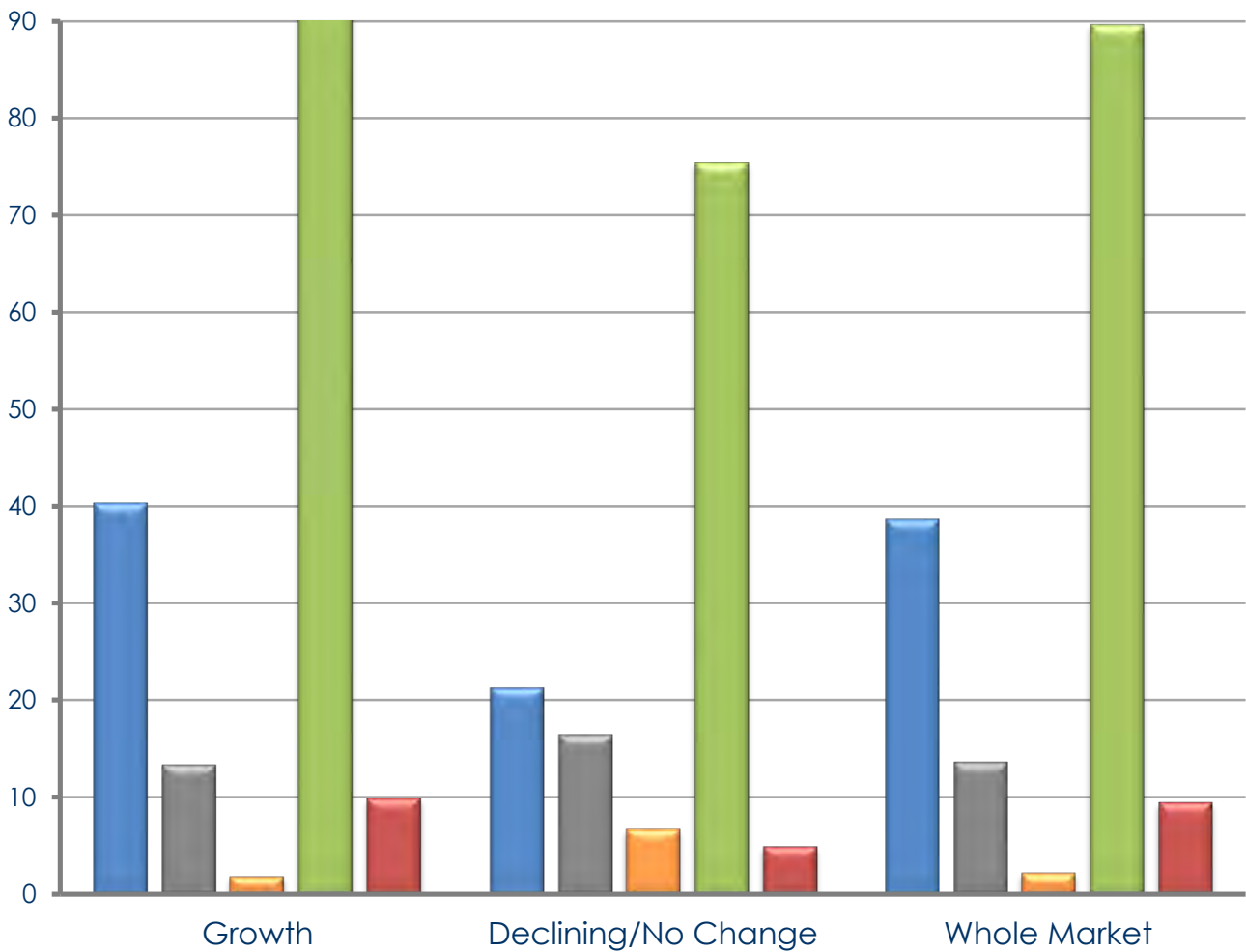
	Growth (N: 623)	Declining/No Change (N: 61)	Whole Market (N: 684)
Borrowing from my main relationship bank	40.3	21.3	38.6
Borrow from another bank or a specialist non-bank lender	13.3	16.4	13.6
Other forms of debt	1.8	6.6	2.2
Own funds	91.0	75.4	89.6
New equity	9.8	4.9	9.4

Note: no statistically significant variance by state, industry sector or primary working capital provider

Note: sums to over 100 percent due to multiple responding allowed

FIGURE 6
Funding Plans for Business Investment
 % of Total SMEs

- Borrowing from my main relationship bank
- Borrow from another bank or a specialist non-bank lender
- Other forms of debt
- Own funds
- New equity



What are the key drivers behind your business growth?

- Core customers have surpassed human capital as the key driver of business growth for SMEs. 36.0 percent of Growth SMEs selected anchor/core customers as the key driver, compared to 33.7 percent who rely on great people/staff/strong team.
- Continual change and innovation is emerging as an increasingly important growth driver for SMEs, nominated by 21.8 percent of small business owners compared to 19.1 percent last round.
- A growing number of growth SMEs are worryingly just following their nose or do not know what their key driver of business growth is, up from 28.2 percent to 32.2 percent.

TABLE 7

Drivers of Business Growth

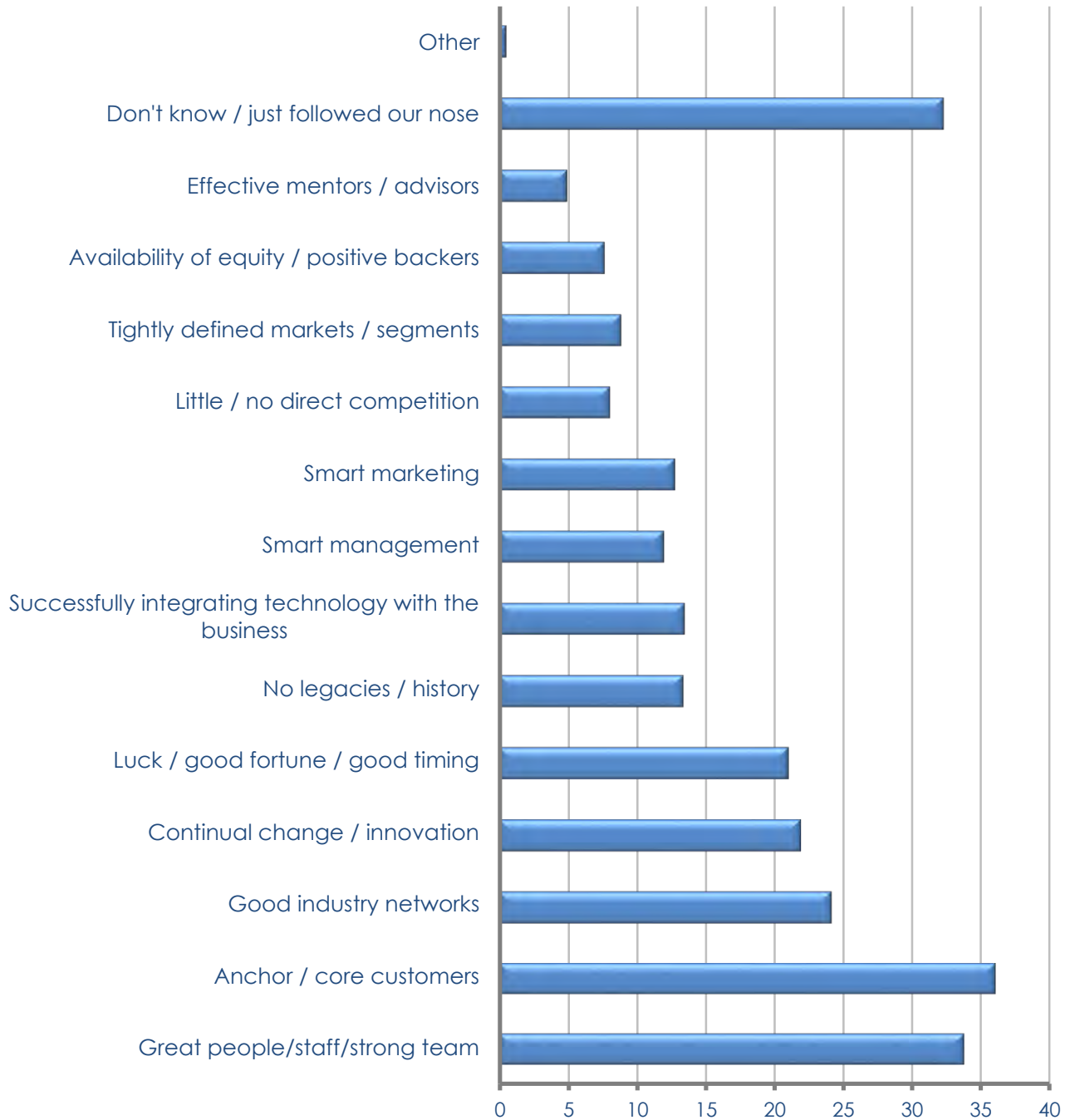
% of Growth SMEs

	(N: 738)
Great people/staff/strong team	33.7
Anchor / core customers	36.0
Good industry networks	24.0
Continual change / innovation	21.8
Luck / good fortune / good timing	20.9
No legacies / history	13.3
Successfully integrating technology with the business	13.4
Smart management	11.9
Smart marketing	12.7
Little / no direct competition	8.0
Tightly defined markets / segments	8.8
Availability of equity / positive backers	7.6
Effective mentors / advisors	4.9
Don't know / just followed our nose	32.2
Other	0.5

Note: sums to over 100 percent due to multiple responding allowed

Note: the question was confined to SMEs self-reporting as growth businesses

FIGURE 7
Drivers of Business Growth
% of Growth SMEs



What do you see as the key barriers to business growth?

- Amongst Growth SMES, the biggest impediment to ongoing progress and sustainable development is high or overlapping taxes (58.7 percent), followed by conditions of credit (57.3 percent) and red tape (53.8 percent).
- When the opinion of declining or stagnant SMEs is factored in, the availability of credit also becomes a major concern (for the whole market, the top three barriers to business growth are high taxes 65.8 percent, conditions of credit 63.8 percent and availability of credit 54.7 percent).
- The cost of credit itself does not appear explicitly as a barrier, selected in a mere 8.7 percent of cases as a key barrier to growth.
- The rising cost of imports as the Australian Dollar falls lower is visible in lower offshore competition appearing as a key obstacle, decreasing from 17.1 percent to 16.3 percent since the last round of reporting.

TABLE 8

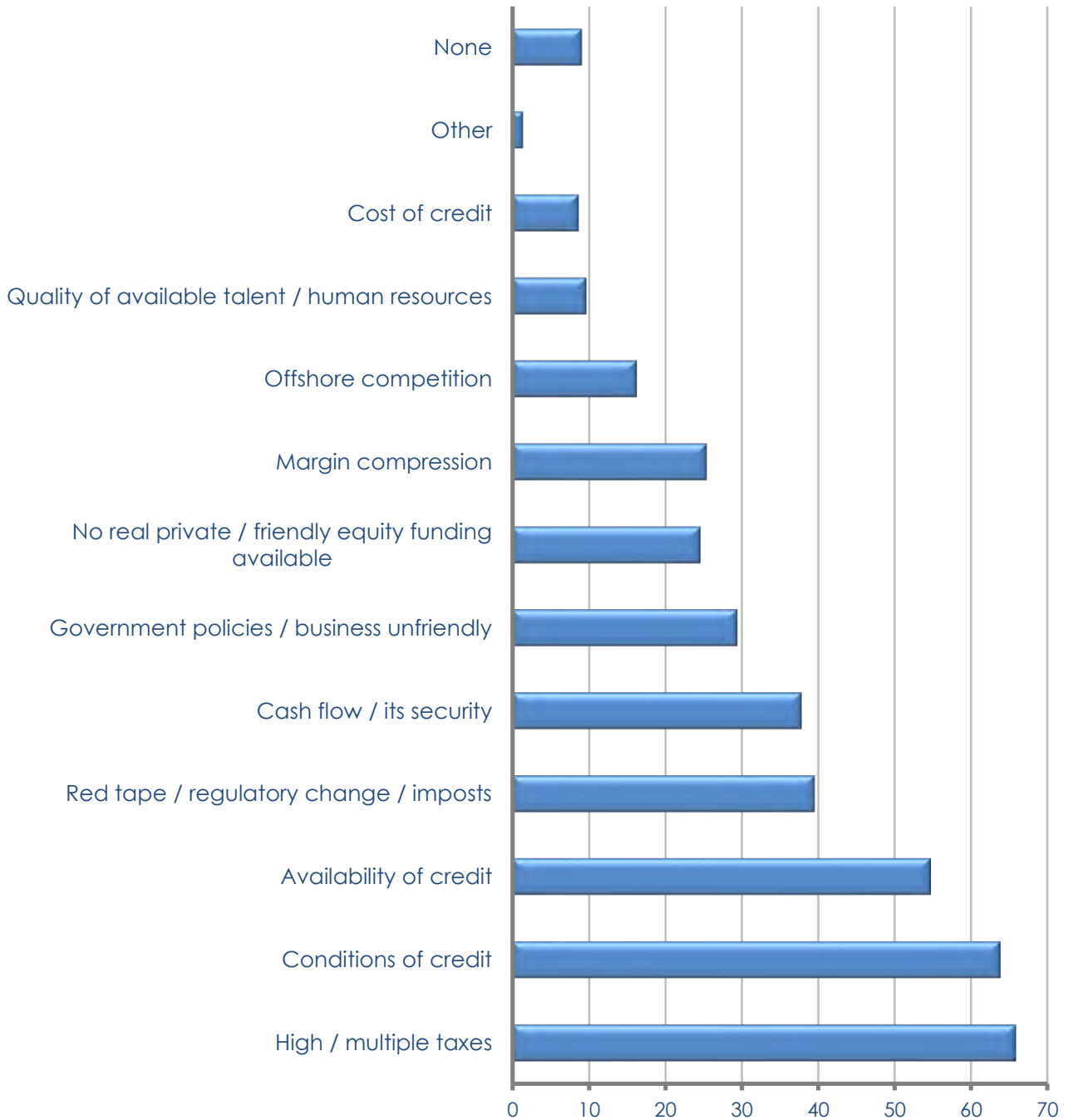
Barriers to Business Growth

% of Total SMEs

	Growth (N: 738)	Declining/No Change (N: 515)	Whole Market (N: 1253)
High / multiple taxes	58.7	76.1	65.8
Conditions of credit	57.3	73.2	63.8
Availability of credit	47.6	64.9	54.7
Red tape / regulatory change / imposts	53.8	19.0	39.5
Cash flow / its security	51.8	17.9	37.8
Government policies / business unfriendly	28.9	30.3	29.4
No real private / friendly equity funding available	20.1	31.1	24.6
Margin compression	17.9	36.1	25.4
Offshore competition	10.7	24.3	16.3
Quality of available talent / human resources	14.0	3.5	9.7
Cost of credit	9.1	8.2	8.7
Other	1.2	1.6	1.4
None	12.6	4.1	9.1

Note: sums to over 100 percent due to multiple responding allowed

FIGURE 8
Barriers to Business Growth – Whole Market
% of Total SMEs



Special Question Results

Scottish Pacific SME Growth Index

March 2015

At what time during the calendar year do you find cash flow is tightest?

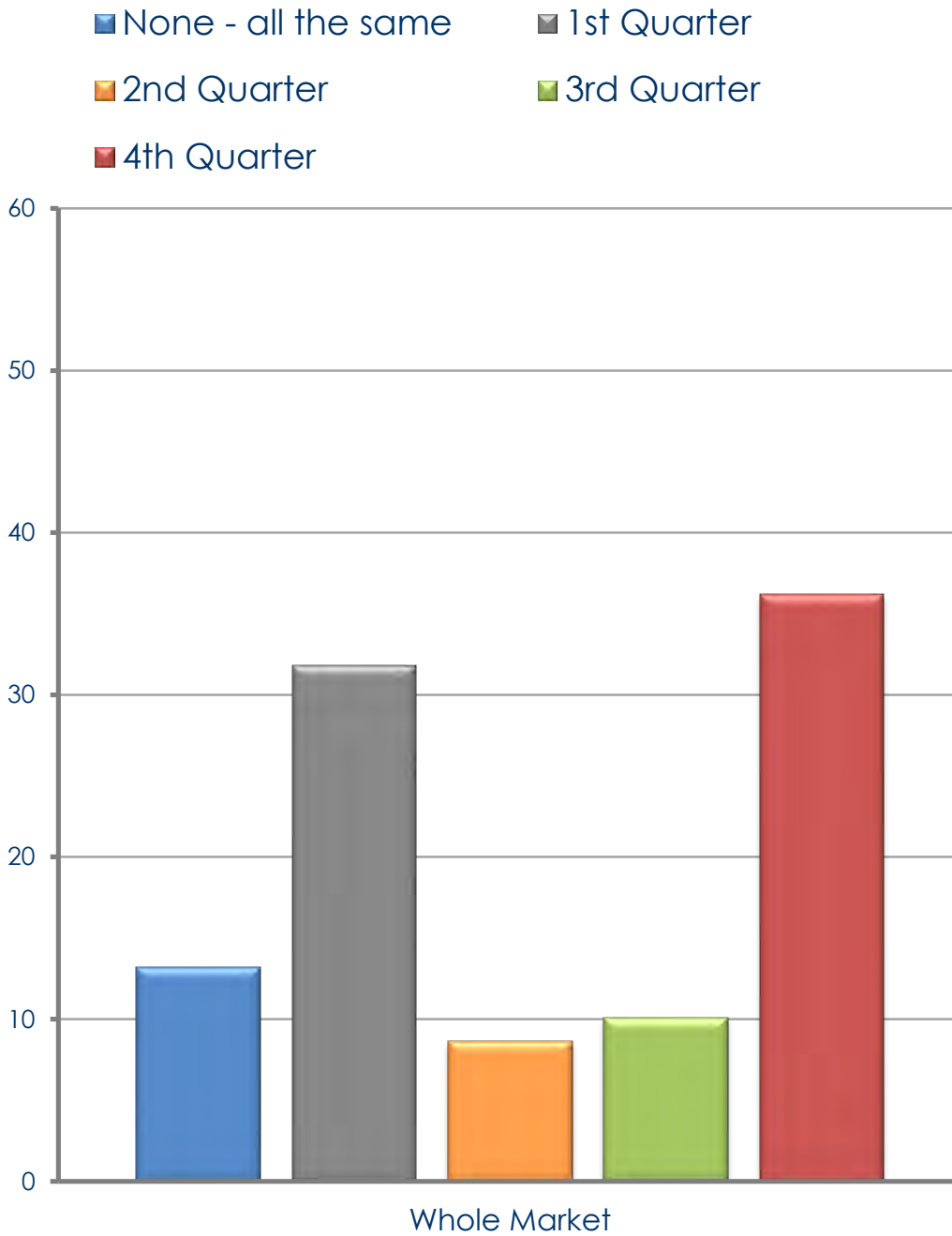
- Q4 is the most pressing time for SMEs to deal with cash flow management (the tightest quarter for 36.2 percent of respondents), with cash flow also considerably tighter in Q1 (31.8 percent).
- Close to three quarters of all SMEs encounter working capital and cash constraints in Q1 or Q4 (68.0 percent).
- Only 13.2 percent of SMEs are capable of spreading their revenue and cost pressures evenly over the year, reporting cash flows as the same from quarter to quarter.
- Q2 does not present as a difficult period in terms of cash flow constraints, despite end of financial year reporting. Only 8.6 percent of SMEs faced cash flow concerns in the second quarter of the year.
- Cashflow tightness is also not a pressing concern in Q3 (10.1 percent).

TABLE 9
Tightness of Cash Flow
% of Total SMEs

	Whole Market (N: 1253)
None - all the same	13.2
1st Quarter	31.8
2nd Quarter	8.6
3rd Quarter	10.1
4th Quarter	36.2
TOTAL	100.0

Note: no statistically significant variance by state, industry sector or primary working capital provider

FIGURE 9
Tightness of Cash Flow
 % of Total SMEs



Who is your most trusted business advisor?

- When asked who their most trusted business advisor was, 38.6 percent of SMEs comprehensively dismissed six separate response options and selected 'none really'.
- Trading partners and business colleagues are an important conduit of advice on small business matters, with more than a quarter of SMEs turning to business colleagues for trusted advice (26.6 percent).
- Friends (9.7 percent), Accountants (9.0 percent) and Family (8.7 percent) all rated well ahead of Bank Managers (4.2 percent) for trusted business advice.
- The low ranking for personal business coaches and advisors may be a reflection of low usage of this business advice channel, given the proportionately high number of SMEs who are discouraged from turning to any of these options for trusted advice.

TABLE 10

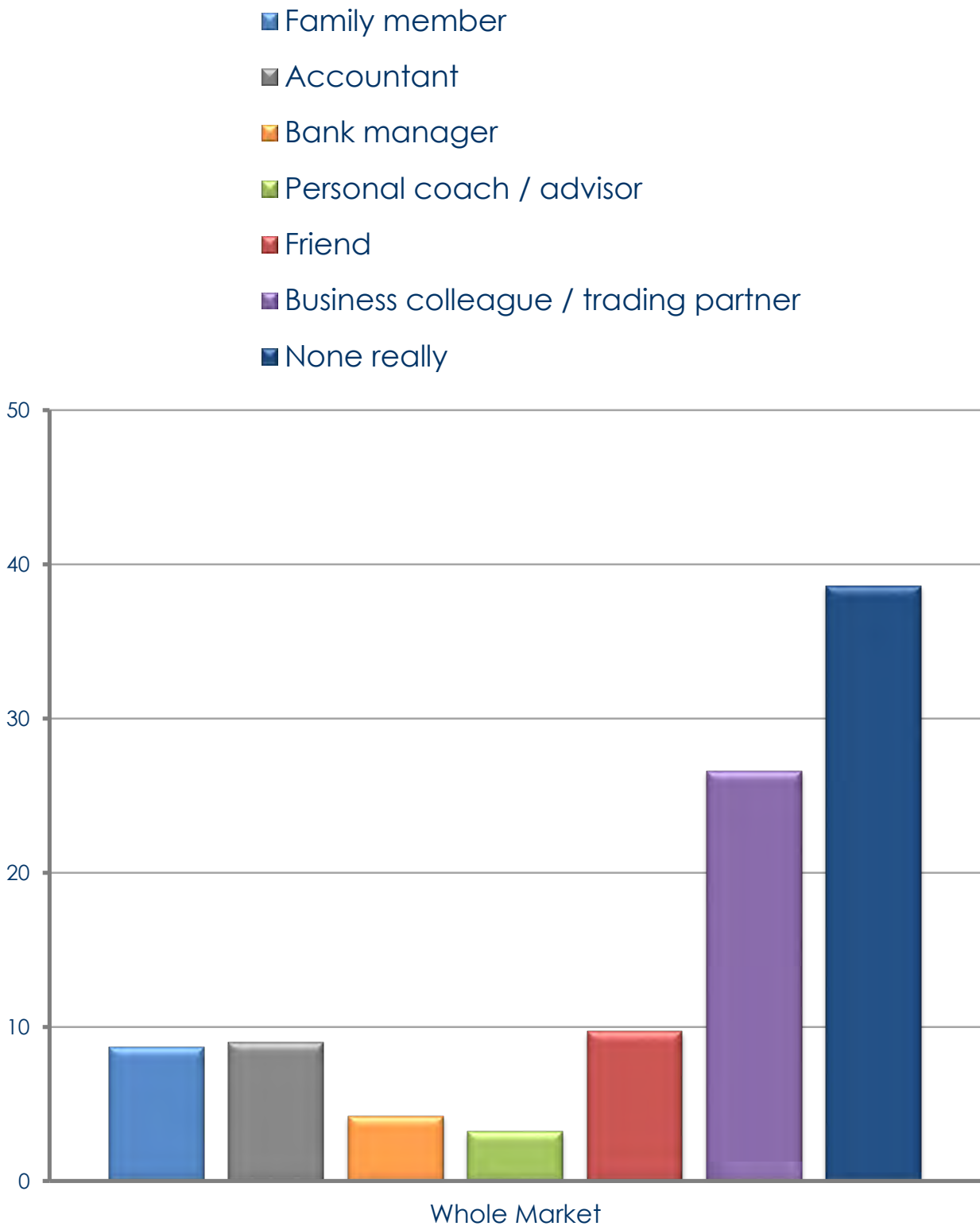
Most trusted business advisor

% of Total SMEs

	Whole Market (N: 1253)
Family member	8.7
Accountant	9.0
Bank manager	4.2
Personal coach / advisor	3.2
Friend	9.7
Other	-
Business colleague / trading partner	26.6
None really	38.6
TOTAL	100.0

Note: no statistically significant variance by state, industry sector or primary working capital provider

FIGURE 10
Most Trusted Business Advisor
 % of Total SMEs



What is the ultimate plan for the business?

- Epitomising the short term nature of small business management, 34.9 percent of SMEs ultimately have no current plans for the business.
- Despite the perception succession planning is low on the list of priorities for SMEs, 21.2 percent ultimately plan to hand down the business to a family member.
- Given there is no statistically significant variance by state, industry sector, primary working capital provider or revenue position, it is clear most businesses are 'window dressing' in anticipation of a trade sale (39.7 percent).
- Only 3.3 percent of SMEs are preparing the business for IPO/exchange float, reflecting a preference for growing SMEs in a strengthening position to instead investigate merger or acquisition alternatives.

TABLE 11

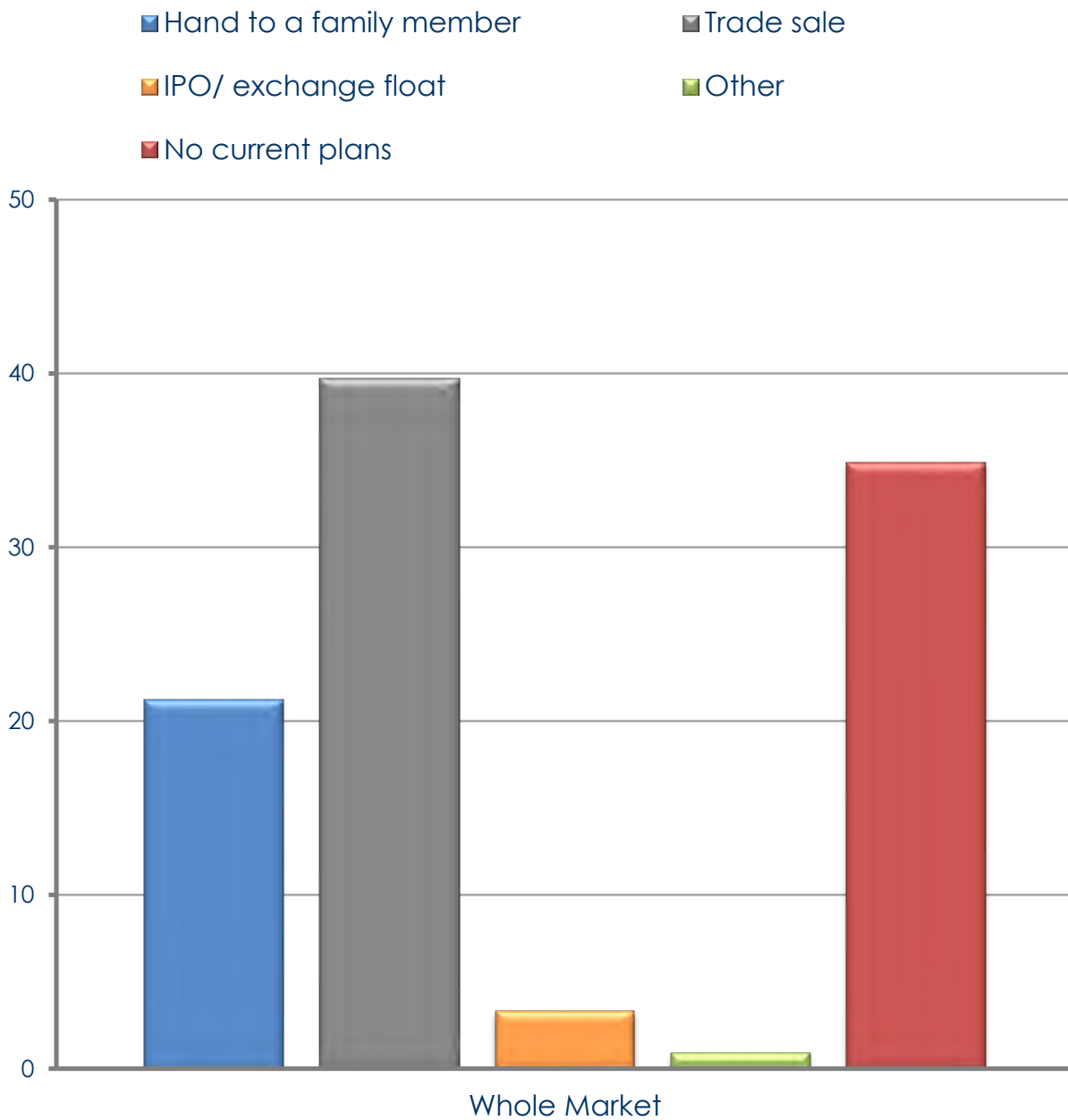
Ultimate plan for the Business

% of Total SMEs

	Whole Market (N: 1253)
Hand to a family member	21.2
Trade sale	39.7
IPO/ exchange float	3.3
Other	0.9
No current plans	34.9
TOTAL	100.0

Note: no statistically significant variance by state, industry sector or primary working capital provider

FIGURE 11
Ultimate plans for the business
 % of Total SMEs



Appendix I

Interviewee Questionnaire

Scottish Pacific SME Growth Index

March 2015



Scottish Pacific SME Growth Index

(A\$1–20 million turnover accounts)

Interview Questionnaire

Organisation.....

Mailing Address

.....

Phone Fax.....

Interviewee.....

Title

Email

Website

Principal Industry Sector (ANZSIC).....

Current Annual Turnover.....

Number of Full Time Staff

Year Business Established.....

Primary Working Capital Provider

 Length of Relationship (years)

Secondary Working Capital Provider.....

Core Questions

- 1 Please forecast the percentage change in your business revenues – either negative or positive - over the next six months:

.....

- 2 Which of these descriptions best describes the phase your business is currently in:

- Start-up
- Growth
- Stable
- Consolidation
- Contracting

- 3 Are you planning to introduce any new products or services in the next six months?

- New Products
- New Services
- New Products and Services
- No plans

- 4 Are you planning to expand your business geographically in the next six months, either domestically or overseas?

- Domestic geographic business expansion
- Overseas geographic business expansion
- Overseas and domestic geographic expansion
- No plans

5 Are you planning to acquire another business or merge with another business in the next six months?

- Acquiring another business
- Merging with another business
- No plans

6 If you are planning to invest in your business in the next six months, how are you planning to fund that growth?

- Borrowing from my main relationship bank
- Borrow from another bank or a specialist non-bank lender
- Other forms of debt
- Own funds
- New equity

7 What are the key drivers behind your business growth?

.....

8 What do you see as the key barriers to business growth?

.....

Special Questions Round Two

9 At what time during the calendar year do you find cash flow is tightest?

- None – all the same
- 1st Quarter
- 2nd Quarter
- 3rd Quarter
- 4th Quarter

10 Who is your most trusted business advisor?

- Family member
- Accountant
- Bank Manager
- Personal Coach / Advisor
- Friend
- Other
- Business Colleague / Trading Partner
- None Really

11 What is the ultimate plan for the business?

- Hand to a Family Member
- Trade Sale
- IPO/Exchange Float
- Other
- No Current Plans

Thank you for your participation and valuable input to this ongoing research program. We look forward to further involvement as this research program continues.



Scottish Pacific Debtor Finance Pty Ltd provides working capital solutions to SMEs, offering the broadest range of trade and debtor finance solutions in Australasia. With more than 1000 clients in industries including transport, manufacturing, wholesale, import, labour hire and printing, Scottish Pacific handles more than \$6 billion of invoices each year, providing funding lines exceeding \$500 million. Established in 1988, Scottish Pacific has full operations centres in Sydney, Melbourne, Perth, Brisbane, Auckland and China. Scottish Pacific was awarded the 2014 Best Cash Flow Lender by broker publication The Adviser, as voted by brokers, in their inaugural Non-Bank Lending Awards.

About the Scottish Pacific SME Growth Index

The biannual Index, initiated in September 2014, will help benchmark SME growth in Australia and highlight issues of concern to the SME business community. East & Partners interviewed 1,253 SME businesses with annual revenues of between \$1-20 million in January 2015. 82 percent of responders were SME business owners, CEOs or CFOs. The next Index will be released in September 2015.

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East & Partners Pty Ltd, a leading specialist market research firm in the business, corporate and investment banking markets of Asia Pacific, works across 11 countries in the region delivering both multi-client and proprietary market analysis services to financial services providers.

The delivery of accurate quantitative analysis on the region's exploding demand for sophisticated transaction, debt, treasury, investment and advisory banking services and products has been uniquely addressed by East's "bottom up" research methodologies since 1987, based on many thousands of customer interviews annually in Australia, China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

East's multi-client demand research and consulting work has enabled the firm to work with virtually every major Bank within the region and international clients based in North America and Europe.

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