



# NAB SME Business Insights

Are SMEs planning to invest to grow their business and who do they turn to for advice?

Almost 6 in 10 SMEs are planning to invest to grow in the next 12 months with people, new products/services and new technologies/systems, topping the list. The overwhelming majority use an accountant or bookkeeper for business advice.

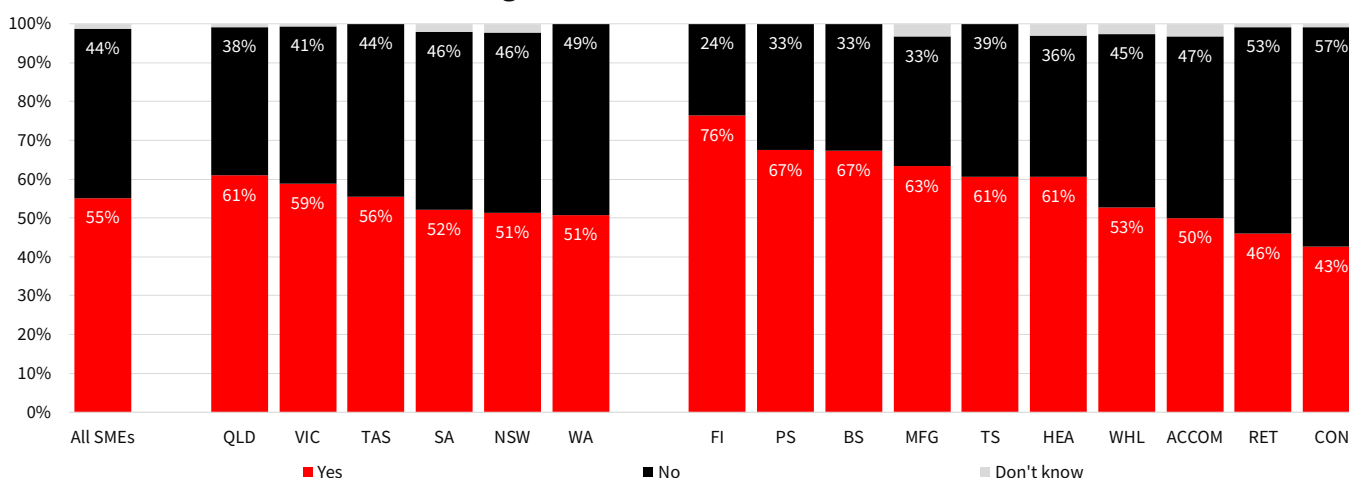
Q2 2024

## Plans to invest to grow business in the next 12 months

Investment is fundamental to business growth and success. It enables businesses to expand and enhance their brand, promote workforce development and ensure their long-term viability. When faced with downturns however some businesses instinctively focus on cutting costs to maintain profitability. But even in a challenging economic environment there are opportunities to invest to emerge even stronger. In this report, NAB surveyed around 700 Australian SMEs around their plans to grow their business in the next 12 months, in what ways those planning to grow their business were looking to invest and who they used for business advice. It was particularly encouraging that a large share of SMEs overall said they had plans to invest to grow.

Despite an uncertain near-term economic outlook and upside risks to interest rates. It was particularly encouraging that almost 6 in 10 (55%) SMEs overall said they had plans to invest to grow their business in the next 12 months.

### Plans to grow business in the next 12 months

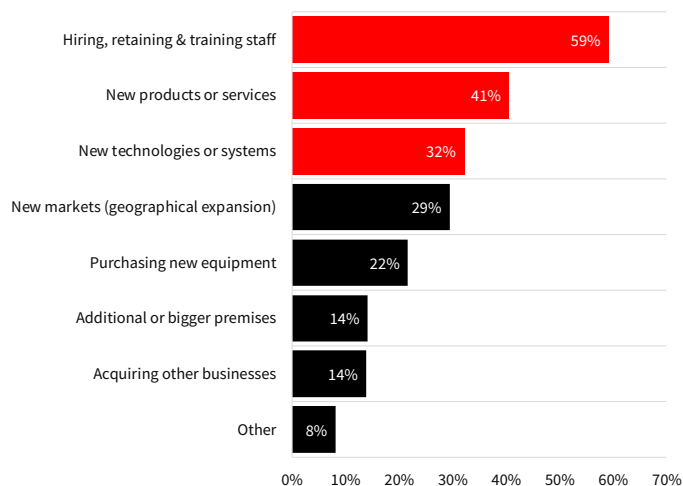


Investment intentions were positive across the country but ranged from around 6 in 10 SMEs in QLD (61%) and VIC (59%) to around 1 in 2 in WA (51%), NSW (51%) and SA (52%). By industry however, the number planning to invest was highest by some margin in the Finance & Insurance sector where 3 in 4 (76%) planned to invest, followed by SMEs in the Property Services and Business Services sectors where 2 in 3 (67%) intended to invest.

Plans to invest were lowest in Construction (43%), Retail (46%), Accommodation & Hospitality (50%) and Wholesale (53%) - sectors also reporting among the lowest levels of business confidence in NABs Q2 SME Quarterly Business Survey.

## Ways SMEs are looking to invest to grow their business

### Ways SMES looking to invest to grow business



SMEs who indicated they planned to invest in the next 12 months were also asked to specify the top 3 areas they were looking to invest in to grow their business.

Research shows hiring, retaining & training staff increases business performance and sustainability. It also topped the list for ways Australian SMEs were looking to invest in the next 12 months with around 6 in 10 (59%) planning to do so. Around 4 in 10 (41%) planned to invest in new products or services to help attract customers and increase sales. Improving productivity was also a top priority with 1 in 3 (32%) planning to invest in new technologies or systems.

Other ways SMEs were looking to invest in the next 12 months included geographical expansion into new markets (29%), buying new equipment (22%), additional or bigger premises (14%) and acquiring other businesses (14%). Just under 1 in 10 (8%) were looking at other ways.

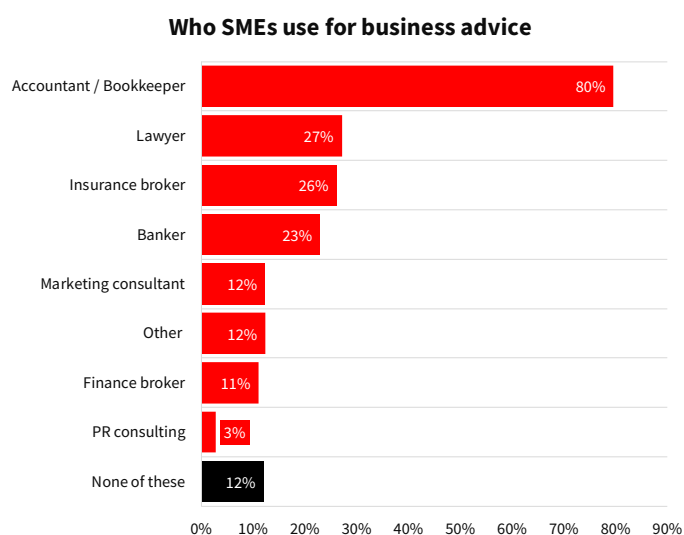
## Ways SMEs are looking to grow their business: State & Industry

	Hiring, retaining & training staff	New products or services	New technologies or systems	New markets (geographic expansion)	Purchasing new equipment	Additional or bigger premises	Acquiring other businesses	Other
<b>All SMEs</b>	<b>59%</b>	<b>41%</b>	<b>32%</b>	<b>29%</b>	<b>22%</b>	<b>14%</b>	<b>14%</b>	<b>8%</b>
<b>States</b>								
NSW	63%	35%	35%	21%	18%	9%	21%	9%
QLD	63%	40%	27%	33%	31%	16%	1%	12%
SA	72%	48%	36%	36%	20%	20%	12%	0%
TAS	60%	0%	40%	80%	20%	20%	20%	0%
VIC	52%	44%	31%	33%	18%	16%	12%	8%
WA	52%	48%	30%	27%	24%	15%	21%	6%
<b>Industry</b>								
MFG	34%	55%	39%	37%	37%	11%	11%	13%
CON	73%	29%	15%	23%	31%	12%	17%	2%
RET	52%	60%	31%	31%	13%	19%	4%	8%
WHL	64%	54%	23%	33%	10%	13%	5%	10%
TS	40%	25%	40%	40%	40%	25%	15%	0%
FI	48%	28%	28%	28%	3%	0%	38%	14%
BS	74%	54%	44%	31%	13%	13%	10%	8%
PS	66%	10%	48%	28%	24%	14%	28%	3%
ACCOM	67%	20%	40%	20%	47%	7%	0%	27%
HEA	70%	35%	30%	20%	15%	35%	15%	5%

Investment priorities differed somewhat by state. In particular, we recorded a much higher number of SMEs in SA looking at hiring, retaining & training staff (72%) in the next 12 months, particularly when compared to VIC and WA (52%). Significantly more in TAS (80%) were looking at new markets (though from a smaller sample size), compared to just 21% in NSW. We also counted noticeably more SMEs in QLD who intended to purchase new equipment (31%), but far fewer in NSW looking to invest in additional or bigger premises (9%) and in QLD acquiring new businesses (1%).

By industry, we also noted a somewhat higher number of SMEs in Business Services (74%), Construction (73%) and Health Services (70%) who planned to invest in hiring, retaining & training staff and a much lower number in Manufacturing (34%). Noticeably more in Retail (60%) were looking to invest in new products or services, compared to just 10% in Property Services. However, Property Services led the way for investment in new technologies & systems (48%), with Construction lagging (15%). Purchasing new equipment was a much bigger priority in Accommodation & Hospitality (47%) and additional or bigger premises in Health Services (35%) relative all other sectors. Significantly more SMEs in the Accommodation & Hospitality sector were also looking to invest in other areas (27%).

## Who SMEs use for business advice



Research conducted by the Enterprise Research Centre in the UK shows the provision of reliable and trusted business advice on regulatory, legal and taxation matters, as well as subjective advice on more direct drivers of productivity (skills, innovation, management and leadership practice), yield significant gains for SMEs.

When surveyed Australian SMEs were asked who they use for business advice, an overwhelming majority - 8 in 10 (80%) - used an accountant or bookkeeper. The next most common sources of business advice according to around 1 in 4 SMEs overall were lawyers (27%), insurance brokers (26%) and bankers (23%).

Around 1 in 10 turned to marketing consultants (12%), other means (12%) or finance brokers (11%), and only 3% used PR consulting. Just over 1 in 10 however used none of these options for business advice (12%).

## Who SMEs use for business advice: State &amp; Industry

	Accountant/ Bookkeeper	Lawyer	Insurance broker	Banker	Marketing consultant	Other	Finance broker	PR consulting	None of these
<b>All SMEs</b>	<b>80%</b>	<b>27%</b>	<b>26%</b>	<b>23%</b>	<b>12%</b>	<b>12%</b>	<b>11%</b>	<b>3%</b>	<b>12%</b>
<b>States</b>									
NSW	81%	31%	30%	26%	15%	10%	9%	4%	10%
QLD	82%	29%	23%	18%	10%	16%	9%	2%	11%
SA	85%	33%	31%	23%	15%	23%	21%	0%	6%
TAS	78%	11%	33%	22%	11%	11%	0%	0%	22%
VIC	77%	22%	23%	22%	10%	13%	9%	2%	13%
WA	72%	20%	23%	25%	11%	5%	20%	6%	20%
<b>Industry</b>									
MFG	75%	17%	20%	12%	15%	25%	8%	2%	13%
CON	88%	23%	33%	30%	8%	9%	14%	2%	10%
RET	86%	18%	19%	23%	12%	14%	12%	4%	10%
WHL	72%	22%	26%	20%	12%	4%	7%	3%	22%
TS	88%	27%	27%	18%	3%	9%	18%	3%	6%
FI	74%	47%	26%	21%	24%	13%	8%	3%	13%
BS	64%	38%	34%	17%	10%	16%	16%	5%	12%
PS	86%	40%	14%	37%	21%	12%	14%	7%	7%
ACCOM	77%	30%	33%	30%	23%	10%	7%	0%	10%
HEA	76%	45%	30%	18%	3%	15%	3%	0%	18%

The use of accountants or bookkeepers was the most commonly used service for business advice by a big margin in all states, ranging from 85% in SA to 72% in WA. The survey also found a much lower number of SMEs in TAS who used lawyers (11%) and in QLD bankers (18%). Somewhat more SMEs in NSW and SA used marketing consultants for advice (15%) and in SA finance brokers (21%). Almost 5 times as many SMEs in SA used other providers for business advice (23%) than in WA (5%). A much higher number of SMEs in TAS (22%) and WA (20%) however did not use any of these services, particularly when compared to SA (6%).

The use of accountants or bookkeepers was also the most commonly used service by a significant margin in all industries, ranging from 88% in Construction to 64% in Business Services. Among other key findings, somewhat more SMEs in the Finance & Insurance (47%) and Health Services (45%) sectors used lawyers for advice, but noticeably more in Property Services used bankers (37%), especially when compared to those in Manufacturing (12%). However, 1 in 4 (25%) in the Manufacturing sector used other sources for business advice, compared to just 4% in Wholesale. Also apparent was the much lower number of SMEs in the Property Services sector who sourced business advice from insurance brokers (14%), and in Transport & Storage and Health Services from marketing consultants (3%). Over 1 in 5 (22%) SMEs in the Wholesale sector did not use any of these services for business advice, compared to just 6% in Transport & Storage and 7% in Property Services.

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