



# NAB SME Business Insights

## Are SMEs doing more with less?

**SMEs continue to be challenged on a number of fronts, but many are finding ways to achieve ‘more with less’.**

In fact, 1 in 4 tell us they have done significantly more over the past year and across many fronts, including simplifying processes & procedures, time management, prioritisation or consolidation, automation & other technologies, and improved training & continuous learning.

Q3 2024

**Summary**

Despite challenging economic conditions, a significant number of SMEs have been able to achieve more with less, with 1 in 4 (24%) managing to do ‘significantly more’. By state, SA comes out on top, with over 1 in 3 (35%) achieving significantly more, followed by VIC at 3 in 10 (29%). By industry, over 1 in 3 SMEs in the Business Services achieved this feat, followed by 3 in 10 in Manufacturing, Finance & Insurance Services.

When those businesses who managed to do more were asked how they achieved this, the top response (from 1 in 3) was simplifying processes & procedures, more effective time management and better prioritisation or consolidation of the business. Around 1 in 4 had applied automation & other technologies or had improved training & continuous learning, and 1 in 5 through better understanding their customers, tracking & analysing performance and giving employees more autonomy. Around 1 in 10 did so via supply chain improvements or efficient and targeted marketing. Only 1 in 20 achieved gains by maintaining a healthier work-life balance. There were notable differences however by industry. Our findings are based on the responses from around 600 Australian SMEs conducted over the period from August 19-September 5.

**Doing more with less**

SME productivity is currently being challenged on a number of fronts.

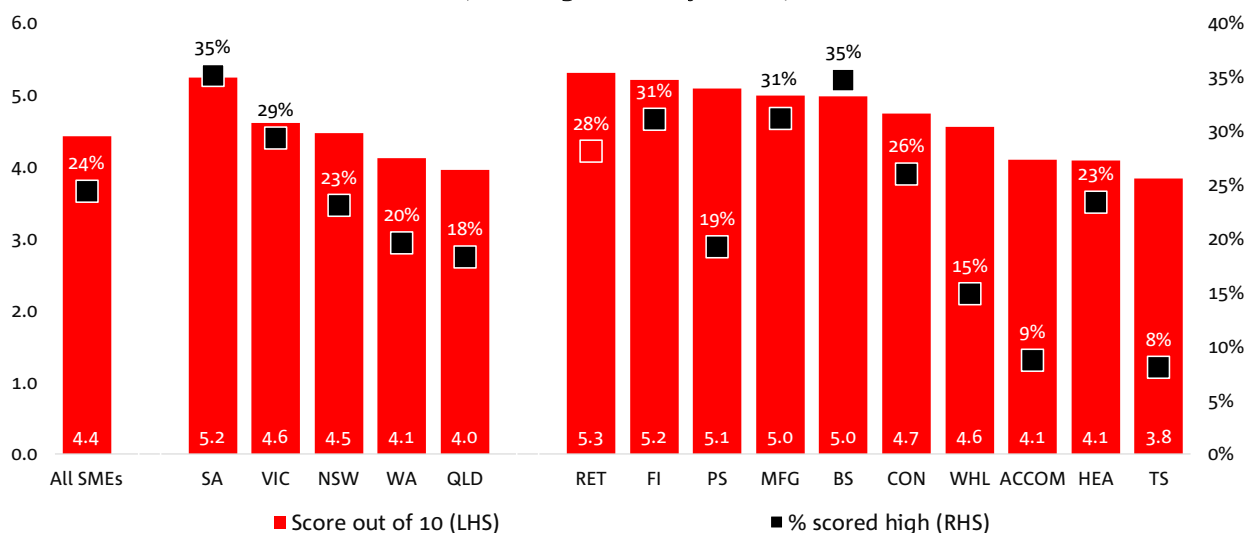
Recent NAB research shows that cashflow, profitability, inflation and cost of doing business, staff turnover & labour shortages, customer demand and interest rates are the main risks keeping SME business owners and operators awake at night.

NAB’s latest SME Business Survey also revealed that business confidence fell more deeply into negative territory in Q3, while conditions also dropped to turn negative in the quarter. Conditions were firmly negative for smallest as well as middle-tier SMEs, while larger SMEs saw conditions drop to zero index points. Cost pressures remained elevated, with no improvement in the pace of materials or labour cost growth reported by SMEs, and the pace of price growth picked up marginally. Labour availability also remains a significant constraint for around 30% of firms, while the share of firms reporting sales demand as a significant constraint rose to around one quarter.

Meanwhile, recent data continue to show the economy experiencing a period of weak growth.

As a means to address productivity in this more challenging environment, this survey focusses on the extent SME businesses have been able to do more with less over the past year. And for those who have been able to do more how their business was able to achieve this.

**Extent SMEs have been able to do more with less  
(10 = significantly more)**



On average, Australian SMEs scored a very moderate 4.4 pts out of 10 (where 10 indicates significantly more), suggesting they are being severely challenged trying to do more with less. By state, SMEs in SA indicated they were able to do somewhat more, scoring highest at 5.2 pts. SMEs in QLD (4.0 pts) and WA (4.1 pts) were least active. In other states, scores ranged narrowly from 4.6 pts in VIC to 4.5 pts in NSW.

There was a wider spread across industries. The ability to do more with less scored highest in Retail (5.3 pts), Finance & Insurance Services (5.2 pts), Property Services (5.1 pts), Manufacturing (5.0 pts) and Business Services (5.0 pts). It was lowest among SMEs in the Transport & Storage (3.8 pts), Health Services (4.1 pts), Accommodation & Hospitality (4.1 pts), Wholesale (4.6 pts) and Construction (4.7 pts) sectors.

But average scores mask a significant number of SMEs who have achieved lot more with less, it was pleasing to note 1 in 4 (24%) businesses overall have managed to do significantly more (i.e., scored 7+ pts).

This climbed to over 1 in 3 in SA (35%) and 3 in 10 (29%) in VIC, to around 1 in 5 in QLD (18%) and WA (20%). By industry, over 1 in 3 SMEs in the Business Services sector did significantly more (35%) and around 3 in 10 in Manufacturing (31%), Finance & Insurance Services (31%) and Retail (28%). Around 1 in 4 in Construction (26%) and Health Services (23%) also did significantly more and 1 in 20 in Property Services (19%). However, less than 1 in 10 SMEs in Transport & Storage (8%) and Accommodation & Hospitality (9%) indicated they did significantly more with less.

### How business has achieved doing more with less



Businesses who did more with less were also asked how they achieved productivity gains. Around 1 in 3 did so by simplifying processes and procedures (37%), effective time management (36%) and better prioritisation or consolidation of business (35%).

Around 1 in 4 used automation & technologies, and around 1 in 5 improved training & continuous learning (31%), by better understanding their customers (20%), tracking & analysing performance (18%) and giving employees (18%) more autonomy. Around 1 in 10 did via supply chain improvement (12%), efficient and targeted marketing (11%) or other means (9%). Around 1 in 20 however achieved gains by maintaining a more health work-life balance or nothing specifically (6%).

Actions did not vary materially across states, though we noted somewhat higher gains in QLD from automation and technologies (31%), in WA from improved training & continuous learning (29%) and tracking & analysing performance (29%) and along with VIC supply chain improvements (16%).

### How businesses have achieved doing more with less: States

	All SMEs	NSW	QLD	SA	VIC	WA
Simplifying processes and procedures	37%	35%	40%	39%	34%	37%
Effective time management	36%	36%	33%	36%	37%	34%
Better prioritisation/consolidation of business	35%	33%	36%	30%	38%	37%
Using automation & technologies	26%	23%	31%	24%	26%	21%
Improved training/continuous learning	21%	23%	20%	24%	19%	29%
Better understanding of customer needs	20%	20%	18%	18%	23%	13%
Tracking & analysing performance	18%	17%	19%	24%	16%	29%
Greater autonomy for employees	18%	19%	14%	21%	18%	21%
Improvements in the supply chain	12%	12%	9%	9%	16%	16%
Efficient/targeted marketing	11%	9%	5%	15%	15%	13%
Other	9%	11%	8%	6%	10%	5%
Maintaining a more health work-life balance	6%	7%	5%	3%	7%	5%
Nothing specifically	6%	8%	6%	18%	3%	0%

By industry we counted a much higher number in the Finance & Insurance Services (73%) and Manufacturing (49%) sectors who achieved productivity gains by simplifying processes and procedures, in Manufacturing (51%) and Finance & Insurance Services (44%) by better prioritisation or consolidation of business, in Finance & Insurance Services by using automation & technologies (64%), in Transport & Storage (28%) and Health Services by tracking & analysing performance, in Wholesale (26%), Accommodation & Hospitality and Business Services (24%) by giving greater autonomy to employees, in Manufacturing and Wholesale through supply chain improvements (24%) and in Property Services by efficient & targeted marketing (35%)

**How businesses have achieved doing more with less: Industry**

	All	MFG	CON	RET	WHL	TS	FI	BS	PS	ACCOM	HEA
Simplifying processes and procedures	37%	49%	31%	31%	41%	33%	73%	24%	35%	35%	30%
Effective time management	36%	39%	34%	41%	35%	28%	36%	32%	30%	35%	35%
Better prioritisation/consolidation	35%	51%	35%	39%	30%	44%	36%	29%	10%	35%	26%
Using automation & technologies	26%	20%	15%	22%	15%	11%	64%	37%	40%	35%	43%
Improved training/ learning	21%	24%	15%	21%	22%	33%	32%	17%	30%	18%	22%
Better understanding customer needs	20%	16%	25%	21%	20%	11%	18%	15%	15%	24%	22%
Tracking & analysing performance	18%	18%	16%	16%	17%	28%	23%	20%	20%	6%	26%
Greater autonomy for employees	18%	14%	16%	14%	26%	17%	14%	24%	20%	24%	17%
Improvements in the supply chain	12%	24%	11%	15%	24%	6%	0%	0%	5%	6%	4%
Efficient/targeted marketing	11%	8%	4%	14%	11%	17%	14%	0%	35%	24%	13%
Other	9%	6%	14%	8%	9%	11%	5%	2%	15%	6%	9%
More health work-life balance	6%	8%	9%	7%	2%	6%	14%	5%	10%	0%	0%
Nothing specifically	6%	6%	5%	5%	6%	11%	0%	7%	5%	12%	13%

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