

# Understanding micro business

2016 - 2017

Australia's largest solo and micro business survey



**FLYiNGSOLO**  
MICRO BUSINESS COMMUNITY

# Introduction

**Soloist, independent professional, business owner, freelancer, lifestyle entrepreneur, contractor... whatever moniker you choose, the stampede to soloism continues!**

In this our fourth survey, we are pleased to report that a resounding 85% of soloists remain happy in their work, with lifestyle factors such as flexibility and autonomy still valued as the greatest benefits of going it alone.

And, while money is not their primary motivation, our community enjoy incomes higher than Australian averages.

This report provides a clear snapshot of Australia's largest business sector exploring challenges and opportunities; demographics; technology; networking; outsourcing; marketing; exit plans and much more.

For commentary head to [www.flyingsolo.com.au/survey](http://www.flyingsolo.com.au/survey)

The largest survey of its kind, running since 2008, 'Understanding micro business' from Flying Solo provides valuable insights for Government, industry, the media and of course our micro business community!

It also gives this community the authoritative voice it deserves and helps determine the tools and resources soloists need to create a business and life they love.

A huge thanks to the 1,000+ Flying Solo community members who so generously gave their time to complete this survey.

**We love your work!**

*This survey was conducted for Flying Solo by Decibel Research. We also reference data from the Australian Bureau of Statistics (ABS).*

# Community snapshot

## Who are we?

1. **We're experienced.** Primarily Gen X and baby boomers, with 67% falling into the 40-64 age bracket and 46% aged 40-54.
2. **We're established.** 53% have been in business for 3+ years, 40% for 5+ years.
3. **We're doing well financially.** Respondents enjoy personal incomes well above the national average, with 20% earning more than \$100k. Average household incomes for families are also strong at \$114k, compared to the national ABS average of \$93k.
4. **We work from home, solo.** 65% choose to operate primarily from home and almost half have kids underfoot. 68% are the only person working in the business.
5. **Most of us are in the service business.** 84% sell services as part of the mix, 57% sell services exclusively. This compares to 16% who only sell products.
6. **We talk to each other.** While social networking is gaining ground, traditional word-of-mouth continues to be the top source of new business for 84%.
7. **We're a happy bunch.** 85% of respondents are happy in their work, and most are more enthusiastic than they were a year ago.

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# Topic 1: Business Profile

## Meet Australia's micro business owners

**To kick off the survey, we expose the who, what, why, and how long of our community.**

While we are, naturally, a diverse bunch, if you were 47, married with young children and had operated successfully as an independent professional for 3+ years, you'd be bang in the middle of our demographic.

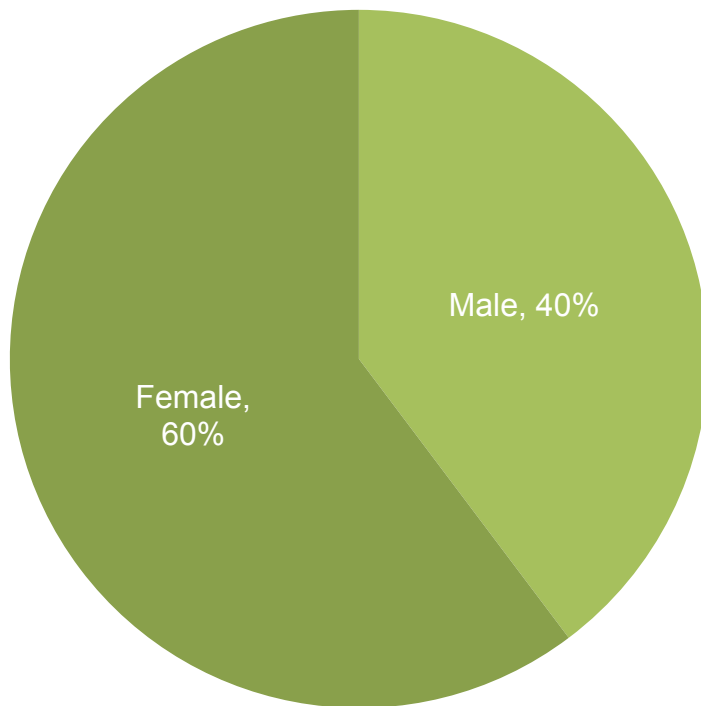
To generalise further, we're **established** (53% operating 3+ years), **experienced** (Gen X / baby boomers), mainly **selling services** (84%) to **local customers**, and we operate right **throughout Australia** across metro and regional areas.

Remarkably, these statistics are virtually unchanged from the data we collected in our previous surveys starting back in 2008.

# Business Profile

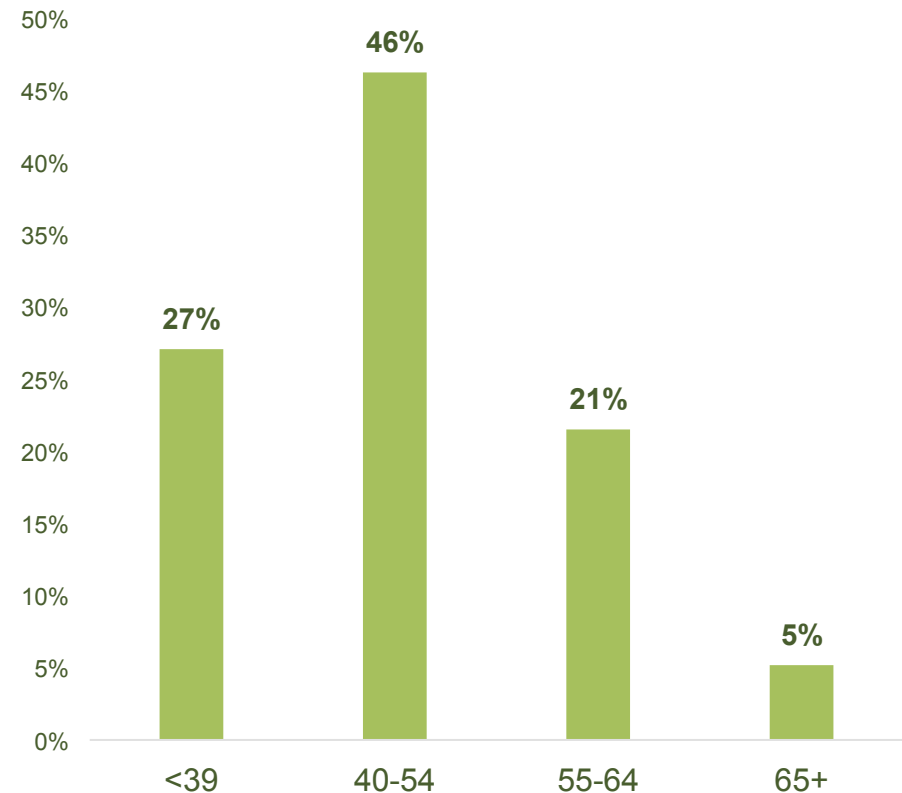
## GENDER & AGE

### Gender



While this survey indicates a bias to women in line with past studies, our website analytics puts our audience's gender split at 50/50, which may suggest females are more willing to share their opinions.

### Age

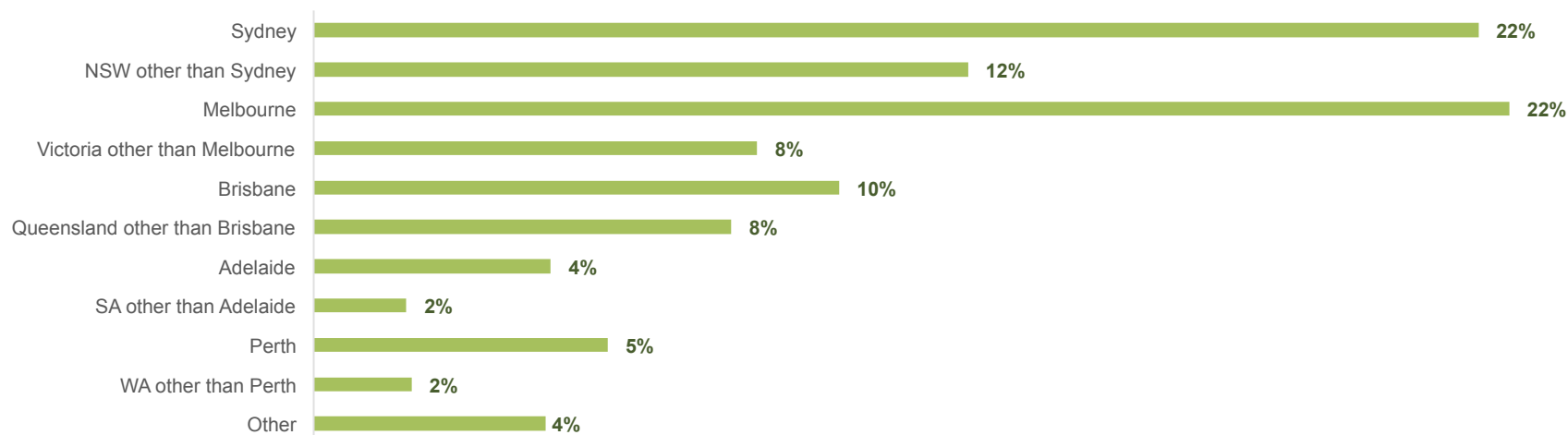


The bulk of respondents (67%) are aged 40-64, with nearly half in the 40-54 band. One in five are between 55 and 64. This is in line with previous waves of the study.

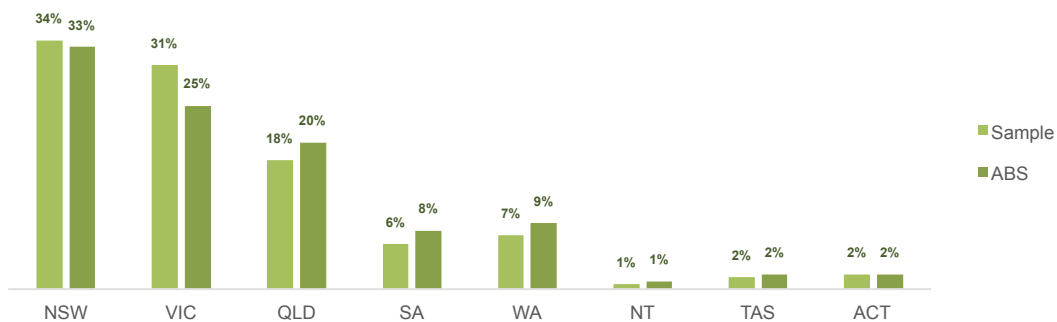
# Business Profile

## LOCATION, STATE & REGION

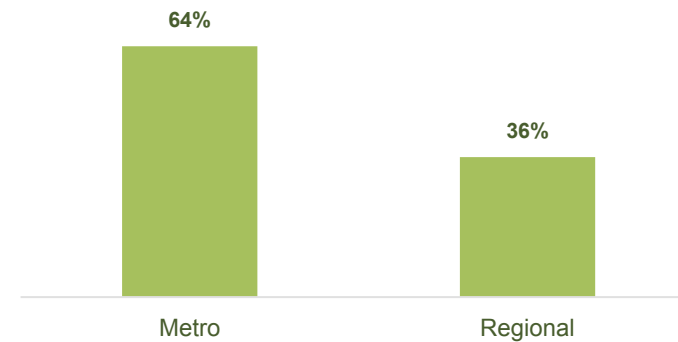
### Where are you based?



### State



### Region

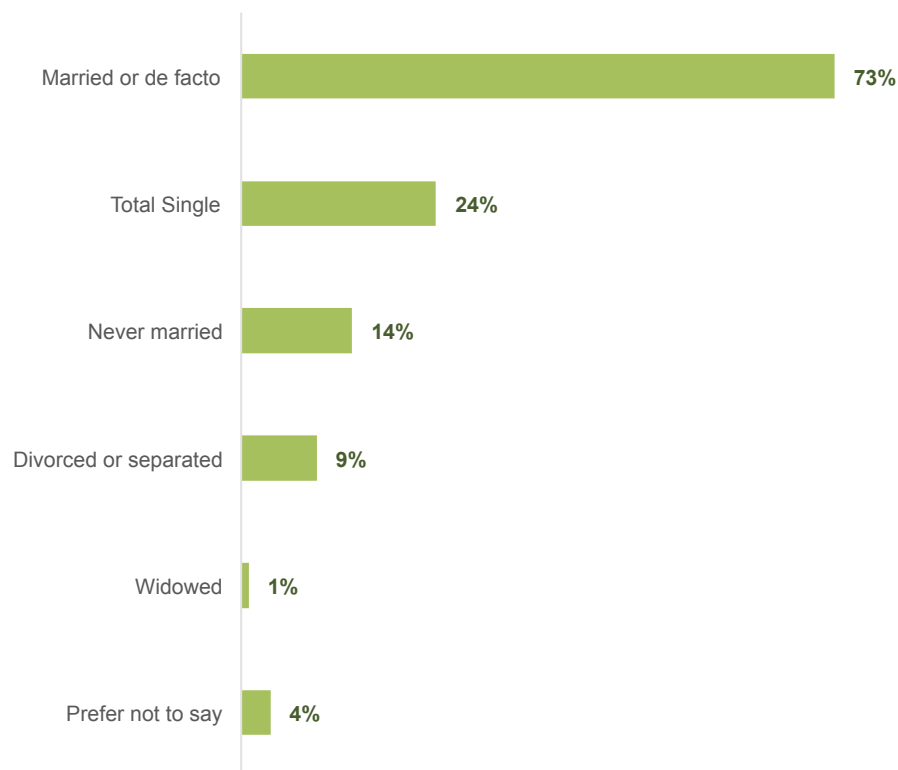


As a national community, it is not surprising that the geographic profile of Flying Solo is closely aligned to a nationally representative ABS sample across metropolitan and regional areas.

# Business Profile

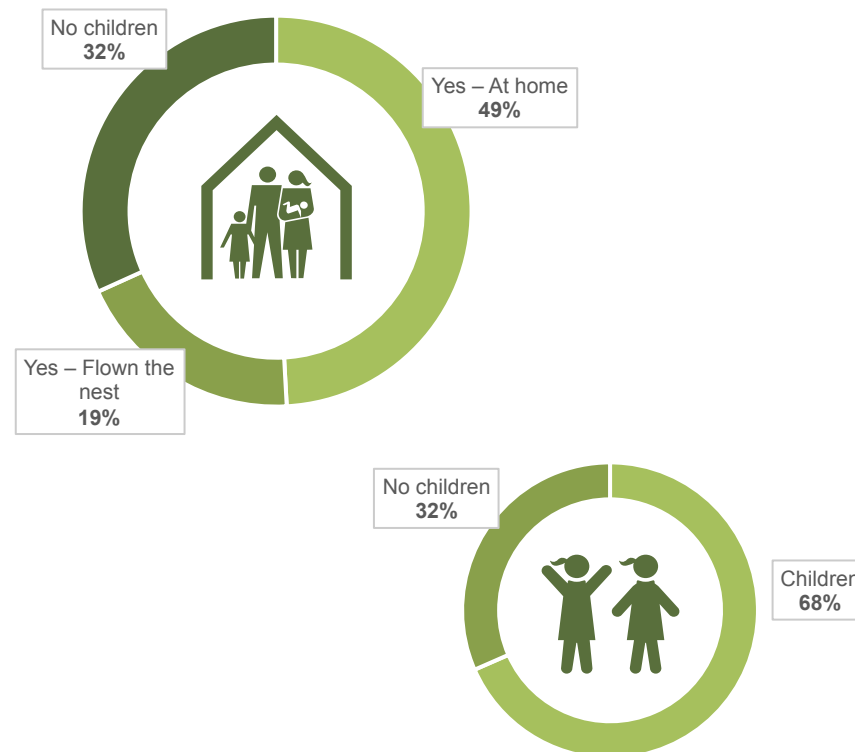
## MARITAL STATUS & CHILDREN IN HOUSEHOLD

### Marital status



The majority of the sample (73%) are either married or in a de facto relationship.

### Children in household



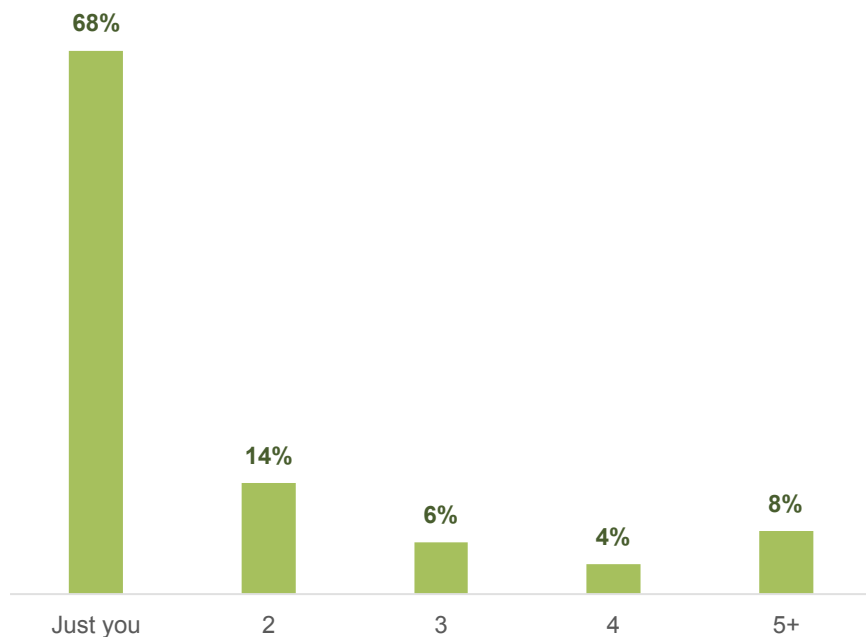
68% of the sample have children, with 49% still sleeping under the same roof. 19% have children who have flown the nest.



# Business Profile

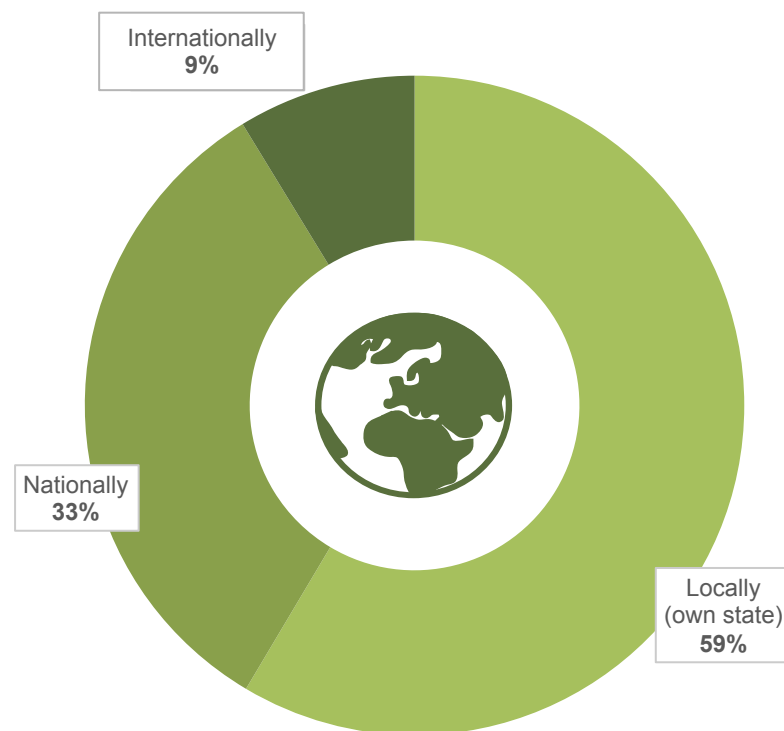
## NUMBER OF EMPLOYEES & SALES CHANNEL

How many employees?



The majority of the sample (68%) are sole operators.  
Almost 1 in 3 have more than one employee.

Where do you mostly sell your products or services?

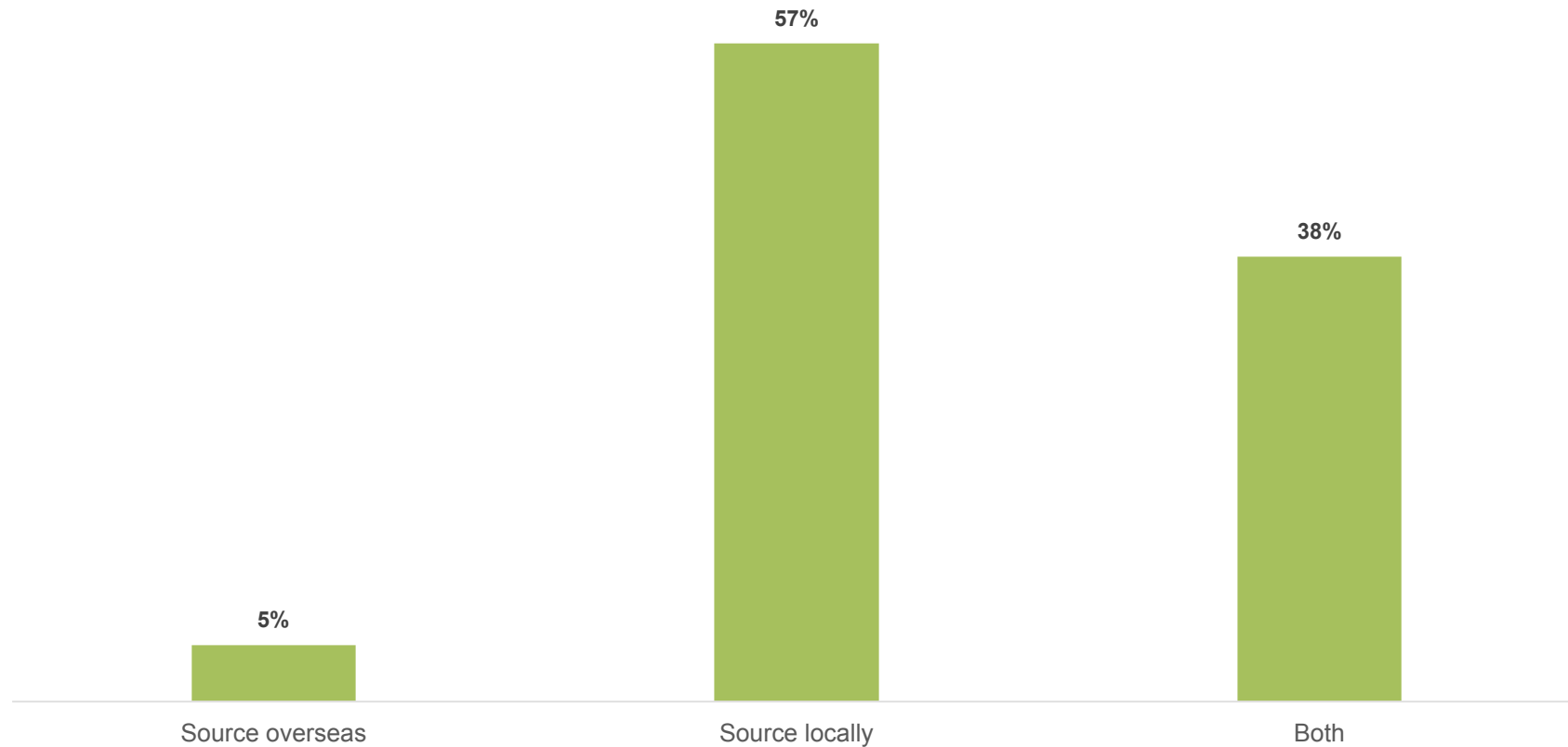


Mostly the sample sell within their own state.  
Less than 1 in 10 sell their product or service internationally.

# Business Profile

## SOURCE PRODUCTS OVERSEAS OR LOCALLY

Do you source your products overseas or locally?

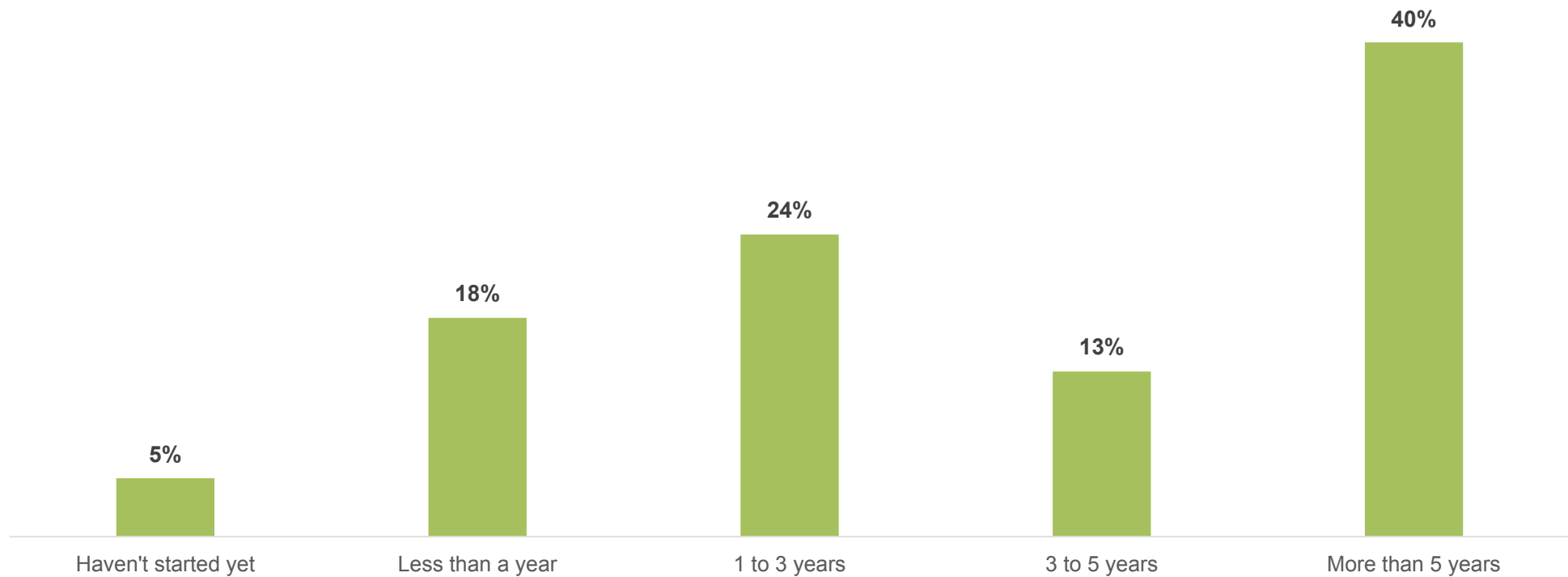


Products are largely sourced locally, 57% exclusively and 38% both locally and overseas.

# Business Profile

## YEARS OF OWNERSHIP

### How long have you run your business?

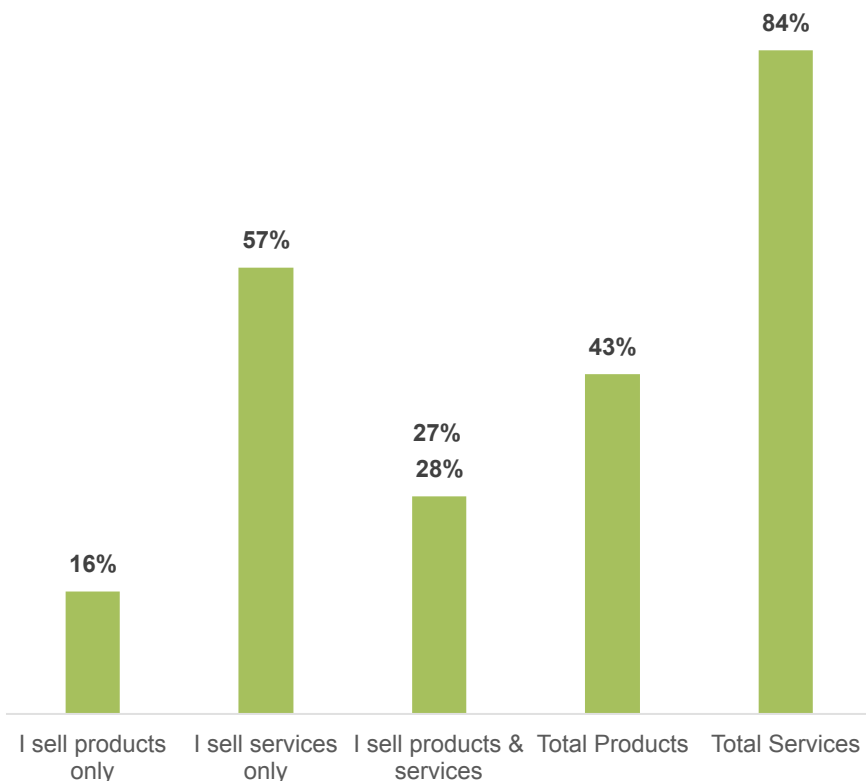


An experienced and established group, 77% of individuals surveyed have been operating for over a year, with 53% running for more than 3 years. A healthy 40% report to have been trading for over 5 years.

# Business Profile

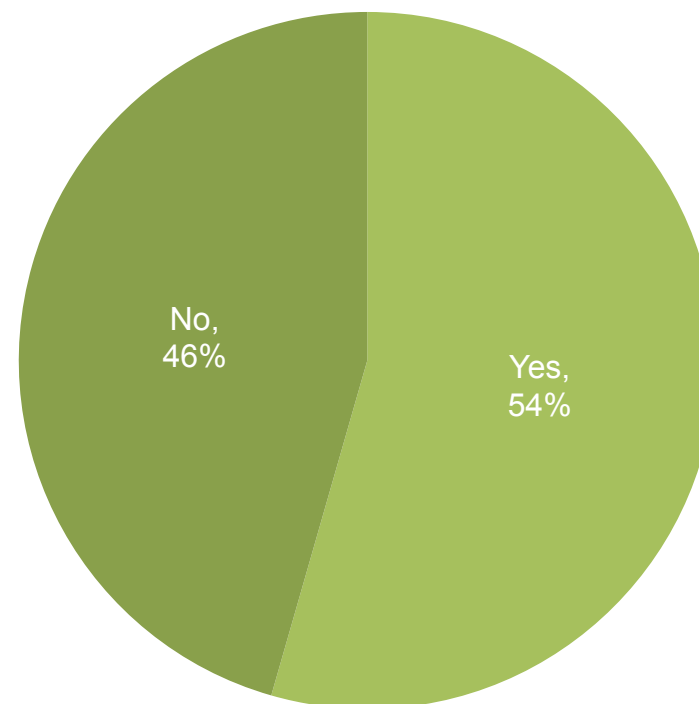
BUSINESS TYPE, CREATOR / VENDOR

Which best describes your business?



84% of the sample provide a service, with a quarter also selling products.

If you do sell products, do you create them yourself?



Of those who sell a product, just over half create it themselves. These would include digital products sold online.

# Business Profile

## INDUSTRY

### Broadly, what industry are you in?

Business consulting: support, coaching & admin	Audio-visual
Technology and Web services	Sport & leisure
Health & wellbeing	Tourism & travel
Advertising & marketing	Landscape & outdoors
Design, illustration, photography, architecture, arts	Events & entertainment
Writing, Editing & Publishing	Promotions & gifts
Finance and insurance	Property
Beauty & fashion	Engineering & machinery
Food & hospitality	Legal services
Public relations & media	Automotive
HR & careers	Domestic & personal services
Trade	Printing
Manufacturing	Environmental
Speakers & facilitators	

65% of the sample fall into a broad 'professional services' classification, with the opening category accounting for nearly 20%. Largely consistent with past waves of the study, the main growth area is within the tech sector.

# Topic 2: Workstyle

## On the move

**Here we explore workstyle, covering where people like to work, who with and for how long.**

The average hours worked was 32, mostly undertaken at home (65%). On average males worked longer hours in their business than females (35 hours compared to 29), and established businesses put in more hours than those under a year old (37 hours compared to 25).

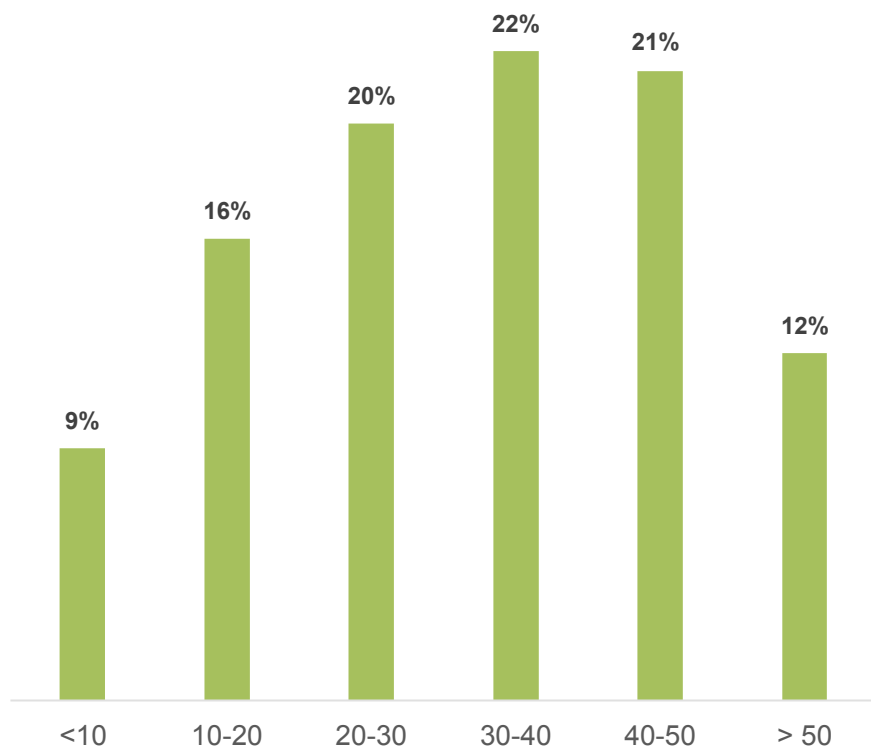
While 71% are happy in their workspace, respondents also enjoy the opportunity to work elsewhere. Along with the usual suspects of cafés and other offices, the survey revealed diverse work locations like public transport, libraries, outdoors and school pick up zones!

The number of people working mostly from home has fallen slightly over the years, which may reflect a greater range of alternative work spaces and of course, the nomadic lifestyle that mobile technology enables. When it comes to working solo or with others, 68% wanted a mix, with established businesses more likely to choose to work alone.

# Workstyle

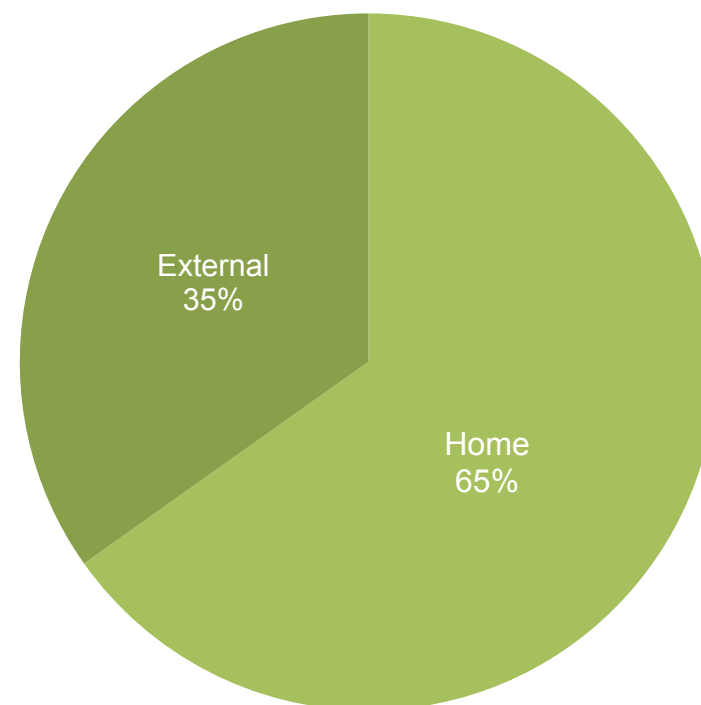
## BUSINESS BASE & HOURS WORKED

Approximately how many hours do you work in your business each week?



Consistent with previous waves of the study, more than half of the sample work full time (30+ hours a week), with the average found to be around 32 hours.

What percentage of your work is at home?

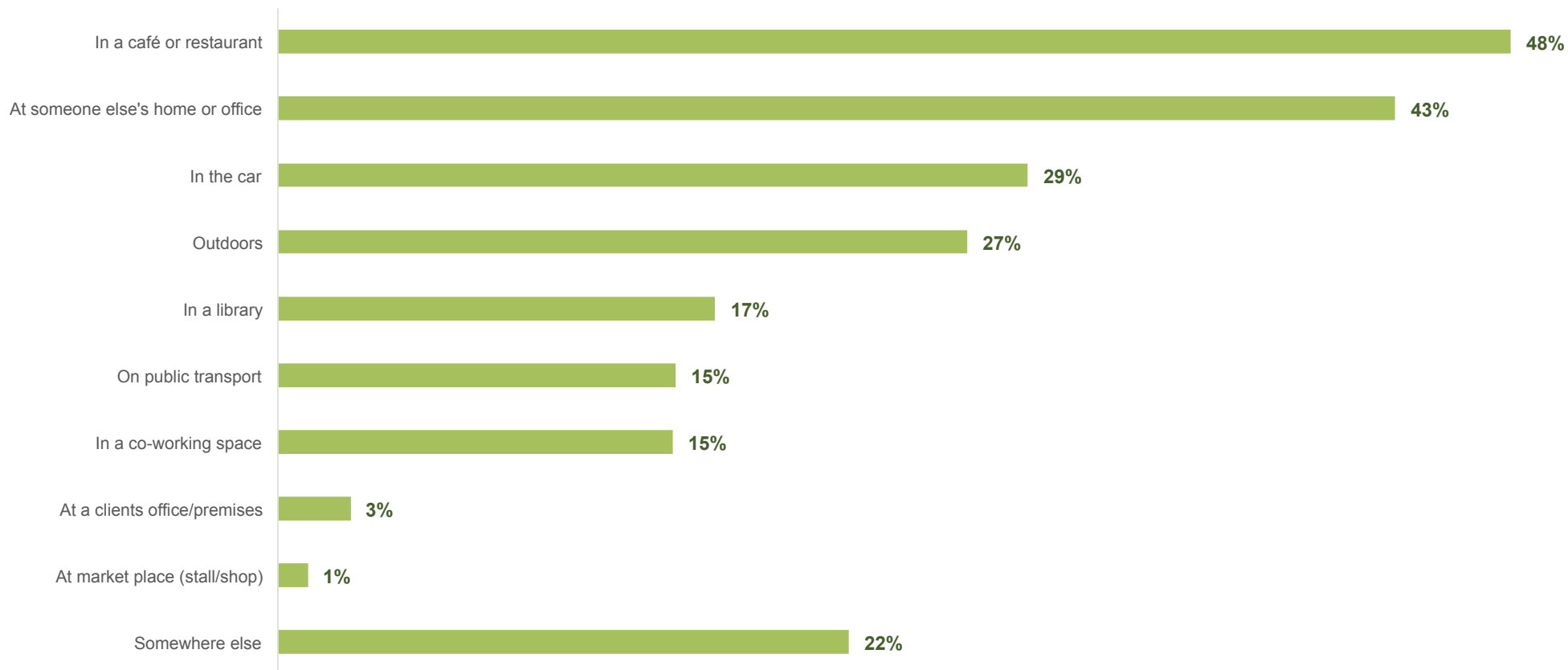


65% of the sample run their businesses from home. This slight decline from previous waves of the study is balanced by an increase in other work locations.

# Workstyle

## OTHER WORK LOCATIONS

### Do you sometimes work in the following locations?



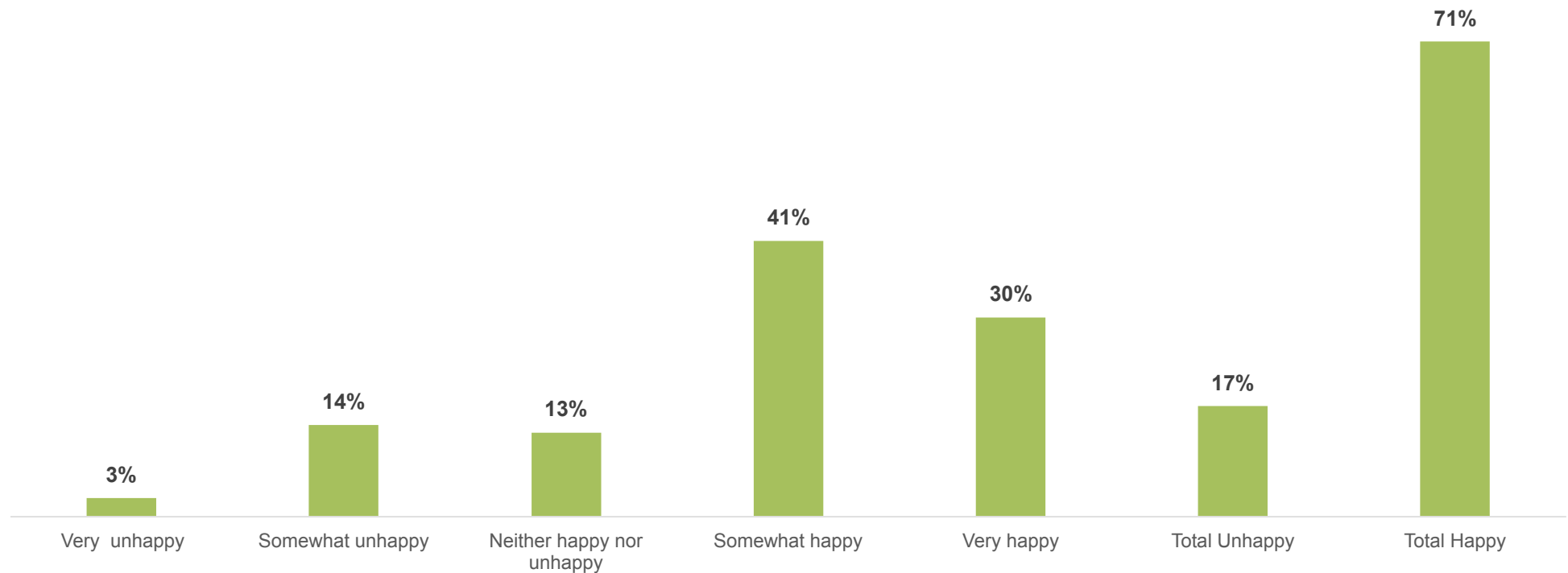
The trend towards working on-the-go is clearly supported by these results. Popular external locations include cafés/restaurants, clients' offices and outdoors. 'Somewhere else' responses covered airports, overseas, hotels - even school pickup zones!



# Workstyle

## SATISFACTION WITH WORKSPACE

### How happy are you with your current workspace?

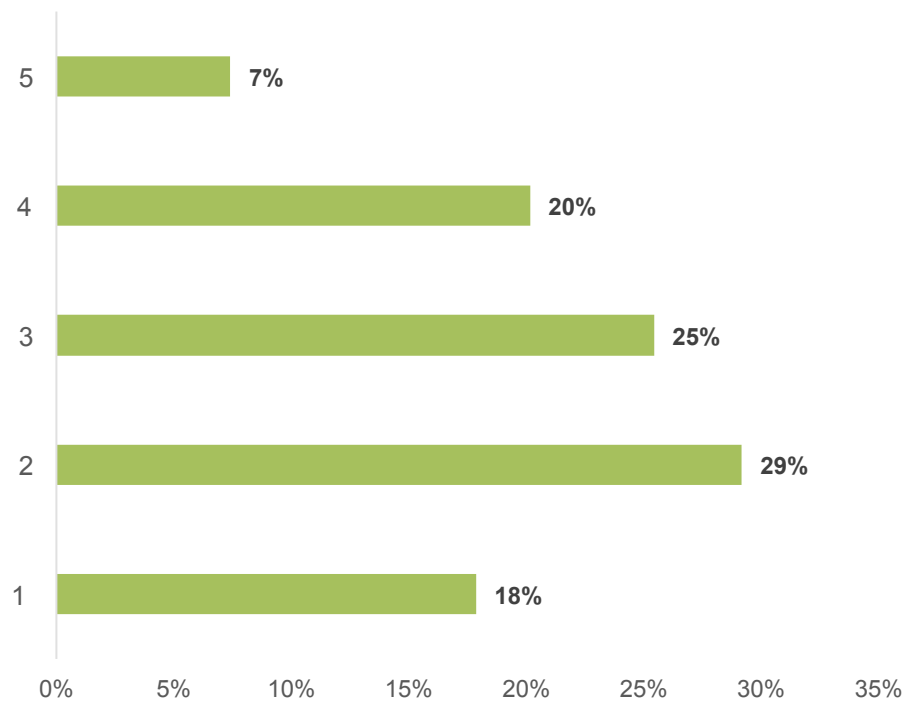


The resounding majority (71%) are happy in their workspace, which is consistent with past studies.

# Workstyle

## CO-WORKING SPACES & WORK PREFERENCE

### Does a co-working space appeal to you?

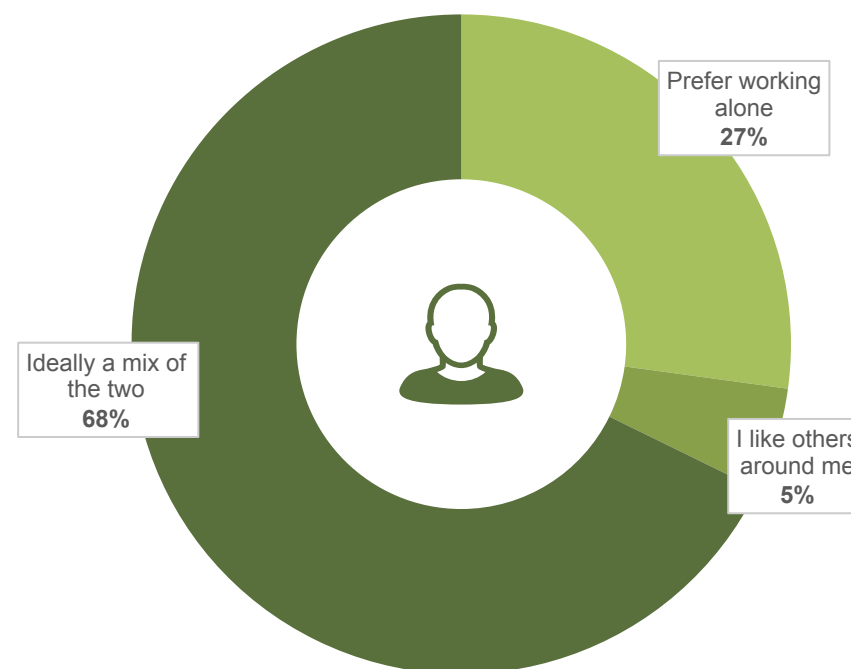


1 = No appeal

5 = Strongly appeal

A quarter of respondents show some interest, however at this time, the concept of co-working spaces holds little or no appeal for 72%.

### Do you like to work alone, or with others?



While 27% are committed lone workers, the vast majority (68%) like a mix of working by themselves and alongside others.

# Topic 3: Marketing & Networking

## Spreading the word

**Revealing how soloists market their business, this section exposes which methods are most effective and explores online and offline connection.**

Interestingly the amount of effort that goes into marketing varies greatly, with 44% spending little or no time, while 25% devote a day or more a week. This is surprising given that finding clients still presents the biggest challenge for 44% of businesses as we discover later in the report.

Reflecting the benefits of an established client base, 17% of those who've been in business longer than five years didn't spend any time on marketing, with 76% of that group relying on repeat business.

Word-of-mouth still reigns supreme, with 84% using it effectively, unchanged since 2008.

*Continued over...*

# Topic 3: Marketing & Networking

Websites and repeat business are also popular marketing channels at 65% each, with activity on social media (61%) increasingly seen as a generator of new business – more than doubling in recent years.

Facebook is ranked highest amongst the social networks, closely followed by LinkedIn and then online forums. In general, females (68%) are more likely to use social networking than males (49%).

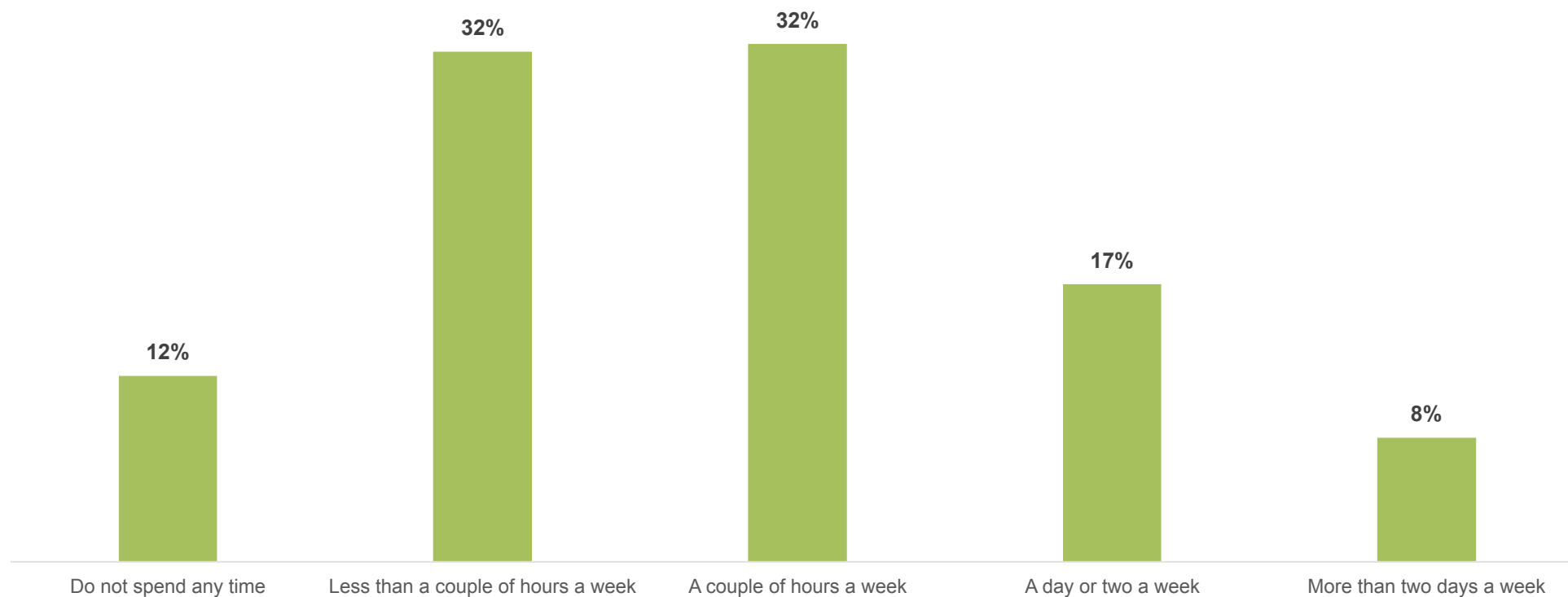
Beyond connecting online, business owners still like to meet face-to-face, although this is in decline. In 2010, 56% attended events at least monthly, compared to 36% today – a change which coincides with the rise in online networking.

The preferred style of networking continues to be informal, small and intimate gatherings.

# Marketing & Networking

## TIME SPENT GENERATING NEW BUSINESS

How much time do you devote to finding new business?

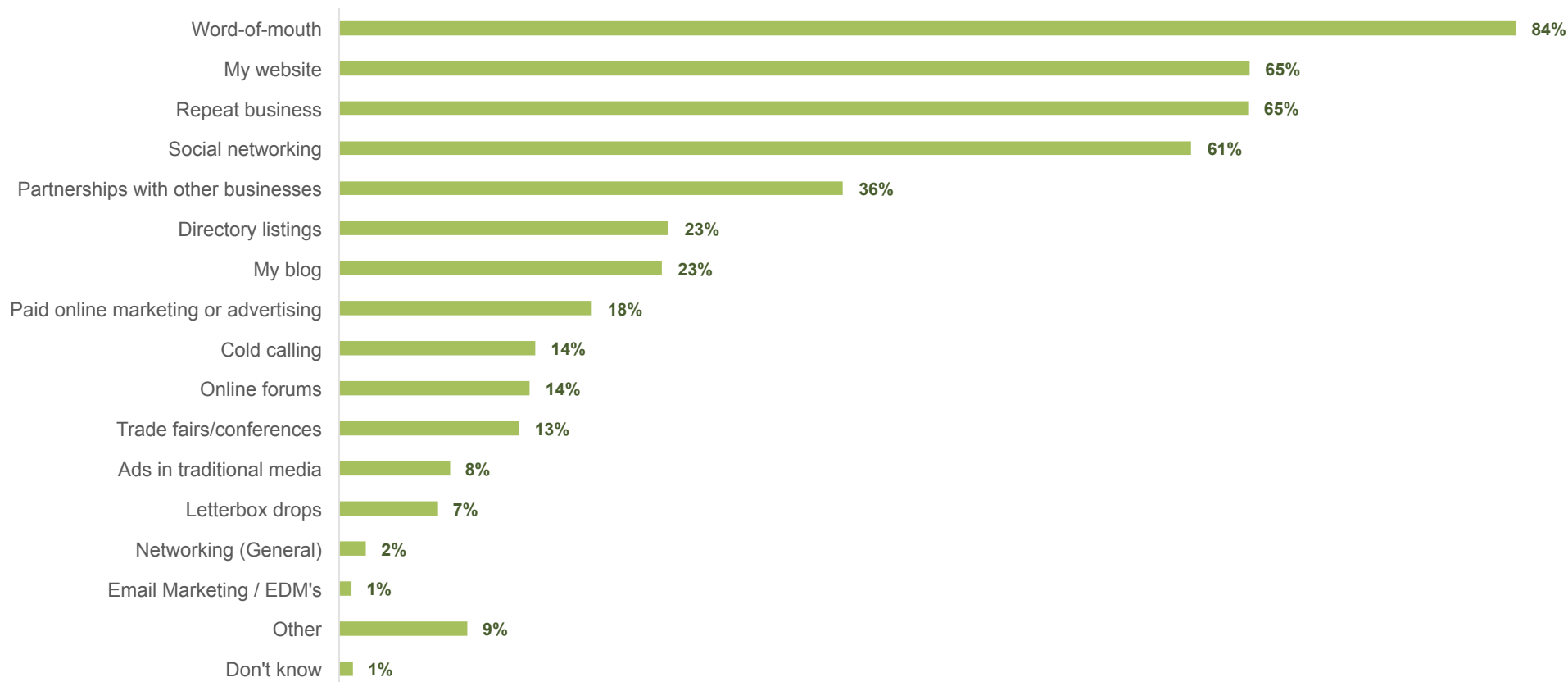


In line with past waves of the study, around 2 hours per week is the average time spent on business development. However, 44% spend little or no time, while 25% devote more than a day a week.

# Marketing & Networking

## WAYS OF GENERATING NEW BUSINESS

### Which of the following methods do you use to generate new business?

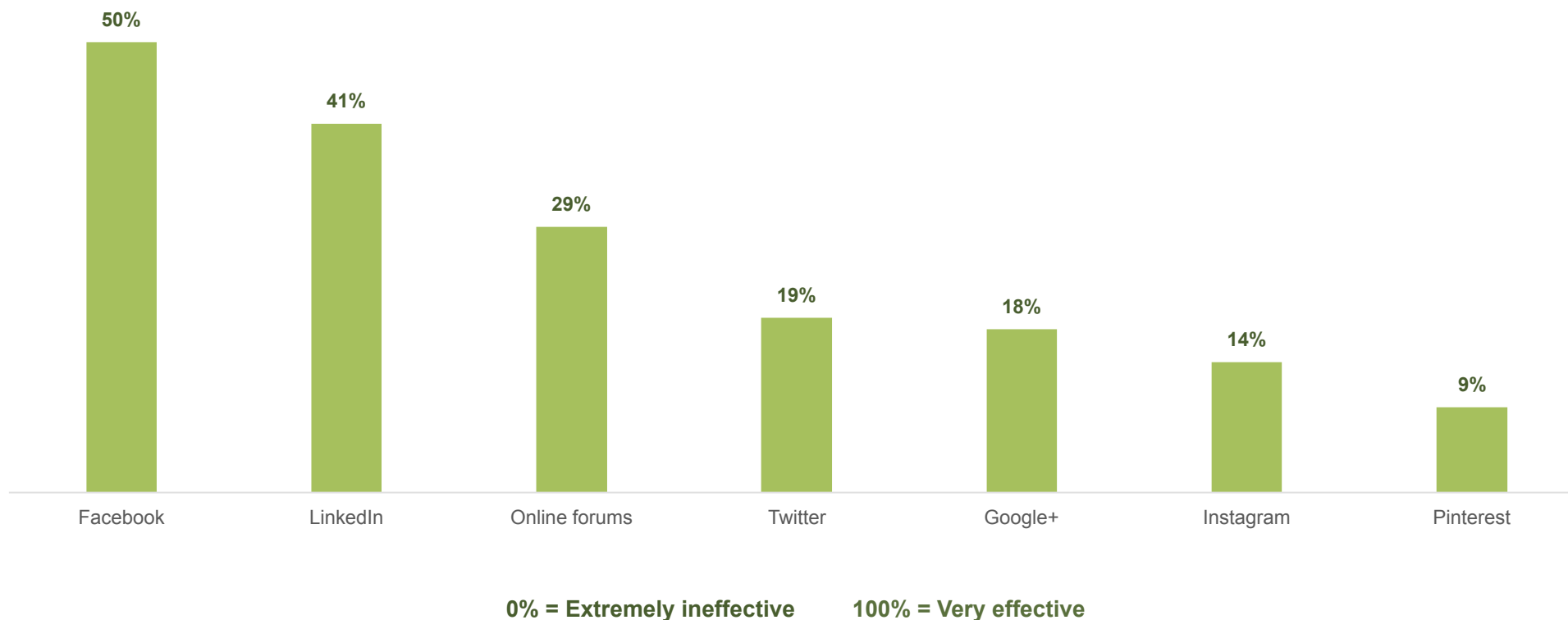


Consistent with previous years, word-of-mouth (84%) continues to be by far the most popular form of generating new business. At 65%, both websites and repeat business are very important, with social networking also ranking highly at 61%.

# Marketing & Networking

## EFFECTIVENESS RATING OF SOCIAL NETWORKING

What is the most effective social media for your business?

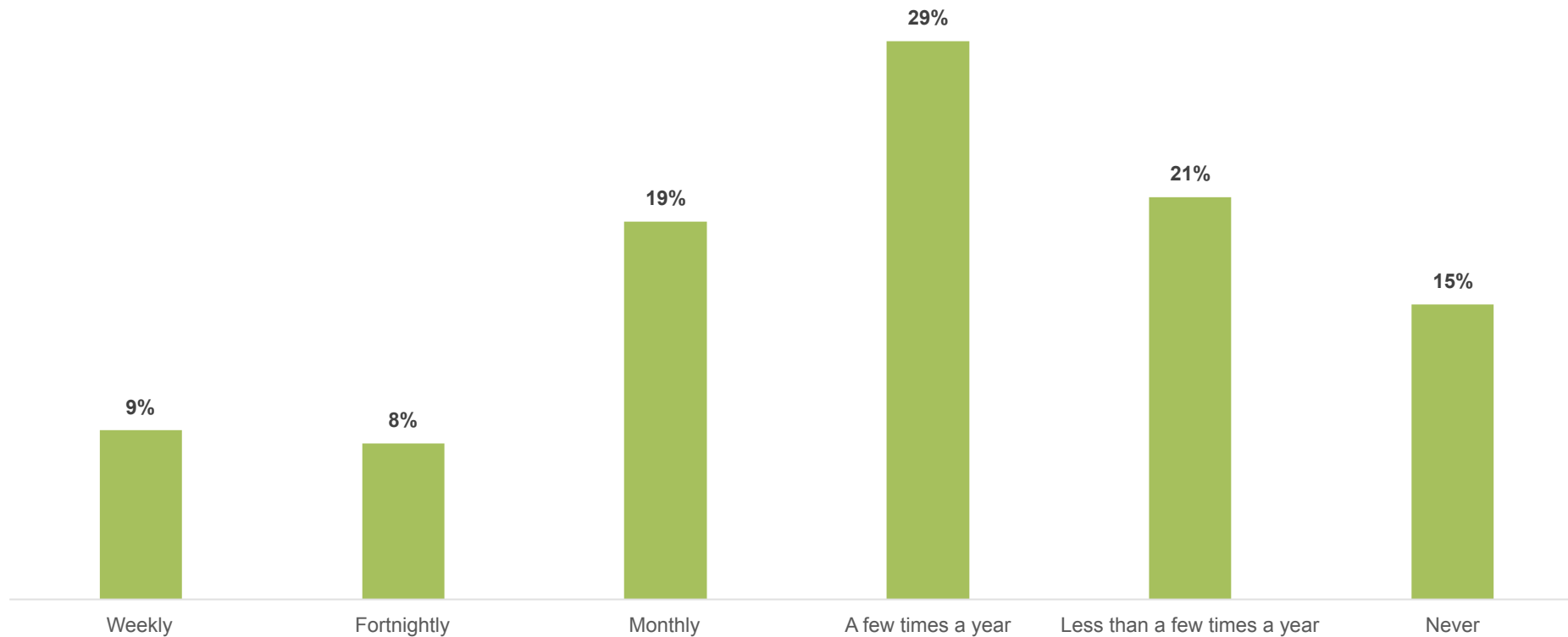


Compared to past waves of the study, Facebook has now overtaken LinkedIn as the most effective social media platform for our community, nudging online forums to third place.

# Marketing & Networking

## ATTENDING NETWORKING FUNCTIONS

### How often do you attend face-to-face networking?



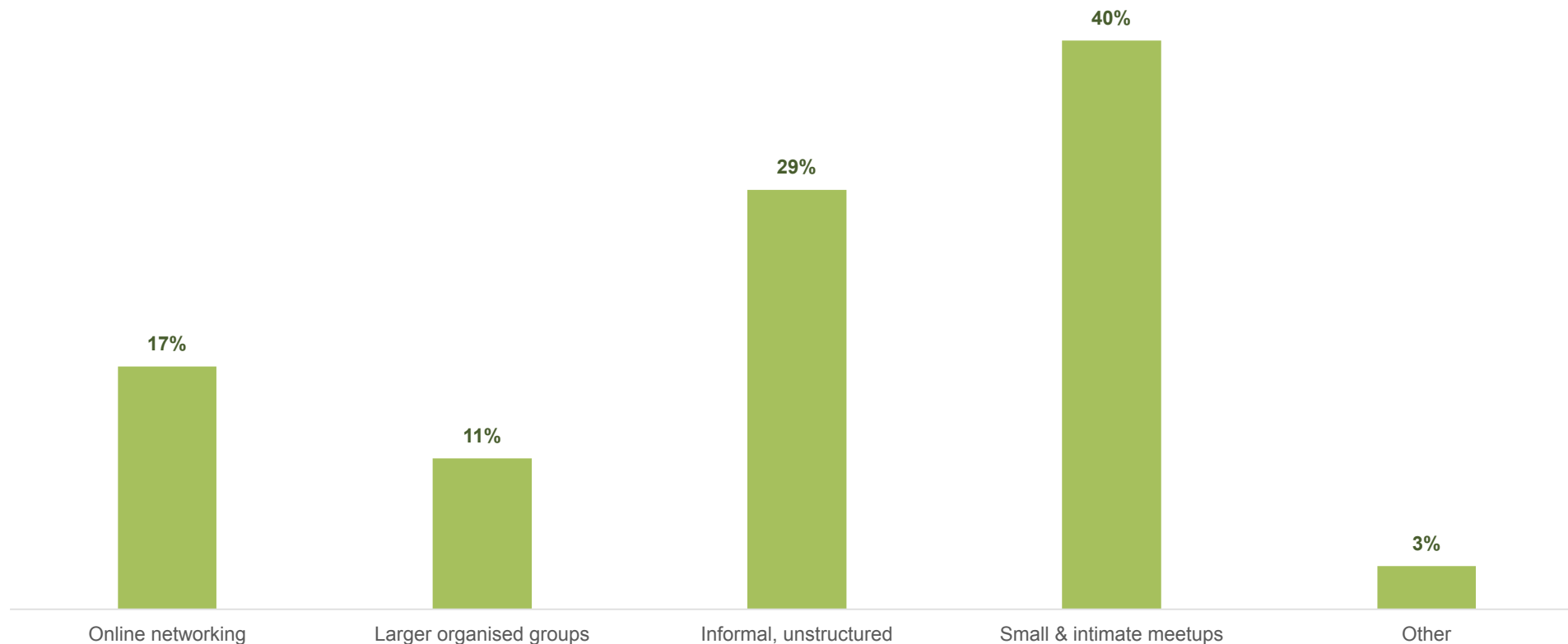
36% of business owners go to networking events at least monthly, compared to 56% back in our 2010 study.



# Marketing & Networking

## PREFERRED NETWORKING STYLE

What is your preferred style of networking?



The need for genuine connection is indicated in a preference for networking in small groups. Only 11% like larger groups, a number down from 17% in 2008.

# Topic 4: Technology

## Business owners talk tech

**From smartphones and websites to cloud computing and morning rituals, we examine the technology habits of our community.**

Unsurprisingly, interaction with technology has been on the rise since 2008, when a third of respondents didn't have a website. Today, 85% consider a website a must-have.

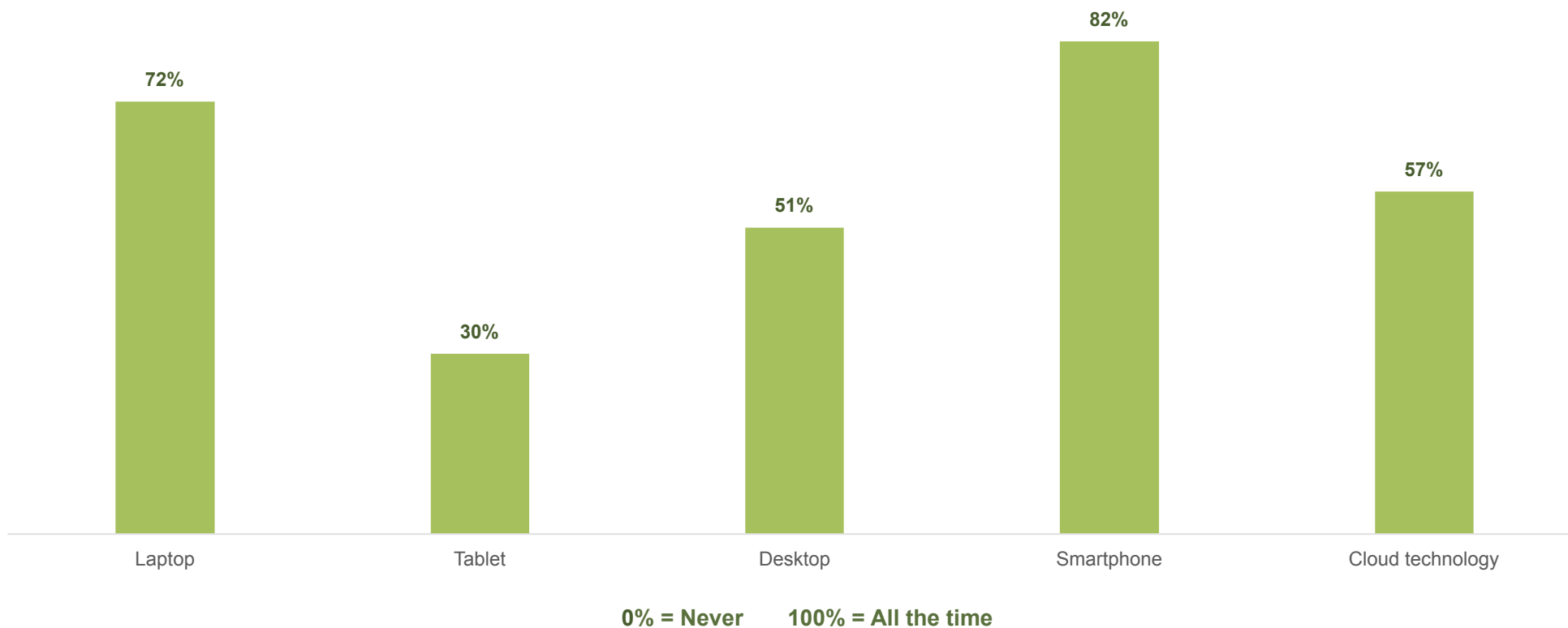
82% use smartphones for their business, a whopping 40% increase since 2010. Cloud technologies are proving popular with 57% of respondents. And in what seems to be a trending figure in this segment, 85% report checking in online first thing each morning.

The fact that nearly two-thirds of people sleep with their smartphone by their bed supports the idea that connecting online is a high priority. This habit is much more prevalent in under 40s than over 55s (85% compared to 41%).

# Technology

## TECHNOLOGY USED FOR BUSINESS

To what extent do you use the following?

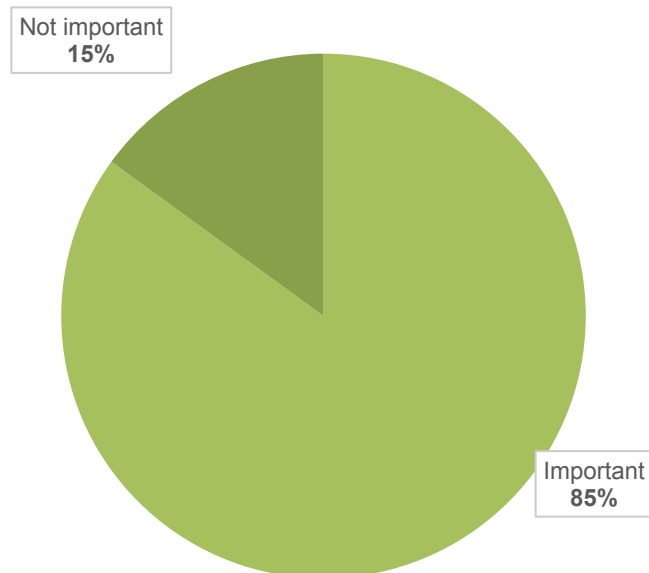


Compared to past waves of the study, use of cloud technologies show the largest increase, with a rise in smartphone usage offsetting a corresponding decline in desktop.

# Technology

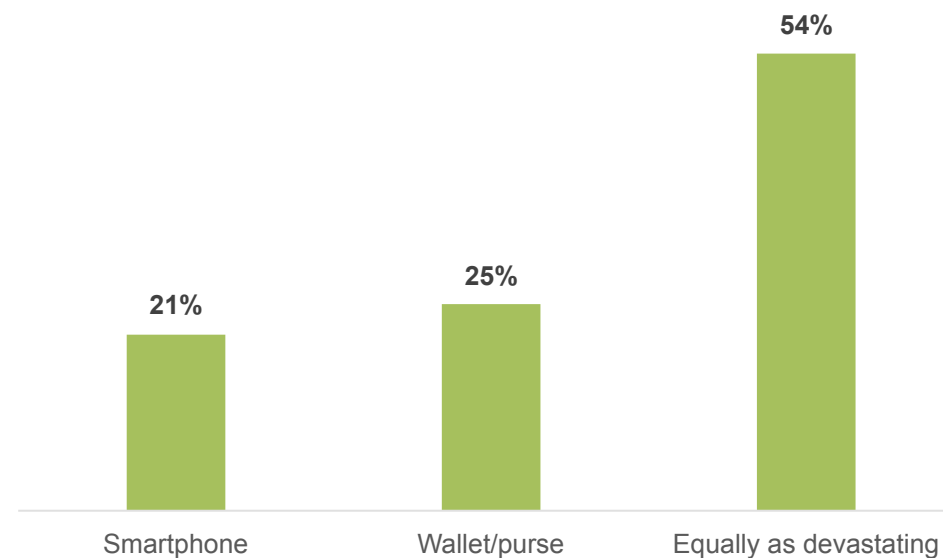
## IMPORTANCE OF WEBSITES AND ATTACHMENT TO SMARTPHONE

How important is a website to your business?



Mirroring past findings, websites are an essential business tool. Although a few still rely on word-of-mouth, personal relationships and online directories/platforms.

Which of the following would you least like to lose?

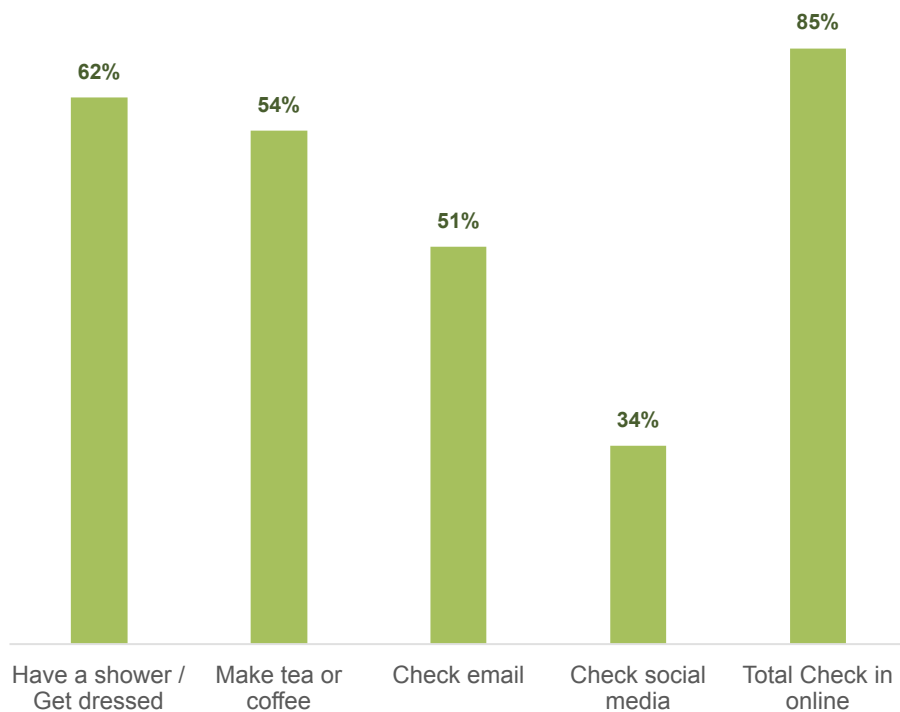


The thought of losing a smartphone is just as distressing as losing a wallet for today's business owner. Effectively the realisation of a goal for the late Steve Jobs!

# Technology

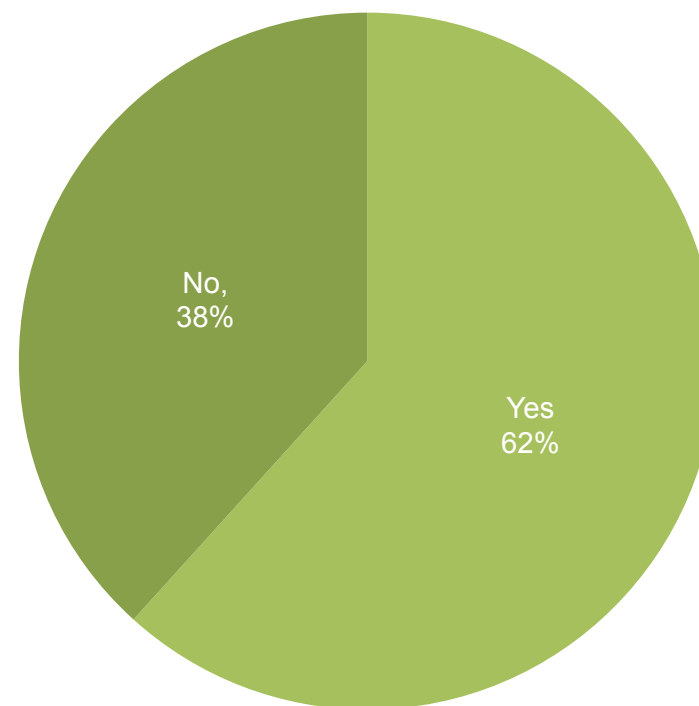
## MORNING RITUAL & TECHNOLOGY DEPENDENCY

In the morning, in which order do you do the following?



While showering, getting dressed and making a brew topped early morning activities for the majority, for under 40s, the inbox overtook the cuppa (27% vs 23%) and competed closely with social media at 22%.

Do you keep a smartphone or tablet by your bed?



62% of respondents sleep with their phone by their bed. Naughty, naughty!

# Topic 5: Outsourcing

## Working solo, but not alone

**Here we look at the who, what and where of outsourcing.**

If there's an area that has grown in popularity, this is it. 80% of respondents now use outsourcing, up from 27% in 2012.

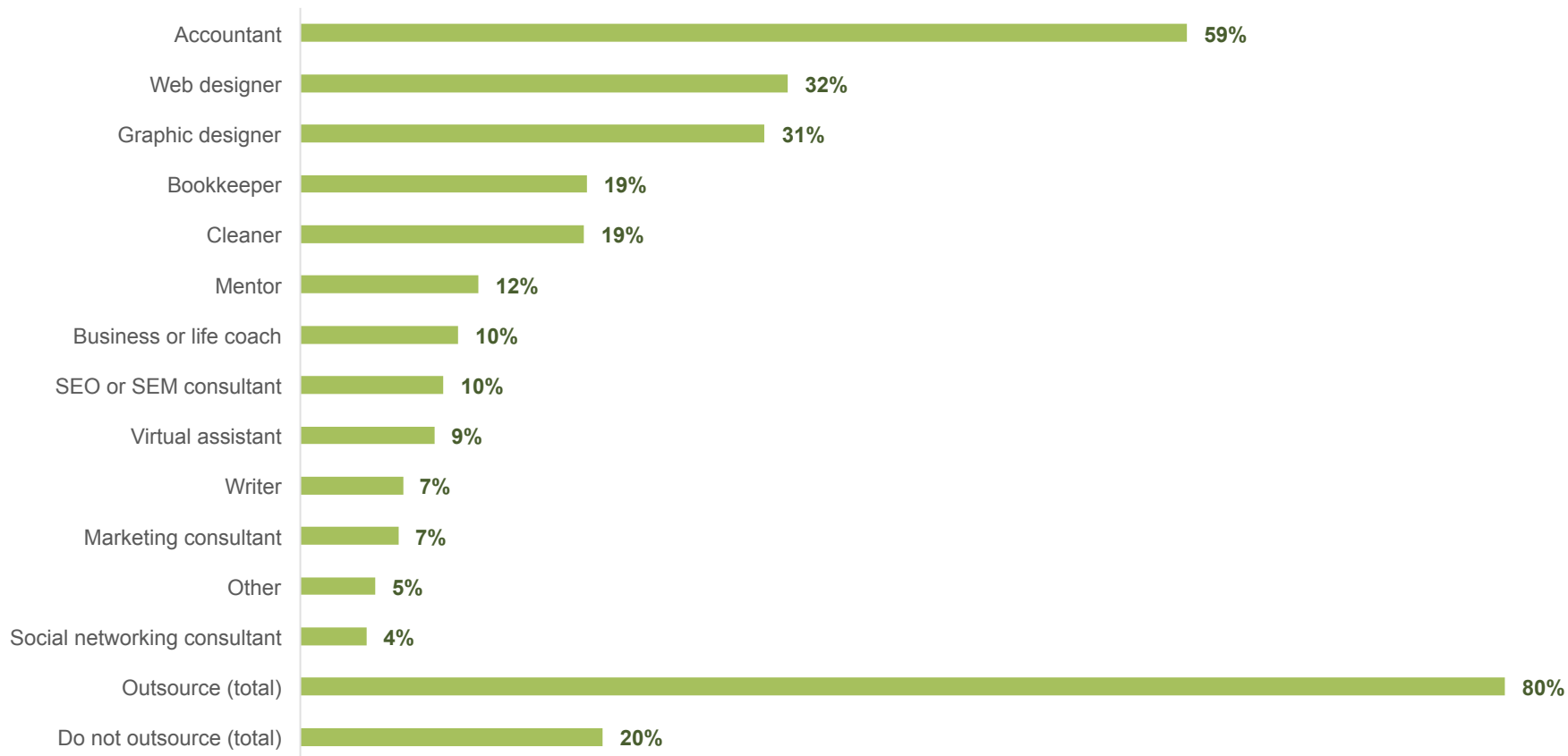
This growth clearly shows that soloism is maturing. Business owners can finally shake off the 'do it all' stereotype as they increasingly identify the best use of their own time, and outsource the non-essential. This is also an encouraging trend as it demonstrates a willingness to use each others services, thereby fuelling the engine of their own growth.

While preference for using local providers remains high at 61%, there is evidence that the global economy is being increasingly embraced, with 39% of those who outsource doing so offshore, compared with just 20% in 2012.

# Outsourcing

## SERVICES OUTSOURCED

### Which of the following services do you currently outsource?

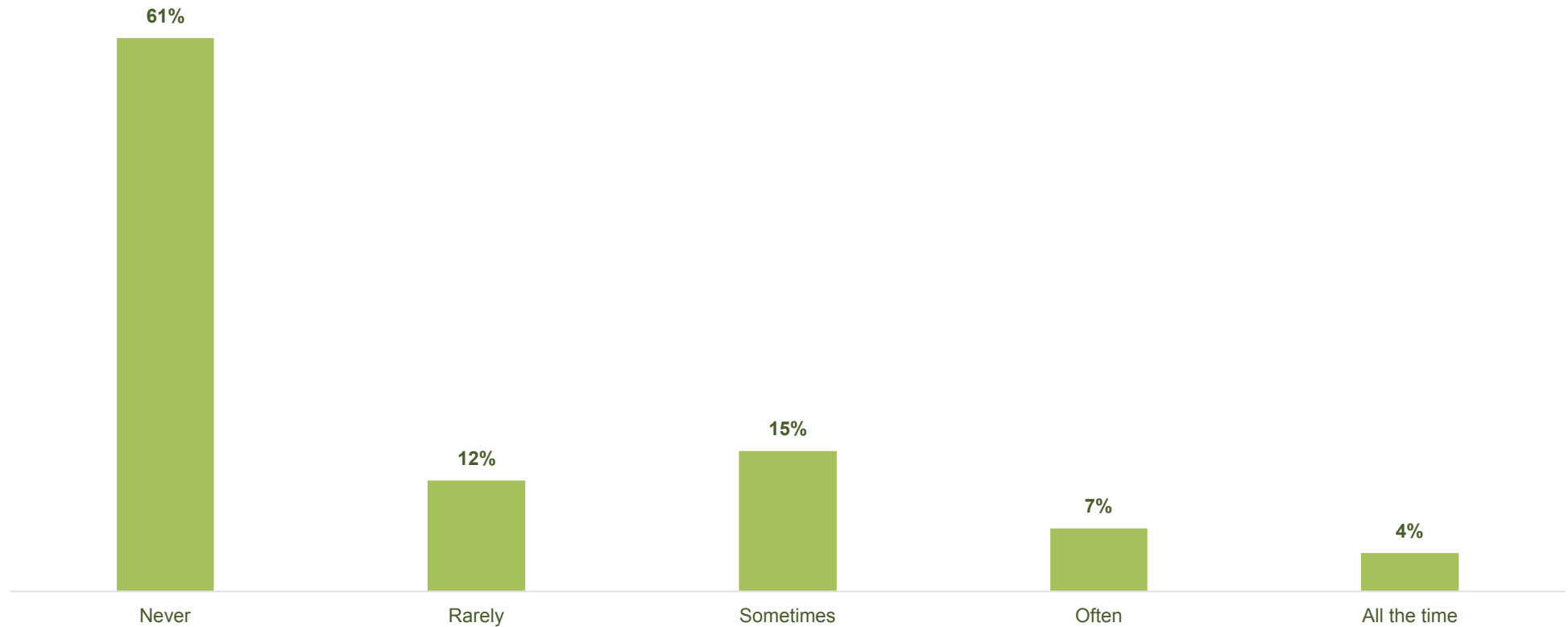


80% of respondents outsource at least one business task.  
The service most readily outsourced is accounting.

# Outsourcing

## OFFSHORE FREQUENCY

### How often do you outsource offshore?



While 61% of respondents do not outsource offshore, the 39% who do has nearly doubled since 2012.



# Topic 6: Mindset

## Challenges and opportunities galore

**Ups, downs, growth, exits, happiness and lifestyle are revealed as we explore the psyche of soloists.**

Lifestyle factors remain hugely appealing to our community, with control and the ability to work from home valued highly. In fact half of respondents stated flexibility was the number one benefit of going it alone, a finding consistent with past surveys. Happiness levels are consistently high, pegged at 85% this time and 86% in 2010.

While finding clients remains the biggest challenge for 44% of respondents, we were encouraged to see a drop in the number who find 'not enough hours in the day' an issue (28% vs 34% in 2010). It still affects a decent number, but suggests improvement on the time management front.

The average respondent reports being much busier since they embarked upon their business journey, however they also report being more self-aware, happy, positive, fulfilled and confident.

*Continued over...*

# Topic 6: Mindset

Plans for business growth have remained relatively unchanged over the years, with 47% wishing to stay small and profitable.

72% of respondents have no exit strategy. Indeed, 83% describe themselves as 'stayers' committing to their business for the long haul. Furthermore, 54% don't think they could work for anyone else.

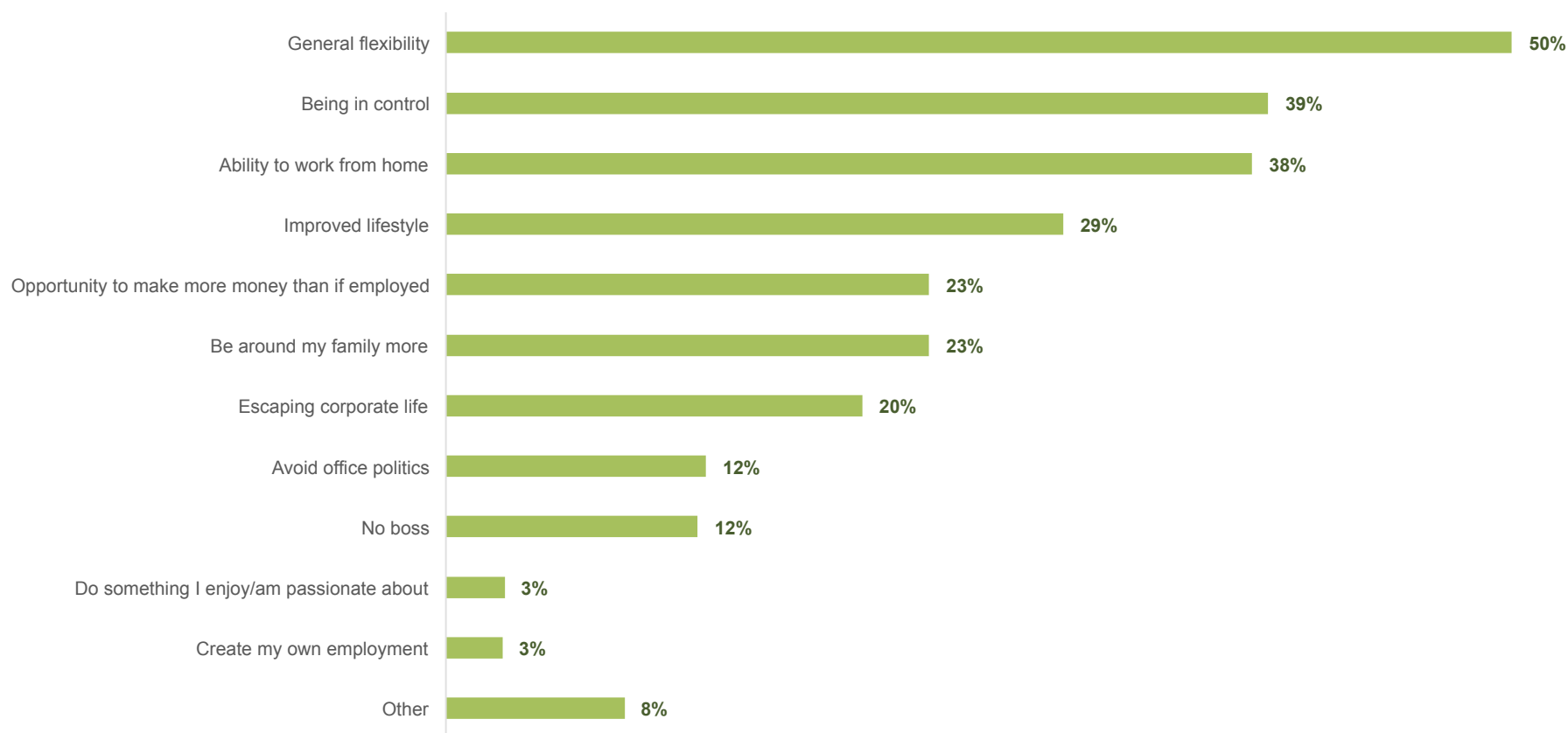
While 30% of respondents reported having had a business that is no longer running, a mere 13% described this as a 'failure'. The most common reason identified for cessation was that the business had run its course (27%) or never got off the ground (24%).

Other reasons given for business closure were related to individual circumstances such as an employment offer, sale, change of direction and so on.

# Mindset

## BENEFITS OF RUNNING YOUR OWN SHOW

### What most appealed to you when starting your own business?

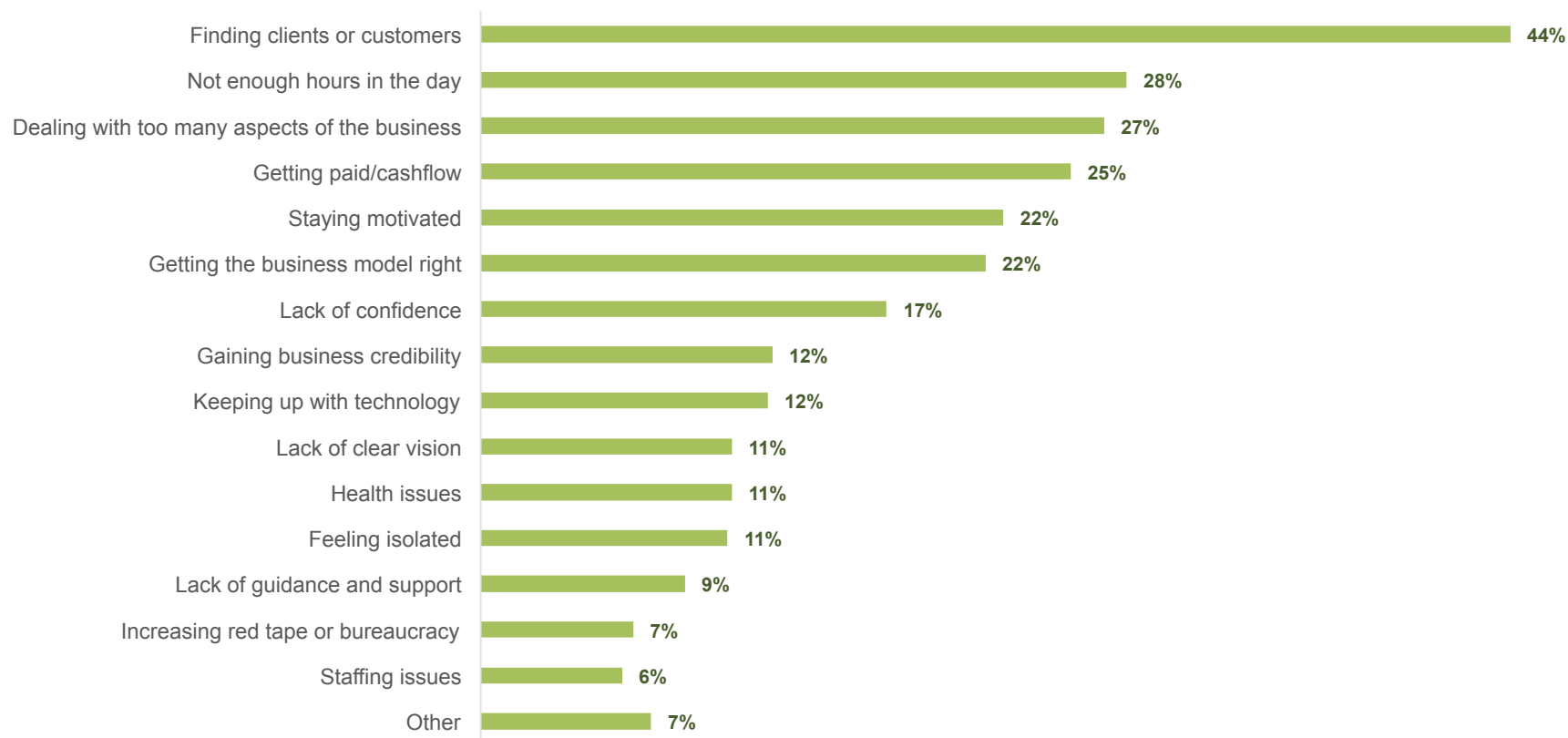


Consistent with previous waves of the study, lifestyle factors are of the greatest appeal, with flexibility, autonomy and working from home at the top of the list.

# Mindset

## BIGGEST CHALLENGES

### What were your biggest challenges in the last 12 months?

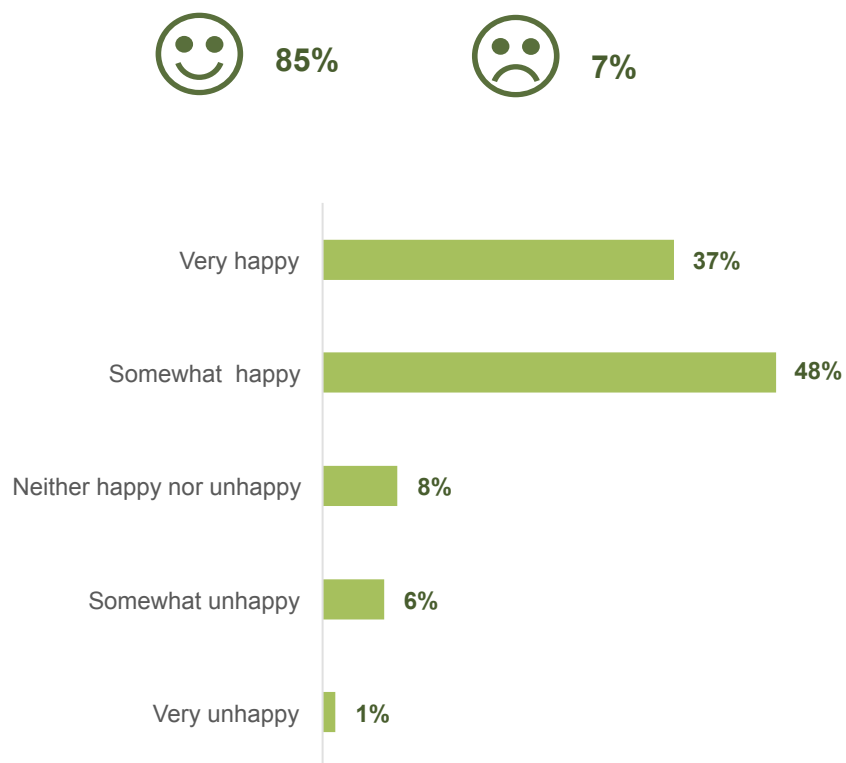


The biggest challenge facing business owners (44%) is finding new customers. Overwhelm is clearly an issue, with time pressure and wearing too many hats ranking highly, just in front of cashflow and motivation. These challenges are consistent with past waves of the study.

# Mindset

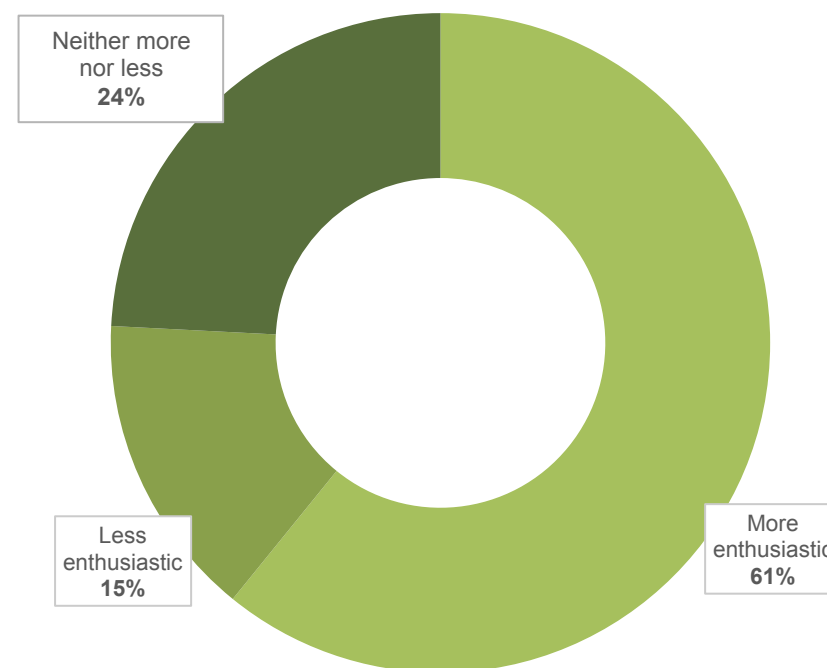
## HAPPINESS AND ENTHUSIASM

### How happy are you in your work?



In line with past studies, the overwhelming majority are happy in their work. A resounding 85% rate themselves either somewhat or very happy, with just 7% feeling unhappy.

### Compared to a year ago, how enthusiastic are you about your business?

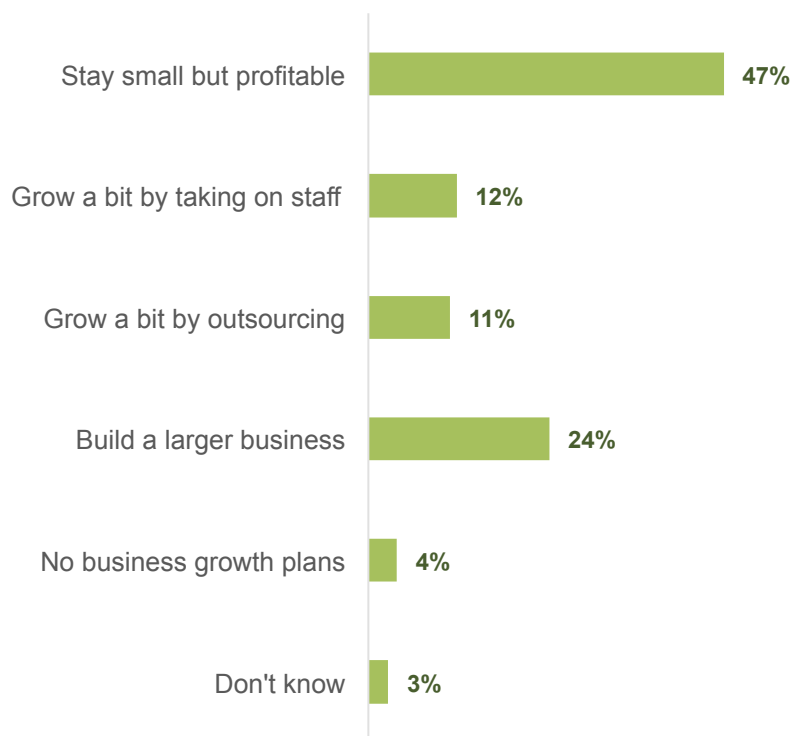


Sentiment amongst the group has largely improved over the year, the strong majority reporting to be more enthusiastic than a year ago (61% versus 15%).

# Mindset

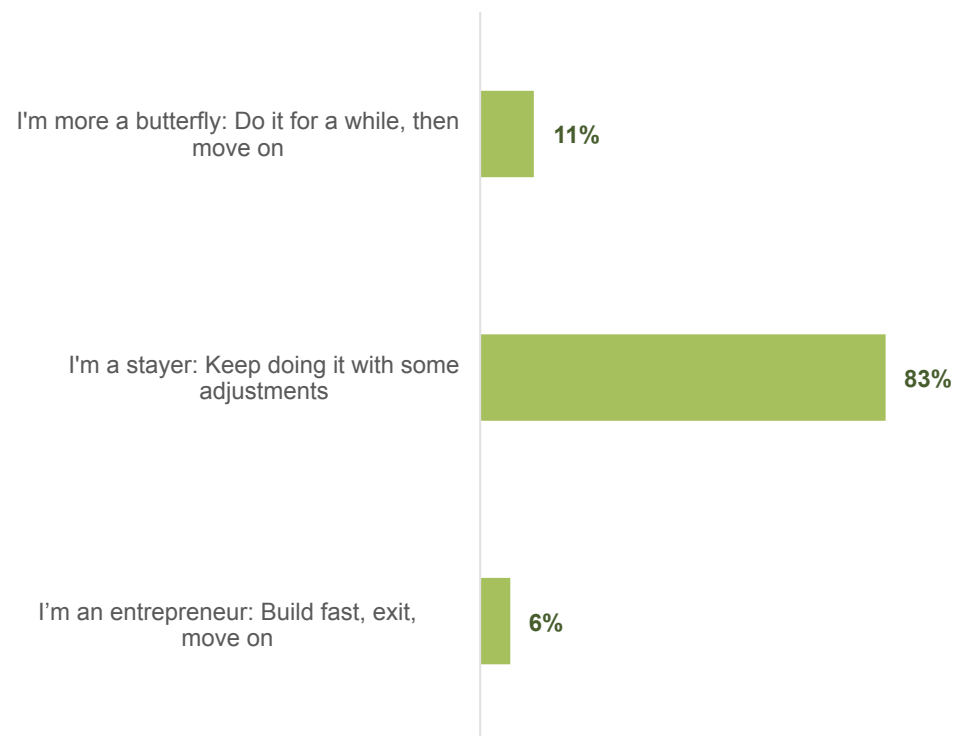
## BUSINESS GROWTH PLAN & SELF PERCEPTION

### What are your business growth plans?



Almost half the sample (47%) are content with staying small and profitable. 24% have ambitions to build a larger business.

### How do you see yourself?

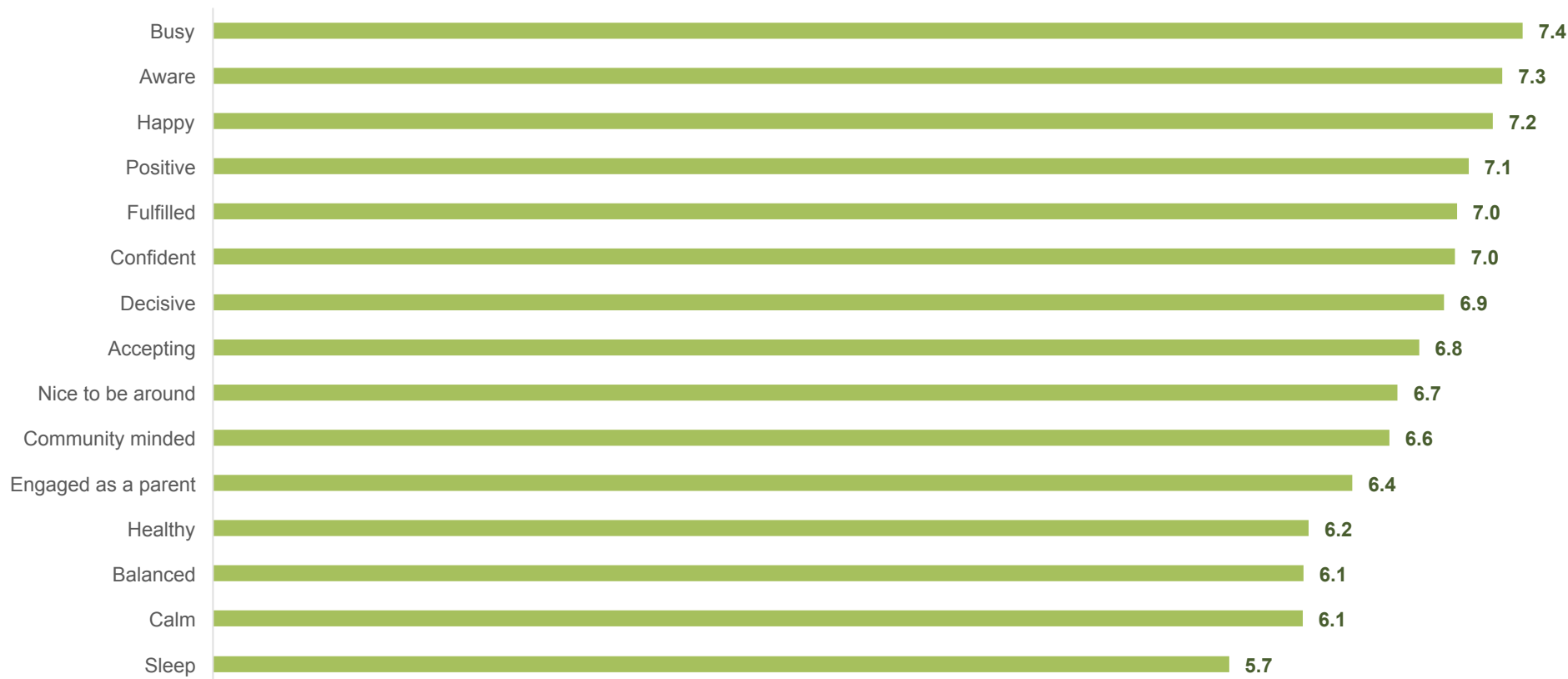


The vast majority of respondents (83%) are in it for the long haul.

# Mindset

## CHANGES IN LIFESTYLE AND WELLBEING

### How have things changed for you since starting your business?

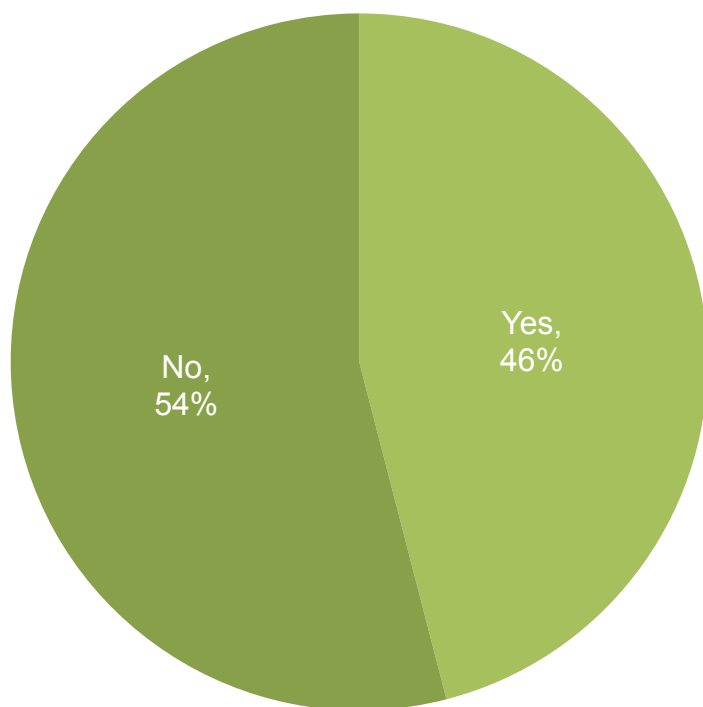


On a 1-10 scale where 5 represents 'no change', the average respondent reports being busier. However, they are also more self-aware, happy, positive, fulfilled and confident. Sleep, a sense of calm and balance have also improved slightly since going it alone.

# Mindset

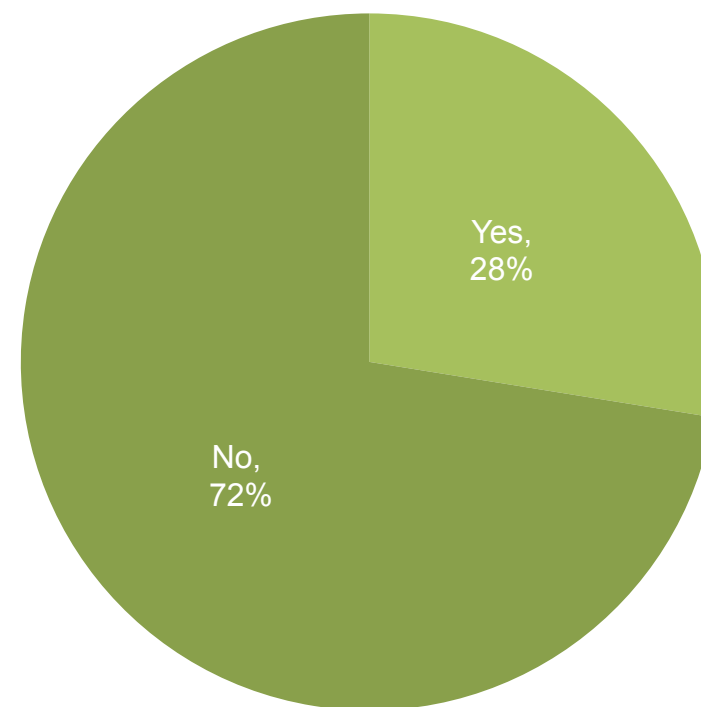
## WORK FOR SOMEONE ELSE & EXITING

Could you imagine working for someone else?



Those who can't see themselves ever working for someone else slightly outweigh those who can.

Do you have an exit strategy?



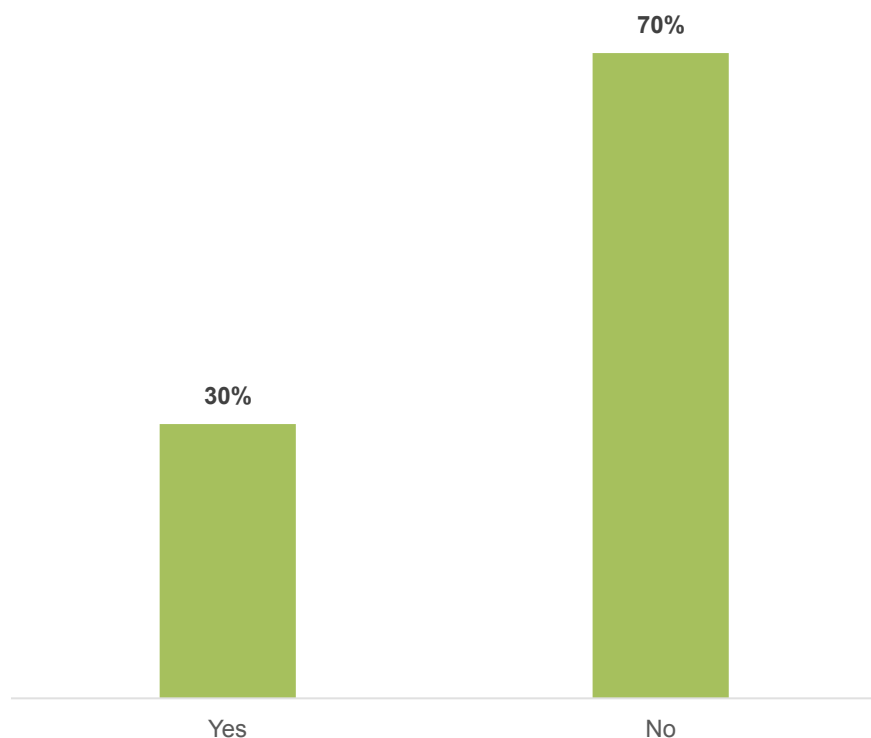
Consistent with past waves of the study, the vast majority do not have an exit strategy.



# Mindset

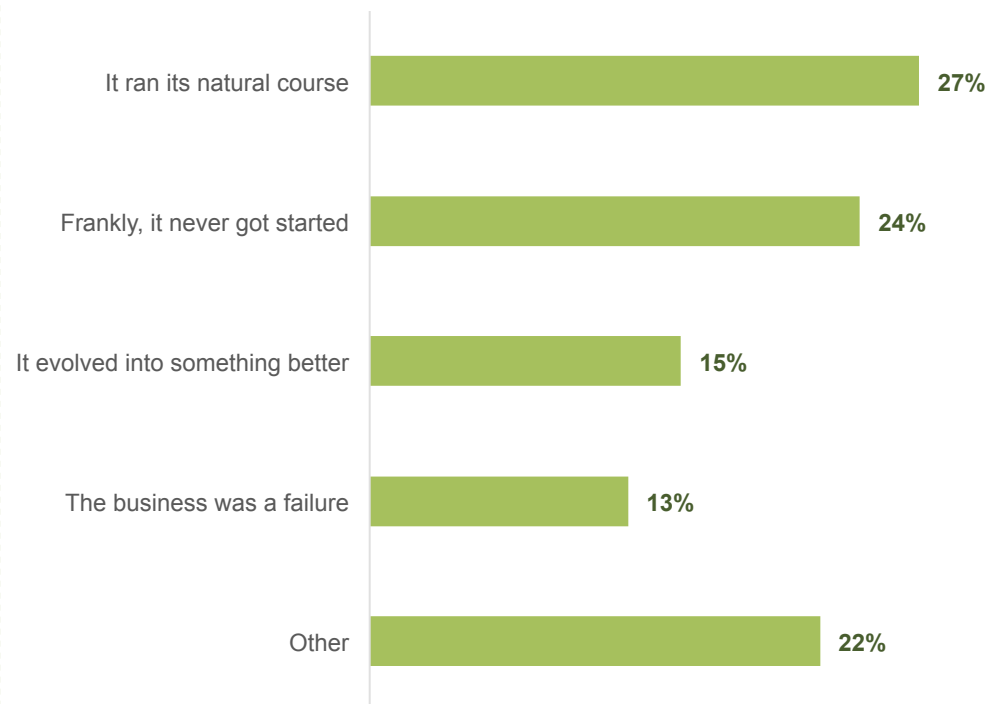
## WHEN BUSINESS DOESN'T WORK

### Have you ever ceased a business?



Only 3 out of 10 report to ever having ceased a business.

### If so, what best describes your sentiment?



Of the businesses that ceased, only 13% were deemed a failure. The most common cause of demise was that it had run its course (27%) or not really started (24%).

# Topic 7: Money

## Show me the money!

**Looking at personal income, household income and other investments, we get the bottom line on revenue and satisfaction.**

The average annual personal income of those surveyed compares favourably to national ABS averages (\$69k compared to \$59k). Average household incomes for families were even more favourable at \$114k, compared to the national ABS average of \$93k. Additionally, 46% of the sample report a household income greater than \$100k.

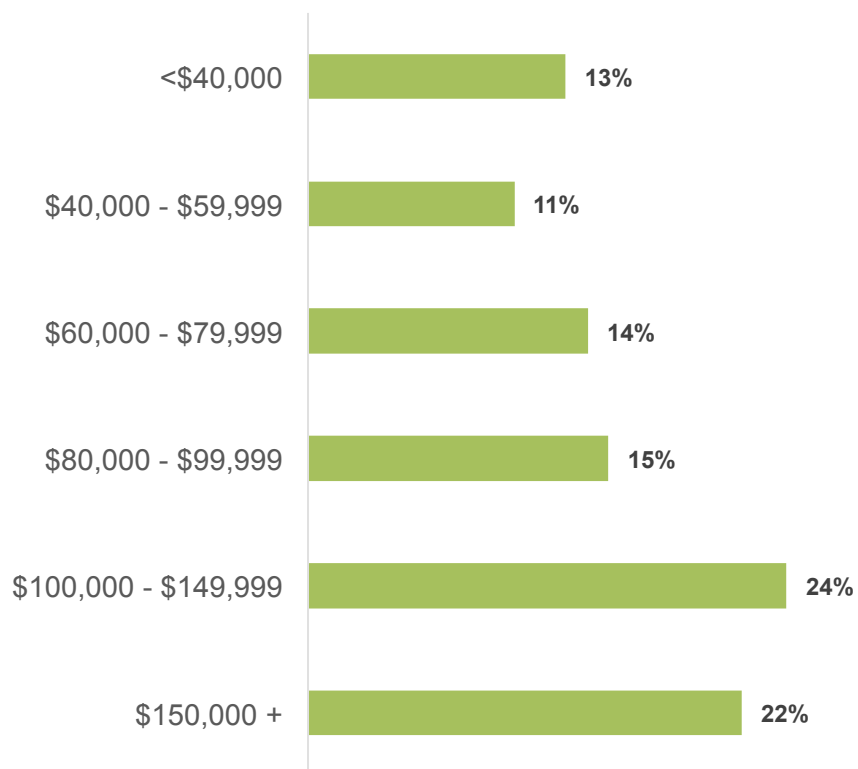
Even so, many people would like to be generating more income, with only 26% feeling satisfied. There is evidence that persisting is worthwhile, with the satisfaction rate increasing to 31% for businesses operating for 5+ years.

We found the appetite for reinvesting is stronger in ventures less than a year old. When asked how they'd spend an unexpected \$5,000, 27% of this group chose to invest it in their business, compared to just 19% of more established operations.

# Money

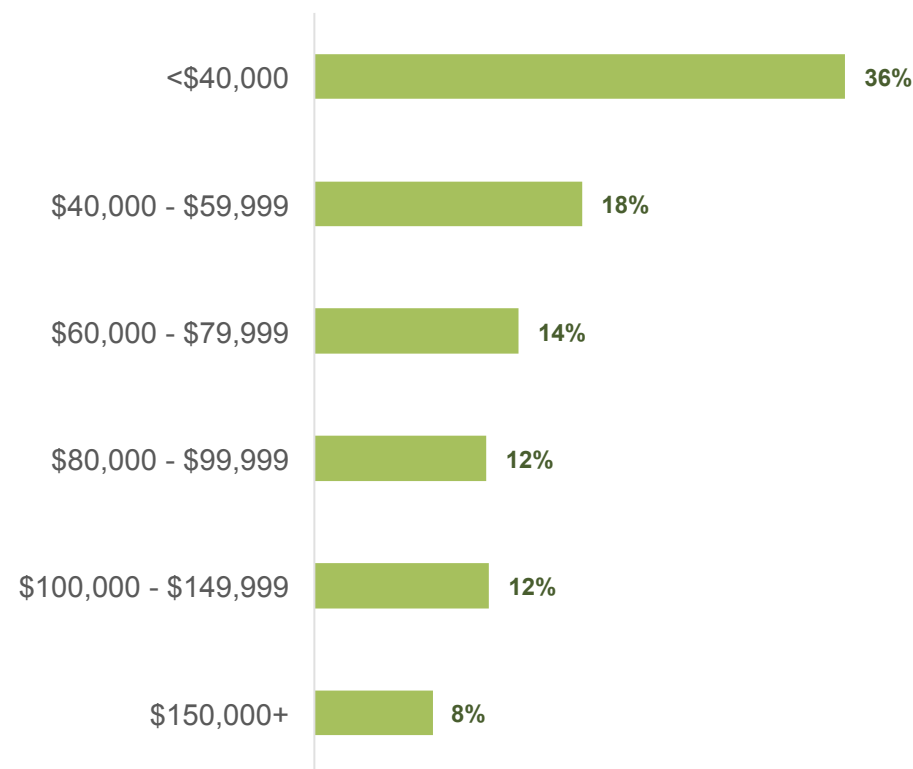
## HOUSEHOLD & PERSONAL INCOME

### Household income



46% of the sample report a household income of greater than \$100k+, with an average of \$102k.

### Personal income

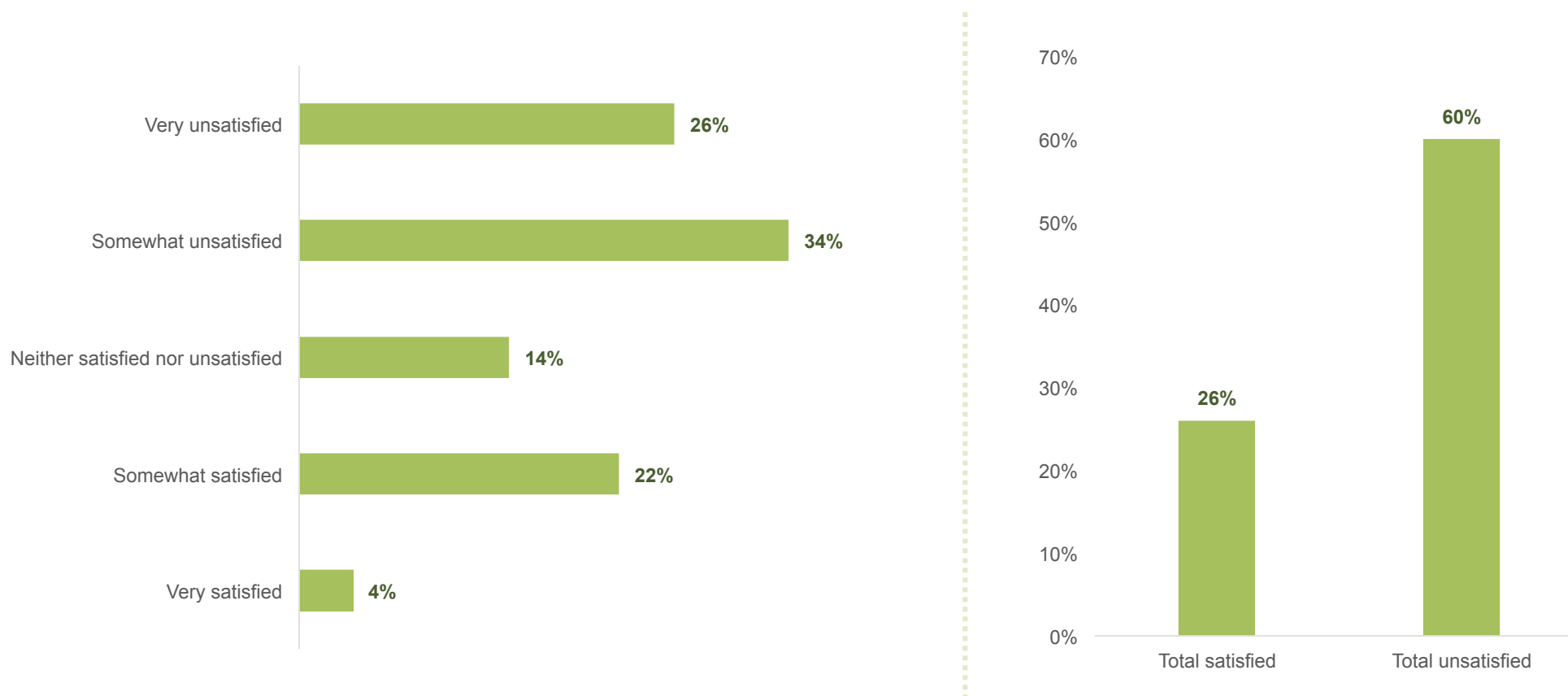


The average annual personal income amongst the sample is approximately \$69k, which compares favourably to the national average of \$59k.

# Money

## SATISFACTION WITH REVENUE

### How satisfied are you with your business income?

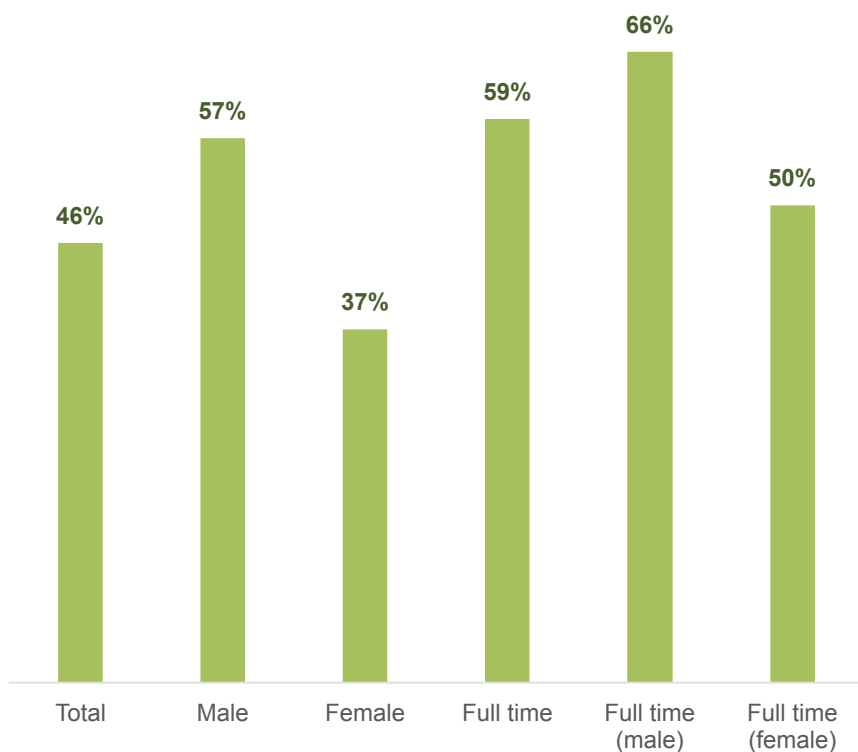


While the personal income figures compare favourably to the national average, 60% of respondents are not fully satisfied with their business revenue. This sentiment is a slight increase from previous waves of the study.

# Money

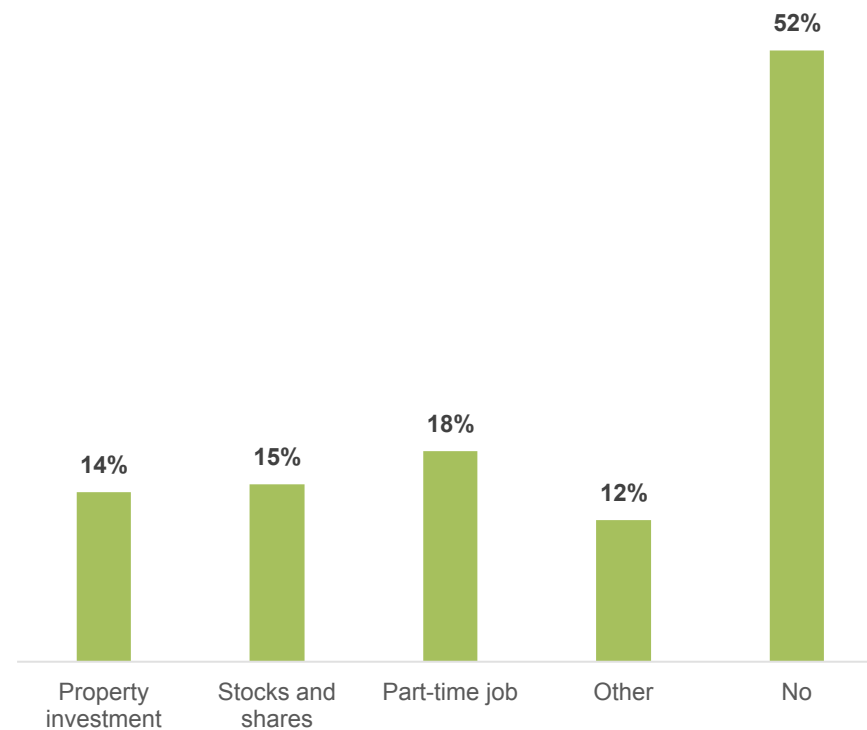
## CONTRIBUTION TO HOUSEHOLD INCOME & ADDITIONAL SOURCES OF INCOME

How much of your household income does your business generate?



On average, businesses contribute 46% of the household coffers. Full time male workers contribute 66% and full time women 50%.

Do you have any additional income sources?

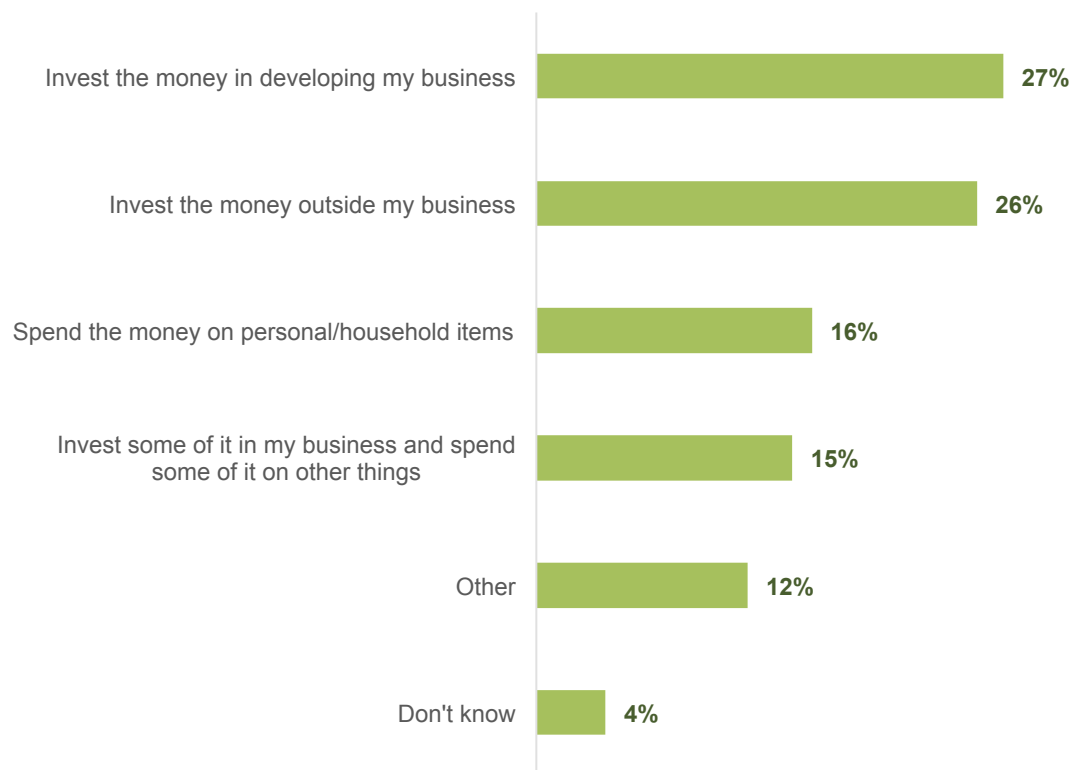


48% of the sample have an additional source of income, with 18% juggling a part-time job. Responses under 'other' covered such things as pensions, full time jobs and interest on savings.

# Money

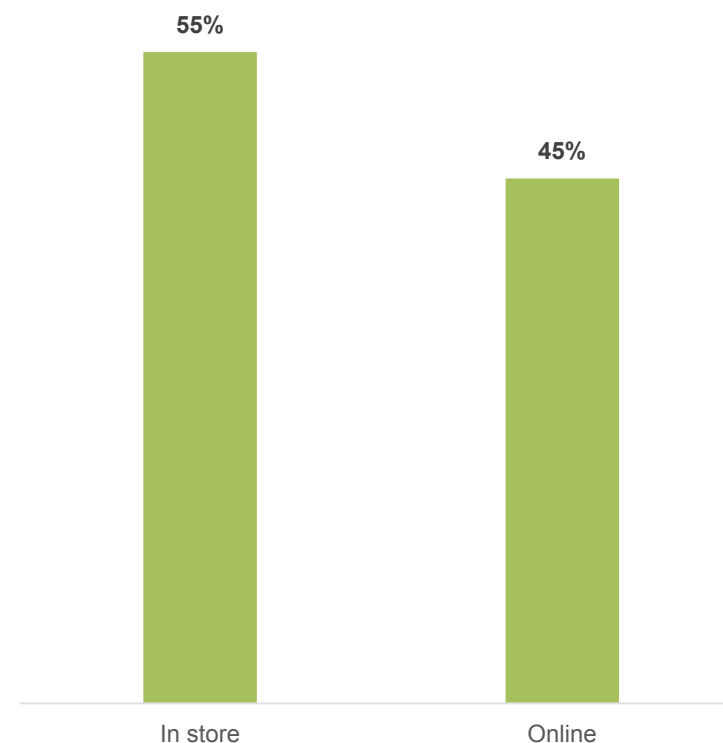
## SPEND A LAZY \$5,000 & BUSINESS SUPPLIES BOUGHT

### What would you do with a spare \$5,000?



42% of people would invest some money back into the business, with 27% putting it all in.  
Most responses under 'other' talked of clearing debt.

### How do you mostly buy business supplies?



The overall purchase channel for business supplies remains fairly evenly split between in-store and online, although 56% of those under 40 buy online.



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