



Managing SMB Growth: How Cost-Conscious Planning Helps Businesses Scale Up

Fact sheet: United States

When a small or medium business (SMB) grows, executives often discover new pain points: a larger workforce, operations scattered across distant locations, and different regulatory frameworks. Employees may travel more frequently, visibility into spending may diminish, and margins may suddenly seem tighter.

SAP Concur and Oxford Economics surveyed 150 decision-makers around the world at companies with fewer than 1,000 employees that launched a growth initiative during the past year. We identified a group of respondents—cost-conscious SMBs—that say that spending and cash management were important factors in their business growth.

While correlation does not imply causality, we found that a cost-conscious approach—with clear visibility into spending across the organization and careful attention to cash flow—supports successful growth.

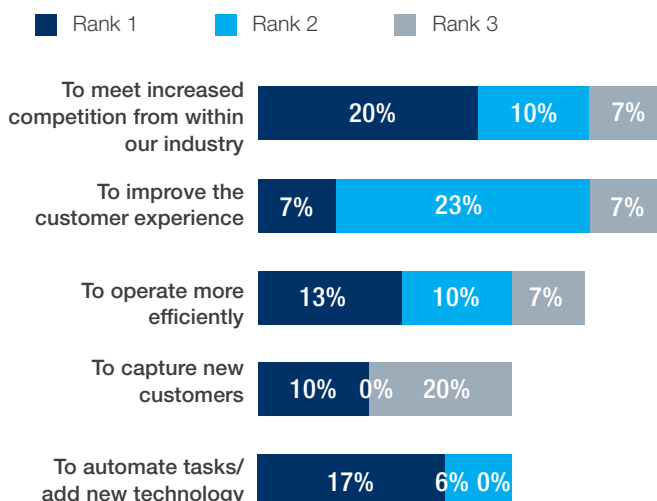
In this fact sheet we compare responses from US SMBs to that select group of cost-conscious SMBs, as well as global totals. The results suggest that while growing SMBs in the US tend to be cost-conscious, the adoption of new technologies and the increased collaboration required to support successful growth may be stumbling blocks.

Why are SMBs in the US expanding?

SMBs in the US are growing to meet increased competition.

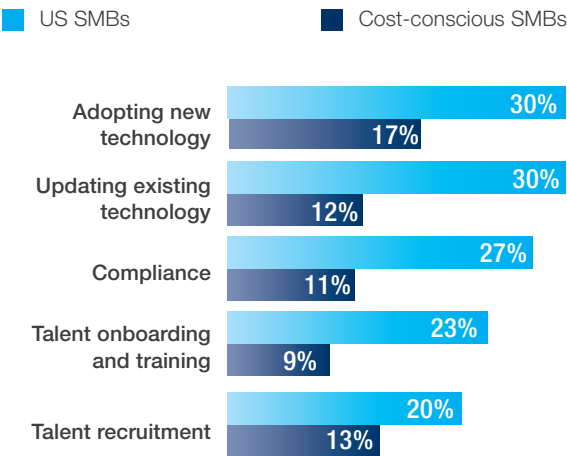
- Our research found cost-conscious companies are less likely to experience challenges associated with expansion and are more likely to stay within their budget.
- American SMBs tend to be slightly more cost-conscious than their peers. 87% of US SMB respondents are cost-conscious, agreeing that spending and cash flow was an important factor in their expansion decisions, compared with 81% of SMBs overall.

Top reasons US SMBs underwent expansion



Keeping expansion costs in line

How closely did the following expansion costs align with your budget?
“Significantly over budget” and “Somewhat over budget” responses



Controlling their growth initiative budgets is a challenge for many US SMBs.

- More than half (57%) of American SMBs say they have increased their visibility into spending since expanding, significantly less than the 69% of cost-conscious SMBs that have done so.
- At the same time, only 27% agree they have difficulty gaining visibility into spending.
- US SMBs are more than twice as likely as cost-conscious SMBs to go over budget on adopting new technologies, updating existing technology, and compliance.

Challenges of expansion

How challenging have the following processes and activities been since your organization expanded?
“Extremely challenging” and “very challenging” responses
Top-three responses for US SMBs



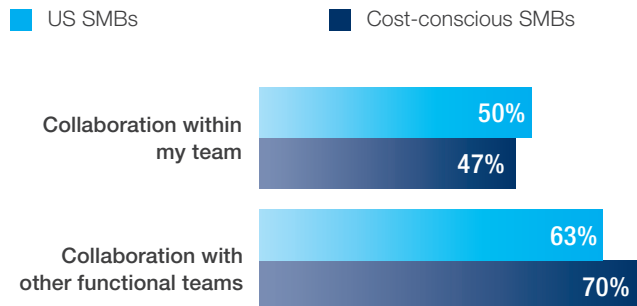
As post-expansion workloads grow, so too do challenges.

- Planning an expansion brings its own difficulties. Nearly one-third of US SMBs say adjusting their leadership structure has been a challenge.
- One-fifth say that their organizations have trouble reacting nimbly when their business hits an unexpected roadblock

Growth calls for better collaboration

Please indicate how the following have changed since your company expanded.

"Significantly more" and "Slightly more" responses



After growing, executives must work with other business units and their own teams on increased day-to-day responsibilities and strategic thinking.

- US respondents are less likely than total SMBs to say they have effective collaboration with some functional groups, especially Sales (43% vs. 64% total), Customer Services (33% vs. 58%), and Marketing (47% vs. 69%).
- That may be because nearly a third (30%) of US SMBs say their businesses tend to be siloed, more than total SMBs.

Conclusion and recommendations

Finance executives at growing SMBs would do well to improve collaboration between functional teams and control costs around talent recruitment and training. To maximize the chances of success when undertaking a business expansion, we recommend:

- **Prioritize cash flow and spending.** 87% of US SMB respondents say that spending and cash flow was an important factor in their expansion decision. While cost-consciousness should not necessarily be the sole factor when expanding, better awareness of spending could prevent unexpected difficulties and costs.
- **To clear time for strategy, consider automation.** One of American SMBs' top reasons for expanding was to automate tasks. Automating processes like cash flow, expense management, and invoice processing can increase visibility into spending and free up more time to focus on strategy.
- **Maintain close collaboration.** Cost-conscious SMBs are more likely than others to say that finance and IT were strategic partners in their expansion, and they are less likely to say their organizations are siloed.
- **Above all, focus on efficiency and cost control.** 83% of US companies say they would benefit from focusing on efficiency. A focus on efficiency and cost control could mitigate some of the difficulties of expansion.

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