

THINK LIKE A SMALL BUSINESS: ANTICIPATE THE FUTURE

What would you do if you were in my shoes?

That question puts us in the scene from the other person's perspective. Most of the time, we are on the outside looking in trying to figure out what it must be like.

- To be the parents of newly born triplets [OMG!]
- To be the winner of a \$100 million lottery
- To be the owner of the corner liquor store during the COVID pandemic
- To be surprised by the implications of the remote work trend for SMBs

IDC recently gave a FutureScape webinar about small and medium-sized businesses with 10 predictions for the future that span a five-year period. What I find interesting is that many predictions have a lengthy timeframe for realization – indicating a gradual build.

**IDC PREDICTION 1:
SMB Spend Trends – To become more diligently resilient and capitalize on changed market conditions, 70% of SMBs will have significantly increased their IT spending by 2026*.**

—Source: IDC FutureScape: Worldwide Small and Medium-Sized Business 2022 Predictions

This future-look parallels how we think and plan, and how SMBs should be contemplating their future business strategies. No one wants the 'boiled frog' affect to befall their businesses because of complacency. They want – and need – to be engaged, active and aware.

ZOMBIE CONCERNS

Inactivity as depicted by the boiled frog is reimagined by IDC with their third prediction: SMB Zombie Business Concerns:

At least 20% of SMBs that survived COVID will cease operations by 2025 as they cannot pivot fast enough to digitize their operation to meet customer demand.

—Source: IDC FutureScape: Worldwide Small and Medium-Sized Business 2022 Predictions

While we spend our time counseling SMBs about the benefits of digitizing their operations, to eliminate the reliance on paper and streamline their workflows – many SMBs have been reluctant to make the investment – albeit not a huge investment – toward Digital Transformation. We try to uncover a need with the prospective customer for that 'ah ha' moment.

Often, it is a situation where 'you don't know what you don't know' and SMBs need to be shown how they can improve their operations and avoid this zombie syndrome.

RISKY BUSINESS

It's not just the risk of inactivity, but the risk of antiquated systems or paper-based operations that have no security features, and the problems with making a quick pivot to a remote-work situation. Without digitization, people have to go to work in a physical location and handle paper, process invoices, print checks, etc. and that makes their business open to all kinds of risk.

IDC PREDICTION 7: Soft Underbelly of Risk: By 2023, 33% of SMBs will experience security breaches quarterly causing business disruptions of at least one week per quarter.

—Source: IDC FutureScape: Worldwide Small and Medium-Sized Business 2022 Predictions

While opening their businesses to security risks, there are also many unanticipated risks not due to people but nature. Our experience with COVID prompted many SMBs to rethink their risk tolerance, but natural weather disasters also disrupt business operations through property destruction. Being able to work remotely mitigates the prospective problems that violent weather can cause for some businesses – by getting a digital environment in place along with an automation culture.

IDC PREDICTION 4: Remote-Based SMBs: By 2023, 50% of SMBs will re-organize their company structure, deploying remote and virtual distributed structures through technology.

—Source: IDC FutureScape: Worldwide Small and Medium-Sized Business 2022 Predictions

It is no surprise that IDC earmarks this prediction with a short timeframe. For digitization, the time to act is now – proactively – not after a business has experienced an avoidable problem. But, we know, sometimes it is hard to understand the need until you experience the problem. It causes a big scramble to repair the problem and get a new process in place.

Proactive actions and relying on experts for guidance is the key to success.

THE UNFETTERED DRIVE TOWARD INNOVATION

Just like the trend in software deployment is Cloud First, transforming to a digital work environment – Digital First - is critical. For new businesses, why do anything but the latest in work processes and automation? We see how new businesses have the edge because they are not bogged down by old ways – they start fresh and grab the latest technology. Or, they develop something new. I recently read Stephen Levy's book, Facebook: The Inside Story and I had to take pause at the ideas generated by the college students.

- Creating new companies around an idea, seeing if it works, if so, selling it off to someone else and moving on.
- Jumping to another start-up if their ideas or the freedom to innovate did not fit the current company's business model.
- Making a constant push for new with a steady flow of ideas and the development skills to get a viable product in the end.

This drive and need to innovate along with the forethought and belief that they are onto something big – without the huge encumbrances of doubters – gave these students and young entrepreneurs the engagement, awareness and ability to act and create.

Older companies have to deal with many more roadblocks to innovation.

How can others thrive if this is where the new competition is coming from?

Granted, not every SMB faces a new challenge from a start-up, but when we think of large companies in the past – e.g., Ford Motor Corporation, and the ability of smaller, more agile companies to chip, chip, chip away at market share – we know the need to embrace continuous innovation is important.

For SMBs, it's taking the first step from manual to digital. Then, adding in automation. For the businesses that don't see or understand the future, they will find themselves behind, struggling and eventually bested by others who put them out of business.

IDC PREDICTION 5: Rise of the Digital SMB: By 2024, 75% of startups will have a digital first strategy, either adopting next generation technologies, placing high emphasis on innovation or focus on digital disruption.

—Source: IDC FutureScape: Worldwide Small and Medium-Sized Business 2022 Predictions

AWARENESS | ENGAGEMENT | ACTION

There are many parts of an SMB that can benefit from taking the digital road: Back office operations. Front office customer experience operations and other task-oriented actions within a diverse set of business units.

The good news is that none of the predictions are dire, if SMBs take that first step toward digitization. It brings them to a more level playing field, provides operation efficiencies and helps prevent problems in the future.

Will all SMBs jump for Cloud First and Digital First? I can only hope so.



Author: Joanne E. Novak, Konica Minolta Business Solutions U.S.A., Inc.