



The Truth About Growth



You told your story. We listened.

Your words

RedZed believe small businesses and self-starters represent the best of Australia. From their diversity and purpose-driven approach to business to their passion: it's their guts and gusto that powers our economy and connects communities.

But when it comes to living in Australia, we hear a lot about the self-employed successes, and very little about the humans behind the day-to-day hustle.



55%

ABS figures show that nearly 55% of new businesses won't make it past the three-year mark.¹

40%

While other figures indicate that 40% of small and medium sized enterprise owners are frustrated with work eating up too much [of their] time.²

The booms and busts that affect the lives of self-employed entrepreneurs paint a grim picture. Worse still, the story behind these numbers is little more than jargon-y articles: hyperbolic journeys of start up success, sleepy advice from Hollywood millionaires and get-rich-quick schemes. It is clear that the real stories aren't being told. By giving entrepreneurs a voice, we want to update the narrative.

The XYZed is an informative reference for the self-made. Our 'The Truth About...' series is a content platform to promote your self-employed experiences on a national scale.

We want to connect you to each other: to learn from, and teach one another.

We want to better understand your experiences: the more detailed our insight, the better tailored our services.

Most importantly, we want to give you a voice.

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Why growth?

Growing bigger, doesn't always mean growing better. Just ask the 21% of small businesses that struggle to reach their one-year anniversary.*

It's said that no one starts a business to stay small...but does this match the daily experience of the self-employed?

What about the mum and dad businesses that don't invent apps but are masters of always doing right by their customer?

Or the graphic designer building a portfolio of interesting clients, and consequently growing out of their small town and moving into bigger cities?

Or the tradie who's a master of his craft but struggles to grow his online presence? He didn't become a tiler to learn social media marketing - after all.

Clearly, growth isn't and couldn't be the same for all these individuals. They're not in it for the same reasons, they don't have the same ambitions or intentions for growth. They are as diverse as the people who make up the business.

So, if not the corner office, what do the self-employed want from 'growth'?

Passion

Vs

Direction

The Bermuda triangle of
self-employment

There is a central tension at the heart of being self-employed that cuts across age brackets, verticals and professions.

This is the tension between passion and direction.

Passion = the unstoppable force; the dreams and ambitions of the self-employed.

Direction = maintaining focus with the drag of everyday business decisions, and trying to do it all.

Our research reveals a feedback loop between these forces: the self-employed are fearless, ready to dive head first into their challenges. But this openness leaves them vulnerable to lack of direction. Passion, doesn't naturally lend itself to a measured and calculated practise. And as the world of the self-employed expands, the problem compounds.

This begs the question. How do the self-employed grow in such a vulnerable position?

→ **1**

But

→ **2**

Finally

→ **3**

So

'Start everywhere'*

The self-employed say growth is about embracing the multitude of challenges and opportunities.

'Don't say yes to everything'*

Since a great deal of focus is required, what you say no to becomes just as important as what you say yes to.

'Don't let fear rule you'*

The self-employed say don't be paralysed by choice. Be confident - even when you're not. Take risks - it's a necessity.

A young woman with her hair in a bun, wearing a white t-shirt and a blue apron, is smiling warmly in a kitchen. The background shows shelves with various items, suggesting a bakery or cafe environment.

Growth,
as defined
by you



What we found

The stresses between working on and working in your business.

Our journey to understand this tension brought to light a key conflict in the self-employed career:

- making plans, and making products.
- charming day to day customers and pitching to investors.
- managing staff and managing yourself.

A notion summed up best
by these powerful figures:

68%

of self-employed
Australians say growth
is important to them

But

85%

have no written plan
for growth*

These two contrasting statistics, rather hard to swallow, remind us of the age old adage, **'failing to plan, is planning to fail'**.

Between focusing on long-term business growth and day-to-day growth, the self-employed community realises a better balance is required. The fact is, few know how to achieve it.

We believe, the lack of information and, consequently, the lack of guidance available greatly hinders the self-starter growth journey. And since the very definition varies depending on the self-employed individual you talk to - there is no one size fits all solution.

Instead this growth report uncovers all the myths and misconceptions of small business while presenting different self-employed experiences and the tried and tested approaches.

Enough from us - we'll let them do the talking.

Growth is...

**Different
to each
generation**



Self-starters differ across ages

The key to these differences lie in their definitions of what leads to successful growth. Comparing the two, reveals key differences in priorities.

Does 'growth = success'?

93% of self-starters aged between 18 and 24 and 81% aged between 25 and 34, say 'yes'.

In the older category, this number plummets to 64% and 56% for the 55 - 64 and 65+ ages, respectively.

Similarly, there's an interesting difference between how growth is perceived.

Young self-starters see growth as an 'exciting time' (47% of 18-24 year olds and 35% of 25-34 year olds)

Older audiences view it as a motivational force (41% for 55 - 64 yr olds, and 47% for 65+).

Growing bigger (18-34)

'Higher revenue per quarter, where each quarter beats the next'

For the younger business, growing up is all about bigger and better futures, unlocked by excellent customer service.

Better and bigger clients

'Many big and valued projects.. expansion of the scope of activities.'

Businesses that lay claim to a big and interesting roster of clients are growing well. Maintaining a pattern of loyalty, while also consistently snaring bigger fish is the name of the growth game.

Happy customers = good reputation

'Respect from community. Sense of purpose.'

Growth is tied directly to the perception of a personal brand. How many people know you and recommend you and how your actions lead to word of mouth.

Critical Acclaim

'Growth is defined as how popular your business is in the outside world.'

It's all about self-satisfaction. Do the first two things well, and can look at yourself in the mirror, proud and confident that you're growing the 'right way'.

Steady as she grows (35-65+)

'Sales and self-happiness'

For older generations, the pressure for acclaim disappears as they set their sights on personal growth where a better work/life balance means enough time for the 'better things in life': friends, family and clocking off.

Balance in lifestyle

'A better work/life balance, having time for personal development and improvement.'

There's a distinct humbleness in the older generation: their growth success relates to spending more time with loved ones as opposed to clients and projects.

Regular customers

'Long-term customer base who have your trust.'

A regular customer base is the sign of good growth earned through hard work, commitment and excellent customer service paying off. As one respondent put it: 'I love growing my business through word of mouth, the best publicity a company can get, costs nothing and makes our work grow'.

Sustainability

'Slow and steady growth.'

Growing up is about growing at a reasonable pace, defined by your own goals, not the rocket speed of start-up culture.

Growth is...

**Putting
people
first**

What generations share is a commitment to putting the customer first.

Despite different growth outcomes, self-starters are united in their need to prioritise the customer. The customer isn't only 'always right', they are also a sign of a disciplined and effective business:

We asked:

Where do self-starters do wrong when it comes to fostering growth? →

What helps businesses grow right now? →

How do you define growth success? →

The self-employed* response:

'Not putting people first'

'Person to person promotion'
Happy customers are the best marketing tool they have.

'Knowing that my customers need my products and love my service'
The personal satisfaction in meeting the customers' needs.



This also explains why it's a great anxiety for so many.

More customers are the number #1 growth need across industries, ages and states in Australia. A clear reminder that even as our jobs change, the desire to keep the customer happy, is consistent throughout.

Self-employed: a variety of self-employed individuals, across all ages*



Ciao Ciao Ciao Ciao Ciao Ciao

nauti grind

CAFE

CAFE nauti grind
La COLOMBE
COFFEE ROASTERS
CAFE AMERICANO 4
CAPPUCCINO 4
MACCHIATO
CAFE LATTE
CAFE MOCHA
ESPRESSO
COLADA
CORTADITO
HOT CHOC
DRAPE
Morn
NIZZA
SHOT
@N

The number #1 growth need of self-starters is more customers through the door engaging in their brands and spreading the word.

Growth is...

**Not just
for show**



Growth can kill...

...if you get arrogant. That's the message from self-starters across generations and industries.

Self-employed Australians have a highly advanced BS radar. Built over time and developed from lessons learnt the hard way. At the end of the day, there are no quick wins.

Instead, all those interviewed recognised the importance of defining growth on your own terms.

Fail to do this, and you'll get lost in the pursuit and end up low on cash, energy, or even halfway past a cliff, roadrunner style.

The top misconceptions about growth:

Speed & Greed

Bigger, is not always better.

'They ride on the wave and expand too fast'

Overnight success is a myth and does not sustainable growth make. Don't think that rise will last forever. The next dip and plateau could be just around the corner. Expansion concerned only with dollars is the surest way to fail.

Looking Busy

Focusing on the perception of success

'Just because you have a fancy ute and a pretty sign...doesn't mean that you are good at what you do.'

Far from dreams of a corner office, self-starters see growth as substance not symbolism.

Looking busy can creates risks for business.

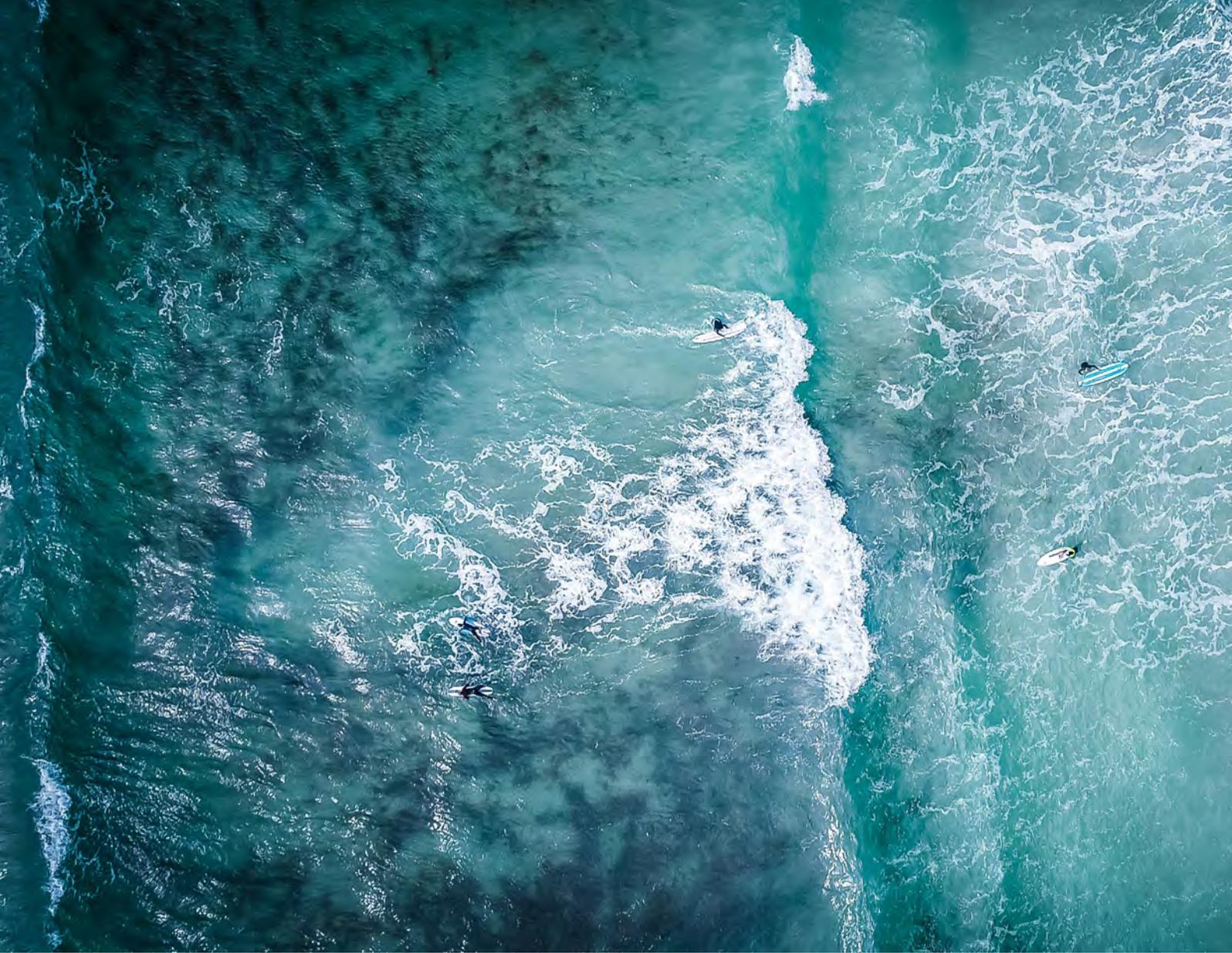
Recruiting staff you can't pay

'They get ahead of themselves and grow their staff during a time of increased work'

Expanding a business of one, two or even three is never easy. Doing it at a time of boom and finding you can't financially sustain new hires through the bust, is even worse.

Growth is...

**Held back by
bigger forces**



The self-employed are ships on a bigger ocean. Their fate is often tied to forces far beyond their control.

‘Be your own boss’ goes the mantra. But the reality of self-employed’s control over their day is that it’s far from self-determined.

Economic regulations, staffing issues, new skills and technologies to learn. Growing as a self-starter means serving the booms and busts beyond your control, and committing to learning new skills on the fly: a daily occurrence as the unexpected shifts beneath you.

What stops growth?

Top responses:

Wearing too many hats

'Expanding technical capacity'

Advertising, new technologies, how to hire and how to reach customers. The list goes on and on for self-employed Australians.

Finding Balance

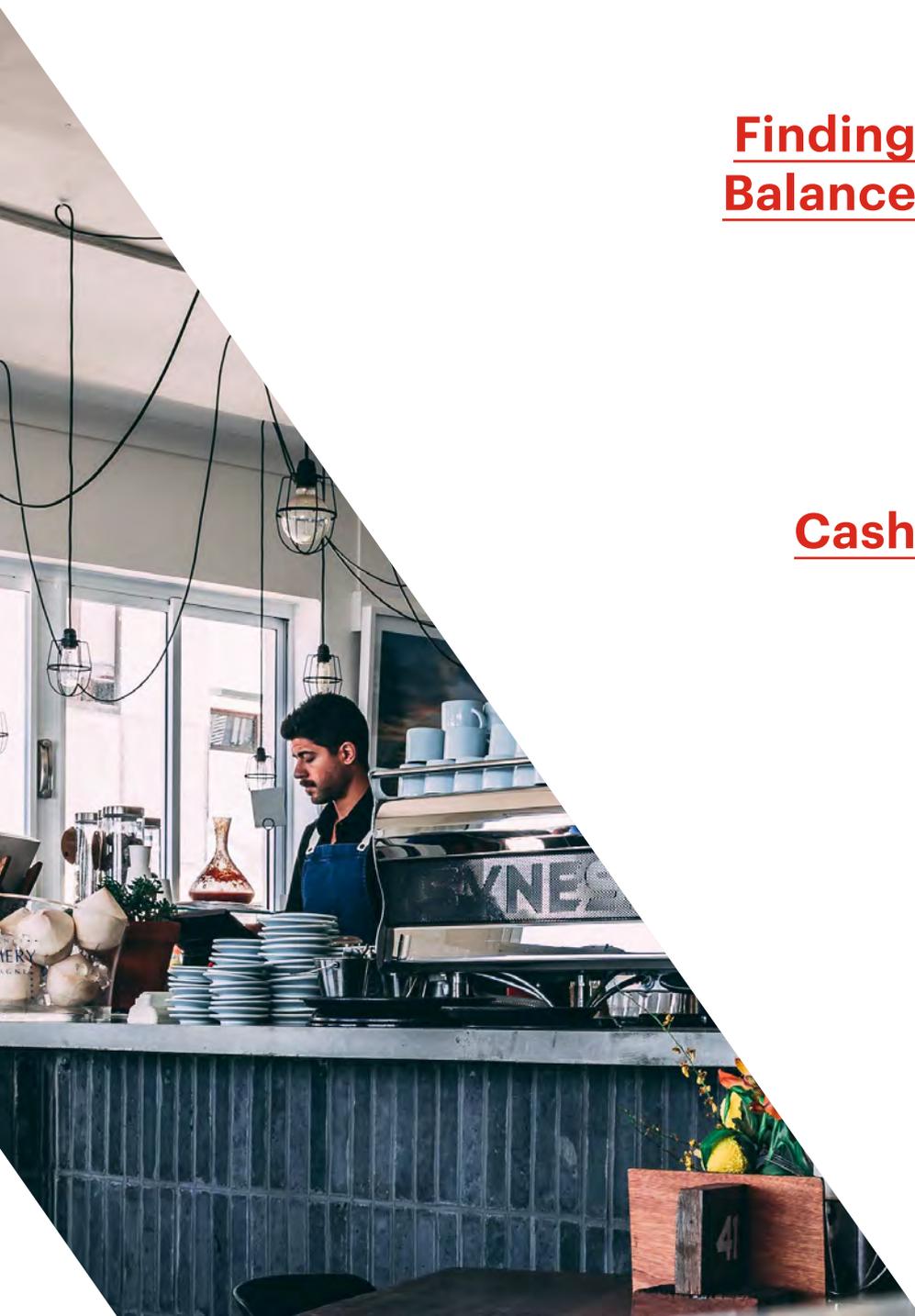
'I'm lacking time to market the business because I'm trying to do everything myself'

The self-employed are hindered by a constant battle with time. Particularly when they have to sweat all the small stuff.

Cash

'Cashflow - I feel if I had more money to invest in marketing and advertising my customer base would grow.'

Cold hard cash is still key to growing and expanding businesses.



Regulations & Red Tape

'Regulation. We can't even produce anything in Queensland, it's cost prohibitive to do so because of government interference.'

Self-starters don't feel the government is on their side when it comes to economic policy — they only find roadblocks along their expansion.

The Economy

'Slow economy; lack of wage growth'

Self-starters are at the whim of trends and downfalls that make up an economy they play only a small part in. Their businesses are often the first to be cut from the piggybank, as people look to save money and tighten the budget in difficult times.

Hiring Staff

'It's difficult to employ staff who are committed and loyal.'

Finding people who share your passion, dedication and skillset is difficult for organisations looking to expand.

Growth is...

**Learning
how to back
yourself**



When asked who inspires them when it comes to growth, it's clear the self-employed prefer themselves or each other over the 'traditional' business hero.

The self-employed prefer the heroes that aren't afraid to get their hands dirty to the Branson's of the world. Growth is not a glossy process to them – it's timeless hard work.

When it comes to growth then, there are two important lessons:

It has to be personally defined.

'Know your own end reward'

Don't let success shape your ambitions. Rather, let your own ambitions define the success. It's easy to be distracted by the highs but it's perseverance and personalised ambitions and dreams that get you through the lows.

It will take enormous resilience. Cultivate patience.

'Have patience and faith'

The number one trait to develop is an unwavering self-belief. Learning to manage the risks, the fear and the hard times with a positive attitude growth will pave a smoother way to growth.





The #1 piece of advice self-starters would give their younger selves?

**Don't let
knock-
backs get
you down**

The #1 skill to develop for new self-starters?

Ability to take a breath

(especially in high-pressured situations)







So ... what now?

What's clear from our findings is that the self-employed are hardy and strong-willed.

Reading this, you might be wondering but where do I start?

The self-employed view is to start at the end. Consider the reward you're seeking and what you are growing for.

Define this and you have your beginning. For the whole story, we have something extra handy.

Our 'Growth Toolbox' is designed to help you manage every stage of business growth, offering techniques true to your own experience. It's a toolkit designed by the self-employed, for the self-employed.

To start growing your way, head to XYZed to download the Toolbox:

theyzed.com.au

References

Australian Bureau of Statistics (2018), *Counts of Australian Businesses*, including Entries and Exits, Jun 2013 to Jun 2017, 2000-01, 'Table 6 Survival of Entries by Main State : June 2013-2017', data cube: Excel spreadsheet, cat no. 8165, viewed 04 May 2018 <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8165.0Main+Features1Jun%202013%20to%20Jun%202017?OpenDocument>>

RedZed (2018), *Truth About Growth Report*, Commissioned by RedZed, conducted by Sense Check.

Sample size: 501 Australian self-starters
45% Men, 55% Female.

Every state.
Aged 18 to 65+

NBN Co (2017), *SME Time Report*, Commissioned by NBN Co, accessed: <https://www.nbnco.com.au/content/dam/nbnco2/documents/nbn-SME-time-report.pdf>