

Enterprise

Big business fails small test

Small business does not want to be treated like the corporate version of a shrunken head. As **Mark Fenton-Jones** reports, big business can do better selling to this sector.

Ask Michael Schaper, an academic and now the small business commissioner for the ACT, why big business often finds it difficult to sell to small business and he doesn't hesitate.

"There's still a tendency for a lot of large firms to treat small ones as shrunken-down large businesses," he says. "They tend to assume the small client they are dealing with is going to have the same level of sophistication or organisation, or be able to deal with complexity or complex packages, as themselves."

In a former life, Schaper used to run training programs for the sales forces of telecommunications companies that were selling to small and micro businesses.

He described the shock some of those attending his courses experienced when they realised that adopting formal arrangements typically used between telcos and their big clients did not work with small businesses. And because they did not work in the same way, they dismissed the small businesses as not proper businesses.

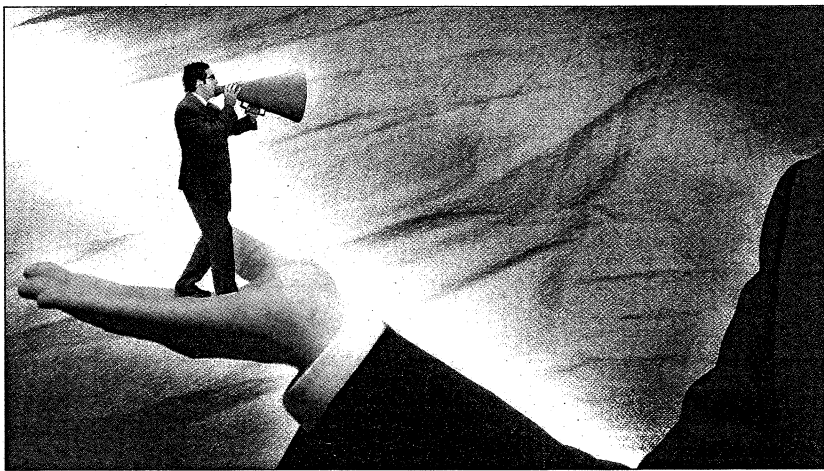
"It was an eye-opener for these sales people," he says.

In interviews with small-business people, telcos come in for a lot of comment.

"One of the things with big business is the number of call centres being shipped off overseas and they are just awful to talk to," says Jonathon Brake from the Micro and Home Business Association. "You haven't got time as it is — they hardly understand you."

Brake is singing a refrain commonly heard when discussing business relations between small and big businesses.

"I think a one-size-fits-all approach for small business just isn't sufficient," says Brake. "Like government, they don't really get



Small business has a message that corporate giants ignore at their peril.

Photo-illustration: KARL HILZINGER

the size of this sector. And while one business mightn't be providing an income to that company in terms of billions of dollars, stack all the businesses up together and there is quite a bit of noise out there."

Small businesses number 1.2 million, according to the Australian Bureau of Statistics. The largest group, 56 per cent, are micro businesses, which employ no one other than the owners. Those with one to four employees make up a third.

Businesses like Kim Tunbridge's law firm, Jungle Management, fall into the remaining 11 per cent that have between five and 19 employees. Tunbridge has a staff of five, and she has some suggestions for big businesses that want to reap better yields from their investments in the small-business sector.

"They should provide one point of contact," she says. Tunbridge, whose work involves stressful legal negotiations and managing a growing business — she is also chairwoman of the federal Small Business Minister's Small Business Council — was pretty stressed when interviewed. "I hate them at the moment," says Tunbridge of her dealings with Telstra. According to Tunbridge,

before moving into her new offices last October she paid a reservation fee for a new telephone number and based her promotions and office stationary around the new number.

"Then Telstra told us, 'we made a mistake, you can't use that number in this exchange'," she says.

In Tunbridge's account, Telstra agreed to pay the cost of redirecting phone calls to the right number, and would consider a compensation

"When there is a mistake it is really hard to find anyone to deal with it."

claim once it received the correct documentation. However, the redirection cost was included in her phone bill, forcing her to ring up to explain that the charge was not hers.

"It's very frustrating to deal with them because there is no account manager I can ring who knows the whole situation and can resolve it for me," she says, adding that she had spoken to five different people.

During the whole process, her phone was disconnected, Telstra staff would only talk to her, not to anyone else in the office, and she resigned herself to paying one of the

disputed amounts to reduce the risk of the phone being cut off again. As she says, it makes sense to pay it rather than remain on hold while her billable time ticks away.

"The point is a larger company can certainly dedicate the resources to deal with all these frustrating things which happen in business from time to time because of human error," she says. "When there is a mistake and it affects a small business, it is really hard for anyone to find the time to deal with it."

In recent years, due to evolving technology, many people have been encouraged to become small-business entrepreneurs, but the enforced multiskilling is making them decidedly time poor.

The Australian Bureau of Statistics calculates that almost a third work between 35-50 hours a week, 30 per cent somewhere between 51 and 75 hours and about 5 per cent, for whom a work/life balance is a dream, take on more than 75 hours a week.

As a group, small-business entrepreneurs appreciate any product or service that provides answers to their problems — immediately.

"You want someone to take the pain away," says Tunbridge.

- SMEs
- Finance options

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Salaries and conditions key issues

COMMENT
Mark Fenton-Jones

Small businesses face two converging issues that anyone in big business wanting to grab a slice of this sector needs to factor into their business plan.

The skills shortage dogs the minds of private small business owners. The Sensis small and medium enterprises survey released last week listed it as the No. 2 concern, after worries about lack of sales and work at No. 1. Indeed, finding and keeping staff has been in the top handful of concerns for SMEs for a couple of years at least.

Like big business, small business operators try to keep their top players by paying them more.

The quarterly TEC Confidence Index, which surveyed mainly CEOs and was released this week, found that most believed they lost staff because they were unable to pay higher salaries. In fact, 41 per cent gave this as the main cause for loss of staff.

"Small business owners offer big business a ready opening."

The next main reason, with a 15 per cent response, was that they couldn't match the conditions of other businesses. Their bigger corporate cousins have more resources, and the owners and managers of small businesses, particularly young ones or micro ones, have the option of squeezing what little they have left in their margins, or taking on the work themselves.

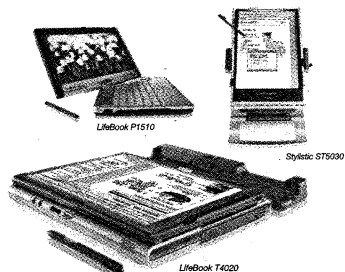
Pressed between not getting the right skills at a price they can afford and doing the task themselves, small business owners offer big business a ready opening to deliver wares and services that can save the time, and ultimately improve the bottom line, of their smaller customers. And that in turn can flow back to big business.

But the question some big businesses have to ask themselves is whether they are dynamic enough to realise that small business is not created in their image.

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