

MEDIA RELEASE

Admin ‘killing the dream’ of Australian Small Businesses

- Research reveals financial and emotional burden of administration on small businesses ahead of new Single Touch Payroll reporting regulation
- Australian small businesses estimated to collectively spend over \$20B a year on admin and payroll
- Half of small business owners also willing to sacrifice wellbeing
- Reckon launches hub to help small business owners get ‘in the zone’

Wednesday, 1 May 2019 – The engine room of the economy may be at risk of stalling, as new research reveals the weight of administration and red tape is costing small business an average of 541 hours in time, and \$14,857 in money each year. This is a total annual cost of more than \$20.16 billion per year for Australian small businesses.

The *In The Zone* research from leading Australian accounting software provider, [Reckon](#), revealed that almost half of small business owners (46%) say the admin and red tape of running their business is ‘killing the dream’ that made them start it in the first place.

The survey of more than 1,300 small business leaders across Australia sought to investigate the benefits and barriers to achieving peak performance – or being ‘in the zone’ – at work. It comes ahead of the deadline to adopt Single Touch Payroll (STP), which is the biggest compliance change for employers since the introduction of GST almost 20 years ago, and will require more frequent reporting of payroll information to the ATO.

“Most people can relate to the self-motivation idea of being ‘in the zone’ – that is, a flow state of heightened focus, efficiency and productivity,” said Reckon CEO, Sam Allert.

“Whether running a café, building a house or treating patients, every business owner knows the feeling and benefit of being ‘in the zone’ or operating at their peak – they’re just held back by distractions, and worrying about things like admin, payroll and compliance that can impact work efficiency.”

“Those that can streamline work for peak performance are not only more profitable, but they can invest more time and money in staff, marketing and innovation, to get ahead of the competition,” said Allert.

Getting ‘in the zone’ has proven financial benefit

Over a fifth (22%) of small business leaders said that the pressure of admin makes it hard for them to get ‘in the zone’ and do their best work to succeed and grow the business. Per week, many spend more time on administration and payroll (at an average of 10 or more hours) than they do operating at their peak (an average of fewer than 10 hours).

Some of the biggest barriers preventing small business owners from achieving peak performance include having to do administrative tasks, feeling tired or stressed from work, or interruptions from phone calls and emails.

On a positive note, Reckon’s research found nine in 10 (92%) respondents were actively taking steps to get ‘in the zone’. Almost half (46%) were structuring their work day by doing things like tackling complex tasks in the morning or following a strict routine; while 42 per cent proactively eliminated distractions,

including turning off their email or phone. 23 per cent are taking up mindfulness practices such as meditation or 'living in the moment'.

Notably, those who achieve more time 'in the zone' and make time for daily admin report spending 17 per cent less on admin and payroll expenses than their counterparts. This equates to an average saving of \$3,385 per year.

Entrepreneur, and CEO and Founder of The Remarkable Woman, Shivani Gopal, encourages all small business owners to realise the financial and emotional benefits of seeking ways to get 'in the zone'.

"Small changes can have big impact. This research shows that even simple steps such as moving to a more comfortable work space, using music or exercise can boost productivity and happiness – to the point of positive financial returns," said Gopal.

Sleep sacrificed for salary reporting

To stay on top of their admin, payroll and compliance requirements, respondents are willing to make a number of sacrifices at the expense of their health and wellbeing. 84 per cent of small business leaders said they would make a lifestyle sacrifice because of admin workload or requirements, with 50 per cent specifically saying they would sacrifice their wellbeing, including sleep.

The *In the Zone* research revealed that the average small business owner gets approximately 4.5 hours sleep per night, far less than the recommended 7-9 hours¹. 13 per cent of respondents even say they do their admin and payroll before 6am.

"Health and wellbeing is a huge cultural conversation, but unfortunately it seems small business owners are not heeding advice, or simply not able to due to the demands placed on them, which is a real concern," said Gopal.

Small business leader and Managing Director at T.E.C.K.nology Indigenous Corporation, Leslie Lowe, explains that the pressures of running a small business can make it difficult to create a work-life balance.

"Running your own business can be incredibly stressful. There have been a number of times when I found myself prioritising work over health and wellbeing, such as skipping on sleep, when the everyday demands of sustaining a profitable business and admin pressures build up. To stay on top of emails, admin and compliance reporting, I'm often up at 4am to make an early start on the day," said Lowe.

'Netflix and admin' costing business

The research found that the pressure of administrative tasks and red tape has caused 58 per cent of small business leaders to make an error that has had a financial implication, such as over or underpaying a supplier or employee, or transferring payments to the wrong person.

This could also be due to time-poor small business leaders trying to juggle several things at once. 84 per cent say they have done their business admin or reporting while multitasking – for instance, a quarter have watched TV or used a streaming service while doing admin and payroll tasks.

¹ <https://www.sleephealthfoundation.org.au/how-much-sleep-do-you-really-need.html>

“When we first started our business, we struggled to balance our payroll, accounting and HR systems and found that things were slipping through. These things came back to bite us down the line, so we knew we needed to invest in more efficient systems,” said Lowe.

“We can all appreciate the attempt to do multiple things at once. However, the common wisdom is that this is a false economy, and these findings show that errors that may come from juggling tasks may indeed cost time and real money,” said Gopal.

One fifth of small businesses not compliant, or ‘unsure’

Concerningly, ahead of the STP requirements, 21 per cent or 659,000 of small business leaders in Australia don’t believe or don’t know if their business meets all existing compliance requirements, let alone upcoming changes from 1 July. Around a quarter (24%) also admit that they do not currently use an accounting and payroll software, which is a pre-requisite to getting STP-compliant with the ATO.

To help all businesses ahead of the new Single Touch Payroll reporting requirements, Reckon has launched its ‘In the Zone’ hub (reckon.com/zone) with important compliance information, industry-specific research findings, as well as practical tips and advice for peak performance at work.

“Reckon helps small businesses improve work efficiency and operate at their peak. We do this via a range of cloud software and mobile app solutions that are simple to use, accessible from anywhere across a range of platforms, and meet important regulatory requirements – particularly for STP and the end of financial year,” said Allert.

Ends

Note to editors – the following are available on request:

- Additional findings from the research
- Interviews with:
 - Reckon CEO, Sam Allert
 - The Remarkable Woman CEO and Founder, Shivani Gopal
 - Case study – Leslie Lowe, Managing Director, T.E.C.K.nology Indigenous Corporation

Reckon’s ‘In the Zone’ hub is available at reckon.com/zone

Further information about Single Touch Payroll can be found at: reckon.com/au/single-touch-payroll

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About the ‘in the zone’ research

The research was commissioned by Reckon and conducted by Lonergan Research in accordance with the ISO 20252 standard. Lonergan Research surveyed 1,328 small business leaders (small business owners and managers) aged 18+. Surveys were distributed throughout Australia including both capital city and

non-capital city areas. The survey was conducted online amongst members of a permission-based panel, between 20 March and 1 April 2019. After interviewing, data was weighted to the latest population estimates sourced.

About Reckon

Reckon is an ASX listed and Australian owned company with over 30 years' experience delivering market leading solutions to accountants and bookkeepers, legal professionals and small to medium sized businesses. Reckon's software services are designed to make accounting faster, easier and more productive. Find out more at www.reckon.com.

About Shivani Gopal

Shivani Gopal is the Founder and CEO of The Remarkable Woman; an organisation founded to accelerate the path towards equality, for women and for the world. Since founding the social enterprise Shivani has gone on to win the Top 50 Small Business Leaders award and is recognised as a leading feminist and business thought leader, helping women navigate through their careers, businesses and financial success.