



# ON THE PLATFORM

**EPISODE:** Why SMBs matter: Market relevance

**Host:** Jacqueline Morgan, Growth Principal, Accenture

**Guest:** Shannon Kinney, Founder and Client Success Officer, Dream Local Digital

**Jacqueline:** Hello, everyone, and welcome to *On the Platform*. This is Jacqueline Morgan and today we're discussing SMBs, the growth drivers of the global economy. We have a special treat today, folks. My guest is Shannon Kinney, founder and client success officer of Dream Local Digital, a digital marketing agency that serves SMBs across North America. Shannon, it is always a joy to speak with you, and welcome to *On the Platform*.

**Shannon:** It's really great to be here. Thank you so much for having me.

**Jacqueline:** Absolutely. Let's just kind of jump right in and set some context around SMBs. And you've heard me tell this story a few times. Growing up as a child of an SMB owner, Roy's TV Sales & Service, in a small farming town in Canada, the story of my father as the entrepreneur who never gave up and never stopped trying to help and serve people with the latest and greatest technology.

I know that story resonates with you, as an SMB founder and owner whose daughter is growing up watching you essentially build an empire to serve the SMB market.

**Shannon:** That's so right. You know, she will forever be impacted by the experience the same way you have been. Not only is she part of Dream Local Digital's growth over the past ten years, but she's also at ribbon cuttings, and anniversary events, and business after hour events, and photo shoots at our clients, so we spend so much time directly helping SMBs grow, and she's right there, too.

**Jacqueline:** We're all going to be working for her.

**Shannon:** That's right.

**Jacqueline:** In not too far future, right? I love that that's what makes you so uniquely positioned to have this discussion with us today, is that you are an SMB founder and you work exclusively with SMBs. So let's just talk a little bit about what is an SMB, a small, medium business. What are they not? Why do they matter?

And I really want to unpack that because we know that in the United States the market size for SMBs are basically 99.7% of all U.S. business. Although our research suggests that we see very similar numbers in China – 97 percent – Japan and Indonesian markets very close, like 98, 99 sometimes. But in the United States this means that SMBs represent half the total private sector employment and represent a huge economic growth engine. So Shannon, what is an S, an M and a B, and sometimes even an E? What do those letters really mean?

**Shannon:** You know, that's a great question. SMB, or small and medium size business, they're generally defined as businesses with less than a thousand employees. And medium would be...small is 100 employees and under. Medium would be up to 1,000 employees.

I tend to view SMEs, or small to medium size enterprises, as businesses that are built for scale. And, you know, we want to debunk a myth about SMBs. There is tremendous growth if they have the right understanding of how to market and sell and service themselves. They just need help. You know, many of them are busy working in their businesses in addition to working on their businesses, and anyone selling to them really needs to appreciate that about them and adapt.

**Jacqueline:** We're gonna talk a lot about that, the appreciation factor, but just a quick question for you on that. So what's a micro SMB? Can you kind of give us an example of a micro SMB? And then do they really matter? Like are they really relevant?

**Shannon:** Yeah. You know, micro SMBs are a special group. You know, these are businesses typically with fewer than ten employees. And in many cases they're people that have just built a job for themselves and maybe a few others versus companies that are, you know, gonna grow over time.

However, you know, it's really important not to make that assumption just based on their size because many businesses start out as micro businesses and grow in scale to the larger end of the SMB or SME scale. So with the right tools and guidance, there's tremendous

potential here. But they're not all created equally, which makes it a tougher market to serve.

**Jacqueline:** Right. That makes sense. So how do we differentiate between SMBs, kind of as you've categorized them, and startups, right? I get that question a lot. Because it's possible for a startup to be an SMB, and at some stage every business is a startup. The owners and founders seem to share the same enthusiasm, and optimism and drive. They share kind of the same genesis gene – you have an idea, maybe a working prototype or a customer or two, you're still working to find the right market fit.

And in these early stages, it seems like it's the enthusiasm and the power of the idea that binds everyone together and keeps them forging ahead. I know you, like most founders, wear many hats, and you're directly involved in almost every aspect of the day-to-day operations, right?

**Shannon:** For the most part. I can say I spend more of my time on than in, otherwise my team might die, but in the early years of the business, absolutely.

**Jacqueline:** Right, right. And I think in today's context startups are seen as searching for answers to the product or the service that they're kind of trying to sell, and the customer that they'll serve, and the way that they'll make money from delivering that value, whereas an SME or an SMB, I think the U.S. Small Business Administration defines it as an independently owned and operated organized for profit, and not dominant in its field, so they're really kind of selling into a much more local market. Is that a fair differentiation?

**Shannon:** I think it is. I really agree with the assessment. But much like the conversation about micro businesses, you can't assume that one isn't gonna move across categories. You know, I think startups are really looking at a vision of scale and growth and their approach to it. And I also think there is an element of geography – are they within the geographic boundary or do they lack a boundary, are they trying to create a job for themselves or are they trying to build something that's going to grow. I think those are the real differentiators there.

**Jacqueline:** Okay, interesting. And, you know, we see this, the rise in the primacy of SMBs across industries. I had a conversation a couple of weeks ago with some folks from the chemicals industry, which you wouldn't typically think of as directly serving SMBs, right?

There's usually a number of layers in between, you know, the Dows and the DuPonts and the Braskems of the world and an SMB. And

what they're saying now is that this rise in technology and in particular in 3D printing for them is putting new tools and technologies directly in the hands of a customer that they were serving through a value chain that now they're looking at potentially serving direct. So, you know, technology's really rewiring their entire supply chain and they're moving into this market space that they're just not accustomed to working with.

So now we've established kind of what an SMB is and why they matter globally, so the next question is does digital matter to SMBs? And why would SMBs kind of care about being online beyond their website, right?

Let's assume that they all have a website. It's kind of the price of entry. Now we ask ourselves, so do digital tools matter to SMBs.

**Shannon:** Yes. You know, I think digital tools have to be a really big part of what they're doing, but I think there is a disconnect in terms of their adoption of digital tools, both internally, for their own operations, as well as serving customers in promoting themselves, mostly because they're largely unadvised in this space. And if we just look at marketing alone, there are more than 7,000 tools for them to self-serve in some way, and they're completely overwhelmed, they don't know who to trust, and it's a really confusing landscape for them.

**Jacqueline:** Yeah. You know, it's interesting. We did some research recently and we found that globally the top 20 percent of small, medium businesses – and we kind of defined top 20 percent as those that are the most digitally advanced, which means they typically use three or more digital kind of sales, marketing and service tools in addition to their website, so those digitally advanced SMBs – generate twice as much revenue per employee. They have four times the revenue growth and six times the average employee growth rate. So it just seems to us from the data that digital dominance as an SMB is really a key success enabler.

**Shannon:** Yeah, isn't that amazing? Like those are really big numbers for a small, medium business, but honestly, any business.

**Jacqueline:** Right. And if you think about what would change if like all of us listening could fix that.

**Shannon:** Right.

**Jacqueline:** Well, and if we could figure out how to crack the nut on really kind of, as you said, enabling, guiding, and serving them in a way that's useful and respectful of who they are and what they're trying to achieve.

**Shannon:** Right.

**Jacqueline:** Right?

**Shannon:** Exactly. Exactly.

**Jacqueline:** You know, we looked at the opportunity that digital tools provide small, medium businesses and we were shocked when the data showed us that ironically, 80 percent, eighty percent, eight zero percent sign of U.S. based SMBs are not taking advantage of digital tools. And that's despite the fact that 69 percent of them believe that digital tools improve employee satisfaction. And we all know we're in a global talent war. And they also, 77 percent of the SMBs that we surveyed said that they use – the owners – use digital tools for personal reasons.

So 80 percent are not using digital tools beyond their own website despite the fact that they have those tools in their pockets and they know that it would make for shiny, happy employees if they did. So Shannon, you work with these folks every day. What gives?

**Shannon:** Yeah, it's such a disconnect, like we were saying. You know, there's really four things that impact this. I think the first one is DIY is really a miss. Many of these people are working in their businesses in addition to on their businesses. The thought that they are gonna wake up every day and make a big part of their job being any tool is a barrier. Like I literally just left training at a consulting firm trying to get six people in business development to leverage Linked In on a daily basis, and it's not a no-brainer, right? It's not a no-brainer.

So DIY. I think a lot of very talented software developers try to solve the problem by creating tools to empower business owners to do things themselves and expect uptick that doesn't come.

Another reason is they think they're all set when they're not. Maybe they downloaded a tool. Maybe they're using one tool, like say a point of sale system on a retail store or QuickBooks online, and they feel like that's it. They just really think they've tried one or two things, they're done. In some cases when a website – you mentioned websites – 70 percent of SMBs have websites, but the vast majority of them are not mobile friendly, which means they're invisible to search engines right now. So adopting a tool several years ago does not mean that you are all set.

Another thing, as I mentioned earlier, they're too busy and very confused by options, particularly because tools aren't all created equal.

You know, one may solve this problem, one may solve that problem. None of them talk to each other. The more of them that they download, the more confused that they get. And with more than 7,000 tools available for marketing alone, they find themselves just too busy to navigate and test the options that are available. Over the past, I want to say, nine years I've met with more than 48,000 SMBs across North America. Like I'm not kidding. It's a lot. And the majority of them can't track basic metrics, like where their customers are coming from.

**Jacqueline:** Right.

**Shannon:** So there's a lot available to them, and more and more are at it every day by really smart startups. But there's a lack of guides, informed guides available to them. And I'd say that's the fourth and other big thing affecting them is, you know, larger businesses can hire consultancy firms like Accenture, or ad agencies to help them navigate these things.

And SMBs don't even know how to evaluate guides, trusted guides, and they in many cases can't afford them. You know, before 2008, the average SMB was called on by eight reps trying to sell them advertising or marketing, so like a newspaper, radio station, TV station. Now it's more than 39 a month. And they just don't know what to do. Is Yelp a thing? I don't know. Is Groupon a thing? I don't know. Should I talk to Google? Is that really Google? It's a very confusing landscape. So even in rural markets SMBs are looking for trusted advisors and guides to help them know what tools to work with.

**Jacqueline:** And that should really inform a lot of our clients around how to structure an approach that's really thoughtful and authentically oriented towards SMBs. And those time constraints, the lack of knowledge, but also the reality that, you know, falling, if you fall behind now, you just, it gets harder and harder to even catch up and make up that time.

I think it's an interesting conversation. We're gonna dive more into some of the details around okay, you know what SMBs are, understand the depth and breadth of that market segment globally, and that it matters, digital tools really matter to them, that leaders are adopting tools more successfully over time than the laggards, than the SMB laggards. And it's harder and harder for those laggards to catch up. But there needs to be a new approach to how we enable our clients to enable SMBs to reach their full potential and sell into

international markets, and expand their online presence, all the things that we know are critical to growth.

**Shannon:** Absolutely. I totally agree. And I think the...you know, what your clients can consider is the language used is often less about how to use the tool and more about why they should prioritize or make the time, like what's the return to them to do it.

**Jacqueline:** Well, thank you, Shannon. We're off to a good start. And folks, stay tuned for the next podcast in the SMB Matters series *On the Platform*. We're gonna come back with Shannon and we're gonna talk about why and how you can better thoughtfully approach this huge market segment.

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