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compared to a year ago, while only a third of small businesses without a business plan can say the same thing.

Isaac M. O'Bannon • Apr. 05, 2014



Despite some new hurdles that include health insurance mandates and increases in the minimum wage in some states, small business owners in the U.S. have high hopes for growth and hiring in 2014, according to a new survey. However, the level of confidence they have is greatly dependent on how well they plan and track their financials.

The 2014 Q1 State of Small Business report, commissioned by Palo Alto Software, found that small business owners who regularly plan and track their business'

financial metrics expect more growth in 2014. Based on a survey of almost 400 small

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be surprising that other findings in the report showed that 66 percent of small businesses do not have an internal accountant or plan to hire one. However, among the approximately 33 percent of small businesses who do have an accounting professional on staff, 29 percent employ a credentialed CPA.

As the Lean Startup method quickly gains popularity among the high-tech startups of Silicon Valley, many entrepreneurs may question the necessity of a business plan. But statistics prove that businesses are overwhelmingly better off when they set goals and implement a plan for how to achieve those goals.

“Setting goals for your business is not as useful if you don’t you develop a plan for how you’re going to reach those goals and track your progress regularly,” said Sabrina Parsons, CEO of Palo Alto Software. “By setting your goals, communicating with your employees on how to achieve those goals, and then managing your actual results to those goals, you set your business up for success.”

The survey also found that the more often companies track their financials, the more likely they are to grow. Seventy-one percent of small business owners who check their key metrics at least weekly expect to grow revenue by more than 10 percent in 2014, compared to 59 percent who never compare planned and actual results.

An optimistic year ahead

Small business owners are also optimistic about the year ahead. A vast majority of small businesses with revenue expect revenue growth in 2014, and only a very small percentage expect a decrease. The survey found that:

- While 91 percent expect an increase in revenue in 2014, 30 percent said they expect to grow by 50 percent or more
- 69 percent expect to hire between 1 and 10 employees this year, and 8 percent expect to hire more than 11 employees

- 81 percent are more optimistic about their company's finances than they were a

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of funding. Forty-one percent of SMBs say that access to capital has made it more difficult to grow their business over the past year.

"Small business owners are hungry to find ways to grow their business. Those that plan ahead can handle any economic setback that comes their way," said Parsons. "They're not optimistic only because of the improving economy, they're optimistic because they've taken matters into their own hands, and understand what it takes to reach their goals."

The full report is [available online](#).

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