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SMALL BUSINESS

SMBs Spend 120 Working Days Per Year on Admin Tasks and Bookkeeping

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Small businesses currently spend an average of 120 working-days per year on administrative tasks, accounting for approximately 5% of the total manpower for the average small and medium sized business. That's according to a new economic report by [Sage](#), a maker of cloud accounting software.

Survey respondents were decision makers within the organization and across a variety of markets including the United States, Australia, Brazil, Canada, France, Germany, Ireland, Singapore, South Africa, Spain and the United Kingdom. Sage has over three million customers that include Small and Medium Businesses in 23 countries, including the surveyed regions.

The research, conducted by Plum Consulting, shows that an increase in productivity by five percent in the United States could lead to an increase of close to \$325 billion in gross value add (GVA) per year. GVA measures the contribution to an economy of an individual producer, industry, sector or region. This increase could be partially achieved through the reduction of time spent on business administration. Research also found that small businesses, particularly, spend between 230 and 240 days per

year on administration, which equates to 17% of total manpower spent on administrative tasks each year. This represents a significant opportunity for team members to spend more time on strategic business projects and less time on administration.

The largest administrative task for Small & Medium Businesses in the United States is accounting, which take up nearly a quarter of all administrative tasks. Operational tasks such as recruitment and HR represent a smaller burden for entrepreneurs.

Companies in the U.S. appear to have a good understanding of where the largest burdens lie and have begun to digitize the process with roughly 30% of all SME's surveyed noting they have fully digitized their accounting. However, close to 50% of those surveyed have no software solution, reinforcing the opportunity.

The report, 'Sweating the Small Stuff: The Impact of the Bureaucracy Burden', encompasses feedback from over 3,000 business builders and reveals that complying with administrative and regulatory requirements has a significant business impact in terms of manpower that must be devoted to the tasks that don't help grow the business.

“Our commitment to the world’s business builders is steadfast,” said Nancy Harris, managing director, Sage North America. “This research confirms there is a huge opportunity for Small & Medium Businesses to increase their bottom line and productivity by automating administrative tasks. In smaller businesses, such as those with fewer than 10 employees, we know that they spend 17% of their employee manpower on administrative tasks each year. This represents an opportunity to automate these processes and free up their colleagues to work on more strategic priorities for the business.”

Global snapshot: Small & Medium Businesses' Contribution to Global Economy

Across the 11 countries analysed, Small & Medium Businesses account for at least 96% of all organizations, so if lost time was given back to them, the impact on GDP would be noticeable.

Country	Percentage of time lost to administration	Implied loss in productivity (USD)
UK	5.6%	GBP 39.9 bn

South Africa	3.7%	ZAR 7.3 bn
France	7.7%	EUR 43.9 bn
Ireland	3.5%	EUR 2.2 bn
Australia	4.9%	AUD 31.8 bn
Brazil	6.5%	BRL 79.5 bn
Canada	1.7%	CAD 17.7 bn
Singapore	5.5%	SGD 10.1 bn
Spain	10.5%	EUR 32.0 bn
United States	4.9%	USD 335.3 bn
Germany	3.7%	EUR 28.2 bn

Source: Sweating the Small Stuff: the impact of the bureaucracy burden

Click [here](#) to read the full report.

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