



# Managing SMB Growth: How Cost-Conscious Planning Helps Businesses Scale Up

## Fact sheet: Canada

When a small or medium business (SMB) grows, executives often discover new pain points: a larger workforce, operations scattered across distant locations, and different regulatory frameworks. Employees may travel more frequently, visibility into spending may diminish, and margins may suddenly seem tighter.

SAP Concur and Oxford Economics surveyed 150 financial decision-makers from small and medium size organizations around the world that launched a growth initiative during the past year. We identified a select group of respondents—cost-conscious SMBs—that say that spending and cash management were important factors in their business growth.

While this correlation does not imply causality, we found that a cost-conscious approach—with clear visibility into spending across the organization and careful attention to cash flow—supports successful growth.

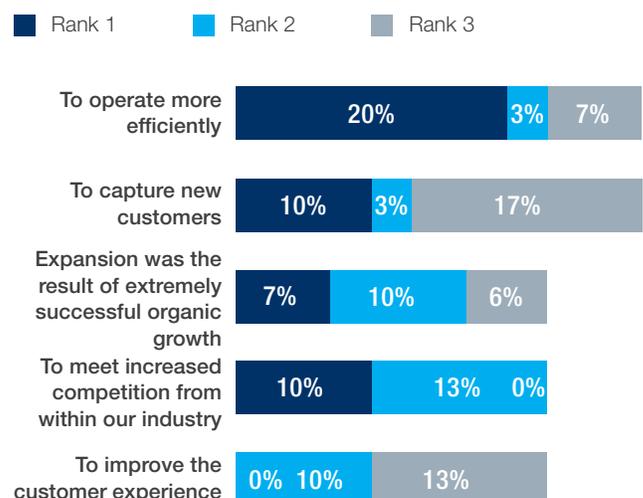
In this fact sheet we compare responses from Canada to those cost-conscious SMBs as well as global totals. The results suggest that growing SMBs in Canada are effective collaborators, but they can minimize their expansion challenges by prioritizing spending and cash flow as they plan for growth.

## Why are SMBs in Canada expanding?

SMBs in Canada are growing to increase their efficiency and capture new customers.

- SMBs overall expanded to improve the customer experience (37%, vs. 23% of Canadian respondents) and to meet increased competition (33% vs. 23%).
- Our research found cost-conscious companies are less likely to experience expansion challenges and are more likely to stay within their budget.
- 83% of Canadian respondents said they would benefit from focusing on efficiency and cost control (on par with total results). At the same time, 67% of Canadian SMB respondents say that spending and cash flow were important factors in their expansion decisions, compared with 81% of SMBs overall.

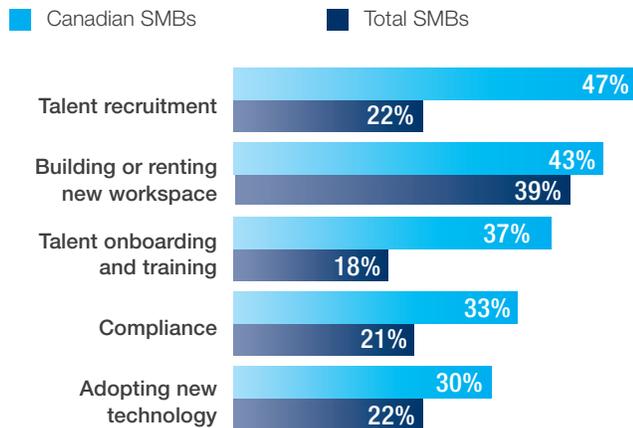
Top reasons Canadian SMBs underwent expansion



### Keeping expansion costs in line

How closely did the following expansion costs align with your budget?

“Significantly over budget” and “Somewhat over budget” responses



Across the board, Canadian SMBs have an opportunity to better control their growth initiative budgets.

- Less than half (47%) of Canadian SMBs say they have increased their visibility into spending since growing, compared to 61% of total SMBs.
- Canadian SMBs are more than three times as likely as cost-conscious SMBs to go over budget on talent recruitment, onboarding and training, and compliance—all key areas where gaining visibility into spending could help their growth initiatives.

### Challenges of expansion

How challenging have the following processes and activities been since your organization expanded?

“Extremely challenging” and “very challenging” responses

Top-three responses for Canadian SMBs

**40%** Updating risk management

**33%** Increased travel and expense reports

**30%** Administrative issues

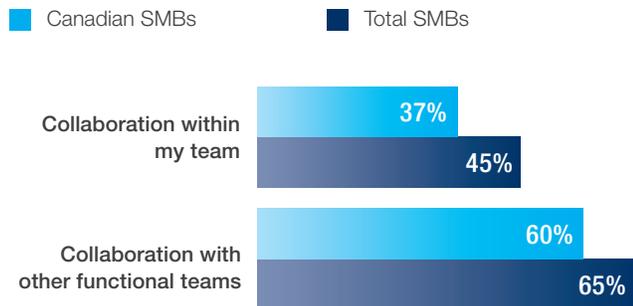
As post-expansion workloads grow, so too do challenges.

- Planning an expansion brings its own difficulties. More than two-fifths of Canadian SMBs say updating risk management was challenging since they’ve grown (vs. 21% total).
- Canadian respondents are slightly more likely than the total to struggle with data: 10% of respondents reported having difficulty making meaning from the data they collect (vs. 9% overall).
- Nearly a third (30%) say that their organizations have trouble reacting nimbly when their business hits an unexpected roadblock, compared to 23% of total respondents.

### Growth calls for better collaboration

Please indicate how the following have changed since your company expanded.

“Significantly more” and “Slightly more” responses



After growing, executives must work with other business units and their own teams on increased day-to-day responsibilities and strategic thinking.

- Compared to overall respondents, Canadian respondents report much better collaboration between functional groups, like with Governance, Risk, and Compliance (GRC) (80% vs. 54% of total SMBs), HR (90% vs. 81%), and Customer Service (87% vs. 58%).
- At the same time, more than a third (37%) of Canadian SMBs say their businesses tend to be siloed, compared to 27% of SMBs overall.

### Conclusion and recommendations

Finance executives at growing SMBs in Canada have an opportunity to focus more on cash flow and spending management, especially as many have expanded to increase efficiency. To maximize the chances of success when undertaking business growth, we recommend:

- **Prioritize cash flow and spending.** Two-thirds of Canadian SMB respondents say that spending and cash flow was an important factor in their expansion decision, less than total respondents. While cost-consciousness should not necessarily be the sole factor when expanding, better awareness of spending could prevent unexpected difficulties and costs.
- **To clear time for strategy, consider automation.** Increasing efficiency was a top reason for Canadian SMBs’ expansions. Automating processes like cash flow, expense management, and invoice processing can increase visibility into spending and free up more time to focus on strategy.
- **Maintain close collaboration.** Canadian respondents are better collaborators than most. Cost-conscious SMBs are more likely than others to say that finance and IT were strategic partners in their expansion, and they are less likely to say their organizations are siloed.
- **Above all, focus on efficiency and cost control.** 83% of Canadian companies say they would benefit from focusing on efficiency. A focus on efficiency and cost control could mitigate some of the difficulties of expansion.

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