



SME Survey 2009 Executive Summary

SMMEs and the Recession Challenges

Overview

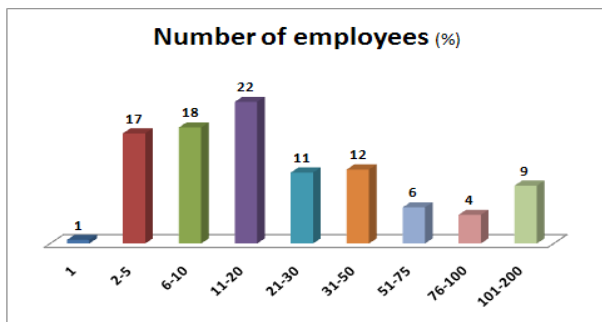
SME Survey presents the findings of SME Survey 2009, resulting from 2,500 telephonic interviews with business and financial decision-makers at small, medium and micro enterprises (SMMEs) in South Africa.

The past year has seen a worldwide recession in South Africa. This economic slowdown has forced many companies to cut back on activities or, for some, even to close up. SMMEs are not immune to this effect, and in many cases are highly susceptible to such a whirlwind of challenges. Unlike many large corporations, SMMEs often do not have the resources and backing to wade through economic downturns.

SME Survey 2009 set out to show how effective SMMEs have been in coping with the recession, how confident they are looking towards the future, and what impact they expect from the much awaited 2010 FIFA World Cup being staged in this country. SME Survey 2009 also blends SMME demographics with financial activity and concerns, Internet connectivity technologies, and business management disciplines.

Definition of an SMME

For each sector, the definitions differ, except in the case of number of employees, where all sectors except Agriculture have a size-limit of 200 employees (in Agriculture it is 100). A small enterprise is generally defined as having up to 50 employees, and a medium enterprise from 51 to 200. Companies with up to 20 staff are defined as micro enterprises.



Regional Distribution

The percentage of companies per province breaks down into the following proportions, with Gauteng hosting the majority (54%) of South African companies. The Western Cape region follows with 14% and Kwazulu-Natal with 13%.

| Province | Companies | % (rounded off) |
|----------------------------------|------------------|-----------------|
| Gauteng | 1,376,087 | 54 |
| Western Cape | 361,800 | 14 |
| KwaZulu-Natal | 331,625 | 13 |
| Mpumalanga | 135,142 | 5 |
| Eastern Cape | 94,194 | 4 |
| Limpopo | 88,262 | 3 |
| Free State | 71,816 | 3 |
| North West | 58,009 | 2 |
| Northern Cape | 14,500 | 1 |
| Total number of companies | 2,531,435 | 100 |

Source: CIPRO

SME Survey Contacts

Research Partner:

World Wide Worx
Arthur Goldstuck
+27 11 782 7003

Marketing & Communications Partner:

Coolcumba Communications
Debbie Whittaker
+27 11 996 6680

Events Partner:

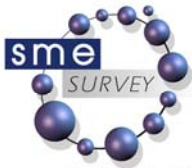
Fizz Marketing
Celeste Whitaker
+ 27 11 467 4935

General Information:

Tracey Hansen
+27 11 996 6680
Info@smesurvey.co.za
www.smesurvey.co.za

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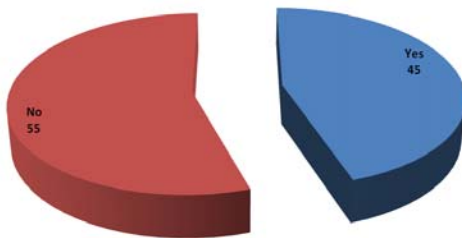
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Key 2009 SME Survey Findings

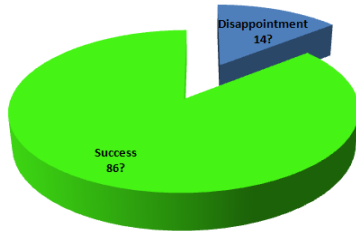
- 2010 World Cup Impact**

A total 88% of SMEs think the World Cup will boost the South African economy. SMEs were asked, "Do you believe 2010 and all the activity surrounding it will prove to be a great success?" a resounding 86% think the event will be a great success.

Will the World Cup boost your business? (%)



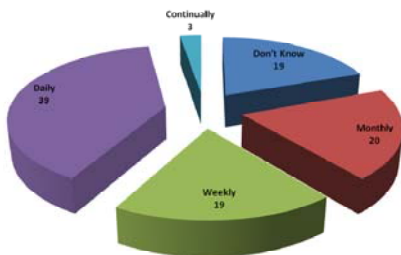
Will the World Cup be a success?



- Data Backup**

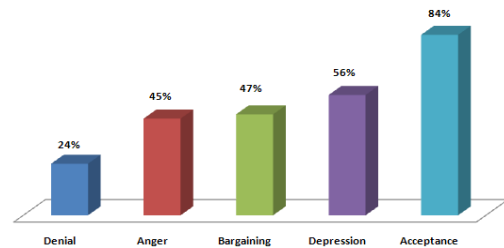
Thirty nine percent of SMEs back up their data daily while 3% do so continually (best practice).

Frequency of data backup 2009 (%)



A further 19% do not know when or how they backup their data; these companies likely do not backup any data and thereby place themselves at risk of losing data permanently. However, a further 38% of SMEs are vulnerable to losing data that has not been backed up over the course of a week or month. This loss must be added to the cost and effort of replacing vital business information.

Recession Stages of Grief



- Summary of the Five Stages of Recession Grief**

This chart highlights how fast SMEs have grasped the reality of the recession and how they want to deal with it. Few SMEs are in recession denial. Very few share the "recession denialism" that crops up in some quarters.

While there is still a great deal of anger and despondency about finding themselves in a recession, this goes hand in hand with most SMEs accepting that it is something they have to address. This, to some extent, explains why so many are also confident about weathering the recession: they have decided they can do it, and they will do it.

Purchasing the Report

The SME Survey 2009 Final Report is available in PDF format at a cost of R 11,000 excluding VAT.

To order your copy contact Tracey Hansen on +27 11 996 6680 or e-mail traceyh@coolcumba.com

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