SMB Survey Reveals Strategies for Navigating Uncertain Business Conditions

April 24, 2024

Read the SMB Survey Results Fact Sheet

In the current economic, political, and social environment, small-and-medium-sized businesses (SMBs) face a myriad of challenges, from fluctuating market conditions and evolving consumer behaviors to new technologies and a possible new presidential administration. Arguably the biggest variable among these conditions is whether or not inflation will reach the desired 2% target to trigger interest rate cuts by the Federal Reserve. In March 2024, Corpay conducted a survey of 233 SMBs in the U.S. that reveals some strategies being taken to navigate potential challenges this year.

Top Priority: Cut Costs, Control Spending

According to the survey, a significant majority of SMBs, 67%, are gearing up to combat economic unknowns by prioritizing expense reduction and implementing spending controls. More than a third expressed their willingness to adjust pricing strategies, while a quarter predicted potential staff reductions—a testament to the tough decisions business owners must make to ensure sustainability in uncertain times.

Delving deeper into the survey findings, it's apparent that SMBs are grappling with a range of pain points, chief among them the risk of having insufficient funds to meet vendor payments or payroll obligations. This concern has seen a significant uptick, with 39% of SMBs citing it as a primary challenge—a sharp increase from 30% the previous year. Such financial constraints underscore the importance of optimizing cash flow.

The Future: Cautious Optimism

While 36% of SMBs still have some concerns with staffing shortages, that fear is significantly tempered from the 63% reported in the 2022 survey. Interestingly, the dependency on flexible work schedules seems to be waning, with fewer SMBs planning to offer this benefit compared to the previous year. Instead, there's a notable emphasis on employee training and apprenticeship programs—a strategic shift aimed at nurturing talent and fostering long-term organizational growth.

Looking ahead, the survey sheds light on the prevailing anxieties and apprehensions among SMB owners. Notably, the fear of declining sales or losing market share emerged as the foremost concern, cited by 42.6% of respondents. This apprehension underscores the inherent uncertainty of today's market dynamics and the imperative for SMBs to continuously innovate and adapt to changing consumer preferences.

Conclusion

In essence, the Corpay 2024 SMB Survey offers valuable insights into the prevailing sentiments and strategies adopted by SMBs in the face of economic uncertainties. While inflationary concerns and market volatility persist, SMBs are demonstrating resilience and agility by prioritizing expense management, optimizing cash flow, and investing in talent development. As they navigate the complexities of today's business landscape, SMBs are poised to emerge stronger, leveraging innovation and adaptability as their guiding principles in pursuit of sustained growth and success.