



Whitepaper

# Strength, adaptability & compassion

Results from the  
2020 Business Barometer survey



Family Business  
Australia



Family Business  
New Zealand



**PRONTO**  
SOFTWARE

# Beyond an immediate response

The Family Business Australia Business Barometer survey, sponsored by Pronto Software, was undertaken during September 2020 to provide insights about the unfolding challenges, changes and opportunities, entrepreneurs and professionals were experiencing as they tried to remain in the game, without a playbook.

The candid feedback received reflected the dichotomies and the depth of the reverberations being felt across the nation. An analysis of the results revealed four key areas of focus for leaders:

- changes in consumer demand
- powering business agility
- managing disruptions to work, performance and well-being
- translating data to guide decisions

Ultimately, organisations that better predict evolving changes are well positioned to seamlessly adapt – and gain the competitive advantage. The results and analysis in this paper are intended to act as useful reference points that fuel important business discussions in 2021 and beyond.



**Greg Griffith**

Chief Executive Officer,  
Family Business Australia



**Chad Gates**

Managing Director,  
Pronto Software



Respondents to the 2020 Business Barometer survey were based across the country with more than half working at a business primarily located in Victoria or New South Wales. Over 15 industry sectors were represented including manufacturing, retail and services. The full list and all other data is shown in the appendix section which begins on page 12.



5.35%

Retail trade



18.18%

Manufacturing



6.42%

Transport, postal  
& warehousing



9.63%

Wholesale trade



5.88%

Construction



8.56%

Agriculture, forestry  
and fishing



13.37%

Professional services

# The unexpected trajectory of consumer demand

Almost  
**84%**  
of businesses  
had demand  
impacted by  
COVID-19

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The results show an even split between an increase and decrease in demand. The mining industry for example, saw demand<sup>1</sup> peak when other countries were hindered by COVID-19 outbreaks – making the sector one of the largest contributors<sup>2</sup> to the economy with a \$202 billion GDP.

This trend is seen also in other industries such as food and beverage with many nations seeking out Australia as a viable alternative for building more resilient supply chains<sup>3</sup>. The demand for safe, high-quality, Australian-produced food is expected to keep growing<sup>4</sup> as people focus on health and well-being – and enjoy the delights of unique treats. From the edible Geraldton wax flower that has bloomed into a culinary delight<sup>5</sup> to the Kakadu plum that is gaining international fame<sup>6</sup> as a “superfood” – Australian produce and products are tempting tastebuds.

Retail is an example of one sector most impacted by mixed results in demand. Australians invested<sup>7</sup> in home and garden supplies, electrical appliances as well as toys and games to break the monotony and entertain children during the lockdown. The most interesting change in demand for retail was not in product – it was all about the channel of choice with the switch to online buying seeing at times triple<sup>8</sup> digit growth!

The challenge for many businesses is how they deal with the unexpected change. Faced with increased appetite for takeaway but disrupted by the hospitality shut down, a delivery business responded<sup>9</sup> by developing two ‘super kitchens’ in Melbourne. They provided the equipment and looked after compliance on site so that the chefs could just focus on what they did best. With no shopfront and no commercial rental overheads for businesses, these virtual or cloud kitchens helped the Australian takeaway industry meet demand.

1. [‘Iron ore price surge set to boost WA budget amid Brazil coronavirus crisis and Chinese demand’](#), ABC News, May 2020

2. [‘Mining industry holds largest slice of Australian economy’](#), Australian Mining, November 2020

3. [‘Japan, Australia and India to Launch Supply Chain Initiative’](#), Bloomberg News, September 2020

4. [‘The role of trade in keeping the world fed’](#), Food Magazine, September 2020

5. [‘Geraldton’s iconic wax flower blossoms into native food, with ‘unique Australian flavours’](#), ABC News, October 2020

6. [‘Kakadu plum: The story of this Indigenous Australian superfood’](#), SBS, November 2020

7. [‘This is what we are buying online as retail sales surge’](#), The New Daily, September 2020

8. [‘Online sales soar 400 per cent for Lovisa’](#), Business News Australia, October 2020

9. [‘Dark kitchens \(or cloud kitchens\) on track for a bright future in a post-coronavirus world’](#), ABC News, September 2020



## Understanding the psychology of demand during a pandemic

Businesses who responded to changing opportunity quickly, were able to maximise returns during a complex and volatile time. Can more be done however to understand and better predict the changes in demand? Beyond demographics, buyers can be divided into three psychological categories related to demand changes.



### Stopped in mid-air

There is a segment of the market who are financially floored by the pandemic and they are forced to cut more purchases than they want. These consumers may be in the lower-income category or work in the worst impacted sectors such as travel.



### On alert but still moving

These consumers are typically not directly impacted, making them more financially resilient, but they will economise and delay purchases. Typically, most people fall into this segment in Australia. As news gets worse however, they can get anxious and move towards actions similar to consumers in the first category.



### Smooth sailing

People in this group have built a secure financial base – being in higher income brackets or, benefiting from increased income due to new higher demand patterns in their industry. This category can also include young adults who are not as focussed on saving, giving them higher disposable income. They consume with no change and will take advantage of promotional deals.

Across all three categories, consumers will make largely personal choices about what is:

- essential for survival
- indulgence for well-being
- postponable and can be deferred
- unjustifiable and should be abandoned

This is where marketing or the ability to articulate value to customers is critical. Businesses need to review sales and losses and identify changed customer patterns to offer products and communicate messages aligned with these needs. Several organisations make the mistake of taking a cleaver to the marketing budget when what is needed may be a scalpel to trim the fat. An agile, experienced marketing team is perhaps the single most critical asset in period of demand fluctuation. Companies that adjust marketing tactics and strategically guide product offerings, responding to shifting demand are more likely than others to flourish both during and after a significant change in consumer behaviour.

## Survey responses

“Demand has dropped by 80%”

“My niche is doing well”



# The power of the pivot

More than  
**1 in 4**  
businesses  
were  
moderately  
to extremely  
concerned  
about the  
need to  
change their  
business  
operations  
either  
now, or in  
the future

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Given the state of uncertainty created by the pandemic, it's understandable that respondents were most concerned about the need to adapt how they operate and manage cashflow. Over 70% of respondents had already made changes to their business processes, with more than two thirds saying they had reduced operating costs to ease the pressure.

Whether it was maintaining business continuity or managing supply chain disruption, the agility and flexibility of organisations was a critical success factor. Australian dairy processors successfully pivoted their business models to keep their product on the shelves<sup>10</sup> with one milk supplier launching a home delivery service not seen in decades.

Other manufacturers branched out into new products, services and markets to generate new revenue – in some cases upping aftermarket services as spending on new equipment<sup>11</sup> waned. A 3D printing company in the dental industry repurposed its technology to produce devices for a different industry<sup>12</sup> vertical, while a business that specialised in building stage sets and equipment turned its craft to manufacturing office furniture<sup>13</sup> to meet the work-from-home demand.

10. 'Dairy processors' pandemic pivoting power', Food & Drink Business, October 2020

11. 'Aftermarket services: Transforming manufacturing in the wake of the COVID-19 pandemic', Deloitte, May 2020

12. 'How businesses are taking on the two types of pandemic pivot', Financial Review, August 2020

13. 'Future-Proofing The Australian Manufacturing Industry Through Digital Transformation', Manufacturers' Monthly, October 2020



## Adapt to survive and thrive

Nobody knows exactly when the pandemic will be over, what to expect once economic stimulus stops flowing and if the change to consumers habits and preferences will remain altered. Hoping or waiting for things to return to 'normal' is not a solid strategy for success. Where possible, businesses need to build more flexibility and speed into how they:

- organise their workforce
- offer products and services
- engage and sell to customers

Arguably the biggest barrier to adapting, is the fear of change as it exposes the business to risk. The "surface area of risk" spans the elements that define an organisation's risk exposure. COVID-19 is expanding every organisation's surface area of risk and adding new complexity. Some of the biggest opportunities require businesses to push boundaries and take calculated risks that fuel innovation and growth. In an uncertain world, this can be hard. Risk and reward are however two sides of the same coin. Some of the currently most recognisable brands – such as WhatsApp, Uber, Slack and Airbnb – were launched right after the 2008 US economic crisis, capitalising on the mood of consumers who were looking for a fresh start. Cross-functional teams with leaders who have the experience, well-defined processes to deliver results – and the confidence to utilise new technologies are key to enabling a business to increase its risk appetite.

## Survey responses

"Our business is undergoing continued improvements across all areas to support growth"

"Some functions were affected more than others. Customer service became an area of critical importance"

"We're marking out crosses on the shop floor, scheduling surface cleaning three times per day and setting up collection points for contactless pick-ups"

"Supply of crucial items from interstate are proving difficult with the ridiculous rules in border regions. Also, the free flow of labour across the Vic/NSW and NSW/Qld borders are proving extremely difficult. What was a 20min drive to work from Albury to Wodonga now takes two hours"

# The dynamics of collaboration and work



Of those with staff working from home

**55%**

either said there was no impact on productivity or that productivity had increased

Nearly two-thirds of businesses implemented a work from home policy and the question for many leaders now is whether remote working is a sustainable option. While many businesses were forced into remote work, it has become obvious that distributed teams and flexible work practices may be a long-term necessity for some. This will be an advantage, particularly with the flexibility it offers employees including access to a wider<sup>14</sup> talent pool. Not every industry neatly lends itself to virtual work, but businesses with digitally-enabled processes have enabled employees to thrive and achieve high performance. The construction sector provides a particularly interesting example. A company that had invested in systems to manage projects, documentation and communication prior to the pandemic, leveraged AI and augmented reality to allow for virtual site tours and off-site monitoring<sup>15</sup> of multiple projects.

## A culture of performance

As organisations explore sustainable solutions to work, the looming question is about the impact on culture. As the 'operating system' of a company, culture is what binds employees. A business that values collaboration for example, nurtures more engaged and passionate employees. This means they work smarter and faster to deliver a competitive advantage – even through difficulty. Culture therefore sets the tone for the ways of thinking, processes and behaviours that guides what work is accomplished – and how. In this sense, the office is not just a place of work – it is the ecosystem where staff interact, guided by organisational beliefs. The community kitchen may bring colleagues together for an impromptu chat, but it is also the place where values are reinforced and connections that drive new ideas are strengthened. One of the biggest challenges for remote work therefore is nurturing consistent interaction that supports the fundamental culture of a business.

14. 'Is Your Midsize Company Designed for a Post-Pandemic Future?' Harvard Business Review, February 2021

15. '5 Companies Leading the Remote Working Revolution', Trojan Recruitment Group, June 2020



There are various ways that employees can be positively reminded about culture and what it means to work for the organisation. Additionally, business leaders must stay true to values. For example, if open communication is a core tenet, consider more regular virtual company town halls. When employees lack information from managers, many fill the void with the “word on the street”, letting their minds run wild. Leaders must be the authoritative source for all information to sustain confidence.

Corporate social responsibility initiatives that positively impact the community can also be a powerful reminder of purpose and ignite employees’ sense of passion. Insights from Deloitte<sup>16</sup> explains, “by cultivating the traits of passion in their workforce, organisations can make sustained performance gains and develop the resilience they need to withstand continuous market challenges and disruptions.”

There is also pressure for HR and IT to work more closely to ensure technology that is implemented is grounded in the strategic direction of a business. Many IT teams had a few days to transition teams to a remote work environment without compromising security, productivity and cost optimisation. Now there is an opportunity to review real performance results. As Gartner research VP Elise Olding<sup>17</sup> says, “There’s often cognitive dissonance between what the CEO is saying and how performance is actually measured.” Job roles change, the business transforms but many KPIs stay the same, failing to identify poor performance and reward desired outcomes.

Remote work adds further complexity and for a hybrid workplace with in and out-of-office employees to function, leaders need to work with IT and HR to consider:

- which tasks and roles can be performed autonomously, from anywhere
- expectations and boundaries around when and how work is performed and measured
- systems, tools and processes that ensure remote staff are included and supported
- skills development and training
- unified approaches to provide visibility across teams
- scheduling more regular and formal methods for sharing feedback, progress and outcomes

## Survey responses

“First lockdown productivity was way up. Second lockdown, staff are extremely fatigued and struggling more mentally. We are implementing resilience seminars, yoga sessions, Pub trivia, cooking classes, nutrition classes etc”

“Can’t easily monitor the mental health issues that we’re concerned about. As a result, we’ve put a lot of work into staff wellbeing – both for those in the building and those working remotely”

“Management productivity is significantly down as far harder to manage WFH employees. The skills and processes were not in place”

16. ‘[Passion at work](#)’, Deloitte University Press, October 2014

17. ‘[Why technology chiefs need to work closer with HR](#)’, CIO, May 2020



76%

of businesses surveyed believed they had the business data and analytics they needed to adapt to changes in the business environment

## Data: going beyond the numbers

Great analytics tools have been a lifeline for many companies during the pandemic. For example, in the wholesale and distribution industry, real-time consumption, stock levels and logistics data is vital to manage disrupted supply chains and competing customer needs. A number of surveyed businesses indicated however that analysis was challenging – with the volume of data growing and unprecedented changes making it hard to derive insights.

The reliability of any report or dashboard is largely influenced by the quality of information and the systems used to interpret it. Possessing data and analytical tools is not the same as being able to understand and act on data effectively. In many cases, organisations are overloaded by data and unable to extract meaningful insights at crunch time. This hampers their capacity to leverage the data to guide accurate and fast decisions.

## Actionable insights drive strategy

Companies need the right data and real-time analysis to better prepare for whatever the future might hold. Without access to expertise, some businesses struggle to build data models and extract useful insights. This is especially true when a business has multiple sources of data – from the factory floor to the shop floor.

True business intelligence is when a question can be asked and answers are provided in plain language. Leaders and teams can then apply what is discovered to improve outcomes such as efficiency, delivering better customer service and revenue growth. To improve the approach to data and intelligence:

- re-align analytics with new business models and priorities
- ensure data is captured, processed and integrated in the most relevant manner
- get help to tailor analysis and dashboards for specific needs
- share data and partner with suppliers to work towards common goals
- favour tools that make insights accessible across teams to ensure they enhance front-line actions through to strategic decision-making.

## Survey responses

“I would say we have most of the data, but we haven’t implemented the analytics yet to determine potential changes and opportunities”

“We have the data however, the analytics are potentially a guessing game due to the current situation being so unprecedented”

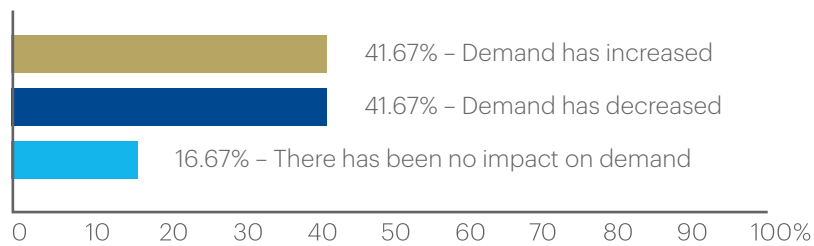
“Technology is critical & managing the business guided by data, rather than sensational media headlines is so important”



# Survey questions and responses

## Q1

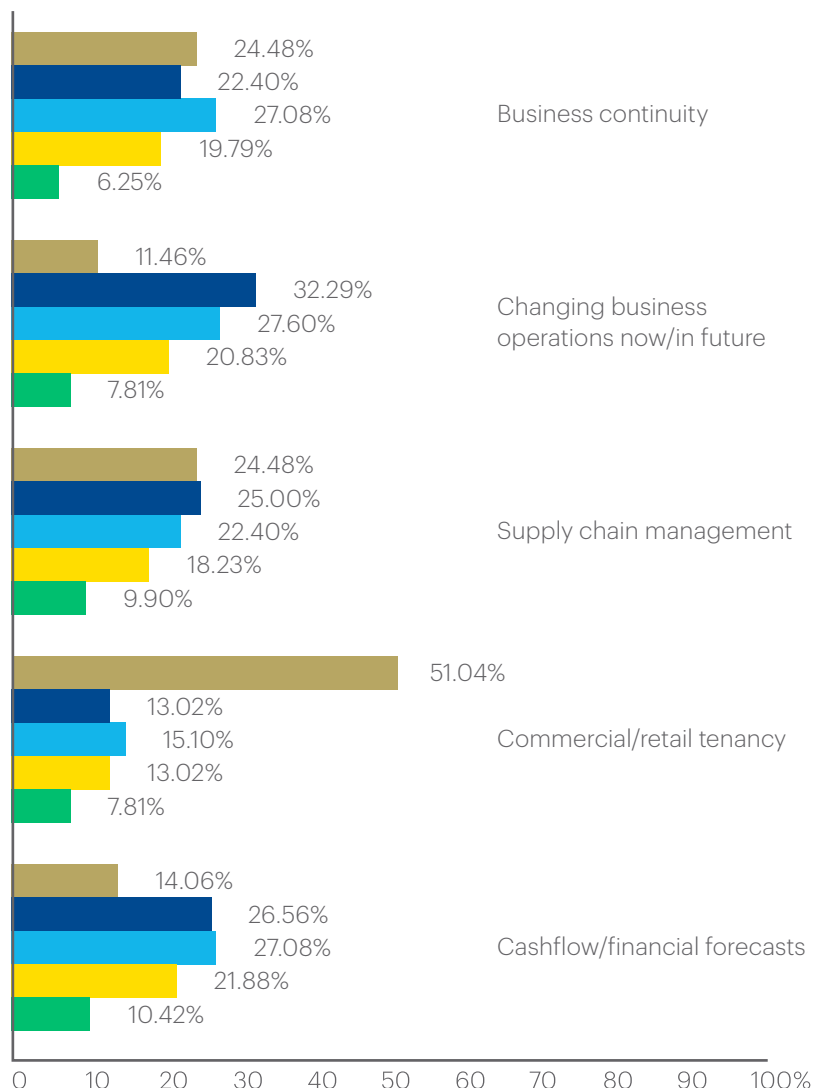
How has demand for your existing products/services changed since the COVID-19 outbreak?



## Q2

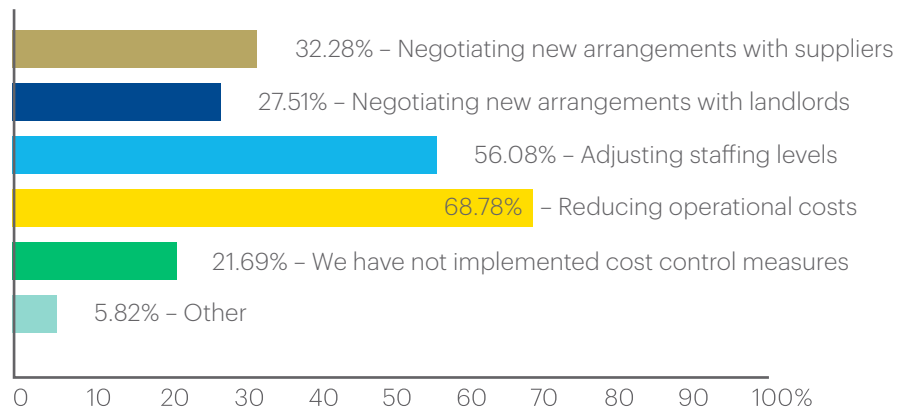
How concerned are you today about the following business issues?

- Not at all
- Slightly
- Somewhat
- Moderately
- Extremely



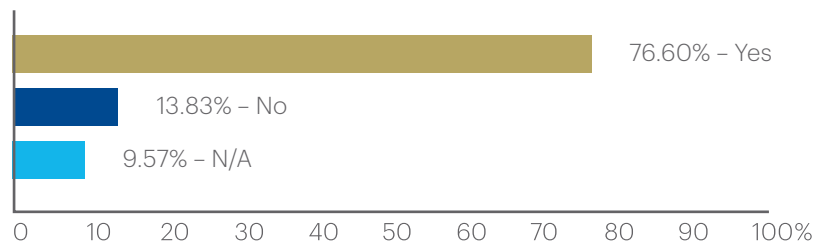
### Q3

If you have implemented cost control measures, in which of the following areas has this occurred?



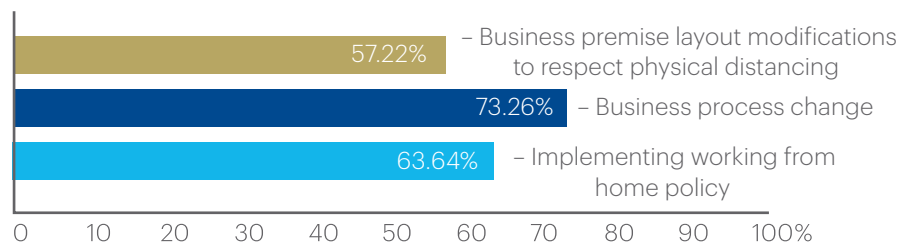
### Q4

Do you have the business data and analytics to adapt to changes in the business environment?



### Q5

What changes have you made to your business operations?



### Q6

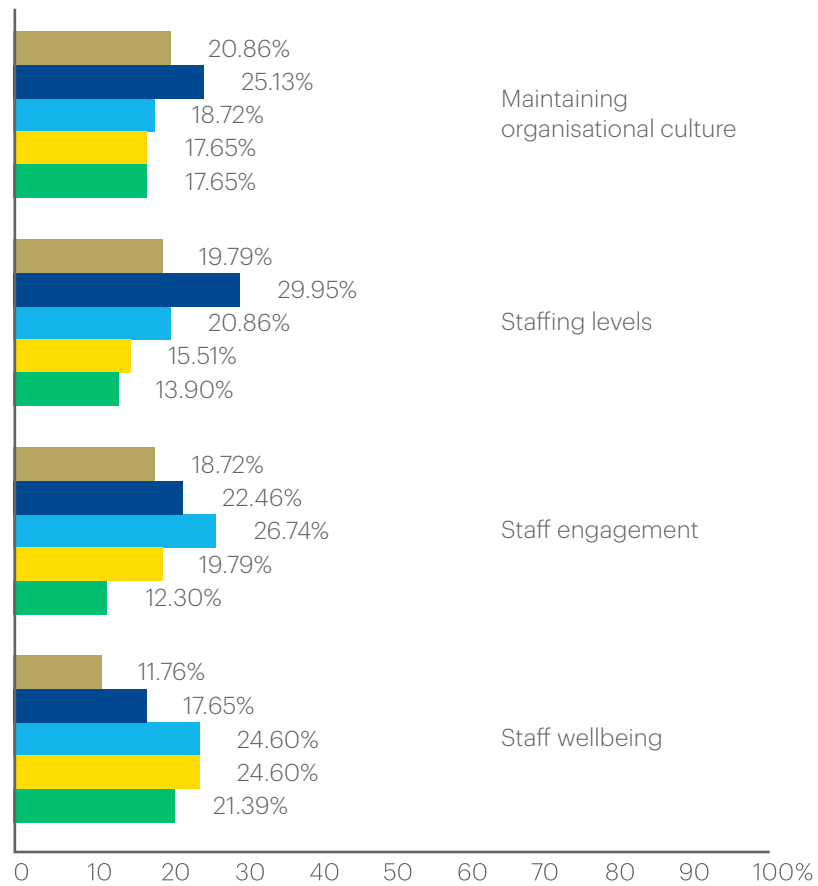
If you have/had any employees working from home, how did this impact overall productivity?



## Q7

How concerned are you today about the following workforce issues?

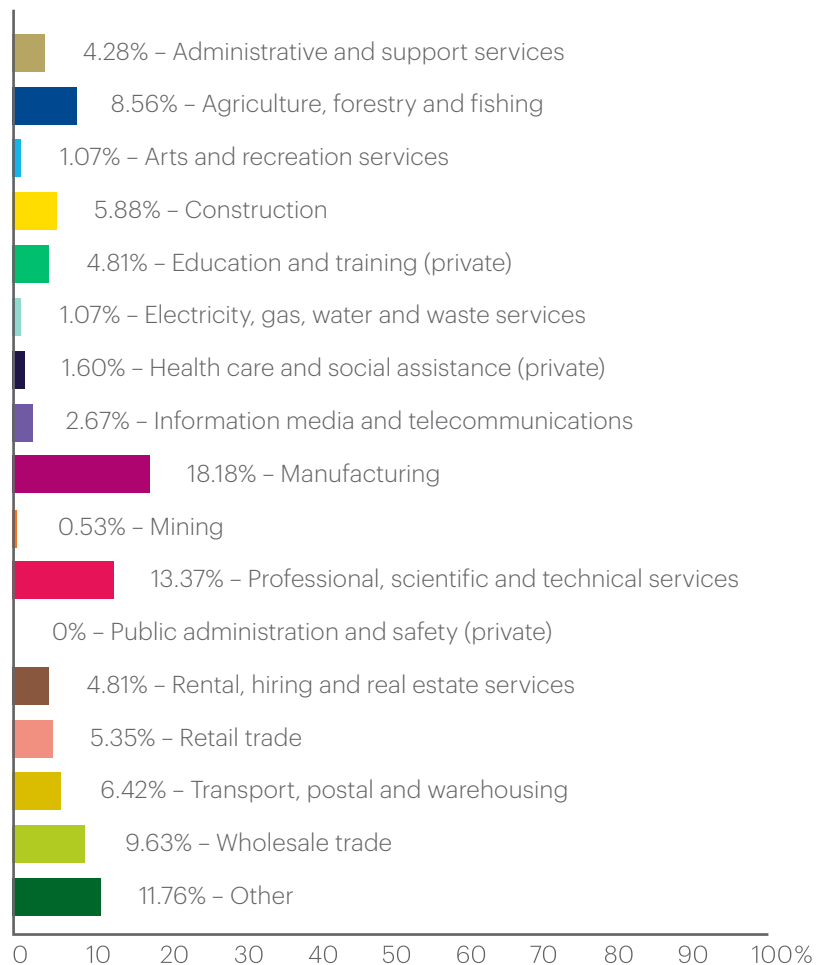
- Not at all
- Slightly
- Somewhat
- Moderately
- Extremely





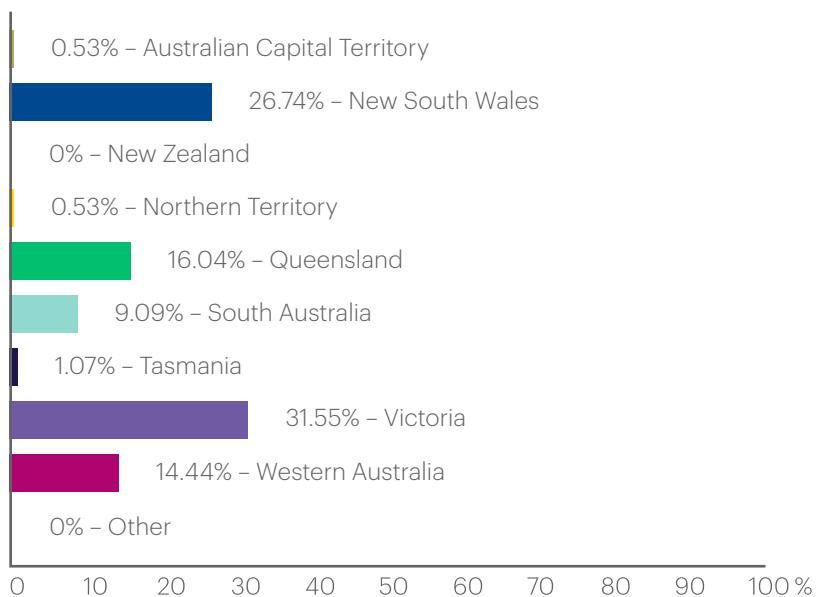
## Q8

Which industry are you in?



## Q9

Where is the primary location of your business?





## About this whitepaper

The Family Business Australia Business Barometer survey, sponsored by Pronto Software, was undertaken during September 2020 to provide insights about the unfolding challenges, changes and opportunities business professionals were experiencing as they tried to remain in the game, without a playbook. The survey results and analysis are presented in this paper as useful reference points to fuel important business discussions in 2021 and beyond, as the new normal is defined.




### About Family Business Australia

FBA is the peak membership body for family businesses in the nation, serving over 3,000 members and advisors. We aim to empower businesses, who are more important than ever, in keeping Australians employed – and the economy productive.

#### Learn more:

[www.familybusiness.org.au](http://www.familybusiness.org.au)

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### About Pronto Software

Pronto Software is an Australian developer of award winning business management solutions. Pronto Xi, their ERP and analytics software, integrates accounting, operational and mobile features in a single system – optimising business processes and unlocking actionable insights. Over 1,700 organisations have leveraged Pronto Software's industry experience and innovation to increase growth and revenue.

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