

Key Findings - By Business Issue

View findings by business issue: External Influences

External Influences

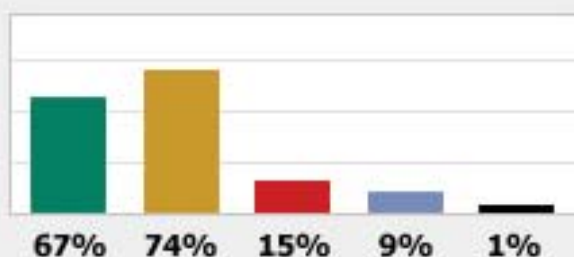
There are many external influences on business: some good, some bad. This section looks at the major influences on North American businesses. Where do businesses go for help and support in developing and growing their business?



- ▶ **1. How was your business financed when it was set up?**
- ▶ **2. Which of the following are you most likely to turn to for general business advice?**
- ▶ **3. What type of advice are you most likely to seek?**
- ▶ **4. US-based companies: Are you aware of the American Jobs Creation Act of 2004 and the implications for technology investments and write-offs?**
- ▶ **5. Has the provision of Section 179 of the Act which enables businesses to write off up to \$100,000 in new equipment purchases changed your technology purchase plans, and if so, how?**

1. How was your business financed when it was set up?

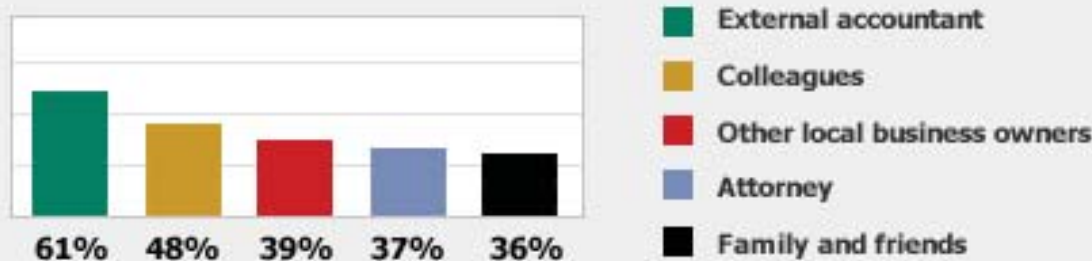
Small businesses must read plenty of self-help books, and "Bootstrapping" must be high on the list. It's a familiar phrase among small business owners who responded to the 2005 Sage Software Business Minds Survey. The efforts of venture capital organizations and business angels who capture the interest of the business pages rank far down the list when it comes to typical financing scenarios for these small business owners who are in fact their own angels. 67% of respondents self-financed their business. In Canada, that number jumps to 74%. The next major financial contributor to start-ups is the local bank, cited by 15% of respondents, then family and friends who helped 9% get on their business legs. The most self-reliant business types are those in accounting/tax services and business services, each with 78% self-funded at start-up. Less than 1% of all respondents got their start with government aid.



- Self-financed (all North America)
- Self-financed (Canada)
- Local bank
- Family and friends
- Government aid

2. Which of the following are you most likely to turn to for general business advice?

Small Business advice 101: Ask your accountant — 61% do it, and wholesalers (74%) do it most. While businesses are typically self-reliant when it comes to financing the business to get started, they turn to the wisdom of others for general business advice. In most cases, the primary advisor is an external accountant (61%), but advice from colleagues (48%), other local business owners (39%), an attorney (37%), and family/friends (36%) is also highly sought.



3. What type of advice are you most likely to seek?

Death and taxes are said to be the two things you can count on in life, so a cozy relationship with an accountant and a legal pro makes very good sense. According to the 2005 Sage Software Business Minds Survey, business owners are inclined to agree. When seeking outside advice, financial and legal issues are most on their minds, with 66% of business owners seeking help in those areas. Not far behind is counsel on technology issues, with 53% of advice seekers reaching out to experts.

Owners look for financial, legal, and tech advice



66%
Seek advice
on financial
and legal issues



53%
Seek advice
on technology
issues

4. US-based companies: Are you aware of the American Jobs Creation Act of 2004 and the implications for technology investments and write-offs?

Here's a little known fact: The American Jobs Creation Act of 2004. In the 2005 Sage Software Business Minds Survey, only US-based companies were asked this question, which refers to a bill passed by the US Congress in October 2004 with measures that encourage job creation among small businesses. Only 37% were aware of it. This lack of awareness was consistent in regions throughout the US, and within every business type except one: accounting and tax services, where just under 80% claimed awareness. Considering business owners turn most often to their accountants for business advice, that's a good thing. It also means 20% of accountant/tax services companies may not be serving their clients as well as they could.

Low awareness of the American Jobs Creation Act among business owners



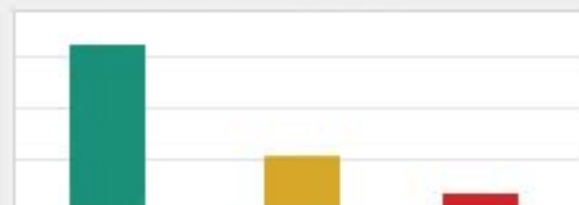
37%
All US-based
companies
aware of the Act



80%
Accounting and
tax services companies
aware of the Act

5. Has the provision of Section 179 of the Act which enables businesses to write off up to \$100,000 in new equipment purchases changed your technology purchase plans, and if so, how?

The 37% of respondents who were aware of The American Jobs Creation Act of 2004 maintain a steady path: 76% maintained status quo, making no change to their business plans. The remaining 24% made changes to their technology purchase planning as a result of the Act's benefits, shifting expenses from other areas or providing additional funding. 6% indicated plans to significantly increase their technology budget as a result of the opportunity afforded by the Act's provision.



76%

24%

6%

- Maintained status quo
- Made changes to technology purchase planning
- Plan to significantly increase their technology budget