

## Economic Trends

### **1. The Shift to Contingent Workers Turns Employees into Entrepreneurs:**

Employers large and small are shifting from full-time employees to part-timers, freelancers, outsourced services, partnership arrangements and other forms of contingent workers. They are doing this to save money and increase business flexibility. 2010 saw the contingent workforce grow as companies continued to limit hiring of full time staff. Many of these contingent workers created or worked for small businesses.

**2. Personal Businesses on the Rise:** Enabled by the Internet and low-cost information technology, the number of personal businesses (one employee businesses) has grown twice as fast as the overall economy over the last decade. With the unemployment rate remaining high and traditional employment options limited, 2010 was another year of strong growth in the number of personal businesses. The growth in personal businesses will also result in an increase in overall small business formation and numbers in 2010.

**3. Small Business Lending Returns to Pre-Bubble Levels:** The Great Recession was caused in large part by a decade long credit bubble. The recession ended the bubble and small business borrowing was extremely difficult in 2009. 2010 has seen a thawing of credit markets, but the easy credit environment of the last decade will not come back. Instead, lending standards will return to pre-bubble levels and only highly credit worthy small businesses will be able to borrow. Because of this, the availability and use of alternative credit sources - merchant advances, micro-lending, community lending, factoring, etc. - will grow as sub-prime small businesses seek funds.

## Social Trends

**4. The New Local Movement:** New localism is a long-term trend whose impact has been accelerated by the recession. Driven by changing demographics, new technology, rising energy prices and growing concerns about the environment, more people are focusing on their families, friends and communities. Small businesses have tapped into and benefited from this trend in several ways. Small businesses allow greater community focus for the owner and employees, and they benefit from market opportunities created by locally-oriented customers.

**5. There is No Place Like Home for Small Business:** Fuelled by technology and enabled by low costs, 2010 saw the continued growth of home-based businesses.

## **6. Clean and Green Creating Small Business Opportunities:**

The trends towards sustainability, clean technology and green energy continued to gain strength with consumers and businesses. In many cases the shift to sustainable business practices, products and services is changing how industries operate and creating a wide range of new small business opportunities.

### **Technology Trends**

**7. Social, Mobile and Cloud Computing Converge:** Mobile and social computing entered the mainstream in 2009, and cloud computing joined them in 2010. Individually, each of these technologies is having a major impact on small business. But the increasing convergence of these technologies is amplifying their impact and fundamentally changing how business is done.

**8. Location Technology and Services:** With the near ubiquity of GPS systems in smartphones and cars, consumer and business use of location aware applications grew significantly in 2010. Location information on businesses and consumers will become common and merge with online reviews and ratings. The use of location-based marketing services will grow as location data makes the shift from offline to online marketing even more powerful and attractive.

**9. Analytical Tools Lead to Data-Driven Decisions:** Sophisticated yet easy-to-use tools are allowing small businesses to move from "gut level" decision making to evidence-based management. Online marketing and customer relationship management systems in particular allow small businesses to develop data-driven marketing and support programmes that even recently were available only to large corporations.

**10. Online Training Brings Professional Education to Small Business:** Low-cost yet highly professional online training courses and programmes provide small business with the ability to improve productivity and employee engagement. Often utilising digital video and delivered just-in-time, online training provides small business with the ability to adapt and adjust to changing business conditions.