



2024 TRENDS & IMPACTS ON SMBs

INTRODUCTION



The Wworks Consulting Team is pleased to provide you the “2024 Business Trends and Impacts to Small and Medium-Sized Businesses (SMBs) Report”, which we hope will act as a compass for your business as you plan for the upcoming year through the presentation of probable business trends that can affect the 2024 business cycle and the potential impacts that can arise. Whether you apply a yearly or quarterly planning cycle, through Objectives & Key Results (OKRs) or another planning methodology, we are confident that the impacts that have been introduced throughout this report will provide a guide for you and your leadership team to strategically consider how the anticipated trends may apply to your own business.

As you contemplate and internalize the material presented, we stand ready and able to expand on any topics raised throughout this report.

We wish you the best, and up and to the right, as you chart your journey through 2024.

The Wworks Consulting Team

GENERATIVE AI, AUTOMATION, & HYPERPERSONALIZATION



AI tools that create text, images, and code are becoming accessible, offering opportunities for customized marketing, content creation, and even product development. Automation will become more accessible to SMBs, streamlining processes, customer interactions, and data analysis. SMBs can leverage these tools to stand out with personalized customer experiences and improved efficiency.

Product	<ul style="list-style-type: none"> ⦿ Expectations of products and services in the face of competitive offerings will be challenged in a volatile marketplace
Customer Experience	<ul style="list-style-type: none"> ⦿ Customer segments and individual customers will increasingly expect personalized products, packaging, prototypes, and tailored offerings ⦿ Increasingly complex offerings will necessitate personalized experiences enhanced through AI-powered chatbots and 24/7 virtual assistants ⦿ Transition of manual processes to automated processes ⦿ Speed and effectiveness of customer communications
Sales & Marketing	<ul style="list-style-type: none"> ⦿ Speed and availability of product and service features will challenge the ability to communicate and educate the marketplace
Strategic Planning	<ul style="list-style-type: none"> ⦿ Formed plans for roadmaps will be challenged in the face of rapidly changing market expectations ⦿ Market needs will create increased importance on the approach to scale through organic vs inorganic means
Process Improvement	<ul style="list-style-type: none"> ⦿ Methods for implementing automation will have an impact on customers, team members, and stakeholders
Analytics	<ul style="list-style-type: none"> ⦿ Predictive customer behavior, market trends, and future demand will become more complex, requiring more advanced skills

5G & THE INTERNET OF THINGS



Faster data speeds and increased connectivity will unlock new possibilities for real-time data analysis, remote operations, and automation. SMBs can utilize these advancements to optimize operations, boost customer engagement, and gain valuable insights.

Product	<ul style="list-style-type: none"> ⦿ Application and integration of 5G and IoT can be complex, requiring technical expertise and ongoing maintenance ⦿ Access to customer usage patterns and preferences ⦿ Access to 5G networks (antennas and back-end architecture) will vary across regions
Customer Experience	<ul style="list-style-type: none"> ⦿ Tolerance to engage and approach when alerted to safety hazards and security breaches in real-time ⦿ Use of Augmented Reality (AR) and Virtual Reality (VR) for customer service
Sales & Marketing	<ul style="list-style-type: none"> ⦿ Personalized products, services, and marketing campaigns ⦿ Use of Augmented Reality (AR) and Virtual Reality (VR) for interactive marketing
Strategic Planning	<ul style="list-style-type: none"> ⦿ Implementation of 5G and IoT solutions can require significant upfront costs for hardware, software, infrastructure, and training ⦿ Expanding organizational exposure to the internet enhances risk to data security, privacy, and cybersecurity issues ⦿ Availability of government initiatives and subsidies ⦿ Widespread 5G adoption poses the potential for intensifying competition ⦿ Unforeseen and unexpected business models and innovations ⦿ Application of Industry 4.0
Process Improvement	<ul style="list-style-type: none"> ⦿ Optimization efficiencies given the ability to collect data on everything from equipment performance to energy consumption
Analytics	<ul style="list-style-type: none"> ⦿ Utilizing and analyzing IoT data effectively requires personnel with specific skills and knowledge

E-COMMERCE BOOM

Online shopping continues to soar, and SMBs must adapt with an agile e-commerce strategy. This includes user-friendly websites, mobile optimization, and streamlined delivery options. Integrating social media selling platforms can also be beneficial.

Customer Experience	<ul style="list-style-type: none">⦿ Delivery of customer service experiences in an online environment that requires responsiveness, transparency, and trust⦿ Explosion of mobile commerce enhancing the need for a consistent experience across multiple channels (omni-channel strategy)
Sales & Marketing	<ul style="list-style-type: none">⦿ Increase in online competition and need to improve the strength of the brand and effectiveness of marketing strategies⦿ Navigation of online advertising platforms, search engine optimization (SEO), and social media marketing, requiring more advanced skills⦿ Expansion of market reach⦿ Lower financial barriers and reduced speed to enter markets with competitive offerings⦿ Diversification of product and service offerings with the potential to cater to niche markets and personalized customer preferences⦿ Personalized marketing strategies based on data analytics⦿ Changes in customer preferences and behavior⦿ Customer focus on eco-friendly products, ethical sourcing, and transparent business practices
Strategic Planning	<ul style="list-style-type: none">⦿ Protection of customer data and financial information⦿ Migration to omni-channel selling
Supply Chain	<ul style="list-style-type: none">⦿ Management of inventory, order fulfillment, and reliance on reliable logistics partners

SUSTAINABILITY & ETHICAL PRACTICES



Customers are increasingly concerned about environmental and social impact. SMBs can attract customers by focusing on sustainable sourcing, fair labor practices, and community engagement.

Sales & Marketing	<ul style="list-style-type: none"> ⦿ Consumer trust and loyalty that considers sustainability and ethical practices ⦿ Customer decisions that factor in environmental and social impact for their purchases ⦿ Market differentiation
Strategic Planning	<ul style="list-style-type: none"> ⦿ Consistent and transparent demonstration of social responsibility and ethical practices ⦿ Investment and implementation of new technologies, processes, and certifications required to implement sustainable and ethical practices ⦿ Evolving and tightening regulations and standards ⦿ Navigation of sustainability claims and regulations ⦿ Evolution of customer preferences for ethical and sustainable behaviors ⦿ Demonstration and exhibition of true impact of sustainable and ethical practices ⦿ Pursuit and acquisition of talent that prioritizes personal values that align with sustainable and ethical practices ⦿ Application of circular economy practices ⦿ Reputational damage associated with environmental and social controversies
Supply Chain	<ul style="list-style-type: none"> ⦿ Establishment and transparency of ethical sourcing and practices throughout the entirety of the supply chain
Financing	<ul style="list-style-type: none"> ⦿ Investment that prioritizes sustainability and ethical commitments

HYPERLOCAL FOCUS



Local businesses are thriving, driven by a desire for authentic experiences and supporting the community. SMBs can build a strong local presence through hyperlocal marketing, partnerships, and events.

Product	Ⓞ Creation and maintenance of hyperlocal market specific offerings
Sales & Marketing	<ul style="list-style-type: none">Ⓞ Limitation on market potential due to multi-hyperlocal market strategiesⓄ Construction and enhancement of brandⓄ Costs associated with local SEO, social media engagement, community partnerships, and local community relationshipsⓄ Competitive differentiation against generic offeringsⓄ Geo-targeting and location-based offerings
Supply Chain	Ⓞ Localization of the supply chain to align with hyperlocal market offering
Analytics	Ⓞ Acquisition and analysis of small set data

SUBSCRIPTION MODELS

Recurring revenue through subscriptions offers stability and predictability. SMBs can consider subscription models for services, products, or exclusive content to generate consistent income and foster customer loyalty.

Product	<ul style="list-style-type: none">⦿ Need for continuous innovation to maintain fresh offerings⦿ Personalization of customer journey to maintain interest⦿ Improvement of products/services based on customer behavior and preference insights
Customer Experience	<ul style="list-style-type: none">⦿ Complexity associated with recurring billing, customer support, and content delivery⦿ Service level agreements associated with on-going subscription models
Sales & Marketing	<ul style="list-style-type: none">⦿ Increased costs associated with attracting subscribers⦿ Churn and cancellation associated with maintaining customer engagement⦿ Delivery of consistent value and fresh experiences⦿ Creation and maintenance of offerings and processes to upsell and cross-sell⦿ Market targeting and personalization based on customer behavior and preference insights
Strategic Planning	<ul style="list-style-type: none">⦿ Structure to scale up and down based on demand
Analytics	<ul style="list-style-type: none">⦿ Analysis of customer behavior and preference data required to derive insights

ESG (ENVIRONMENTAL, SOCIAL, & GOVERNANCE) DISCLOSURES



Pressure on companies to disclose their ESG practices is increasing. SMBs may need to adapt to reporting requirements and demonstrate their commitment to sustainability and ethical practices.

Sales & Marketing	<ul style="list-style-type: none"> ⦿ Competitiveness in markets where ESG considerations are viewed as critical ⦿ Partners and customers who require adherence to environmental and social standards ⦿ Differentiator when customers prioritize ethical and sustainable businesses
Strategic Planning	<ul style="list-style-type: none"> ⦿ Creation and maintenance of engagement and feedback loops for investors, customers, and employees ⦿ Investment and resourcing of ESG practices (with highest importance on environmental initiatives) ⦿ Navigating the evolving landscape of ESG disclosure requirements ⦿ Navigating claims about ESG performance (including claims without sufficient evidence) that can lead to reputational damage ⦿ Awareness and understanding of ESG practices ⦿ Employee engagement ⦿ Regulatory compliance, which includes reporting requirements ⦿ Risk mitigation associated with ESG issues ⦿ Recruiting and retention ⦿ Cost management associated with compliance and reporting
Financing	<ul style="list-style-type: none"> ⦿ Investors and financial institutions who prioritize businesses with ESG commitments

CHANGES IN LABOR LAWS AND REGULATIONS



Minimum wage increases and evolving policies around remote work and employee rights may necessitate adjustments in how SMBs manage their workforce. Staying informed and adapting HR practices proactively will be crucial. Keeping an eye on regulatory changes is crucial. New laws or policies regarding data privacy, taxation, and other business aspects can significantly impact SMBs.

Strategic Planning

- Ⓞ Proactive adoption of new regulations to avoid legal penalties and reputational damage
- Ⓞ Commitment to ethical labor practices to attract and maintain customers who value responsible business practices
- Ⓞ Cost associated with competitive benefits and adherence to fair labor practices to attract a wider pool of qualified candidates
- Ⓞ Wage, benefits, and safety standards needed to contribute to a more satisfied and engaged workforce
- Ⓞ Increases in minimum wages across select states and cities
- Ⓞ Potential implementation of proposed changes to overtime exceptions for salaried employees by the Department of Labor
- Ⓞ Considerations by states and municipalities to mandate paid-level programs, including sick leave and family leave
- Ⓞ Evolving rules surrounding employee classifications and gig economy workers
- Ⓞ Implications of updated regulations on workplace safety and health standards that could require additional safety measures and training
- Ⓞ Unionization efforts in sectors that have traditionally employed non-unionized workforces
- Ⓞ Adaption of policies and procedures to conform with evolving labor laws, including remote work
- Ⓞ Hiring and recruitment process that are impacted by evolving labor laws
- Ⓞ Enhancement of employment documentation and record-keeping due to evolving labor laws
- Ⓞ Disruption to day-to-day operations as a result of implementation of labor laws and regulations

DIGITAL TRANSFORMATION



The acceleration of digital adoption will continue. SMBs will increasingly rely on digital tools and technologies for operations, sales, marketing, and customer service.

Customer Experience	<ul style="list-style-type: none">⦿ Personalized engagement, omni-channel presence, and seamless online transactions
Sales & Marketing	<ul style="list-style-type: none">⦿ Competition in the digital landscape that requires effective marketing and differentiation strategies⦿ Implementation and management of digital tools that require specialized skills and resources⦿ Increased market reach and accessibility that is dependent on E-commerce platforms, online marketing tools, and social media channels⦿ Seamless and personalized customer experiences
Strategic Planning	<ul style="list-style-type: none">⦿ Increased reliance on technology that exposes the business to cybersecurity threats⦿ Navigation of evolving data privacy regulations⦿ Implementation and management of new technologies required for investment and training⦿ Cost reduction and resource optimization⦿ Training and upskilling of the workforce⦿ Implementation and management of AI-driven tools and automation
Supply Chain	<ul style="list-style-type: none">⦿ Improvement in efficiencies as a result of focused supply chain management⦿ Unrecognized opportunities that are presented through digital technologies focused on inventory optimization, waste reduction, and enhanced operational visibility
Analytics	<ul style="list-style-type: none">⦿ Data driven decision-making that relies on real-time insights and customer data empowerment

REMOTE WORK EVOLUTION



Even as some return to offices, hybrid work models will persist. SMBs may need to adapt their infrastructure and policies to accommodate remote or hybrid work setups.

Strategic Planning

- ⦿ Establishing, fostering, and maintaining effective communication and collaboration across remote teams required to support a remote workforce
- ⦿ Fostering a strong company culture and employee engagement
- ⦿ Expansion of cybersecurity attack surfaces and data protection
- ⦿ Adaptation of traditional management practices in a remote environment
- ⦿ Provisioning and maintenance of technology infrastructure required to support a remote and virtual work environment
- ⦿ Expansion of a geographical workforce in relationship to competitive recruiting threats
- ⦿ Approach to business continuity: service level agreements, communication protocols, and employee expectations
- ⦿ Promotion and maintenance of team building and employee interaction in a virtual and geographically separated environment
- ⦿ Amendments and updates to policies required to support a remote and hybrid work environment
- ⦿ Evolution of work requirements needed for recruitment of available talent pool
- ⦿ Employee retention and productivity
- ⦿ Evolving regulations focused on the utilization of remote workers
- ⦿ Evolution of hybrid work models
- ⦿ Evaluation of current and future workspace requirements

SUPPLY CHAIN RESILIENCE



Given recent disruptions, SMBs will focus on building resilient and diversified supply chains, possibly favoring local or regional suppliers to mitigate global uncertainties.

Strategic Planning	<ul style="list-style-type: none">⦿ Pursuit and acquisition of skilled resources⦿ Geopolitical uncertainties (trade tensions, resource scarcity, weather events, etc.)⦿ Strategic adaption considering an evolving supply chain landscape⦿ Enhanced risk profiles within the supply chain, including increased potential of “Acts of God” due to climate change⦿ Evolving regulations that provide transparency to the supply chain, including ethical sourcing and environmental impacts
Supply Chain	<ul style="list-style-type: none">⦿ Diversification of suppliers and investment in technology⦿ Exploration and evaluation of alternative solutions and technologies⦿ Visibility and traceability within the Supply Chain, whether an open or closed network⦿ Transparency, communication, and risk mitigation throughout the entirety of the supply chain⦿ Establishment and management of sustainability practices
Analytics	<ul style="list-style-type: none">⦿ Collection and analysis of supply chain data

CYBERSECURITY



As businesses rely more on digital operations, the focus on cybersecurity will intensify. SMBs will need to invest in robust security measures to protect sensitive data.

Sales & Marketing	<ul style="list-style-type: none"> ⦿ Marketing and differentiation strategies
Strategic Planning	<ul style="list-style-type: none"> ⦿ Awareness and training of risk profiles ⦿ Evolution of cybersecurity compliance regulations and risk profiles ⦿ Impacts to financial and reputational reporting ⦿ Remote work vulnerabilities ⦿ Implementation and maintenance of tools required to overcome potential exposures ⦿ Recruitment and deployment of specialized skills ⦿ Evolving tactics required to maintain a secure environment ⦿ Navigation of evolving regulation requirements ⦿ Prioritization of prevention tactics ⦿ Implementation and maintenance of preventative cybersecurity processes ⦿ Exploration of cyber insurance to mitigate exposure ⦿ Training and skills amongst the employee base to recognize and provide awareness to cybersecurity threats ⦿ Evaluation and pursuit of insurance to mitigate cybersecurity exposure
Supply Chain	<ul style="list-style-type: none"> ⦿ Risk associated with supply chain vulnerabilities
Analytics	<ul style="list-style-type: none"> ⦿ Real-time insights and skills required to identify and address cybersecurity vulnerabilities