

MSMEs: Using technology to drive business

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In Nigeria, a country of over 200 million people, Micro, Small and Medium Enterprises (MSMEs) account for 96% of all businesses and contribute 49% of the national Gross Domestic Product (GDP). Despite MSMEs being relatively small individual businesses as the nomenclature suggests, it is not an understatement that they are the backbone of the economy as they employ 84% of the country's workforce (PwC MSME Survey 2020). The sustenance of the economy relies heavily on these enterprises.

The role of digitalization and technology in the optimal operation of businesses in the 21st century cannot possibly be overemphasized. The evolution of concepts such as customer satisfaction, advertising and payment are results of the heavy involvement of digitalization in today's businesses. Hence it is not surprising to see that MSMEs that have caught on to the trend have been able to compete and fare better than their relatively archaic counterparts. A study done in Turkey shows that 41.2% of 131 SMEs underwent technological innovations and this led to an operational efficiency of 96.9%.

This article will focus on describing practical steps and accessible tools that can cause MSMEs to facilitate the aforementioned evolution and attain sustainable growth.

01 Bookkeeping: As shown in the PwC MSME Survey 2020, one of the potential obstacles to growth for MSMEs is inadequate record keeping. This is usually associated with low staffing and lack of expertise required seeing as many of these businesses try their best to manage cost, however, the manpower and man hours that go into bookkeeping can be substantially reduced with basic accounting tools that help with invoicing, income statement preparation, inventory management, payroll and record expenses.

Examples of these tools include [PwC Tax247](#) for tax updates and basic computations and [Sage Accounting](#), [QuickBooks](#) for bookkeeping.

02 Business Intelligence: For business analytics and report generation, user friendly tools such as [Power BI](#) and [Tableau](#) leverage other software's (such as [Microsoft Excel](#)) to provide data insights. These insights can be used to compare cash flows over a period, analyze aged receivables, compare revenue per product class and ultimately get real time statistical information about the business. This tool is particularly important for wholesale and retail trade businesses which make up 55% of the MSMEs (PwC MSME Survey 2020). This can provide insight to the class of products that attract more customers and create more revenue thereby providing data necessary for strategy and projections that will ultimately maximize profit.

03 Collaboration: The rise of cloud computing in recent times has given way for the development of software that make collaboration over the internet seamless. Tools such as [Google Docs](#) and [Zoho Office](#) allows businesses work together real time on documents. Other tools like [Slack](#) allows businesses to create channels where employees can discuss with each other via chat; and [Zoom](#) allows businesses to organize virtual meetings. These software's have become increasingly popular globally over the past year due to the widespread COVID 19 pandemic that caused a lot of individuals to work from home. Every indicator point at the fact that virtual collaboration will serve more as a replacement than an alternative in many professional spaces henceforth.

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Digital Marketing: For the growth of an enterprise to be sustainable, it is without a doubt that marketing is essential. Marketing is all about connecting customers to products that companies offer and there is nothing that has a farther reach than the internet. Social media platforms like *Instagram*, *Facebook* and multi-faceted service providers like *Google* reach billions of users across the world daily. These platforms offer the ability to reach a targeted audience on a global scale and get real time insights into customer preferences in a much more cost-effective way as opposed to traditional methods like TV and radio. In addition to marketing, these platforms can be used for brand exposure and to manage relationships with existing and potential customers.

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Human Capital: MSMEs can use platforms such as *LinkedIn*, *Jobberman* and *Indeed* to reach a broader network of job seekers by searching for the required skills and qualifications. This is more effective and efficient than word of mouth referral which has a very limited reach. In addition, MSMEs are characterized by a low staff strength hence, there may be limited labour for the tasks available; especially with seasonal tasks. Employee costs accounted for 14% of business expenses in the PwC MSME Survey 2020, however this can be reduced if the culture of outsourcing becomes more widely accepted. Repetitive tasks such as data entry can be outsourced using *Fiverr* and *Upwork* while seasonal technical tasks such as general ledger clean up and management reporting can be outsourced to PwC. Existing staff can develop their skills by taking advantage of training and webinars provided by PwC. In addition, platforms such as **Coursera*, **edX*, **Udemy* can be used for upskilling.

More value can be created by using technology to drive business processes. The theoretical and practical utilities of technology are endless, and it undoubtedly sets a solid base to thrive in today's market. Technology has already offered so much value to our daily lives, it can also make an invaluable tool in business.

**All these tools offer free basic plans - albeit limited, these free plans offer more than enough for MSMEs.*



PwC Offerings

PwC offers services that can help to provide technology solutions to SMEs and help them grow. See details of some of the offerings below:

- Commercial and Data Assurance Advisory tech
- Tax and compliance
- Finance and Accounting
- General Business Advisory
- Audit Assurance

References

1. PwC MSME Survey 2020 - <https://www.pwc.com/ng/en/assets/pdf/pwc-msme-survey-2020-final.pdf>

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