



PEX Card SMB Benchmark Expense Survey Dec 2012 Published Jan 2013

Background

In December 2012, PEX Card conducted its first SMB (Small and Mid-sized Businesses) Benchmark Expense Survey among businesses nationwide. PEX Card intends to distribute the results widely so that SMBs can monitor their own expenses vs. those of similarly sized companies.

The survey also reflects business owner and CFO self-reporting of expense changes from year to year.

PEX Card will conduct the survey annually to provide a management tool for businesses as well as a barometer for how spending changes within expense categories and across businesses of different size.

Significant Observations

- More than 60 percent of businesses of all sizes expect their spending to increase in 2013, including nearly 70 percent of businesses with 25-49 employees. More than a third of all respondents attributed that anticipated increase to spending associated with growing their businesses.
- The average SMB spends nearly \$800K in the categories itemized in the survey. Expense varies markedly by size of company (\$378K for companies with less than 10 employees; \$1.7M for those that employ more than 25).
- Staffing Expense (including sales staff comp and incentives, Health Care Insurance, and Workers Comp) represents 50% of itemized expenses. Companies with more than 10 but less than 25 employees spend the greatest portion of their total expense on staffing (57%).
- Marketing and Sales Expense (including sales comp expense) represents 30% of SMB expense, with smaller companies (< 10 employees) spending a greater portion of total expense (34%) than the others.
- The largest companies (25+ employees) spend the least in sales and marketing as a portion of total expense (26%); however, advertising represents nearly 50%



of their total sales and marketing expense – significantly higher than the 34% mark across all companies.

- Equipment and office supply expense represents 15% of expenses across all segments; however, it represents 20% of the expense budgets for the smallest companies.
- Insurance expenses represent 14% of total expenses; the relative burden differs significantly across company size:
Largest - 17%; mid-size - 9%; small - 12%
- Fuel expense, which increased at most companies in 2012, represents 7% of total expense across all companies. Smaller companies see the smallest bite proportionately: 5%
- When asked which expenses were higher in 2012 than in 2011, more than 50% of respondents said fuel and taxes and licenses were more year-over-year.

How businesses can use this information

Businesses can check how they compare to similarly sized companies by referring to the summary chart below. For example, a company of 10-24 employees on average spent \$61,400 in fuel in 2012 or 7.4% of their total expenses. We've also included a chart that groups line items together by major category.



Findings

Distribution of expense by line item:

	1-9 Employees \$(000)		10-24 Employees \$(000)		25+ Employees \$(000)		All Companies \$(000)	
Employee compensation (non-sales)	\$ 57.4	15.2%	\$ 197.6	23.7%	\$ 375.6	22.5%	\$ 167.6	21.1%
Sales (salaries, incentives, commissions)	\$ 87.1	23.0%	\$ 225.3	27.0%	\$ 228.8	13.7%	\$ 156.2	19.6%
Fuel	\$ 19.7	5.2%	\$ 61.4	7.4%	\$ 140.0	7.5%	\$ 55.1	6.9%
Health care insurance	\$ 16.2	4.3%	\$ 29.1	3.5%	\$ 125.6	8.4%	\$ 48.1	6.0%
Business equipment	\$ 26.4	7.0%	\$ 51.4	6.2%	\$ 83.4	5.0%	\$ 46.1	5.8%
Rent, mortgage	\$ 18.3	4.8%	\$ 67.1	8.0%	\$ 82.8	4.9%	\$ 45.8	5.8%
Entertainment / travel	\$ 18.8	5.0%	\$ 29.6	3.5%	\$ 81.9	4.6%	\$ 35.1	4.4%
Equipment repairs and maintenance	\$ 18.2	4.8%	\$ 25.5	3.1%	\$ 77.5	3.9%	\$ 30.9	3.9%
Property insurance (flood, fire, theft, etc.)	\$ 20.9	5.5%	\$ 25.5	3.1%	\$ 74.1	3.4%	\$ 30.5	3.8%
Workers comp insurance	\$ 9.4	2.5%	\$ 21.2	2.5%	\$ 65.0	5.0%	\$ 29.4	3.7%
Taxes and licenses	\$ 13.9	3.7%	\$ 28.3	3.4%	\$ 64.4	3.1%	\$ 26.4	3.3%
Promotions	\$ 10.4	2.7%	\$ 14.4	1.7%	\$ 57.2	3.9%	\$ 23.9	3.0%
Direct Marketing (direct mail, flyers, etc.)	\$ 8.7	2.3%	\$ 8.2	1.0%	\$ 51.9	4.4%	\$ 23.6	3.0%
Office supplies	\$ 13.8	3.6%	\$ 15.2	1.8%	\$ 49.7	3.0%	\$ 22.4	2.8%
Postage/shipping	\$ 16.6	4.4%	\$ 12.5	1.5%	\$ 37.8	2.2%	\$ 20.3	2.5%
Web-related promotion, including web site maintenance	\$ 12.6	3.3%	\$ 10.9	1.3%	\$ 37.2	2.1%	\$ 17.2	2.2%
Advertising (Newspaper, TV, radio, Yellow Pages etc.)	\$ 9.7	2.6%	\$ 11.4	1.4%	\$ 34.4	2.3%	\$ 16.6	2.1%
Total	\$ 378.0	100.0%	\$ 834.5	100.0%	\$ 1,667.2	100.0%	\$ 795.0	100.0%



Results Grouped by Expense Category:

# of Employees	Distribution of Expense			Total
	1-9	10-24	25+	
Comp (Including Sales)	38.2%	50.7%	36.3%	40.7%
Comp (including HCI and WC)*	21.9%	29.7%	35.9%	30.8%
Comp (including HCI, WC and Sales)*	45.0%	56.7%	49.6%	50.5%
Fuel	5.2%	7.4%	7.5%	6.9%
Insurance (HCI, WC, Property)*	12.3%	9.1%	16.8%	13.6%
Rent, Mortgage	4.8%	8.0%	4.9%	5.8%
Equipment and Equip Repairs	11.8%	9.2%	8.9%	9.7%
Equip., office supplies, shipping	19.8%	12.5%	14.1%	15.1%
Taxes and licenses	3.7%	3.4%	3.1%	3.3%
Marketing (exclg Sales)	10.9%	5.4%	12.6%	10.2%
Marketing (inclg. Sales)	34.0%	32.4%	26.4%	29.9%

* HCI – Health Care Insurance; WC – Workers Comp



Were these expenses higher or lower in 2012 compared to 2011?

	Employee Count:				
AnswerOptions	2) 1-9	3) 10-24	4) 25-49	5) 50-99	6) 100+
Fuel					
Higher	68.20%	62.20%	72.20%	80%	55.60%
Lower	5.90%	17.80%	5.60%	10%	11.10%
Same	25.90%	20%	22.20%	10%	33.30%
Sales (salaries, incentives, commissions)					
Higher	39.50%	45.50%	55.60%	44.40%	42.90%
Lower	14.80%	13.60%	0%	22.20%	14.30%
Same	45.70%	40.90%	44.40%	33.30%	42.90%
Promotions					
Higher	19.50%	33.30%	35.30%	11.10%	14.30%
Lower	20.70%	19.00%	11.80%	33.30%	0%
Same	59.80%	47.60%	52.90%	55.60%	85.70%
Direct Marketing (direct mail, email campaigns, flyers, etc).					
Higher	26.80%	27.50%	23.50%	11.10%	14.30%
Lower	12.20%	20%	11.80%	33.30%	28.60%
Same	61%	52.50%	64.70%	55.60%	57.10%
Advertising (Newspaper, TV, radio, Yellow Pages listing, etc.)					
Higher	25.90%	28.60%	16.70%	11.10%	28.60%
Lower	18.50%	19%	5.60%	44.40%	14.30%
Same	55.60%	52.40%	77.80%	44.40%	57.10%
Web-related promotion, including web site maintenance (registering domain name, site creation, development, upgrades, etc.)					
Higher	34.60%	25.60%	23.50%	11.10%	33.30%
Lower	14.80%	14.00%	0%	33.30%	0%
Same	50.60%	60.50%	76.50%	55.60%	66.70%
Entertainment / travel					
Higher	37.00%	48.9%	37.5%	30.0%	50.0%
Lower	19.80%	15.6%	6.3%	30.0%	25.0%
Same	43.20%	35.6%	56.3%	40.0%	25.0%
Employee compensation (non-sales)					
Higher	33.3%	54.8%	58.8%	33.3%	62.5%
Lower	17.3%	14.3%	0%	33.3%	12.5%
Same	49.4%	31.0%	41.2%	33.3%	50.0%
Business equipment					
Higher	39.8%	50.0%	47.1%	33.3%	12.5%



Lower	14.5%	15.2%	11.8%	22.2%	37.5%
Same	45.8%	34.8%	41.2%	44.4%	50.0%
Health care insurance					
Higher	40.2%	52.3%	61.1%	55.6%	37.5%
Lower	8.5%	13.6%	11.1%	22.2%	25.0%
Same	51.2%	34.1%	27.8%	22.2%	37.5%
Workers comp insurance					
Higher	43.2%	50.0%	61.1%	44.4%	62.5%
Lower	6.2%	37.0%	11.1%	33.3%	12.5%
Same	50.6%	37%	27.8%	22.2%	25%
Property insurance (flood, fire, theft, natural disasters, etc.)					
Higher	43.95	35.6%	50.0%	55.6%	37.5%
Lower	7.3%	20.0%	0.0%	33.3%	12.5%
Same	48.8%	44.4%	50.0%	11.1%	50.0%
Office supplies					
Higher	37.8%	45.7%	47.1%	20.0%	62.5%
Lower	7.3%	13.0%	0.0%	30.0%	0%
Same	54.9%	41.3%	52.9%	50.0%	37.5%
Rent, mortgage					
Higher	45.7%	42.2%	47.1%	33.3%	37.5%
Lower	7.4%	8.9%	0%	44.4%	12.5%
Same	46.9%	48.9%	52.9%	22.2%	50.0%
Postage/shipping					
Higher	36.9%	45.7%	47.1%	22.2%	37.5%
Lower	11.0%	1.9%	5.9%	33.3%	12.5%
Same	52.4%	43.5%	47.1%	44.4%	50.0%
Taxes and licenses					
Higher	50.6%	45.5%	64.7%	55.6%	42.9%
Lower	6.0%	11.4%	0.0%	22.2%	0.0%
Same	43.4%	43.2%	35.3%	22.2%	57.1%
Equipment repairs and maintenance					
Higher	39.5%	41.3%	41.2%	40.0%	75%
Lower	8.6%	13.0%	5.9%	30.0%	0.0%
Same	51.9%	45.7%	52.9%	30.0%	25%



Do you expect your expenses to increase, decrease, or stay the same in 2013?

Employee Count:					
	2) 1-9	3) 10-24	4) 25-49	5) 50-99	6) 100+
Increase	60.20%	60.90%	68.40%	60.00%	72.70%
Decrease	10.20%	10.90%	15.80%	20.00%	9.10%
Stay the same	29.50%	28.30%	15.80%	20.00%	18.20%

To what factor(s) do you attribute any increase or decrease in spending?

Most common answers:

- Business Improvement/Growth: 34.1%
- Negative Economy: 25.0%
- Rising Fuel Prices: 10.1%
- General Rising Prices: 9.3%
- Rising Healthcare Costs: 5.4%