

# 5 strategies that can help SMEs shift their mindset towards tech adoption

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Technology adoption has played a big part in how small businesses navigated the past two years. Some businesses have used their tech to stay connected to their team and customers, while others found digital solutions to be the difference between closing their doors and maintaining a regular income.



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In many cases, cloud-based solutions helped small businesses to stay in operation even when they couldn't physically access their premises during lockdowns. Cloud adoption continues to play a vital role in small business survival, and we've seen this accelerate even after the pandemic.

According to our findings in the [Xero State of South Africa Small Business report 2022](#), half (51%) of businesses now use cloud technology. Of those who have adopted cloud tech, 30% say that it has enabled them to reach new customers, and over a quarter can point to improvements in their processes. Nearly a third (31%) have used it to simplify their financial processes, leaving them with less admin work. A further 28% say that cloud tech has improved their general business operations.

But while businesses are eager to adopt technology and explore new ways of working, many still find themselves struggling to get to grips with digital tools. Xero partnered with behavioural science experts to study the human factors that hold small business owners back from adopting digital tools, despite knowing the benefits.

We discovered small businesses have a set of deeply ingrained beliefs about technology that influence their decision-making. Behavioural science seeks to understand these factors so that we can help small business owners overcome them.

We've identified five strategies that can help businesses shift their mindset towards technology adoption.

## 1. Encourage small steps, not giant leaps

Small business owners often feel daunted by the perceived uncertainty and difficulties that come with investing in something new. To make technology adoption seem easier and less uncertain, look at the process as a series of small, incremental steps rather than large-scale, all-in bets.

Every little change brings about small but distinct benefits – and the further you go, the more those benefits compound into huge advantages. Break down the adoption processes into simple, clear steps to rethink uncertainty about the potential risks ahead.

## 2. Celebrate small business peers

We know small businesses are more likely to try something new if they see their peers doing it – and benefiting. Connecting with others who've reaped the rewards of tech adoption can shift what they might consider the social norm and motivate them to follow in their peers' footsteps.

Find similar businesses and identify clear linkages between their actions and outcomes when it comes to technology, and ask them to share their experiences – both positive and challenging.

## 3. Don't get left behind

Take a long-term perspective on technology adoption - as you would with financial or business goals - and it becomes clear that today's 'good enough' is usually tomorrow's 'not enough' (think Netscape or the Blackberry).

When looking at a current solution and a new technology, quantifying and comparing the performance of both options can help dispel illusions about the safety of a 'good enough', comfort-zone approach to tech and prompt you to rethink just how good the status quo really is.



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## 4. Narrow and simplify choices

Too much choice can be paralysing in the decision-making process. More information isn't always better, and often it causes small business owners to freeze. Try not to get caught up in information and option overload and instead ask your advisor for clear-cut, well-informed technology adoption plans that provide confidence, not confusion.

When talking to your advisor about your options, ask them to limit the number of choices and use direct 'like for like' comparisons that focus on outcomes rather than features.

## 5. Measure benefits in a relatable way

Many small businesses and in particular, sole traders, experience anxiety or confusion when faced with information that isn't relevant to their businesses. In general, we're much more likely to take action if the benefits of doing so resonate with our values and identity.

In terms of technology adoption, that means understanding the challenges and opportunities in a way that's relevant and tangible to small business owners, based on their real, lived experience of doing business.

For advisors, using measures that small businesses already deal with can help, as can a transparent view of possible challenges and practical ways to overcome them.

It's clear that changing mindsets requires more than just education, explanation, or encouragement – the tools we most often apply when trying to drive up technology adoption.

It's clear that the biggest hurdles to harnessing the benefits of cloud technology for small businesses aren't a lack of information or choice, but deeper concern about how complex the change process might be.

By directly engaging with the behavioural barriers that stem from how we naturally react to risk, reward and uncertainty, I believe we can help drive the adoption of cloud technology for the benefit of our small business economy.

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