

Changing Workplace Trends According to Microsoft



Gene Marks

CPA, Columnist, and Host



Travis Walter

VP of Microsoft Store

Announcer:

Welcome to THRIVE, a Paychex Business Podcast where you'll hear timely insights to help you navigate marketplace dynamics and propel your business forward. Here's your host, Gene Marks.

Gene Marks:

I am with Travis Walter, who is Microsoft Stores VP of retail. Travis. First of all, thanks so much for joining me.

Travis Walter:

Hey. Thanks, Gene, for having me. Really appreciate it.

Gene Marks:

Yeah, well, we're going to jump into this Small Business State of Mind study, because I have lots of questions there for you. But before we get started, first of all, give us a little bit of your background, Travis? How long have you been with Microsoft, and particularly with this sort of area of Microsoft, their retail division?

Travis Walter:

Yeah, I've been with Microsoft for over 10 years. I actually grew up in retail, I actually at one point started a small business, but then 10 years ago, really joined Microsoft to build the direct-to-consumer and direct-to-small business chain, and so I've been serving small businesses for over 10 years, and excited about the future and how we can help them achieve more.

Gene Marks:

Got it. All right, that's cool. And when we talk about retail, because you're VP of retail, does it just mean brick-and-mortar stores, or is there a more expanded definition of retail for Microsoft?

Travis Walter:

No, it's both bricks and mortar, but it's also digital. A lot of our customers, small businesses, come to us in a digital-first way. They're looking to come to our resource center, for example, online at microsoft.com, and

find solutions for them. Actually, many of our interactions don't even happen, Gene, in bricks-and-mortar stores. They happen online. You can chat with a business advisor to help your small business through either a video business consultation or through chat, and so many of our interactions actually happen digitally, and we meet customers really where they want to be met.

Gene Marks:

We're here to talk about a report that came out from Microsoft just in April called the Small Business State of Mind report. Actually, I think it just came, it was maybe the survey was being done in April and then it just came out right after that, but recently. And I see there was a thousand small business owners that were surveyed, and I know that there's a lot of emphasis in this report about Generation Z. In fact, the title of the report is how Gen Z is flipping the career paradigm on its head and navigating the entrepreneurial world independently, and so there's a lot of questions that were asked about this respondents.

Gene Marks:

So I guess the first question that puzzled me is that Gen Z is defined as anybody who's really been born starting in the year 1995. It's about my kid's age, mid-'90s all the way through the mid-2010s. So the oldest Gen Z person would be in their mid-twenties, and there's like, I don't know, 7 million employer-owned businesses in this country, and the Small Business Administration has said that the vast majority of business owners are over the age of 50. In fact, the average age is about 55. So I'm just kind of curious, why do Microsoft want to focus on asking for the entrepreneurial opinions of Gen Z, considering that these are kids that are barely out of college and I'm not sure how many of them are actually running businesses at this point?

Travis Walter:

Yeah, we didn't seek out to really focus specifically on Gen Z. We serve all businesses, whether it's three people or 300. This was a survey of a thousand small business owners, really of any under 24 employees, right? They're 89% of all the businesses, Gene, in the US. They're those small coffee shops. It's the dentist office that are nearby, the flower shops. So we really started with a focus on all small businesses, got a lot of feedback there, but one of the highlights that we really found was specific to Gen Z and some of the trends there. And so that's really where we've gleaned some exciting insights that I can certainly share more, like hey, they work differently. They're changing the workplace hustle.

Travis Walter:

You're right. There's a lot of nuances in terms of where that age group is, but guess what? They're more likely to start small businesses and have more small businesses on average. They have multiple side place hustles. You know, I've got a 16-year-old, and my summer job used to be very direct. Now he's got three different things he's going to do this summer, and I just think it definitely is a trend that we're starting to see.

Gene Marks:

Fair enough. So when we see data from the report about, I'm looking at over half the respondents ranked inflation as their biggest threat, and followed by COVID concerns and supply chain shortages, and majority are optimistic about their small business. 56% of Gen Z people are optimistic about their small... Again, I guess my question is, are these Gen Z-ers that we're talking to, or is it more Gen Z that's part of this demographic that we studied, or is it older people that are running businesses?

Travis Walter:

Yeah, I think those general statistics cover all small businesses, so you called out some good ones. So for example, small businesses in general, regardless of generation, 51% ranked inflation as their top business issue right now, followed by about 20% ranking COVID and about 18% ranking supply chain, so that's a

statistic on all-up small business. The other thing we saw for all businesses, look, a lot of businesses are kind of gambling on data security. About 47% surveyed said they haven't invested enough in data security and are kind of rolling the dice, if you will, and not ready for a data breach.

Travis Walter:

So those are very specific to all-up business, but I think as we look at Gen Z, Gene, in a little more detail, that's when we see some of the nuances and differences. So for example, we talk about the workplace hustle. You know, that nine-to-five traditional job? The Gen Z audience as a small business owner is kind of nine to never. 81% of them are working on [inaudible 00:06:32] or on unconventional hours. I mentioned the multiple side hustles. Gen Z, 47% have multiple side hustles versus 34% of the small businesses overall. So you can see and compare and contrast how small businesses have a lot of similarities in terms of their concerns and opportunity, but Gen Z is certainly starting to shape, I think, what is some of the future of what we'll see in the small business landscape.

Gene Marks:

Yeah. Well, I could agree with you there. I mean, again, my kids are Gen Z-ers, they're in their mid to late twenties, and they certainly have crazy hours as well, to two or three in the morning playing Xbox and drinking and whatever. So I'm assuming that the ones that are entrepreneurs also have different types of work schedules as well. Travis, the study also says, and we all know this, how inflation and supply chain is such a big issue for so many small business owners. So for you, who is, you're VP of retail and you deal with a lot of small businesses working for Microsoft, what have you seen your customers do to try and navigate their way around some of these inflation issues?

Travis Walter:

Yeah, that's a great call out. Last week, I was meeting with a small business. It was a father-daughter insurance business, they're an actuarial business, and we talked about how they're navigating and how we can help them navigate both coming out of the pandemic, but also some of the inflationary pressure. The first thing that they were interested in doing was first reaching more customers, and they needed to do that digitally, and so we talked about how maybe Microsoft advertising solutions. Getting them online, getting their business online so they can reach more customers was certainly their biggest priority.

Travis Walter:

The second thing was, hey, they were starting to add about an employee per month. They're back into [inaudible 00:08:32] growth phase, and so they were very interested in how can you help me work more productively, work virtually and mobilely using solutions like Teams? And I need mobile devices to be able to support my team. And then the third was, hey, I cannot afford not to have a secure environment. I kind of need enterprise-grade security, but I'm not an IT pro. I wear a lot of hats as a small business owner. How can you help me with security solutions so that I can protect our data and [inaudible 00:09:06] my small business? We really worked with them on helping them get security solutions, like Small Business Defender from Microsoft. So those are the types of things. We're helping them reach more customers, helping them be more productive, and certainly helping them be more secure.

Gene Marks:

We, just say a full disclosure, my company, we sell some Microsoft products. We sell mostly CRM, so we do like Dynamics CRM, and our biggest issue with our Microsoft clients is that they're using 10 to 20% of the products that they have.

Travis Walter:

That's right.

Gene Marks:

Do you know what I mean? Do you see that as well? Every small business I go to, they might own Office and yet they're still using it for Word and Excel, maybe Teams, but scratching the surface.

Travis Walter:

Yeah, yeah.

Gene Marks:

What do you see to those business owners that are just so under utilizing the services that they have?

Travis Walter:

Yeah, that's a great call, Gene. Look, I think you're right. I first say, don't do it alone. You wear a lot of hats. Microsoft Store can help you. We can be an IT pro. Come connect with one of our trusted advisors. Our business advisors are free resources, and they're there to help you achieve more. Additionally, we've got free training, free training on how to use Microsoft 365 to its fullest potential, training on Teams, training on how you can reach more customers. And we are here to help, and we have thousands of resources to support you and your small business. You do not need to do it alone. You wear a lot of hats as it is. Let us take that hat off. We'll put it on, and we're there to help. But when I say leverage those tools, to absolutely move from using just a bit of the technology to using it to its full potential.

Gene Marks:

Is there a, I'm not going to put you on the spot here, and I know you're not in customer service, is there... I mean, Travis, you've been with Microsoft for 10 years and you live inside of Office and Teams and all that, is there any feature in Office or Teams or any other Microsoft application that you are either aware of or you're using that you're like, "I can't believe more of our customers aren't aware of it?" I'll give you one, I think Teams recently introduced a walkie-talkie feature, which is like the old Nextel walkie talkies where people walk around, and now, and whenever I mention that to clients, they're like, "We never knew that. That's incredible." Is there anything that comes to mind that you're like, "Geez, I wish more customers would know about this feature, because it's really great?"

Travis Walter:

Yeah. Teams, I think, is an important one. When I meet with small businesses, they're primarily using it just for communications like Zoom, but Teams more broadly as a platform is just outstanding. It's a place to point your employees to all of the past content. You have a persistent chat. It really drives a level of collaboration that's critical, and for small businesses, we hear they're working mobile, they're working across multiple areas. And so I think Teams as a platform versus just a communication tool is critical.

Travis Walter:

The other interesting one that I've started to use, hey, look as a small business, you got to be great in front of customers, you got to be a great presenter. On Teams specifically, you can put on the presenter capability and it will share back, well, how many times did Travis use "um" or what words could he use more to be more effective? And so it's a virtual AI-driven presenter coach. I think that's a fantastic tool for small businesses to use.

Gene Marks:

Very good, very good. All right. Let's stay on the study as well, because I know that's what we're here to talk about, and there are some other interesting things that came out of it. You had mentioned cybersecurity obviously is a big issue. Maybe if you can look at your notes and come back to me as to what some of the findings were. I know the general takeaway is that most small business owners, Travis, are ignoring. I just read some report recently that only 5%, this is from Pew, I think, like 5% of small business owners

they surveyed actually listed cybersecurity as one of their biggest issues, which I can't believe that. Their biggest concerns, I guess. So what did this study find, and what are your thoughts on cybersecurity for small business?

Travis Walter:

Well, yeah. Absolutely, we saw that. I think a lot of small businesses are gambling on data security, right? 47% of those surveyed believe they have not invested enough in data security, and really are rolling the dice to really avoid a data breach. And that's terrifying, but I know security is a space that is unfamiliar with a lot of small business owners, right? Maybe you don't have an IT pro on staff.

Travis Walter:

Our goal is to actually make this technology more accessible. So for example, Small Business Defender, which is a new solution Microsoft recently rolled out designed for small businesses, really does help bring this more accessible, enterprise-grade security to reduce the data breach, keep your customers information and your business secure. And so that is an area where I think it's foundational, and our small business advisors are here to support small businesses with getting that. And so don't leave it to finding it out on your own. Come ask for help, we've got solutions to help you there.

Gene Marks:

All right, that's great. The study also focused on startups. You mentioned it earlier, I mean, there's been, since the beginning of COVID, like five and a half million new startup applications that were filed, which is just an unprecedented number. I don't know if I buy the fact that these are mostly Gen Z-ers, because I just don't know if I buy that fact, but there is no question that there are a lot of people starting up businesses, and a lot of it is... Some of them had to do it out of they had no choice, because COVID, I mean, they had to put food on the table. Other people are doing a lot of side gigs. A lot of people are genuinely trying to transition from the corporate world to entrepreneurship and have their own business. I'm curious, what else can you add that the study provided, like some data that you found, about starting up? Again, what are your thoughts, as someone from Microsoft, how technology is going to help startups succeed over the next few years?

Travis Walter:

Yeah, you're right. I think COVID, and certainly the pandemic actually created a bit of a small business boom, if you will. Like you said, last year in 2021, 5.4 million new applications for small businesses, and you're right, it's not just Gen Z focused. It's far more broad than that. That's a million more new small business applications than the year before. And I think you're right, it's coming out of necessity, but it's also coming out of need, and serving needs that customers see.

Travis Walter:

One of the points of data we saw was that there's kind of this do-good effect, that some small business more are doing it with the social good in mind. Some of that Gen Z audience, for example, over 50% said one of the top reasons for them for pursuing a small business was to apply some social good. And they're doing that not just because they're trying to do good, but it's good for business. 88% of those surveyed say it's going to help them grow their business.

Travis Walter:

So we definitely are seeing that small business boom, and despite the headwinds that we talked about earlier of inflation, there's optimism out there, right? 58% of those surveyed think they're going to grow their business, and that's similar to the father-daughter insurance business that I talked about earlier. They're actually adding an employee every month, and they're starting to see some growth.

Travis Walter:

Now, not everyone's going to succeed, and what I would say in coaching a small business is start your digital transformation journey. Use Microsoft tools, but use technology as a way to help you be more successful. You're going to need to be able to digitally connect with customers, whether that's starting your own business online or finding new customers. You're going to need to make sure you run it securely. Your employees are working across multiple areas. Use technology like Microsoft 365 to put tools at their fingertips. So [inaudible 00:17:52] you get back more time, so the small business owner can go focus on what they need to focus on. So I would say it's a incredibly challenging environment, but there's optimism, and optimism plus technology and digital transformation, I believe, is how small businesses will succeed.

Gene Marks:

All right, Travis, this has been great. Just as we start wrapping things up, I'm curious though, as VP of retail for Microsoft Store, I'm curious if you can share with us what do you see as the most popular products that small businesses are buying from you that you've been seeing? And I'd love you to look ahead. You've been with Microsoft for 10 years. So put yourself forward another 10 years when you're president of Microsoft Store, not just VP of retail, okay? And what do you think will be the future products that small businesses will be buying from Microsoft to help them through their digital transformation?

Travis Walter:

Yeah. Right now, small businesses are coming to us certainly for Microsoft 365 solutions paired with devices, and that is something that's very common, and that's about helping them be more productive. I think security is going to be, for the next year and next three to five years, something that we really support customers with. [inaudible 00:19:16] about the next 10, I think it's about helping businesses solve their most painful areas, and it's about helping them grow, and so I think centered around solutions that are helping customers grow and achieve more sales, achieve more reach to their customers digitally. That's the digital transformation that I know we're excited to enable, and that's where I think we'll be in the next five to 10 years.

Gene Marks:

Travis Walter is the VP of retail of Microsoft Store. Thank you so much, Travis, for joining me, and hopefully we can speak again sometime in the future.

Gene Marks:

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Speaker 1:

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