



## **SURVEY: FRAUDULENT BUSINESS PRACTICES IN SMALL AND MID-SIZED COMPANIES**

**07/2014**

**JUERGENS BUSINESS SERVICES** has conducted an online survey regarding fraudulent business practices in small and mid-sized companies during the first half of CY 2014.

The aim was to gather information regarding how long the participating companies have already been in business, their company size, their number of employees, the type of business they are engaged in, the type of fraud scheme and the related loss amount.

### Results of the survey

The **total number of companies** which joined the survey was 38. The **average time in business** for these companies was 11 years. The **number of employees** ranged from 7 to 431. Excluding the two companies with the highest and the two companies with the lowest number of employees gives an average of 132 employees per company. The **average company sales** is € 24mio – again excluding the two highest and the two lowest sales numbers as well as excluding two companies from the public administration sector. The **business segments** of those companies which joined the survey were as follows: Manufacturing (13,2%), Retail (10,5%), Banking (7,9%), Health Care (7,9%), Transportation (7,9%), Public Sector (5,3%), Wholesale Trade (5,3%), Education (5,3%), Construction (3,9%), Communication/Media (3,9%), IT (2,6%), Energy (2,6%), Real Estate (2,6%), Agriculture 2,6%), other (18,5%). The **loss reported** by the participating companies started at € 20.000 (retail) up to € 150.000 (manufacturing). The survey showed that the most common type of **fraud scheme** is corruption (37,3%) followed by billing schemes (24,4%) non-cash schemes (19,4%) and financial statement fraud (5,3%).

### Conclusion

The alarming results of our survey show that fraudulent business practices are being conducted in all types of companies no matter of business size or business segment. Looking at the many reported huge and risky loss amounts – which can be discovered even in smaller companies - **MUST** make business leaders / company owners aware of the risk exposure they are facing. It's always better and for sure less costly to take care of preventing fraud in advance e.g. by conducting a risk/fraud assessment with the help of a professional partner such as **JUERGENS BUSINESS SERVICES** than by reacting later on when the fraud scheme already has occurred.

Please feel free to contact us regarding all fraud related questions. We will be happy to be your professional partner in fighting fraud and assist you in all fraud related matters.



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