

UKBB 102 November 2006 Analysis

The themes for the November survey were cash flow, pension reforms and investment, road pricing schemes, 'Family friendly' policies, changing banks, email access, business websites and two questions on the subject of running/managing a business.

About the respondents

The UK Business Barometer surveys the people running small and medium size businesses. In the November 2006 survey 135 respondents were drawn with the following population characteristics:

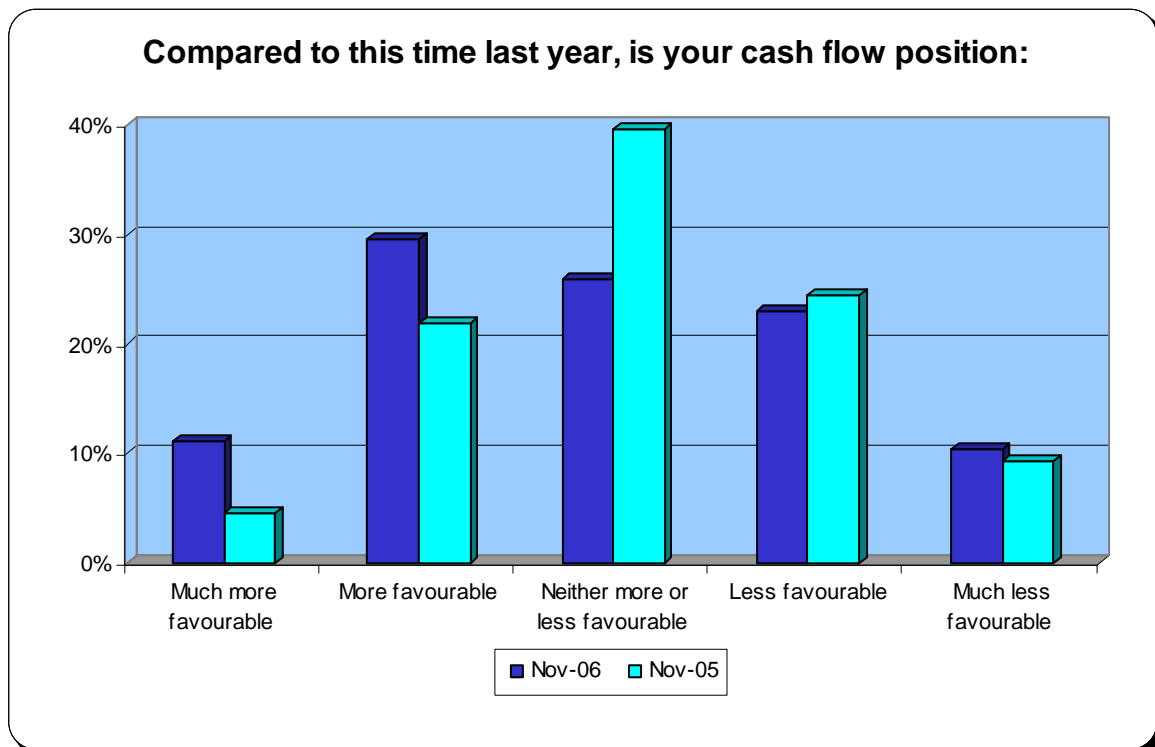
| Sector | | | |
|----------------------------|--------------|----------|--------|
| Production & Manufacturing | Distribution | Services | Total |
| 27.4% | 8.1% | 64.4% | 100.0% |

| Turnover (£) | | | |
|--------------|-------|-------|--------|
| < 1 M | 1M-3M | >3M | Total |
| 70.4% | 16.3% | 13.3% | 100.0% |

| Number of Full-time Employees | | | | | |
|-------------------------------|-------|-------|--------|------|--------|
| 1-10 | 11-20 | 21-50 | 51-100 | 100+ | Total |
| 60.7% | 25.9% | 6.7% | 3.0% | 3.7% | 100.0% |

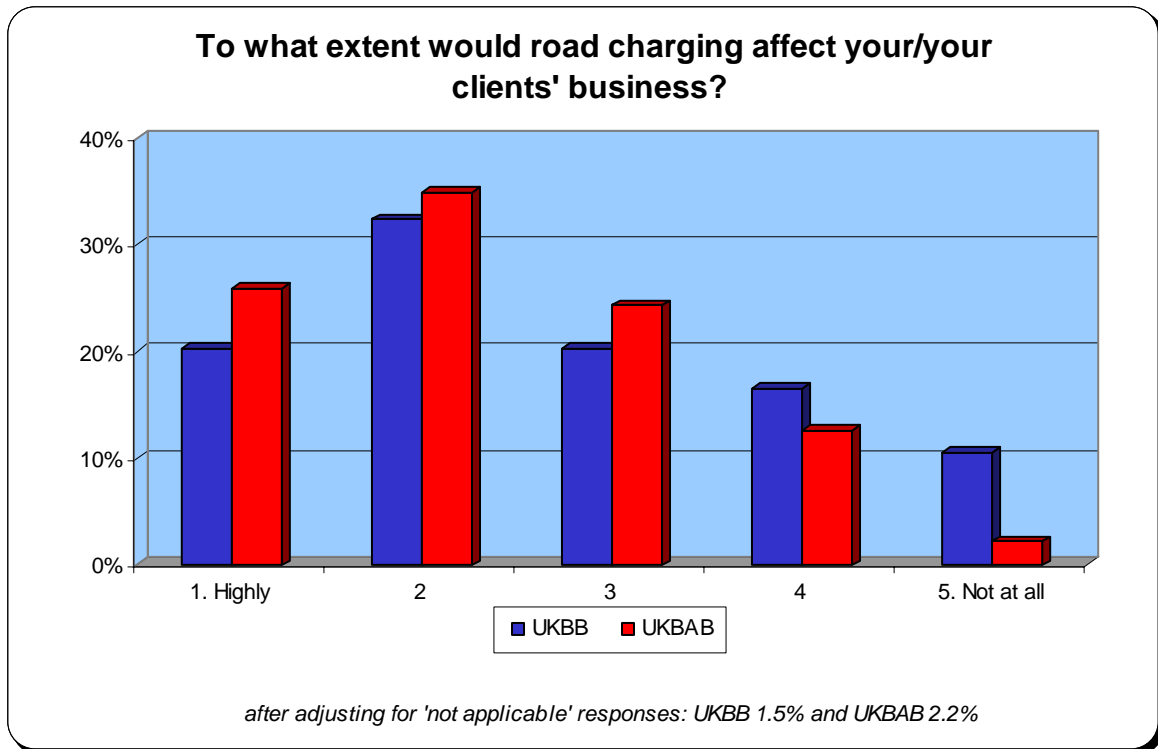
Survey findings

When asked if cash flow is more or less favourable than a year ago, 41% of the respondents to the UKBB said that it was more, or much more, favourable. This compares with 27% in the November 2005 survey. 33% said that it was less, or much less, favourable – very close to the result in last year's survey. Respondents to the UKBAB, the parallel survey of Business Advisers, were asked about their clients' cash flow positions. Only 11% thought it more favourable, while 41% understand it to be less favourable.



Government recently announced that road pricing and congestion charge pilots are to be extended to areas outside London. 90% of UKBB respondents would expect some effect on their business, and 53% to a high or relatively high extent.

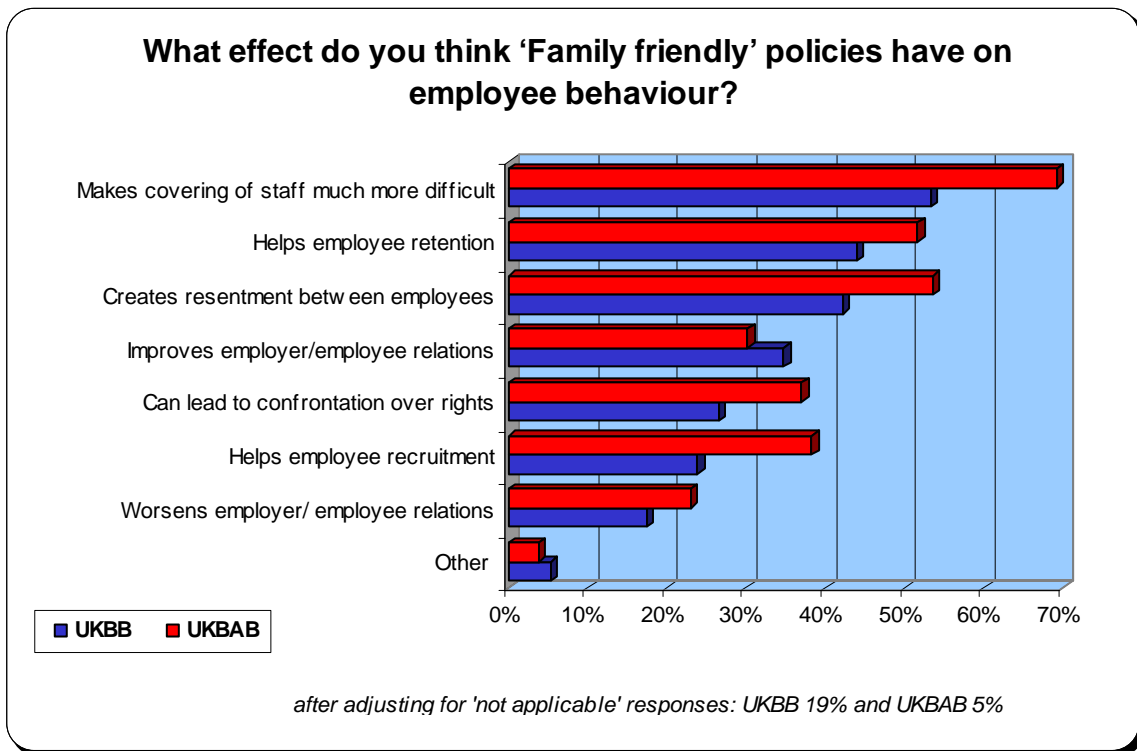
One respondent commented that for them, it would not be worth staying in business if road charging were introduced. In the parallel survey of business advisers, 60% expect road charging to affect their clients' businesses highly or quite highly.



All major political parties have recently advocated increasing Family-friendly policies for the workplace, but cautionary views have been expressed by some organisations representing smaller businesses. Many respondents to the November survey do not see it as entirely bad news – although 53% of respondents said that staff cover is made much more difficult, 44% said that employee retention is helped. On the other hand, 42% think it increases resentment between employees while 35% say it improves employer/employee relationships. Respondents were invited to select more than one choice of response, and, after adjusting for 'not applicable' responses, 47% selected either all or mostly negative responses, while 37% selected all or mostly positive responses. 14% were evenly balanced between positive and negative responses.

The same question was asked in the parallel survey of business advisers. The finding from that survey was more negative, with 58% selecting either all or mostly negative responses, while 32% selected all or mostly positive responses. 11% were evenly balanced between positive and negative responses.

The question attracted individual comments from both UKBB and UKBAB panellists. Several BB respondents mentioned increased costs and also difficulties caused by the blurring of the relationship between employer and employee in a small company. One commentator said "The jury is out on whether or not they (family friendly policies) represent value for money".

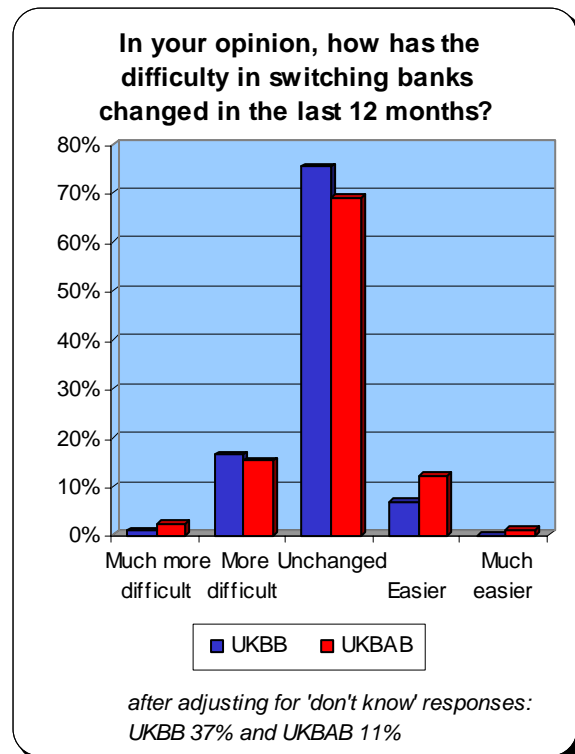
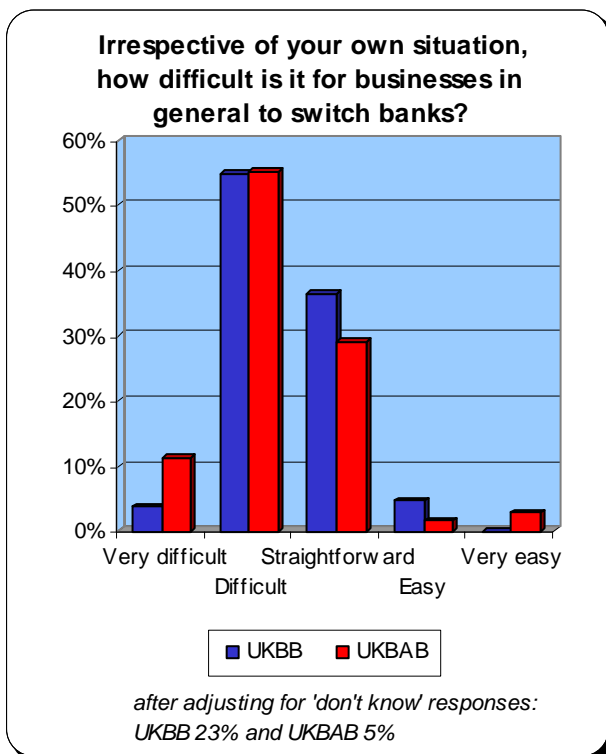
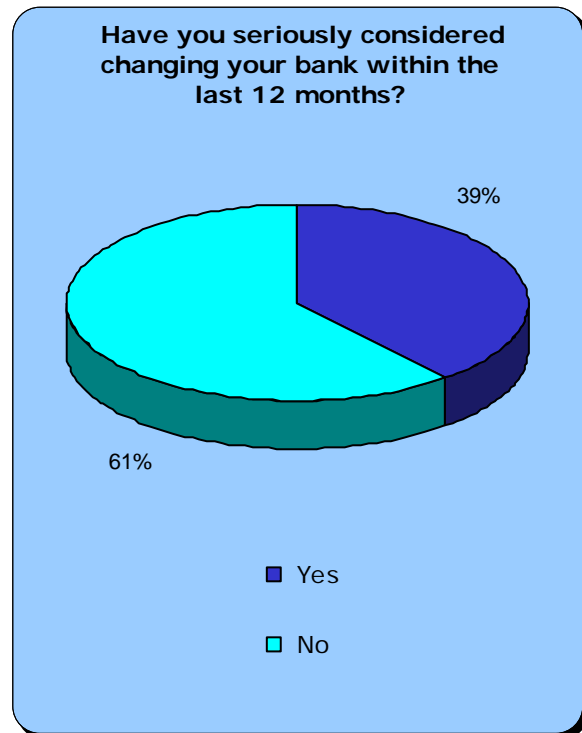


The improvement of access to finance for smaller business was one of the seven core themes set out in government's strategic framework for small businesses, published in December 2002 and addressed as recently as the 2006 Budget Report. This month's UKBB survey focused on the ease of changing banks.

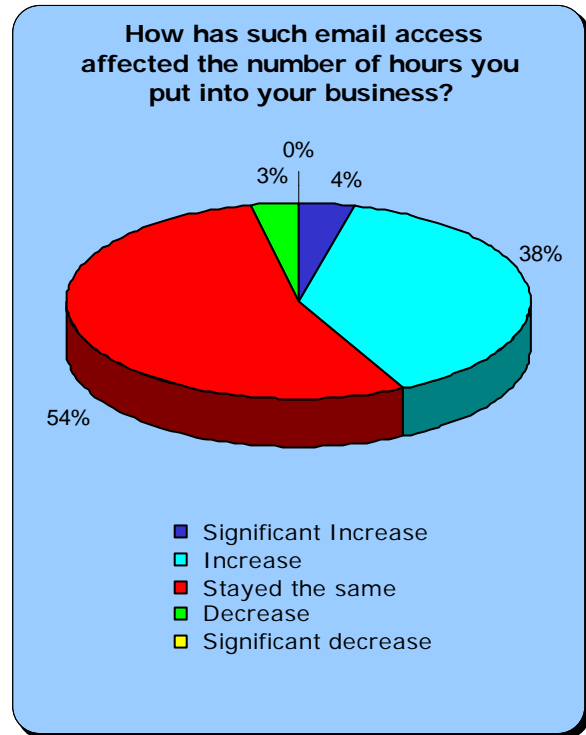
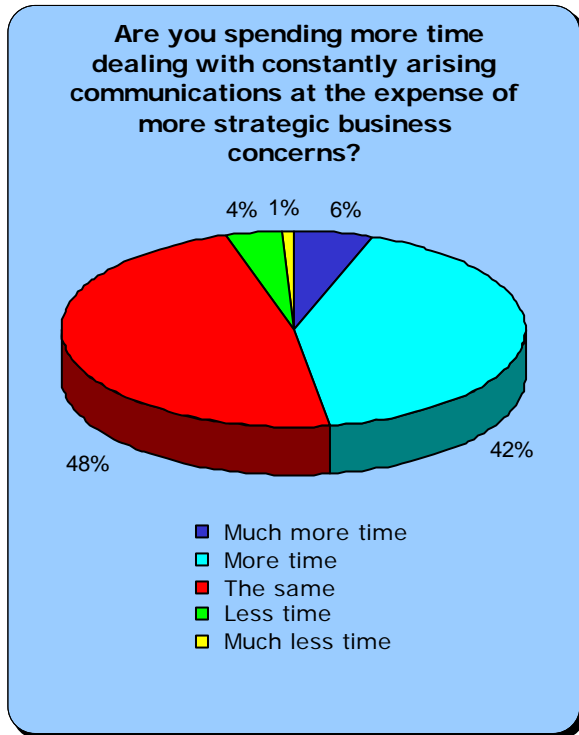
39% of respondents to the survey seriously considered changing their bank during the last 12 months, not significantly different from the level found when this question was asked a year ago.

59% of respondents believe it is difficult or very difficult for businesses in general to switch banks, compared to 71% in November 2003. 75% think that the difficulty in switching banks has not changed over the last 12 months, compared to 71% in November 2003.

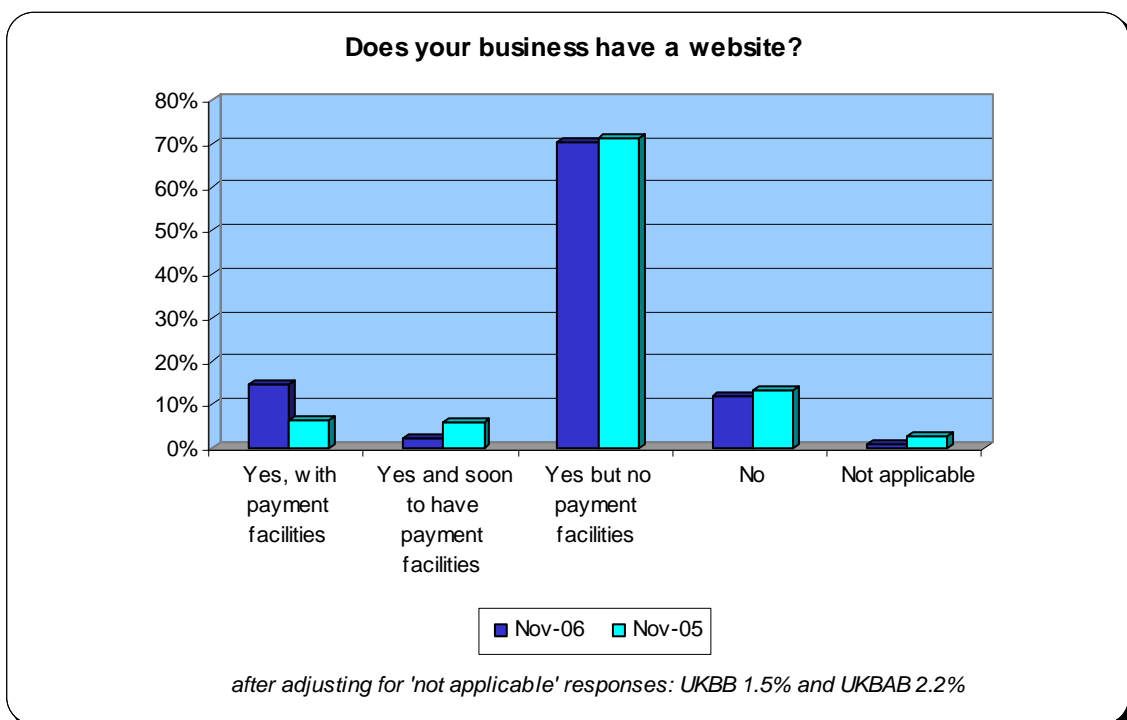
The same questions were asked in the parallel survey of business advisers, the UKBAB. 67% of responding business advisers believe it is difficult or very difficult for businesses in general to switch banks, while 69% of them think that the difficulty in switching banks has not changed over the last 12 months.



Now that advances in technology mean that email can be accessed at anytime anywhere, it is very easy to become constantly reactive to incoming email and maybe distracted from higher priority concerns. Although 48% of respondents are spending the same amount of time dealing with communications, another 48% find that they spend more time or much more time dealing with constantly arising communications at the expense of more strategic business concerns. 42% say that this wider access to email has meant that they are putting in increased or significantly increased hours into their businesses.

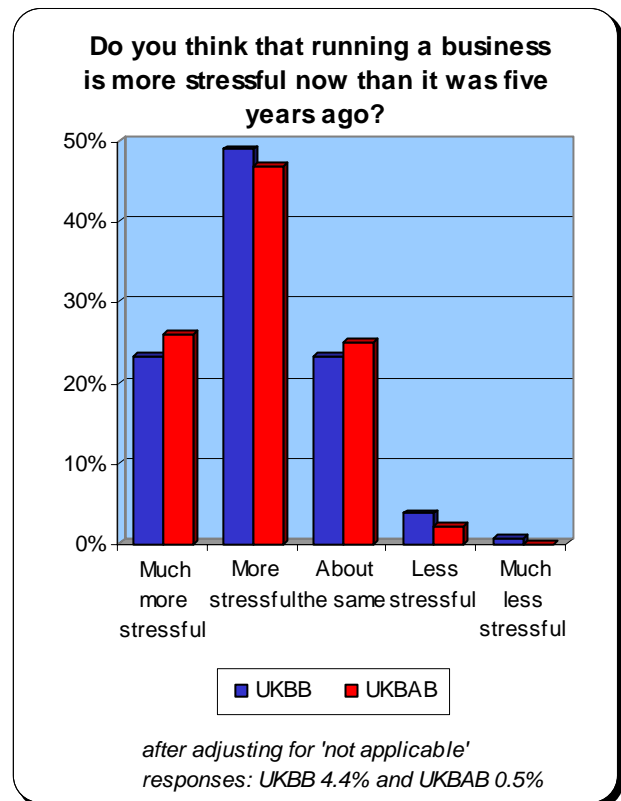
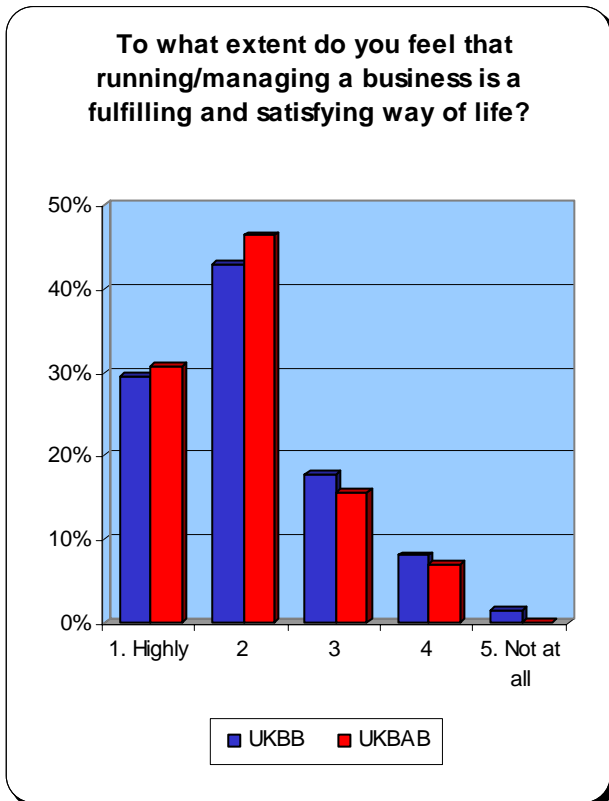


A year ago the UKBB survey asked if panellists' businesses had a website, and the question was repeated this month. The major change over the year has been the increase in the percentage of those who have a website with payment facilities, from 7% in November 2005 to 15%. Other changes are less significant.



Asked if running a business is a fulfilling and satisfying way of life, 73% of panellists said it was highly or reasonably highly satisfying. Two years ago, in answer to the same question, the responses were almost equal. 77% of Business Advisers responding to the same question asked in the parallel UKBAB survey said the same. However 10% of UKBB respondents said it was not at all satisfying or only slightly satisfying, compared to 7% of UKBAB respondents.

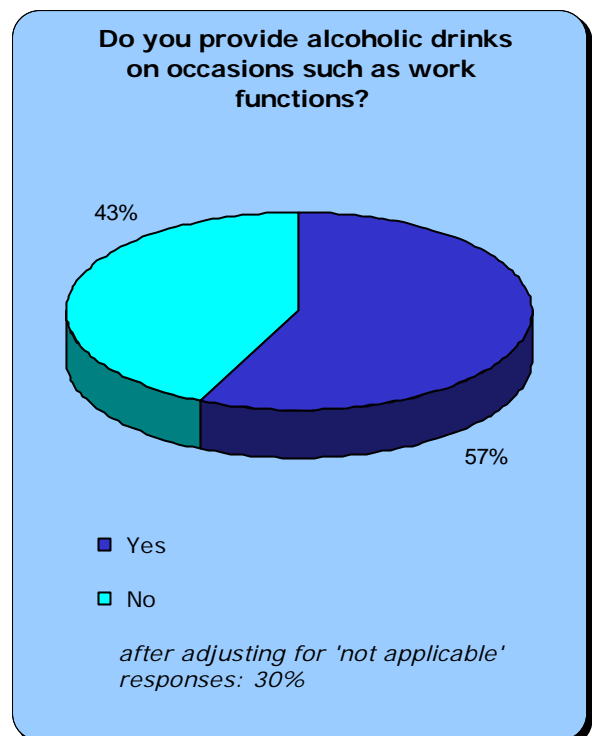
72% of UKBB respondents now reckon that running a business is either more stressful or much more stressful than five years ago, compared with 63% in November 2004; and 73% of UKBAB respondents agreed with them. 5% of UKBB respondents thought that stress had decreased, compared with 2% in November 2004 and 2% of UKBAB respondents.



In November office Christmas parties were mostly still at the planning stage.

Employers are frequently warned of their responsibilities for health and safety of their employees and this extends to events off their premises in some circumstances.

Although there is a potential liability for employers for incidents arising from alcohol they provide for employees at work functions, 57% still provide alcoholic drinks on such occasions.



Listed below are some of the personal views supplied in feedback received from respondents to Survey BB102 November 2006

Comments are listed under sector headings.

Views expressed are those of individual panellists and may not represent those of the University.

Business Services

Family Friendly policies increase costs. The jury is out on whether or not they represent Value For Money.

Tried to win local government contracts, but felt after trying for 10 it was just a setup, allowing the government to win brownie points.

Q7: I spend more time responding to emails now than 5 years ago, but about the same time as 12 months ago. But Spam is an increasing problem.

Re employee friendly policies, the legislation makes it intimidating. Small companies cannot afford to pay for the cover that legislation requires.

[Re: Family Friendly policies] I think that a family friendly approach whilst necessary these days blurs the employer/employee relationship. Employees think of you more of a 'friend' than an employer and tend to take advantage. Whenever there's a 'family' problem employees seem to assume that they can just take time off and tell you about it on the day. If you complain they think that you're the one being unreasonable. It's very difficult for a small business with only a couple of employees. Business more-or-less grinds to a halt on such occasions. This is especially true of formerly reliable staff who take 6 months maternity leave decide that they want to come back part-time and then randomly fail to turn up for 'child-care reasons'. It's not very PC but I think there would be a lot of support for businesses of less than 5 staff being immune from some aspects of sex and age discrimination. I've heard of companies folding when their only two employees become pregnant at the same time.

The fact there is far too much employment legislation, family friendly or not, confirms my desire to stay as a sole trader. If I need additional resources I use self-employed sub-contractors. If my business were to expand further I'd consider becoming a one-man Limited Company. If people wish to raise children, they should do so on one parent's salary and, to be fair to the children, stop procreating before they reach 35 years of age. If I was Prime Minister I'd repeal all Human Rights legislation and replace it with Human Responsibilities legislation. It was a sad day when lawyers were allowed to advertise and the word "accident" was removed from the English language!

Other

All legislation relating to providing employees with family friendly benefits, flexibility and other employment rights is very good for the employee and in general probably for society. However it is placing an immense and ever increasing burden in financial and management terms disproportionately on small enterprises.

Construction

If the government started charging for using the road system it would not be worth continuing in business.