

## UKBB 100 September 2006 Analysis

For the September survey we invited panellists to give their views on training for innovation, employees resistance to change in organisational culture, the new fire regulations, "The customer is always right" and graduates applying for non graduate vacancies. We also asked "Are young people attracted to your industry in sufficient numbers?" and this month also included the usual quarterly trends questions.

### About the respondents

The UK Business Barometer surveys the people running small and medium size businesses. In the September 2006 survey 136 respondents were drawn with the following population characteristics:

Sector			
Production & Manufacturing	Distribution	Services	Total
27.9%	8.8%	63.2%	100.0%

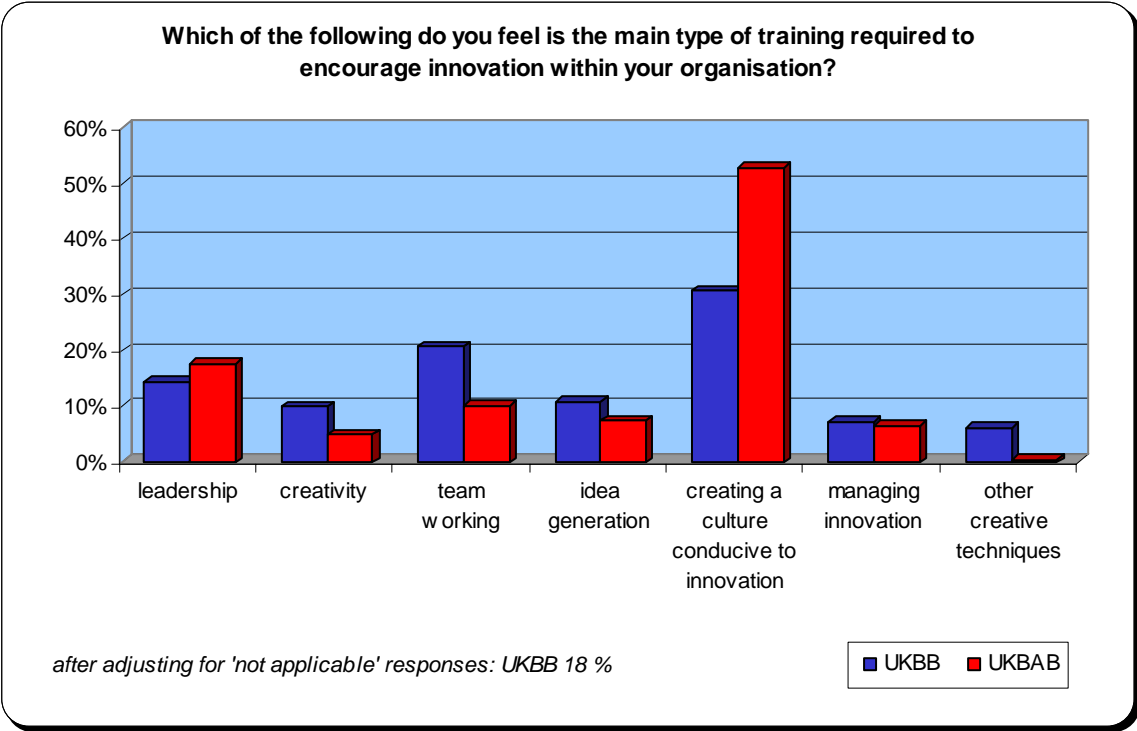
Turnover (£)			
< 1 M	1M-3M	>3M	Total
68.4%	18.4%	13.2%	100.0%

Number of Full-time Employees					
1-10	11-20	21-50	51-100	100+	Total
61.0%	25.7%	7.4%	2.9%	2.9%	100.0%

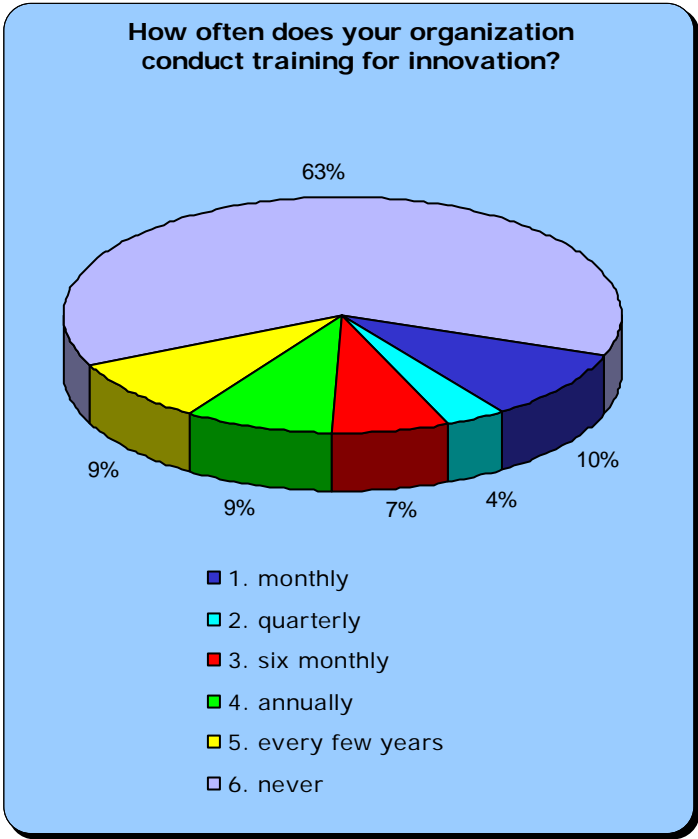
### Survey findings

If innovation makes a significant contribution to economic growth then encouragement of innovation within firms is likely to be desirable no matter how small the company. The respondents to the UK Business Barometer were divided on whether they thought training was required in their organisation or not, - 18% said the question was not applicable. Of those who answered in the other categories, 31% thought that training towards creating a culture conducive to innovation is the most important and 21% thought that training in team working is the most important. Training in leadership gained support from 14%.

In the parallel UK Business Advisers Survey, panellists were asked which type of training generally is best to encourage innovation within organisations. 53% of responding Advisers thought that training towards creating a culture conducive to innovation is the most important.



Relative amounts of training for innovation vary widely between firms, from the 10% of respondents whose organisations hold training sessions monthly to the 63% who never do any training in this area.

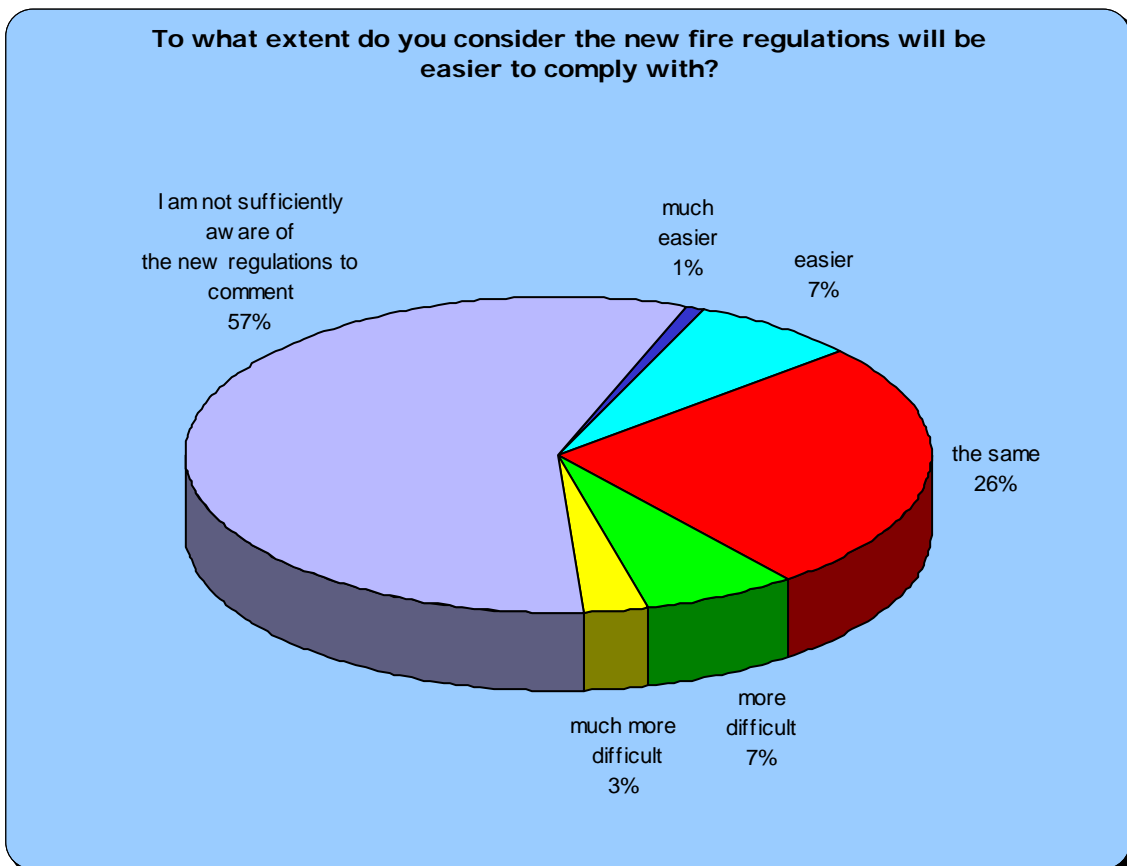


Introducing change, for example creating a culture conducive to innovation, can involve overcoming resistance amongst employees. However, 50% of UKBB respondents say that their employees do not resist change in their organisational culture at all, or not much. 57% of Advisers responding to the UK Business Advisers Barometer survey have found that their

clients tend to resist fundamental organisational change.



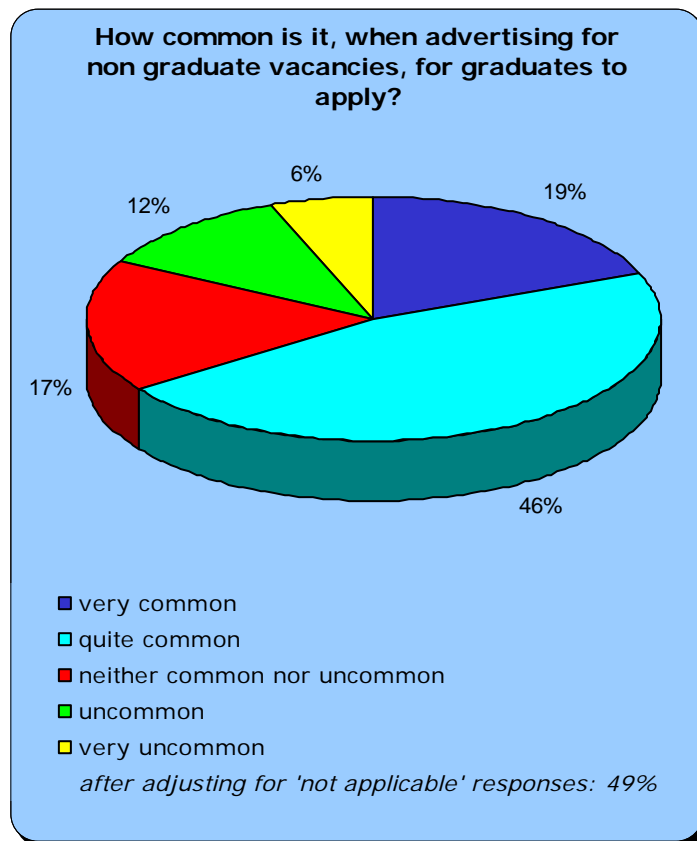
New fire regulations came into effect on 1<sup>st</sup> October 2006. These were designed to be easier to understand and comply with and place the responsibility with the 'responsible person', usually the employer in a workplace. 8% of respondents think the new regulations will be easier or much easier to comply with, while 10% think they will be more difficult or much more difficult. 57% were not sufficiently aware of the new regulations to be able to comment.



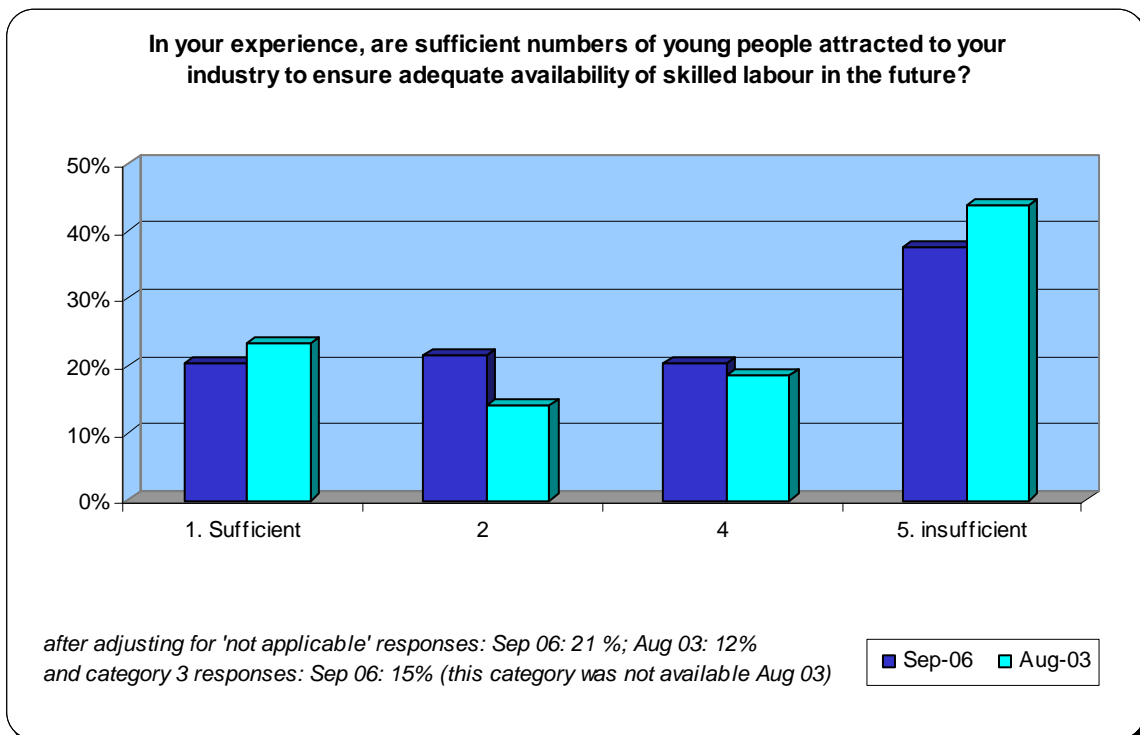
Respondents to the UK Business Barometer survey do mostly agree to a fairly high extent that “the customer is always right”. 52% chose the top two categories, but a substantial number disagree: 17% selected one of the lowest two categories. Panellists of the UK Business Adviser Barometer for September were asked to what extent their clients believe this. Their responses was more negative, with 39% selecting the lowest two categories and only 22% choosing the top two.



Do graduates work at an appropriate level for their qualifications? The question asked in the September UKBB survey cannot answer this question but the responses show how the impression could be formed that there are too many overqualified people in the labour market. It should be borne in mind that graduates frequently take short-term first post-graduation jobs while considering their longer-term strategy. In the longer term only 11% of graduates have been found to be working in non-graduate occupations. 65% of respondents to the September UKBB survey said that it is very common or quite common for graduates to apply for non-graduate vacancies.



Many smaller businesses are still finding lower levels of interest from young people. Only 2/5 of respondents are attracting a sufficient or nearly sufficient number of youngsters, while nearly 40% attract insufficient applicants to their particular industry. The same question was asked last in August 2003, but the responses reveal little change now compared to the 2003 survey.

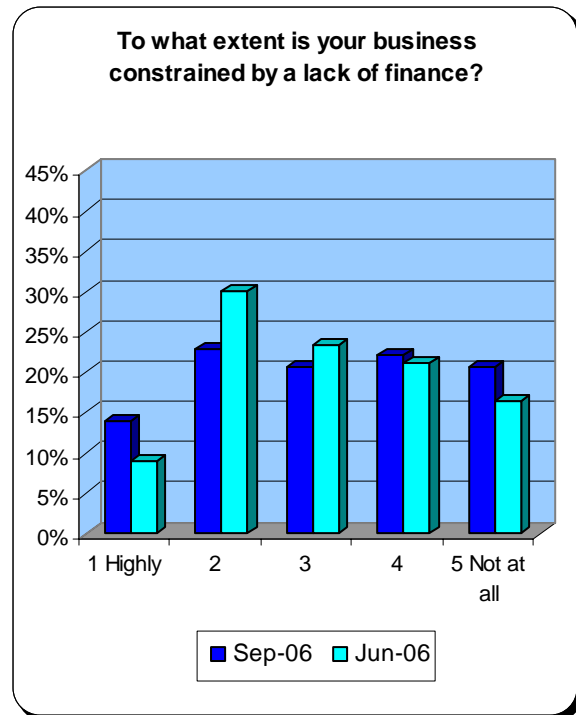
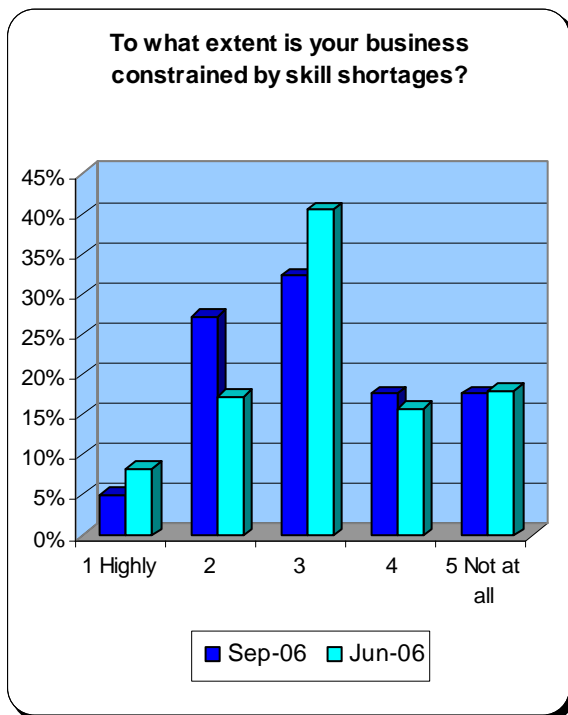


### Third Quarter 2006 Trends

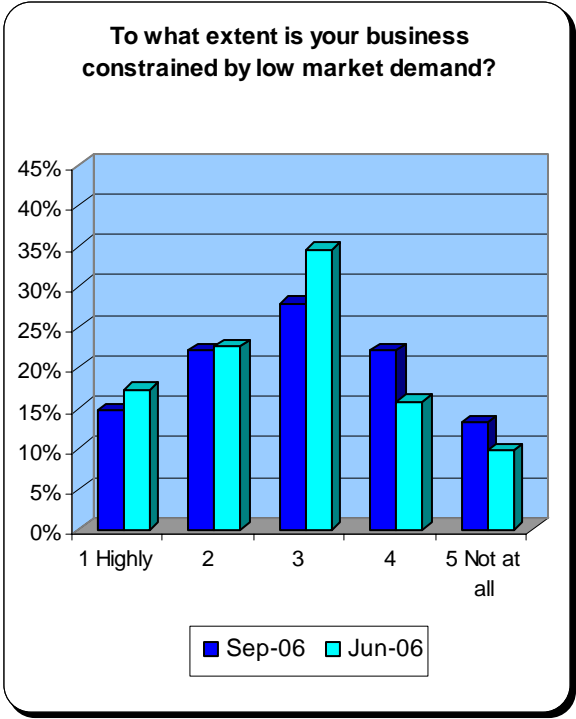
Constraints on business due to skill shortages increased on average during the last quarter but those due to lack of finance slightly decreased.

The index for businesses with turnovers of over £3M increased for constraints due to skill shortages, but this was offset by decreases for smaller turnover business to produce an overall average index increase of 1% in the quarter. By sector, production and manufacturing and distribution suffered increases in constraints from shortages of skills while there was a decrease in the services industries index.

Constraints due to lack of finance increased among firms with turnover of under £1M and also increased in the distribution sector.

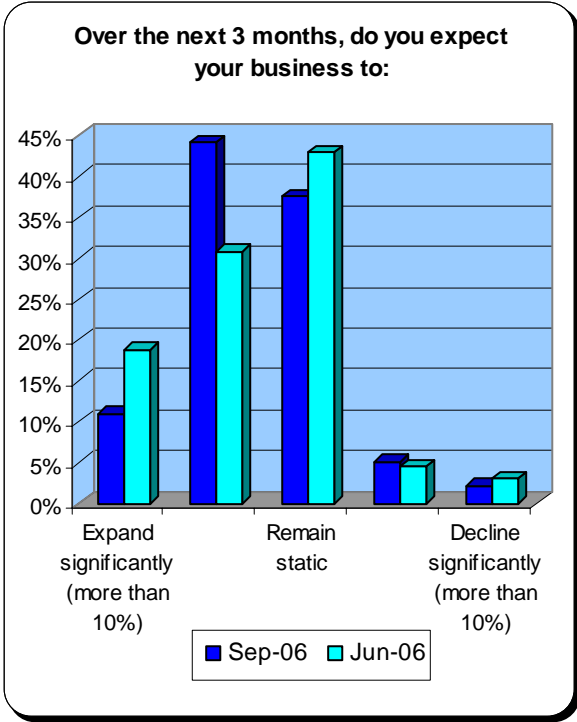
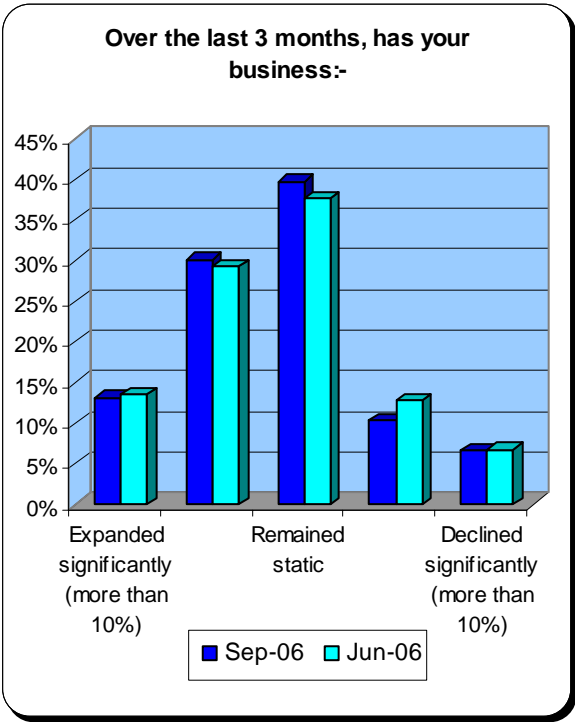


Constraints due to low market demand increased in businesses across the middle (£1M - £3M) range of turnover but decreased in the higher and lower ranges. By sector, constraints decreased in Production and Manufacturing, Distribution and Services. The overall average constraint index moved down by 6%.



Average growth in the last quarter increased most in the upper range of turnover, and in the production and manufacturing and services sectors. The overall average increased in the three month period by 1%.

Overall, respondents expect growth in the fourth quarter to be about the same, although distribution companies are more optimistic.



Listed below are some of the personal views supplied in feedback received from respondents to Survey BB100 September 2006

*Comments are listed under sector headings.*

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

### **Business Services**

I am not certain that one can train to become more innovative. One is either creative or not. However I believe that brainstorming in a team environment is a useful technique for encouraging ideas from others, and being supportive of change is necessary to implement new ideas.

As a Business Consultant if I thought the customer was always right I would have to pursue a different calling. I know that most company MDs need advice and practical help to not only keep them legal, but also stay profitable.

Your first three questions assume that innovation is an automatic good. It is not. Changes that lead to improvement in method, technique, capacity, client satisfaction or efficiency are. Companies that simply look for innovation are almost certain to fail.

### **Other**

Innovation training, really..... green sky thinking or what! You either can innovate or you cant, the trick is to allow people the freedom to express innovation.