

UKBB 105 February 2007 Analysis

February's survey sought panellists' views on business continuity, insurance, the environment and green credentials, alternatives to 'face to face' meetings plus questions on grants and Intellectual Property.

About the respondents

The UK Business Barometer surveys the people running small and medium size businesses. In the February 2007 survey 142 respondents were drawn with the following population characteristics:

Sector			
Production & Manufacturing	Distribution	Services	Total
23.2%	8.5%	68.3%	100.0%

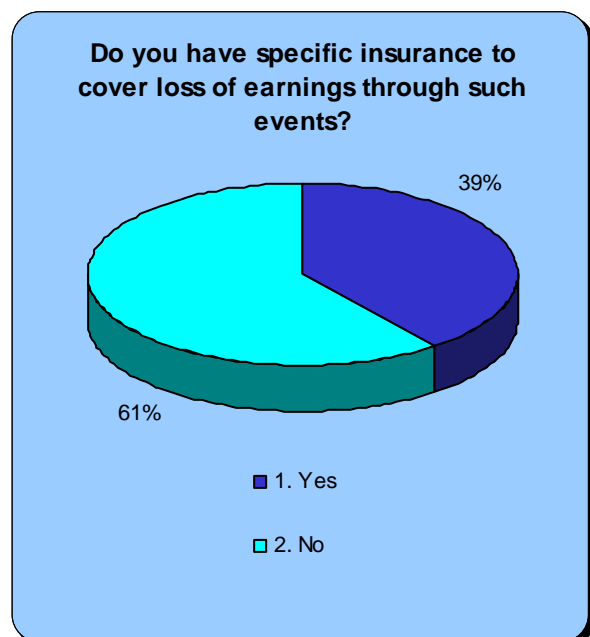
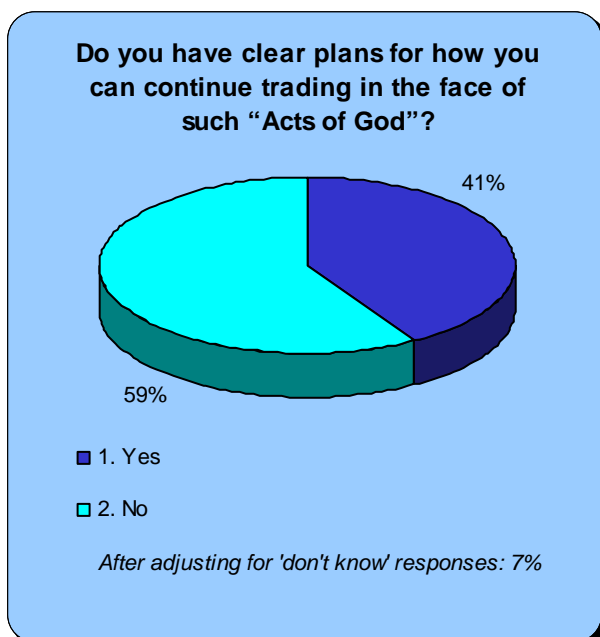
Turnover (£)			
< 1M	1M - 3M	> 3M	Total
70.4%	16.9%	12.7%	100.0%

Number of Full-time Employees					
1-10	11-20	21-50	51-100	100+	Total
59.9%	24.6%	7.7%	3.5%	4.2%	100.0%

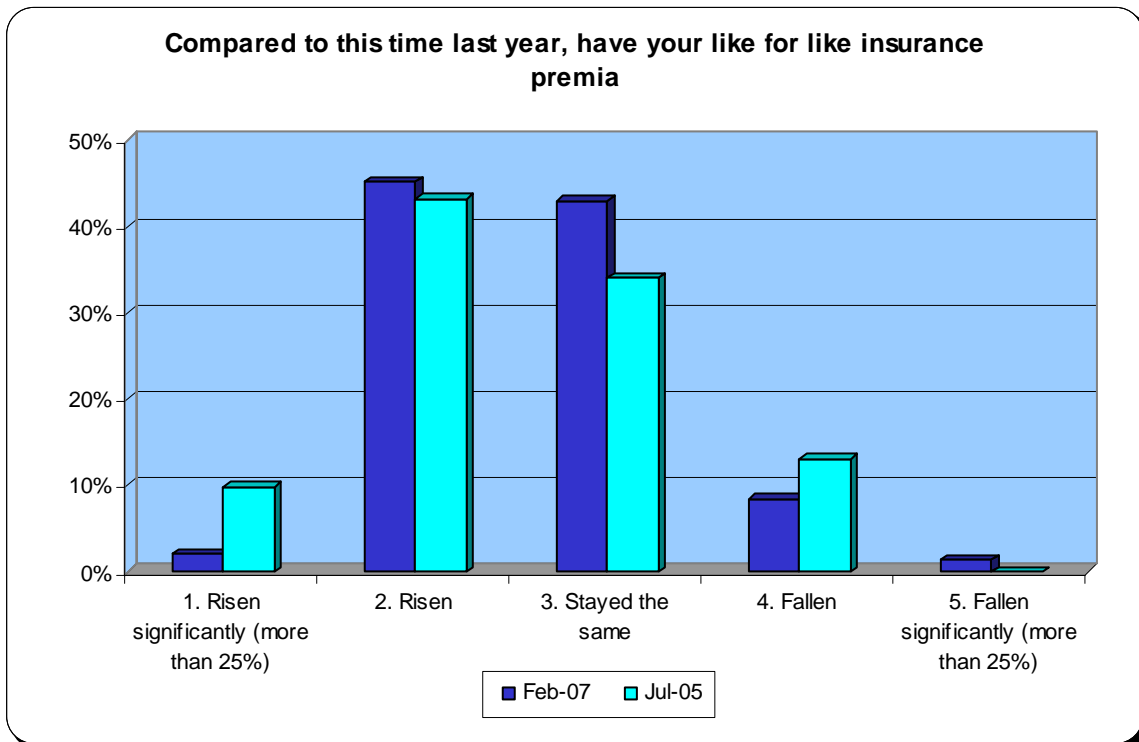
Survey findings

January's storms showed how businesses can be blown off course through power failures or damage to buildings. There are many possible causes of disaster besides 'Acts of God' and a new British Standard on Business Continuity Management (BS25999) is being published in two sections, the first in November 2006 and the second expected in autumn 2007.

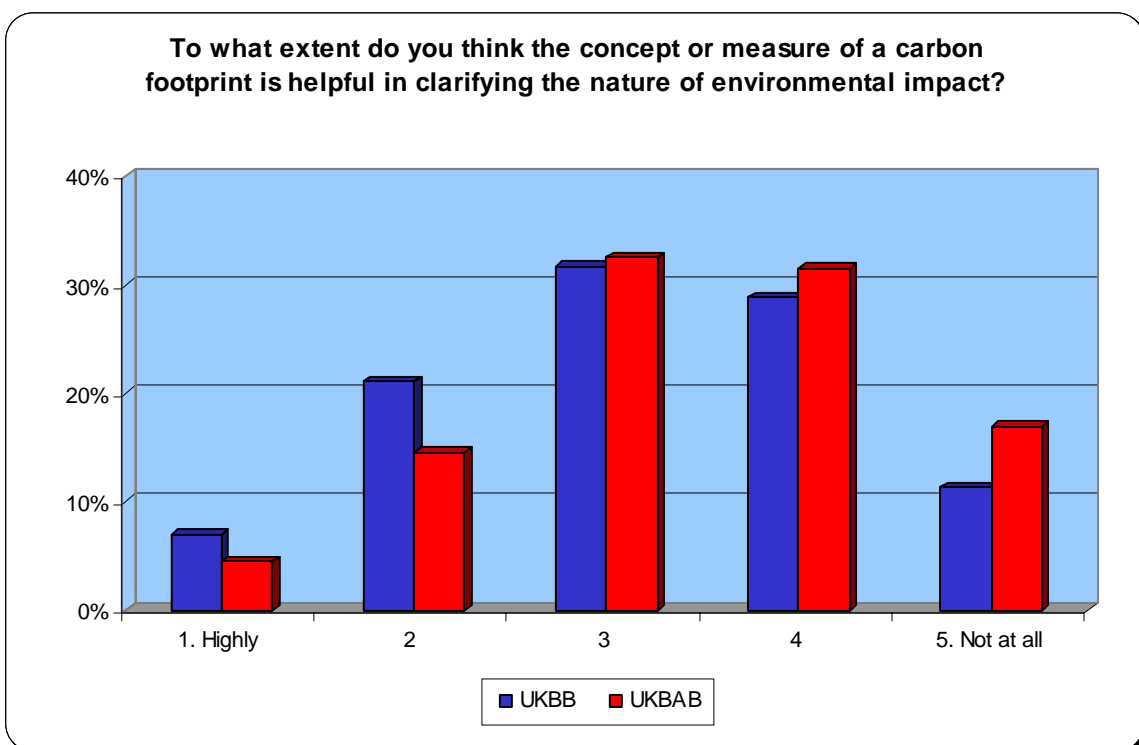
The UKBB survey revealed that while 2/5ths of respondents have plans for continuity following disastrous 'Acts of God', only half of these have insurance to cover related loss of earnings. 40% of respondents have neither plans nor loss of earnings insurance, while 19% do have loss of earnings insurance but have no continuity plans.



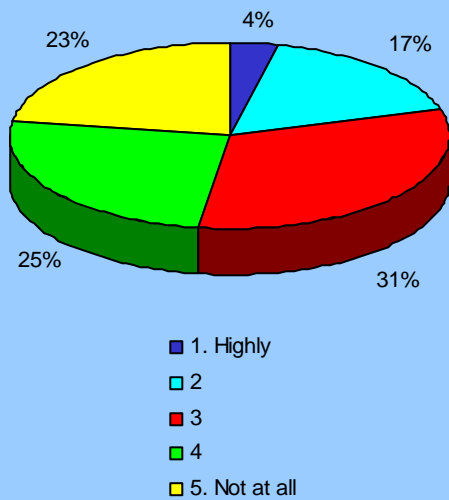
For 43% of respondents to February UKBB, the cost of like for like insurance has stayed the same as last year, but for 47% costs have risen or risen significantly. 10% have experienced decreases in premia.



Major corporations are falling over themselves to demonstrate their green credentials by way of reducing their “carbon footprint”. The use of the term, by both politicians and the media, has increased dramatically over the last year but 40% of respondents to the UKBB survey and 48% of respondents to the UKBAB survey, the parallel survey of Business Advisers, think that the concept of a carbon footprint is hardly, or not at all helpful in clarifying the nature of environmental impact. 28% of UKBB respondents and 19% of UKBAB respondents are happy with its use, having responded in either category 1, ‘highly’ or category 2 (reasonably highly).



To what extent is the impact of your business upon the environment a significant factor in your strategic decision making?



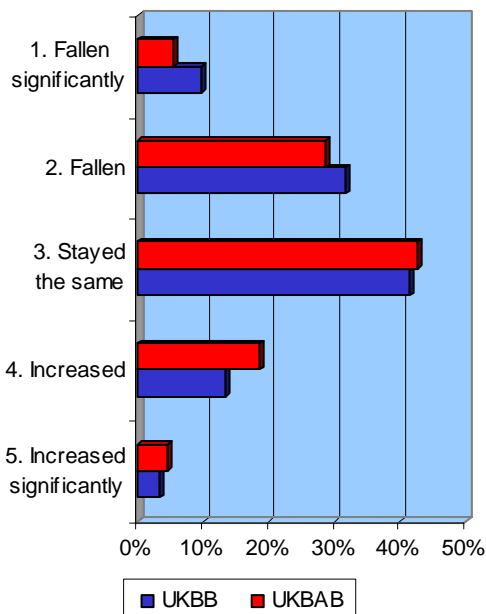
The UK has just experienced its second warmest winter on record according to the Met Office., and the last five winters have also been the five warmest since records began in 1659. Individual impact on environment may be comparatively very small but increasingly it is being held to be important to take steps at an individual level to reduce impact, and even more so at business and organisation level.

Only 21% of respondents to this survey deem the impact of their business upon the environment to be a significant factor in their strategic decision making to a high or reasonably high extent, while 48% say that it is not at all or only slightly significant. In the parallel UKBAB survey, 54% of responding business advisers say that less than 10% of their clients regard environmental impact as significant in their strategic decision making.

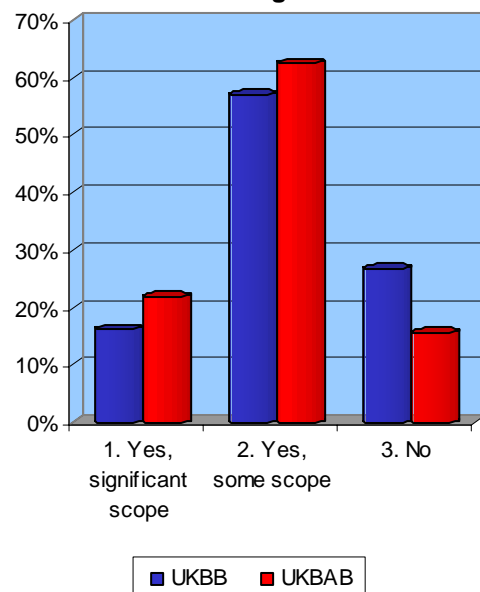
Face to face meetings are still reckoned to be important by 42% of UKBB respondents, and 17% think their importance has increased, although 42% say that their importance has diminished. Respondents to the parallel survey of business advisers, the UKBAB, have similar views: 43% think email and the Internet have not affected the importance of face to face meetings, while 23% think face to face meetings are more important now. 34% of UKBAB respondents say that meetings are less important. A UKBB respondent commented that it is just as important initially to meet and understand customers as it was, but electronic communications make it possible to have fewer subsequent meetings.

Asked if they could see any scope for increasingly substituting alternatives for face to face meetings, 73% of UKBB respondents were positive that they could. UKBAB panellists were asked a similar question about their profession and 84% responded positively.

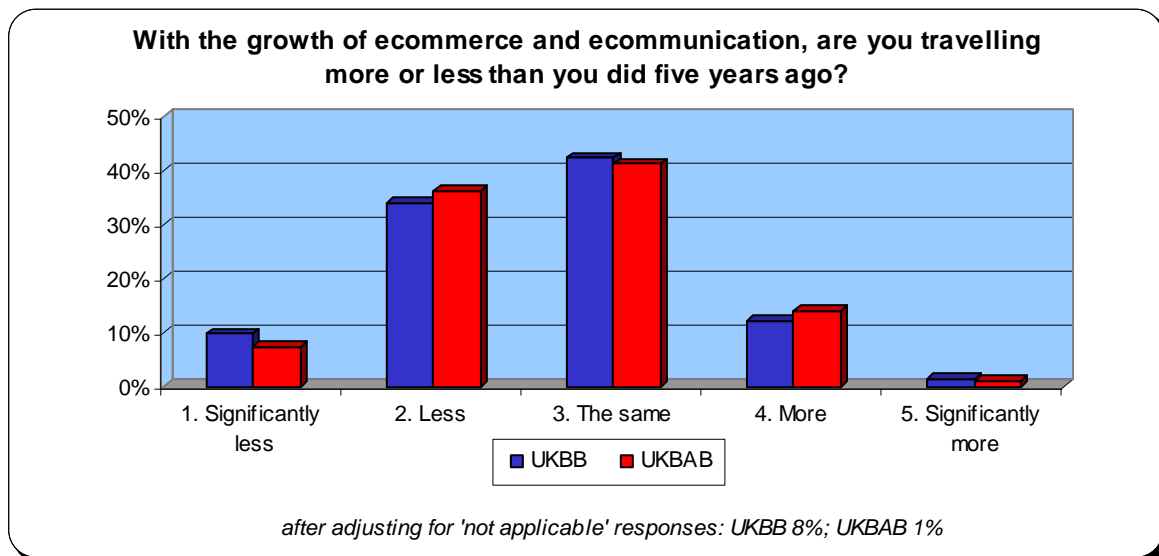
In this world of email and Internet, to what extent do you feel that the importance of face to face meetings has changed?



Do you believe there is significant scope in your business/profession for an increase in the use of alternatives to face to face meetings?



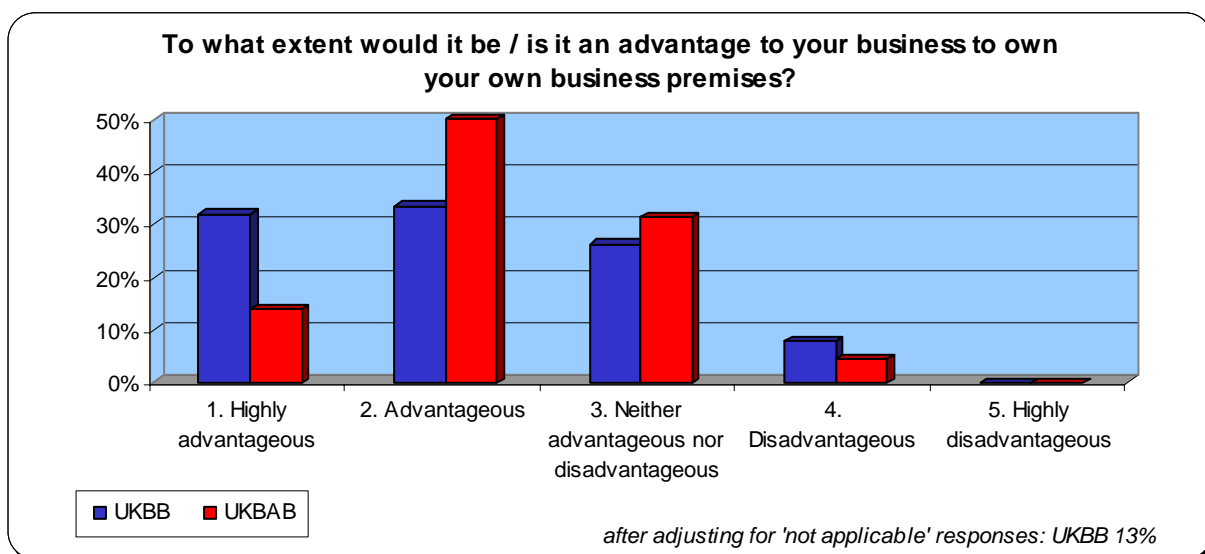
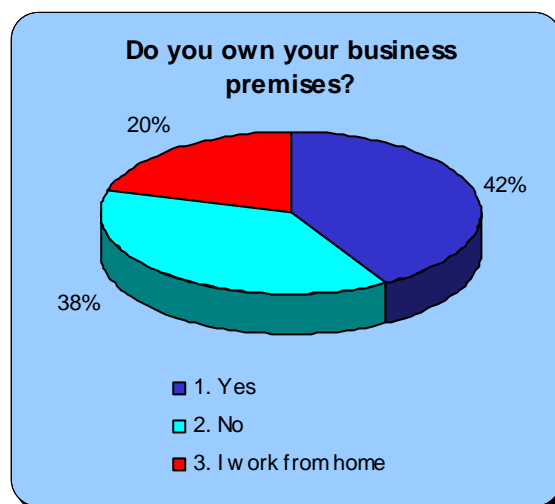
One of the impacts of using alternatives to face to face meetings is reduced travelling. Some saving on travelling already seems to be taking place, because 44% say they are travelling less than five years ago while only 14% say they are travelling more, after adjusting for 'not applicable' responses. There are also 44% of UKBAB respondents who are travelling less than they did five years ago, and 15% who are travelling more.



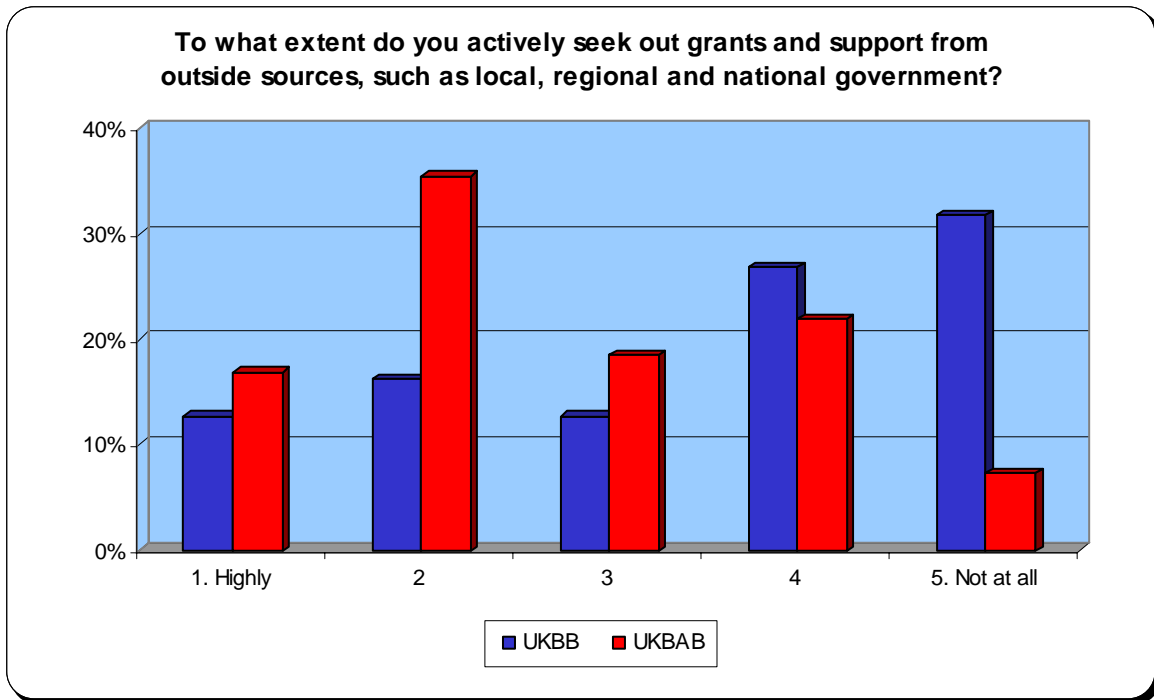
Whether a business should own its own premises is a major consideration especially for younger and smaller businesses. The arguments for and against vary with the condition of the commercial property market and with mortgage interest rates, but while the latter may fluctuate, commercial rents are unlikely to fall over time. Owning the property brings increased control over the business.

42% of respondents to the UKBB own their own business premises and 20% work from home.

66% of UKBB and 64% of UKBAB respondents think that owning business premises is an advantage to a business.

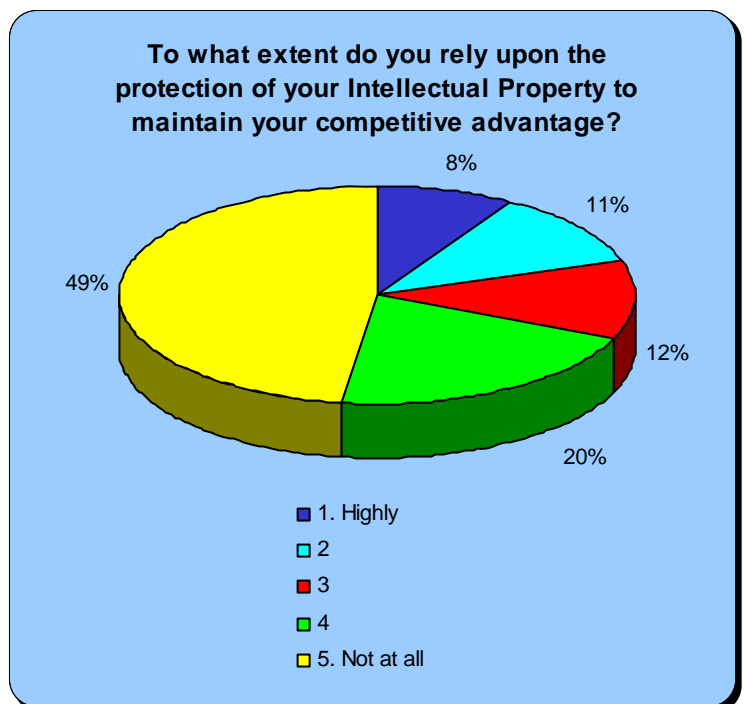


With an increasing range of grants, soft loans, awards and other support on offer, locating and securing applicable funding is becoming a more complex task, of itself giving rise to opportunities for professional advisers in this field. 29% of respondents to the UKBB say that they actively seek out such support to a high or reasonably high extent, while 59% do very little or none of this. One of the UKBB respondents offered the comment that his company do not seek grants because their past experience has shown that the cost of applying for the grant in terms of management time has exceeded the amount of grant received. Panellists of the parallel business advisers' survey, the UKBAB, were asked to what extent their clients actively seek out support. 52% said that their clients engaged in this to a high or reasonably high extent while 29% said that their clients did very little or none of it.



19% of respondents to the UKBB rely on their intellectual property to protect their competitive advantage while 49% do not, to any extent.

In the parallel UKBAB survey, 74% of responding business advisers said that less than 25% of their clients relied for protection of their competitive advantage on their intellectual property rights.



Listed below are some of the personal views supplied in feedback received from respondents to Survey BB105 February 2007

Comments are listed under sector headings.

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

Business services

We do not seek grants because past experience has shown that the cost of applying for the grant in terms of management time has exceeded the amount of grant received.

The government both Tory and Labour are two faced about help SMEs

Production & Manufacturing

Re Q6 "In this world of email and Internet, to what extent do you feel that the importance of face to face meetings has changed?"

It is just as important to initially meet and understand customers as it was. However the electronics makes fewer subsequent meetings possible with the time, travel, environmental impact, etc. savings that that implies.

Other

The survey is a highly advantageous means of measuring the development and direction that the business world is moving in. Of particular interest and importance were the questions regarding matters of environmental concern. The implications of business practice on the environment are being highlighted in the current climate in conjunction with wider concerns of society's attitude toward climate change. It is of paramount importance that individual businesses assess their behaviour in an environmental context, and attempt to set an example by being as environmentally friendly as possible.

Re premises ownership - at one point we all thought that the Chancellor was going to give us a great opportunity to invest in residential properties through business and private pension schemes. This would have been wonderful for SME's - since the U turn, what we need now is better incentives to own our own commercial property - ideally linking this in some tax efficient and advantageous way to a pension plan that means something to SME's.

We are closing down at the end of April due to the Government legislation on smoking in public places and the high incidence of illegally imported cigarettes. Next month's survey will be our last.