

## UKBB 106 March 2007 Analysis

The March survey sought views on unpaid labour, Blogs and Podcasts, volatility in the world's stock markets, British Summer Time, Seasonal Affective Disorder, corporate identity theft and monitoring competitors' prices plus the quarterly trends questions. The trends charts from the responses to the regular quarterly questions, analysed by size of firm and sector, can be found at:

<http://www.ukbb.ac/analyses/trends.aspx>

### About the respondents

The UK Business Barometer surveys the people running small and medium size businesses. In the March survey, 129 respondents were drawn with the following population characteristics:

Sector			
Production & Manufacturing	Distribution	Services	Total
24.8%	7.8%	67.4%	100.0%

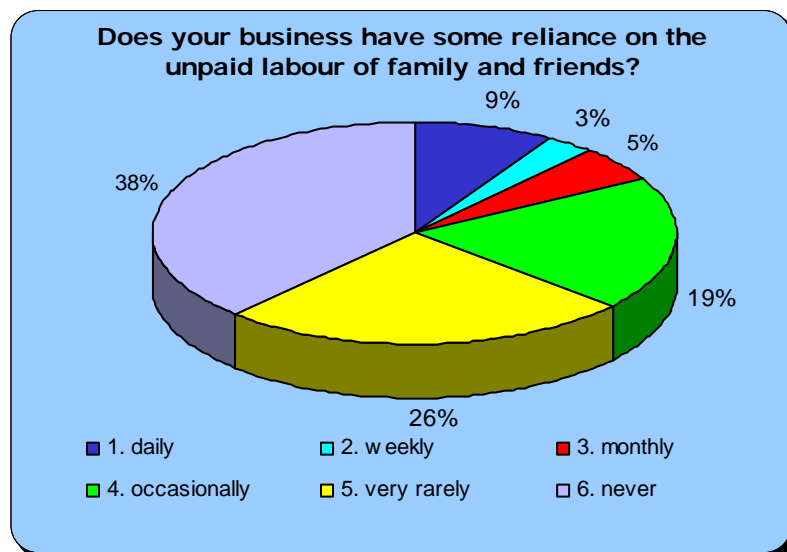
Turnover (£)			
< 1M	1M - 3M	> 3M	Total
70.5%	17.1%	12.4%	100.0%

Number of Full-time Employees					
1-10	11-20	21-50	51-100	100+	Total
62.0%	23.3%	8.5%	3.1%	3.1%	100.0%

### Survey findings

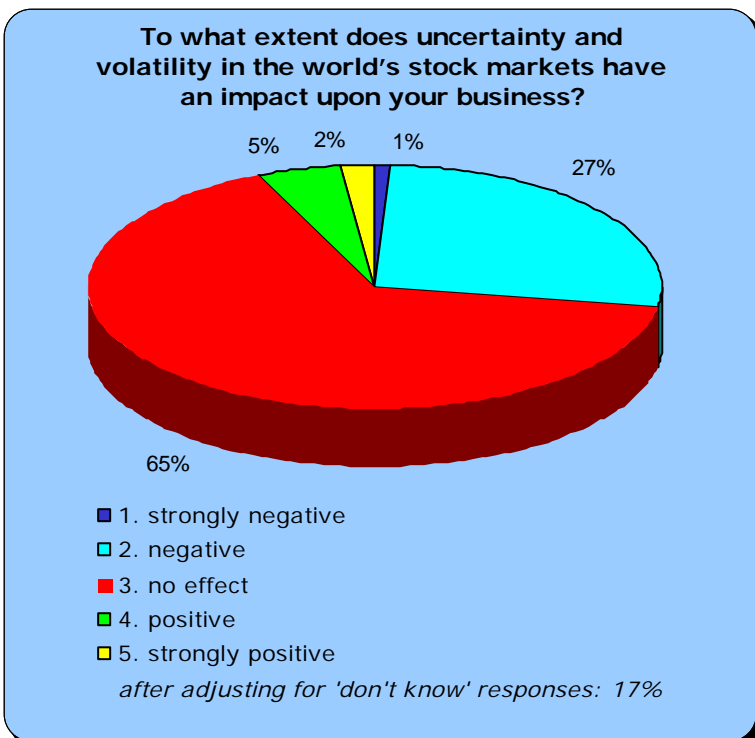
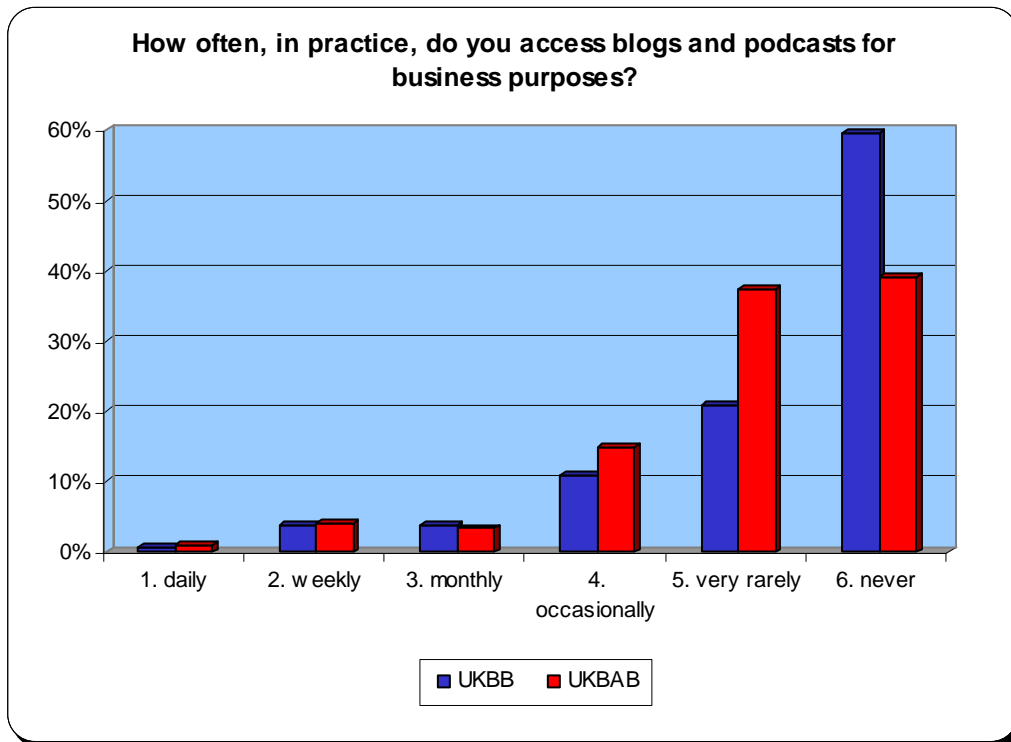
The National Statistical Office Labour Force Survey reported that in the Nov – Jan 2007 quarter there were 100,000 unpaid family workers in the UK.

Overall, 38% of respondents to the UKBB never rely on unpaid family or friends' labour and 26% rarely do so. Smaller responding businesses, in terms of turnover, rely more on unpaid labour than larger businesses, with 23% of businesses with turnover less than £1M needing family or friends to help out as 'volunteers' on a daily, weekly or monthly basis.



The parallel monthly survey of business advisers, the UKBAB, asked advisers what proportion of the firms they advise has some reliance on the unpaid labour of family or friends. 34% said less than 10% and 49% said between 10% and 50%, after adjusting for 'don't know' responses (7%).

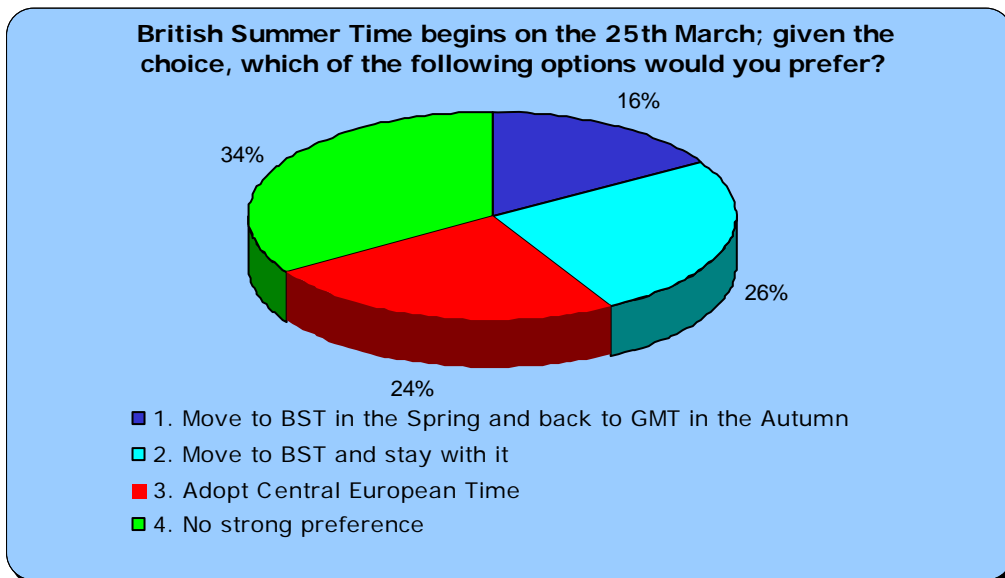
Blogs and Podcasts are being referred to more regularly in national media. Typing in the phrase "business Blogs" in a search engine recently resulted in 355 million worldwide references being retrieved. There are so many that some websites simply compile lists or directories of "best" or "top" business Blogs. However, in spite of all the attention, 60% of respondents never access Blogs and Podcasts for business purposes and 21% do so very rarely. The same question was asked of the panel of business advisers in the parallel UKBAB survey, with similar results: 77% access Blogs and Podcasts only very rarely or never, for business purposes.



After more than twelve months of climbing, the FTSE 100 index, in company with the other world stock market indices, plunged by 7% towards the end of February. From mid-March it began to recover.

The UKBB surveys smaller businesses, few of which are publicly listed on stock exchanges so it could be expected that index behaviour would have little effect on them. However, over one third of respondents said that there is an impact on their businesses from stock exchange behaviour, with 28% considering the impact to be negative and 7% considering the impact positive.

Every time we approach an hour change there is a certain amount of debate about the merits of daylight saving. Amongst the respondents to the March 2007 UKBB survey, 16% are content with the status quo and 34% don't have any strong preference. Around a quarter would like to stay with perpetual British Summer Time, and almost the same number would like to align with Central European Time. A couple of respondents sent in separate comments saying that they would prefer to mover to permanent GMT (an option that was not offered in the question).

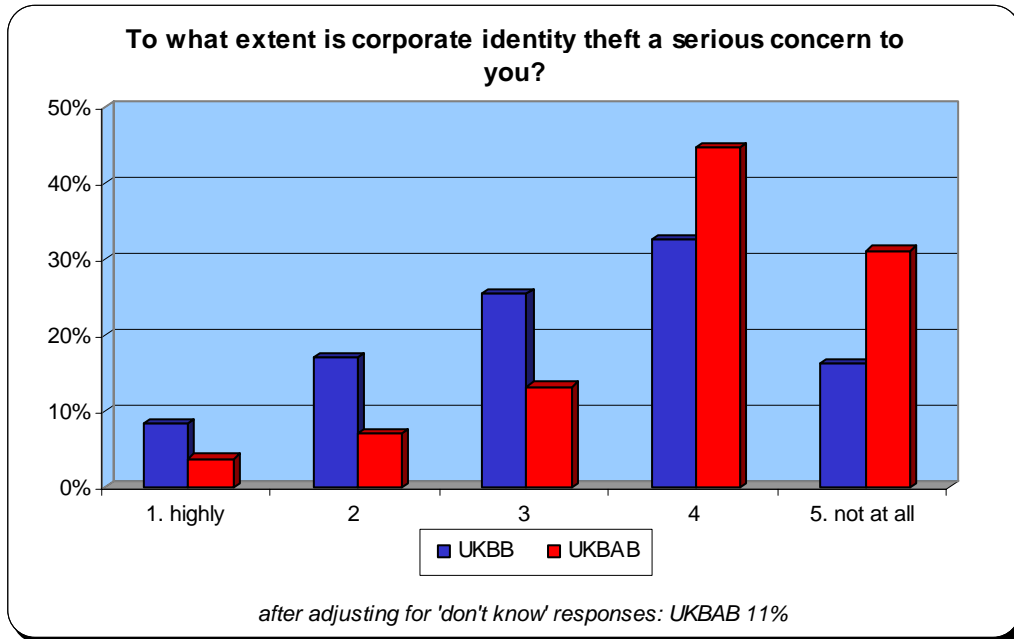


There is much strong evidence to support the idea of SAD (Seasonal Affective Disorder – a mood disorder associated with episodes of depression and related to seasonal variation of light). Studies have been carried out by various medical institutions and one of the findings has been that SAD can lead to “presenteeism” – where affected employees do not take sick leave but work at lower levels of concentration and productivity. 42% of UKBB respondents are in accord with this finding although 36% do not believe that productivity is affected by such conditions.

Corporate Identity theft occurs when somebody uses the name of a business and other information for fraudulent purposes. Concerns are growing about the occurrence of this type of crime, alongside that of personal identity theft. There are a number of different crimes which fall under this heading, including fraudulent emails sent to possible clients in order to obtain personal details, and fraudulent changes to companies’ registrations with Companies House, in order to divert payments and deliveries from suppliers.

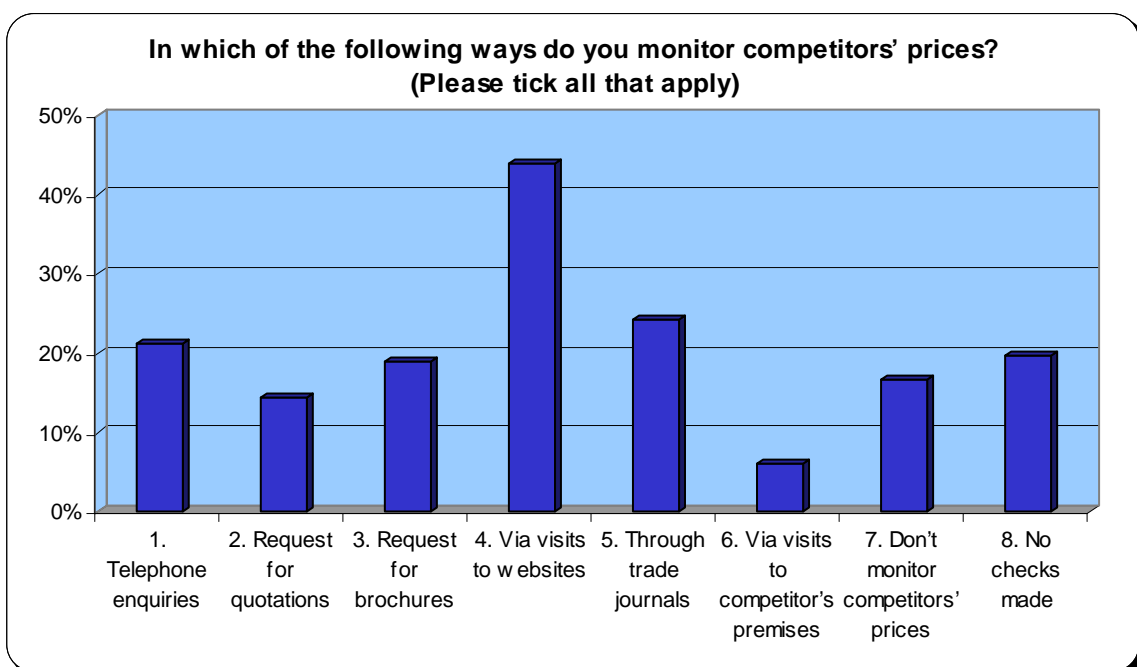
Respondents to the UKBB March 2007 survey range from being fairly relaxed about this risk, with 49% not at all, or not much concerned, to being very apprehensive, with 26% being

highly or reasonably highly concerned. Business Advisers were asked how much their clients were concerned about corporate identity theft and they assessed their clients as being even less worried. 76% of advisers said that their clients were not at all, or not much concerned while 11% said clients were highly or reasonably highly concerned.



Monitoring competitors' prices is a readily available source of company information that can indicate changes happening in rival firms. However 32% of UKBB respondents either don't monitor competitors' prices or don't make any checks on them. The most popular way of looking at rivals' prices is via websites – 44% do this, and the second most frequent method is to use trade journals.

This question provoked the highest number of individual comments this month. Several of the commentators said that they find out about competitors' prices from their customers, an option not provided by the responses offered. It was pointed out that price is only one of the barriers to entry, a sound business model is required to stay in business.



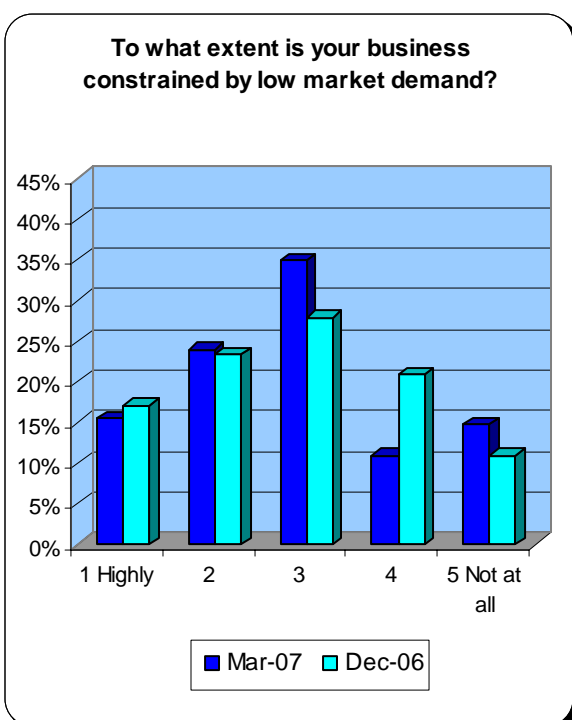
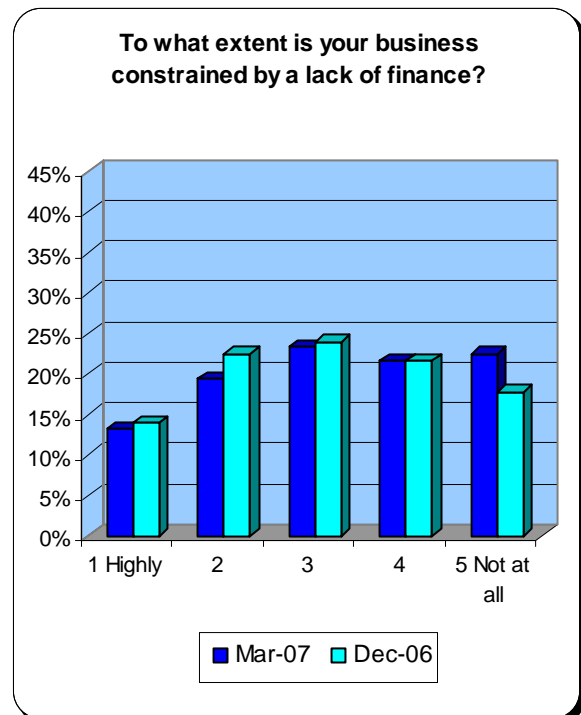
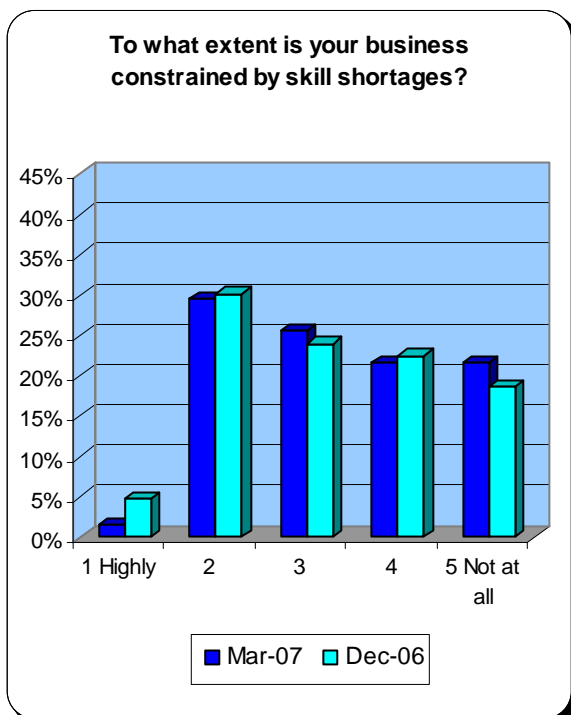
## First Quarter 2007 Trends

Constraints on business due to skill shortages decreased on average during the last quarter as did those due to lack of finance.

The index for businesses with turnovers of over £3M increased for constraints due to skill shortages, but this was offset by decreases for both smaller and intermediate turnover businesses to produce an overall average index decrease of 4% in the quarter.

By sector, production and manufacturing and the services industries decreased in constraints from shortages of skills while there was an increase in distribution index.

Constraints due to lack of finance decreased across all ranges of turnover and in both the Production/.Manufacturing and Services sectors.



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.

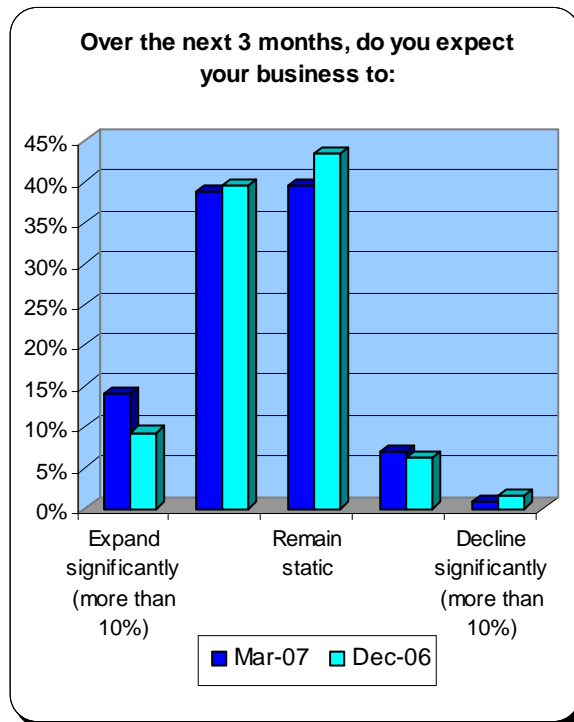
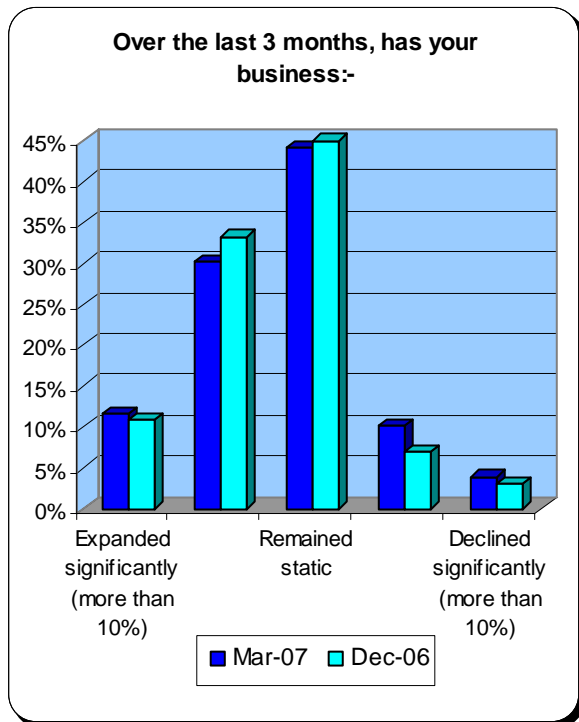
By sector, constraints increased in Production and Manufacturing, and Distribution but decreased in Services.

The overall average constraint index stayed the same.

Average growth in the last quarter increased in the lower range of turnover (<£1M), and in the Services sector, but decreased in the other turnover ranges and sectors.

The overall average decreased in the three month period by 2%.

Overall, respondents expect the growth rate in the first quarter to be higher, across all sectors and turnover ranges of under £1M and over £1M.



Listed below are some of the personal views supplied in feedback received from respondents to Survey BB106 March 2007

*Comments are listed under sector headings.*

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

**Business services**

You've missed an option in the BST question (4). I would move to GMT and stay there. Otherwise what's the point of having GMT?

**Q.4. British Summer Time begins on the 25th March; given the choice, which of the following options would you prefer?**

1. Move to BST (British Summer Time) in the Spring and back to GMT (Greenwich Mean Time) in the Autumn
2. Move to BST and stay with it
3. Adopt Central European Time (Currently 1 hour ahead of present UK time arrangements)
4. No strong preference

Very clear and thought provoking. Easy to do and only takes a minute.

**Motor Trade**

As we feel we are a market leader on price. Our customers are the ones who ring round and would soon tell us if we had lost that edge. Price is only one of the barriers to entry, you have to do your own thing. If your business model is not sound, buying business will not make it so.

## **Production & Manufacturing**

### **Q.7. In which of the following ways do you monitor competitors' prices? (Please tick all that apply)**

1. Telephone enquiries
2. Request for quotations
3. Request for brochures
4. Via visits to websites
5. Through trade journals
6. Via visits to competitor's premises
7. Don't monitor competitors' prices
8. No checks made

In Q7 - in businesses supplying bespoke products where each item or occasion may have a different price you have excluded from the list a major way of discovering competitors prices, Ask the customer what competing quotes were.

Q7 The only options here are dubious ones 'getting quotes from competitors etc.' We check all lost quotes with customers to determine the price we lost out to. We work closely with customers and do not lose business until we have decided not to go to the price obtained by the customer i.e. we cannot match it.

### **Other**

I check competitors prices by talking to clients and networking generally

customer interactions for pricing

The survey was yet again highly topical and informative, covering a broad spectrum of subject matter.

Unless government gets fully behind industry we will not have an industry for you to survey.