

## UKBB 113 October 2007 Analysis

For the October survey we invited panellists to give their views on seeking out management training, regular chats about business related matters, unpaid invoices, the probability of having to relocate, Urban regeneration - threat or opportunity, recent turbulence in financial markets, reliance upon debt finance, 'Bore Out' (the opposite of Burn out), mentoring, local business networks and seeking input from customers.

### About the respondents

The UK Business Barometer surveys the people running small and medium size businesses. In the October survey, 128 respondents were drawn with the following population characteristics:

<b>Sector</b>			
Production & Manufacturing	Distribution	Services	Total
22.7%	9.4%	68.0%	100%

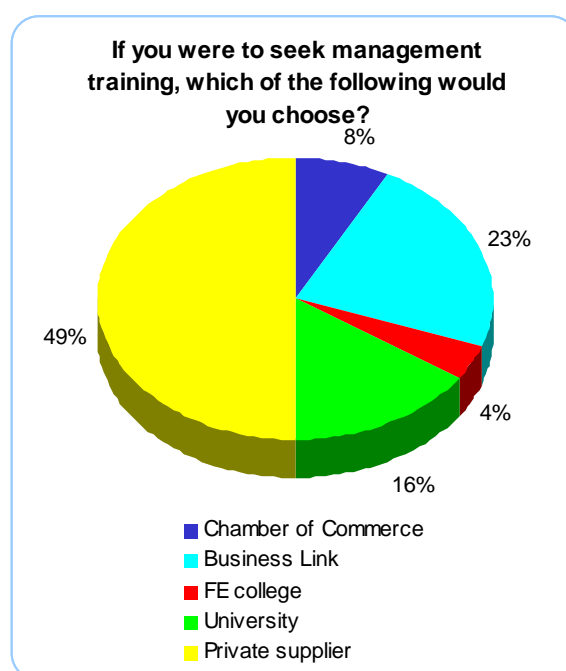
<b>Turnover (£)</b>			
< 1M	1M - 3M	> 3M	Total
70.3%	15.6%	14.1%	100%

<b>Number of Full-time Employees</b>					
1-10	11-20	21-50	51-100	100+	Total
60.2%	25.8%	6.3%	3.9%	3.9%	100%

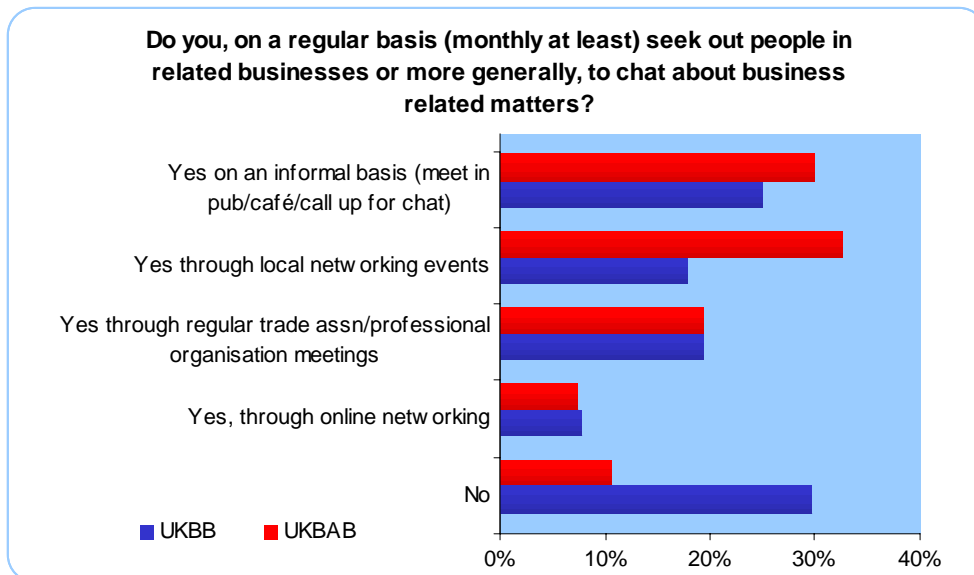
### Survey findings

Growing businesses tend have good managers but conversely, failing businesses often have poor management. Recognition of the need for excellence in management skills has resulted in a profusion of management training providers, many running a diverse range of training options. Asked who they would choose if they were looking for management training, nearly half of the respondents to the October BB survey would turn to private training suppliers while nearly one quarter of them would prefer management training provided by Business Link and 16% would choose a University.

One of the difficulties for smaller businesses is to identify and match a skills weakness to the appropriate training course, although not all smaller businesses are receptive to the idea of receiving this training. In this month's parallel survey of business advisers, the UKBAB, 32% of respondents said that clients were either not at all or not very receptive to this idea.



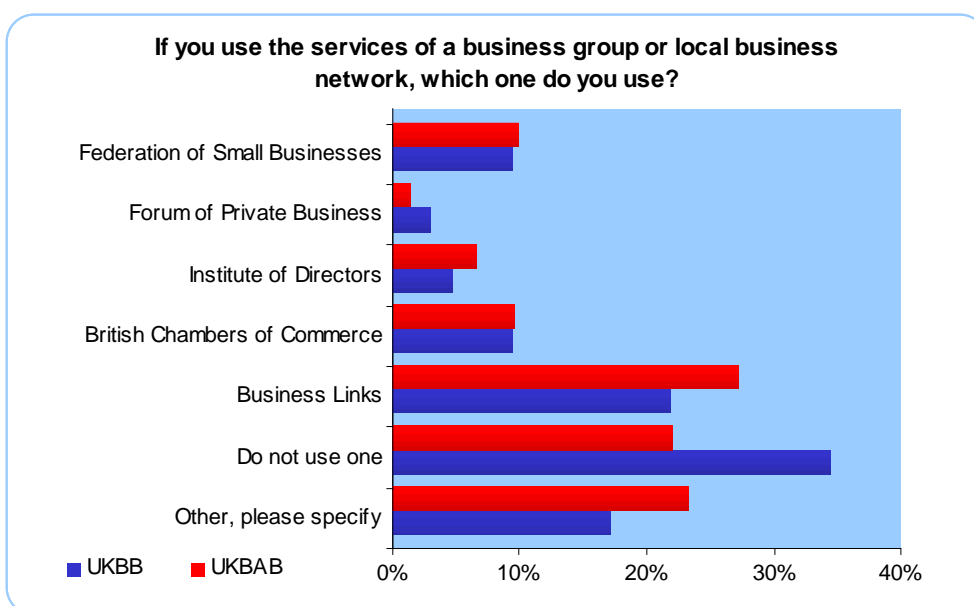
Connecting with like-minded people to chat about business is an activity practised by the majority of respondents to the UKBB and an even bigger majority of the business advisers who respond to the parallel UKBAB survey. 70% of UKBB respondents do so regularly, at least monthly, and the greatest percentage does so informally. Online networking emerged as the least popular medium in both sets, although more than one respondent sent in a comment saying that they could have chosen several or all of the YES options shown in the chart below (the question forced a single choice).



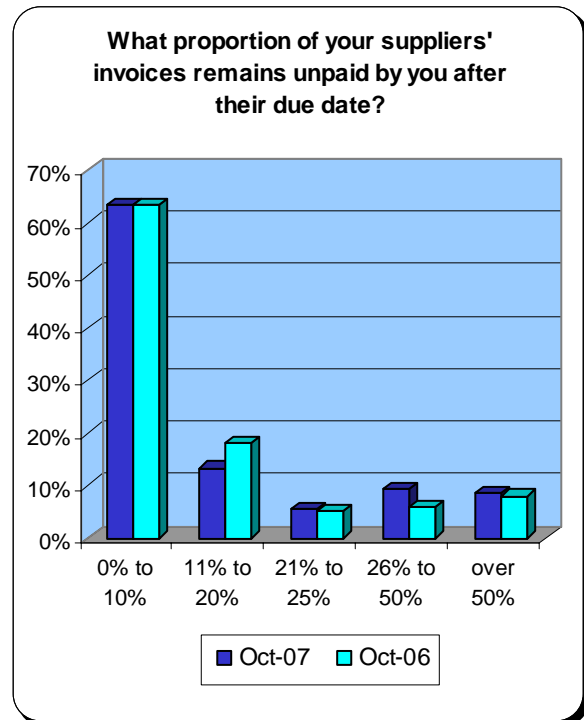
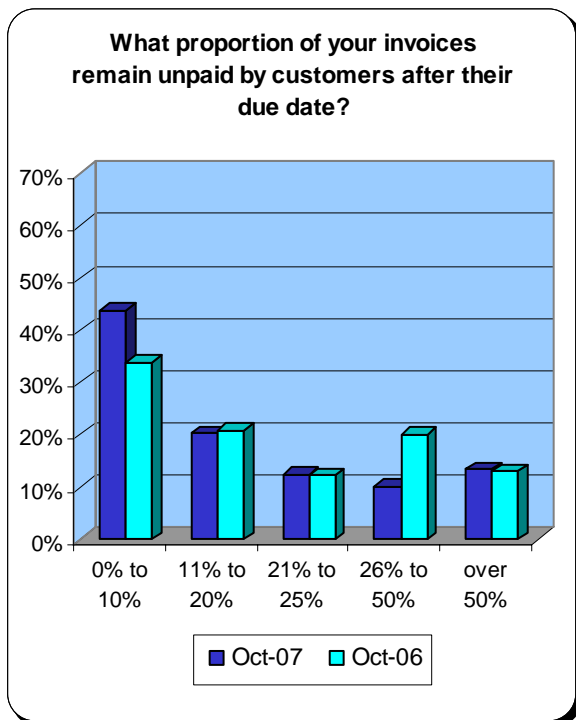
The panellists of both the UK Business Barometer and the parallel survey of business advisers, the UKBAB, were asked which business group or local business network they use.

34% of UKBB respondents do not use a group at all, but 22% use Business Link and 9% use the FSB. 17% are members of other groups which are wide ranging, and cover special interest and industry associations, stand alone local business clubs and professional institutes (all are listed, with the other comments at the end of the analysis). Several respondents separately commented that they belong to more than one network.

27% of UKBAB respondents belong to Business Link, but 22% do not use a group and 23% specified an alternative group, again ranging from professional institutes and associations to local business clubs and special interest groups. There were many comments from this set of respondents too, that they belong to several groups, not just one.



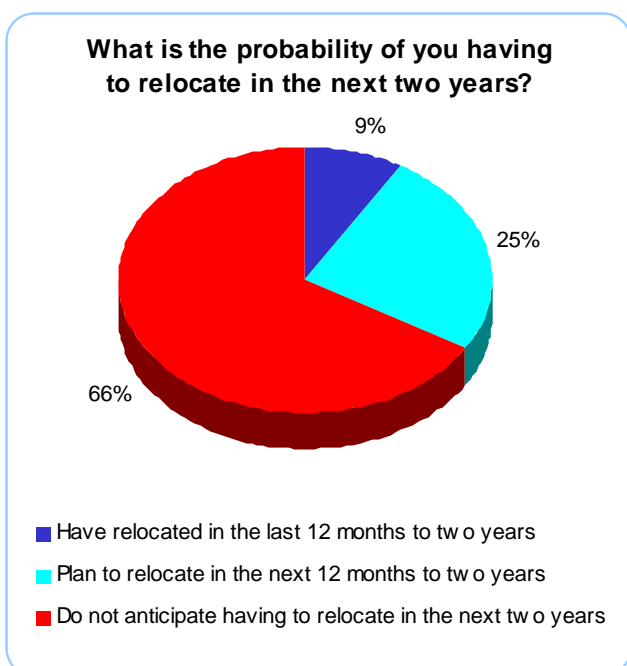
For smaller businesses cash flow can be fatally affected by payment timings. The good news is that compared to the October 2006 survey, when this question was last asked, a smaller percentage of respondents are finding that more than 20% of their invoices are unpaid by their due date: 36% this time, compared to 45% a year ago.. In terms of paying suppliers, 23% of respondents say they have more than 20% of invoices outstanding at the due date. This is an increase of 4% from the 19% found in October last year.



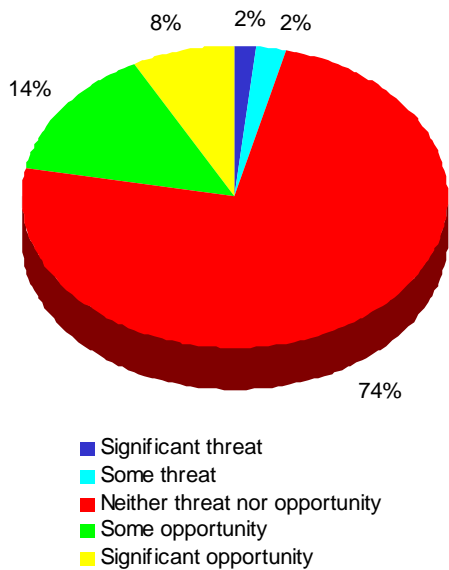
Businesses may need to relocate for a variety of reasons: growing businesses may have outgrown their premises or need a purpose built facility, or the firm may wish to be physically nearer their market, suppliers or skilled labour. In many cases, companies seek to reduce the costs of rent, rates or labour.

About one third of respondents to the October UKBB survey have been or are going to be dealing with relocation: 9% have relocated at some time during the last two years and 25% are planning to do so over the next two years.

The remainder, 66%, do not anticipate a move, at least for the next two years.



**Do you think the regeneration of inner city brown field sites is a threat or an opportunity for you?**



Urban regeneration through the re-development of under utilised brownfield sites, often in the city centres, is becoming more attractive as the prices of centrally located land and premises rise.

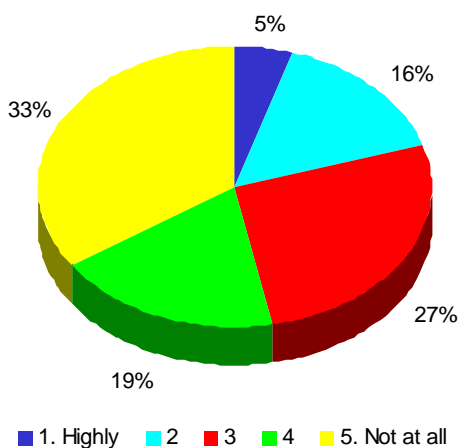
Only 4% of respondents see any kind of threat to their businesses arising from the increasing redevelopment of brownfield sites, whereas 22% can see the possibility of some opportunity for them, 8% think this is a significant opportunity.

The Chancellor, Alistair Darling, said that the UK economy's growth has been damaged by this summer's financial turmoil and the UK growth forecast for 2008 was reduced for the pre-budget report. The global credit crunch and the weakening US housing market were the prime factors that are likely to make it harder and more expensive to borrow money in the UK.

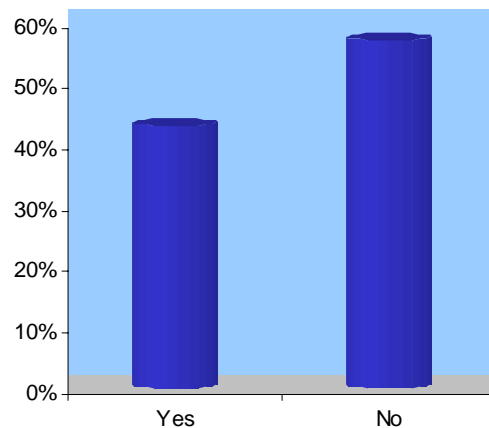
21% of respondents say that their financial decision making has been highly or reasonably highly affected by the recent financial turmoil although 52% say that their financial decision making has not been affected very much, if at all. In the parallel survey of business advisers panellists were asked to what extent their advice to clients has changed in the light of the recent financial market turbulence, and 19% said their advice has changed highly or relatively highly.

Regarding debt finance, 43% say that they will rely less on this in the future, even if at the expense of the growth of their businesses.

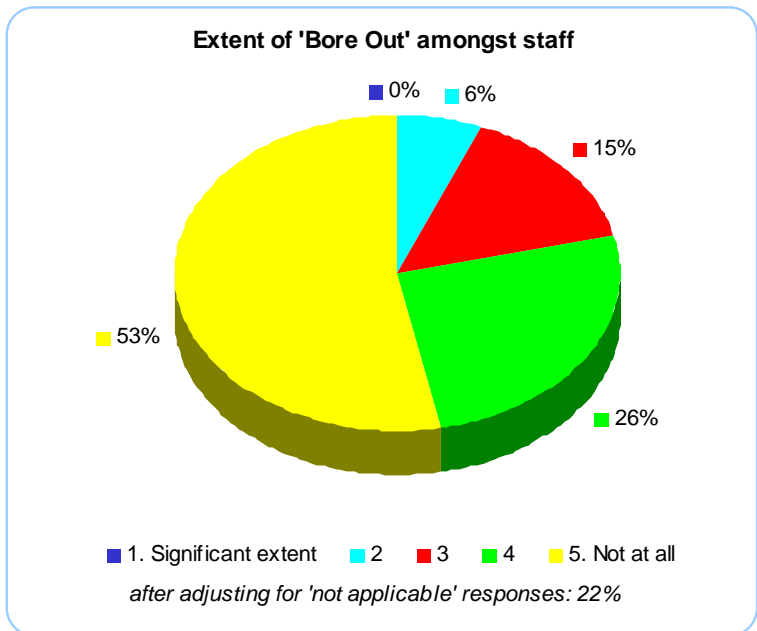
**To what extent has the recent turbulence in financial markets affected your financial decision making?**



**Do you anticipate a lower reliance upon debt finance in the future even if this would be at the expense of the growth of your business?**

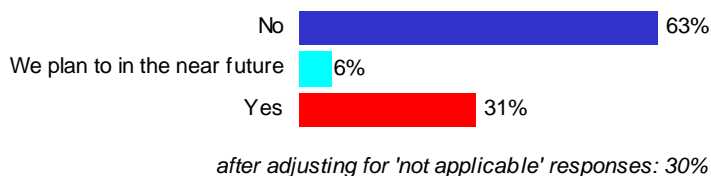


'Bore Out' (the opposite of Burn out) is said to be the new office disease with 15% of office staff being seriously under worked, leading to frustration, negative stress and low levels` of company loyalty, as well as contributing to higher levels of sick leave. Panellists were asked to what extent this could apply to any of their staff. Whilst 79% were confident that they had no or very little, need to worry on that score, 6% admitted that their staff suffered from it to some extent.



**Do you operate a mentoring system for your staff?**

Although two thirds of the respondents do not have a mentoring system for their staff, 31% do, and another 6% are planning to set one up (after adjusting for the 'not applicable responses: 30%).



The UKBAB survey asked advisers what percentage of their clients had mentors other than themselves.62% said less than 10% but 20% said between 10% and 20% and the remaining 18% all said more than 20%.

The idea of seeking input from customers to inform strategy has not been considered at all by 28% of respondents, and 38% say they have hardly or only slightly considered the idea. Only just over one third, 34%, say they have considered this to a high or moderately high extent.

For those that do it, it probably seems a very obvious thing to do, as indicated by one of our respondents' comments:

" Injecting customer input into your business and product strategy is a mandatory ingredient for success, isn't it?"



Listed below are some of the personal views supplied in feedback received from respondents to Survey BB113 October 2007

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

We would value European Web Sites for business advice which tends to be better and more pro business than UK sites

Question 2 should not have used Radio Buttons - I use all four of the YES options but I couldn't say so!

2. Do you, on a regular basis (monthly at least) seek out people in related businesses or more generally, to chat about business related matters? \*

Yes on an informal basis (meet in pub/café/call up for chat)

Yes through local networking events

Yes through regular trade assn/professional organisation meetings

Yes, through online networking

No

Re questions 3 and 4 - business currently operates at a loss whilst still in early years, and poor cash flow coupled with insufficient sales means supplier invoices aren't always paid as quickly as they should be. We often apply that well-known business maxim: "Whose invoice will go in the hat to get paid this week?" when some cash comes in.

3. What proportion of your invoices remain unpaid by customers after their due date? \*

0% to 10%, 11% to 20%, 21% to 25%, 26% to 50%, over 50%

4. What proportion of your suppliers' invoices remains unpaid by you after their due date? \*

One of the biggest attractions of containing the size of your business is that you can limit reliance of management, capital and admin overheads. The diseconomies increase with size.

Question 10 might have benefitted from an additional question related to what proportion of turnover or profit is spent on mentoring.

10. Do you operate a mentoring system for your staff? \*

Yes

We plan to in the near future

No

Not applicable

The results for Question 12 will be highly interesting. Injecting customer input into your business and product strategy is a mandatory ingredient for success, isn't it?

12. To what extent have you considered seeking input from your customers to inform your strategic meetings? \*

1. Highly 2, 3, 4, 5. Not at all