

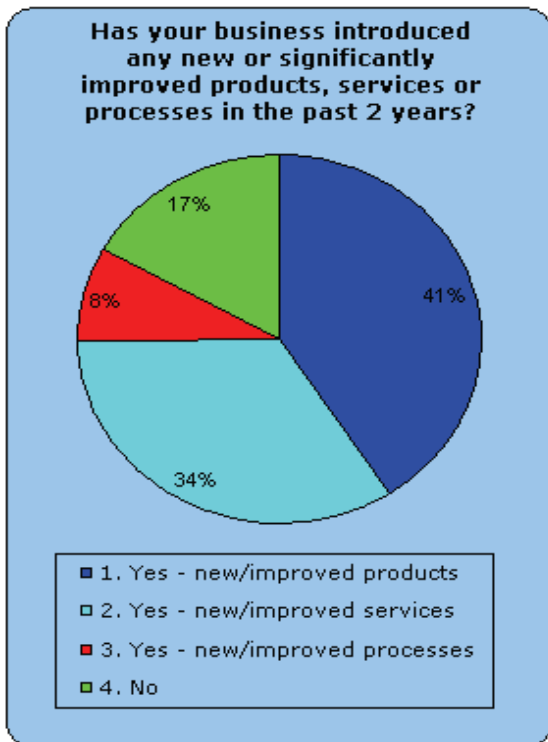
**Introducing New Products, Services or Processes — a comparison with findings from June 2005**

**Overall figures show broadly similar results**

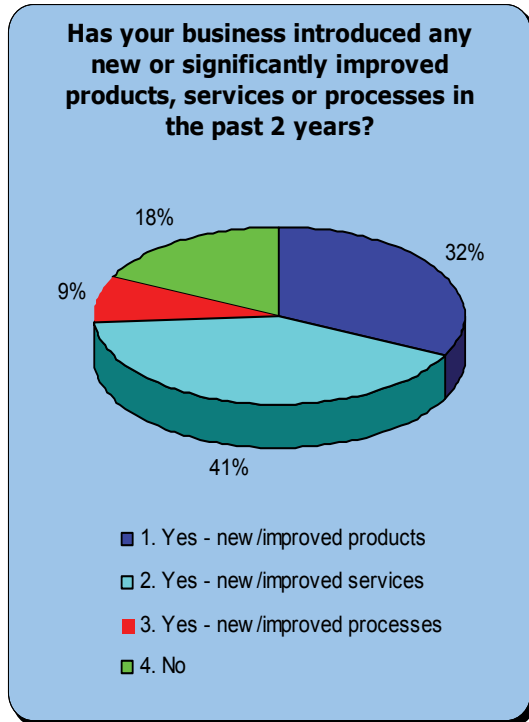
82% of respondents have introduced new or improved products, processes or services over the last two years, the highest proportion being in new services.

The most marked differences between the two sets of results saw a large increase in the percentage amongst those improving products, processes or services. Those claiming to have something 'similar but better' rose from 33% to 42%. Figures for those who changed an existing product, service or process, to 'something similar but different' decreased from 15% to 8%.

**June 2005**



**April 2007**

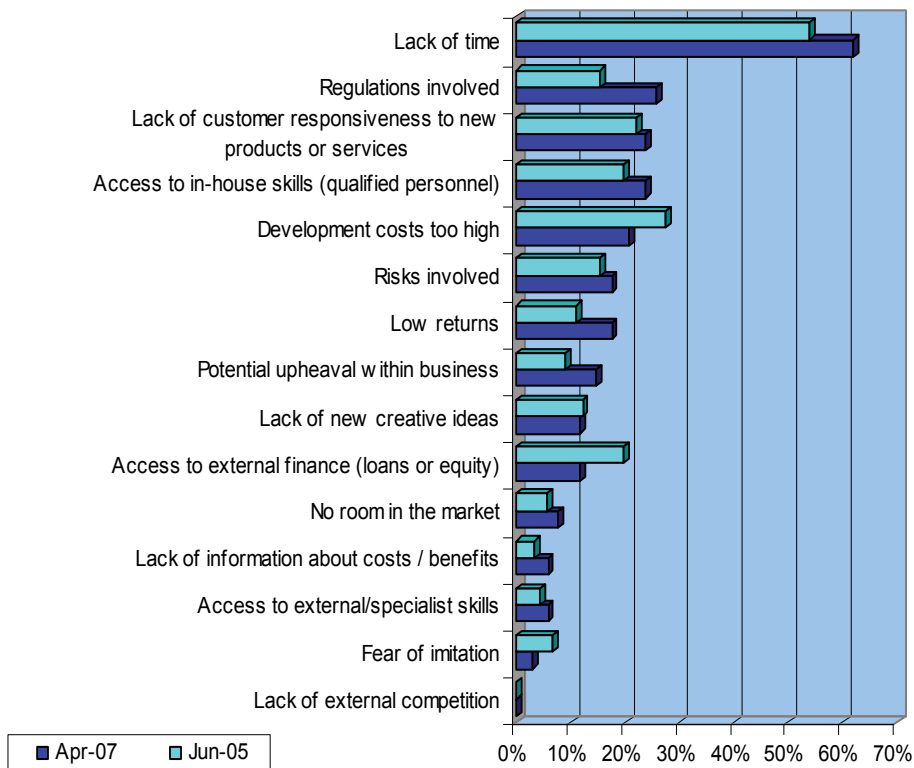


When asked to focus on the most significant new product, service or process 20% had introduced something that was completely new, i.e. not introduced by any other businesses before. 31% of respondents had brought in something that, although new to their own business, was already available from others in their sector, and 49% had made changes to an existing product, service or process, with 42% providing improvements and 7% making some other sort of change.

**Introducing New Products - Regulation worse now than in June 2005.**

When, in June 2005, we asked about factors inhibiting the introduction of new products, services and processes, the foremost factor to emerge was lack of time. This was unchanged in the latest survey, chosen by 62% of respondents this time compared to 54% back then. The second most limiting factor last time was development costs, now ranked fifth by respondents to the April survey. Regulations, previously ranked sixth, are now seen as the second greatest deterrent. Unchanged from June 05, the third and fourth most limiting factors were lack of customer response to new products or services (24%) and access to in-house skills (24%).

**Which of the following factors do you think limits the ability of your business to introduce new products, services or processes? [tick all that apply]**



after adjusting for responses of 'none': Apr-07 4%; Jun-05 7%, 'don't know': Apr-07 3.2%; Jun-05 2.6% and 'not applicable': Apr-07 14.9%; Jun-05 12.6%

**The Advisers' view**

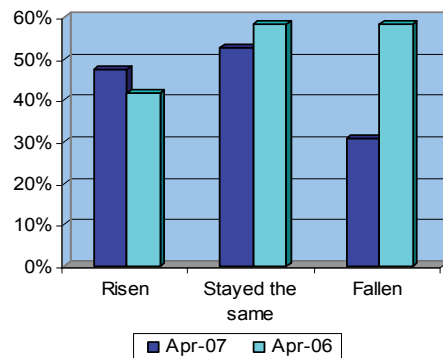
Respondents to the parallel advisers survey were asked to reassess their thoughts on the matter, they selected the same three factors as in June 2005 namely, lack of time, too high development costs and the risks involved.

©2005 THE UNIVERSITY OF NOTTINGHAM ALL RIGHTS RESERVED

**12 months on and more firms see increased margins.**

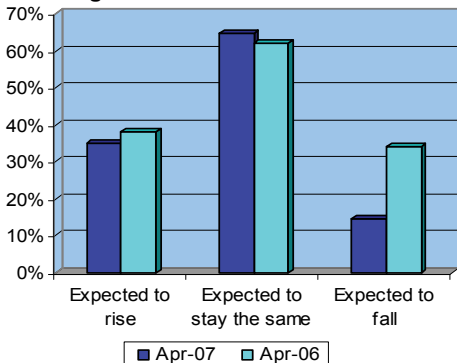
Over the last 6 months 36% of respondents have seen pre-tax profit margins rise, while 24% have experienced decreases. This is an improvement compared with the last time we asked this question, in April 2006, when 26% had seen rises and 37% had seen falls.

**Changes in pre-tax profit margins over the last six months**



excluding normal seasonal variations, after adjusting for 'don't know' responses: Apr-07 1.7%; Apr-06 3.6%

**Expected changes in pre-tax profit margins over the next six months**



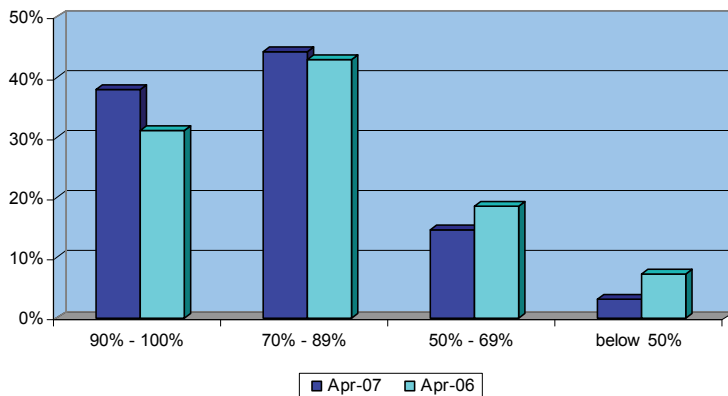
excluding normal seasonal variations, after adjusting for 'don't know' responses: Apr-07 2.5%; Apr-06 5.8%

**In the next 6 months** 31% expect pre-tax profits to grow, while only 13% expect reductions with 57% expecting pre-tax profits to stay the same. This is more optimistic than the April 2006 responses, when 29% looked forward to increases compared to 25% expecting decreases.

**Firms working at higher levels than in 2006**

On average, respondents are working at higher levels of capacity compared with April 2006, most noticeably with an increase by 7% in those who estimate that they are working at 90%-100% capacity. A total of 82% are working at over 70% capacity.

**To what extent are you working up to capacity (in terms of the full utilisation of resources)? (100% would imply a need for additional staff or other resources)**



after adjusting for 'not applicable' responses: Apr 07 1%; Apr 06 2.2%

> THE QUESTIONS - APRIL 2007 - BB107

- |   |  |
|---|--|
| <p>Q1. Has your business introduced any new or significantly improved products, services or processes in the past 2 years?</p> <p>Q2. Would you describe your most significant new or improved product / service / process as.....</p> <p>Q3. Have you sought external advice on any of the following when developing new products, services or processes?</p> <p>Q4. Which of the following intellectual property rights have you sought external advice on when introducing new products, services or processes?</p> <p>Q5. Which of the following factors do you think limits the ability of your business to introduce new products, services or processes?</p> <p>Q6. Excluding normal seasonal fluctuations, how have your pre-tax profit margins changed in the past 6 months?</p> | <p>Q7. Excluding normal seasonal fluctuations, how do you expect your pre-tax profit margins to change in the next 6 months?</p> <p>Q8. To what extent are you working up to capacity (in terms of the full utilisation of resources)?</p> <p>Q9. How do you expect the number of full time equivalent employees in your business to change in the next 6mths?</p> <p>Q10. How has the number of full time equivalent employees in your business changed over the past 6mths?</p> <p>Q11. To what extent are you more or less optimistic about the medium to long term future of the UK economy compared to a year ago?</p> <p>Q12. If you had free access to an expert consultant, advice on which of the following issues would be most beneficial to your business?</p> |
|---|--|

Click here to view the complete set of results for this and for previous surveys: [www.ukbb.ac/UI/surveys.aspx](http://www.ukbb.ac/UI/surveys.aspx)

**About the respondents:**

In the April 2007 survey, 130 respondents were drawn with the following population characteristics:

Sector			
Production & Manufacturing	Distribution	Services	Total
25.8%	7.7%	66.9%	100.0%

Turnover (£)			
< 1 M	1M-3M	>3M	Total
69.2%	17.7%	13.1%	100.0%

Number of Full-time Employees					
1-10	11-20	21-50	51-100	100+	Total
60.0%	24.6%	9.2%	3.1%	3.1%	100.0%

**UKBB: Benchmarking key issues for smaller businesses**

For further information, please contact **The Barometer Project Team:**

**Rick Eagles** t: 0115 8466860 e:[rick.eagles@nottingham.ac.uk](mailto:rick.eagles@nottingham.ac.uk)

**Liz Rose** t: 0115 8466189 e:[liz.rose@nottingham.ac.uk](mailto:liz.rose@nottingham.ac.uk) w: [www.ukbb.ac](http://www.ukbb.ac) [www.ukbab.ac](http://www.ukbab.ac)

