

> KEYNOTES FROM SEPTEMBER 2006 - BB100

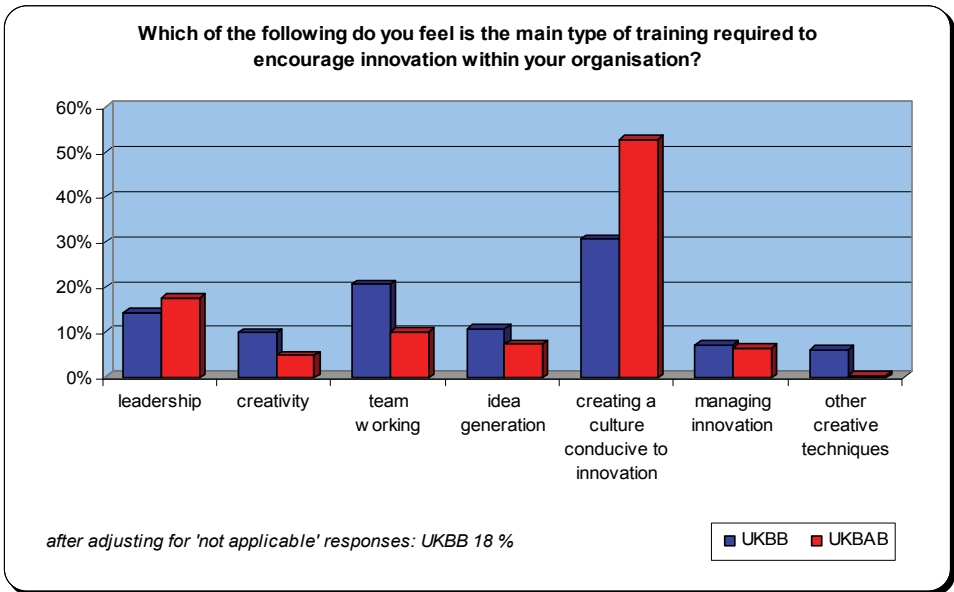
Encouraging Innovation — your preferred training methods

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%.



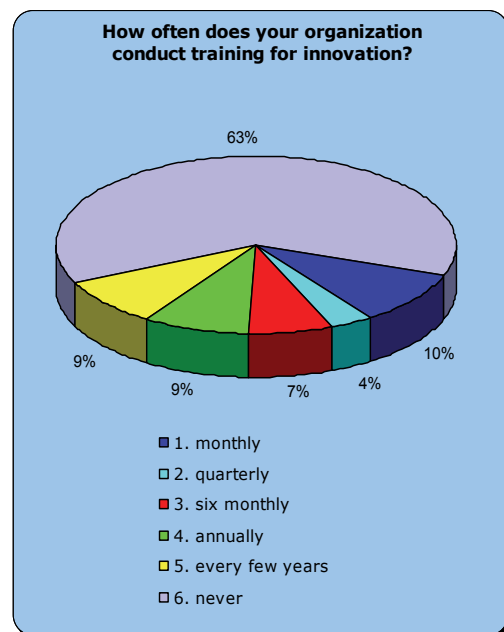
How much time do you give to training for innovation?

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.

The panellists' view:

“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.”

“The trick is to allow people the freedom to express innovation.”

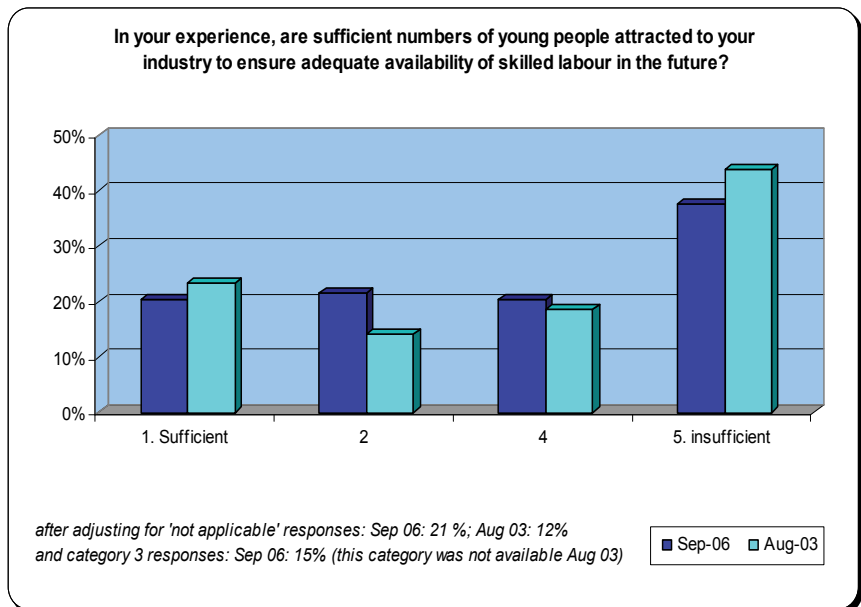


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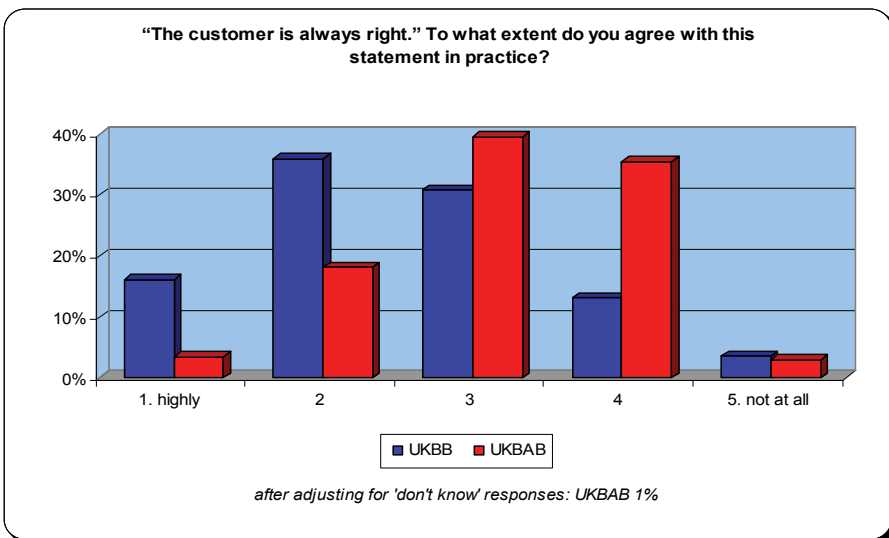
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Three years on and smaller businesses still experiencing low levels of interest from youngsters.

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.



Is the customer always right? - you have your say.



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.

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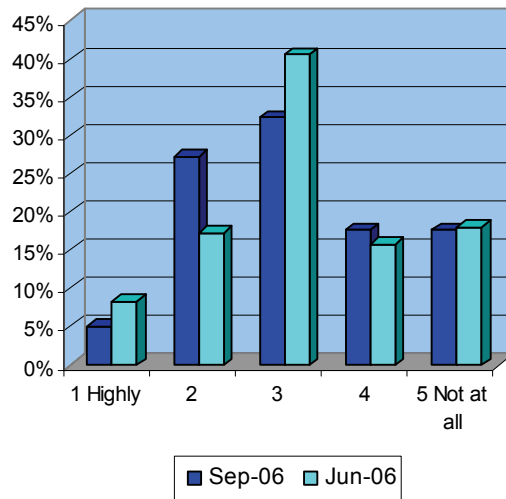
THIRD QUARTER TRENDS 2006

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

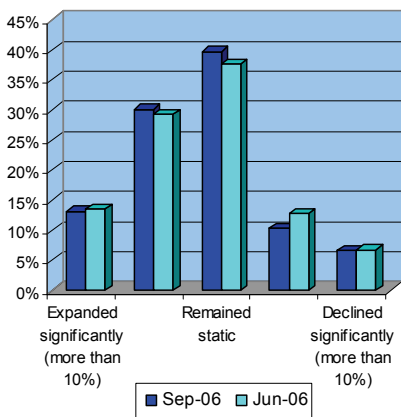
The index for businesses with turnovers of over £3M increased for constraints due to skill shortages, but this was offset by decreases for smaller turnover business to produce an overall average index increase of 1% in the quarter. By sector, production and manufacturing and distribution suffered increases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

Third quarter sees increase in growth - but only by a single point.

To what extent is your business constrained by skill shortages?

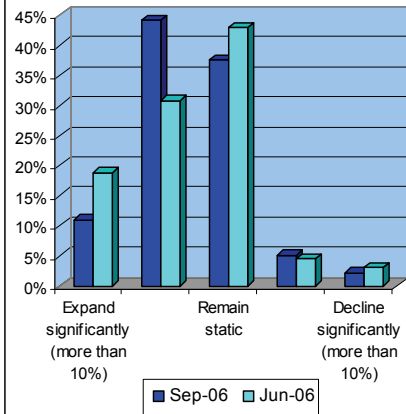


Over the last 3 months, has your business:-



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%.

Over the next 3 months, do you expect your business to:



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

> THE QUESTIONS - SEPTEMBER 2006 - BB100

- Q1. Which of the following do you feel is the main type of training required to encourage innovation within your organisation?
- Q2. How often does your organization conduct training for innovation?
- Q3. To what extent do your employees resist change in the organisational culture of your business?
- Q4. It is said that new fire regulations due to come into force on October 1st will make fire safety law easier to understand. To what extent do you consider this new regulation easier to comply with?
- Q5. "The customer is always right." To what extent do you agree with this statement in practice?
- Q6. How common is it, when advertising for non graduate vacancies, for graduates to apply?
- Q7. In your experience, are sufficient numbers of young people attracted to your industry to ensure adequate availability of skilled labour in the future?

Quarterly Trends Questions

The following set of questions has been asked of the panel each quarter for the last six years:

- Q8. To what extent is your business constrained by skill shortages?
- Q9. To what extent is your business constrained by a lack of finance?
- Q10. To what extent is your business constrained by low market demand?
- Q11. Over the last 3 months, has your business:-
(*expanded/declined*)
- Q12. Over the next 3 months, do you expect your business to: (*expand/decline*)

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

About the respondents:

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%

UKBB: Benchmarking key issues for smaller businesses

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