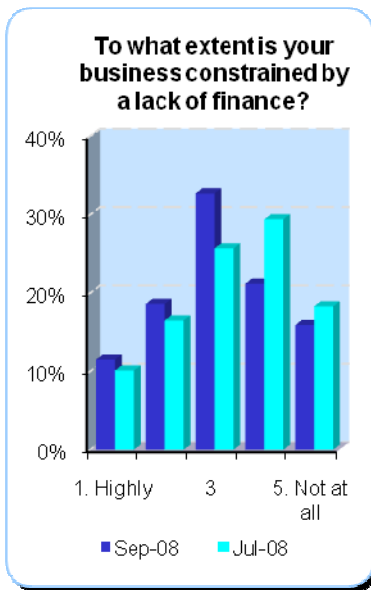
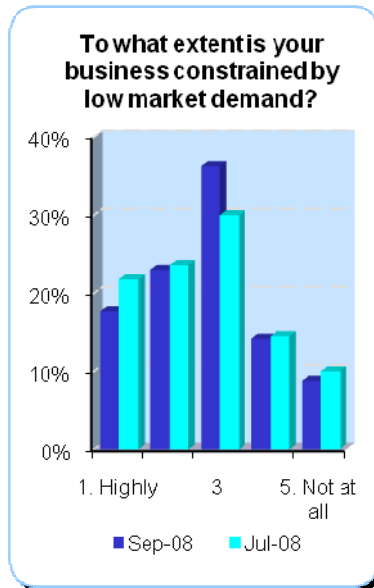
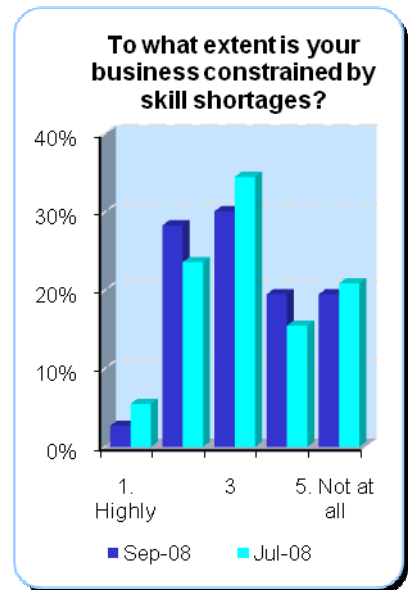


**Constraints upon business — a comparison with recent findings.**

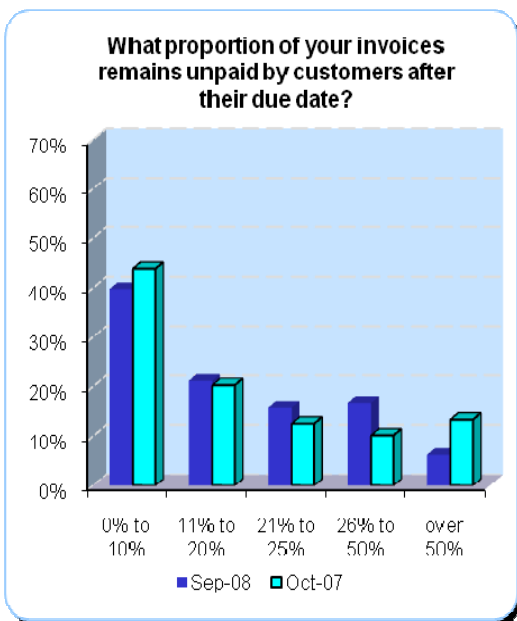
The greatest change since the July survey was seen in the **lack of finance** index, for which the average constraint increased by 7%. The **skills shortages** and **low market demand** indices showed decreases of 1% and 2% respectively



Compared with the index for September 2007, constraint on businesses due to **skills shortages** has eased by 1% and the index for **lack of finance** eased by 2% over the same period.



The index for constraint due to **low market demand** increased by 5%, September 08 on September 07.



**Unpaid invoices**

For smaller businesses cash flow is critical. In the October 2007 survey when this question was last asked, 36% of respondents said that more than 20% of their invoices are unpaid by their due date, and this has increased to 39% this time.

In terms of paying suppliers, 26% of respondents say they have more than 20% of invoices outstanding at the due date. This is an increase of 3% from the 23% found in October last year.

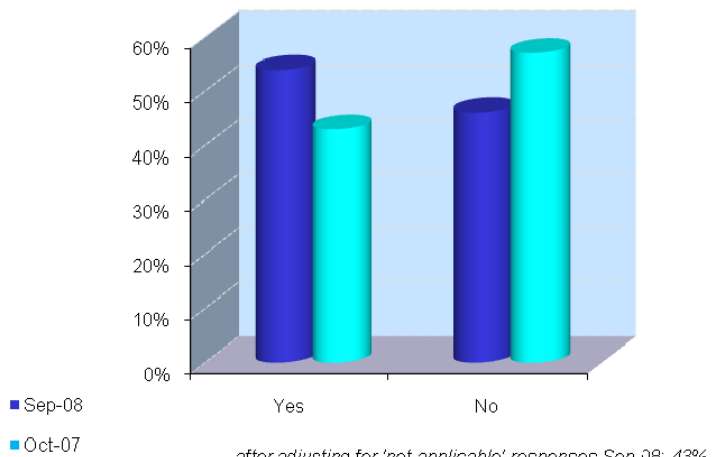
**Debt finance and growth—the views of the UKBB panel 12 months into the credit crunch.**

A year ago the Chancellor, Alistair Darling, said that the UK economy's growth had been damaged by this summer's financial turmoil and the UK growth forecast for 2008 was reduced for the pre-budget report. Here, the UKBB panel

The global credit crunch and the weakening US housing market were the prime factors that were likely to make it harder and more expensive to borrow money in the UK.

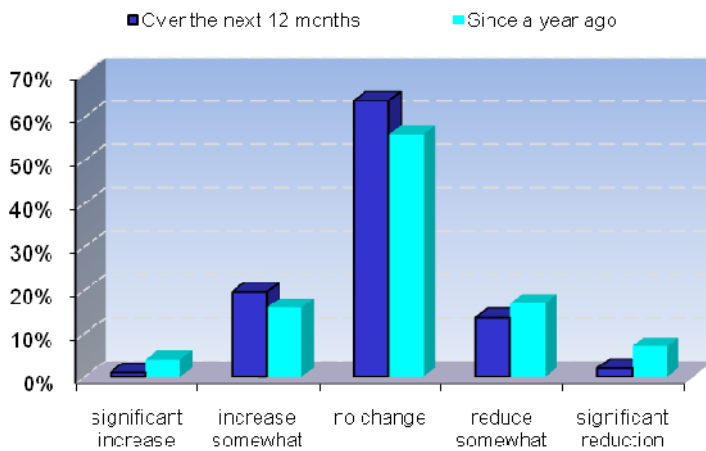
After a year of living with the credit crunch, 54% of those responding to the September edition of the UKBB say they will rely less upon debt finance in the future, even if at the expense of the growth of their businesses. This compares with 43% in October 2007.

**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?**



after adjusting for 'not applicable' responses Sep-08: 43%

**Changes in numbers of Full Time Equivalent employees**



after adjusting for 'not applicable' responses: Past year 11%; Coming year: 0%

**Staff numbers—Actual and expected changes.**

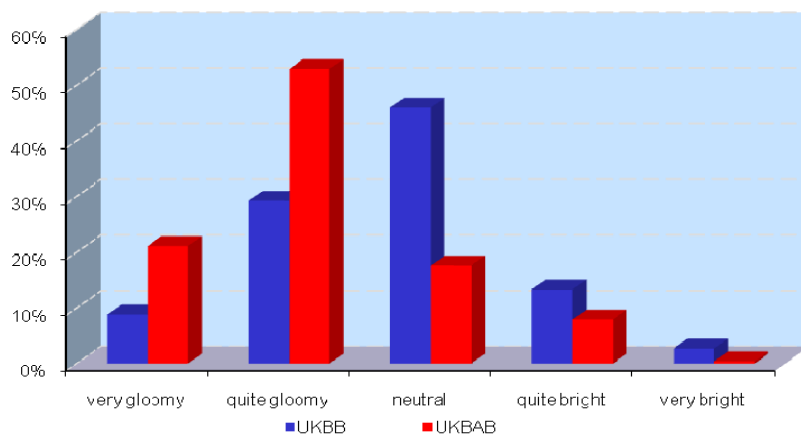
Over the last year 20% of respondents have increased the number of full time equivalent (FTE) employees in their businesses, while 24% of respondents have reduced FTE numbers. Looking forwards 12 months, 21% of respondents expect to increase FTE numbers while 16% expect to see reductions.

### And what of the outlook? How gloomy is it?

Since Government and other commentators have been referring to the credit crunch for a year now, and world financial systems have sustained multiple major shocks, panellists of this survey were asked how gloomy they perceive the outlook to be for their own businesses.

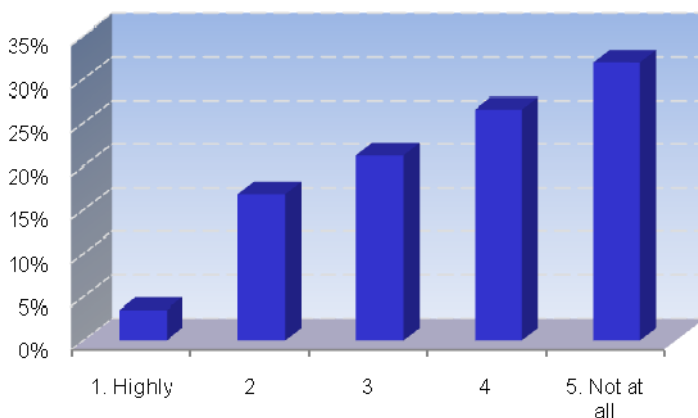
The balance of findings was quite strongly negative, with 22% more choosing 'very gloomy' or 'quite gloomy' than choosing 'quite bright' or 'very bright'.

From your experience how 'gloomy' do you perceive the outlook to be for your business?



227 Panellists of the parallel survey of Business Advisers, the **UKBAB**, were asked how gloomy they perceive the outlook to be for business in general. The balance of findings to this question was much more negative with 66% more choosing 'very gloomy' or 'quite gloomy' than choosing 'quite bright' or 'very bright'

To what extent are you seeing an increase in the incidence of non payment i.e. bad debt?



### Panel reports increase in bad debt.

20% of respondents say they are seeing an increase in bad debt to a high or comparatively high extent. A further 21% are experiencing a lesser degree of increase in the incidence of non payment and 58% are only seeing low increases or no increase at all.

> NOVEMBER 2008 EDITION — QUESTIONS FROM SEPTEMBER 2008 - BB119

- Q1. To what extent is your business constrained by skill shortages?
- Q2. To what extent is your business constrained by a lack of finance?
- Q3. To what extent is your business constrained by low market demand?
- Q4. Over the last 3 months, has your business:- (expanded/declined)
- Q5. Over the next 3 months, do you expect your business to: (expand/decline)
- Q6. What proportion of your invoices remains unpaid by customers after their due date?
- Q7. What proportion of your suppliers' invoices remains unpaid by you after their due date?
- Q8. 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?
- Q9. Compared to this time last year, how has the number of Full Time Equivalent employees changed in your business?
- Q10. Over the next 12 months, do you expect the number of full time equivalent employees to change?
- Q11. To what extent are you seeing an increase in the incidence of non payment i.e. bad debt?
- Q12. There are a huge variety of views on the state of the economy. From your experience how 'gloomy' do you perceive the outlook to be for your business?

To view the complete set of results for this and for previous surveys, follow this link:

[www.ukbb.ac/UI/surveys.aspx](http://www.ukbb.ac/UI/surveys.aspx)

Sector			
Production & Manufacturing	Distribution	Services	Total
22.1%	8.8%	69%	100.0%

About the respondents:

In the September 2008 survey, 113 respondents were drawn with the following population characteristics:

Turnover (£)			
< 1 M	1M-3M	>3M	Total
69%	17.7%	13.3%	100.0%



Number of Full-time Employees					
1-10	11-20	21-50	51-100	100+	Total
61.1%	23.9%	8%	3.5%	3.5%	100.0%

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Please feed back your thoughts via the following link: [www.ukbb.ac/UI/contact.aspx](http://www.ukbb.ac/UI/contact.aspx)