

## UKBB 59 April 2003 Analysis

The April survey asked for views on the Budget, credit terms, use of the Internet and of business information websites, seeking advice, the minimum wage, dialogue with staff, the impact of the Iraqi war on business expectations, expenditure cuts, and Employment Tribunals.

### About the respondents

172 respondents were drawn with the following population characteristics:

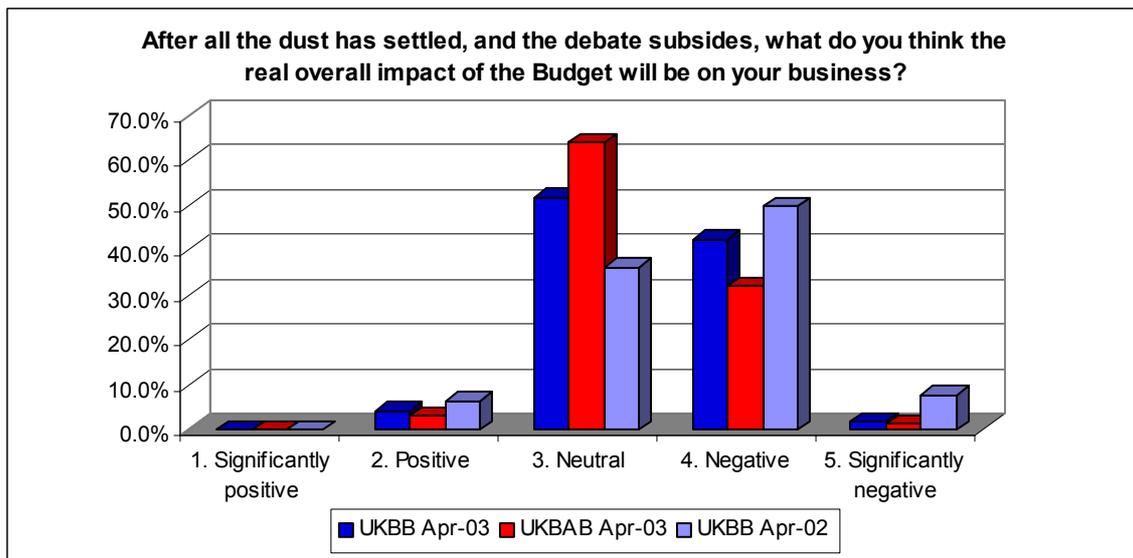
Sector			
Production & Manufacturing	Distribution	Services	Total
28.5%	7.0%	64.5%	100.0%

Turnover (£)			
< 1 M	1M-3M	>3M	Total
67.4%	19.2%	13.4%	100.0%

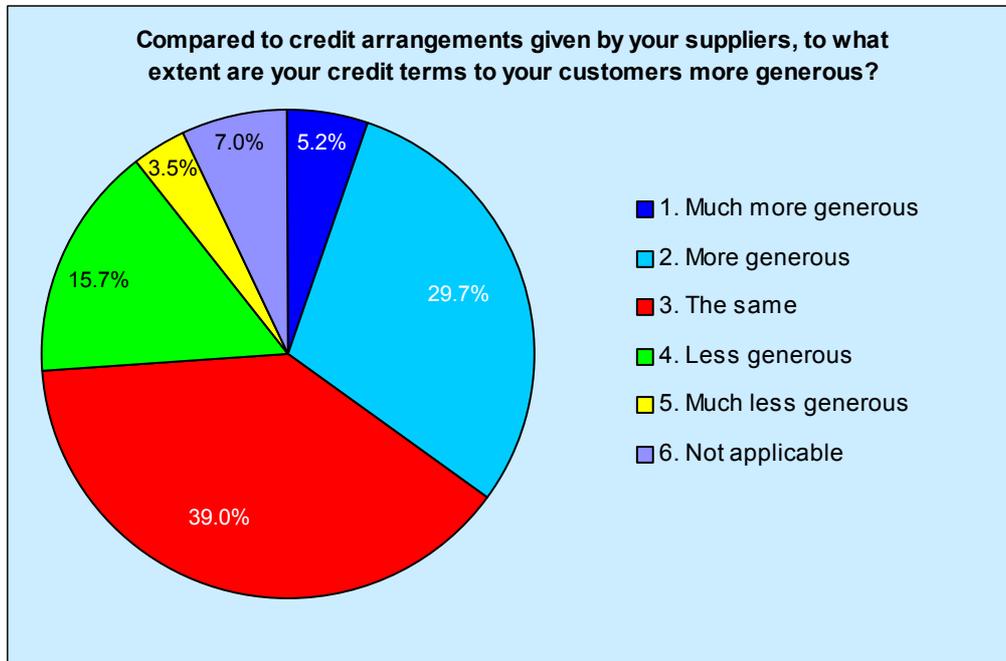
Number of Full-time Employees						
1-10	11-20	21-50	51-100	100+	Unknown	Grand Total*
40.1%	36.6%	5.8%	2.9%	2.9%	11.6%	100.0%

### Survey Findings

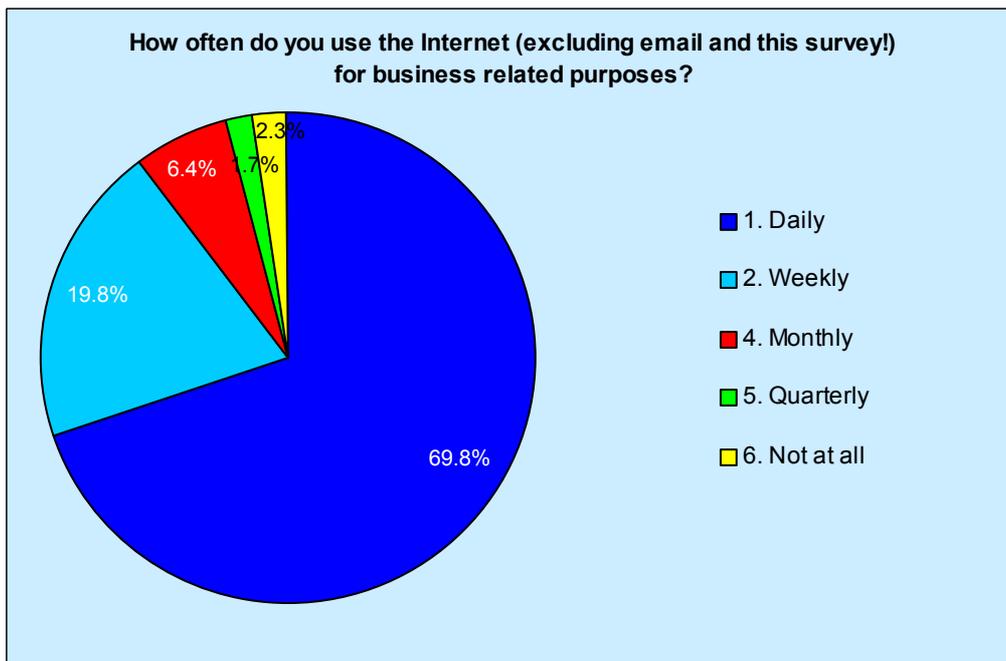
The Budget this year was viewed by over half (52%) the respondents as neutral, with the balance of the remainder (42%) believing that it will have a negative impact. Very few found it positive overall. This compares with the reactions to last year's Budget, when a higher percentage of respondents felt positive about that Budget, but a higher percentage also felt negative. The Business Advisers Survey findings, ([www.ukbab.ac](http://www.ukbab.ac)) were that 64% believe that this year's Budget will be neutral in terms of impact on businesses, and the balance of the remainder was again negative (32%).



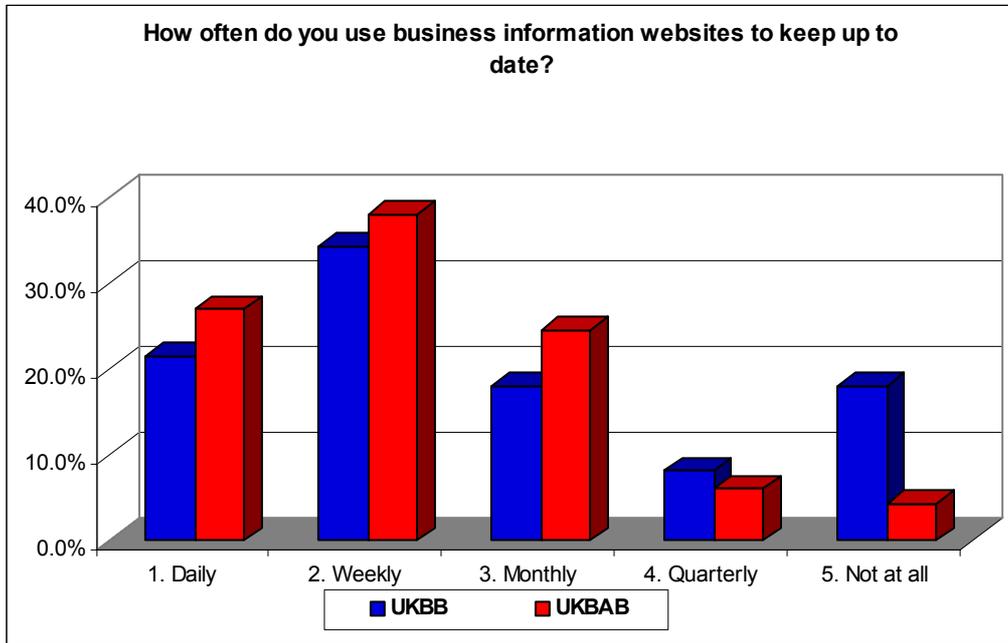
Credit terms and debt payment are areas where smaller businesses find great challenge and risk. 35% of respondents feel that they receive less generous credit term treatment from their suppliers than they make available to their own customers, although for 19% the reverse is true. The Business Advisers survey asked what businesses generally say to their advisers on this topic - 36% of advisers said their clients mostly or invariably say their credit arrangement are more generous to customers than they get from suppliers, while 11% say the reverse for their clients.



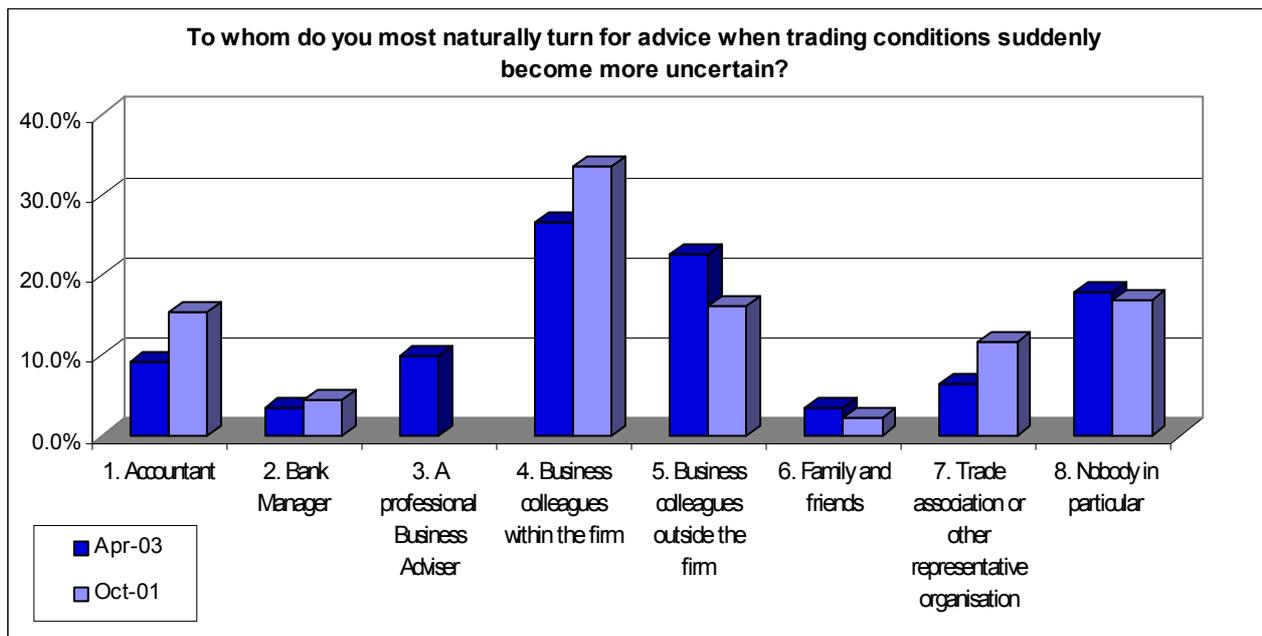
Daily use of the Internet is now commonplace by 70% of our respondents, and 20% use it weekly. Only 2% do not use it at all.



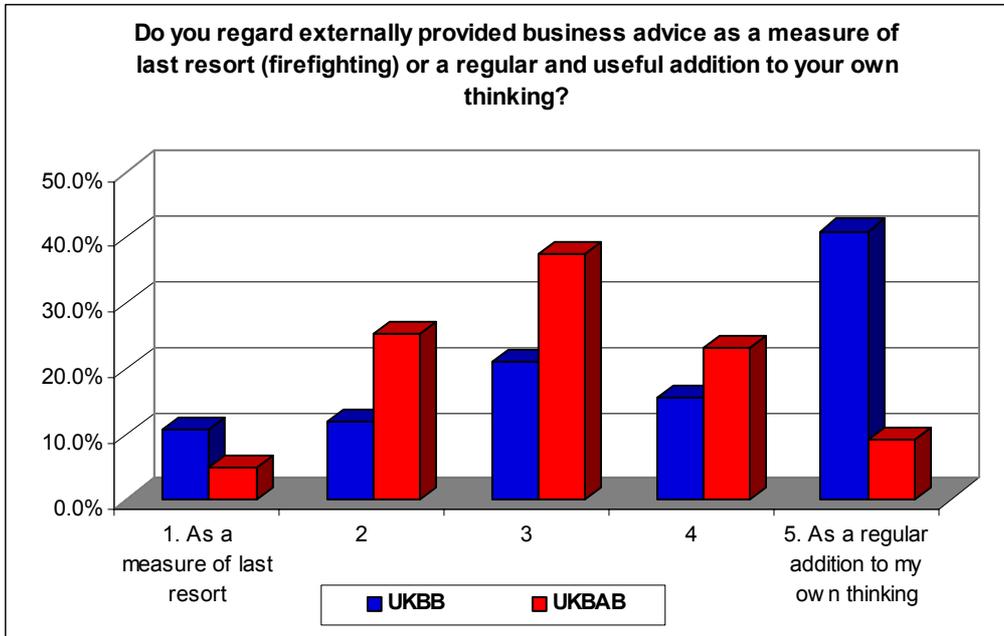
When it comes to using business information websites, 22% of UKBB respondents use them daily, 34% weekly and 18% monthly, but 18% do not use them at all. Respondents to the Business Advisers Barometer use them more frequently and only 4% do not use them.



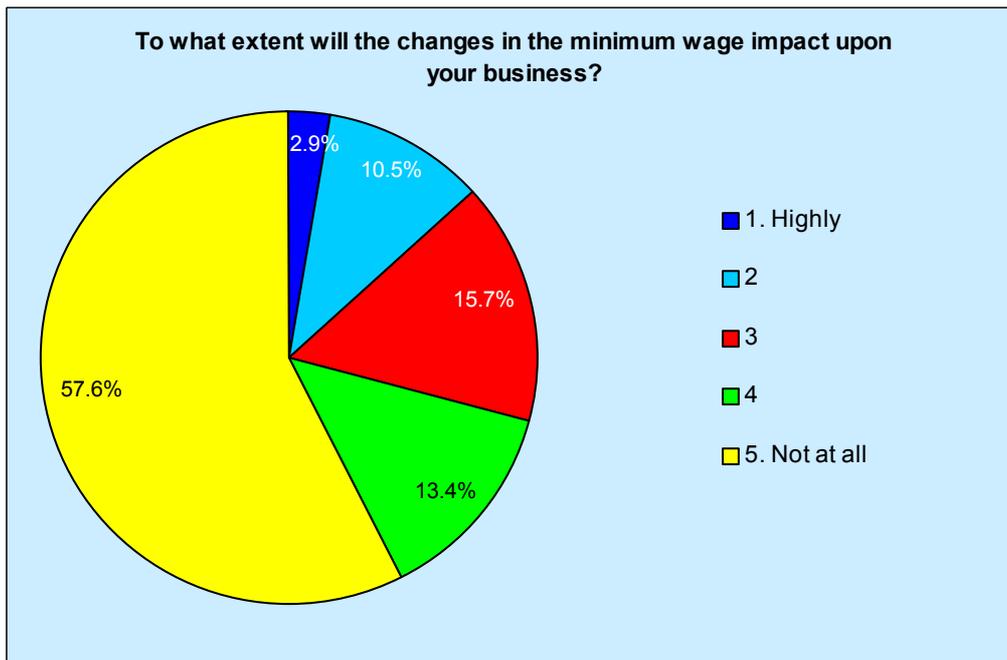
For the April survey, we repeated a question, last asked in the October 2001 Survey, about the most favoured source of advice in uncertain business conditions. A new potential choice this time was Business Advisers and this was the choice of 10% of respondents. Generally, respondents favoured business colleagues outside the firm and family and friends more than last time, and accountants, bank managers and business colleagues within the firm less than last time, although business colleagues within the firm are still sought more than others. 18% have no particular choice.



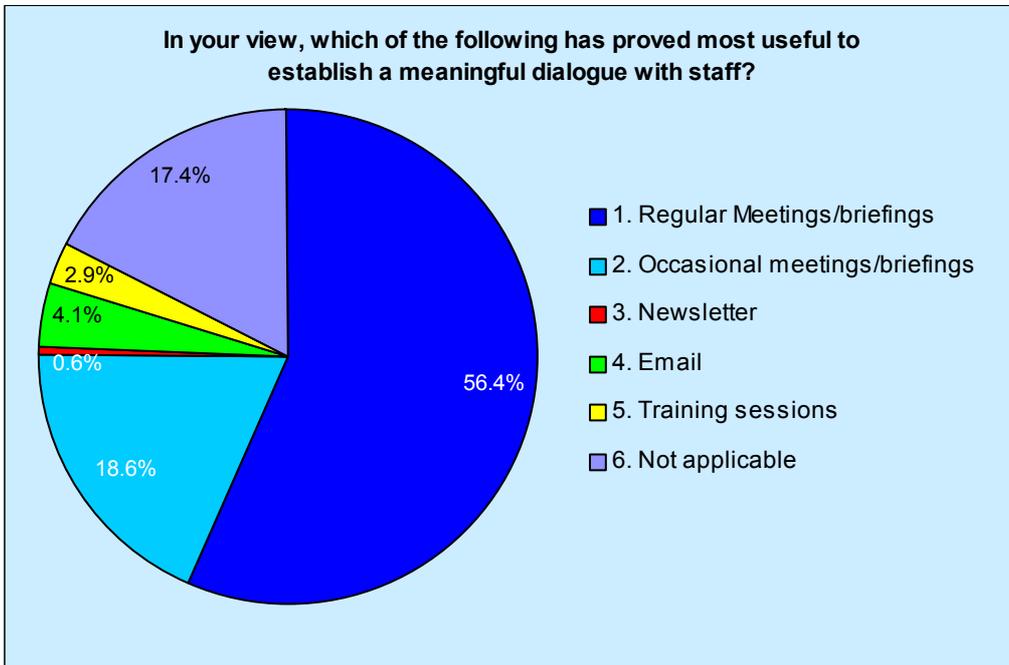
Our second question on business advice revealed that 38% of respondents regard externally provided advice as a regular and useful addition to their own thinking. Other respondents varied in the degree to which they regularly use external advice, to those who only use it as a measure of last resort (10%). Business Advisers see this from a different perspective – only 9% have a majority of clients who use advice on a regular basis, while 5% say the majority of their clients use advice as a measure of last resort.



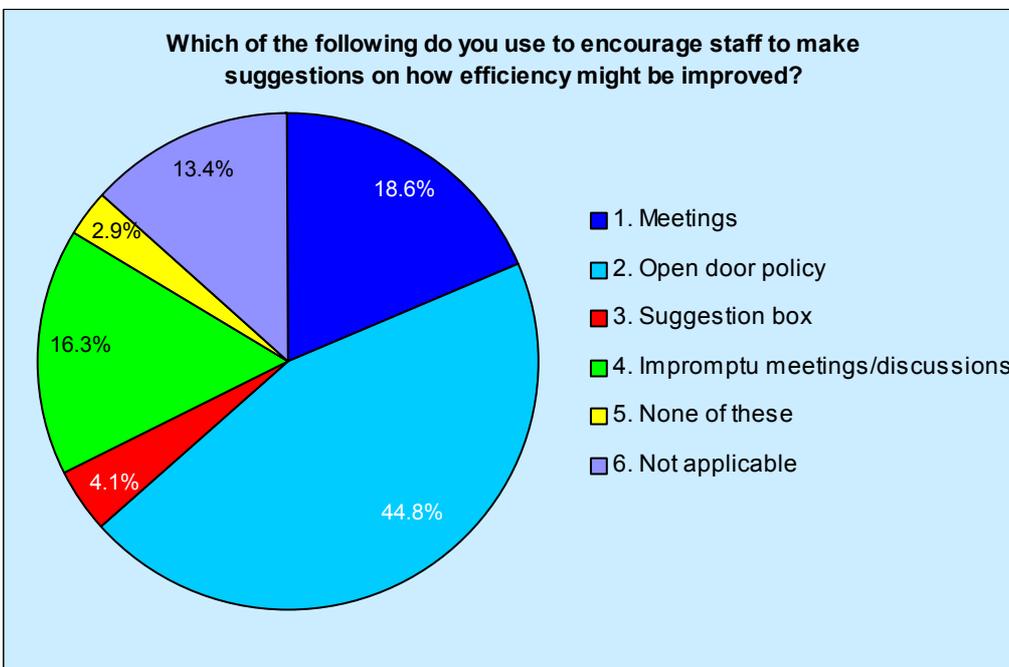
The minimum wage will increase in October 2003 from £4.20 to £4.50 for adults and from £3.60 to £3.80 for younger workers with further increases likely to follow in October 2004, depending on economic sustainability. 13% of respondents will experience considerable impact on their businesses as a result, and 16% will have to cope with a moderate impact while 58% do not expect any impact from this.



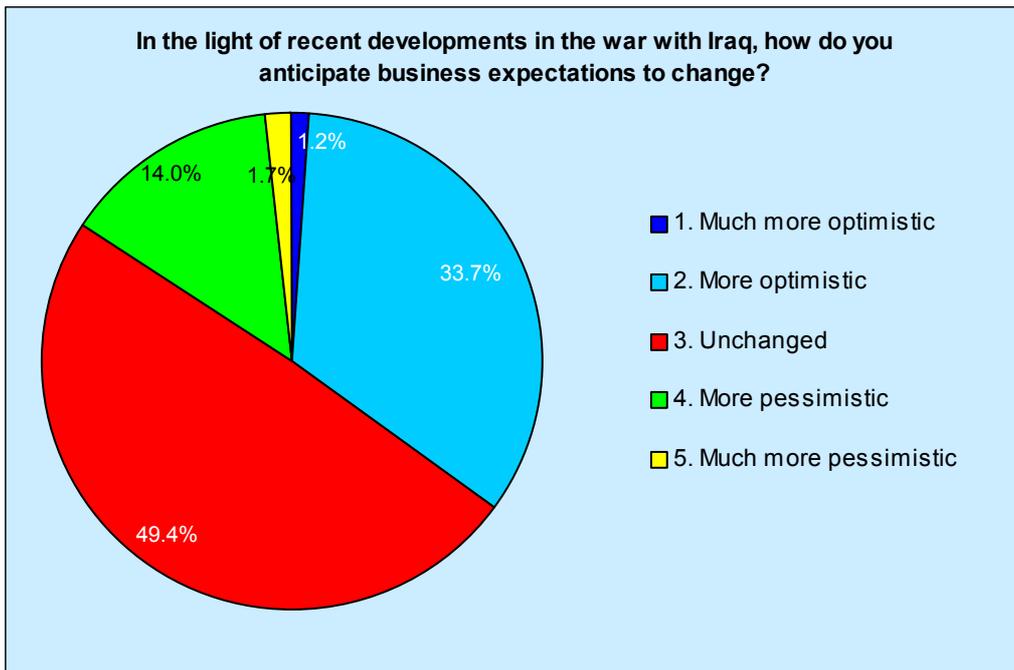
Creating the right working relationship with staff is essential. 75% indicated that meetings are the most useful ways of establishing a meaningful dialogue with staff; 56.4% opted for regular meetings or briefings and 18.6% for the second most popular option of occasional meetings or briefings.



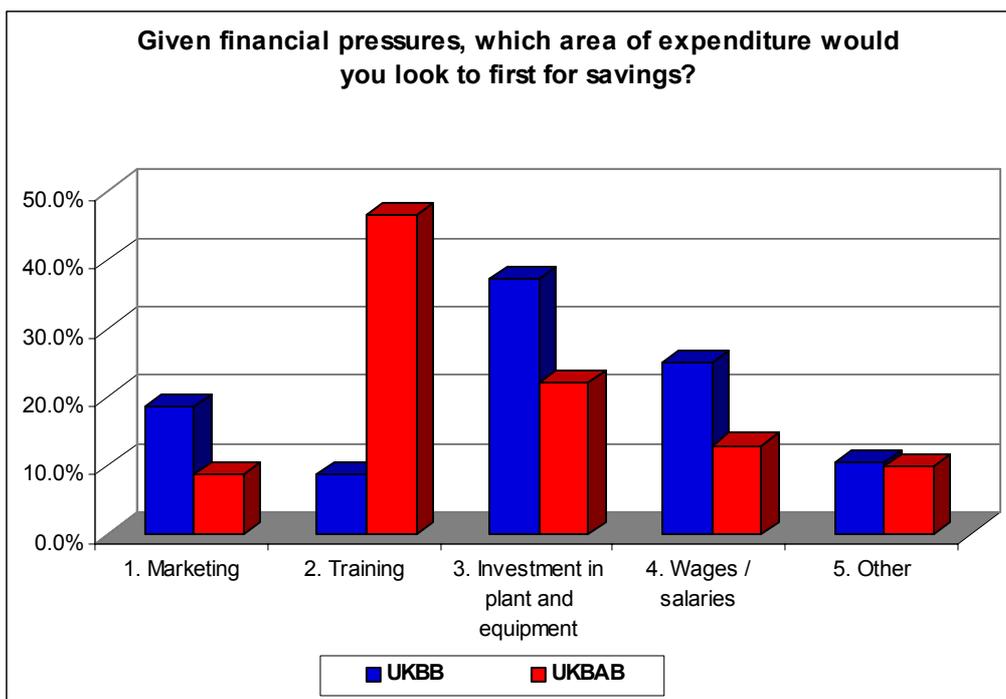
To encourage suggestions on efficiency improvement from staff, 45% maintain an open door policy and 19% hold meetings, while 16% hold impromptu meetings or discussions.



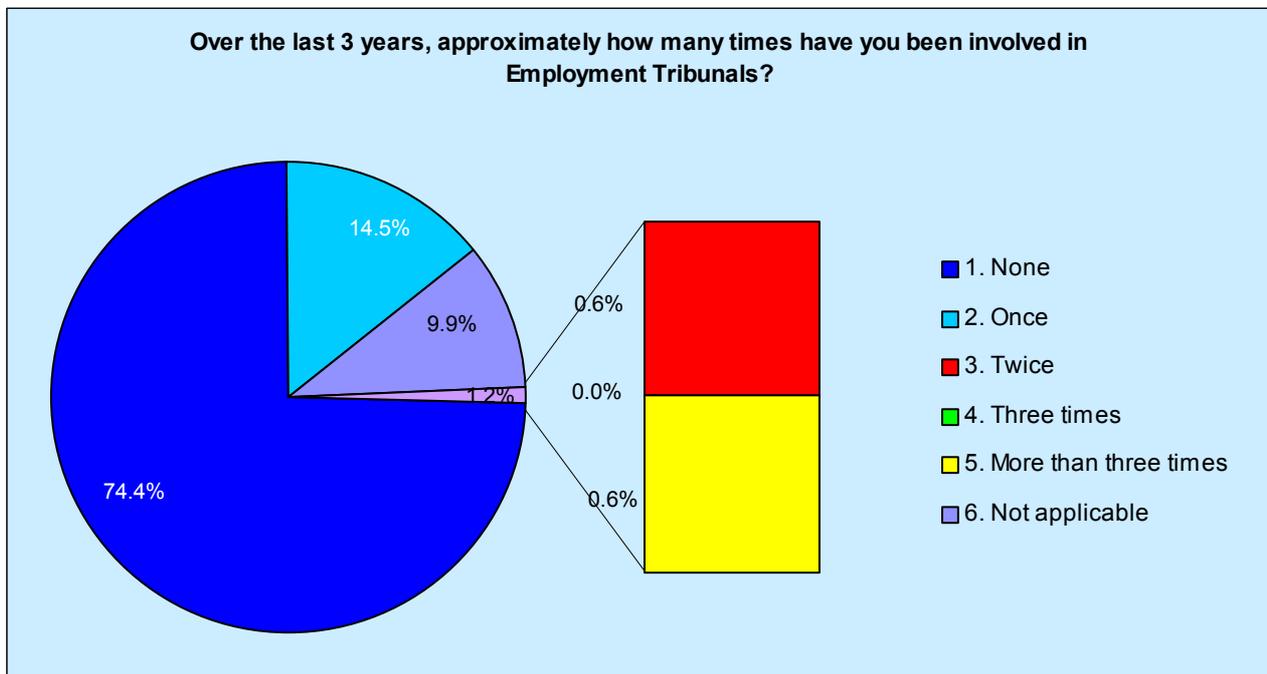
On average, business expectations following recent developments in the Iraq situation seem to be improving. 35% are more optimistic or much more optimistic, with 16% being more pessimistic or much more pessimistic. The views of the remainder are unchanged.



Recent announcements on UK growth rates have been disappointing and many businesses may be looking at their costs. When asked which area of expenditure they would look to first for savings, 37% of our respondents opted for savings on investment in plant and equipment, 25% would look to wages and salaries, while 19% indicated that their first choice would be to cut marketing costs. Business Advisers were asked which area their clients would look to first, and 47% believe that business would cut training first, while 22% think Investment would be top of the list.



With the latest changes in employment law and access to employment tribunals, and reports of large increases in the numbers of employees lodging cases against employers, especially those running smaller businesses, we asked how many of our respondents had had involvement with employment tribunals recently. 15% have had one involvement, and only 1.2% have had more than one involvement over the last three years.



**Listed below are extracts from feedback received in Survey BB59 April 2003.**

***Comments are listed under sector headings.***

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

### **Production & Manufacturing**

- **Q8. Which of the following do you use to encourage staff to make suggestions on how efficiency might be improved?**

We use continuous improvement principles with self-authorized teams of 6-8 who set themselves up in any area for a 6 week programme to make changes. 1 week define the problem/brainstorm solutions. 1 week evaluating and prioritising solutions into action plan. 4 weeks implementing changes. we won a UK award last year for best 'self directed improvement team'. 'Meetings' are not a good way to promote change in their own right.

### **Business Services**

- Has anyone mentioned difficulties in obtaining public liability insurance cover or increase in costs?

**Listed below are extracts from feedback - continued**

**Other**

- Last years budget (April 2002) will affect us now more than this year's.

**Retail**

- The major reduction in profitability will be National Insurance Contributions.