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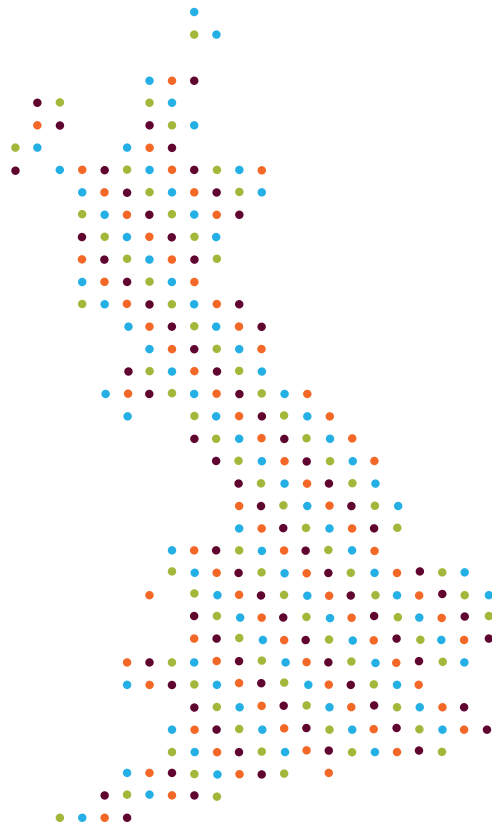
Business School



2012

# Quarterly Survey of Small Business in Britain

*Special topic: retirement,  
succession and illness*



# Quarterly Survey of Small Business in Britain

2012 Q1 Vol 28 No 1

*Special topic: retirement, succession and illness*

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# Acknowledgements

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# Summary

Manufacturing and wholesaling SMEs have again reported positive performances, despite uncertain economic conditions. The picture is mixed, however, with large variations by region and sector. We are also seeing significant size-related differences, with the smallest firms continuing to show signs of distress. So while medium-sized firms are reporting more positive sales balances (+44%), those with turnovers below £100,000 remain strongly negative (-18%). The East Midlands appears to be leading the charge against recession with the highest consistent positive performance over the past year. SMEs in Scotland also reported strong sales and employment performances. Overall, there is little cheer on the jobs front with more firms firing than hiring and the major urban areas (London, West Midlands and the North West) continuing to shed jobs at higher rates. The economic climate and business demand remain the top problem for all businesses, regardless of size or sector, with bad debt and slow payments moving strongly into second place. There are also some continuing signs of inflationary pressure, with higher than average balances for selling prices in the best performing sectors – agriculture, manufacturing and wholesale. Manufacturing SMEs remain optimistic about their prospects, but expectations of future sales performance remains fairly static and firms with fewer than 5 employees remain pessimistic on future employment and sales prospects.

## *Special topic: retirement, succession and illness*

SME owners have strikingly diverse views on their retirement prospects, and on the fate of their businesses once they have moved on. While almost half of owners are still expecting to retire by the age of 65, the remainder is divided between those expecting to keep on working, and others who do not know when they will retire. The majority of owners still expect to receive an adequate or comfortable pension, but more than a quarter think they are going to struggle financially.

- Half of the UK's SME owners have changed their retirement plans due to the financial crisis and economic downturn, with 42% now expecting to carry on working for longer and 7% expecting to close or sell their business sooner than planned.
- While most SME owners think their pension arrangements are adequate (37%) or comfortable (19%), there is a sizeable group (28%) that expects to struggle on their pension. The proportion of people in this category is much higher (35%) in the very smallest businesses, as compared to those with medium-sized firms (20%). Some are relying on other forms of provision, such as revenues from the sale of their business, to support them in retirement.
- More than a third of business owners plan ultimately to sell their stake in the business, while a quarter intend to pass their business on to another member of the family. The owners of the smallest micro-businesses are more likely to close down their business (39%), but this proportion declines sharply with firm size, to just 5% for 5-19 employee businesses and 1% for businesses employing 20 or more people.
- In the event of serious illness or injury, three quarters of SME owners think that they could rely on fellow owners (44%) or staff (31%) to run their businesses. While a minority (16%) would expect to close the business in such circumstances, this proportion is much higher for the very smallest firms, rising to 48% for those who work on their own.

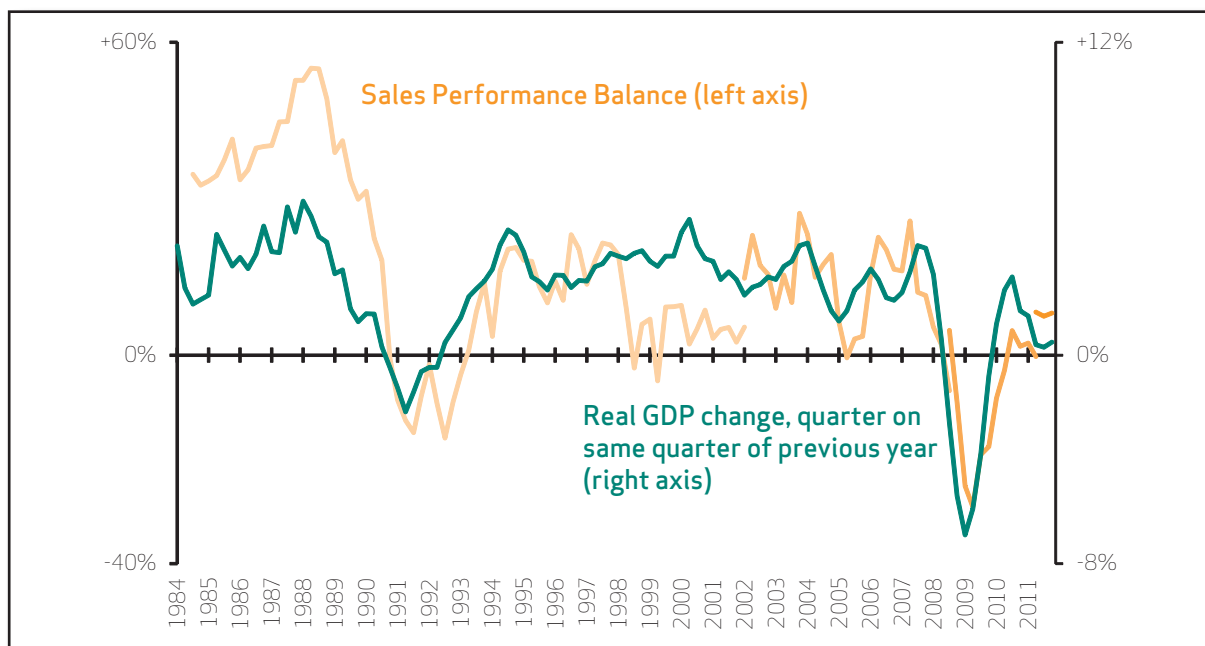
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## Performance

Manufacturing and wholesaling SMEs are still performing well, but retailers, hotels & transport firms continue to see things worsen. The smallest firms still show the greatest signs of distress, while medium-sized firms are more positive than they were. Firms in the East Midlands are seeing the strongest sales growth, while those in Scotland reported the biggest net increases in employment. Although a double-dip recession was avoided in 2011, there are signs of continuing fragility in several industry sectors and regions and no significant overall improvement in the conditions experienced by SMEs over the past year.

Chart 1: Percentage balance of respondents reporting an increase in sales over past year, compared with change in real GDP<sup>1</sup>

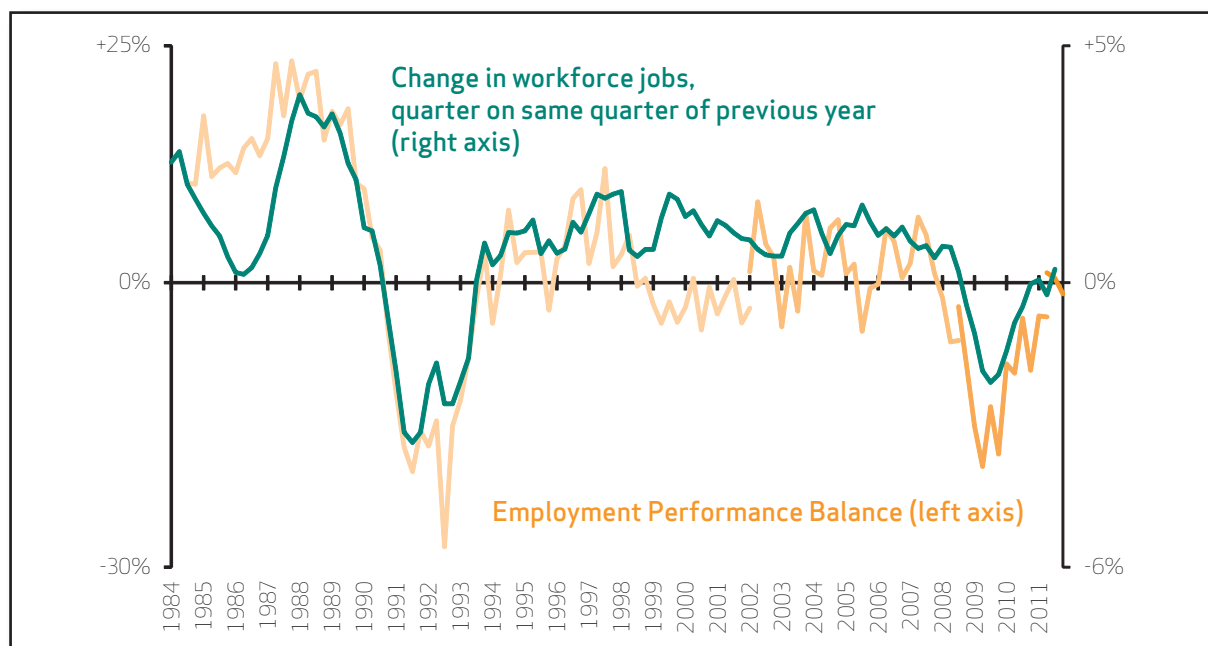


The UK economy managed to avoid a double-dip recession in 2011, but showed little real improvement during the year. The fate of the SME sector has been similar. GDP in the final quarter of 2011 was down compared with the third quarter, but was up a little (+0.5%) compared with the final quarter of 2010<sup>2</sup>. GDP growth in the UK over the year has been below 1% for the past nine months.

SME performance has been similarly subdued over the same period, with the sales balance hovering between +7% and +8% (Chart 1)<sup>3</sup>. The 38% of small and medium-sized enterprises (SMEs) who report that their sales turnover was higher in the final quarter of 2011 than it was in the final quarter of 2010 is just fractionally higher than the previous survey, while the 30% who report that their sales were lower is unchanged.

1. Enlargements and consequent changes in composition of the sample led to breaks in the series in 2002, 2008 and earlier in 2011. More details in "Quarterly Survey of Small Business in Britain", issues Vol 18 No 2, Vol 24 No 4 and Vol 27 No 3. GDP change from [www.ons.gov.uk](http://www.ons.gov.uk), IHYR (pre-1988 calculated as change in YBEZ), GDP, quarter on quarter of previous year, CVM.
2. "National Accounts 4th Quarter 2011", 28 March 2012, Office for National Statistics ([www.ons.gov.uk](http://www.ons.gov.uk)).
3. The full series of historic balances are shown in Table A1 in the Appendix of this report.

Chart 2: Percentage balance of respondents reporting an increase in employment over past year, compared with change in jobs<sup>4</sup>



giving a balance of +8% reporting an increase (Table 1). It does appear, though, that the slide which started in late 2010 and which threatened another possible recession has been arrested.

The balances of SMEs which have increased the amount they invest and their average selling prices over the past year are unchanged, at +3% and +12% respectively (Table 1).

This survey has identified mixed signals on employment generation, but overall the picture is of levels of recruitment remaining relatively stable. Compared with the previous survey, the proportion of SMEs recruiting extra staff is up by one percentage point to 18%. However, the proportion cutting employment is up by two points, to 19%, causing the balance to slip from 0% to -1% (Chart 2). It is also important to note that most SMEs neither recruit nor reduce their staff numbers on a regular basis. In this survey, the majority (62%) report that they have not changed their number of employees over the past year (Table 1).

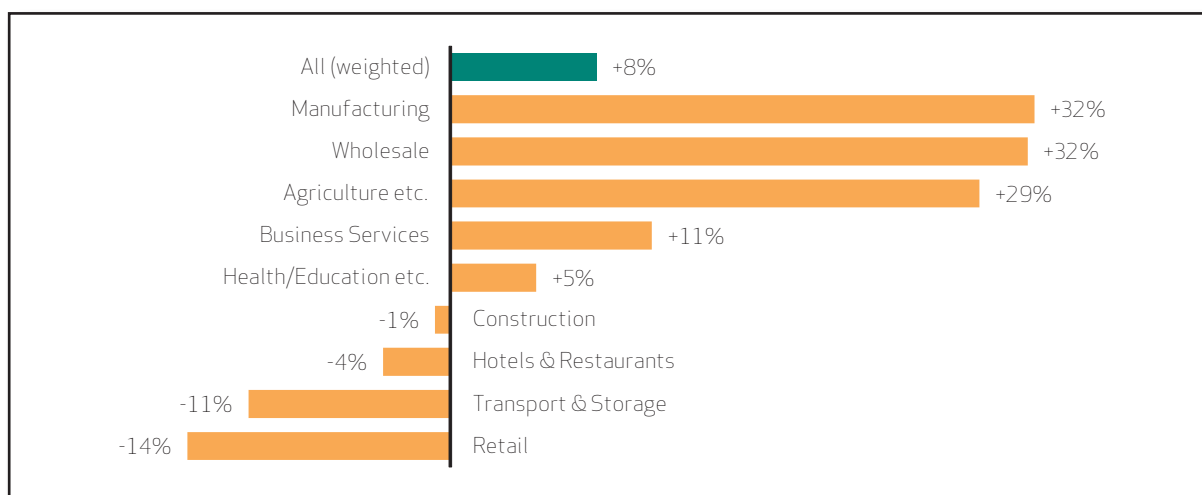
Table 1: Change over past year in sales, employment, investment and selling prices (new series, weighted figures)

Change over past year (2011Q4 on 2010Q4) in:	Up	Same	Down	Balance
Sales Turnover	38%	32%	30%	+8%
Average Employment	18%	62%	19%	-1%
Investment	21%	60%	18%	+3%
Selling prices	29%	53%	17%	+12%

4. UK Workforce Jobs, www.ons.gov.uk, Labour Market Statistics, series DYDC, change between quarter and same quarter of previous year. Workforce jobs measures the number of filled jobs in the economy. It differs from the number of people in employment as some people have more than one job.

## Performance: Comparison Across Sectors

Chart 3: Percentage balance of respondents reporting an increase in sales over past year by sector



The business sectors which have performed best and those which have suffered most are the same as in our previous survey. As was the case three months ago, small and medium-sized manufacturers, wholesalers and agricultural firms are most likely to report an increase in sales. However, those in construction, hotels & restaurants, transport & storage and retail again report, on balance, that their sales fell over the past year (Chart 3).

Manufacturing has been one of the top two performing SME sectors for the whole of 2011. This time the sales performance balance is up from +26% to +32%, making it the top-ranked sector on this measure (Chart 3). This contrasts with official estimates<sup>1</sup> including large companies, which show that the value added by the whole manufacturing sector fell during the final quarter of 2011. SME manufacturers have again on balance increased employment, though the balance of +5% (Table 2) is lower than the +12% in the previous survey, when they reported the biggest employment gains. SME manufacturers are also no longer those most likely to have increased investment, the balance down from +12% to +9%.

The sales performance of SME wholesalers over the past year has been almost as positive as that for manufacturers (Chart 3). Over half (53%) report that their sales were higher in the final quarter of 2011 than in the final quarter of 2010 and only just over a fifth (21%) that their sales were down. The resulting balance of +32% is up from +25% last time and is enough to lift them from third to second in the rankings in Chart 3. These firms have also more often increased investment (a balance of +11%, up from +5% last time). Slightly more SME wholesalers have, however, cut employment (16%) than have recruited extra staff (15%) over the past year, giving a balance of -1% (Table 2).

Although the sales performance balance for small and medium-sized agricultural firms has fallen a little, from +32% to +29%, this is enough to keep them in the top-three best performing sectors (Chart 3), as they have been throughout 2011. Agricultural firms remain (as in the past two surveys) those most often increasing their average selling prices, though the balance is down from +41% to +33%. Table 2 shows that they are this time the most likely to have increased employment (+8%) and investment (+25%).

1. [www.ons.gov.uk](http://www.ons.gov.uk), Statistical Bulletin, "National Accounts 4th Quarter 2011", 28 March 2012.



Table 2: Change over past year in sales, employment, investment and selling prices by sector

	Sales Turnover	Average Employment	Investment	Selling Prices	Sample
Agriculture, Forestry, Fisheries	+29%	+8%	+25%	+33%	24
Manufacturing	+32%	+5%	+9%	+18%	146
Transport & Storage	-11%	-10%	-11%	-6%	63
Construction	-1%	-2%	-4%	-11%	119
Wholesale	+32%	-1%	+11%	+20%	110
Retail	-14%	-16%	-6%	+14%	145
Hotels & Restaurants	-4%	-21%	-4%	+32%	81
Business Services	+11%	+5%	+3%	+5%	225
Health/Education/Leisure/Other	+5%	+2%	+9%	+21%	169
All (weighted by sector)	+8%	-1%	+3%	+12%	1,082

The sales balance for business service firms is up from +8% to +11% and they again report positive changes in employment and investment.

Fewer SMEs in the health/education/leisure & other personal services sector report an increase in sales than in the previous survey, though they still comfortably outnumber those reporting a fall, giving a positive of +5% (compared with +16% in the previous survey). As with business services, these 'other services' firms still report positive employment and investment balances (Table 2).

The remaining SME sectors all report, on balance, a decline in sales, as they did in the previous survey.

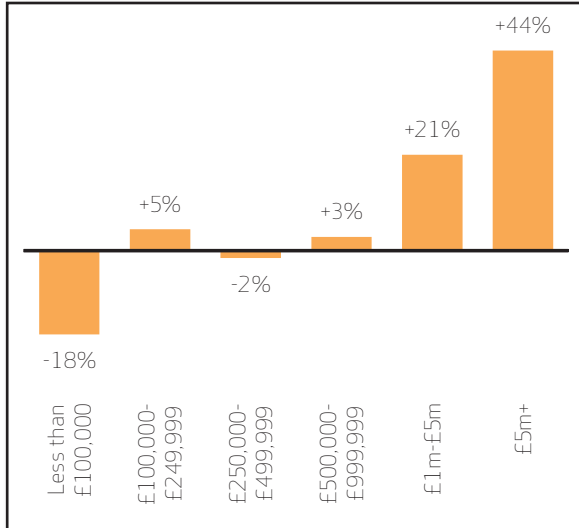
Construction has reported a negative sales balance for a fourteenth consecutive quarter (-1%). There are clear signs of improvement compared to the previous quarter, where the balance was more strongly negative (-12%). However, continuing pressures on the sector are reflected in the evidence that construction firms are still cutting prices, employment and investment (Table 2).

Hotels & restaurants report negative balances for sales performance and investment and are the firms reporting the largest reductions in the net employment balance (-21%). Transport & storage firms also report falling sales and employment. This is the sector with the largest falls in net investment (-11%) and the only sector, other than construction, where more SMEs have cut rather than increased their average selling prices over the past year.

The crisis in SME retailing continues. Retailers have reported the worst sales performance for every survey in the past year and the balance has been negative for four and a half years. The sales performance balance of -14% this time (Chart 3) is even worse than the -12% in the previous survey. Retailers have also far more often than in the previous survey cut jobs (a balance of -16%, compared with -6%) and the balance increasing investment has become negative (Table 2). The balance of small retailers increasing their average selling prices over the past year has fallen again, from +23% to +14%.

## Performance: Comparison Across Size Bands

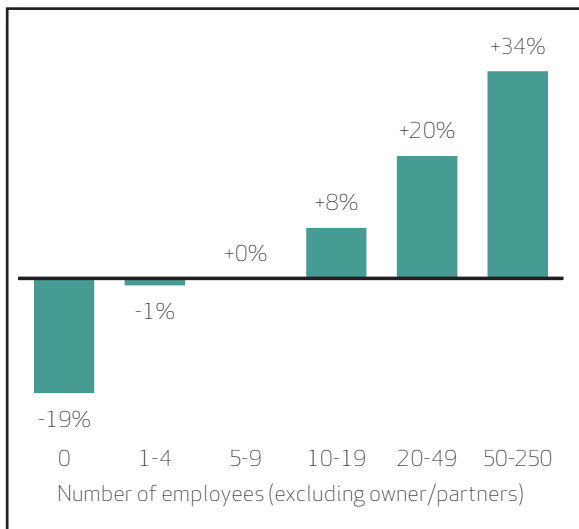
Chart 4: Percentage balance reporting an increase in sales over past year by turnover size band



The very smallest firms have once again fared much worse than their medium-sized counterparts (Chart 4) and the gulf between the experience of the smallest and relatively larger firms has widened since the previous survey. A balance of -18% for firms with a turnover below £100,000 reveals that far more of these have seen their sales fall over the past year than have seen them rise. This is a deterioration compared with the -6% of three months ago. In contrast, the sales balance for those with a turnover of £5m or more is up from +28% to +44%.

Firms with fewer than five employees were also more likely to have seen their sales fall than rise over the past year (Chart 5). The sales balance for those where just the owner or partners work on their own, without employees, is down from -15% last time to -19% now. The balance then increases as the number of employees increases, up to +34% (compared with +21% in the previous survey) for those with over 50 employees.

Chart 5: Percentage balance reporting an increase in sales by number of employees



The size-related differences for employment and investment performance are similar. Those firms with a turnover below £100,000 or fewer than 10 employees are more likely to have cut employment and investment while those with a turnover above £1m or 10 or more employees have more often recruited extra employees or increased investment.

## Performance: Comparison Across Regions

Chart 6: Percentage balance of respondents reporting an increase in sales over past year - by region

SMEs in the East Midlands have again reported the best sales performance (+24%) (Chart 6 and Table 3), a result that they have now achieved for the sixth time in the last seven surveys. By contrast, their neighbours in the West Midlands have seen a significant deterioration in the sales balance, from +20% to just +4%. The West Midlands has also experienced a large downturn in employment performance, with the balance falling from +13% (the most positive) in the previous quarter to -11% (joint most negative). While several other regions have negative employment balances, SMEs in Scotland report the UK's largest positive balance in this quarter (+11%).

The sales performance of SMEs in Yorkshire & the Humber has shown a marked improvement, up from -7% to +14%, and these are now most often increasing investment (+13%, Table 3), suggesting that they are confident of continuing improvements in demand.

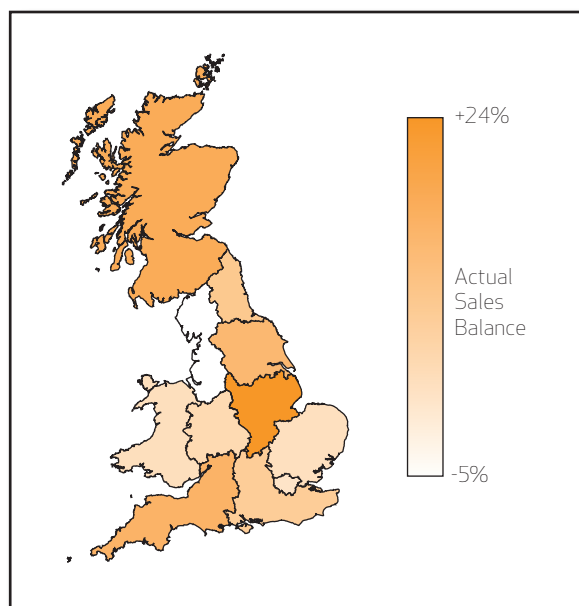
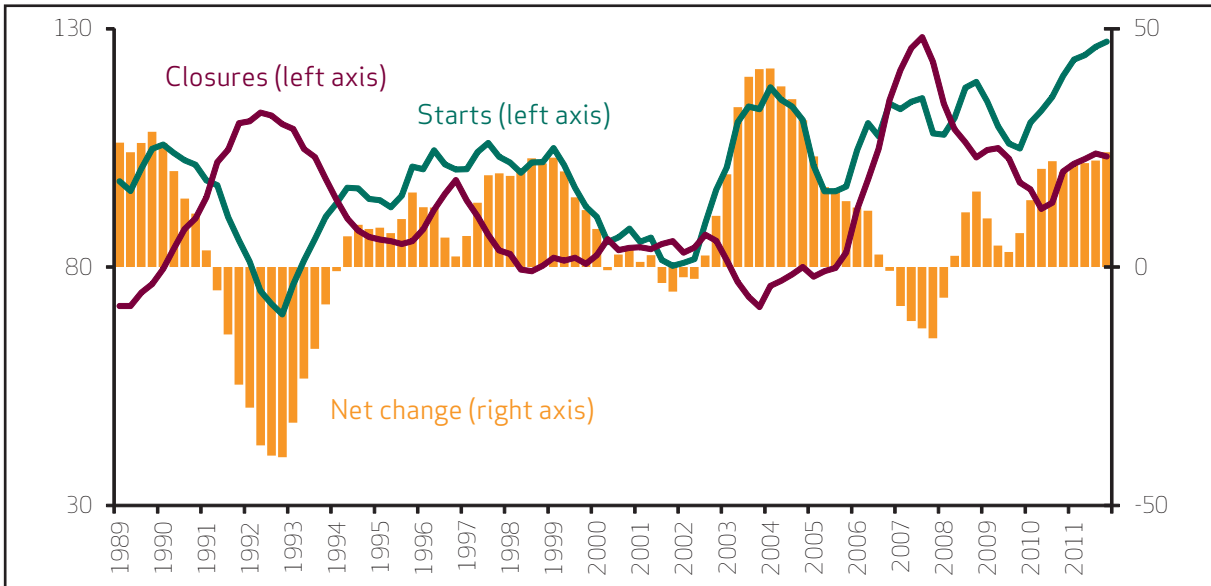


Table 3: Change over past year in sales, employment, investment and selling prices by region

	Sales Turnover	Average Employment	Investment	Selling Prices	Sample
North East	+9%	+7%	-5%	+2%	43
North West	-5%	-1%	-2%	+5%	82
Yorkshire & the Humber	+14%	-3%	+13%	+29%	94
East Midlands	+24%	+7%	+6%	+12%	83
West Midlands	+4%	-11%	0%	+7%	89
East of England	+3%	+1%	0%	+4%	108
London	+1%	-11%	+4%	+10%	142
South East	+8%	-4%	+0%	+10%	205
South West	+15%	-4%	+9%	+23%	104
Wales	+3%	-6%	-6%	+12%	33
Scotland	+18%	+11%	+5%	+19%	74
All (weighted by sector)	+8%	-1%	+3%	+12%	1,082

# Business Stock & Activity Index

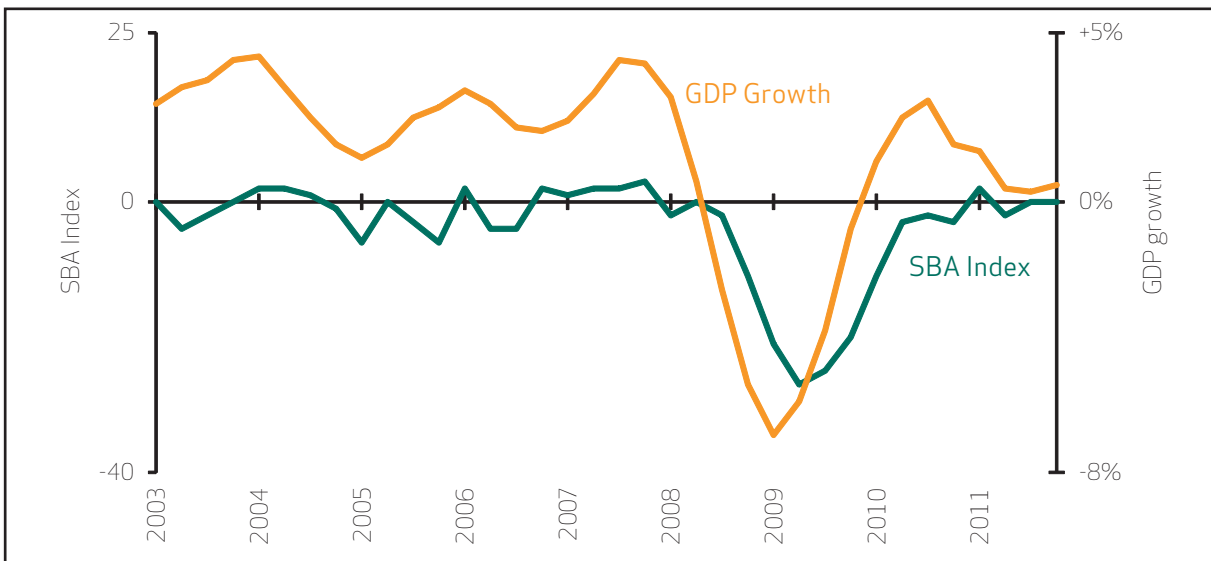
Chart 7: Mainstream businesses in England and Wales, starts closures & net change. Thousands, four quarter moving averages, Source: Business Economics, Barclays Business



Even as GDP growth slowed, the formation of new businesses remained high throughout 2011 (Chart 7)<sup>1</sup>. The rate of new starts was even higher than the previous peak of 2004, though the relatively high rate of closures means that the net increase in the number of businesses was not as great as in 2004.

Chart 8 shows the Barclays Small Business Activity Index, derived from the banking activity of over 200,000 small firms. The SBA Index did not fall, as the rate of GDP growth did, in late-2010. For the final quarter of 2011, both the SBA Index and the rate of GDP growth have remained around zero.

Chart 8: Barclays Small Business Activity Index vs GDP growth (latest quarter on corresponding quarter previous year)



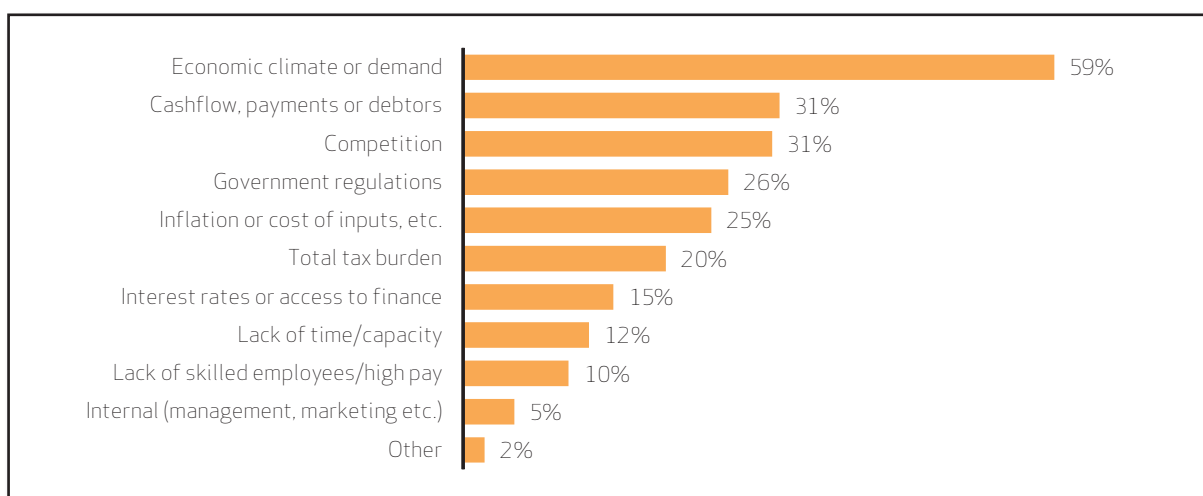
1. These are Barclays' estimates of the number of "mainstream" businesses and have been revised since the previous survey.

Sources: SBA Index, Business Economics & Research Team, Barclays Business. GDP, change between quarter and corresponding quarter of previous year, National Accounts 4th Quarter 2011\*, 28 March 2012. Office for National Statistics ([www.ons.gov.uk](http://www.ons.gov.uk)). Gross Domestic Product index: CVM: seasonally adjusted, IHYR.

## Problems

The economic climate is still the major concern for small businesses and is being reported as the top problem across every region and sector. Cashflow is an increasing issue and seems to be hampering small business investment and expansion.

Chart 9: Proportion of firms indicating that each problem is in the top three facing their business at the moment



Small firms were asked to indicate which of a list of problems were the top three facing their business at the moment.

### Economic climate or demand

'Economic climate or demand' has been the top problem for Britain's SMEs in every survey for the past four years, since the effects of the credit crunch began to bite. Chart 9 shows that 59% of SMEs currently indicate that this is one of the top three problems facing their business at the moment, far more than any other issue.

The economic climate is the top-ranked problem for firms of all sizes, whether measured by turnover or by employees (Table 4, overleaf), and in every sector and every region. SMEs in wholesale (62%), retail (63%) and hotels & restaurants (65%) most often report a problem with a lack of demand. Those in the East of England most often (68%) indicate that this is a problem, with those in Wales complaining of it a little less (42%), though even there it is the dominant issue.

### Cashflow, payments or debtors

The issue of 'cashflow, late payments and debtors' has jumped up the rankings of problems in Chart 9 from fifth to second place since the previous survey. Some 31% of SMEs (up from

26% last time) now report that this is a top-three problem for their business.

Cashflow and payments remains more of a problem for small and medium-sized construction firms (41%) than those in other sectors, though wholesalers are now also reporting a particular problem with this issue, with 40% putting it in their top-three business problems.

Cashflow issues may well be a serious constraint on medium-term growth. SMEs with cashflow issues have more often cut the amount they invest over the past year (24%) than those without cashflow problems (15%).

### Competition

Some 31% of SMEs report that 'competition' is a top-three problem for their business. The proportion of SMEs identifying this problem varies according to the way they respond to the Entrepreneurial Index question (Chart 21). SMEs which rate themselves as the most entrepreneurial have less of an issue with competition, with 24% rating it as a 'top three' problem.

SMEs in Wales, which least often say that the economic climate is a problem, are also far less likely than those elsewhere to

Table 4: Proportion putting each problem in their top three, by number of employees (excluding owner/partners)

	0	1-4	5-9	10-19	20-49	50-250	All
Economic climate or demand	57%	62%	60%	58%	60%	54%	59%
Cashflow, payments or debtors	28%	29%	35%	36%	34%	25%	31%
Competition	30%	30%	36%	28%	30%	30%	31%
Government regulations	28%	30%	22%	27%	26%	25%	26%
Inflation or cost of inputs, etc.	21%	25%	25%	28%	21%	26%	25%
Total tax burden	27%	27%	19%	18%	18%	13%	20%
Interest rates or access to finance	15%	22%	16%	13%	12%	13%	15%
Lack of time/capacity	13%	13%	14%	14%	12%	10%	12%
Lack of skilled employees/high pay	6%	6%	9%	14%	13%	13%	10%
Internal (management, marketing etc.)	4%	3%	6%	8%	3%	6%	5%
Sample	143	175	190	205	169	200	1,082

put competition in their top three problems (9%) while those in the East of England, where the economy is most often cited as a problem, are far more likely to suffer from competition (40%). SMEs in agriculture (17%) and hotels & restaurants (23%) less often say that competition is a top three problem than those in transport & communication (40%).

## Government regulations

'Government regulations' is a top-three problem for 26% of SMEs (compared to 28% in the previous quarter). As has often been the case in recent surveys, there are marked sectoral differences, with agricultural firms being rather more likely to report it as a top-three problem (33%). In this survey, 34% of SMEs in construction were also identifying regulations as a problem for their businesses.

As in the previous survey, SMEs in Wales (33%) and Scotland (27%) more often report problems with regulations than the UK average, though the difference is not as great as last time. Those in the North West of England more often (35%) say that regulations are a top-three problem.

## Inflation or cost of inputs

UK inflation (as measured by the increase in the Consumer Prices Index) peaked at +5.2% in September 2011 and has since eased to +3.4% in February 2012<sup>1</sup>. Nevertheless, a quarter of SMEs (just marginally down on the 26% in the previous survey) still indicate that 'inflation or the cost of inputs etc.' is a top-three problem for their business. Manufacturing SMEs, which report the best sales performance over the past year and are most optimistic about increasing sales during the current quarter, most often now have a top-three problem with input prices.

## Total tax burden

A fifth (20%) of SMEs indicate that the 'total tax burden' is a top-three problem for their business (Chart 9). Medium-sized firms with 50 to 250 employees far less often (13%) complain about the tax burden than the smallest (27%, Table 4). Hotels & restaurants (paying duty on alcoholic drinks) once again have more of a problem (28%) with the tax burden than other SMEs, though less so than in the previous survey.

## Interest rates/access to finance

The proportion of firms reporting that 'interest rates or access to finance' is a top-three problem remains at 15% (Chart 9). However, these problems are more serious for SMEs needing finance to grow. Based on the Entrepreneurial Index (Chart 21), the proportion of firms ranges from 7% for the least entrepreneurial to 18% for the most entrepreneurial. This concern is reflected in the following comment from one of the more entrepreneurial firms: *"Money for SME business expansion still very difficult and banks far from helpful!"*

This quarter's survey questionnaires were completed before the March 2012 announcement of the government's 'credit easing' National Loan Guarantee Scheme (NLGS) and publication of the Breedon Review later that month<sup>2</sup>.

## Lack of capacity & skilled employees

'Lack of time or capacity' does not figure as a major problem for most SMEs (14%), slightly lower than the previous quarter (12%). The proportion reporting a 'lack of skilled employees/high pay' is unchanged at 10%; unsurprisingly the figure is higher for firms with more employees (Table 4).

1. "Consumer price indices February 2012". 20 March 2012. Office for National Statistics Statistical Bulletin.

2. Details of these announcements can be found at: <http://www.hm-treasury.gov.uk/nlgs.htm> (NLGS) and: <http://www.bis.gov.uk/businessfinance> (Breedon Review).

# Retirement, Succession & Illness

This quarter's special topic examines how SMEs deal with retirement, succession planning and the risks posed by illness and injury. We were particularly interested to see how businesses were adapting to recent changes in legislation and to continuing challenges and uncertainties in the economic climate.

## Retirement

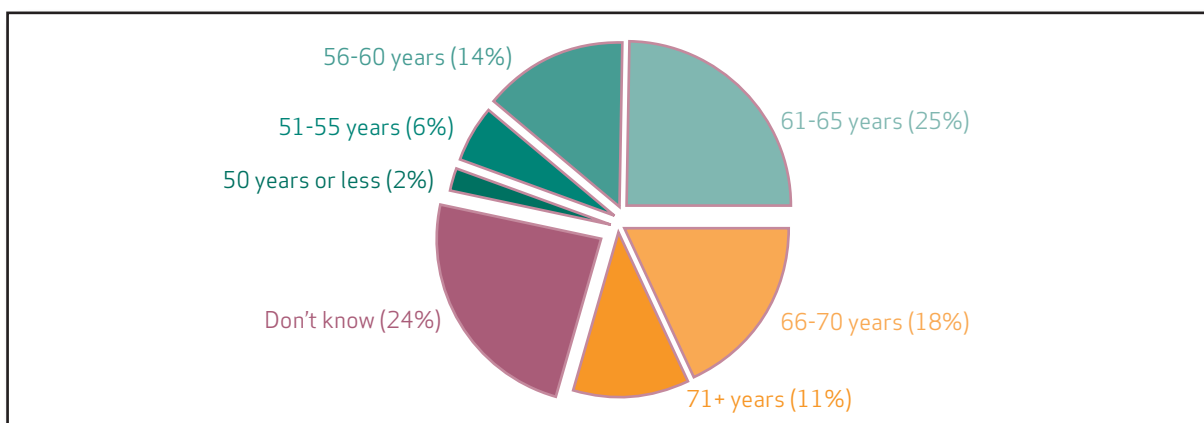
In recent years there have been major changes to pension provision in the UK. For the past 70 years until 5 April 2010, the State Pension retirement age was 60 years for women and 65 years for men. The Pensions Act 2007 set a timetable for women's State Pension age to rise to 65 between 2010 and 2020 and for State Pension retirement age for both men and women to increase from 65 to 68 between 2024 and 2046. The Pensions Act 2011 accelerated these changes so that the State Pension retirement age will be 66 by 2020. Further proposals, which are not yet law, push for an increase to 67 by 2028. The subsequent pace of the increase to 68 is also likely to be revised<sup>1</sup>. The March 2012 Budget announced a public consultation on proposals for the State Pension age to be automatically linked to life expectancy. Also in March,

shortly after this survey was carried out, Tesco, the country's largest private sector employer, became the first major firm to announce plans to raise its pension age from 65 to 67<sup>2</sup>. Other employers are likely to follow suit.

Many owners of small and medium-sized firms are already expecting to work past the current male State Pension age (Chart 10). Just under a half (47%) are confident that they will have retired by the age of 65, but some 18% expect to retire between 66 and 70 years of age while a further 11% expect to be running their business beyond their 70th birthday<sup>4,5</sup>. Some people will want to carry on for other reasons, including continuing commitment to (or love of), their business, and a desire to remain active (as one respondent commented, "I have no problem continuing to work beyond normal retirement age"). However, others will need to continue working to support themselves. In some cases, this continuing involvement in the business may also be related to succession planning (see page 16).

There is evidence that many business owners have had their retirement plans disrupted by the financial crisis and economic downturn. The collapse in stockmarket values in

Chart 10: Age at which respondents expect to retire

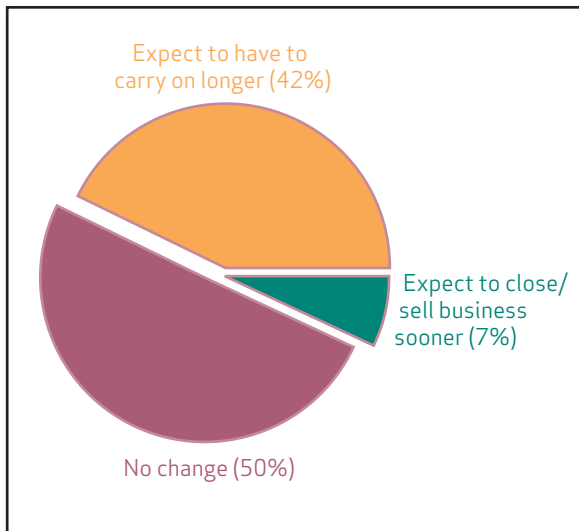


- <http://www.dwp.gov.uk/policy/pensions-reform/the-pensions-act-2007/> and [http://www.direct.gov.uk/en/NI1/Newsroom/SpendingReview/DG\\_192159](http://www.direct.gov.uk/en/NI1/Newsroom/SpendingReview/DG_192159)
- <http://www.telegraph.co.uk/finance/personalfinance/9142086/Tesco-becomes-first-major-firm-to-move-pension-age-from-65-to-67.html>
- The analysis in this section is based on the 653 responses from people who are the sole or a part owner of their firm and exclude the 424 responses from managers and employees who have no stake in the firm.
- The oldest are the most likely to be unsure when they will retire. Some 39% of those aged 65 or more do not know when they will retire. This is another 6% of the total sample who will certainly not retire before the current State Retirement age.
- These figures are influenced by the inclusion of our long-running panel of business owners who are on average older than those in the random telephone survey (more details in the Appendix). However, even just among the random telephone sample, only 54% expect to have retired by 65, 14% expect to retire between age 66 and 70 and 8% expect to be over 70 when they retire.

2008 has badly affected the value of unit-linked pension funds invested in stock markets (and led to reduced bonuses for with-profits policies). Gilt yields have fallen sharply, partly due to quantitative easing, leading to record low annuity rates. This means that anyone retiring now will find that their income from any given size of pension fund will be far lower than would have been expected prior to the financial crisis.

The recession will also have led some business owners to reduce their salaries and pension contributions. Others will be concerned about whether their business is viable enough to continue to provide them with an income. In addition, falling company valuations will have spoiled the plans of some business owners hoping to sell their business to pay for a comfortable retirement.

Chart 11: "Has the economic downturn changed your plans for when you expect to retire or stop managing the business?"

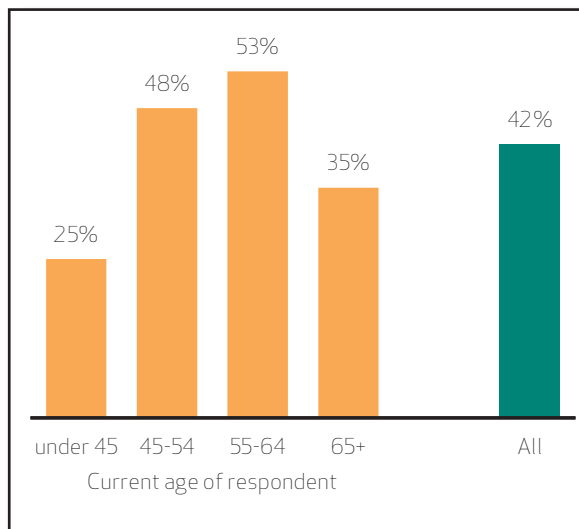


*"Generally feel that the chance to 'retire' early if I wanted to is reducing with significantly lower turnover during the past three years."*

The combination of these factors means that half of SME owners report that the economic downturn has changed their plans for when they expect to retire or stop managing their business (Chart 11).

Just over 7% expect to close or attempt to sell their business sooner than they intended due to the downturn. The current harsh economic conditions mean many businesses can simply not survive (59% of those which expect to close early report that their turnover was down over the past year). Some of their owners expect to have a comfortable (17%) or adequate (28%) pension and may be able to cut their losses and retire earlier than they had intended. Over half, however, expect to struggle on their pension (37%) or have no pension provision (17%) and many will be forced to try to find alternative employment or rely on benefits.

Chart 12: Proportion expecting to have to carry on in business longer due to downturn, by age



The far more common reaction to the downturn is from the 42% who, faced with falling income and devalued pensions, will have to delay their retirement and carry on working longer than they had intended (*"pension only adequate because I have deferred expected date of retirement"*). This proportion is higher than when we asked the same question in late 2008, reflecting the fact that business incomes remain depressed and the realisation that pension fund values and annuity rates have not quickly recovered from the 2008 crisis<sup>6</sup>.

Respondents aged 55 to 64 are more than twice as likely to expect to have to delay their retirement due to the economic downturn (53%), compared to those aged under 45 (25%) (Chart 12). This is likely to be because younger business owners assume that they have longer to 'weather the storm', and that stockmarkets and annuity returns will improve sufficiently by the time they intend to retire. Perhaps unsurprisingly, those aged 65 or over are more likely to stick

6. "Quarterly Survey of Small Business in Britain", Vol 24 No 3, November 2008. The whole-sample proportion expecting to delay retirement has increased only marginally, from 38% to 42%. However, our 2008 sample did not include the younger telephone respondents which are now part of our sample. Comparing only responses from our online panel, the proportion has risen from 38% to 50%.



Chart 13: Proportion expecting to have adequate or comfortable pension, by age

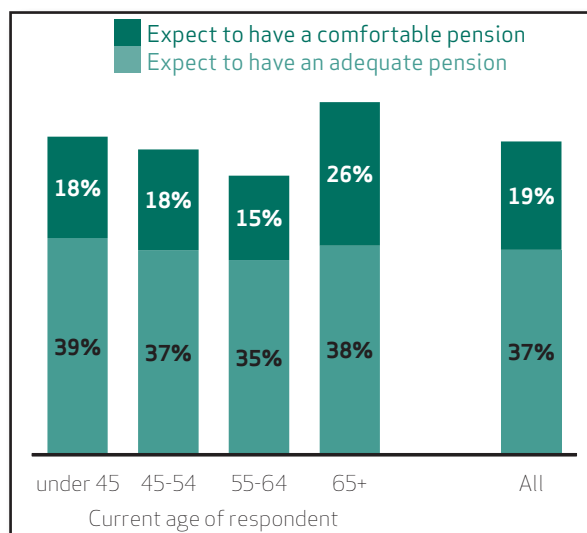
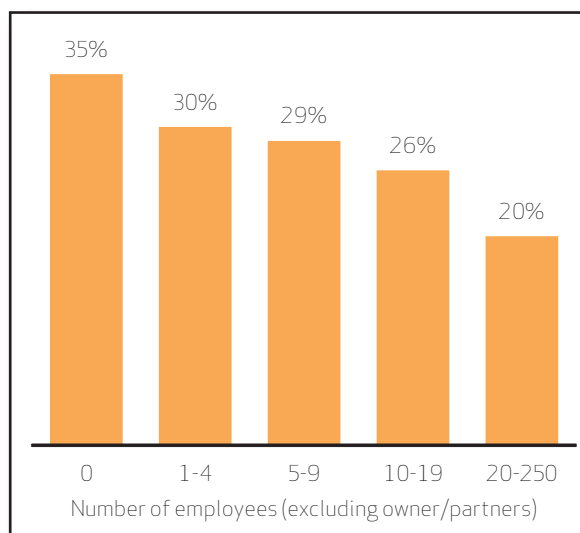


Chart 14: Proportion expecting to struggle on pension, by size of business



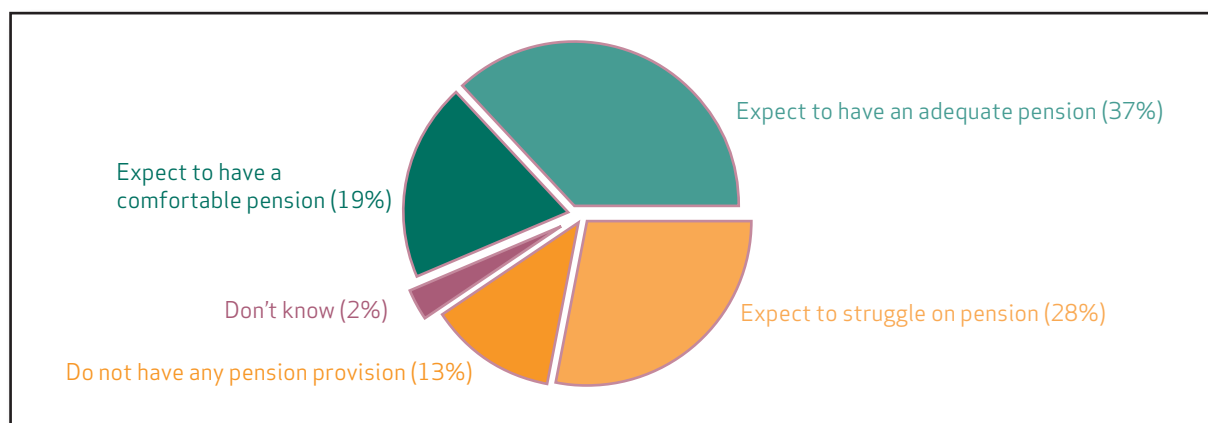
to their previous retirement plans. However, more than a third of the people in this age bracket (35%) expect to continue managing their business for longer as a result of the downturn. The analysis also revealed that a surprisingly high proportion (39%) of the over 65s do not know when they will retire. The economic downturn is less likely to influence the retirement planning of those who intend to continue in business for as long as they are able:

*"I have no intention of fully retiring. I have planned my life and business to slowly reduce the amount of work I do over time, from age 35 onwards! But I don't ever intend to completely 'retire'."*

Chart 13 shows that those SME owners aged 65 or over more often than those aged 55-64 expect to have an adequate or comfortable pension. They may have switched out of equities and into safer investments before the financial crisis in anticipation of retirement and the extra years of working past State Pension age will have bolstered their savings and pension funds. In contrast, owners of the very smallest businesses most often expect to struggle on their pension. Over a third (35%) of business owners without employees expect to struggle, compared with one-fifth of those with 20 or more employees (Chart 14, above).

Chart 15 (below) shows that while over half of SME owners

Chart 15: "Do you feel your pension arrangements are sufficient for when you plan to retire?"



expect to have an adequate or comfortable pension, 28% expect to struggle on their pension and 13% report that they do not have any pension provision<sup>7</sup>. However, in some cases this may be mitigated by savings for retirement held in other forms, such as ISAs, property or indeed the value of their stake in their business:

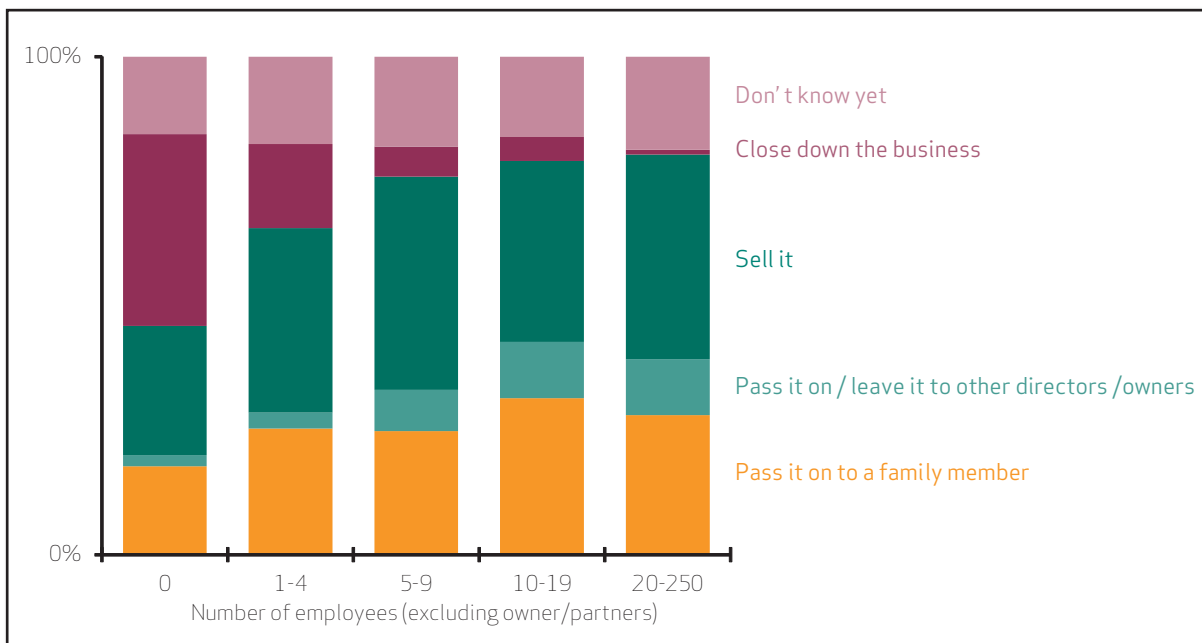
*"I intend to keep working for as long as possible and hope that I can slowly sell properties to tenants as the financial climate turns round. The receipts, invested, would produce a pension. I have an enhanced state pension, plus a small occupational pension, but none from my current work."*

*"My only real pension will come from selling the business and realising capital. The small amount I have saved in pension funds has lost over a third of its value in the last few years, so I am not increasing pension saving at the moment."*

## Succession

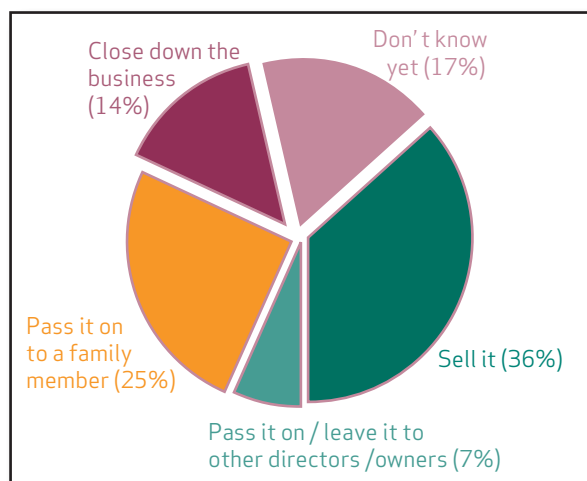
Succession planning is an important challenge for any SME, and one that raises particular issues for family-owned businesses. Chart 16 illustrates the four main options for owners who are seeking to retire or exit their business. Of these options, closure is the most strongly associated with size of firm. Micro-firms are more likely to expect to close down entirely, in comparison with small or medium-sized firms. This is particularly the case for businesses without employees (i.e. just the owner(s) or partners), because they are often dependent on the skills of a particular individual: 39% of these firms ultimately expect to close their business (Chart 16). However, this proportion falls sharply to only 5% of those with 5 to 19 employees and to less than 1% for businesses employing 20 or more people. These differences reflect a number of factors. For example, as well as having more extensive resources and capabilities, beyond those of the current owner(s), these medium-sized businesses may also recognise an ongoing responsibility as employers and contributors to their local economy.

Chart 16: "Ultimately (e.g. on retirement or before) what do you plan to do with your stake in the business?," by size of firm



7. These figures are very close to those in our 2008 report, when 18% expected to have a comfortable pension, 37% adequate, and 31% expected to struggle. However, our 2008 report only surveyed our online panel respondents, who are on average older than the telephone respondents included in the current survey. Considering just the online panel respondents in our current survey, they are rather less likely than those in 2008 to expect to have a comfortable (12%) pension and a little more likely to expect to struggle on their pension (36%). Part of the explanation for this could be that some of those in 2008 anticipating a comfortable pension have retired in the intervening three and a half years, but the increase in the proportion of business owners expecting to struggle it does provide some tentative corroboration for the finding on page 14 that the pension situation has worsened since 2008.

Chart 17: "Ultimately (e.g. on retirement or before) what do you plan to do with your stake in the business?"



Overall, 14% of SME owners expect to close their business when they retire or otherwise leave the business (Chart 17). A little over one-third (36%) expect to sell their stake in the business while a further 7% expect to leave it to other directors or owners of the business.

One quarter of SME owners expect to pass their stake in the business on to a family member<sup>8</sup>. Over half of these report that they are a part owner in a family business, which may be anything from a husband-wife partnership to a long-running dynasty. Others are not currently in a family firm but wish to create a legacy to pass on to their children.

A majority of SME owners are currently on track to fulfil the ambitions they had when they started, or became an owner of, their business (Table 5). Some 71% of those who originally intended to sell their stake in the business still hope to do so. Similarly, 70% of those who started their business (or bought a stake in it) with the aim of passing it on to another family member still intend to do so<sup>9</sup>. However, some business owners have now abandoned the dream of handing it on as a going concern. One of the 4% of owners now expecting to close their business (a property rental firm) explains:

*"I had intended to leave the business to my sons, but it seems to me that I would be giving them a poisoned chalice."*

Table 5: Current plans for the business on retirement, compared with original plans

Original plans:	Pass it on to a family member	Pass it on/leave it to other directors/owners	Sell it	Close down the business	Had no real plans	All
Current plans:						
Pass it on to a family member	70%	12%	8%	6%	17%	25%
Pass it on/leave it to other directors/owners	3%	56%	4%	0%	5%	7%
Sell it	14%	15%	71%	8%	22%	36%
Close down the business	4%	7%	8%	76%	16%	14%
Don't know yet	8%	10%	10%	10%	40%	17%
Sample	159	41	239	49	164	653

8. Our 2008 survey "Quarterly Survey of Small Business in Britain", Vol 24 No 3, November 2008 asked similar questions of the online respondents to our survey. Comparing the online responses this time with our 2008 survey (excluding those who do not yet know what they will do with their stake in the business) the proportion expecting to pass their stake on to a family member is up somewhat, from 18% to 24%.

9. This is in contrast to our 2008 survey, when only 39% of those originally intending to pass on their business to a family member still did so. On a comparable basis, over half (53%) of the online respondents in this survey originally intending to pass their stake on to family still do so. Fewer of these firms in the current survey now expect to close their business (7%) than did so in the 2008 survey. One explanation is that some of these businesses expecting to close rather than be passed on to family may well have ceased to trade in the intervening three and a half years.

Chart 18: "What would happen to the business if you were ill or injured and unable to work for a considerable period of time?"

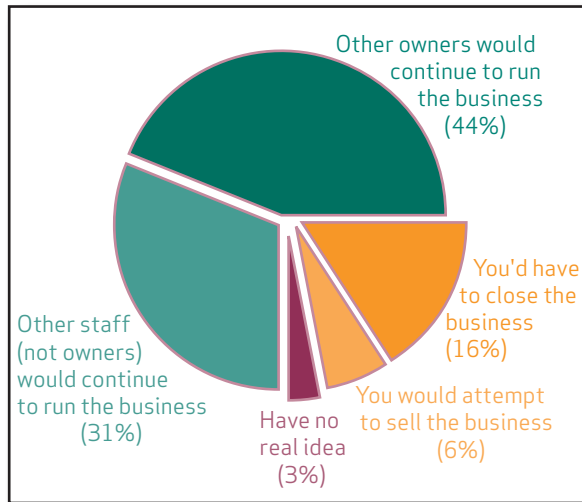
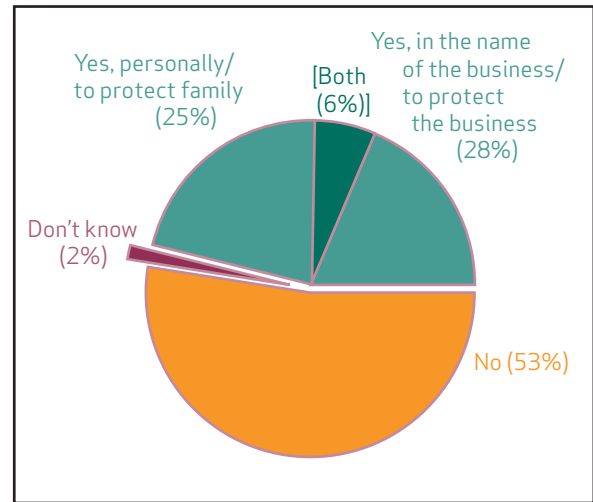


Chart 19: "And do you have any insurance protection against this type of event?"



### Illness & injury

Three-quarters of SME owners think that if they were ill or injured for a considerable period of time their business would continue to operate, run either by the other owners (44%), where there are any, or by other staff (31%). Just 16% would have to close the business (Chart 18). As with plans on retirement, it is mainly the very smallest businesses which would have to close. Just under half (48%) of firms where the owner works on their own expect they would have to close (21% would have other staff, perhaps on a temporary basis, run the business, 10% would call on help from sleeping partners, 11% would attempt to sell and the remaining 10% have no real idea what they would do). A fifth of firms with fewer than five employees would have to close, compared with only 3% of those with 5 or more employees (Chart 20).

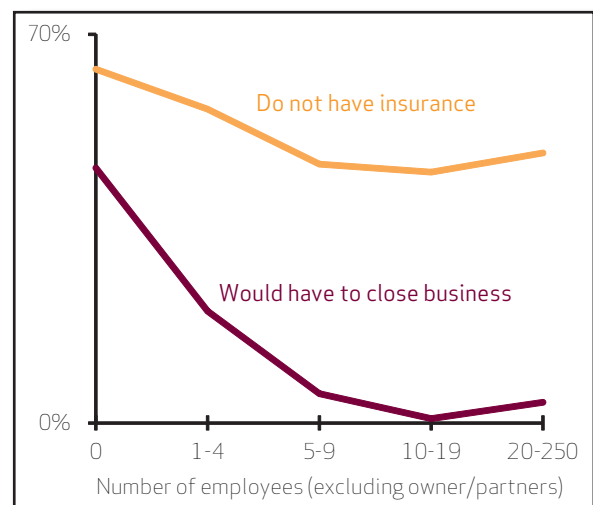
Over half (53%) of SME owners (and 71% of those that would have to close down) have no insurance protection against illness or injury which would make them unable to work (Chart 19). One quarter have personal insurance to protect their family, while 28% have insurance in the name of, or to protect, the business. There is some overlap between these two groups, with 6% having both forms of insurance<sup>9</sup>.

Chart 20 also shows that the very smallest firms are those least likely to have insurance against illness or injury to the

owner (64% of those with no employees have none). However, even among those with 5 or more employees, almost half (47%) have no insurance to protect against the eventuality of the owner being unable to work. Some feel that there is no need for insurance to protect the business because other owners and staff could cover for them:

*"No insurance because not necessary - business gradually passing to son - he would continue with or without me"*

Chart 20: Proportions which would have to close business in case of illness and which have no insurance, by size of firm

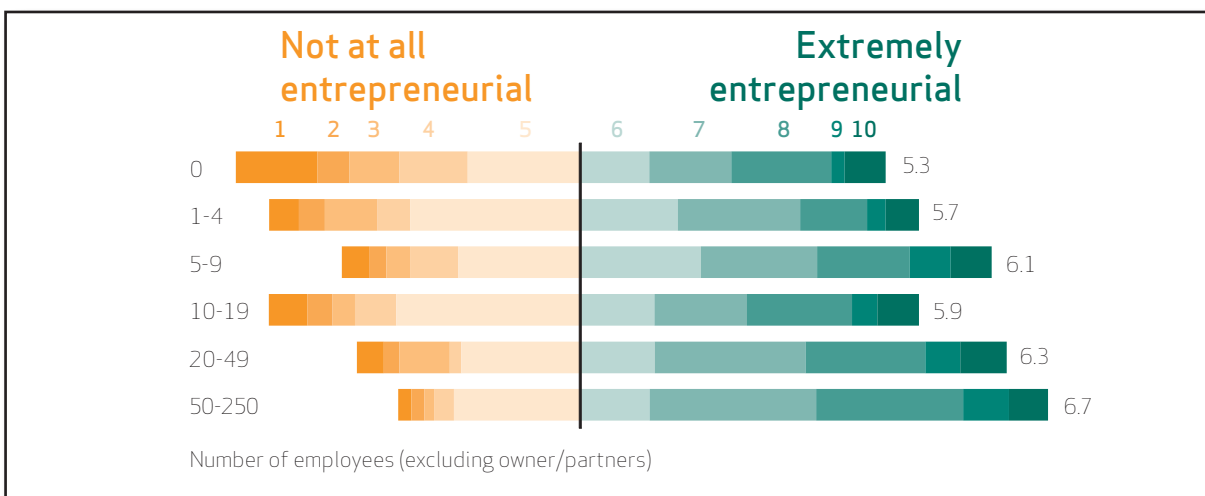


9. Online respondents were not given the option to indicate that they had both types of insurance. If they had been given the option, this might have been a few percentage points higher.

# Entrepreneurial Index

Larger firms view themselves as more entrepreneurial. The most entrepreneurial report the best performance over the past year and are more optimistic about prospects for the current quarter.

Chart 21: “Entrepreneurial firms are more competitive, growth-minded and innovative than other firms. Where would you put your firm on a scale of 1 to 10?”



Respondents are asked to rate their firms on an entrepreneurial scale, where 1 is not at all entrepreneurial and 10 is extremely entrepreneurial. Entrepreneurial firms are defined as being more competitive, growth-minded and innovative than other firms.

Firms which rate themselves as entrepreneurial tend to be larger than their non-entrepreneurial counterparts, perhaps reflecting their stronger growth-orientation. Business owners who work on their own rate their business as on average 5.3 on the entrepreneurial scale, while those with 50 or more employees rate themselves as 6.7 (Chart 21).

In this survey, SMEs in Yorkshire & Humberside and those in the South East of England rate themselves as more entrepreneurial (6.2) than their counterparts elsewhere. Those in the East of England rate themselves as least entrepreneurial (5.8).

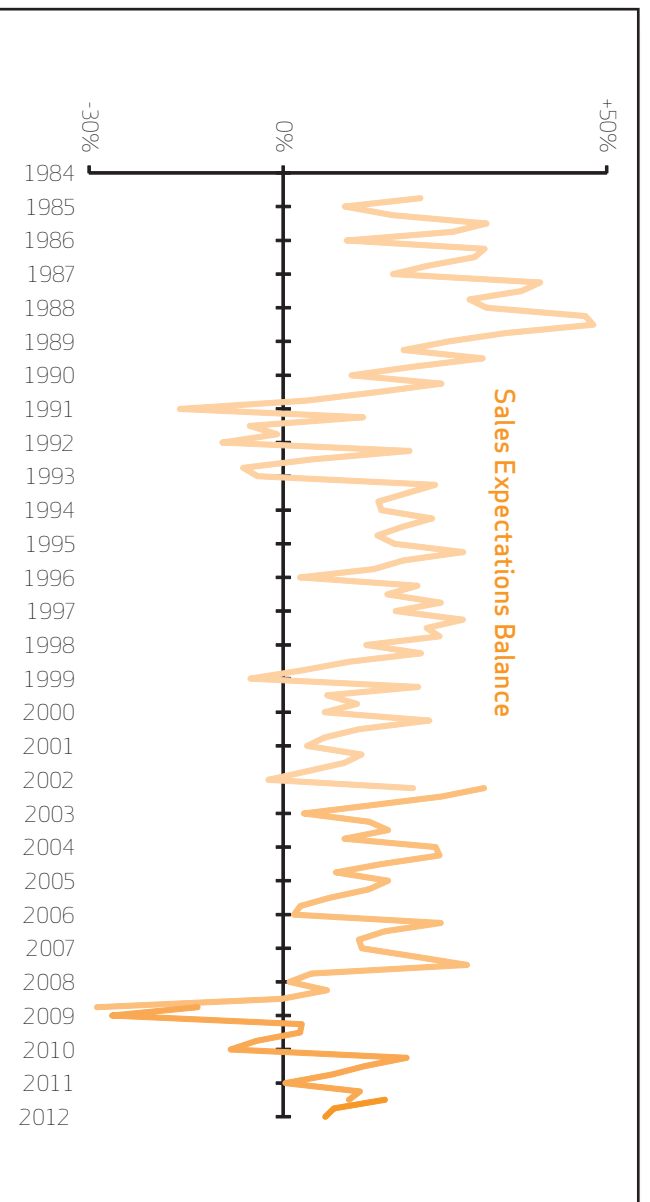
Owners of manufacturing and wholesale firms rate themselves as most entrepreneurial (6.5), while those in construction, as in the previous survey, have the lowest entrepreneurial self-rating (5.4).

Firms which rate themselves higher on the entrepreneurial scale report better sales, employment and investment performance over the past year and are more optimistic about their immediate prospects. The sales and investment performance balances are negative for those rating themselves as 5 or lower on the entrepreneurial scale and highest for those rating themselves as 8 or above. Only those rating themselves as 8 or above have, on balance, recruited extra staff over the past year. Those rating themselves as 5 or lower expect their sales, employment and investment to fall during the current quarter while the more entrepreneurial expect their sales and investment to be up and to recruit extra staff.

## Prospects

SMEs in manufacturing and those in business and other services remain optimistic about prospects for the first quarter of 2012 while retailers and hotels & restaurants expect the usual seasonal lull. The very smallest remain the most pessimistic and there has been little overall change in sentiment since the previous survey.

Chart 22: Percentage balance of respondents expecting an increase in sales (weighted figures)<sup>1</sup>

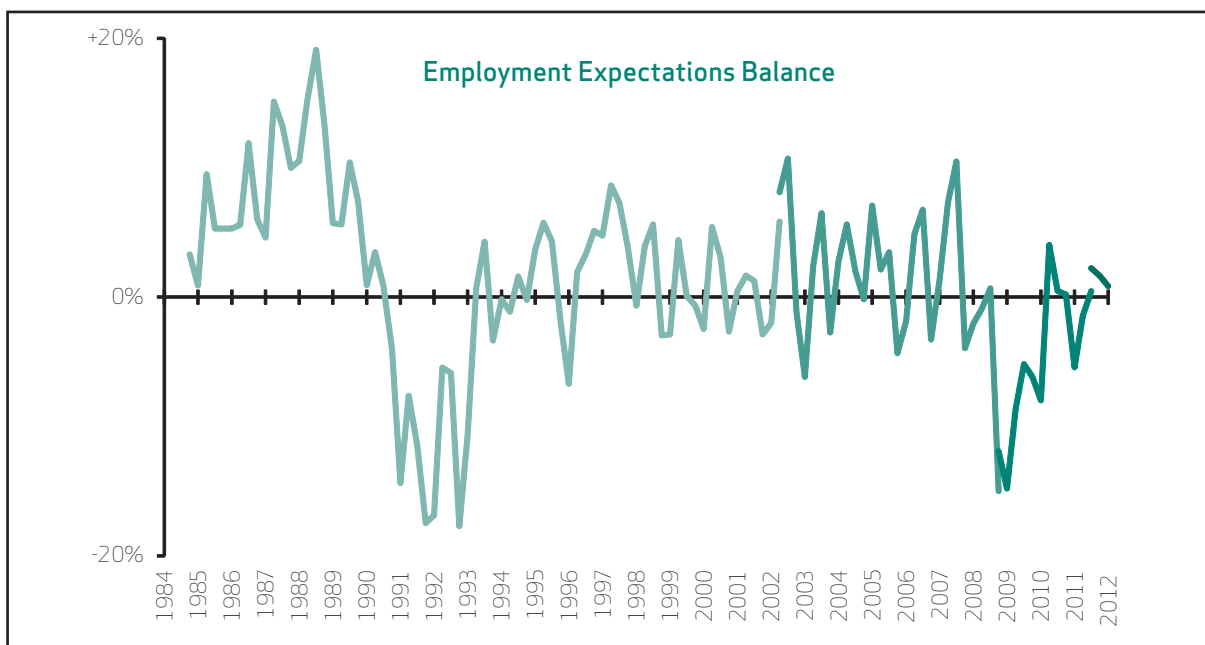


Fractionally more SMEs (349%) than in the previous survey (33%) expect their sales to be higher in the first quarter of 2012. However, there is a slightly bigger increase, from 26% to 27%, in the proportion expecting them to be lower, causing the net balance to weaken marginally, from +7% to +8% (Table 6 and Chart 22).

Similarly, the proportions expecting to recruit extra staff and to cut employees are both up a little, reducing the expected employment balance from +2% to +1% (Chart 23). However, three-quarters of the UK's SMEs do not expect to change the numbers they employ during the first quarter of 2012 (Table 6).

1. Enlargements and consequent changes in composition of the sample led to partial breaks in the series in late 2008 and mid-2011. More details in "Quarterly Survey of Small Business in Britain", Vol 24 No 4 and Vol 27 No 3.

Chart 23: Percentage balance of respondents expecting an increase in employment (weighted figures)



There has been a slightly larger change in the intended investment balance, which has improved from -3% to +1%, reflecting the fact that the 16% of SMEs who expect to invest more in the first quarter of 2012 than they did in the final quarter of 2011 just exceed the 15% who expect to invest less (Table 6).

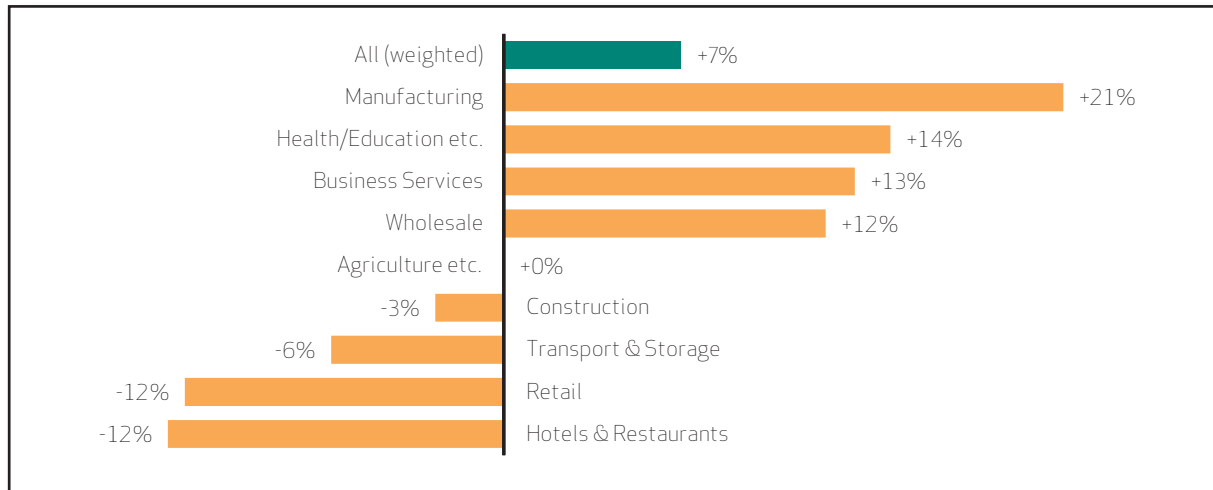
The balance of SMEs who intend to raise their average selling prices during the first quarter is up from +7% to +11%, though this remains below the +12% of six months ago.

Table 6: Expected change over past year in sales, employment, investment and selling prices (weighted figures)

Expected change over current quarter (2012Q1 on 2011Q4) in:	Up	Same	Down	Balance
Sales Turnover	34%	39%	27%	+7%
Average Employment	13%	75%	12%	+1%
Investment	16%	69%	15%	+1%
Selling prices	22%	66%	11%	+11%

## Prospects: Comparison Across Sectors

Chart 24: Percentage balance of respondents expecting an increase in sales over current quarter by sector



As well as reporting the best sales performance in the year to the final quarter of 2011, SMEs in manufacturing expect this to continue into the first quarter of 2012. Chart 24 shows that they are markedly more optimistic than SMEs in every other sector. The balance of +21% who expect their sales to be higher in the first quarter of 2012 than they were in the final quarter of 2011 is up from +16% in the previous survey. Manufacturers are also, on balance, those who most often expect to recruit extra staff (Table 7). Some 15% expect to increase and just under 8% to cut employee numbers, giving a balance of +8%. This is a little lower than the +10% in the previous survey, but higher than the other sectors. There are also slightly more SME manufacturers who expect to increase than cut investment, a turnaround from the previous survey.

In the previous survey, SMEs in the health/education/leisure & other personal services sector were the most optimistic. This time the sales expectation balance has fallen from +23% to +14%, but this is enough to keep them in second place in Chart 24. A slim balance (+4%) of these firms also aim to recruit extra staff during the first quarter, up from +2% last time.

After dipping in the previous survey, the balance of business services SMEs expecting an increase in turnover in the first quarter is up from +7% to +13%. This is the only sector where the sales expectations balance has been positive in every survey over the past three years. They are also more positive than they were about employment prospects and investment intentions (Table 7).

SME wholesalers has are also more optimistic than they were about their immediate prospects, with the balance expecting an increase in sales up from +5% to +12%. These firms remain positive about employment and now have the highest balances expecting to increase investment (+8%) and their average selling prices (+24%) during the quarter (Table 7).

Those agricultural SMEs expecting an increase in sales are now exactly matched by those expecting a fall, giving a zero balance (Chart 24). This compares with a balance of +9% in the previous survey. Agricultural firms remain negative about employment and investment prospects (Table 7). There is still a relatively high balance (+21%) of agricultural firms intending to raise their selling prices during the quarter, but some other sectors are now more often increasing prices.



Table 7: Expected change over current quarter in sales, employment, investment and selling prices by sector

	Sales Turnover	Average Employment	Investment	Selling Prices	Sample
Agriculture, Forestry, Fisheries	0%	-4%	-4%	+21%	24
Manufacturing	+21%	+8%	+1%	+18%	146
Transport & Storage	-6%	+5%	-13%	0%	63
Construction	-3%	0%	+3%	-5%	119
Wholesale	+12%	+5%	+8%	+24%	110
Retail	-12%	-8%	-5%	+15%	145
Hotels & Restaurants	-12%	-21%	-5%	+23%	81
Business Services	+13%	+4%	+7%	+7%	225
Health/Education/Leisure/Other	+14%	+4%	-2%	+12%	169
All (weighted by sector)	+7%	+1%	+1%	+11%	1,082

Slightly fewer construction SMEs expect to increase turnover in the current quarter than did so in the previous survey and these are now just outnumbered by those expecting a fall, giving a balance of -3%, compared with +2% in the previous survey. There are, though, as many expecting to increase as to cut employment, which is an improvement on the -3% in the previous survey and the intended investment balance is up even more, from -10% to +3%. Construction remains the only sector where more SMEs expect to cut than to increase their average selling prices (Table 7).

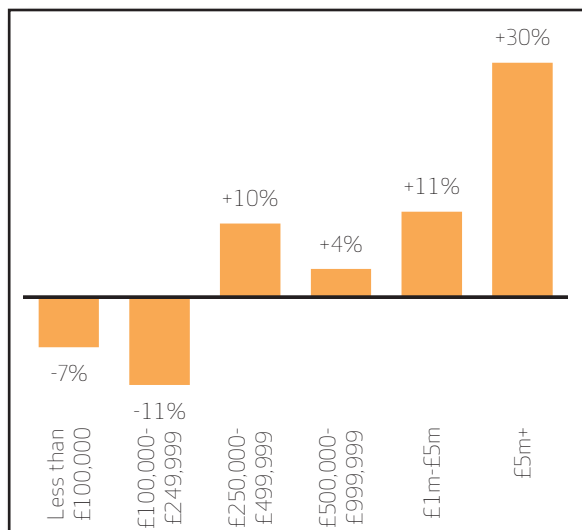
Small and medium-sized transport & storage firms are not as pessimistic as in the previous survey, when the expected sales balance was -25%, the lowest of the sectors surveyed, but the balance remains negative, at -6% (Chart 24). These SMEs, remain, on balance, positive about employment prospects within their firms (+5%), but the balance of -13% intending to increase investment is the lowest of the sectors surveyed (Table 7).

A majority of small and medium-sized retailers expect their sales to be lower in the first quarter of 2012 than they were in the final quarter of 2011, but it is normal for there to be a post-Christmas lull. The expected sales balance has fallen at this time of year in 22 out of the past 23 years. The current balance of -12% is at almost exactly the same level as at this time last year.

Another highly seasonal sector is hotels & restaurants, where the expected sales balance normally falls in both the final quarter of any year and the first quarter of the next year, making it particularly depressed at this point. Although the balance of -12% now is the lowest of the sectors surveyed (just fractionally below that of retailers), it is in fact 10 percentage points higher than at the same time last year. Small and medium-sized hotels & restaurants are also far more likely to be cutting than increasing jobs at the moment (a balance of -21%, Table 7), which again is usual at this time of year.

## Prospects: Comparison Across Size Bands

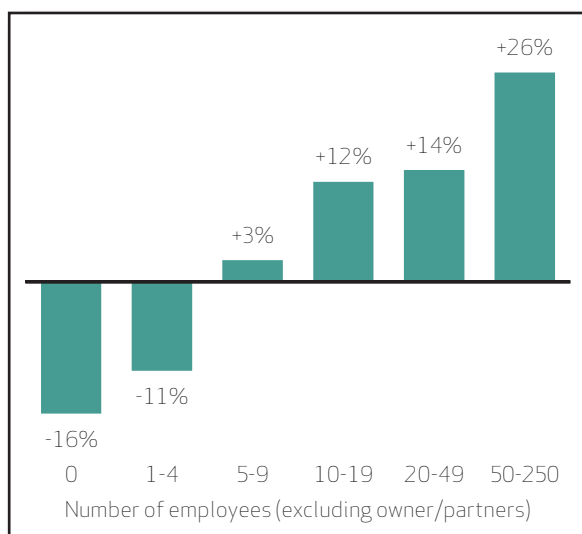
Chart 25: Percentage balance expecting an increase in sales over current quarter by turnover size band



The very smallest firms are more pessimistic than they were in the previous survey, while the relatively larger are more optimistic, widening the gap between the two. Firms with a turnover below £250,000 expect, on balance, their sales to fall during the first quarter of 2012. Those with a turnover above £250,000 expect to increase their sales (Chart 25). A balance of +30% of those with a turnover of £5m or more, compared with +24% in the previous survey, expect their sales to be up.

Chart 26 shows an even clearer picture when size is measured in terms of employee numbers. As firm size increases, so does the expected sales balance. Firms with fewer than five employees expect, on balance, that their sales will fall during the first quarter. SMEs with five or more employees expect, on balance, to manage to increase their sales. The expected sales balance for firms where the owner or partners work on their own, without employees, has worsened from -12% in the previous survey to -19% now, while that for SMEs with 50 or more employees is unchanged at +26%.

Chart 26: Percentage balance expecting an increase in sales by number of employees



These size-related differences in prospects for the next quarter also generally extend to employment and investment. Firms with fewer than 10 employees expect on balance to cut the numbers they employ and the amount they invest while relatively larger firms expect to invest more and create extra jobs. Only those with a turnover above £500,000 expect on balance to increase investment and those firms expecting to increase employment generally have a turnover greater than £1m (though there is also a just positive employment balance for those with a turnover between £100,000 and £249,999).

## Prospects: Comparison Across Regions

Scotland's SMEs were the most optimistic in this quarter, with a balance of +19% expecting an increase in sales region (Chart 27 and Table 8). This represented a significant recovery from the previous quarter, where Scotland recorded a zero balance. Scottish firms also expect, on balance, to recruit extra staff (+7%) and to increase investment in their businesses (+3%). Scotland is also the UK region with the highest net balance of firms expecting to increase their average selling prices (+22%).

The West Midlands is the only UK region reporting a negative sales expectation balance (-1%), but the balance is zero in the North East, Wales and the East of England. SMEs in London are most likely, on balance, to be expecting an increase in employment (+8%) and those in Wales most often intend to invest more (+9%).

Chart 27: Percentage balance of respondents expecting an increase in sales over current quarter - by region

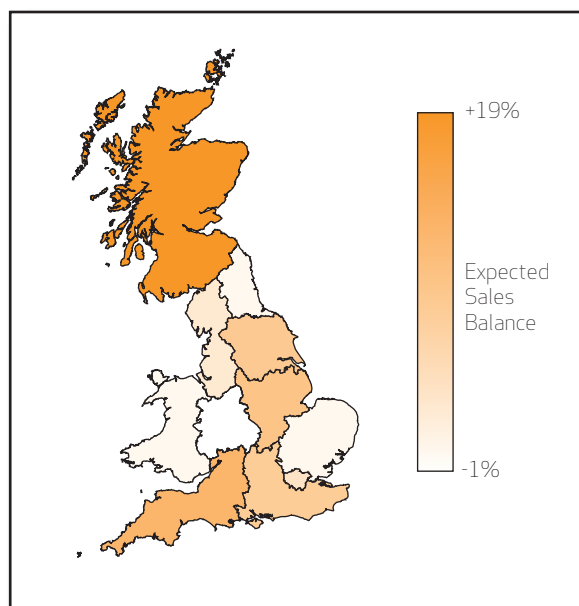


Table 8: Expected change over current quarter in sales, employment, investment and selling prices by region

	Sales Turnover	Average Employment	Investment	Selling Prices	Sample
North East	0%	0%	-2%	+16%	43
North West	+2%	-4%	+1%	+15%	82
Yorkshire & the Humber	+9%	-4%	+6%	+16%	94
East Midlands	+10%	+6%	+4%	+11%	83
West Midlands	-1%	-1%	-6%	+7%	89
East of England	0%	0%	-4%	+6%	108
London	+4%	+8%	+1%	+6%	142
South East	+8%	-2%	-2%	+15%	205
South West	+13%	-3%	+1%	+12%	104
Wales	0%	+3%	+9%	+6%	33
Scotland	+19%	+7%	+3%	+22%	74
All (weighted by sector)	+7%	+1%	+1%	+11%	1,082

## How the Survey is Carried Out

This is the 110th survey completed since the series began in 1984.

Firms that respond to the survey are drawn from a wide range of sources. They reflect the complexity and richness of business life in Britain today.

It should be noted that the survey is not a panel, nor is it fully random. It continuously recruits new members to reflect the national distribution of small firms; yet it also retains long time respondents to gauge changes over time.

In this survey, our regular online respondents (owners and managers of small businesses who had previously volunteered to take part) were supplemented by telephone interviews of owners and other senior managers of small businesses, carried out by BDRC Continental<sup>1</sup>.

The link to the online questionnaire was emailed to 1,207 regular respondents from 9th January 2012 and a reminder email sent to non-respondents from 14th February 2012. In total, 208 of these regular participants responded. Telephone interviews were carried out in two waves. Between the 9th and 20th January 2012, 434 telephone interviews were carried out. Between the 6th and 17th February 2012, a further 440 firms were interviewed. The total number of responses was therefore 1,082.

The telephone respondents do not include firms with a turnover below £50,000. Few of the online respondents have more than 50 employees (95% of responses from the 50-250 employee size band are from telephone respondents). The telephone respondents include more firms established since 2000 than the regular online respondents, but also more established before 1970. Of particular relevance to the current survey, examining retirement intentions, the average age of respondents from our long-established online panel is considerably older than that of telephone respondents. Over 90% of those aged under 45 are telephone respondents, compared with less than half of those aged 65 or over. There are a higher proportion of telephone respondents in health/education & other personal services, hotels & restaurants and transport & communication, but lower proportions in manufacturing and agriculture. There are also this time slightly higher proportions in Wales and the North East of England and a lower proportion in the East of England.

Note that where comparisons are made with 'earlier surveys', these refer to Volumes 1 to 18 of the NatWest/SBRT Quarterly Survey of Small Business in Britain.

Following the well-established practice of the CBI in its **Industrial Trends Survey**, a summary statistic, the **balance**, is used to monitor the responses to key questions. The balance is the percentage of respondents replying 'up' minus the percentage replying 'down' (we ignore, for this purpose, the percentage replying 'same').

The key balances for the questions on performance and prospects are split by industrial sector and re-weighted according to the national sectoral SME distribution, using BIS (Department for Business, Innovation and Skills) estimates of total employment by firms with fewer than 250 employees. In earlier surveys results for previous years were re-weighted as estimates for those years became available. To avoid continuous revisions figures are now weighted by the latest figures available (currently 2010) and not revised. The aim of the weighting is to ensure that the results are as representative as possible of the business population in Britain. (From 1995 to the second survey of 2011, results were weighted by the sectoral distribution of employment in firms with fewer than 50 employees. Between 1989 and 1995 results were weighted by the sectoral distribution of all VAT-registered businesses and prior to 1989 they were unweighted.)

Please note, however, that other breakdowns by industrial sector, region and firm size and the tables on problems and in the special topic section use unweighted data and are not seasonally adjusted.

In tables by number of employees, we have adopted the BIS definition of a firm with no employees. This is where a self-employed sole proprietor or partners work on their own with no employees or where a limited company has a single employee director. Note that a firm with one sole proprietor and one employee is counted as a one employee firm, but a company with two employees is counted as a two employee firm.

The survey reports in each issue on changes in sales, employment, investment and prices and on the ranking of most important problems experienced by small firms. In addition, Barclays Bank provide their latest estimates of small business closures and starts and their Small Business Activity Index. The percentage balances for sales, employment, investment and prices are shown in Appendix Table A.1. In addition, each issue covers one or more special topics, designed to contribute to knowledge about small business in Britain.

1. BDRC Business Omnibus, further details available at: <http://www.continentalresearch.com/business-omnibus/>

## Special Topics

- Vol 1** No 1 Some Characteristics of the Respondents  
No 2 Changes in Employment, New Business  
No 3 Part-time Employees, Computers  
No 4 Employment
- Vol 2** No 1 Finance, Representative Bodies  
No 2 Exports, The Business Expansion Scheme  
No 3 Employment, Skill Shortage  
No 4 Unincorporated Business, Expansion, Services
- Vol 3** No 1 Telephone Usage, Employment  
No 2 Most Important Problems, Characteristics  
No 3 Employment, Slow Payment Problems  
No 4 Use of Accountants
- Vol 4** No 1 Use of Solicitors  
No 2 Training  
No 3 Access to external information  
No 4 Telecommunications, Characteristics
- Vol 5** No 1 Employee Turnover  
No 2 The effects of 1992 on small firms  
No 3 Background of respondents  
No 4 Origins of new employees
- Vol 6** No 1 EC Special Directorate DG23  
No 2 Motivation and Objectives  
No 3 School-leaver Training  
No 4 School-leaver Training Problems
- Vol 7** No 1 Training and Enterprise Councils  
No 2 Use of Computers  
No 3 Business Growth Objectives, Gender of Owner  
No 4 Sources of Small Business Finance
- Vol 8** No 1 Co-operatives  
No 2 Exports  
No 3 Quality Standards (BS 5750)  
No 4 Impact of the Recession on Incomes and Prices
- Vol 9** No 1 Business Premises and the UBR  
No 2 Rented Business Premises  
No 3 Delayed Payments  
No 4 External Sources of Information
- Vol 10** No 1 The Single Market  
No 2 Pensions  
No 3 The Past Ten Years  
No 4 Minimum Wage
- Vol 11** No 1 Capacity Utilisation  
No 2 Succession and Ownership  
No 3 Staff Recruitment  
No 4 Employee Turnover and Training
- Vol 12** No 1 Compliance Costs  
No 2 IT - Communications and Computers  
No 3 Business Support Organisations  
No 4 Motivations, Objectives and Targets
- Vol 13** No 1 Employment, hours worked, satisfaction  
No 2 Incomes and Prices  
No 3 Minimum Wage  
No 4 Slow Payment
- Vol 14** No 1 VAT Compliance Costs  
No 2 Low Turnover, Advertising and Promotion  
No 3 Lack of Skills, Training and the 'New Deal'  
No 4 The euro
- Vol 15** No 1 IT, Communications and Year 2000  
No 2 Business Finance  
No 3 Government Regulations and Paperwork  
No 4 Motivations, Objectives and Targets
- Vol 16** No 1 Changes  
No 2 Slow Payment  
No 3 Government Regulations and Paperwork  
No 4 Skills Shortages and Training
- Vol 17** No 1 Employee Turnover and Retirement  
No 2 Exports and the Euro  
No 3 IT and the Internet  
No 4 Business Climate
- Vol 18** No 1 Sources of Business Information  
No 2 Business Networks and Supply Chains  
No 3 Ownership and Intentions  
No 4 Pensions and Stockmarket Slide
- Vol 19** Q1 Minimum Wage and Cost Pressures  
Q2 Government Regulations and Paperwork  
Q3 Business Finance  
Q4 ICT and the Internet
- Vol 20** Q1 Motivation, Objective, Target, Innovation  
Q2 Business Education & Training  
Q3 Government Regulations and Paperwork  
Q4 Local Community and Social Responsibility
- Vol 21** Q1 Growth and Motivation  
Q2 Business Ownership  
Q3 ICT and the Internet  
Q4 Government Regulations and Paperwork
- Vol 22** Q1 Exports  
Q2 Motivation, Target, Innovation, Entrepreneurs  
Q3 Organisations & Suppliers (Internet & Imports)  
Q4 Training, Education and Skills
- Vol 23** Q1 Business Advice and Information  
Q2 ICT and the Internet  
Q3 Business Finance  
Q4 'Credit Crunch' and Outlook
- Vol 24** Q1 Government Regulations and Paperwork  
Q2 Economic Uncertainties, Capacity & Income  
Q3 Ownership, Retirement and Succession  
Q4 Business Finance
- Vol 25** Q1 Effect of Downturn  
Q2 Motivation, Growth Targets  
Q3 Business Advice and Information  
Q4 Sources of Advice
- Vol 26** Q1 Equipment and Recovery  
Q2 ICT, Internet, Advertising  
Q3 Recession Strategies  
Q4 Environmental Issues
- Vol 27** Q1 ICT, Smartphones, Cloud Computing  
Q2 Capital Allowances  
Q3 Focus, Employment, 'Greening' Business  
Q4 Post-recession Trends
- Vol 28** Q1 Retirement, Succession & Illness

# Historical Tables

Table A1: Actual and expected change, percentage balances

Survey	Sample Size	Past Quarter Date	Actual Change, past quarter compared with same quarter last year				Expected Change, next quarter compared to past quarter			
			Sales	Employment	Investment	Prices	Sales	Employment	Investment	Prices
Vol.1 No.1a	3,056	1984/3	+34.7%	+10.5%	-	-	+21.2%	+3.3%	-	-
Vol.1 No.1b	1,795	1984/4	+32.6%	+10.4%	-	-	+9.5%	+0.9%	-	-
Vol.1 No.2	1,181	1985/1	+33.4%	+17.6%	-	-	+16.9%	+9.5%	-	-
Vol.1 No.3	1,090	1985/2	+34.4%	+11.2%	-	-	+31.4%	+5.3%	-	-
Vol.1 No.4	1,072	1985/3	+37.4%	+12.1%	-	-	+26.2%	+5.3%	-	-
Vol.2 No.1	1,326	1985/4	+41.4%	+12.6%	-	-	+9.8%	+5.3%	-	-
Vol.2 No.2	1,052	1986/1	+33.6%	+11.6%	-	-	+31.1%	+5.6%	-	-
Vol.2 No.3	1,285	1986/2	+35.5%	+14.2%	-	-	+29.6%	+11.9%	-	-
Vol.2 No.4	1,435	1986/3	+39.7%	+15.2%	-	-	+22.3%	+6.0%	-	-
Vol.3 No.1	1,116	1986/4	+40.0%	+13.4%	-	-	+17.0%	+4.6%	-	-
Vol.3 No.2	1,746	1987/1	+40.2%	+15.2%	-	-	+39.7%	+15.1%	-	-
Vol.3 No.3	1,113	1987/2	+44.7%	+23.1%	-	-	+36.8%	+13.2%	-	-
Vol.3 No.4	977	1987/3	+44.8%	+17.6%	-	-	+28.8%	+10.0%	-	-
Vol.4 No.1	1,042	1987/4	+52.7%	+23.4%	-	-	+31.4%	+10.5%	-	-
Vol.4 No.2	933	1988/1	+52.7%	+19.3%	-	-	+46.7%	+15.3%	-	-
Vol.4 No.3	983	1988/2	+55.0%	+22.0%	-	-	+47.9%	+19.1%	-	-
Vol.4 No.4	950	1988/3	+54.9%	+22.3%	-	-	+34.4%	+13.3%	-	-
Vol.5 No.1A	1,523	1988/4	+49.2%	+15.1%	-	-	+25.6%	+5.7%	-	-
Vol.5 No.2	947	1989/1	+38.8%	+18.1%	-	-	+18.6%	+5.6%	-	-
Vol.5 No.3	2,274	1989/2	+41.1%	+16.7%	-	-	+30.8%	+10.4%	-	-
Vol.5 No.4	795	1989/3	+33.5%	+18.3%	-	-	+20.2%	+7.4%	-	-
Vol.6 No.1	1,091	1989/4	+29.9%	+10.5%	-	-	+10.6%	+0.9%	-	-
Vol.6 No.2	1,384	1990/1	+31.4%	+9.9%	-	-	+24.4%	+3.5%	-	-
Vol.6 No.3	1,043	1990/2	+22.3%	+4.8%	-	-	+14.7%	+0.9%	-	-
Vol.6 No.4	1,312	1990/3	+18.2%	+3.5%	-	-	+3.6%	-4.1%	-	-
Vol.7 No.1	1,239	1990/4	-0.5%	-5.1%	-	-	-16.0%	-14.4%	-	-
Vol.7 No.2	984	1991/1	-8.6%	-11.6%	-12.7%	-	+12.3%	-7.6%	-15.0%	-
Vol.7 No.3	1,718	1991/2	-12.5%	-17.3%	-20.0%	-	-5.2%	-11.5%	-20.6%	-
Vol.7 No.4	835	1991/3	-14.8%	-19.9%	-15.0%	-	-1.0%	-17.5%	-15.1%	-
Vol.8 No.1	1,684	1991/4	-7.9%	-15.6%	-20.5%	-	-9.4%	-16.9%	-13.3%	-
Vol.8 No.2	1,359	1992/1	-1.8%	-17.2%	-13.9%	-	+19.5%	-5.5%	-6.8%	-
Vol.8 No.3	1,527	1992/2	-9.2%	-14.6%	-18.7%	-	+4.2%	-5.9%	-11.8%	-
Vol.8 No.4	921	1992/3	-15.9%	-27.8%	-32.7%	-	-6.2%	-17.7%	-24.1%	-
Vol.9 No.1	1,339	1992/4	-9.1%	-15.1%	-21.0%	-	-4.0%	-10.7%	-13.1%	-
Vol.9 No.2	1,021	1993/1	-3.8%	-12.4%	-11.3%	-	+23.5%	+0.7%	-0.8%	-
Vol.9 No.3	1,310	1993/2	+0.9%	-7.9%	-7.4%	-	+19.1%	+4.3%	-0.5%	-
Vol.9 No.4	1,076	1993/3	+8.3%	-1.6%	-7.0%	-	+14.7%	-3.4%	-4.5%	-
Vol.10 No.1	1,295	1993/4	+13.8%	+3.5%	-3.3%	-	+15.1%	-0.2%	+3.3%	-
Vol.10 No.2	861	1994/1	+3.6%	-4.3%	-3.8%	-	+23.0%	-1.1%	+3.7%	-
Vol.10 No.3	2,327	1994/2	+16.2%	+0.8%	-3.3%	-	+18.4%	+1.6%	-2.2%	-
Vol.10 No.4	1,046	1994/3	+20.3%	+7.6%	+0.6%	-	+14.6%	-0.2%	+1.9%	-
Vol.11 No.1B	983	1994/4	+20.6%	+2.1%	+4.1%	-	+17.2%	+3.7%	+2.4%	-
Vol.11 No.2	1,295	1995/1	+18.2%	+3.2%	+1.4%	-	+27.8%	+5.7%	+5.0%	-
Vol.11 No.3	669	1995/2	+18.0%	+3.2%	+1.1%	-	+18.6%	+4.3%	-1.5%	-
Vol.11 No.4	1,047	1995/3	+13.1%	+3.3%	+3.1%	-	+14.0%	-1.9%	-2.1%	-
Vol.12 No.1	700	1995/4	+10.0%	-2.9%	+1.9%	-	+2.6%	-6.7%	-5.2%	-
Vol.12 No.2	1,099	1996/1	+14.2%	+2.5%	+1.0%	-	+20.7%	+1.9%	-2.8%	-
Vol.12 No.3	742	1996/2	+10.5%	+3.9%	+5.1%	-	+16.1%	+3.3%	-2.7%	-
Vol.12 No.4	753	1996/3	+23.1%	+8.9%	+7.2%	-	+24.3%	+5.1%	+6.1%	-
Vol.13 No.1	912	1996/4	+20.4%	+9.8%	+10.9%	-	+17.4%	+4.8%	+7.2%	-
Vol.13 No.2	720	1997/1	+13.6%	+2.0%	+9.9%	-	+27.7%	+8.6%	+7.0%	-
Vol.13 No.3	909	1997/2	+18.0%	+5.3%	+5.2%	-	+22.2%	+7.3%	+2.4%	-
Vol.13 No.4	634	1997/3	+21.5%	+12.1%	+10.7%	-	+24.1%	+3.9%	+3.8%	-
Vol.14 No.1	783	1997/4	+21.1%	+1.7%	+10.4%	-	+12.8%	-0.7%	+3.9%	-
Vol.14 No.2	1,273	1998/1	+19.3%	+3.0%	+12.4%	-	+21.3%	+3.9%	+2.2%	-
Vol.14 No.3	682	1998/2	+9.0%	+5.0%	+5.0%	-	+10.3%	+5.6%	+2.0%	-
Vol.14 No.4	654	1998/3	-2.5%	-0.4%	+4.6%	+10.0%	+3.0%	-2.9%	-8.0%	+0.5%
Vol.15 No.1	601	1998/4	+5.9%	+0.5%	+2.8%	+9.3%	-5.0%	-2.9%	-5.7%	+5.6%
Vol.15 No.2	619	1999/1	+6.9%	-2.3%	+3.4%	+15.7%	+20.8%	+4.4%	+1.3%	+14.6%
Vol.15 No.3	507	1999/2	-4.9%	-4.3%	-2.7%	+8.5%	+6.8%	+0.1%	-5.0%	+4.8%
Vol.15 No.4	1,121	1999/3	+9.2%	-2.0%	+2.5%	+13.7%	+11.4%	-0.7%	+0.1%	+5.8%

continued ...

Table A1: Actual and expected change, percentage balances (continued)

Survey	Sample Size	Past Quarter Date	Actual Change, past quarter compared with same quarter last year				Expected Change, next quarter compared to past quarter			
			Sales	Employment	Investment	Prices	Sales	Employment	Investment	Prices
Vol.16 No.1	812	1999/4	+9.3%	-4.2%	+1.8%	+16.0%	+6.4%	-2.5%	+1.9%	+15.2%
Vol.16 No.2	866	2000/1	+9.6%	-2.6%	+2.2%	+16.9%	+22.6%	+5.4%	+2.8%	+14.0%
Vol.16 No.3	758	2000/2	+2.1%	+0.5%	-1.5%	+17.0%	+11.7%	+3.0%	-1.2%	+9.2%
Vol.16 No.4	803	2000/3	+5.0%	-5.0%	+3.1%	+15.3%	+6.3%	-2.7%	-0.7%	+12.4%
Vol.17 No.1	726	2000/4	+8.6%	-0.5%	+4.3%	+16.7%	+3.7%	+0.5%	+3.7%	+16.3%
Vol.17 No.2	856	2001/1	+3.2%	-3.3%	+1.9%	+18.7%	+12.1%	+1.7%	-2.8%	+16.2%
Vol.17 No.3	720	2001/2	+4.9%	-1.4%	+3.1%	+22.4%	+9.5%	+1.2%	-2.2%	+14.2%
Vol.17 No.4	705	2001/3	+5.3%	+0.3%	+3.9%	+18.2%	+3.7%	-2.9%	-5.4%	+6.2%
Vol.18 No.1	654	2001/4	+2.5%	-4.2%	-3.0%	+13.6%	-2.3%	-2.0%	-7.1%	+10.0%
Vol.18 No.2 old	675	2002/1	+5.4%	-2.7%	-2.7%	+14.6%	+20.0%	+5.8%	+2.3%	+11.9%
Vol.18 No.2	1,168	2002/1	+14.7%	+1.2%	+1.4%	+13.1%	+31.0%	+8.1%	+4.2%	+14.3%
Vol.18 No.3	1,078	2002/2	+22.9%	+8.5%	+7.0%	+22.6%	+24.5%	+10.7%	+5.9%	+15.2%
Vol.18 No.4	1,074	2002/3	+17.2%	+4.1%	+0.1%	+16.8%	+13.7%	-1.2%	-4.0%	+7.9%
Vol.19 No.1	922	2002/4	+15.5%	+2.7%	-5.8%	+19.5%	+3.2%	-6.2%	-10.9%	+11.4%
Vol.19 No.2	851	2003/1	+9.0%	-4.7%	-10.7%	+17.2%	+13.3%	+2.4%	-3.9%	+11.3%
Vol.19 No.3	784	2003/2	+15.4%	+1.6%	+5.8%	+24.6%	+16.2%	+6.5%	+0.6%	+10.9%
Vol.19 No.4	687	2003/3	+10.1%	-3.0%	+2.7%	+23.8%	+9.5%	-2.7%	-3.4%	+12.3%
Vol.20 No.1	808	2003/4	+27.2%	+7.3%	+15.0%	+22.3%	+23.5%	+2.8%	+8.9%	+17.0%
Vol.20 No.2	739	2004/1	+23.1%	+1.3%	+7.2%	+27.0%	+24.2%	+5.6%	+5.5%	+18.8%
Vol.20 No.3	623	2004/2	+14.9%	+0.8%	-1.4%	+23.8%	+15.2%	+2.0%	-0.8%	+12.0%
Vol.20 No.4	711	2004/3	+17.4%	+5.8%	+7.3%	+23.1%	+8.1%	-0.2%	+2.7%	+10.7%
Vol.21 No.1	652	2004/4	+19.3%	+6.6%	+7.5%	+26.7%	+16.2%	+7.1%	+3.0%	+21.7%
Vol.21 No.2	675	2005/1	+6.3%	+0.9%	+3.5%	+26.0%	+13.2%	+2.1%	-3.3%	+15.1%
Vol.21 No.3	670	2005/2	-0.5%	+2.0%	+2.3%	+23.0%	+7.3%	+3.5%	-1.7%	+12.0%
Vol.21 No.4	620	2005/3	+3.1%	-5.1%	+4.1%	+19.0%	+2.7%	-4.3%	-5.0%	+4.8%
Vol.22 No.1	641	2005/4	+3.6%	-0.6%	+0.1%	+24.2%	+1.7%	-1.9%	+0.2%	+13.3%
Vol.22 No.2	638	2006/1	+15.4%	-0.1%	+6.8%	+23.8%	+24.3%	+4.9%	-0.4%	+18.4%
Vol.22 No.3	547	2006/2	+22.6%	+5.7%	+3.0%	+29.4%	+15.7%	+6.8%	+0.9%	+17.7%
Vol.22 No.4	538	2006/3	+20.2%	+4.3%	+11.6%	+31.4%	+11.7%	-3.3%	-0.6%	+9.9%
Vol.23 No.1	526	2006/4	+16.5%	+0.5%	+5.1%	+30.8%	+12.2%	+1.4%	+0.9%	+27.0%
Vol.23 No.2	528	2007/1	+16.2%	+2.0%	+6.5%	+34.9%	+20.4%	+7.4%	+3.2%	+20.6%
Vol.23 No.3	629	2007/2	+25.7%	+6.9%	+14.1%	+33.1%	+28.4%	+10.5%	+6.3%	+19.4%
Vol.23 No.4	528	2007/3	+12.0%	+5.0%	+7.2%	+28.7%	+4.3%	-3.9%	-2.2%	+11.3%
Vol.24 No.1	822	2007/4	+11.4%	+1.0%	+8.4%	+28.6%	+1.0%	-2.1%	-2.1%	+19.4%
Vol.24 No.2	711	2008/1	+5.3%	-1.6%	+4.0%	+33.3%	+6.7%	-0.9%	-5.2%	+21.1%
Vol.24 No.3	278	2008/2	+2.0%	-6.2%	-1.9%	+19.7%	-0.2%	+0.7%	-21.7%	+5.5%
Vol.24 No.4 old	277	2008/3	-6.8%	-6.1%	-0.2%	+29.0%	-28.8%	-15.0%	-20.5%	-2.3%
Vol.24 No.4	1,281	2008/3	+4.7%	-2.5%	+1.8%	+23.6%	-13.3%	-11.9%	-13.7%	+0.6%
Vol.25 No.1	975	2008/4	-9.1%	-8.7%	-7.3%	+10.8%	-26.4%	-14.8%	-20.0%	-1.0%
Vol.25 No.2	848	2009/1	-25.1%	-15.1%	-12.1%	+6.2%	+2.8%	-8.7%	-8.7%	+1.9%
Vol.25 No.3	858	2009/2	-29.1%	-19.4%	-15.2%	+7.0%	+2.6%	-5.2%	-9.7%	+2.3%
Vol.25 No.4	834	2009/3	-19.1%	-13.1%	-15.2%	-0.7%	-4.1%	-6.1%	-7.1%	-0.6%
Vol.26 No.1	830	2009/4	-17.5%	-18.1%	-10.9%	-2.2%	-8.1%	-8.0%	-9.8%	+6.8%
Vol.26 No.2	833	2010/1	-8.3%	-8.5%	-9.4%	+5.0%	+19.0%	+4.0%	-1.5%	+11.0%
Vol.26 No.3	832	2010/2	-2.9%	-9.5%	-7.5%	+5.6%	+12.6%	+0.5%	-3.7%	+8.1%
Vol.26 No.4	819	2010/3	+4.7%	-3.7%	-0.9%	+8.3%	+7.6%	+0.2%	-5.4%	+5.7%
Vol.27 No.1	826	2010/4	+1.7%	-9.2%	-2.9%	+11.4%	+0.3%	-5.4%	-2.5%	+17.8%
Vol.27 No.2 old	757	2011/1	+2.3%	-3.5%	-0.6%	+18.6%	+11.9%	-1.4%	-1.2%	+14.5%
Vol.27 No.3 old	730	2011/2	-0.3%	-3.6%	-1.6%	+15.2%	+10.2%	+0.5%	-1.8%	+11.2%
Vol.27 No.3C	1,105	2011/2	+8.2%	+1.0%	+4.1%	+16.2%	+15.7%	+2.2%	+3.1%	+12.0%
Vol.27 No.4	1,106	2011/3	+7.5%	+0.5%	+2.7%	+12.0%	+7.8%	+1.6%	-2.8%	+6.9%
Vol.28 No.1	1,082	2011/4	+8.0%	-1.2%	+3.0%	+11.5%	+6.5%	+0.8%	+0.8%	+10.7%

a, b – The results from two surveys were published in Vol. 1 No. 1

A – From Vol. 5 No. 1, results were weighted to the sectoral distribution according to VAT statistics.

B – From Vol. 11 No. 1, results were weighted to the sectoral distribution of employment in firms with under 50 employees according to BIS statistics.

C – From Vol. 27 No. 3, results are weighted to the sectoral distribution of employment in firms with under 250 employees.

old - Changes in the sample compositions in 2002, 2008 and 2011 created breaks in the series. For further details, see the published reports at the date of each break.

Table A2: Most important problem, historical series

	Inflation	Interest Rates	Access to Finance	Lack of Skilled Employees	Total Tax Burden	Low T/over or Lack of Business	Competition from Big Business	Govt Regs and Paperwork	High Rates of Pay	Shortage of Materials, Supplies etc.	Internal Management Difficulties	Cashflow/ Payments/ Debtors	Premises, Rents, Rates	Other	No Response	Number of Replies Analysed
1984/4	3.5%	17.1%	-	5.4%	15.9%	15.3%	12.0%	12.6%	4.2%	1.1%	-	-	-	10.9%	1.4%	3056
1985/1	3.8%	19.4%	-	4.4%	15.9%	14.5%	10.0%	15.7%	3.4%	1.3%	-	-	-	9.5%	1.5%	1795
1985/2	5.0%	22.1%	-	4.3%	16.1%	14.3%	10.8%	12.5%	2.4%	1.3%	-	-	-	9.1%	1.5%	1181
1985/3	2.0%	23.6%	-	4.9%	12.8%	13.8%	11.2%	13.1%	3.7%	1.9%	-	-	-	8.6%	3.8%	1090
1985/4	2.2%	24.0%	-	5.6%	16.6%	15.7%	11.0%	10.2%	2.0%	0.9%	-	-	-	9.2%	2.0%	1072
1986/1	3.0%	21.4%	-	7.2%	17.1%	14.4%	11.7%	9.6%	2.0%	1.8%	-	-	-	9.9%	1.3%	1326
1986/2	1.7%	29.9%	-	7.3%	16.3%	12.6%	9.1%	9.9%	2.2%	1.2%	-	-	-	9.4%	0.6%	1052
1986/3	0.9%	21.3%	-	7.3%	16.6%	17.0%	11.5%	7.3%	1.4%	0.9%	-	-	-	13.7%	2.0%	1285
1986/4	1.1%	25.0%	-	7.2%	17.7%	14.7%	11.8%	6.8%	1.3%	1.3%	-	-	-	10.0%	3.1%	1435
1987/1	0.9%	26.4%	-	8.0%	16.0%	13.0%	12.0%	7.4%	1.6%	1.3%	-	-	-	9.1%	4.2%	1166
1987/2	1.0%	23.7%	-	9.6%	17.7%	12.0%	10.7%	7.6%	2.6%	1.5%	-	-	-	10.3%	3.3%	1746
1987/3	1.1%	20.3%	-	11.8%	17.9%	12.9%	11.5%	6.6%	1.9%	2.2%	-	-	-	10.5%	3.5%	977
1987/4	1.1%	18.0%	-	11.1%	21.3%	13.0%	12.5%	6.3%	1.3%	1.3%	-	-	-	9.6%	4.5%	977
1988/1	0.7%	21.6%	-	11.1%	20.1%	9.6%	11.4%	6.1%	2.3%	1.9%	-	-	-	14.9%	0.3%	1042
1988/2	1.0%	19.4%	-	12.7%	15.5%	10.2%	14.4%	8.0%	1.8%	2.3%	-	-	-	13.7%	1.4%	933
1988/3	0.9%	17.6%	-	17.7%	13.7%	11.3%	11.4%	8.3%	2.4%	2.7%	-	-	-	11.4%	2.4%	983
1988/4	2.8%	25.5%	-	16.9%	12.5%	8.7%	10.4%	6.0%	1.3%	3.3%	-	-	-	10.6%	1.9%	950
1989/1A	5.3%	23.4%	-	16.4%	11.1%	5.7%	5.9%	7.2%	1.4%	0.3%	-	-	-	19.0%	4.3%	1523
1989/2	6.3%	28.4%	-	16.4%	12.2%	7.1%	5.9%	5.2%	1.0%	0.8%	-	-	-	14.5%	4.7%	947
1989/3	6.1%	32.9%	-	13.3%	7.1%	13.1%	6.0%	5.9%	1.5%	0.5%	-	-	-	12.1%	1.6%	2274
1989/4	6.9%	39.2%	-	10.4%	5.4%	12.9%	4.7%	5.1%	1.1%	0.6%	-	-	-	12.2%	1.4%	795
1990/1	4.2%	31.3%	3.1%	6.7%	5.3%	13.3%	-	5.5%	2.5%	0.7%	0.6%	11.5%	8.4%	5.3%	1.7%	1091
1990/2	6.7%	27.9%	3.2%	7.8%	2.9%	14.6%	-	5.6%	1.5%	0.3%	1.6%	11.6%	6.6%	1.4%	1.4%	1384
1990/3	4.3%	29.9%	3.6%	6.4%	3.7%	14.7%	3.1%	4.3%	1.6%	0.0%	1.9%	13.6%	4.8%	5.5%	2.5%	1043
1990/4	7.5%	26.6%	2.3%	5.7%	4.4%	18.9%	3.8%	6.3%	0.2%	0.3%	0.8%	8.6%	4.7%	7.9%	1.9%	1250
1991/1	6.0%	29.4%	2.7%	3.4%	4.2%	21.1%	2.6%	5.6%	0.9%	0.5%	0.8%	11.4%	4.2%	5.5%	1.9%	1239
1991/2	4.0%	21.2%	4.3%	2.9%	5.1%	25.2%	2.9%	4.0%	0.4%	0.4%	0.6%	14.9%	7.1%	6.0%	1.0%	984
1991/3	3.3%	15.0%	3.0%	2.3%	4.7%	37.5%	2.4%	6.7%	1.2%	0.3%	1.2%	11.0%	3.3%	3.3%	1.5%	1718
1991/4	1.2%	7.5%	4.6%	4.5%	4.1%	38.1%	3.4%	3.9%	0.7%	0.3%	1.3%	13.2%	5.7%	10.7%	0.8%	835
1992/1	2.0%	9.1%	5.2%	2.1%	5.6%	36.3%	3.2%	5.6%	0.5%	0.4%	1.2%	15.8%	4.0%	7.1%	1.8%	1684
1992/2	2.2%	11.6%	4.4%	3.4%	5.4%	34.3%	4.5%	5.3%	0.4%	0.3%	1.1%	13.4%	5.0%	7.4%	1.3%	1359
1992/3	1.6%	7.6%	3.9%	2.9%	5.1%	43.3%	2.1%	8.1%	0.3%	0.3%	0.8%	11.5%	3.0%	5.9%	0.8%	1527
1992/4	1.0%	8.8%	3.6%	1.6%	6.0%	44.3%	4.0%	8.0%	0.3%	0.3%	0.2%	11.5%	3.0%	5.2%	2.0%	921
1993/1	0.6%	3.7%	3.2%	3.2%	4.1%	47.7%	3.0%	6.2%	0.3%	1.2%	0.6%	13.1%	2.9%	8.4%	1.8%	1339
1993/2	0.5%	1.4%	5.4%	3.3%	5.4%	43.1%	4.0%	7.6%	0.5%	0.7%	1.6%	14.3%	2.9%	7.4%	1.8%	1021
1993/3	0.4%	2.1%	5.5%	4.5%	5.4%	41.2%	4.2%	12.6%	0.3%	0.7%	0.9%	10.9%	3.7%	5.9%	1.6%	1310
1993/4	1.0%	2.8%	6.9%	3.0%	6.5%	36.8%	4.3%	10.0%	0.3%	0.6%	2.5%	15.5%	3.3%	4.6%	2.0%	1076
1994/1	0.6%	1.9%	5.5%	4.2%	6.8%	34.1%	6.9%	11.0%	0.1%	0.6%	1.1%	14.4%	4.1%	6.9%	1.7%	1295
1994/2	1.1%	1.6%	3.8%	5.4%	7.0%	35.3%	5.2%	13.9%	0.1%	0.4%	1.4%	14.0%	3.2%	3.2%	1.3%	861
1994/3	0.9%	1.5%	3.6%	4.9%	5.9%	37.7%	5.9%	9.7%	0.9%	0.8%	2.1%	13.3%	3.1%	7.6%	2.0%	2327
1994/4	1.1%	1.2%	4.7%	4.8%	6.4%	35.7%	6.3%	10.4%	0.1%	0.8%	1.6%	13.9%	3.8%	7.6%	2.5%	1046
1995/1B	0.8%	2.7%	4.0%	6.1%	6.2%	37.7%	6.9%	6.7%	0.6%	1.1%	3.0%	12.5%	2.0%	7.4%	2.2%	983
1995/2	1.2%	2.0%	3.4%	5.1%	6.9%	36.7%	6.1%	8.0%	0.6%	0.9%	3.0%	12.5%	2.0%	7.4%	2.2%	983
1995/3	1.1%	3.8%	4.2%	4.0%	6.8%	37.6%	8.8%	7.1%	0.5%	0.5%	1.1%	11.4%	5.9%	6.8%	0.4%	1295
1995/4	1.1%	0.8%	3.4%	6.0%	6.0%	39.1%	6.3%	9.1%	0.7%	0.3%	2.4%	12.0%	2.8%	9.3%	0.9%	1047



Table A2: Most important problem, historical series (continued)

	Inflation	Interest Rates	Access to Finance	Lack of Skilled Employees	Total Tax Burden	Low T/over or Lack of Business	Competition from Big Business	Govt Regs and Paperwork	High Rates of Pay	Shortage of Materials, Supplies etc.	Internal Management Difficulties	Cashflow/ Payments/ Debtors	Premises, Rents, Rates	Other	No Response	Number of Replies Analysed
1996/1	2.2%	0.6%	3.3%	4.5%	6.5%	38.2%	6.7%	5.1%	0.3%	0.7%	1.7%	12.8%	3.7%	11.5%	2.1%	700
1996/2	0.4%	0.7%	2.6%	4.4%	6.5%	36.6%	6.1%	8.8%	0.4%	0.5%	2.6%	13.1%	3.4%	13.1%	1.0%	1 099
1996/3	0.2%	0.7%	3.7%	6.1%	6.3%	31.8%	8.1%	8.6%	0.3%	0.5%	1.4%	12.2%	4.9%	14.3%	1.2%	742
1996/4	0.6%	1.0%	2.5%	7.6%	6.5%	34.6%	7.5%	10.3%	0.4%	0.2%	2.5%	9.5%	4.2%	11.6%	1.0%	753
1997/1	0.3%	1.4%	2.9%	8.2%	6.6%	29.9%	7.4%	10.8%	0.3%	0.5%	2.1%	14.6%	3.9%	10.2%	1.0%	912
1997/2	0.1%	1.2%	2.0%	9.5%	5.1%	31.9%	7.2%	10.5%	1.4%	0.3%	2.5%	11.2%	3.5%	12.6%	1.1%	720
1997/3	0.2%	2.7%	3.4%	8.1%	8.1%	27.6%	9.2%	10.9%	0.5%	0.6%	2.0%	10.5%	5.3%	11.1%	0.5%	909
1997/4	0.7%	1.9%	2.5%	12.1%	5.6%	29.4%	7.0%	10.9%	0.6%	0.6%	2.5%	10.3%	4.9%	9.7%	1.3%	634
1998/1	0.2%	3.4%	1.8%	8.9%	5.8%	27.7%	8.1%	11.8%	0.9%	0.5%	1.6%	12.1%	3.4%	12.6%	1.3%	783
1998/2	0.2%	3.4%	2.9%	10.1%	5.0%	25.6%	8.2%	8.4%	1.1%	0.3%	1.9%	10.7%	3.2%	18.1%	0.9%	1 273
1998/3	1.8%	3.4%	2.2%	7.7%	5.0%	29.3%	6.3%	9.7%	0.8%	0.1%	2.6%	9.6%	4.9%	16.0%	0.7%	682
1998/4	0.8%	6.3%	1.8%	9.7%	7.1%	30.8%	7.6%	6.1%	1.4%	0.7%	1.6%	10.5%	2.0%	13.0%	0.6%	654
1999/1	0.1%	1.7%	1.9%	8.9%	7.2%	31.0%	5.3%	11.1%	1.1%	0.9%	1.9%	8.3%	4.3%	15.2%	1.1%	601
1999/2	0.2%	1.0%	1.2%	8.0%	6.3%	31.6%	7.6%	14.8%	1.1%	0.1%	1.0%	9.2%	3.9%	12.9%	1.0%	619
1999/3	0.1%	0.7%	2.8%	11.2%	7.7%	25.3%	8.0%	13.6%	1.1%	0.9%	3.3%	8.2%	4.4%	10.2%	1.5%	507
1999/4	0.4%	0.8%	2.9%	11.4%	6.1%	26.3%	7.3%	14.2%	2.1%	0.5%	2.0%	9.6%	3.9%	12.6%	0.9%	1 121
2000/1	0.3%	1.0%	1.7%	9.5%	6.4%	26.2%	8.7%	18.6%	1.4%	0.3%	2.2%	8.8%	3.7%	10.4%	0.6%	812
2000/2	0.3%	1.6%	1.3%	8.7%	6.7%	25.9%	6.3%	19.0%	1.4%	1.1%	1.8%	7.2%	3.3%	14.9%	0.6%	866
2000/3	0.3%	0.8%	2.2%	12.2%	7.3%	26.7%	6.3%	12.5%	1.4%	1.1%	2.4%	9.6%	2.8%	12.6%	1.9%	758
2000/4	0.4%	0.7%	1.6%	7.9%	7.2%	27.4%	6.9%	15.7%	0.8%	0.9%	1.4%	10.2%	4.1%	14.3%	0.4%	803
2001/1	0.1%	0.4%	2.0%	11.1%	6.7%	31.4%	6.3%	14.4%	0.8%	0.3%	1.9%	9.2%	2.8%	10.9%	1.8%	726
2001/2	0.2%	0.8%	1.3%	10.8%	7.9%	27.2%	5.9%	15.4%	2.7%	0.4%	2.6%	7.0%	3.2%	13.7%	1.0%	856
2001/3	0.0%	0.0%	0.7%	13.5%	9.6%	30.0%	6.4%	13.8%	0.8%	0.4%	1.2%	7.3%	3.1%	12.8%	0.5%	705
2001/4	0.1%	0.0%	2.0%	11.7%	6.7%	27.4%	5.2%	16.5%	1.3%	0.5%	1.1%	8.2%	2.9%	15.0%	1.3%	705
2002/1	0.3%	0.5%	1.7%	7.8%	8.9%	28.5%	5.1%	15.2%	0.7%	0.2%	1.0%	8.4%	3.4%	16.8%	1.5%	654

Table A3: Most important problem, 2002Q2 to 2007Q4

	General economic climate	Sector-specific demand/problems	Marketing problems	Interest rates/ Access to finance	Inflation/ Cost of materials, supplies	Other costs (e.g. premises, transport)	Exchange rates	Cashflow/ Payments/ Debtors	Govt regulations and paperwork	Lack of skilled employees/ High pay	Total tax burden	Lack of time/ capacity	No problems	Other (please specify)	No response	Sample
2002/2	13%	7%	6%	4%	2%	1%	2%	2%	10%	14%	7%	8%	3%	12%	1%	1 168
2002/3	13%	7%	7%	4%	1%	0%	1%	1%	11%	16%	6%	9%	2%	11%	1%	1 078
2002/4	16%	7%	7%	4%	1%	1%	2%	1%	9%	15%	6%	9%	2%	8%	2%	1 074
2003/1	20%	8%	9%	4%	0%	0%	1%	1%	9%	14%	7%	8%	2%	9%	1%	922
2003/2	21%	8%	7%	4%	1%	1%	1%	1%	11%	10%	6%	9%	2%	8%	2%	851
2003/3	18%	9%	6%	3%	1%	1%	1%	1%	6%	15%	9%	10%	2%	7%	2%	784
2003/4	13%	9%	8%	3%	1%	1%	0%	2%	7%	18%	8%	8%	3%	9%	2%	687
2004/1	11%	8%	9%	3%	2%	2%	2%	1%	11%	15%	9%	8%	3%	8%	1%	808
2004/2	9%	8%	8%	4%	2%	1%	1%	2%	8%	20%	8%	9%	3%	8%	1%	739
2004/3	10%	9%	8%	4%	2%	3%	1%	1%	10%	13%	7%	9%	3%	7%	1%	623
2004/4	11%	8%	7%	3%	1%	2%	1%	1%	8%	20%	10%	8%	4%	8%	1%	711
2005/1	9%	9%	8%	5%	2%	2%	2%	1%	7%	18%	11%	9%	2%	5%	1%	652
2005/2	13%	9%	8%	3%	1%	1%	1%	1%	8%	22%	7%	8%	3%	5%	2%	675
2005/3	16%	10%	6%	5%	0%	2%	1%	1%	8%	20%	5%	7%	1%	6%	3%	670
2005/4	20%	8%	6%	4%	1%	3%	1%	1%	8%	15%	9%	7%	1%	5%	2%	620
2006/1	18%	9%	7%	4%	1%	3%	1%	1%	9%	19%	7%	6%	1%	5%	2%	641
2006/2	11%	9%	6%	2%	1%	4%	0%	1%	9%	20%	8%	6%	2%	4%	1%	638
2006/3	12%	9%	7%	2%	1%	2%	1%	1%	9%	22%	10%	9%	3%	6%	2%	547
2006/4	10%	9%	8%	3%	1%	3%	1%	1%	7%	21%	8%	7%	2%	7%	2%	538
2007/1	9%	9%	8%	3%	2%	3%	2%	2%	9%	25%	7%	7%	2%	5%	4%	526
2007/2	11%	7%	9%	4%	2%	3%	2%	2%	6%	22%	8%	7%	2%	6%	2%	528
2007/3	10%	8%	9%	3%	3%	4%	1%	1%	7%	15%	7%	9%	5%	7%	2%	629
2007/4	15%	8%	9%	2%	4%	4%	2%	2%	5%	17%	8%	5%	2%	8%	2%	528

Table A4: Average rating of problems (1=no problem, 10=severe problem), 2008Q1 onwards

Survey	Economic climate or demand	Competition	Interest rates or access to finance	Inflation or cost of inputs, etc.	Cashflow, payments or debtors	Government regulations	Lack of skilled employees/high pay	Total tax burden	Lack of time/capacity	Internal (management, marketing etc.)	Sample
2008/1	6.7	5.0	4.9	6.2	5.1	6.6	4.6	6.7	6.1	-	822
2008/2	6.2	4.7	4.0	5.7	4.9	6.2	4.5	6.1	5.6	-	711
2008/3	7.0	5.1	4.3	6.0	5.3	6.5	4.4	6.5	6.0	4.2	278

Table A5: Proportion ranking each problem in top three facing their business, 2008Q4 onwards

Survey	Economic climate or demand	Competition	Interest rates or access to finance	Inflation or cost of inputs, etc.	Cashflow, payments or debtors	Government regulations	Lack of skilled employees/high pay	Total tax burden	Lack of time/capacity	Internal (management, marketing etc.)	Sample
2008/4	58%	28%	19%	26%	28%	28%	11%	22%	15%	5%	1281
2009/1	55%	23%	21%	24%	36%	30%	7%	26%	14%	4%	975
2009/2	61%	26%	19%	22%	33%	31%	10%	24%	17%	7%	848
2009/3	52%	24%	19%	18%	34%	30%	10%	26%	16%	6%	858
2009/4	57%	25%	21%	17%	35%	33%	10%	26%	16%	4%	834
2010/1	48%	29%	17%	18%	33%	35%	11%	29%	14%	6%	830
2010/2	55%	28%	17%	20%	31%	31%	10%	26%	17%	6%	833
2010/3	51%	32%	17%	18%	34%	29%	11%	22%	16%	5%	832
2010/4	51%	28%	21%	19%	33%	30%	10%	27%	16%	6%	819
2011/1	54%	28%	17%	23%	33%	27%	9%	25%	15%	7%	826
2011/2	54%	28%	17%	26%	29%	26%	11%	19%	16%	7%	947
2011/3	55%	26%	16%	24%	25%	25%	8%	20%	13%	6%	1105
2011/4	63%	33%	15%	26%	26%	28%	10%	22%	14%	6%	1106
2012/1	59%	31%	15%	25%	31%	26%	10%	20%	12%	5%	1082

# Quarterly Survey 2012Q1

Please click in the appropriate circles and boxes or fill in the blanks. Your answers will remain confidential. If you have any problems with, or queries about, this form, please email us at [oubs-enterprise@open.ac.uk](mailto:oubs-enterprise@open.ac.uk) or call Julie Sullivan on 01908 655 831.

**1** What is the legal status of your business?  
 Private (limited) company       Self-employed sole trader/sole proprietorship       Other  
 Partnership       PLC

**2** Including yourself, how many people work in the business including both full and part-time workers?

**3a** How many years have you been running a business?

**3b** How many years has your present business been trading?

**4** Please describe in a few words the precise nature of your business:

**5** Entrepreneurial firms are more competitive, growth-minded and innovative than other firms. Where would you put your firm on a scale of 1 to 10 (where 1=not at all entrepreneurial to 10=extremely entrepreneurial)?

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**6** How would you describe your role in the ownership of the business?  
 Sole owner     Part-owner of family firm     Part-owner with other non-family owners     Not an owner/no stake

**7a** How old are you now?

**7b** And at what age do you expect to retire?

**8a** Ultimately (e.g. on retirement or before) what do you plan to do with your stake in the business?  
 Pass it on to a family member     Pass it on/leave it to other directors/owners     Sell it     Close down the business     Don't know yet

**8b** When you first started, or became an owner of, this business, what were your plans for your stake in it, upon your retirement?  
 Pass it on to a family member     Pass it on/leave it to other directors/owners     Sell it     Close down the business     Had no real plans

**9** Has the economic downturn changed your plans for when you expect to retire or stop managing the business?  
 Expect to close/sell business sooner     Expect to have to carry on longer     No change to plans

**10** Do you feel your pension arrangements are sufficient for when you plan to retire?  
 Expect to have a comfortable pension     Expect to have an adequate pension     Expect to struggle on pension  
 Do not have any pension provision     Have no real idea

**11a** And what would happen to the business if you were ill or injured and unable to work for a considerable period of time?  
 Other owners would continue to run the business     Other staff (not owners) would continue to run the business  
 You'd attempt to sell the business     You'd have to close the business     Have no real idea

**11b** And do you have any insurance protection against this type of event?  
 Yes, in the name of the business/to protect the business     Yes, personally/to protect family     No     Don't know

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**12** In which of the following ranges is your firm's annual turnover (excluding VAT):  
 Less than £50,000       £250,000-£499,999       £5m-£10m  
 £50,000-£99,999       £500,000-£999,999       £10m-£20m  
 £100,000-£249,999       £1m-£5m       over £20m

The next four questions ask how your sales turnover, average employment, investment (in plant, equipment and premises) and average selling prices in the past quarter compared with the same period in 2010.

**13a** Was your sales turnover in October to December 2011 compared with October to December 2010:       Up     Same     Down

**13b** Was your average employment (Oct-Dec 2011 vs Oct-Dec 2010):       Up     Same     Down

**13c** Was your investment in plant, equipment and premises (Oct-Dec 2011 vs Oct-Dec 2010):       Up     Same     Down

**13d** Were your average selling prices (Oct-Dec 2011 vs Oct-Dec 2010):       Up     Same     Down

The next four questions ask how you expect your sales turnover, average employment, investment (in plant, equipment and premises) and average selling prices will have changed in the current quarter compared with the past quarter.

**14a** Expected sales turnover in January to March 2012 compared with October to December 2011:       Up     Same     Down

**14b** Expected average employment (Jan-Mar 2012 vs Oct-Dec 2011):       Up     Same     Down

**14c** Expected investment in plant, equipment and premises (Jan-Mar 2012 vs Oct-Dec 2011):       Up     Same     Down

**14d** Expected average selling prices (Jan-Mar 2012 vs Oct-Dec 2011):       Up     Same     Down

**15** Please indicate (1, 2, 3) the TOP THREE of the following possible problems facing your business:  
 a. Economic climate or demand      \_\_\_      e. Cashflow, payments or debtors      \_\_\_      i. Lack of time/capacity      \_\_\_  
 b. Competition      \_\_\_      f. Government regulations      \_\_\_      j. Internal (management, marketing etc.)      \_\_\_  
 c. Interest rates or access to finance      \_\_\_      g. Lack of skilled employees/high pay      \_\_\_      k. Other      \_\_\_  
 d. Inflation or cost of inputs, etc.      \_\_\_      h. Total tax burden      \_\_\_      (please specify \_\_\_\_\_)

**16** Please indicate the sex of the owner(s) of the business:  
 Male       Female       Joint Male/Female ownership

**17** Please enter your Business Postcode:

**18** Please enter any comments you have on the issues raised in this questionnaire:

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