

# Quarterly Survey of Small Business in Britain



The Open  
University

Business School

# Quarterly Survey of Small Business in Britain

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# Acknowledgements

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Small firms sales performance continues to recover from the depths it plumbed, though the economic climate remains by a large margin the top business problem and there are concerns over the fragility of any recovery. Small manufacturers are the most optimistic sector. Many small firms, especially the most entrepreneurial, have dealt with the challenges of recession aggressively, by increasing marketing and promotion and seeking out new opportunities, rather than defensively withdrawing.

- The sales performance balance of Britain's small firms is still negative, meaning that more have seen sales fall over the past year than rise, but overall it is better than in the previous quarter and much higher than at this time last year.
- Small hotels & restaurants and retailers again report the poorest sales performance, though not quite as bad as in the previous survey. Those in health/education/leisure & other personal services, business services and small stockists/wholesalers have increased sales over the year.
- The balance of firms increasing or decreasing employment has remained negative apart from small providers of health/education/leisure & other personal services and small stockists/wholesalers which reported modest positive balances of just +2%.
- Overall sales and employment expectations for the current quarter are down a little, but this may be a seasonal effect. There are still more firms expecting an increase than a drop in sales, though employment is expected to remain static.
- Small manufacturers are upbeat about their prospects for the current quarter, but those in consumer-facing sectors are less optimistic than they were at this point last year.
- The very smallest firms report the worst sales performance over the past year and are the most pessimistic about immediate prospects.
- Modest inflationary pressures remain, with more small firms, especially wholesalers, increasing than cutting their prices over the past year and expecting to increase them again during the current quarter.
- The economic climate remains, by a large margin, the biggest problem for more than half of Britain's small firms, followed by 'cashflow, payments or debtors' and 'competition', each for about one third of small firms.
- The most common strategy for dealing with the recession has been to try to speed up late payments, but the smallest firms have been least successful in achieving this.
- Small firm owners are more likely to have taken a cut in their own income (36%) than expected their staff to accept a pay freeze or cut (27%).
- More entrepreneurial small firms have responded to the recession by increasing marketing (35%) and entering new markets and business areas (41%) than have withdrawn from marginal business areas (29%) or cut marketing and promotional spend (17%).

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## Performance

Small firms sales performance continues to recover, though there are still more reporting a fall than a rise in sales. The improvement is broadly spread across business sectors, though hotels & restaurants and retailers in particular continue to suffer. The balances increasing employment and investment also remain negative, though price movements are upwards.

Chart 1: Percentage balance of respondents reporting an increase in sales over past year (weighted figures)<sup>1</sup>

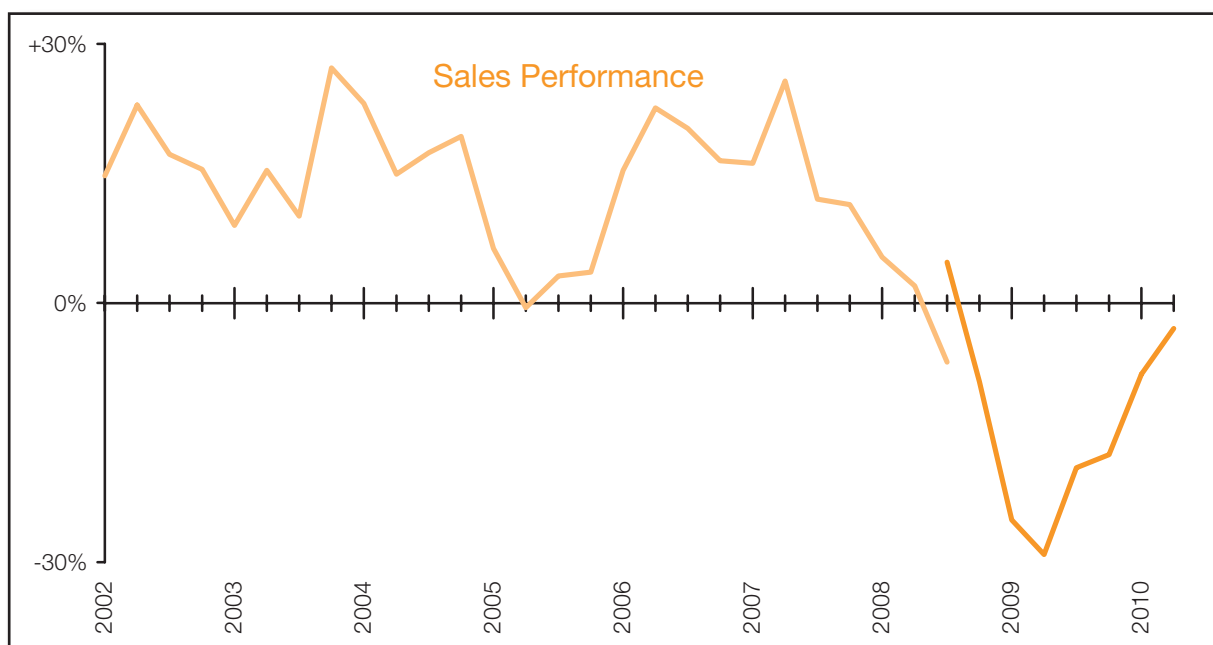
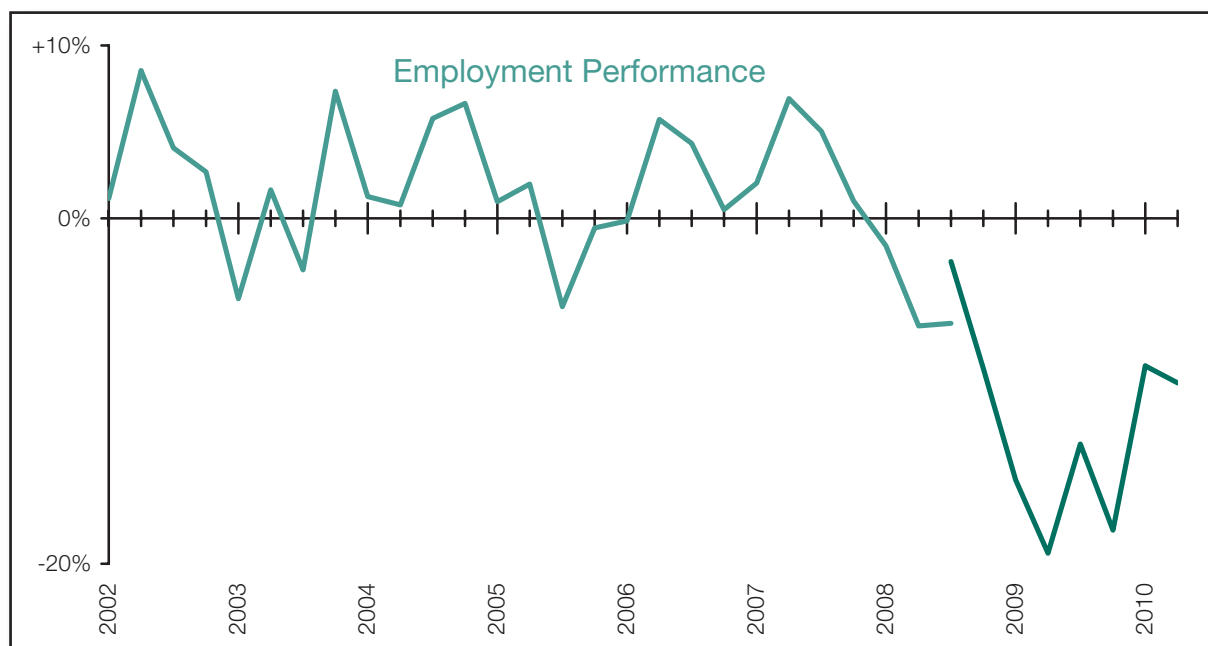


Chart 1 shows that the balance of Britain's small firms reporting increased sales has risen again, for the fourth survey in a row since it reached its lowest point in mid-2009. However, there are still over a third of small firms (35%) which report that their sales were lower in the second quarter of 2010 than they were in the second quarter of 2009. This is more than the 32% which report higher sales, giving a balance of -3% (Table 1).

The small firms sales balance paints a slightly less positive picture than the official preliminary estimate<sup>2</sup> of GDP for the economy as a whole. This suggests that GDP grew by 1.1% compared with the previous quarter and by 1.6% compared with the same quarter of last year, the first positive annual figure in two years.

1. An enlargement and consequent change in composition of the sample led to a partial break in the series in late 2008. More details in "Quarterly Survey of Small Business in Britain, Vol 24 No 4, 2008 Q4".
2. "Gross domestic product preliminary estimate, 2nd quarter 2010" Statistical Bulletin, 23 July 2010, Office for National Statistics ([www.ons.gov.uk](http://www.ons.gov.uk)), Time Series Data, YBEZ, Gross Domestic Product index: CVM: seasonally adjusted

Chart 2: Percentage balance of respondents reporting an increase in employment over past year (weighted figures)



The same proportion of small firms as in the previous survey (22%) have cut staff numbers over the past year. However, the proportion which recruited extra employees is down marginally, from 14% to 12%, giving a balance of -10% (Table 1). Chart 2 shows that this is a little lower than the -9% in the previous survey. While the sales balance has improved in each of the past four surveys, the recovery in the employment balance has been far more erratic, but this seems to reflect the performance of a relatively small number of firms. Two-thirds of small firms have not changed the total number of people they employ over the past year, which has been a feature of these surveys since before the downturn started some two years ago.

The balance of firms which have increased investment over the past year is relatively unchanged, at -8% (Table 1) compared with -9% in the previous survey.

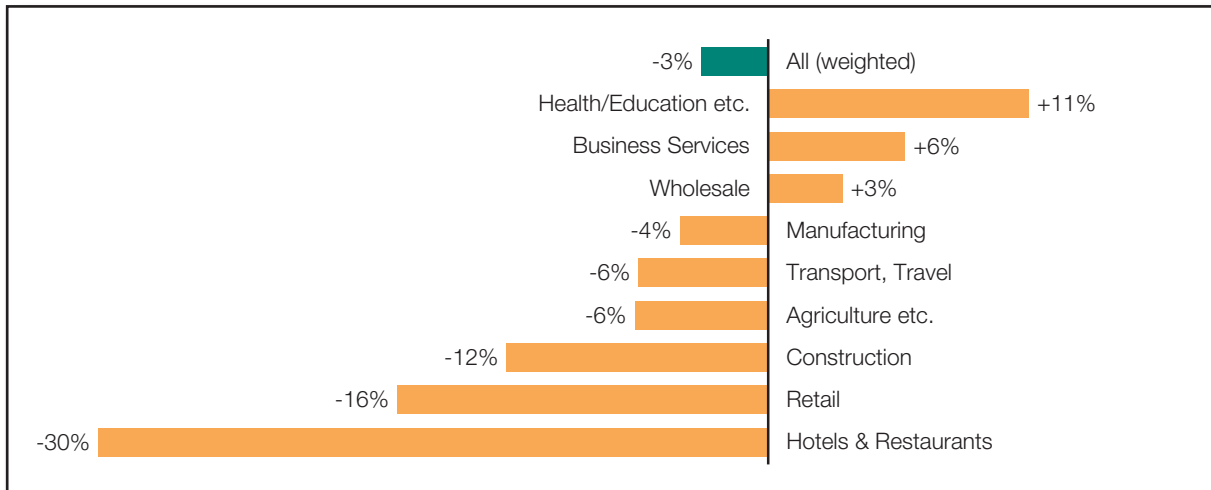
A majority (58%) of small firms left their average selling prices unchanged between the second quarter of 2009 and the second quarter of 2010 (Table 1). Fewer than in the previous survey increased their prices (23%, compared with 25%), but the proportion which cut prices in an attempt to increase sales volume is also down (from 20% to 18%). The balance increasing prices is therefore up just fractionally, to +6%, suggesting that small firms are contributing a little to the upward pressure on retail prices.

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

Change over past year (2010Q2 on 2009Q2) in:	Up	Same	Down	Balance
Sales Turnover	32%	33%	35%	-3%
Average Employment	12%	66%	22%	-10%
Investment	16%	59%	24%	-8%
Selling prices	23%	58%	18%	+6%

## Performance: Comparison Across Sectors

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



Small firms in most sectors report less disappointing sales performance than in the previous survey and the ordering of sectors in Chart 3 is much the same as last time. One exception is the transport, travel & communication sector, where the balance reporting an increase in sales has dropped from +8% (the most positive in the previous survey) to -6%. This is not unexpected, as in the previous survey these firms were the least optimistic about their immediate prospects. One respondent to this survey, a travel agency, specifically reported concerns over the volcanic ash from Iceland which affected flights from the middle of April and so will have affected second quarter turnover for these firms. Travel disruption is also likely to have affected sales for some firms in the hotels & restaurants sector, which is the most negative in Chart 3, with a balance of -30% showing that far more experienced a fall in sales over the year than an increase. However, this balance is not as bad as the near record low of -45% in the previous survey, which appeared to be due more to weak discretionary consumer spending, rather than volcanic ash. More hotels & restaurants than firms in any other sector have also cut employment over the past year (Table 2). While just as many cut employment in the previous survey, they were then at least somewhat offset by the 11% recruiting extra employees. This time, only 2% of hotels & restaurants have felt confident enough to recruit extra staff.

Relatively weak consumer spending also continues to plague small retailers, who have now consistently reported falling sales for the past three years. Retailing remains the second most negative of the sectors surveyed (Chart 3). Although the balance of -16% reporting an increase in sales over the year is not quite as bad as the -23% in the previous survey, this balance has now been negative for twelve surveys in a row.

Construction firms still report relatively poor sales performance, with a balance of -12% (Chart 3). However, this is marginally better than the -13% in the previous survey and far less negative than the record low of -54% at this time last year. Official preliminary estimates<sup>1</sup> suggest that construction was the best performing sector in the economy as a whole in the year to the second quarter. Small construction firms still seem to be sacrificing profit margins in a bid to win business. Over a third (34%) cut their average selling prices over the year and only 13% increased them, giving a balance of -20%. This is the only sector where more small firms cut than increased their prices (Table 2). Small construction firms are also still reducing staff and investment in a bid to cut costs (Table 2).

1. "Gross domestic product preliminary estimate, 2nd quarter 2010" Statistical Bulletin, 23 July 2010, Office for National Statistics ([www.ons.gov.uk](http://www.ons.gov.uk))



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	-6%	-14%	+4%	+4%	51
Manufacturing	-4%	-9%	-9%	+13%	103
Transport, Travel	-6%	-14%	-6%	+3%	35
Construction	-12%	-20%	-20%	-20%	104
Wholesale	+3%	+2%	-8%	+33%	61
Retail	-16%	-12%	-11%	+15%	165
Hotels & Restaurants	-30%	-30%	-9%	+14%	44
Business Services	+6%	-5%	-5%	+2%	182
Health/Education/Leisure/Other	+11%	+2%	+1%	+13%	87
All (weighted by sector)	-3%	-10%	-8%	+6%	832

While still reporting falling sales, small agricultural firms have the highest balance increasing investment over the past year (Table 2).

At the beginning of 2009, small manufacturing firms reported a record low sales performance. In each of the past four surveys this was the only sector to show a consistent improvement. This time, however, when most other sectors have improved, the manufacturing sales balance has slipped slightly, from -3% to -4% (Chart 3).

Wholesaling registered its own record low sales performance balance (-45%) just nine months ago. Since then, the balance has increased in each survey (the only sector to show a sustained increase over this period). In this survey, 33% of small wholesalers report that their sales have increased and only 30% that they have fallen, giving the first positive balance (+3%) in two years. Wholesalers seem to be trying to take this improvement as an opportunity to restore their profit margins, with a balance of +33% increasing their average selling prices over the past year (Table 2). However, for those wholesalers that deal mainly in imports, their rising prices may be due to the continuing weakness of sterling.

For the first time in almost two years, more small business service firms have seen their sales rise than fall (the balance in the previous survey was exactly zero). The balance of +6% puts them in second place in the ranking of sectors (Chart 3).

Over the past year, the health/education/leisure & other personal services sector has probably been the most consistent performer, with a positive (or at least zero) sales performance balance in every survey. In this survey, the balance is up from +2% to +11%, making these the most positive firms on this measure (Chart 3). This sector is also the only one to have both a positive balance for employment and for investment over the past year (Table 2).

## Performance: Comparison Across Size Bands

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

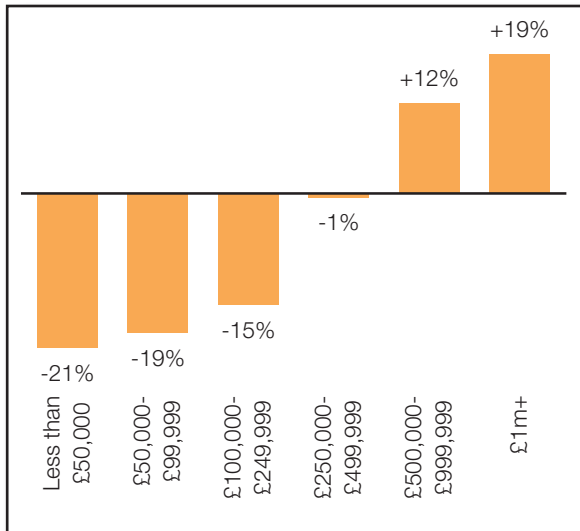


Chart 4 shows that the smallest firms have more often than their relatively larger counterparts seen their sales fall over the past year. Those which have a turnover below £500,000 per year have, on balance, seen their sales fall over the past year, while those with a turnover above this figure have, on balance, increased sales. Only firms with a turnover above £1m have, on balance, increased investment over the past year while those with a turnover below £50,000 are the only group to have cut average selling prices.

Chart 5: Percentage balance reporting an increase in sales by number of people working in business

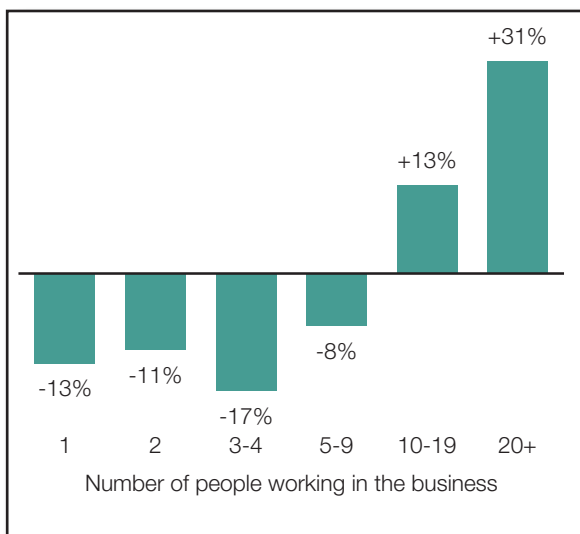


Chart 5 shows a similar picture when firm size is measured by number of employees. Those with 10 or more employees have, on balance, managed to increase their sales over the past year. Those with 20 or more employees have been particularly successful, with a balance of +31% increasing sales over the year, and these are the only ones to report positive balances increasing employment and investment. Firms with fewer than 10 employees have, on balance, seen their sales fall.

## Performance: Comparison Across Regions

Table 3 and Chart 6 show little clear regional pattern in sales performance as the patchy recovery has helped small firms to varying degrees across Britain. In the South East and the East of England, previously the two most positive regions, the sales performance balance has fallen and these two have now been overtaken by most other regions, as the balance everywhere else is up. The South East has gone from being the most positive to the most negative region in a single survey. Firms in the East Midlands report the best sales performance over the past year (a balance of +17%), but their neighbours in the West Midlands report one of the worst (-14%).

Firms in Wales were sharply cutting the number of their employees in the previous survey, but this time this is the only region where more have recruited extra staff than have cut their workforce (Table 3). Although reporting positive sales performance, small firms in the East Midlands have most often cut the amount they invest over the past year, while the South West is the only region where more have increased than have cut investment.

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

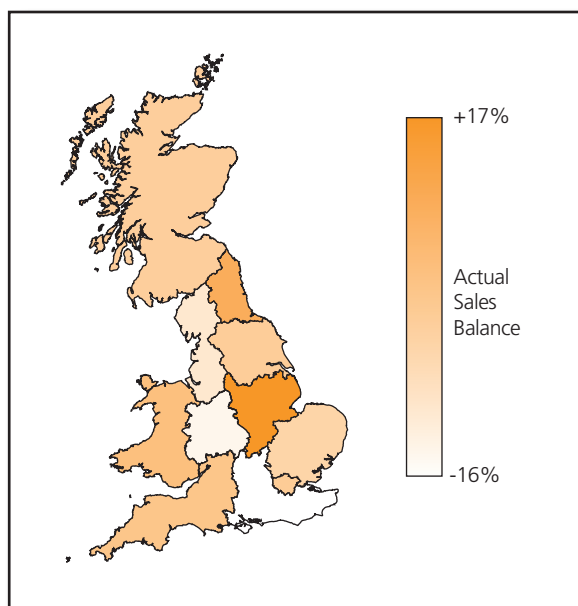
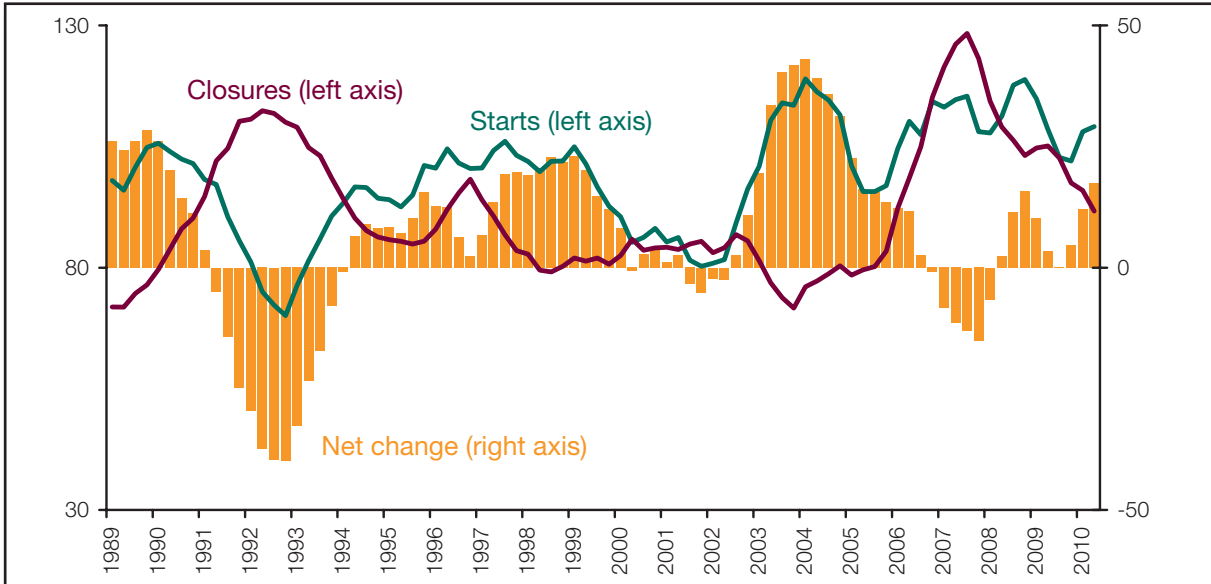


Table 3: Change over past year in sales, employment, investment and selling prices by region

	Sales Turnover	Average Employment	Investment	Selling Prices	Sample
North East	+9%	-9%	-13%	0%	32
North West	-10%	-20%	-10%	-2%	91
Yorkshire & the Humber	-2%	-16%	-7%	-3%	58
East Midlands	+17%	-10%	-19%	+12%	52
West Midlands	-14%	-8%	-9%	+3%	64
East of England	-4%	-7%	-5%	+8%	76
London	-1%	-7%	-9%	+10%	102
South East	-16%	-14%	-11%	+11%	177
South West	+1%	-4%	+7%	+6%	94
Wales	+3%	+3%	-12%	+15%	33
Scotland	-2%	-2%	-6%	+16%	49
All (weighted by sector)	-3%	-10%	-8%	+6%	832

# Business Stock & Activity Index

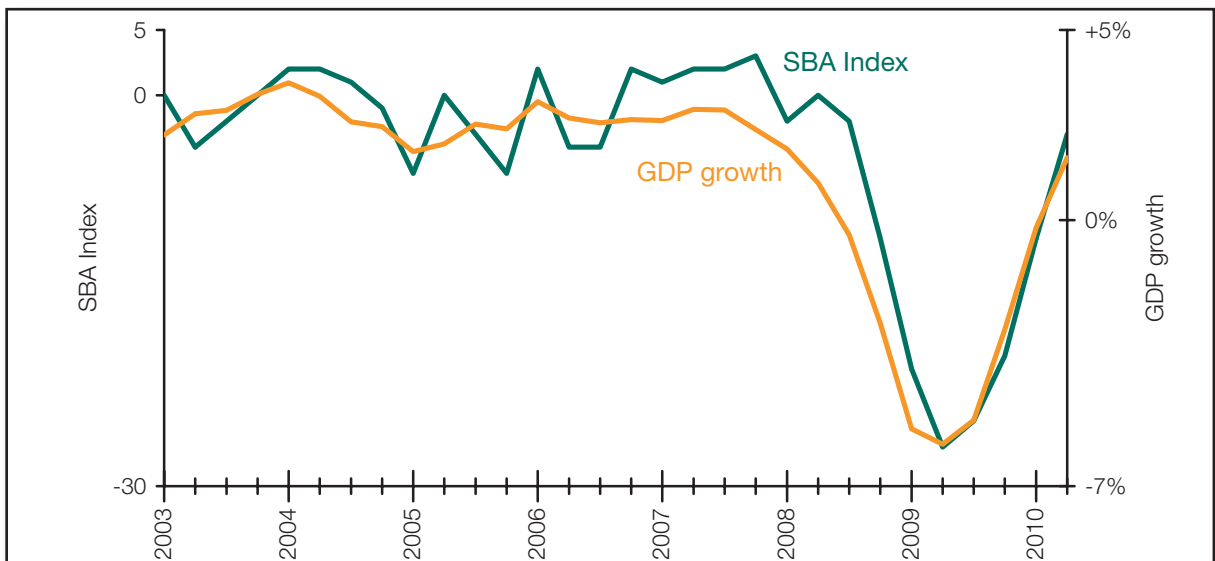
Chart 7: Mainstream businesses in England and Wales, starts closures & net change, Thousands, four quarter moving averages, Source: Barclays SME Team



Barclays estimates of the number of business starts and closures suggest that the stock of businesses has been remarkably resilient. Chart 7 shows that new business starts have continued to exceed closures since the onset of recession.

Chart 8 shows the Barclays Small Business Activity Index, derived from the banking activity of over 200,000 small firms. There appears to be a very good correlation between the SBA Index and official figures for the change in GDP over the past year, with both improving at a similar pace in each of the past four quarters.

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

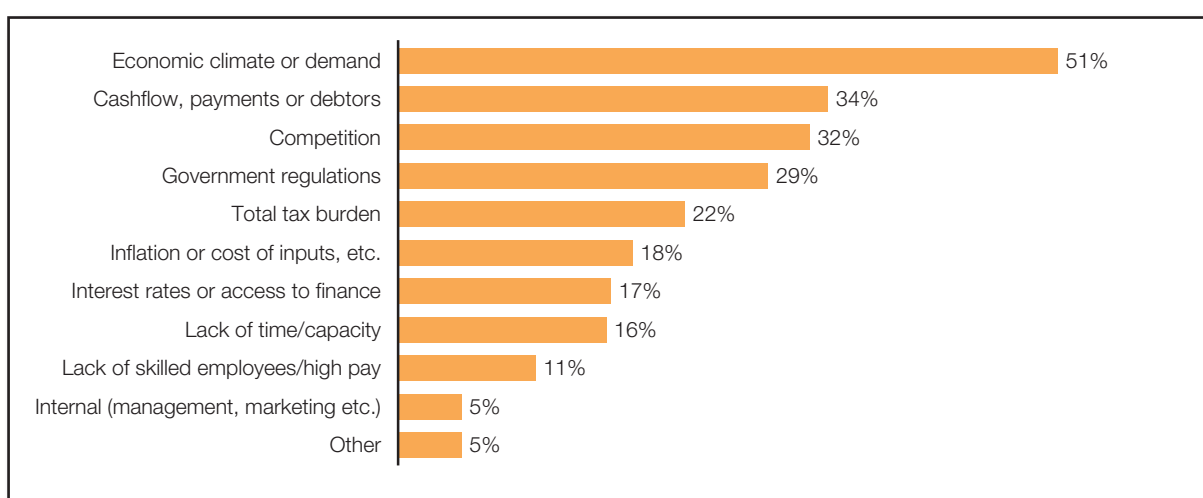


Source: SBA Index, Barclays Bank plc.  
 GDP, change between quarter and corresponding quarter of previous year, "UK output, income and expenditure, 1st quarter 2010" Statistical Bulletin, 25 May 2010, Office for National Statistics ([www.ons.gov.uk](http://www.ons.gov.uk)), Time Series Data, YBEZ

# Problems

The economic climate remains by some way the top business problem, followed by cashflow and payments issues. As some markets recover, competition is increasingly becoming a problem.

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

Although recent sales performance is not quite as bad as it has been, over half (51%) of small firms still say that 'the economic climate or demand' is one of the top three problems facing their business. Chart 9 shows that this is the top-ranked problem by quite some margin, though the proportion putting it in their top three is down a little from the 55% in the previous survey.

The economic climate is the top-ranked problem for firms of all sizes, whether measured by turnover or by employees (Table 4, overleaf).

The economic climate is the most common problem in every business sector except agriculture (for whom, once again, government regulations are a bigger issue).

Manufacturers (58%) and hotels & restaurants (57%), who report the poorest sales performance over the past year, are particularly affected.

For small firms in every region, the economic climate is the top-ranked problem. The issue seems most pressing for those in the North East of England (63%) and their neighbours in Yorkshire & Humberside (62%).

## Cashflow, payments or debtors

When demand and so sales are low this can strain the cashflow of businesses and in turn cause them to delay payments to their suppliers. The problem of cashflow, payments or debtors is therefore linked to that of the economic climate and in this survey this is again in second place in the rankings of problems (Chart 9), with 34% indicating that it is a top-three problem (up from 31%).

This is a particular problem for manufacturers (41%) and those in construction (41%).

Table 4: Proportion putting each problem in their top three, by number of people working in the business

	1	2	3-4	5-9	10-19	20+	All
Economic climate or demand	57%	57%	45%	46%	60%	53%	51%
Cashflow, payments or debtors	29%	26%	37%	34%	41%	27%	34%
Competition	28%	37%	29%	31%	32%	38%	32%
Government regulations	21%	31%	27%	31%	31%	23%	29%
Total tax burden	25%	22%	21%	22%	20%	30%	22%
Inflation or cost of inputs, etc.	21%	17%	18%	20%	17%	18%	18%
Interest rates or access to finance	12%	15%	20%	18%	13%	19%	17%
Lack of time/capacity	21%	17%	15%	15%	10%	26%	16%
Lack of skilled employees/high pay	1%	10%	9%	10%	12%	26%	11%
Internal (management, marketing etc.)	4%	5%	5%	5%	6%	4%	5%
Sample	68	134	192	233	124	74	832

## Competition

As demand improves in some areas, many firms which have been struggling badly will be fiercely chasing this new business. As a consequence, competition has now moved up to third in the ranking of problems (Chart 9). Some 32% of small firms now report that competition is a top-three problem for them, up from 28% last time and the highest in the two years that the questions have been asked in this way. Transport (40%) and manufacturing (38%) firms cite a particular problem with competition while wholesalers and small construction firms report fewer competition problems than in the previous survey.

## Government regulations

The proportion of small firms indicating that government regulations is one of their top three problems has eased again, from 31% to 29% (Chart 9).

Regulations remains (for the seventh survey in a row), the top-ranked problem for small agricultural firms (45%).

## Total tax burden

The total tax burden is a top-three problem for 22% of small firms (Chart 9), down from 26% in the previous survey.

## Inflation or cost of inputs

The proportion of small firms indicating that 'inflation or the cost of inputs etc.' is one of their top three problems has fallen back from 20% in the previous survey to 18%, the same as six months ago.

Small hotels & restaurants (32%) and wholesalers (30%) have particular problems with input costs.

## Interest rates/access to finance

While interest rates remain at an historic low, some firms are still struggling to get finance, either to manage cashflow issues or to invest. Overall, only 17% of small firms report that interest rates or access to finance is a top-three problem for them, but this rises to 29% of those who invested less in the second quarter of 2010 than in the second quarter of 2009, suggesting that difficulties in accessing finance could be restricting the growth opportunities of these firms.

## Lack of capacity & employees

Some 16% of small firms have a top-three problem with a lack of time or capacity, rising to 22% of those whose turnover was up over the past year. Overall, 11% report being affected by a lack of skilled employees, but over a quarter (26%) of those which already have 20 or more employees say this is a problem (Table 4). If the recovery takes hold, this may be expected to increase as a problem.

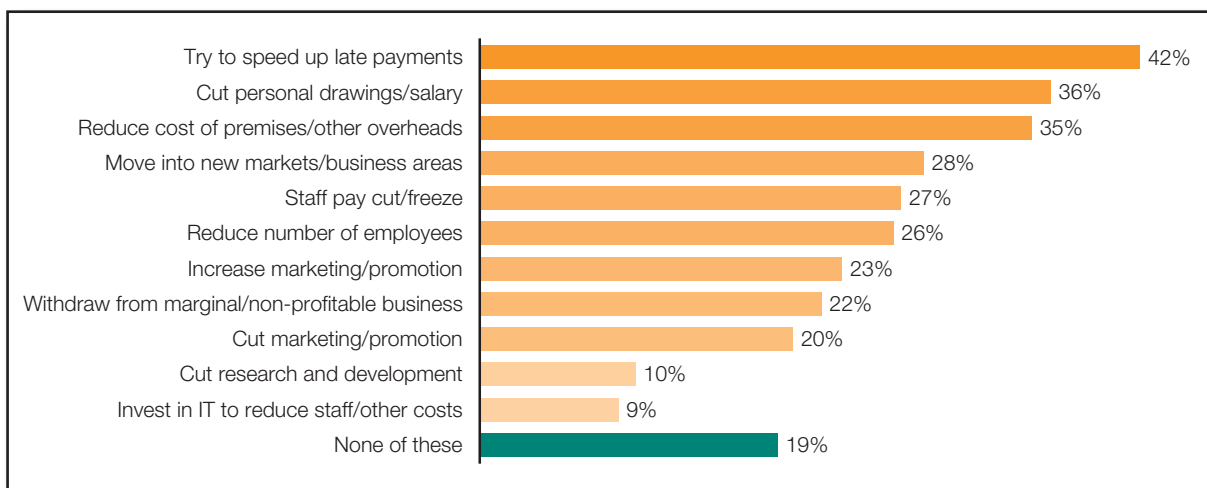
## Other problems

Among other problems added by respondents to the list were issues related to traffic and parking, premises costs and business rates. The most common, however, were respondents mentioning concern over announced public sector spending cuts.

# Recession Strategies

Although cashflow remains a big problem, speeding up late payments has been the most effective strategy in dealing with the recession, followed by a cut in the owner’s income and tightening up on costs. The most entrepreneurial firms have increased marketing and entered new markets in an aggressive response to the challenges of the downturn.

Chart 10: “During the recent recession, which of the following strategies did you find most effective in dealing with its effects?”

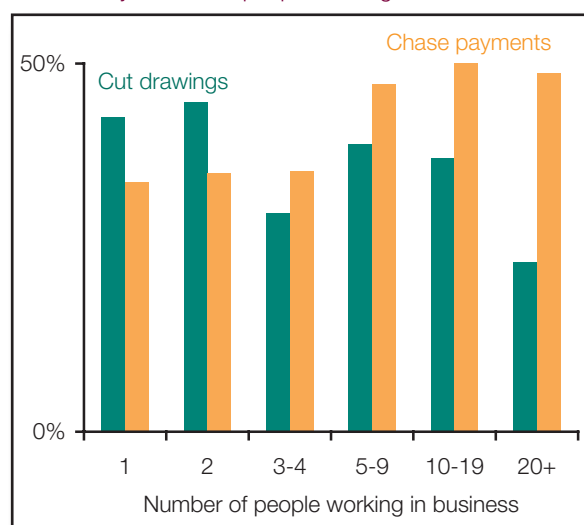


## Payments, drawings, overheads

Britain’s small firms have used a wide range of strategies to deal with the effects of the recent recession.

Chart 10 shows that, overall, the most common response has been to try to speed up late payments. Some 42% of small firms indicated that they had found this an effective way of ameliorating the impact of the harsh economic climate on their business. However, Chart 11 (and Table 5, overleaf) shows that the very smallest firms have less often had success in aggressively chasing up payment. For those firms where only one or two people work, more have cut their own personal drawings or salary (the second most common strategy overall) than have managed to speed up late payments. Previous issues of this survey<sup>1</sup> have shown how the smallest firms are often at the mercy of larger firms when it comes to trade credit. The previous section has

Chart 11: Speed up payments vs cut drawings, by number of people working in business



1. E.g. “Quarterly Survey of Small Business in Britain, Vol.23 No.3”, 2007 Q3.

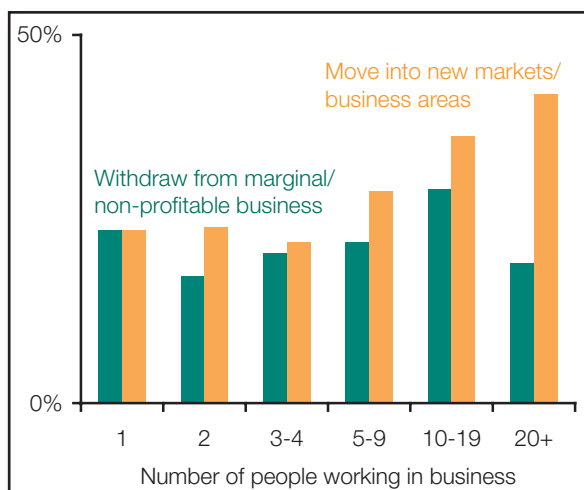
Table 5: Effective strategies to deal with recession, by number of people working in the business

	1	2	3-4	5-9	10-19	20+	All
Try to speed up late payments	34%	35%	35%	47%	50%	49%	42%
Cut personal drawings/salary	43%	45%	30%	39%	37%	23%	36%
Reduce cost of premises/other overheads	22%	38%	28%	36%	44%	43%	35%
Move into new markets/business areas	24%	24%	22%	29%	36%	42%	28%
Staff pay cut/freeze	7%	22%	23%	29%	37%	42%	27%
Reduce number of employees	9%	22%	26%	27%	35%	32%	26%
Increase marketing/promotion	15%	16%	20%	23%	33%	35%	23%
Withdraw from marginal/non-profitable business	24%	17%	20%	22%	29%	19%	22%
Cut marketing/promotion	13%	21%	23%	19%	22%	16%	20%
Cut research and development	4%	10%	9%	10%	13%	11%	10%
Invest in IT to reduce staff/other costs	3%	6%	8%	7%	13%	18%	9%
None of these	26%	19%	24%	16%	12%	15%	19%
Sample	68	134	192	233	124	74	832

also shown that cashflow/payments/debtors remains the second-most pressing small business problem (after the economic climate).

Hotels & restaurants and retailing are largely cash-based enterprises, so it is no surprise that firms in these sectors least often (27% and 28% respectively) report that they have tried to speed up late payments in response to the recession. Those in construction (60%), wholesale (54%) and manufacturing (50%) most often have tried to speed up late payments.

Chart 12: Moving into/withdrawing from markets, by number of people working in business



Over one-third (35%) of small firms have reduced the cost of their premises or other overheads in response to the recession and for those with 10 or more employees this has been a more common reaction than the owners reducing their own drawings or salary (Table 5). Small hotels & restaurants have far more often (59%) than those in other sectors managed to reduce the cost of their premises and overheads, though possibly at the expense of turnover, as these report the worst sales performance over the past year.

## Markets/business areas

Small firms have rather more often chosen to be bold than batten down the hatches when faced by recession. Table 5 shows that while 22% have withdrawn from marginal or non-profitable business to save costs, more, 28%, have chosen to move into new markets or business areas. This is likely to include export markets as the depreciation of sterling and pockets of growth elsewhere in the world have offered some a way to minimise the effects of domestic recession. Chart 12 shows that firms with 20 or more employees have far more often been able to move into new markets or business areas than the very smallest firms.

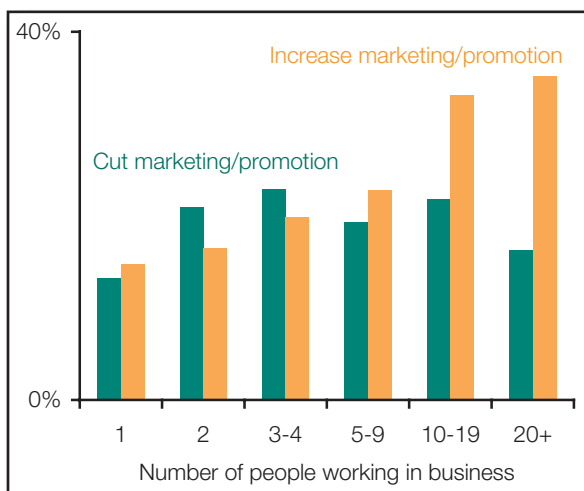
Consistent with their cost-cutting, small hotels & restaurants have often (27%) withdrawn from less profitable business areas and least often (11%) moved into new areas. In



contrast, small manufacturing firms have almost twice as often moved into new markets/business areas (35%) as they have withdrawn from marginal/non-profitable business

(18%). Only business service firms (including consultants, software houses and financial advisors) have more often (37%) found new markets or business areas to move into.

Chart 13: Proportion cutting or increasing marketing, by number of people working in business

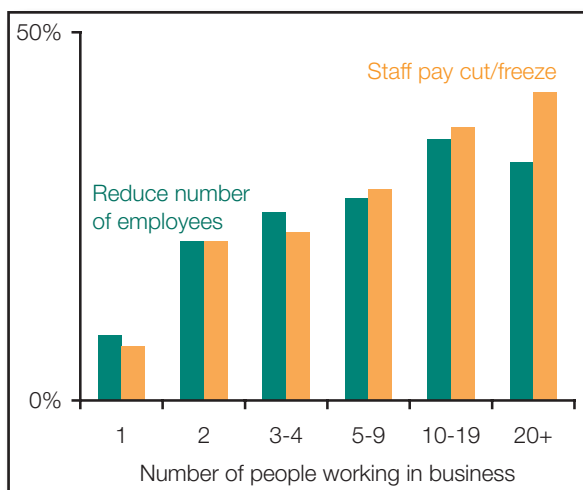


### Marketing/promotion

When economic times are hard, businesses can be faced with a dilemma. It can take extra effort to attract customers, yet finances to pay for these initiatives are strained. Chart 13 and Table 5 show that firms where only two to four people work have more often cut than increase the amount of time and money they spend on marketing and promotion. Firms with five or more employees have, however, generally found it more effective to increase their marketing and promotion in an attempt to out compete other firms. For those with 20 or more employees, Table 5 and Chart 13 show that more than twice as many (35%) have increased marketing efforts as have cut them (16%).

In manufacturing and business services, as with movement into new markets, markedly more firms have increased (28% and 26%) than cut (16% and 14%) marketing. A relatively high proportion of hotels & restaurants have increased marketing (27%), but another 20% have cut it. Wholesalers (26%) and retailers (25%) have most often found it necessary to cut marketing spend during the recession.

Chart 14: Staff cuts/pay freeze, by number of people working in business



### Staff cuts/pay freezes

While considerable attention has been focused on public sector cuts and pay freezes, employees in the private sector have certainly not been immune to the effects of the recession. Table 5 shows that, overall, 26% of small firms report that they have had to cut staff in response to the recession and 27% that they have found it necessary to impose a staff pay cut or pay freeze. Some 40% of all these small firms (which includes those without any employees) have had to resort to one of these measures and 13% have had to take action both on wage levels and also reducing head count. Table 5 and Chart 14 show that both measures are far more common in firms with more employees. Almost one-third (32%) of those with 20 or more employees have had to let some workers go and 42% have had to impose a pay freeze or cut.

Table 5 shows that business owners have more often taken cuts in their own pay than imposed a pay cut or

freeze on their employees. Only for those with 20 or more employees do fewer say that they have cut their own drawings or salary than have imposed a staff pay cut or freeze. Even for these firms, the figures probably do not tell the whole story. For the smallest firms, the finances of the business are inextricably linked to those of the owner and drawings from the business will almost inevitably drop if the business falters. Those with 20 or more employees, however, will more usually be limited companies where the owner's income depends on a fixed salary arrangement, supplemented by dividends and possibly bonuses. Reduced dividends and bonus income by the owner may not have been fully captured by our question (and for some of the relatively larger firms the survey was completed by a manager, rather than the business owner). Overall, it seems clear that small business owners have shouldered their share of the pain of the recession, rather than passing it all on to their employees.

A fair proportion (18%) of firms with 20 or more employees (and 16% of those in health/education/leisure and other personal services) have also found it effective to invest in IT to reduce staff and other costs in response to the recession.

## Entrepreneurial firms

Firms which rate themselves as more entrepreneurial generally appear to have been more pro-active in confronting the challenges of the recession head-on and searching for new opportunities, whereas those which view themselves as less entrepreneurial have generally been more passive or reacted defensively.

Table 6 shows that the least entrepreneurial firms (those rating themselves as 1-3 on the entrepreneurial scale) have more often withdrawn from marginal business (12%) than they have moved into new business areas (9%). Also, more of them have cut marketing and promotion (18%) than have increased it (12%). In contrast, those rating themselves as most entrepreneurial have more often moved into new business areas (41%) and increased marketing and promotion (35%).

Most strikingly, almost one-third (32%) of the least entrepreneurial firms (compared with only one in nine of the most entrepreneurial) have not taken (or, at least, not found effective) any of the listed strategies for dealing with the recent recession (Table 6).

Table 6: Effective strategies to deal with recession, by entrepreneurial rating

Entrepreneurial rating:	1-3	4-5	6-7	8-10	All
Move into new markets/business areas	9%	23%	34%	41%	28%
Withdraw from marginal/non-profitable business	12%	18%	25%	29%	22%
Increase marketing/promotion	12%	18%	24%	35%	23%
Cut marketing/promotion	18%	22%	21%	17%	20%
Try to speed up late payments	27%	43%	41%	52%	42%
Cut personal drawings/salary	32%	37%	39%	34%	36%
Reduce cost of premises/other overheads	27%	32%	38%	39%	35%
Staff pay cut/freeze	23%	25%	32%	24%	27%
Reduce number of employees	17%	27%	28%	30%	26%
Cut research and development	10%	11%	10%	9%	10%
Invest in IT to reduce staff/other costs	2%	5%	13%	13%	9%
None of these	32%	22%	15%	11%	19%
Sample	113	282	258	178	832

## Sales performance

Some small firms have been relatively immune to the effects of the recession<sup>2</sup> and these will not have had to deal specifically with it. A balance of +8% of those implementing none of the listed strategies to deal with recession indicate that their turnover was up over the past year. Those which have invested in IT and increased marketing/promotion also report, on balance, increases in annual turnover (+7% and +2%). Those firms which have had to reduce their number of employees, cut marketing, their own drawings and overhead costs are those which are still suffering most (turnover balances of -22%, -19%, -18% and -17%).

## Pre-recession expectations

Back in the second quarter of 2008, before the downturn became an official recession, our survey<sup>3</sup> asked respondents a similar question, asking what strategies they expected they would adopt if the economic uncertainties at the time became a more severe downturn. Chart 15 compares the responses then and now from the 149 respondents who participated in both surveys<sup>4</sup>.

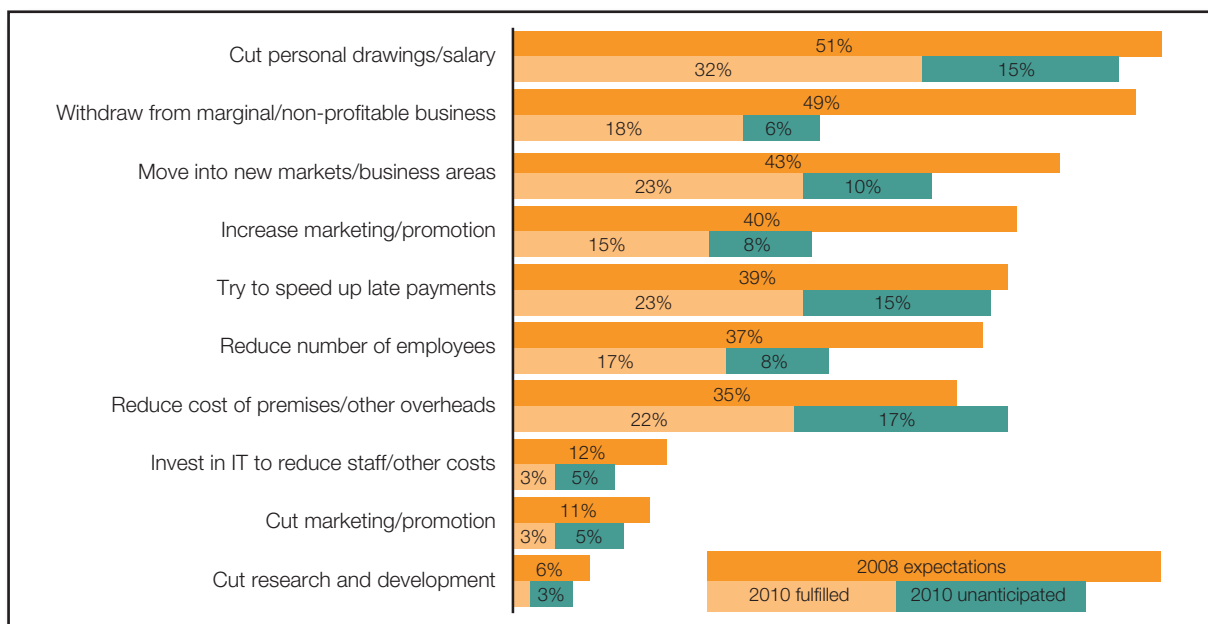
Just over half (51%) of these respondents in mid-2008 expected that in response to a severe downturn they would be forced to cut their personal drawings or salary. In practice, a similar proportion (48%) report now that they have done so. However, these are not all the same firms. Chart 15 shows that only two-thirds of those which in 2008 expected to cut their drawings (32% of all firms taking part, Chart 15) have done so. A further 15% of small firm owners who did not in 2008 expect that they would have to cut their own income have in fact done so.

Far fewer firms have withdrawn from marginal/non-profitable business areas than indicated in 2008 that they would and these are exceeded by those which actually moved into new markets, the opposite of what was expected in 2008.

Fewer firms than expected have increased their marketing/promotion, but these still easily exceed those which cut their marketing costs.

More firms have managed to effectively reduce the cost of their premises or other overheads now than expected to do so in 2008.

Chart 15: Effective strategies for dealing with recession, compared with 2008 expected strategies, 149 respondents to both surveys



2. See "Quarterly Survey of Small Business in Britain, Vol.25 No.1", 2009 Q1.  
 3. "Quarterly Survey of Small Business in Britain, Vol.24 No.2", 2008 Q2.  
 4. Changes in the composition of the sample since 2008 would make comparing the overall figures problematic.

## Conclusions

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A few small businesses may have found themselves relatively immune to the recession and even been presented with new opportunities - for instance from other businesses outsourcing work to them in an attempt to reduce costs. For most, however, the past few years have been hard:

*"Business has been very tough."*

*"We have found this the toughest time since starting our business in 1988."*

*"Printing tends to be a barometer of the health of the economy and at the moment it is in poor health with overcapacity, lack of business and low or non-existent margins."*

This survey does not include responses from those unfortunate firms which have already had to close over the past few years, though a number of those which did take part tell us that they will shortly be going out of business.

Those small firms which have managed to survive the recession have implemented a number of strategies to do so. Firms (and consumers) tend to delay making payments when times are hard, creating cashflow problems further up the supply chain. So the most common survival strategy has been a reaction to this, an attempt to speed up late payments.

The next most common reaction has been for the owner to take a cut in their own income, which has been more common than expecting their staff to accept a pay cut or freeze.

For some firms it has been a case of holding their nerve during the recession, to be ready to take advantage when conditions improve:

*"We rode out the recession by 'treading water'. We did not lay off staff but scaled back production to match sales and accepted that we would make no profit. This has proven to be a good strategy."*

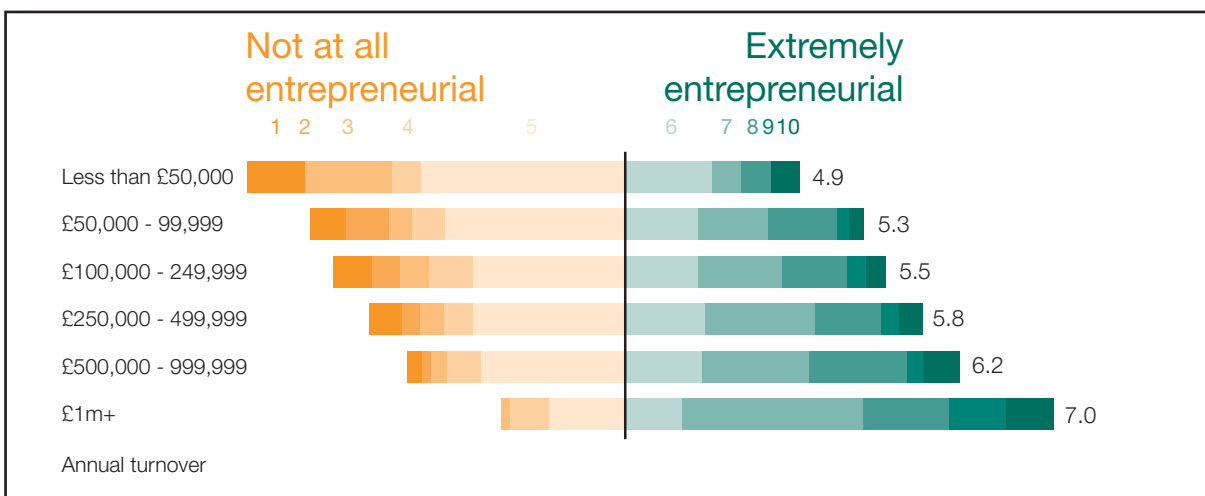
Small firms appear to have been more successful than they expected at the onset of the recession in cutting their premises and overhead costs.

Some firms, especially the smallest and least entrepreneurial, have been forced to cut back on marketing and promotion in order to save money and to withdraw from non-profitable areas of their business. However, more of the firms in our survey, especially the most entrepreneurial, have instead responded aggressively by increasing marketing and promotion and moving into new markets and business areas. One mentioned that they had cut prices to increase their market share and had widened the range of products which they sell. Firms such as these now seem best placed to benefit from any improvements in the business climate.

# 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 16: "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. Chart 16 shows that those with a turnover below £50,000 rate their business on average 4.9 on the entrepreneurial scale. Those with a turnover of £1m or more rate themselves on average at 7.0. Firms with more employees also rate themselves as more entrepreneurial than the smallest.

In this survey, small firms in London and Scotland rate themselves as more entrepreneurial (6.3) than their counterparts elsewhere. Those in the North West rate themselves as least entrepreneurial (5.4). In this survey, owners of business services firms rate themselves as most

entrepreneurial (6.0), while those in agriculture have the lowest entrepreneurial self-rating (5.3).

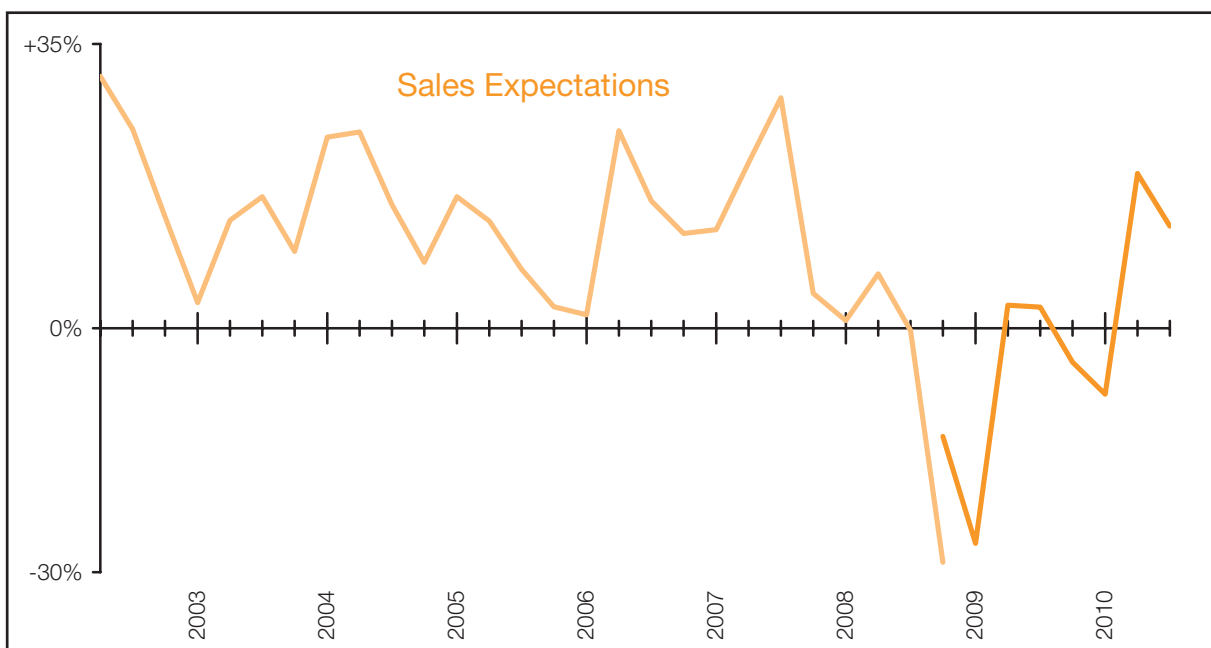
Firms which rate themselves lower on the entrepreneurial scale generally report worse sales, employment and investment performance than those viewing themselves as more entrepreneurial (the sales performance balance ranging from -21% for those rating themselves as 3 or lower to +9% for those rating themselves as 8 or higher on the entrepreneurial scale). The more entrepreneurial are also more positive about their immediate prospects, with a balance of +17% of those rating themselves as 8 or higher expecting, on balance, an increase in sales over the current quarter, while those rating themselves as 3 or lower expect sales to fall (-1%).

As already noted, entrepreneurial firms have more often reacted pro-actively to the challenges of the recession, by increasing marketing and promotion and entering new markets and business areas.

## Prospects

Small firms remain positive about their sales prospects for the third quarter of 2010, despite a seasonal fall in the sales expectation balance. Small manufacturers are particularly hopeful, consumer-facing businesses less so. Employment expectations are static, while prices are expected to continue to edge upwards.

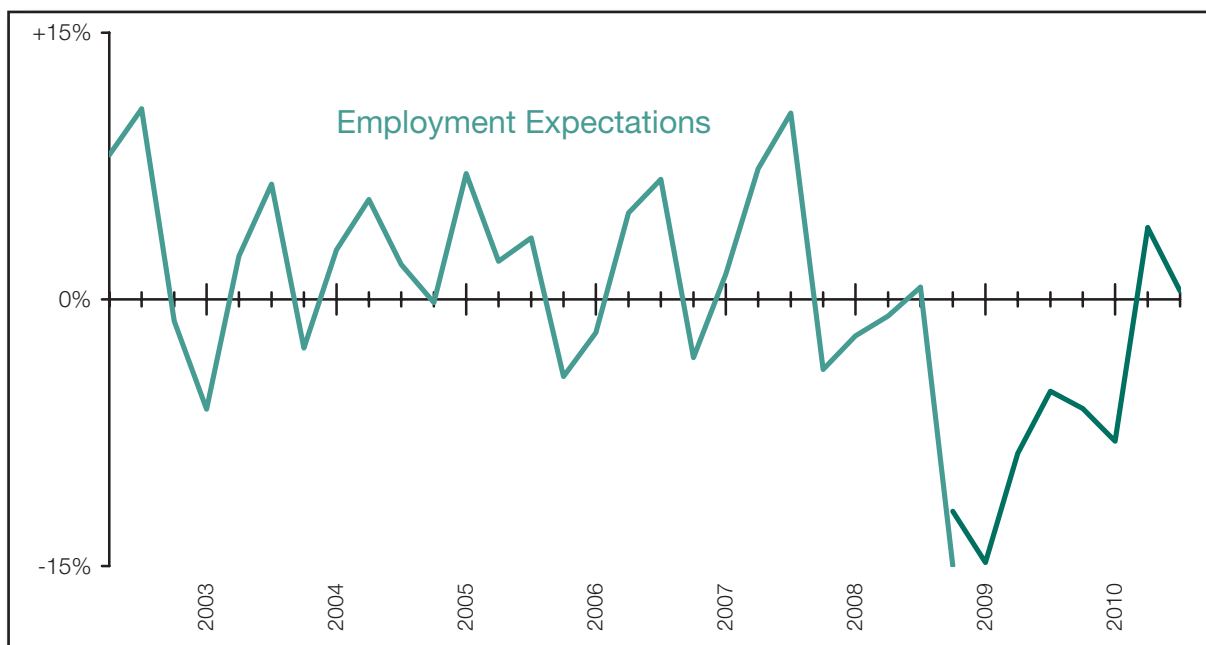
Chart 17: Percentage balance of respondents expecting an increase in sales (weighted figures)



After increasing sharply in the previous survey, the sales expectation balance has fallen a little, but remains positive. Over a third (35%) of small firms expect their sales will be higher in the third quarter of 2010 than they were in the second quarter, while 22% expect they will be lower (Table 7). This gives a net balance expecting an increase of +13%. This is a little lower than the +19% in the previous survey, but the balance normally falls at this time of year. In 21 out of the past 26 years the balance has been lower in the third quarter than in the second. The balance now is well above the +3% at this time last year (Chart 17).

For employment expectations, the balance is now only just positive. The slightly over 10% which expect to recruit extra staff during the third quarter fractionally exceeds the just under 10% which expect to cut the numbers on their payroll (Table 7). Four fifths of small firms do not expect to change the numbers they employ during the third quarter of the year (Table 7). While it is disappointing that the employment balance has fallen from the +4% in the previous survey to 0%, this still compares favourably with the -5% at this time last year (Chart 18).

Chart 18: Percentage balance of respondents expecting an increase in employment (weighted figures)



The fall in the employment balance is less obviously a seasonal effect than that in the sales balance. The employment balance has risen as many times as it has fallen in the third quarter of previous years.

The same proportion of small firms as in the previous survey (16%) expect to cut the amount they invest during the current quarter. The proportion expecting to invest more is down from +14% to +12%. This means that the expected investment balance has fallen a little, from -2% to -4% (Table 7).

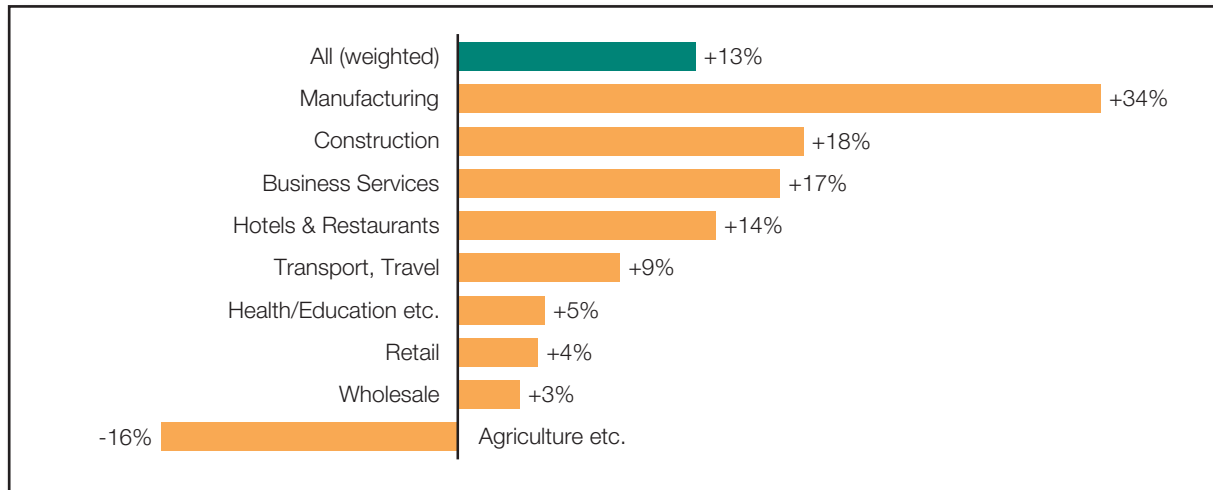
While there are still only 10% of small firms which expect to cut their selling prices during the current quarter, the proportion which expect to increase their prices is down from 21% in the previous survey to 18% (Table 7). This means that the balance has fallen from +11% to +8%, but remains positive for the third survey in a row, showing that modest inflationary pressures are still present.

Table 7: Expected change over past year in sales, employment, investment and selling prices (weighted figures)

Expected change over current quarter (2010Q3 on 2010Q2) in:	Up	Same	Down	Balance
Sales Turnover	35%	43%	22%	+13%
Average Employment	10%	79%	10%	+0%
Investment	12%	72%	16%	-4%
Selling prices	18%	73%	10%	+8%

## Prospects: Comparison Across Sectors

Chart 19: Percentage balance of respondents expecting an increase in sales over current quarter by sector



Manufacturing is the only sector where small firms are more optimistic about their prospects for the current quarter than they were in the previous survey. Some 43% of small manufacturers expect their turnover to be higher in the third quarter of 2010 than it was in the second quarter of 2010 and only 9% expect that it will be lower. This gives a balance of +34% expecting an increase, compared with +16% in the previous survey. Manufacturing is now by some margin the most positive sector on this measure (Chart 19). In the previous survey, small manufacturers had the highest balances increasing employment and investment and it appears that this has put them in a good position to take advantage of an increase in sales opportunities this quarter. They remain positive about employment (+6%) and investment prospects (+6%) for the current quarter (Table 8).

There is in fact a fractionally higher proportion of small hotels & restaurants (43%) than manufacturers expecting an increase in turnover during the third quarter of 2010. However, expectations are far more mixed for hotels & restaurants, with far more of these (30%) than of manufacturers expecting their turnover to fall. This means that the balance expecting an increase is now +14% (Table 8). This is markedly down compared with the +25% in the previous survey, when hotels & restaurants were the most positive, expecting a seasonal boost in turnover.

While turnover for hotels & restaurants almost always rises in the second quarter of a year, the third quarter is far less predictable, with the balance falling as often as it has risen over the past 22 years. It is notable, though, that the balance now is below the +17% at this time last year, suggesting that any recovery remains fragile for this consumer-facing sector. Hotels & restaurants are, though, more often than firms in other sectors expecting to increase the amount they invest during the third quarter (Table 8), suggesting some confidence in medium-term prospects.

The health/education/leisure & other personal services sector and retailing are two other consumer-facing sectors where small firms are less optimistic than they were at this point last year. Then, sales performance was at its lowest, but there were hopes that the end of the recession may be in sight. Now, the position is somewhat reversed, with the recession over and things seemingly on the up, but then with renewed concerns over prospects, not least due to public sector cutbacks. The balance of those in health/education/leisure & other personal services expecting an increase in turnover is now +5% (Chart 19), down from +16% in the previous survey and +19% at this time last year. The balance for retailing has fallen to +4%, down from +21% last quarter and +7% at this time last year.



Table 8: 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	-16%	-14%	0%	+4%	51
Manufacturing	+34%	+6%	+6%	+17%	103
Transport, Travel	+9%	-3%	-3%	+3%	35
Construction	+18%	+7%	-10%	-1%	104
Wholesale	+3%	-5%	+2%	+25%	61
Retail	+4%	-1%	-7%	+17%	165
Hotels & Restaurants	+14%	-5%	+7%	+11%	44
Business Services	+17%	+1%	-4%	+7%	182
Health/Education/Leisure/Other	+5%	0%	-8%	+3%	87
All (weighted by sector)	+13%	+0%	-4%	+8%	832

The balance of small wholesalers expecting an increase in turnover is down, but this is no surprise as it has fallen in the third quarter in 21 out of the past 22 years. The balance is down from +13% to +3%, but this remains better than the -7% at this time last year. Wholesaling is now the sector where small firms are most often increasing their average selling prices (a balance of +25%, Table 8).

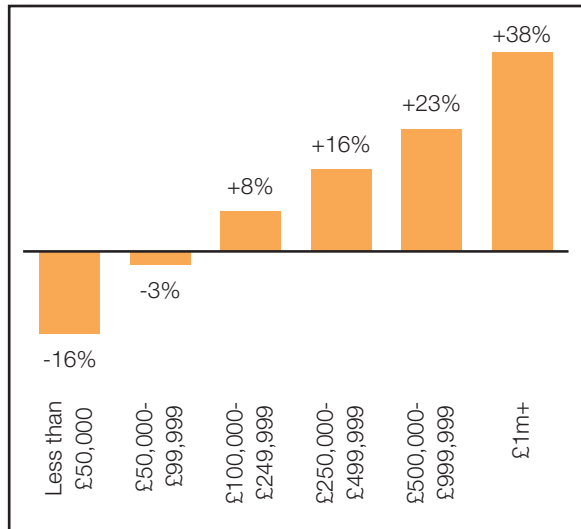
Small construction firms and those in transport, travel & communication both had negative sales expectations for seven surveys in a row between the middle of 2008 and the beginning of 2010. In the previous survey, they had their first optimistic expectations in two years and while the balances for both sectors are down in this survey, they remain positive and much higher than at this time last year. Construction firms are, on balance, the most optimistic about employment prospects for the third quarter, but are the most negative about investment intentions and the only sector where more expect to cut their average selling prices than expect to increase them.

Business service firms remain reasonably optimistic, the sales balance falling a little from +22% to +17% but remaining much better than the +2% at this time last year.

The balance of small agricultural firms expecting an increase in sales has varied quite widely in recent surveys and this time has posted a sharp fall, from +20% to -16%, making it the only sector where more small firms expect their sales to fall than expect them to rise (Chart 19). This is below the -6% at this time last year. Small agricultural firms are those which most often expect to cut the numbers they employ during the third quarter of 2010 (Table 8).

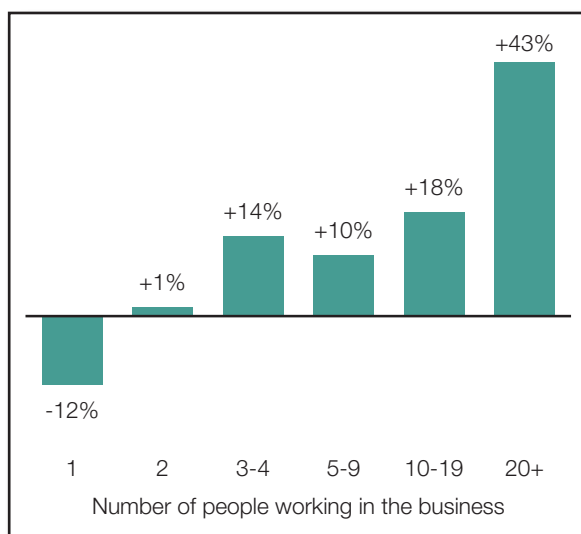
## Prospects: Comparison Across Size Bands

Chart 20: Percentage balance expecting an increase in sales over current quarter by turnover size band



The disparity in experience between the very smallest firms and their relatively larger counterparts seems set to persist. Over the past year the very smallest firms have seen their sales fall, while the others report, on balance, an increase in turnover. Charts 20 and 21 show that the same pattern is true of sales expectations for the current quarter. A balance of firms with a turnover below £100,000 and of sole traders expect their turnover to fall during the third quarter of 2010. As firm size increases, so generally does optimism about immediate sales prospects, to the point where a balance of +43% of those with 20 or more employees expect their sales to increase during the third quarter. These firms also expect to increase the numbers they employ and the amount they invest during the current quarter. Firms with fewer than 20 employees expect, on balance, to cut the numbers they employ and the amount they invest.

Chart 21: Percentage balance expecting an increase in sales over current quarter by FTE number of employees



## Prospects: Comparison Across Regions

Small firms in the East of England have become the most optimistic about their sales prospects for the current quarter (Table 9 and Chart 22). The only other region where small firms are more optimistic than in the previous survey is the East Midlands. However, firms here remain, along with those in Wales, the least positive, with those expecting sales to be up exactly matched by those expecting them to be down (Table 9). Firms in the East Midlands are also those most often expecting to cut investment during the third quarter.

Only in the West Midlands and Yorkshire & the Humber do more firms expect to increase investment in the third quarter of 2010 than expect to invest less (Table 9).

Slightly more firms expect to recruit extra employees than cut the numbers they employ in Scotland, Wales and the South East and South West of England but elsewhere the employment balance is negative (Table 9).

Chart 22: Percentage balance of respondents expecting an increase in sales over current quarter - by region

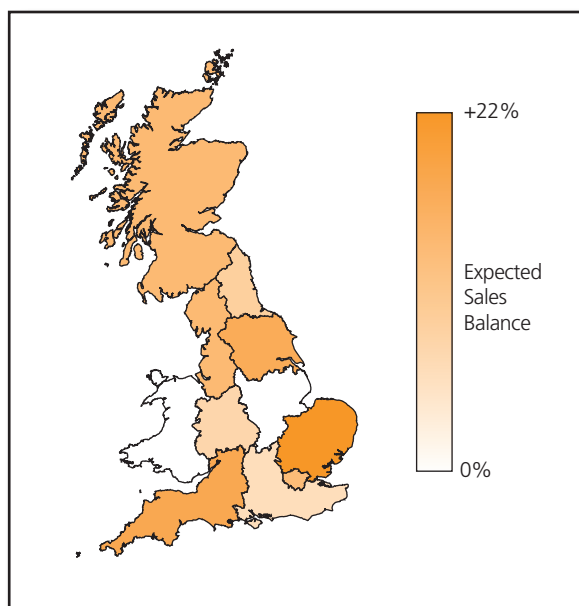


Table 9: Expected change over current quarter in sales, employment, investment and selling prices by region

	Sales Turnover	Average Employment	Investment	Selling Prices	Sample
North East	+9%	-6%	-6%	+13%	32
North West	+14%	-3%	-9%	-1%	91
Yorkshire & the Humber	+17%	-5%	+2%	+5%	58
East Midlands	0%	-2%	-10%	+17%	52
West Midlands	+8%	0%	+2%	+8%	64
East of England	+22%	-1%	-3%	+16%	76
London	+14%	0%	-4%	+12%	102
South East	+6%	+3%	-3%	+6%	177
South West	+18%	+1%	-1%	+10%	94
Wales	0%	+3%	0%	+18%	33
Scotland	+14%	+6%	-2%	+27%	49
All (weighted by sector)	+13%	+0%	-4%	+8%	832

# APPENDIX

## How the survey is carried out

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 Continental Research.

The link to the full online questionnaire was emailed to 1,234 regular respondents from 5th July 2010 and a reminder email sent to non-respondents from 4th August 2010. In total, 237 of these regular participants responded.

Telephone interviews with firms with a turnover between £50,000 and £1m were carried out in waves. Between the 5th and 9th July 2010, 295 interviews were carried out and between the 2nd and 6th August 2010, a further 300 firms were interviewed.

The total number of responses was therefore 832.

As noted, the telephone respondents did not include firms with a turnover above £1m or below £50,000. The telephone respondents include more firms established since 2000 than the regular online respondents. There are a higher proportion of telephone respondents in health/education & other personal services, agriculture, and retail, but a lower proportion in manufacturing and business services. There are also a slightly higher proportion in Wales, the South West of England and in London and Scotland 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 small firm distribution, using DTI estimates of total employment by firms with fewer than 50 employees. In earlier surveys results for previous years were re-weighted as DTI estimates for those years became available. To avoid continuous revisions figures are now weighted by the latest figures available (currently 2008) 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. (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.

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. 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.

## Special Topics

- Vol 1** No 1 Some Characteristics of the Respondents  
No 2 Changes in Employment, New Business  
No 3 Part-time Employees, Computers in Small Firms  
No 4 Employment
- Vol 2** No 1 Finance, Membership of Representative Bodies  
No 2 Exports, The Business Expansion Scheme  
No 3 Employment, Skill Shortage  
No 4 Incorporated and Unincorporated Business, Expanding Firms, Small Firms in the Service Sectors
- Vol 3** No 1 Telephone Usage, Employment  
No 2 Most Important Problem Facing Declining and Growing Businesses, Characteristics of our Respondents  
No 3 Employment, Slow Payment Problems  
No 4 Use of Accountants
- Vol 4** No 1 Use of Solicitors  
No 2 Training background of managers and arrangements for staff training  
No 3 Access to external information  
No 4 Present and future use of Telecommunications products and services, Characteristics of Respondents
- Vol 5** No 1 Employee Turnover, National Chamber of Trade Survey, National Westminster Digest Survey  
No 2 The effects of 1992 on small firms  
No 3 Intergenerational and previous business background of respondents  
No 4 Origins of new employees
- Vol 6** No 1 European Community 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 change, 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, Entrepreneurship  
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

# 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		Investment		Sales		Employment		Investment	Prices
			U	S	U	S	U	S	U	U		
Vol.1 No.1a	3,056	1984/3	+34.7%	+10.5%	-	-	+21.2%	+23.1%	+3.3%	+5.2%	-	-
Vol.1 No.1b	1,795	1984/4	+32.6%	+10.4%	-	-	+9.5%	+17.7%	+0.9%	+3.9%	-	-
Vol.1 No.2	1,181	1985/1	+33.4%	+17.6%	-	-	+16.9%	+9.4%	+9.5%	+7.1%	-	-
Vol.1 No.3	1,090	1985/2	+34.4%	+11.2%	-	-	+31.4%	+28.8%	+5.3%	+2.8%	-	-
Vol.1 No.4	1,072	1985/3	+37.4%	+12.1%	-	-	+26.2%	+28.1%	+5.3%	+7.2%	-	-
Vol.2 No.1	1,326	1985/4	+41.4%	+12.6%	-	-	+9.8%	+18.0%	+5.3%	+8.3%	-	-
Vol.2 No.2	1,052	1986/1	+33.6%	+11.6%	-	-	+31.1%	+23.6%	+5.6%	+3.2%	-	-
Vol.2 No.3	1,285	1986/2	+35.5%	+14.2%	-	-	+29.6%	+27.0%	+11.9%	+9.4%	-	-
Vol.2 No.4	1,435	1986/3	+39.7%	+15.2%	-	-	+22.3%	+24.2%	+6.0%	+7.9%	-	-
Vol.3 No.1	1,116	1986/4	+40.0%	+13.4%	-	-	+17.0%	+25.2%	+4.6%	+7.6%	-	-
Vol.3 No.2	1,746	1987/1	+40.2%	+15.2%	-	-	+39.7%	+32.2%	+15.1%	+12.7%	-	-
Vol.3 No.3	1,113	1987/2	+44.7%	+23.1%	-	-	+36.8%	+34.2%	+13.2%	+10.7%	-	-
Vol.3 No.4	977	1987/3	+44.8%	+17.6%	-	-	+28.8%	+30.7%	+10.0%	+11.9%	-	-
Vol.4 No.1	1,042	1987/4	+52.7%	+23.4%	-	-	+31.4%	+39.6%	+10.5%	+13.5%	-	-
Vol.4 No.2	933	1988/1	+52.7%	+19.3%	-	-	+46.7%	+39.2%	+15.3%	+12.9%	-	-
Vol.4 No.3	983	1988/2	+55.0%	+22.0%	-	-	+47.9%	+45.3%	+19.1%	+16.6%	-	-
Vol.4 No.4	950	1988/3	+54.9%	+22.3%	-	-	+34.4%	+36.3%	+13.3%	+15.2%	-	-
Vol.5 No.1A	1,523	1988/4	+49.2%	+15.1%	-	-	+25.6%	+33.8%	+5.7%	+8.7%	-	-
Vol.5 No.2	947	1989/1	+38.8%	+18.1%	-	-	+18.6%	+11.1%	+5.6%	+3.2%	-	-
Vol.5 No.3	2,274	1989/2	+41.1%	+16.7%	-	-	+30.8%	+28.2%	+10.4%	+7.9%	-	-
Vol.5 No.4	795	1989/3	+33.5%	+18.3%	-	-	+20.2%	+22.1%	+7.4%	+9.3%	-	-
Vol.6 No.1	1,091	1989/4	+29.9%	+10.5%	-	-	+10.6%	+18.8%	+0.9%	+3.9%	-	-
Vol.6 No.2	1,384	1990/1	+31.4%	+9.9%	-	-	+24.4%	+17.0%	+3.5%	+1.1%	-	-
Vol.6 No.3	1,043	1990/2	+22.3%	+4.8%	-	-	+14.7%	+12.1%	+0.9%	-1.7%	-	-
Vol.6 No.4	1,312	1990/3	+18.2%	+3.5%	-	-	+3.6%	+5.5%	-4.1%	-2.1%	-	-
Vol.7 No.1	1,239	1990/4	-0.5%	-5.1%	-	-	-16.0%	-7.8%	-14.4%	-11.4%	-	-
Vol.7 No.2	984	1991/1	-8.6%	-11.6%	-12.7%	-	+12.3%	+4.9%	-7.6%	-10.0%	-15.0%	-
Vol.7 No.3	1,718	1991/2	-12.5%	-17.3%	-20.0%	-	-5.2%	-7.8%	-11.5%	-14.1%	-20.6%	-
Vol.7 No.4	835	1991/3	-14.8%	-19.9%	-15.0%	-	-1.0%	+0.9%	-17.5%	-15.5%	-15.1%	-
Vol.8 No.1	1,684	1991/4	-7.9%	-15.6%	-20.5%	-	-9.4%	-1.2%	-16.9%	-13.9%	-13.3%	-
Vol.8 No.2	1,359	1992/1	-1.8%	-17.2%	-13.9%	-	+19.5%	+12.0%	-5.5%	-7.9%	-6.8%	-
Vol.8 No.3	1,527	1992/2	-9.2%	-14.6%	-18.7%	-	+4.2%	+1.6%	-5.9%	-8.4%	-11.8%	-
Vol.8 No.4	921	1992/3	-15.9%	-27.8%	-32.7%	-	-6.2%	-4.3%	-17.7%	-15.8%	-24.1%	-
Vol.9 No.1	1,339	1992/4	-9.1%	-15.1%	-21.0%	-	-4.0%	+4.3%	-10.7%	-7.7%	-13.1%	-
Vol.9 No.2	1,021	1993/1	-3.8%	-12.4%	-11.3%	-	+23.5%	+16.0%	+0.7%	-1.7%	-0.8%	-
Vol.9 No.3	1,310	1993/2	+0.9%	-7.9%	-7.4%	-	+19.1%	+16.4%	+4.3%	+1.7%	-0.5%	-
Vol.9 No.4	1,076	1993/3	+8.3%	-1.6%	-7.0%	-	+14.7%	+16.6%	-3.4%	-1.4%	-4.5%	-
Vol.10 No.1	1,295	1993/4	+13.8%	+3.5%	-3.3%	-	+15.1%	+23.4%	-0.2%	+2.8%	+3.3%	-
Vol.10 No.2	861	1994/1	+3.6%	-4.3%	-3.8%	-	+23.0%	+15.5%	-1.1%	-3.5%	+3.7%	-
Vol.10 No.3	2,327	1994/2	+16.2%	+0.8%	-3.3%	-	+18.4%	+15.8%	+1.6%	-0.9%	-2.2%	-
Vol.10 No.4	1,046	1994/3	+20.3%	+7.6%	+0.6%	-	+14.6%	+16.5%	-0.2%	+1.7%	+1.9%	-
Vol.11 No.1B	983	1994/4	+20.6%	+2.1%	+4.1%	-	+17.2%	+25.4%	+3.7%	+6.7%	+2.4%	-
Vol.11 No.2	1,295	1995/1	+18.2%	+3.2%	+1.4%	-	+27.8%	+20.3%	+5.7%	+3.4%	+5.0%	-
Vol.11 No.3	669	1995/2	+18.0%	+3.2%	+1.1%	-	+18.6%	+15.9%	+4.3%	+1.8%	-1.5%	-
Vol.11 No.4	1,047	1995/3	+13.1%	+3.3%	+3.1%	-	+14.0%	+15.9%	-1.9%	+0.1%	-2.1%	-
Vol.12 No.1	700	1995/4	+10.0%	-2.9%	+1.9%	-	+2.6%	+10.8%	-6.7%	-3.7%	-5.2%	-
Vol.12 No.2	1,099	1996/1	+14.2%	+2.5%	+1.0%	-	+20.7%	+13.3%	+1.9%	-0.5%	-2.8%	-
Vol.12 No.3	742	1996/2	+10.5%	+3.9%	+5.1%	-	+16.1%	+13.4%	+3.3%	+0.8%	-2.7%	-
Vol.12 No.4	753	1996/3	+23.1%	+8.9%	+7.2%	-	+24.3%	+26.2%	+5.1%	+7.1%	+6.1%	-
Vol.13 No.1	912	1996/4	+20.4%	+9.8%	+10.9%	-	+17.4%	+25.6%	+4.8%	+7.7%	+7.2%	-
Vol.13 No.2	720	1997/1	+13.6%	+2.0%	+9.9%	-	+27.7%	+20.3%	+8.6%	+6.3%	+7.0%	-
Vol.13 No.3	909	1997/2	+18.0%	+5.3%	+5.2%	-	+22.2%	+19.5%	+7.3%	+4.7%	+2.4%	-
Vol.13 No.4	634	1997/3	+21.5%	+12.1%	+10.7%	-	+24.1%	+26.0%	+3.9%	+5.8%	+3.8%	-
Vol.14 No.1	783	1997/4	+21.1%	+1.7%	+10.4%	-	+12.8%	+21.0%	-0.7%	+2.3%	+3.9%	-
Vol.14 No.2	1,273	1998/1	+19.3%	+3.0%	+12.4%	-	+21.3%	+13.8%	+3.9%	+1.5%	+2.2%	-
Vol.14 No.3	682	1998/2	+9.0%	+5.0%	+5.0%	-	+10.3%	+7.6%	+5.6%	+3.1%	+2.0%	-
Vol.14 No.4	654	1998/3	-2.5%	-0.4%	+4.6%	+10.0%	+3.0%	+4.9%	-2.9%	-1.0%	-8.0%	+0.5%

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		Investment		Sales		Employment		Investment	Prices
			Employment	Prices	U	S	U	S	U	U		
Vol.15 No.1	601	1998/4	+5.9%	+0.5%	+2.8%	+9.3%	-5.0%	+3.2%	-2.9%	+0.1%	-5.7%	+5.6%
Vol.15 No.2	619	1999/1	+6.9%	-2.3%	+3.4%	+15.7%	+20.8%	+13.3%	+4.4%	+2.0%	+1.3%	+14.6%
Vol.15 No.3	507	1999/2	-4.9%	-4.3%	-2.7%	+8.5%	+6.8%	+4.2%	+0.1%	-2.4%	-5.0%	+4.8%
Vol.15 No.4	1 121	1999/3	+9.2%	-2.0%	+2.5%	+13.7%	+11.4%	+13.3%	-0.7%	+1.3%	+0.1%	+5.8%
Vol.16 No.1	812	1999/4	+9.3%	-4.2%	+1.8%	+16.0%	+6.4%	+14.6%	-2.5%	+0.5%	+1.9%	+15.2%
Vol.16 No.2	866	2000/1	+9.6%	-2.6%	+2.2%	+16.9%	+22.6%	+15.1%	+5.4%	+3.0%	+2.8%	+14.0%
Vol.16 No.3	758	2000/2	+2.1%	+0.5%	-1.5%	+17.0%	+11.7%	+9.0%	+3.0%	+0.5%	-1.2%	+9.2%
Vol.16 No.4	803	2000/3	+5.0%	-5.0%	+3.1%	+15.3%	+6.3%	+8.2%	-2.7%	-0.7%	-0.7%	+12.4%
Vol.17 No.1	726	2000/4	+8.6%	-0.5%	+4.3%	+16.7%	+3.7%	+11.9%	+0.5%	+3.4%	+3.7%	+16.3%
Vol.17 No.2	856	2001/1	+3.2%	-3.3%	+1.9%	+18.7%	+12.1%	+4.6%	+1.7%	-0.7%	-2.8%	+16.2%
Vol.17 No.3	720	2001/2	+4.9%	-1.4%	+3.1%	+22.4%	+9.5%	+6.8%	+1.2%	-1.3%	-2.2%	+14.2%
Vol.17 No.4	705	2001/3	+5.3%	+0.3%	+3.9%	+18.2%	+3.7%	+5.6%	-2.9%	-0.9%	-5.4%	+6.2%
Vol.18 No.1	654	2001/4	+2.5%	-4.2%	-3.0%	+13.6%	-2.3%	+5.9%	-2.0%	+1.0%	-7.1%	+10.0%
Vol.18 No.2 old	675	2002/1	+5.4%	-2.7%	-2.7%	+14.6%	+20.0%	+12.6%	+5.8%	+3.4%	+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%

Because the balances referring to the expected sales turnover and employment in the next quarter had a pronounced seasonal trend we constructed seasonally-adjusted figures for these balances. These are listed in Appendix Table A.1 above. The breakdowns by size, sector and region are not seasonally adjusted, neither are the figures in Table 1.1.

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 are weighted to the sectoral distribution of employment in firms with under 50 employees according to DTI statistics.

Key: U – Unadjusted, S – Seasonally adjusted

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%	3,056
1985/1	3.8%	19.4%	-	4.4%	15.9%	14.5%	10.0%	15.7%	3.4%	1.3%	-	-	-	9.5%	1.5%	1,795
1985/2	5.0%	22.1%	-	4.3%	16.1%	14.3%	10.8%	12.5%	2.4%	1.3%	-	-	-	9.1%	1.5%	1,181
1985/3	2.0%	23.6%	-	4.9%	12.8%	13.8%	11.2%	13.1%	3.7%	1.9%	-	-	-	8.6%	3.8%	1,090
1985/4	2.2%	24.0%	-	5.6%	16.6%	15.7%	11.0%	10.2%	2.0%	0.9%	-	-	-	9.2%	2.0%	1,072
1986/1	3.0%	21.4%	-	7.2%	17.1%	14.4%	11.7%	9.6%	2.0%	1.8%	-	-	-	9.9%	1.3%	1,326
1986/2	1.7%	29.9%	-	7.3%	16.3%	12.6%	9.1%	9.9%	2.2%	1.2%	-	-	-	9.4%	0.6%	1,052
1986/3	0.9%	21.3%	-	7.3%	16.6%	17.0%	11.5%	7.3%	1.4%	0.9%	-	-	-	13.7%	2.0%	1,285
1986/4	1.1%	25.0%	-	7.2%	17.7%	14.7%	11.8%	6.8%	1.3%	1.3%	-	-	-	10.0%	3.1%	1,435
1987/1	0.9%	26.4%	-	8.0%	16.0%	13.0%	12.0%	7.4%	1.6%	1.3%	-	-	-	9.1%	4.2%	1,166
1987/2	1.0%	23.7%	-	9.6%	17.7%	12.0%	10.7%	7.6%	2.6%	1.5%	-	-	-	10.3%	3.3%	1,746
1987/3	1.1%	20.3%	-	11.8%	17.9%	12.9%	11.5%	6.6%	1.9%	2.2%	-	-	-	10.5%	3.5%	1,113
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%	1,042
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%	1,523
1989/2	6.3%	28.4%	-	14.0%	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%	2,274
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%	1,091
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%	8.2%	1.4%	1,384
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%	1,043
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%	1,250
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%	1,239
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%	6.7%	1.5%	1,718
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%	1,684
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%	1,359
1992/3	1.6%	7.6%	3.9%	2.9%	5.1%	43.3%	2.1%	8.1%	0.3%	1.0%	0.8%	13.5%	3.0%	5.9%	0.8%	1,527
1992/4	1.0%	8.8%	3.6%	1.6%	6.0%	44.3%	4.0%	8.0%	0.5%	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%	1,339
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%	1,021
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%	1,310
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%	1,076
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%	1,295
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%	6.4%	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%	2,327
1994/4	1.1%	1.2%	4.7%	4.8%	6.4%	35.7%	6.3%	10.4%	0.1%	1.1%	1.6%	12.9%	3.8%	7.6%	2.5%	1,046
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%	3.8%	3.4%	5.1%	6.9%	36.7%	6.1%	8.0%	0.6%	0.9%	2.7%	12.2%	3.8%	9.4%	1.0%	1,295
1995/3	1.1%	2.0%	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%	669
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%	1,047



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/ 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%	10.3%	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%	9.6%	0.8%	0.1%	2.6%	9.7%	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%	2.1%	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%	1.1%	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%	720
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 employees/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%	10%	14%	8%	7%	8%	3%	12%	1%	1,168
2002/3	13%	7%	7%	4%	1%	0%	1%	11%	16%	11%	6%	9%	2%	11%	1%	1,078
2002/4	16%	7%	7%	4%	1%	1%	1%	9%	15%	10%	6%	9%	2%	8%	2%	1,074
2003/1	20%	8%	9%	4%	0%	1%	1%	9%	14%	6%	7%	8%	2%	9%	1%	922
2003/2	21%	8%	7%	4%	1%	1%	1%	11%	10%	9%	6%	9%	2%	8%	2%	851
2003/3	18%	9%	6%	3%	1%	1%	1%	6%	15%	9%	9%	10%	2%	7%	2%	784
2003/4	13%	9%	8%	3%	1%	1%	0%	7%	18%	8%	8%	8%	3%	9%	2%	687
2004/1	11%	8%	9%	3%	1%	1%	2%	11%	15%	7%	9%	8%	3%	8%	1%	808
2004/2	9%	8%	8%	4%	2%	1%	1%	8%	20%	9%	8%	9%	3%	8%	1%	739
2004/3	10%	9%	8%	4%	2%	3%	1%	10%	13%	10%	7%	9%	3%	7%	1%	623
2004/4	11%	8%	7%	3%	2%	1%	1%	8%	20%	10%	8%	8%	4%	8%	1%	711
2005/1	9%	9%	8%	5%	1%	2%	1%	7%	18%	10%	11%	9%	2%	5%	1%	652
2005/2	13%	9%	8%	3%	1%	1%	1%	8%	22%	8%	7%	8%	3%	5%	2%	675
2005/3	16%	10%	6%	5%	0%	2%	1%	8%	20%	6%	5%	7%	1%	6%	3%	670
2005/4	20%	8%	6%	4%	3%	1%	1%	8%	15%	10%	9%	7%	1%	5%	2%	620
2006/1	18%	9%	7%	4%	3%	1%	1%	9%	20%	9%	7%	6%	2%	4%	1%	641
2006/2	18%	9%	6%	2%	4%	2%	0%	9%	22%	7%	8%	10%	3%	6%	1%	638
2006/3	12%	9%	7%	2%	2%	1%	1%	9%	21%	7%	10%	9%	2%	4%	2%	547
2006/4	10%	9%	8%	3%	3%	1%	1%	7%	25%	7%	8%	7%	2%	7%	2%	538
2007/1	9%	9%	8%	3%	3%	2%	2%	9%	22%	7%	8%	7%	2%	5%	4%	526
2007/2	11%	7%	9%	4%	2%	1%	2%	6%	23%	8%	7%	7%	2%	6%	2%	528
2007/3	10%	8%	9%	3%	3%	4%	1%	7%	15%	8%	7%	9%	5%	7%	2%	629
2007/4	15%	8%	9%	2%	4%	1%	2%	5%	17%	8%	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

# Quarterly Survey 2010Q3

The Open University Business School, Michael Young Building, Walton Hall, Milton Keynes, MK7 6AA

Please circle the appropriate numbers 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.

**1a** Employment: Including yourself, how many people work in the business including both full and part-time workers?

**1b** If your business is not a limited company, how many of these people are self-employed proprietors or partners?

**2a** How many years have you been running a business?

**2b** How many years has your present business been trading?

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

**4** 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)?

**5** During the recent recession, which of the following strategies did you find most effective in dealing with its effects?

- Reduce number of employees
- Cut personal drawings/salary
- Cut marketing/promotion
- Increase marketing/promotion
- Cut research and development
- Invest in IT to reduce staff/other costs
- Reduce cost of premises/other overheads
- Try to speed up late payments
- Withdraw from marginal/non-profitable business
- Move into new markets/business areas
- Staff pay cut/freeze
- None of these

**6** In which of the following ranges is your firm's annual turnover (excluding VAT):

- Less than £50,000
- £100,000-£249,999
- £500,000-£999,999
- Over £5.6m
- £50,000-£99,999
- £250,000-£499,999
- £1m-£5.6m

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 2009.

**7a** Was your sales turnover in April to June 2010 compared with April to June 2009:  Up  Same  Down

**7b** Was your average employment (Apr-Jun 2010 vs Apr-Jun 2009):  Up  Same  Down

**7c** Was your investment in plant, equipment and premises (Apr-Jun 2010 vs Apr-Jun 2009):  Up  Same  Down

**7d** Were your average selling prices (Apr-Jun 2010 vs Apr-Jun 2009):  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.

**8a** Expected sales turnover in July to September 2010 compared with April to June 2010:  Up  Same  Down

**8b** Expected average employment (Jul-Sep 2010 vs Apr-Jun 2010):  Up  Same  Down

**8c** Expected investment in plant, equipment and premises (Jul-Sep 2010 vs Apr-Jun 2010):  Up  Same  Down

**8d** Expected average selling prices (Jul-Sep 2010 vs Apr-Jun 2010):  Up  Same  Down

**9** 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 _____)                   |     |

**10** Please indicate the sex of the owner(s) of the business:

- Male
- Female
- Joint Male/Female ownership

**11** Please enter your Business Postcode:

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

Thank you for completing this confidential survey questionnaire.  
Please now click on the SUBMIT button below

