

NatWest SBRT Quarterly Survey of Small Business in Britain



Sponsored by NatWest



Researched and Published
by The Small Business
Research Trust



Acknowledgements

The Small Business Research Trust thanks all responding firms for their time and effort in completing the questionnaire for this survey. The SBRT volunteer database is recruited from a wide range of sources including small business representative bodies and providers of small business development and training. **The SBRT would welcome additions to the sample from other businesses and organisations.**

It should be noted that the SBRT survey is not a panel, nor is it fully random among the total membership of the bodies mentioned above.

The Small Business Research Trust acknowledges the help provided by Bannock Consulting in designing the survey, processing data and analysing the results. The academic and administrative support provided by the Open University Business School is also very much appreciated. The SBRT is also particularly pleased to acknowledge the generous support provided by NatWest in sponsoring the research, analysis and publication of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of NatWest.

Highlights

Economic signals from this survey, as in the economy as a whole, remain mixed. Firms in certain sectors are more positive than they were, but others are less so. Low turnover remains the biggest single problem and yet an increasing number of firms complain of a shortage of skilled employees. Most small firms in this survey have a computer, almost three-quarters use Internet e-mail and over one-half have a web-site. However, very few accept orders and payment on-line and a majority of small business web-sites have not been updated within the past month.

- Overall, more of Britain's small firms than in the previous survey have increased their **turnover**. **Retailers** have had most success, but **manufacturers** are less positive than in the previous survey and a balance of **hotels & restaurants** and **agricultural** firms have seen sales fall.
- The balance of small firms **expecting** an increase in **sales** in the current quarter has fallen by less than usual at this time of year, indicating a modest recovery in **underlying confidence**.
- Despite poor recent performance, small **manufacturers** are a little more optimistic than they were about their **sales prospects**, though not about **employment**.
- **Hotels & restaurants** are hoping for some recovery after the impact of **foot and mouth** disease, but **wholesalers** are particularly pessimistic.
- The **smallest** firms have seen most improvement compared with the previous survey in the balance increasing sales over the past year, narrowing the gap between themselves and the medium-sized firms.
- In most sectors, with the notable exception of **manufacturing**, fewer firms report cutting **jobs** than in the previous survey.
- The balance of firms which raised their **average selling prices** over the past year is at its highest level for three years, but fewer firms expect to raise prices in the third quarter of 2001.
- **Low turnover** remains overall the biggest problem for small businesses, followed by **government regulations**.
- The proportions reporting that their most important problem is a **shortage of skilled/trained employees** or the **total tax burden** are at their highest levels in over a decade.
- This survey has tracked the spread of **computers** in business, from little more than one-third of small firms in 1985 to approaching 90 per cent now.
- The growth in the use of **Internet e-mail** has been even more rapid - from only 14 per cent of small firms five years ago to three-quarters now.
- And despite the bursting of the 'dot.com' bubble, the proportion of small businesses with a **web-site** has doubled over the past two and a half years.
- Only 7 per cent of small firms currently have a web-site which allows customers to **order and pay** on-line. However, the same proportion intend to offer these facilities within a year.
- Only 3 per cent of those with a web-site say that it was **updated** within the past day. Over 13 per cent say that their site was last updated over a year ago.



Index

Acknowledgements	1
Highlights	2
Survey Details	4
Actual Performance	5
Expectations	8
Expectations: Comparison Across Size Bands	10
Expectations: Comparison Across Business Sectors	12
Expectations: Comparison Across Regions	13
Problems	14
IT and the Internet	17
Appendix	23
Special Topics	23
Performance Tables	25

Survey Details

Respondents were asked to indicate whether their sales turnover, average employment, investment and selling prices were up, down or the same in the quarter most recently ended (April, May, June 2001) compared with the same quarter a year earlier, and also to indicate what they expect for the current quarter (July, August, September 2001) compared with the second quarter of 2001. The first of the responses to the two sets of questions is shown in Table 1.1 as the "Actual Change on Year" and the second as "Expected Change on Previous Quarter".

Following the well-established practice of the CBI in its **Industrial Trends Survey**, a summary statistic, the **balance**, is used to monitor these changes, although the full results are also shown in the tables. The balance is the percentage of respondents replying 'up' minus the percentage replying 'down' (we ignore, for this purpose, the percentage replying 'same'). Appendix Table A.1 on page 25 gives the percentage balances for both actual and expected changes since this survey began in the third quarter of 1984.

From 1989 the results of questions on performance, expectations and problems were split by industrial sector and re-weighted according to the sectoral distribution of all VAT registered businesses. Figures

from 1995 onwards have been weighted using DTI estimates of total employment by firms with fewer than 50 employees. In this survey newly available weights for 2000 onwards are used and so figures may differ slightly from those published in earlier issues. The aim of the weighting is to ensure that the results are as representative as possible of the business population in Britain. Please note, however, that other breakdowns by industrial sector, region and firm size and the tables in the special topic section use unweighted data and are not seasonally adjusted.

This survey (the 68th in the series) was mailed out on 16th July 2001 to 1,790 small firms who are members of the SBRT Volunteer database. By the cut-off date of 13th August, a total of 720 completed questionnaires (40 per cent) had been received.

In addition, a further 10 electronic versions of the questionnaires were received by e-mail from respondents who had indicated a preference for completing the survey in this way. They represent the start of the SBRT's programme to increase its use of electronic survey methods and to enhance the composition of the Volunteer database.

Survey Details



Actual Performance

There has been a modest improvement in small firms' performance, particularly for small retailers. The very smallest firms have not been suffering quite as badly in recent months as over the past few years. The proportion of small firms which have increased prices continued to rise to a new high in the second quarter of 2001.

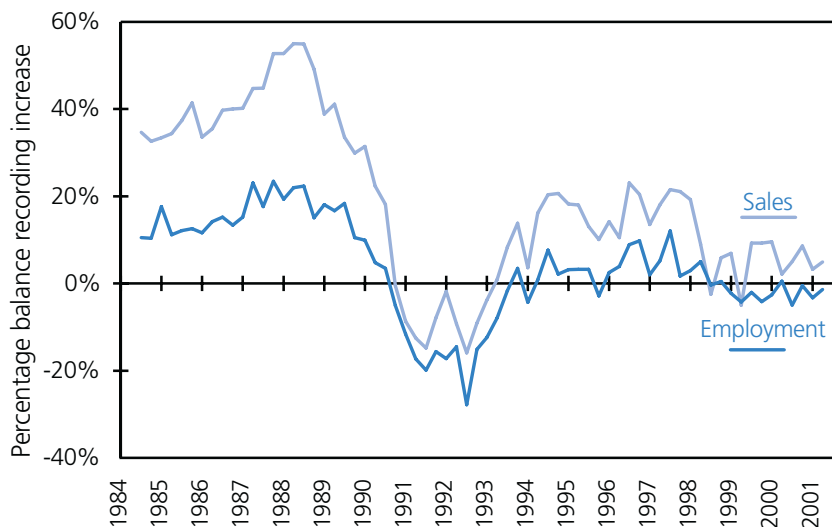
Sales turnover experience

Economic conditions remain mixed for Britain's small firms.

Our previous survey, published in June, noted that fewer of Britain's small firms reported a positive sales performance. Also, they were less optimistic about their sales turnover prospects for the second quarter of 2001 than they had been for the second quarter of any year since this survey began. This was followed in late July by official figures showing that the annual UK GDP growth rate did indeed fall sharply in the second quarter, from 2.7 to 2.1 per cent, and in early August by the decision by the Bank of England to cut interest rates to 5%.

In this survey, however, slightly more of Britain's small firms report increased turnover over the past year (Chart 1.1 and Table 1.1). Retail is the most positive sector, in line with official figures (published after questionnaires for this survey were completed) showing robust retail sales growth in July. Small manufacturers, though, are less positive than they were, reflecting the fact that the manufacturing sector is now officially in recession. However, those small manufacturers reporting an increase in turnover still outnumber those reporting a fall, unlike in agriculture and hotels & restaurants, where the effects of the foot and mouth crisis are still being felt.

Chart 1.1: Percentage balance for the actual change in sales and employment on year



There has been some rare cheer for the smallest firms taking part in the survey (those with a turnover of under £50,000). Chart 1.2 shows that the balance of these firms reporting that their sales have risen over the past year is up from -14.4 per cent to -0.8 per cent - the biggest improvement for these firms since this survey began. Those which report rising sales are still just outnumbered by those reporting a fall, unlike the medium-sized firms (those with a turnover of £750,000 or more) who have, on balance, seen their sales rise. However, the gap between the two groups has narrowed to the smallest in two years.

Employment experience

The most recently published official figures continue to show a fall in unemployment - though they also show a levelling off in the employment rate. However, jobs in manufacturing have been cut sharply over the past year.

This is reflected in this survey, where the small manufacturing firms which cut employment over the past year outnumber those which increased it by 10.9

percentage points. Those in retail, hotels & restaurants and construction also, on balance, cut employment over the year.

The medium-sized firms taking part in this survey have, on balance, increased over the past year the number of people that they employ while the smallest have cut employment. Overall, the balance is slightly improved on the previous survey, but remains negative.

Actual selling prices

UK annual underlying inflation showed a surprise rise to 2.4 per cent in May 2001 and stayed at that rate in June (though it has since slipped back to 2.2 per cent). This survey suggests that small firms played a part in this, as the balance reporting that their average selling prices in the second quarter of 2001 were higher than a year earlier is up to its highest level in the three years that this question has been asked. Most tellingly, the balance for retailers, which had been well below that for other sectors, has jumped to +17.5 per cent.

Chart 1.2: Percentage balance for the actual change in sales on year - for medium-sized firms (turnover greater than £750,000) and small firms (turnover below £50,000)

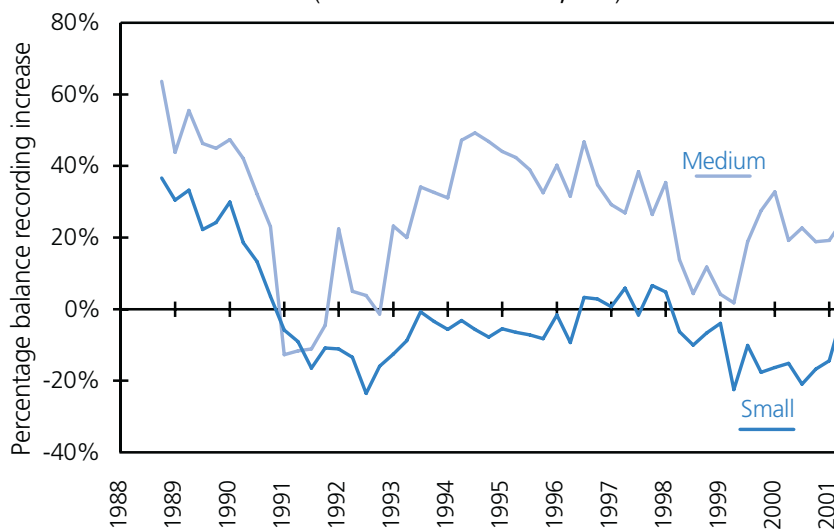




Table 1.1: Change and expected change in sales, employment, investment and selling prices

	Actual Change on Year				Expected Change on Previous Quarter			
	2000/3 on 1999/3	2000/4 on 1999/4	2001/1 on 2000/1	2001/2 on 2000/2	2000/4	2001/1	2001/2	2001/3
	65	66	67	68	65	66	67	68
Survey No	65	66	67	68	65	66	67	68
	SALES				SALES			
Up	39.2%	41.7%	37.8%	39.8%	34.0%	33.1%	39.2%	35.6%
Down	34.2%	33.1%	34.6%	34.8%	27.7%	29.4%	27.1%	26.1%
Same	26.0%	23.0%	26.2%	24.3%	36.6%	35.7%	31.9%	37.1%
No Response	0.5%	2.2%	1.5%	1.1%	1.7%	1.8%	1.8%	1.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	+5.0%	+8.6%	+3.2%	+4.9%	+6.3%	+3.7%	+12.1%	+9.5%
	EMPLOYMENT				EMPLOYMENT			
Up	15.9%	17.2%	16.4%	16.9%	10.5%	10.4%	13.1%	13.9%
Down	20.9%	17.6%	19.7%	18.3%	13.2%	10.0%	11.4%	12.6%
Same	61.2%	61.8%	61.4%	62.8%	73.2%	76.2%	72.2%	70.9%
No Response	2.1%	3.4%	2.6%	1.9%	3.2%	3.4%	3.4%	2.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	-5.0%	-0.5%	-3.3%	-1.4%	-2.7%	+0.5%	+1.7%	+1.2%
	INVESTMENT				INVESTMENT			
Up	22.7%	22.4%	20.6%	21.6%	17.2%	19.6%	16.3%	15.7%
Down	19.6%	18.1%	18.8%	18.5%	17.9%	15.8%	19.1%	17.8%
Same	54.9%	55.9%	57.2%	57.4%	60.4%	60.9%	60.0%	63.2%
No Response	2.9%	3.6%	3.4%	2.6%	4.4%	3.7%	4.6%	3.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	+3.1%	+4.3%	+1.9%	+3.1%	-0.7%	+3.7%	-2.8%	-2.2%
	SELLING PRICES				SELLING PRICES			
Up	28.3%	29.3%	29.6%	32.9%	21.7%	25.3%	25.4%	23.2%
Down	13.0%	12.6%	10.9%	10.5%	9.3%	9.0%	9.3%	9.0%
Same	56.6%	54.9%	56.6%	54.5%	65.8%	62.2%	61.5%	65.4%
No Response	2.0%	3.1%	2.9%	2.0%	3.1%	3.5%	3.9%	2.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	+15.3%	+16.7%	+18.7%	+22.4%	+12.4%	+16.3%	+16.2%	+14.2%
Base	803	726	856	720	803	726	856	720

Expectations

Britain's small firms are only a little less optimistic about their sales prospects for the third quarter than they were about the second. When seasonally adjusted, this indicates a slight recovery in underlying confidence. Hotels & restaurants in particular are hoping for an improvement, while wholesalers remain pessimistic.

Sales expectations

There seems to have been a modest recovery in underlying confidence about sales prospects.

Chart 2.1 and Table 1.1 on page 7 show that the balance of Britain's small firms which expect their sales to be higher in the current quarter than in the previous quarter is down a little. However, the balance normally falls more sharply than this for the third quarter of any year. This means that when seasonally adjusted (Chart 2.2), the balance shows a modest rise, suggesting a recovery in underlying confidence, which fell sharply in the previous survey.

Employment expectations

Small firms' optimism about employment prospects within their firms is down slightly on both an unadjusted and seasonally adjusted basis.

Those small firms which expect to recruit extra employees during the third quarter exceed those which expect to shed jobs by just 1.2 percentage points. Recruitment levels in these firms are normally higher in the summer months and when seasonally adjusted the balance is negative, at -1.3 per cent.

Chart 2.1: Percentage balance for the expected change in sales and employment over previous quarter (not seasonally adjusted)

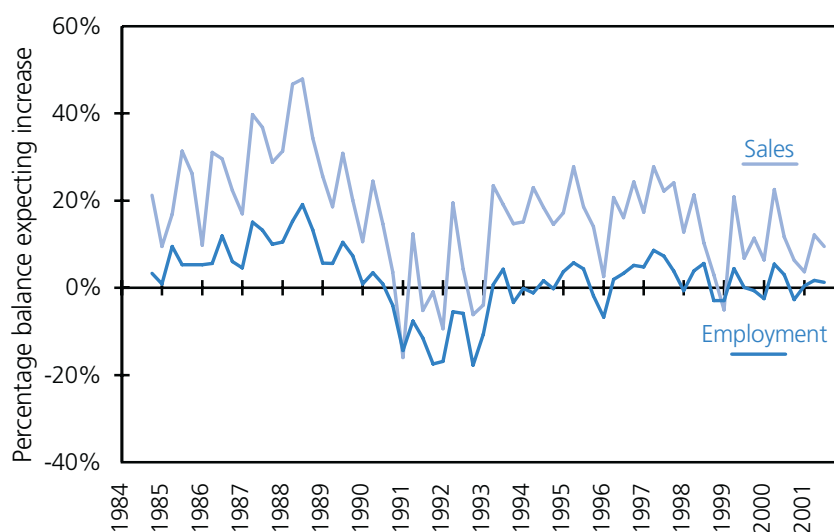
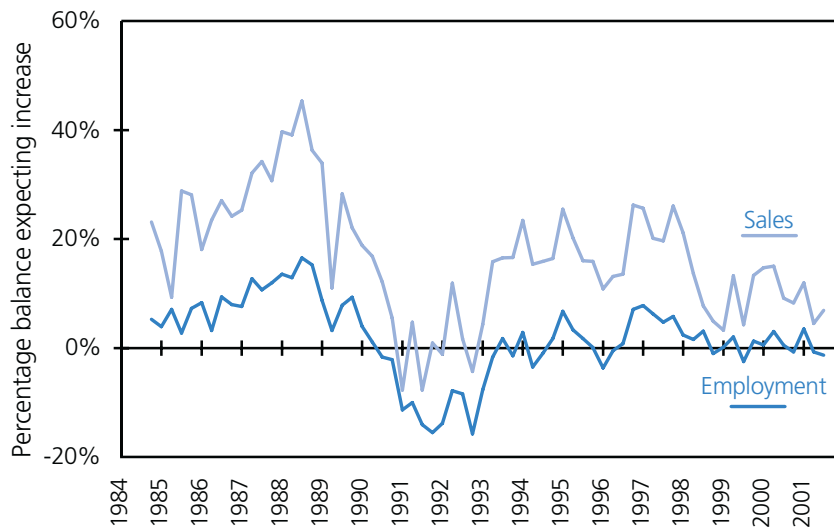


Chart 2.2: Percentage balance for the expected change in sales and employment over previous quarter (seasonally adjusted)



Investment expectations

Investment intentions among small firms remain subdued. More expect to cut investment than increase it in the third quarter of this year.

Price expectations

After peaking in the past two surveys, the proportion of small firms expecting to increase their average selling prices during the current quarter is a little down.

The most recent Retail Prices Index, published after questionnaires for this survey were completed, also showed a dip in the underlying rate of inflation for July.

The investment balance does not appear to demonstrate a pronounced seasonal trend and the question on selling prices has only been asked for the past three years. Thus neither of these series is seasonally adjusted.



Expectations: Comparison Across Size Bands

Table 2.1: Expected change in sales and employment by turnover size band (current survey compared with previous surveys, percentage balances)

Turnover Size Band	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (this survey)
	Survey Number				Survey Number				
	65	66	67	68	65	66	67	68	
Less than £20,000	-16.7%	+5.6%	-9.1%	-2.2%	-14.6%	+1.9%	+0.0%	-4.4%	45
£20,000 - 49,999	-4.0%	+2.4%	-1.1%	+0.0%	-7.0%	+0.0%	-4.4%	-5.3%	76
£50,000 - 149,999	-2.6%	+0.0%	+9.9%	+6.9%	-4.7%	-3.2%	-2.2%	-0.6%	159
£150,000 - 349,999	+11.3%	+6.2%	+9.9%	+11.6%	-4.4%	+2.1%	+0.0%	-3.1%	129
£350,000 - 749,999	+22.9%	+9.3%	+24.0%	+13.2%	+3.7%	+5.6%	+4.8%	+7.0%	114
£750,000 - 1,499,999	+15.3%	-2.5%	+8.3%	-1.3%	+4.1%	-3.7%	+0.9%	-5.0%	80
£1,500,000 and over	+17.2%	+34.8%	+23.8%	+25.7%	+5.7%	+16.9%	+16.2%	+8.6%	105
Total	+6.7%	+7.2%	+11.4%	+9.4%	-2.2%	+2.2%	+2.2%	+0.6%	720

As with actual experience over the past year, the smallest firms are less pessimistic than they were, yet still expect, on balance, their sales to fall during the third quarter of 2001.

Chart 2.3 shows that generally, the larger the firm, the more optimistic. An intriguing anomaly is the group of firms with a turnover between three-quarters and one

and a half million pounds which have for the past two years been less optimistic than those in the two adjacent size bands. This survey is no different and in fact this time these firms, on balance, expect their sales to fall. There seems to be no obvious difference in the sectoral or regional composition of the sample of these firms to explain their relative pessimism.

Chart 2.3: Percentage balance for the expected change in sales - by firm size (turnover size band)

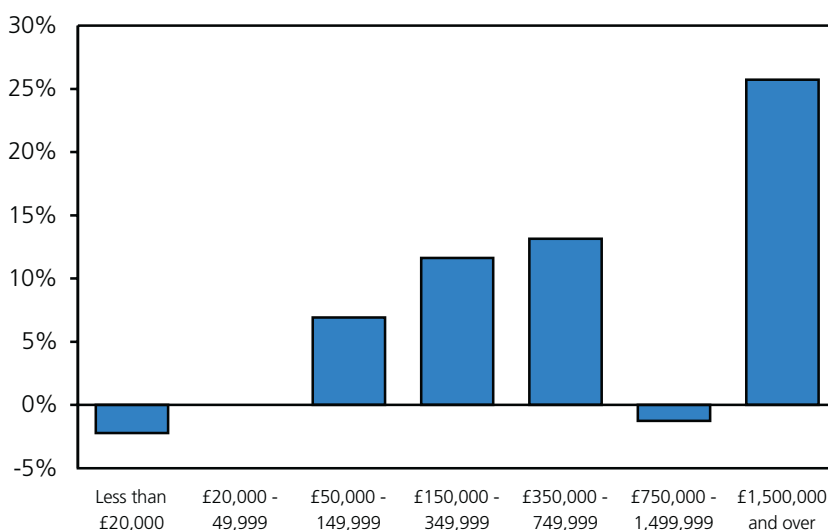




Chart 2.4: Percentage balance for the expected change in sales
- by firm size (employees, not counting proprietors/partners)

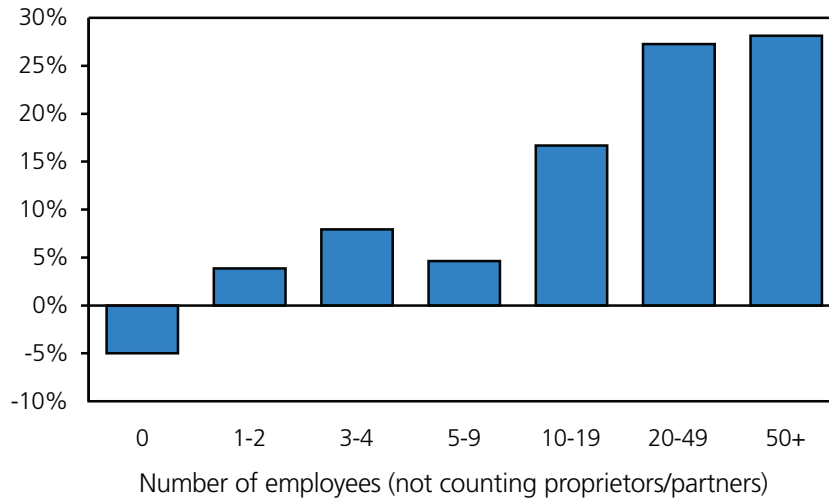


Chart 2.4 and Table 2.2 show a similar picture when the balances are analysed by employment size band.

Generally, the larger the firm, the more optimistic they are about their sales prospects.

Table 2.2: Expected change in sales and employment by employee size band¹
(current survey compared with previous surveys, percentage balances)

Number of employees (not including proprietor/partners)	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (this survey)
	Survey Number				Survey Number				
	65	66	67	68	65	66	67	68	
0	-0.8%	-2.5%	-6.6%	-5.0%	-4.7%	-0.8%	-5.0%	-6.0%	100
1-2	-6.6%	+6.1%	-1.1%	+3.8%	-7.2%	-0.7%	-2.3%	-1.3%	156
3-4	+6.6%	+7.4%	+13.9%	+7.9%	-9.8%	+0.0%	+2.6%	-2.0%	101
5-9	+3.5%	+10.5%	+15.5%	+4.6%	+0.0%	+4.2%	+0.6%	-0.8%	130
10-19	+23.0%	+4.2%	+27.0%	+16.7%	+5.3%	+2.1%	+7.3%	+5.9%	102
20-49	+18.2%	+12.8%	+21.4%	+27.3%	+2.0%	+5.3%	+12.6%	+10.1%	99
50+	+29.0%	+27.6%	+19.4%	+28.1%	+12.9%	+17.2%	+5.6%	-3.1%	32
Total	+6.7%	+7.2%	+11.4%	+9.4%	-2.2%	+2.2%	+2.2%	+0.6%	720

¹ Those firms with no employees other than proprietors or partners who expect a reduction in employment are generally believed to be referring to a change in the number of hours worked, rather than necessarily an intention to close the business.

Expectations: Comparison Across Business Sectors

Table 2.3: Expected change in sales and employment by business sector
(current survey compared with previous surveys, percentage balances)

Business Sector	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (this survey)
	Survey Number				Survey Number				
	65	66	67	68	65	66	67	68	
Agriculture, Forestry, Fisheries	-4.8%	+5.9%	-3.8%	-25.0%	-9.5%	+0.0%	+0.0%	-5.0%	20
Manufacturing, Mining, Processing	+10.0%	+21.5%	+10.3%	+12.1%	-3.1%	+4.2%	+1.1%	-1.2%	165
Transport	+33.3%	-10.5%	+28.6%	-26.7%	+5.6%	-5.3%	-9.5%	-13.3%	15
Construction	+2.4%	-6.1%	+22.1%	+20.8%	-4.9%	+6.1%	+4.7%	+1.9%	53
Wholesale	+3.6%	+7.3%	+3.0%	-7.6%	-7.1%	+1.8%	-1.5%	-10.6%	66
Retail Trade	+6.3%	-8.0%	-0.9%	+12.6%	-8.9%	+1.8%	-2.8%	-3.9%	103
Hotels & Restaurants	-6.1%	-51.4%	+14.5%	+30.3%	+0.0%	-34.3%	+5.5%	+12.1%	33
Business Services	+10.3%	+12.6%	+14.7%	+9.5%	+5.1%	+9.9%	+7.1%	+5.0%	179
Other Services	+3.3%	+23.3%	+14.8%	+12.8%	-5.5%	-1.9%	+0.0%	+7.0%	86
Total	+6.7%	+7.2%	+11.4%	+9.4%	-2.2%	+2.2%	+2.2%	+0.6%	720

UK manufacturing is officially in recession and fewer of the small manufacturers in this survey than in the previous have reported an increase in their sales over the past year. Despite this, manufacturing is one of the few sectors where small firms are a little more optimistic about their sales prospects for the third quarter of 2001 than they were about the second. The improved sentiment, however, is not expected to be enough to persuade small manufacturers to recruit more employees. Those expecting to cut employment during the third quarter outnumber those expecting to increase the number they employ.

Retailers are much more optimistic about the third quarter of this year than they were about the second, which is unusual. However, this seems to be because retail sales expectations were particularly depressed in the previous survey. The balance in this survey is actually lower than at this time in the past two years. Retailers still expect to cut employment during the third quarter.

Small firms in the hotels & restaurants sector are the most positive about their sales and employment prospects for the third quarter compared with the second. Firms in this sector have, along with those in agriculture, been particularly hard hit by the foot & mouth crisis and these relatively high balances may suggest that they are hoping to see some sort of a recovery in their business now that more areas of the country are again opening to tourism.

The balance of wholesalers expecting an increase in sales during the third quarter is always lower than that for the second quarter. However, this year optimism among wholesalers was already very low in the second quarter. Those wholesalers which expect to sell less during the third quarter than during the second quarter now outnumber those which expect to increase sales. The balance has been lower than this at this time of year only once before, in 1991, in the depths of recession. Employment prospects within small wholesalers have never been bleaker than they are now.



Expectations: Comparison Across Regions

Small businesses in a band across the middle of Britain - in the North West, the East and West Midlands and East Anglia - are more optimistic about their sales prospects for the third quarter than they were about the second. Firms in all other regions are, on balance, less positive than they were. Those to the north in particular have become less confident. Those in Yorkshire &

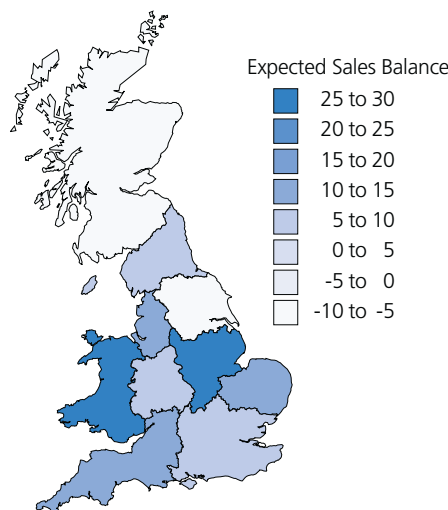
Humberside and Scotland now expect, on balance, their sales to fall.

Firms in the East Midlands are now most optimistic about their sales prospects, but do not expect this to feed through to jobs, with a balance expecting to cut the number they employ.

Table 2.4: Expected change in sales and employment by UK standard region (current survey compared with previous surveys, percentage balances)

Region	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (this survey)
	Survey Number				Survey Number				
	65	66	67	68	65	66	67	68	
North	+3.3%	-4.5%	+20.7%	+5.0%	-20.0%	-9.1%	+17.2%	+5.0%	20
Yorkshire & Humberside	+0.0%	+4.2%	+23.1%	-6.5%	-5.5%	+4.2%	+7.7%	-2.2%	46
North West	+1.5%	+0.0%	+8.6%	+13.3%	-1.5%	+7.7%	-4.3%	+6.7%	60
East Midlands	+17.2%	+7.8%	+17.4%	+26.4%	-6.3%	+0.0%	+1.4%	-5.7%	53
West Midlands	+1.5%	+15.3%	+1.4%	+6.7%	-15.2%	+0.0%	-1.4%	-5.0%	60
East Anglia	+17.6%	+25.5%	+4.8%	+10.2%	+5.9%	+4.3%	+6.5%	+8.2%	49
South East	+10.9%	+12.4%	+9.2%	+7.8%	+4.0%	+3.7%	+3.9%	+1.5%	270
South West	-2.3%	+1.4%	+16.5%	+11.8%	-3.5%	+1.4%	+3.3%	+5.3%	76
Wales	+12.1%	+16.7%	+26.3%	+25.0%	+3.0%	+0.0%	-5.3%	+0.0%	36
Scotland	-6.5%	-45.9%	+8.2%	-7.7%	-8.1%	-13.5%	+0.0%	-15.4%	39
Total	+6.7%	+7.2%	+11.4%	+9.4%	-2.2%	+2.2%	+2.2%	+0.6%	720

Chart 2.5: Percentage balance for the expected change in sales - by region



Problems

Low turnover remains the most common small business problem, but with the labour market remaining tight a lack of skilled employees is an increasing problem. The tax burden is also increasingly an issue. Foot and mouth disease remains almost as big a problem as it was in our last survey.

Table 3.1: Most important problem
(current survey compared with previous surveys)

Problem	Survey Number							
	65		66		67		68	
Low Turnover/Lack of Business	27.4%	(1)	31.4%	(1)	27.2%	(1)	30.0%	(1)
Gov't Regulations & Paperwork	15.7%	(2)	14.4%	(2)	15.4%	(2)	13.8%	(2)
Lack of Skilled/Trained Employees	7.9%	(4)	11.1%	(3)	10.8%	(3)	13.5%	(3)
Total Tax Burden	7.2%	(5)	6.7%	(5)	7.9%	(4)	9.6%	(4)
Cashflow/Payments/Debtors	10.2%	(3)	9.2%	(4)	7.0%	(5)	7.3%	(5)
Competition from Big Business	6.9%	(6)	6.3%	(6)	5.9%	(6)	6.4%	(6)
Premises/Rent/Rates	4.1%	(7)	2.8%	(7)	3.2%	(7)	3.1%	(7)
Internal Management Difficulties	1.4%	(9)	1.9%	(9)	2.6%	(9)	1.2%	(8)
High Rates of Pay	0.8%	(11)	0.8%	(10)	2.7%	(8)	0.8%	(9)
Access to Finance	1.6%	(8)	2.0%	(8)	1.3%	(10)	0.7%	(10)
Shortages of Materials, Supplies, etc.	0.9%	(10)	0.3%	(12)	0.4%	(12)	0.4%	(11)
Inflation	0.4%	(13)	0.1%	(13)	0.2%	(13)	0.0%	(12)
Interest Rates	0.7%	(12)	0.4%	(11)	0.8%	(11)	0.0%	(12)
Other	14.3%		10.9%		13.7%		12.8%	
No response	0.4%		1.8%		1.0%		0.5%	
Base	803		726		856		720	

Notes: All figures shown in this table are weighted to the sectoral distribution of small firm employment. Number in brackets refers to the problem's ranking each quarter.

Respondents were asked to select, from a list of thirteen, the most important problem facing their business on that day. Every firm faces many problems, but we focus in this question on the single most important problem at the time.

Low turnover/lack of business has been the single most important problem facing small business in every issue of this survey carried out in the past ten years and

the proportion indicating this is a little higher in this survey than in the previous (Table 3.1 and Chart 3.1).

As Table 3.2 on Page 16 shows, **low turnover** remains the most important problem for a higher proportion of the smallest firms taking part in the survey, though in this survey (as with the question on recent sales performance) the difference between the largest and smallest is less striking than last time.

As in the previous survey, small **manufacturing** firms and **wholesalers** (who are most pessimistic about their prospects) most commonly say that **low turnover** is the most important problem facing their business at the moment, despite the fact that both of these types of firm are on average larger than those in other sectors.

Government regulations & paperwork remains ranked as the second most important problem, although slightly fewer than in the previous survey said that this was the single most important problem facing their business.

Government regulations & paperwork is almost matched in second place in the ranking of problems by **lack of skilled/trained employees**, which has risen to 13.5 per cent from 10.8 per cent in the previous survey. Table 3.2 clearly shows that skills are more of a problem for the larger firms taking part in the survey, but it remains as the top-ranked problem for **construction** firms, although they are smaller than average. Our survey published at the end of last year (Vol.16 No.4) looked at the issue of skills shortages in more depth.

Chart 3.1 shows that the proportion indicating that a skills shortage is their biggest problem is at its highest since the set of options offered to respondents was standardised, in late 1990. The fact that a skills shortage is becoming such a problem for so many small firms, despite the fact that so many others are suffering from a lack of business reflects the mixed signals coming from macro-economic indicators. The GDP growth rate for the economy as a whole is falling, yet so is unemployment. The argument that Britain currently has a 'twin-track' economy, with some areas suffering from a shortage of demand and others with a shortage of resources to satisfy their demand seems sustainable. Which will predominate is the question which will be taxing the Bank of England's Monetary Policy Committee as they decide how to set interest rates to deal with these conflicting pressures. It is interesting that although the proportion complaining of a **skills shortage** has increased, the proportion saying that their biggest problem is **high rates of pay** has fallen, suggesting that, among small firms at least, the shortage is not being translated into excessive salary demands.

Chart 3.1: Selected most important business problems

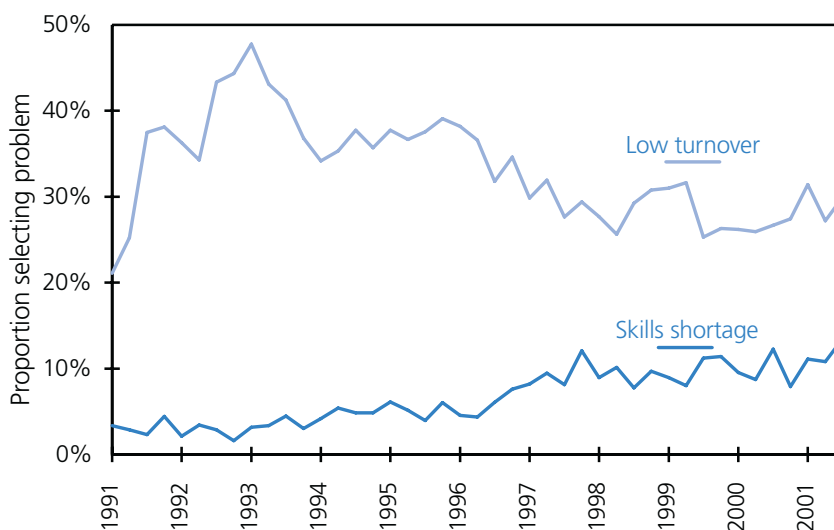


Table 3.2: Most important problem by number of people employed, not including proprietors and partners

Employment Size Band	0	1 - 2	3 - 4	5 - 9	10 - 19	20 - 49	50+	All
Inflation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest Rates	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Access to Finance	1.0%	0.0%	1.0%	1.5%	1.0%	1.0%	0.0%	0.8%
Lack of Skilled/Trained Employees	2.0%	9.0%	13.9%	10.8%	15.7%	17.2%	25.0%	11.8%
Total Tax Burden	14.0%	8.3%	8.9%	5.4%	5.9%	10.1%	3.1%	8.3%
Low Turnover/Lack of Business	41.0%	41.7%	25.7%	26.9%	33.3%	28.3%	15.6%	32.5%
Competition from Big Business	9.0%	6.4%	3.0%	7.7%	2.9%	6.1%	12.5%	6.3%
Gov't Regulations & Paperwork	5.0%	14.7%	11.9%	16.9%	22.5%	12.1%	15.6%	14.2%
High Rates of Pay	0.0%	0.0%	3.0%	2.3%	0.0%	1.0%	0.0%	1.0%
Shortages of Materials, Supplies, etc.	1.0%	0.0%	0.0%	0.0%	1.0%	0.0%	0.0%	0.3%
Internal Management Difficulties	0.0%	0.0%	1.0%	1.5%	4.9%	2.0%	3.1%	1.5%
Cashflow/Payments/Debtors	7.0%	5.1%	9.9%	8.5%	7.8%	7.1%	0.0%	7.1%
Premises/Rent/Rates	3.0%	2.6%	4.0%	5.4%	1.0%	2.0%	3.1%	3.1%
Other	17.0%	11.5%	16.8%	13.1%	3.9%	12.1%	21.9%	12.8%
No Response	0.0%	0.6%	1.0%	0.0%	0.0%	1.0%	0.0%	0.4%
Base	100	156	101	130	102	99	32	720

Note: Unweighted data

The proportion of firms indicating that the biggest problem facing their business is the **total tax burden** has continued to increase, up to 9.6 per cent. This is, as with the **skills shortage**, the highest since the question was standardised in late 1990. The problem is particularly acute for **transport** firms, one of which added a comment to the effect that the tax on fuel was a particular problem, though they also felt that other business taxes had increased.

No respondents say that **inflation** or **interest rates** are the biggest problems facing their business (the first time that this has happened) and the proportion saying

that their biggest problem is **access to finance** is also at its lowest ever level.

As usual, a number of respondents did not feel able to single out one particular problem, said they had no problems, or listed other problems facing their business (it is likely that the proportions selecting these would have been higher if they had been offered as predetermined options in the question).

The repercussions of **foot and mouth** disease remain the biggest of these 'other' problems. Some 2.6 per cent of respondents mentioned this specifically as the most important problem facing their business, hardly changed on the 2.8 per cent in the previous survey.

When questionnaires for this survey were mailed-out, the pound was somewhat stronger against the euro than it had been at the time of the previous survey (though it had already begun to weaken from its peak in early July). Some 1.3 per cent of respondents (especially manufacturers) said that the **strength of sterling** was the single most important problem facing their business. This was a little higher than the 0.8 per cent in the previous survey,



IT and the Internet

Most small firms in this survey now have a computer, three-quarters use Internet e-mail and over half have a web-site. However, few have a web-site which allows customers to order and pay on-line and well over one third have not updated their web-site within the past month.

Proportion with computers

As the longest-running small business survey in Britain, with a data set extending back sixteen years, this survey is uniquely placed to quantify the dramatic spread of computer usage to almost all small firms.

Back in 1985, when this survey first asked about computer usage, little more than one-third (36.2 per cent) of respondents said that they owned or leased a computer. Chart 4.1 shows that computers then were generally confined to the relatively larger firms taking part in the survey. Less than one in five of those firms where fewer than five people worked had a computer.

Six years later, over two-thirds of respondents had a computer. Almost all of those with fifty or more employees had a computer, but penetration had increased most for the smallest firms, with over half of those with one to four workers now having a computer.

By 1996 saturation point had been reached in the larger firms and the profile shown in Chart 4.1 had flattened further, with 73.2 per cent of the smallest firms having a computer. In the current survey, more than four out of five firms where fewer than five people work (and 87.9 per cent of all respondents) have a computer.

Chart 4.1: Proportion of businesses with computers, by number of people working in the business, compared with earlier surveys

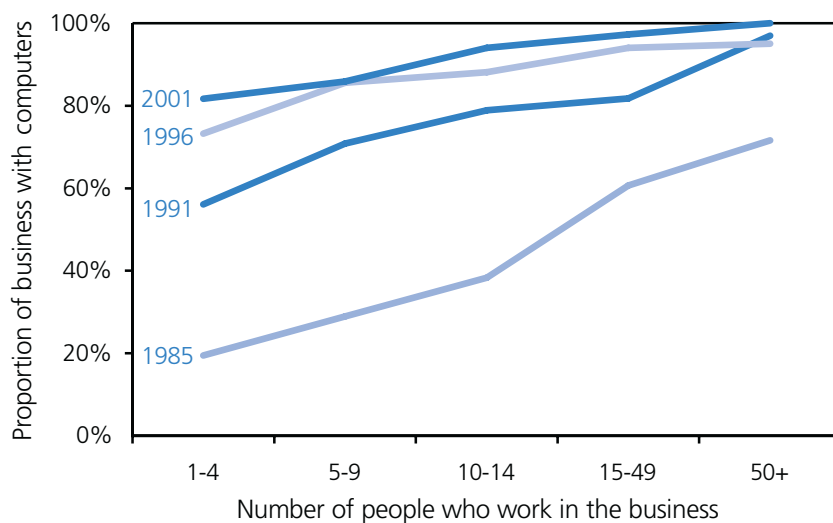


Table 4.1: "Does your business use computers?"
- by number of people who work in the business

	1	2	3-4	5-9	10-14	15-24	25-49	50+	All
No	17.9%	17.4%	11.8%	11.7%	6.0%	2.7%	2.6%	0.0%	10.3%
No, but will within a year	2.1%	2.2%	4.2%	2.5%	0.0%	0.0%	0.0%	0.0%	1.8%
Yes, non-networked computers	67.4%	67.4%	52.9%	46.6%	41.8%	32.9%	21.1%	18.8%	47.2%
Yes, networked computers	12.6%	14.1%	31.9%	39.3%	52.2%	64.4%	76.3%	84.4%	41.1%
Any computers ¹	80.0%	80.4%	84.0%	85.9%	94.0%	97.3%	97.4%	100.0%	87.9%
Sample	95	92	119	163	67	73	76	32	720

Saturation point

Table 4.1 above seems to confirm that saturation point has been reached in the penetration of computer use within all but the very smallest firms.

Although a few of the businesses where ten or more people work do not have a computer, none of these expects to acquire one within a year. Overall, only 1.8 per cent of businesses do not yet have a computer but expect to acquire one within a year (of course, those which already have computers may expect to acquire more or replacements within the year).

The businesses which seem most able to function without computers are restaurants, retailers, construction firms and those in agriculture. However, even in these sectors, at least 70% use computers. In manufacturing, wholesaling and business services over 90% of businesses taking part in the survey use computers.

Networks

Although the smallest firms have over the past sixteen years almost caught up with the largest firms in the survey in terms of having at least one computer (and the overall proportion has increased little in recent years), Table 4.1 shows that the relatively larger firms remain far more likely to have their computers networked together. In this survey in March 1999, when a similar question was asked, only 31.6 per cent of firms had

computers networked together, but a further 5.2 per cent expected to network their computers within a year. In the intervening 30 months the proportion with a network has risen to 41.1 per cent.

A computer network is clearly more useful as more people share information and resources and some 84.4 per cent of those firms where 50 or more people work have a network. At the other end of the scale, it may seem surprising that over one-eighth of sole traders have computers networked together. However, almost all of these firms are engaged in business services, mainly in specialised areas (such as computer consultancy and design work) where it seems plausible that a single person would use more than one networked computer.

Internet e-mail

Adoption of Internet e-mail by Britain's small firms has continued to proceed rapidly over the past few years and the rate is now beginning to slow.

Chart 4.2 and Table 4.2 show that between our survey published in May 1996 and that in March 1999, the proportion of small firms using Internet e-mail rocketed from only 14.0 per cent to 47.1 per cent. In the subsequent two and a half years the proportion has continued to increase at a similar rate (and in line with the 12.0 per cent which in 1999 expected to begin

1 A few respondents indicated that they had both some networked and some non-networked computers, which is why the percentages do not sum to the totals.



Table 4.2: Whether business uses Internet e-mail and has own web-site
- compared with earlier surveys

	Internet e-mail			Own web-site		Order and Pay on own web-site	
	1996	1999	2001	1999	2001	1999	2001
Yes	14.0%	47.1%	74.3%	26.1%	53.2%	-	6.5%
No	-	36.9%	19.3%	51.4%	35.3%	-	67.4%
No, but intend to within a year	-	12.0%	6.0%	18.1%	11.3%	-	7.2%
No response	-	4.0%	0.4%	4.3%	0.3%	-	18.9%
Sample	1,099	601	720	601	720	-	720

using it within a year). Now almost three-quarters of the firms taking part in this survey use Internet e-mail. Table 4.3 overleaf shows that the proportion of firms using Internet e-mail ranges from 63.0 per cent of those firms with no employees other than proprietors or partners to over 90 per cent of those with 20 or more employees. As this survey (as all surveys) under-represents the vast number of very small businesses, our best estimate is that just under two-thirds of all of Britain's small firms use Internet e-mail.

As so many firms now use e-mail, the rate of adoption is naturally slowing. Only 6.0 per cent of respondents now expect to start using Internet e-mail within the next year, half as many as in 1999.

Business web-sites

The number of small businesses with their own web-site has doubled in the past two and a half years.

In our survey published in March 1999 only just over one-quarter of businesses taking part had their own web-site. Now over half have their own site.

Chart 4.2: Proportion using Internet e-mail and having own web-site
- compared with earlier surveys

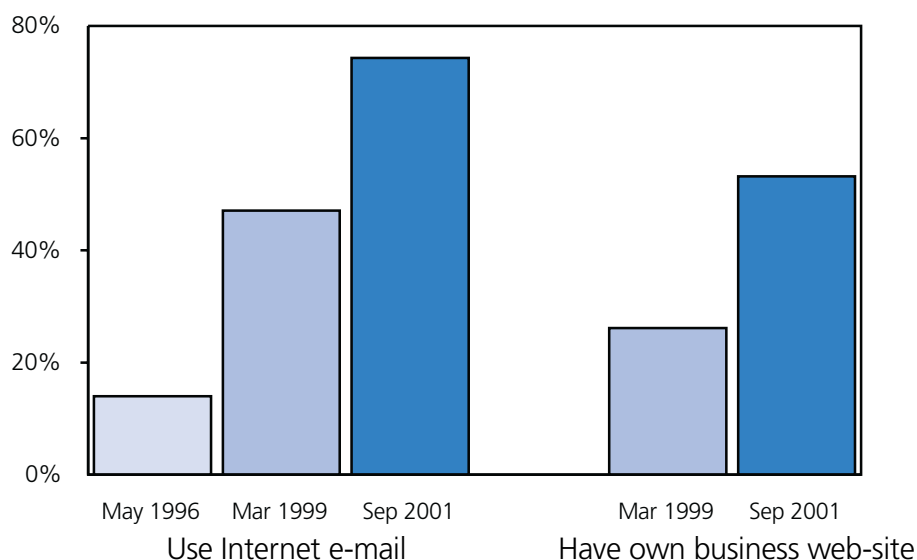


Table 4.3: Proportion using Internet e-mail, having business web-site and allowing on-line orders/payment - by number of people employed, not including proprietors and partners

	0	1-2	3-4	5-9	10-19	20-49	50+	All
Use Internet e-mail	63.0%	66.7%	73.3%	72.3%	76.5%	93.9%	90.6%	74.3%
Have own business web-site	32.0%	31.4%	50.5%	63.8%	65.7%	78.8%	71.9%	53.2%
Web-site with on-line ordering and payment	4.0%	3.2%	6.9%	6.9%	12.7%	9.1%	0.0%	6.5%
Sample	100	156	101	130	102	99	32	720

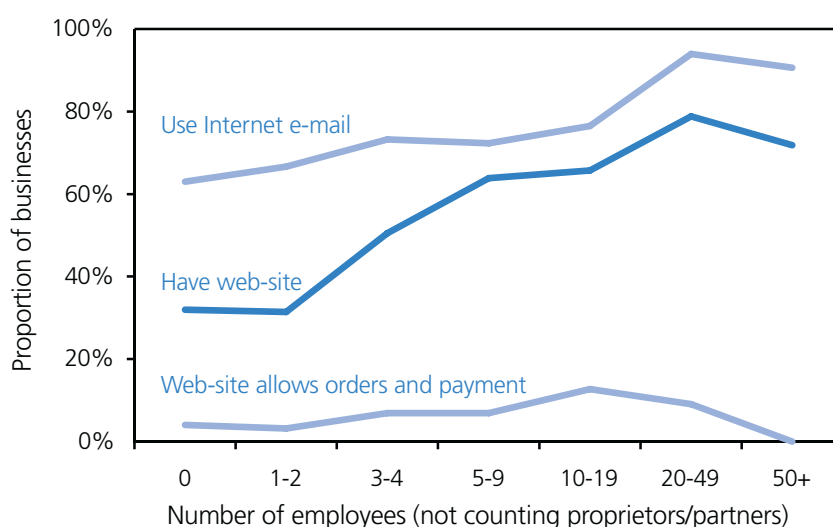
Web-sites by firm size and sector

Table 4.3 and Chart 4.3 show that the proportion of firms having a web-site is even more closely related to firm size than is the proportion which use e-mail. The proportion of micro-firms (those with 0-9 employees) in our survey with a web-site is 44.1 per cent. This shows a plausible increase on the DTI's estimate of 38 per cent of micro-businesses with a web-site in a survey² carried out between February and April 2000.

However, it is notable that firms with an annual turnover below the VAT-registration threshold are even less likely to have a web-site (only 21.5 per cent of those in this survey with a turnover below £50,000 have a site). Given this, we estimate that only around one-third of all businesses in Britain (about 1.3 million) currently have a web-site.

As in our last survey on the subject, manufacturers are, by some margin, the businesses most likely to have a web-site (72.7 per cent do so).

Chart 4.3: Proportion using Internet e-mail, having business web-site and allowing on-line orders/payment - by firm size



² "Business in the Information Age, International Benchmarking Report 2000", Department for Trade and Industry, <http://www.ukonlineforbusiness.gov.uk/Government/bench/International00.htm>



Web-site intentions

Some 11.3 per cent of all firms taking part in this survey do not yet have a web-site, but intend to have one within a year (Table 4.2 on page 19). In other words, about one-quarter of those currently without a web-site intend to have one within a year - roughly the same proportion as in 1999.

On-line payments

Few of Britain's small businesses currently accept payment on-line, but this is expected to be a growth area over the next year.

Although over one-half of the businesses in this survey have a web-site, only 6.5 per cent have a web-site which allows customers to order and pay on-line. However, a further 7.2 per cent intend to offer this facility over the next year. Unsurprisingly, retailers' web-sites are those which most commonly offer this facility - one-fifth do.

Web-site updates

Only 3.2 per cent of small business in the survey with a web-site, and who knew when their site was last updated, reported that it had been updated within the past day. A further 12.3 per cent reported that they updated their web-site within the past week. In contrast, 13.3 per cent said that their web-site was last

updated more than one year ago (Table 4.4). Those firms which offer on-line ordering and payment update their sites much more frequently (12.8 per cent did so within the past day).

Connection to the Internet

A conventional modem connection over a telephone line (at a maximum speed of 56kbps) remains the usual method of connection to the Internet for small businesses⁴. Few of these business can afford a leased line connection, but over one-quarter use an ISDN Internet connection. This may well in many cases have been installed for reasons other than the Internet. The proportion is particularly high (over half) in the printing industry, where ISDN has for a long time been used for transferring files, and in areas such as wholesaling where businesses may well have ISDN to allow EDI (Electronic Data Interchange) with suppliers and customers and also use it for Internet access.

Table 4.5 confirms the slow implementation of ADSL always-on broadband services. BT has been criticised for the slow roll-out of these services across the country.

Some 4 per cent of small firms currently use mobile connections (including WAP), as well as another form of connection.

Table 4.4: "When was your web-site last updated/modified?"

	Responses	Cumulative of knowns ³
Within past day	3.1%	3.2%
Within past week	12.3%	15.6%
Within past month	21.7%	37.6%
Within past 3 months	24.3%	62.2%
Within past year	24.0%	86.5%
More than one year ago	13.3%	100.0%
No response	1.3%	-
Sample (those with web-site)	383	

Table 4.5: "Which types of connection to the Internet does your business use?"

WAP or other mobile	4.2%
Fixed-line telephone dial-up	64.6%
ISDN	27.4%
Cable modem ⁴	11.6%
ADSL or similar	2.7%
Leased Line	1.8%
Don't know	4.3%
Sample (respondents with a connection)	554

³ Cumulative percentage, excluding those which did not answer the question.

⁴ Note that in Table 4.5 it is believed that some respondents saw the word 'modem' and indicated that they have a cable modem connection when in fact they have a fixed line telephone dial-up (modem) connection (at the time of writing, cable modem operators NTL and Telewest claim only 90,000 subscribers, including residential customers).

Conclusions

Most small firms now use computers, a stark contrast with the situation when we first asked about this, back in 1985, when generally only the larger firms in our survey had computers. Most of the *micro-firms* in our survey now do not have computers networked together, but this too is likely to change in the next few years.

Our survey has also charted the explosive growth in the small firm use of Internet e-mail over the past five years, to the point where we estimate that around two-thirds of all small firms now use it.

Since we last asked about the Internet, in our survey published in March 1999, exaggerated expectations of some Internet-based companies (the so called 'dot.coms') were followed by a collapse in their market value and liquidation in many cases. However, this does not appear to have created a backlash against investment in web-sites. Indeed, the small businesses taking part in this survey still seem to understand the value which a web-site with realistic ambitions can give to their business. The smallest firms are still less likely to have a web-site, but we estimate that in all around one-third of businesses do so and a further 11 per cent intend to have one within a year.

Few small businesses currently allow customers to order and pay for goods and services on-line, but this is set to double within a year, probably driven by off-the-shelf packages bringing e-commerce within the reach of many more small businesses.

Few small businesses, however, update their web-sites on a daily basis and over one in eight have not updated their site in over a year (many may not have been updated since they were first created). For some sites offering basic company and product/service information, this level of frequency may seem appropriate. However, it does suggest that many small firms may not have the in-house capability to capitalise on the flexibility of the web as a medium and to keep their web-site fresh, with new marketing information.

Indeed, the findings of this survey suggest that few small firms in Britain are yet in a position to reap the promised benefits of e-business. Most small businesses still rely on a modem and a conventional dial-up telephone line for their Internet access. Our March 1999 survey suggested that the emergence of Internet Service Providers without a subscription charge, such as Freeserve, could well be a big driver for cost-conscious small firms in adopting the Internet. Since then, equipment and connection costs have fallen across the board. The next major shift in Internet usage could be driven by relatively low-cost broadband connections such as ADSL and cable modems. These have the potential to bring within the reach of small firms the benefits of fast, always-on connections which large firms have long enjoyed. Our findings here indicate that current take up by small firms is very low. However, if the dramatic increases in the use of networked computers and Internet e-mail reported in this survey are repeated with the use of broadband connections, many of Britain's small firms will be in a position to compete in an increasingly global economy with the best in the world.

Conclusions

Appendix

The survey reports in each issue on changes in sales, employment, investment and priced and on the ranking of most important problems experienced by small firms. The percentage balances for sales, employment, investment and prices are shown in Appendix Table A.1

and the percentage mention of problems are shown in Appendix Table A.2 for each of the surveys carried out to date. In addition, each issue covers one or more special topics, designed to contribute to knowledge about small business in Britain.

The following topics have been examined to date:

(note, the results from two surveys were published in Volume 1 Number 1)

Special Topics

Year	Volume	Number	Survey Number	Topic
1985	Vol. 1	No 1	1 & 2	Some Characteristics of the Respondents
		No 2	3	Changes in Employment, New Business
		No 3	4	Part-time Employees, Computers in Small Firms
		No 4	5	Employment
1986	Vol. 2	No 1	6	Finance, Membership of Representative Bodies
		No 2	7	Exports, The Business Expansion Scheme
		No 3	8	Employment, Skill Shortage
		No 4	9	Incorporated and Unincorporated Business, Expanding Firms, Small Firms in the Service Sectors
1987	Vol. 3	No 1	10	Domestic versus Business Telephone Usage, Employment
		No 2	11	Most Important Problem Facing Declining and Growing Businesses, Characteristics of our Respondents
		No 3	12	Employment, Slow Payment Problems
		No 4	13	Use of Accountants
1988	Vol. 4	No 1	14	Use of Solicitors
		No 2	15	Training background of managers and arrangements for staff training
		No 3	16	Access to external information
		No 4	17	Present and future use of Telecommunications products and services, Characteristics of Respondents
1989	Vol. 5	No 1	18	Employee Turnover, National Chamber of Trade Survey, National Westminster Digest Survey
		No 2	19	The effects of 1992 on small firms
		No 3	20	Intergenerational and previous business background of respondents
		No 4	21	Origins of new employees
1990	Vol. 6	No 1	22	European Community Special Directorate DG23
		No 2	23	Motivation and Objectives of respondents for setting up their own business
		No 3	24	School-leaver Training
		No 4	25	School-leaver Training Problems

Year	Volume	Number	Survey Number	Topic
1991	Vol. 7	No 1	26	Training and Enterprise Councils
		No 2	27	Use of Computers
		No 3	28	Business Growth Objectives, Gender of Owner
		No 4	29	Sources of Small Business Finance
1992	Vol. 8	No 1	30	Co-operatives
		No 2	31	Exports
		No 3	32	Quality Standards (BS 5750)
		No 4	33	Impact of the Recession on Incomes and Prices
1993	Vol. 9	No 1	34	Business Premises and the UBR
		No 2	35	Rented Business Premises
		No 3	36	Delayed Payments
		No 4	37	External Sources of Information
1994	Vol. 10	No 1	38	The Single Market
		No 2	39	Pensions
		No 3	40	The Past Ten Years
		No 4	41	Minimum Wage
1995	Vol. 11	No 1	42	Capacity Utilisation
		No 2	43	Succession and Ownership
		No 3	44	Staff Recruitment
		No 4	45	Employee Turnover and Training
1996	Vol. 12	No 1	46	Compliance Costs
		No 2	47	IT - Communications and Computers
		No 3	48	Business Support Organisations
		No 4	49	Motivations, Objectives and Targets
1997	Vol. 13	No 1	50	50th Survey (employment change, hours worked, satisfaction)
		No 2	51	Incomes and Prices
		No 3	52	Minimum Wage
		No 4	53	Slow Payment
1998	Vol. 14	No 1	54	VAT Compliance Costs
		No 2	55	Low Turnover, Advertising and Promotion
		No 3	56	Lack of Skills, Training and the 'New Deal'
		No 4	57	The euro
1999	Vol. 15	No 1	58	IT, Communications and Year 2000
		No 2	59	Business Finance
		No 3	60	Government Regulations and Paperwork
		No 4	61	Motivations, Objectives and Targets
2000	Vol. 16	No 1	62	Changes
		No 2	63	Slow Payment
		No 3	64	Government Regulations and Paperwork
		No 4	65	Skills Shortages and Training
2001	Vol. 17	No 1	66	Employee Turnover and Retirement
		No 2	67	Exports and the Euro
		No 3	68	IT and the Internet

Performance Tables

Table A.1: Actual and expected changes, percentage balance

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	Prices	Prices	Sales		Employment		Investment	Prices
			Employment	Prices			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%	+17.8%	+0.9%	+3.9%	-	-
Vol.1 No.2	1,181	1985/1	+33.4%	+17.6%	-	-	+16.9%	+9.3%	+9.5%	+7.1%	-	-
Vol.1 No.3	1,090	1985/2	+34.4%	+11.2%	-	-	+31.4%	+28.8%	+5.3%	+2.7%	-	-
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%	+18.1%	+5.3%	+8.3%	-	-
Vol.2 No.2	1,052	1986/1	+33.6%	+11.6%	-	-	+31.1%	+23.5%	+5.6%	+3.2%	-	-
Vol.2 No.3	1,285	1986/2	+35.5%	+14.2%	-	-	+29.6%	+27.0%	+11.9%	+9.3%	-	-
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%	+25.3%	+4.6%	+7.6%	-	-
Vol.3 No.2	1,746	1987/1	+40.2%	+15.2%	-	-	+39.7%	+32.1%	+15.1%	+12.7%	-	-
Vol.3 No.3	1,113	1987/2	+44.7%	+23.1%	-	-	+36.8%	+34.2%	+13.2%	+10.6%	-	-
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%	+39.7%	+10.5%	+13.5%	-	-
Vol.4 No.2	933	1988/1	+52.7%	+19.3%	-	-	+46.7%	+39.1%	+15.3%	+12.9%	-	-
Vol.4 No.3	983	1988/2	+55.0%	+22.0%	-	-	+47.9%	+45.3%	+19.1%	+16.5%	-	-
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%	+33.9%	+5.7%	+8.7%	-	-
Vol.5 No.2	947	1989/1	+38.8%	+18.1%	-	-	+18.6%	+11.0%	+5.6%	+3.2%	-	-
Vol.5 No.3	2,274	1989/2	+41.1%	+16.7%	-	-	+30.8%	+28.3%	+10.4%	+7.9%	-	-
Vol.5 No.4	795	1989/3	+33.5%	+18.3%	-	-	+20.2%	+22.0%	+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%	+16.8%	+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%	-7.7%	-14.4%	-11.4%	-	-
Vol.7 No.2	984	1991/1	-8.6%	-11.6%	-12.7%	-	+12.3%	+4.7%	-7.6%	-10.0%	-15.0%	-
Vol.7 No.3	1,718	1991/2	-12.5%	-17.3%	-20.0%	-	-5.2%	-7.7%	-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%	-1.1%	-16.9%	-13.8%	-13.3%	-
Vol.8 No.2	1,359	1992/1	-1.8%	-17.2%	-13.9%	-	+19.5%	+11.9%	-5.5%	-7.9%	-6.8%	-
Vol.8 No.3	1,527	1992/2	-9.2%	-14.6%	-18.7%	-	+4.2%	+1.7%	-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%	-7.6%	-13.1%	-
Vol.9 No.2	1,021	1993/1	-3.8%	-12.4%	-11.3%	-	+23.5%	+15.8%	+0.7%	-1.7%	-0.8%	-
Vol.9 No.3	1,310	1993/2	+0.9%	-7.9%	-7.4%	-	+19.1%	+16.5%	+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%	+2.9%	+3.3%	-
Vol.10 No.2	861	1994/1	+3.6%	-4.3%	-3.8%	-	+23.0%	+15.4%	-1.1%	-3.5%	+3.7%	-
Vol.10 No.3	2,327	1994/2	+16.2%	+0.8%	-3.3%	-	+18.4%	+15.9%	+1.6%	-1.0%	-2.2%	-
Vol.10 No.4	1,046	1994/3	+20.3%	+7.6%	+0.6%	-	+14.6%	+16.4%	-0.2%	+1.7%	+1.9%	-

continued ...

Table A.1: Actual and expected changes, percentage balance (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	Prices	-	Sales		Employment		Investment Prices	
			Employment	Prices			U	S	U	S	U	U
Vol.11 No.1B	983	1994/4	+20.6%	+2.1%	+4.1%	-	+17.2%	+25.5%	+3.7%	+6.7%	+2.4%	-
Vol.11 No.2	1,295	1995/1	+18.2%	+3.2%	+1.4%	-	+27.8%	+20.2%	+5.7%	+3.3%	+5.0%	-
Vol.11 No.3	669	1995/2	+18.0%	+3.2%	+1.1%	-	+18.6%	+16.0%	+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%	+10.9%	-6.7%	-3.7%	-5.2%	-
Vol.12 No.2	1,099	1996/1	+14.2%	+2.5%	+1.0%	-	+20.7%	+13.1%	+1.9%	-0.5%	-2.8%	-
Vol.12 No.3	742	1996/2	+10.5%	+3.9%	+5.1%	-	+16.1%	+13.5%	+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%	+7.8%	+7.2%	-
Vol.13 No.2	720	1997/1	+13.6%	+2.0%	+9.9%	-	+27.7%	+20.1%	+8.6%	+6.2%	+7.0%	-
Vol.13 No.3	909	1997/2	+18.0%	+5.3%	+5.2%	-	+22.2%	+19.6%	+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%	+21.1%	-0.7%	+2.4%	+3.9%	-
Vol.14 No.2	1,273	1998/1	+19.3%	+3.0%	+12.4%	-	+21.3%	+13.7%	+3.9%	+1.5%	+2.2%	-
Vol.14 No.3	682	1998/2	+9.0%	+5.0%	+5.0%	-	+10.3%	+7.7%	+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%
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%	+13.2%	+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%	-2.5%	-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%	+14.7%	-2.5%	+0.6%	+1.9%	+15.2%
Vol.16 No.2	866	2000/1	+9.6%	-2.6%	+2.2%	+16.9%	+22.6%	+15.0%	+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%	+9.1%	+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%	+12.0%	+0.5%	+3.5%	+3.7%	+16.3%
Vol.17 No.2	856	2001/1	+3.2%	-3.3%	+1.9%	+18.7%	+12.1%	+4.5%	+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%	+6.9%	+1.2%	-1.3%	-2.2%	+14.2%

Notes: Because the balances referring to the expected sales turnover and employment in the next quarter have a pronounced seasonal trend we have also 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 Volume 1 Number 1

A – From Volume 5 Number 1, all results were weighted to the sectoral distribution of firms according to VAT statistics.

B – From Volume 11 Number 1, all results have been weighted to the sectoral distribution of employment in firms with under 50 employees according to DTI statistics.

Key: U – Unadjusted, S – Seasonally adjusted

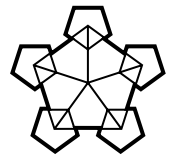
Table A.2: Problems experienced by respondents (from 1989/1 figures are weighted - see notes on previous page)

	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

continued ...

Table A.2: continued

	Inflation	Interest Rates	Access to Finance	Lack of Skilled Employees	Total Tax Burden	Low Turnover 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
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%	2.0%	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%	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%	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
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%	0.5%	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



Confidential

Please circle the appropriate letters or fill in the blanks. Your answers will remain confidential.

1 Please indicate your firm's annual turnover (excluding VAT):

- a. Less than £20,000 c. £50,000-£149,999 e. £350,000-£749,999 g. £1,500,000 and over
 b. £20,000-£49,999 d. £150,000-£349,999 f. £750,000-£1,499,999

2a Employment: How many people (including yourself) work in the business? _____

2b If your business is not a limited company, how many of these people are self-employed proprietors or partners? _____

3 How many years has your present business been trading? _____

4a Please classify your business activity by circling one of these categories:

- a. Agriculture, Forestry, Fisheries d. Construction g. Hotels & Restaurants i. Other Services
 b. Manufacturing, Mining, Processing e. Wholesale h. Business Services
 c. Transport f. Retail Trade (Finance, Consultants, Designers, etc.)

4b Please also describe in a few words the precise nature of your business: _____

5 Does your business use computers?

- a. No b. No, but will within a year c. Yes, non-networked computer(s) d. Yes, networked computers

6 Does your business use Internet e-mail? a. Yes b. No c. No, but intend to within a year

7 Does your business have its own web-site? a. Yes b. No c. No, but intend to within a year

8 Does your web-site allow customers to order and pay for your goods and services on-line? a. Yes b. No c. No, but intend to within a year

9 When was your web-site last updated/modified?

- a. Within past day b. Within past week c. Within past month d. Within past 3 months e. Within past year f. More than one year ago

10 Which of the following types of connection to the Internet does your business use?

- a. WAP or other mobile c. ISDN e. ADSL or similar g. Don't know
 b. Fixed-line telephone dial-up d. Cable modem f. Leased line h. Other _____

11 How did your sales turnover, average employment, investment (in plant, equipment and premises) and average selling prices in the past quarter compare with the same period in 2000? What do you expect to happen in the current quarter? Please complete the table by ticking 8 boxes only:

	ACTUAL			EXPECTED		
	April, May, June 2001 compared with the same period 2000			July, August, September 2001 compared with April, May, June 2001		
	UP	DOWN	SAME	UP	DOWN	SAME
Sales Turnover						
Average Employment						
Investment						
Selling Prices						

12 What is the MOST important problem facing your business today? Please circle ONE ONLY:

- a. Inflation f. Low Turnover/Lack of Business k. Internal Management Difficulties
 b. Interest Rates g. Competition from Big Business l. Cashflow/Payments/Debtors
 c. Access to Finance h. Gov't Regulations and Paperwork m. Premises, Rents, Rates
 d. Lack of Skilled/Trained Employees i. High Rates of Pay n. Other (Please specify)
 e. Total Tax Burden j. Shortage of Materials, Supplies, etc. _____

13 Please indicate the sex of the owner(s) of the business:

- a. Male b. Female c. Joint Male/Female ownership

Thank you for completing this confidential survey questionnaire.
Please return it to the Small Business Research Trust by 10th August 2001.

Please note that this is a FREEPOST address (no stamp required).