

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. In addition to the regular members of the SBRT Volunteer database, this includes members of the Federation of Small Businesses and Open University Small Business Customers. **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 listed above.

The Small Business Research Trust acknowledges the help provided by Bannock Consulting in designing the survey, processing data and analysing the results. 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

The proportion of Britain's small firms reporting an increase in their sales is no higher than in the previous survey. More of the largest firms report an increase, but the smallest firms on balance report falling sales. A modest drop in sales is expected in the first quarter of 2000, but the seasonally adjusted balance suggests a slight rise in overall confidence. The most important problem remains low sales, but a record number now find that their top problem is government regulation and paperwork. Small firms are innovative to varying degrees, with over a quarter constantly introducing different changes - most new ideas come from customers and suppliers or from internal R&D or more informal discussions. This suggests that small firms are a reasonable target for the government's current innovation strategy.

- The improvement in the proportion of firms reporting an increase in **sales** has been checked. The headline balance reporting an increase over the past year is practically unchanged, at +9.3 per cent.
- More of the **largest** firms taking part in the survey report an increase than in the previous survey but the **smallest** firms have, on balance, seen sales fall.
- **Manufacturing** firms reporting an increase in sales outnumber those reporting a decrease for the first time in almost two years.
- More of Britain's small firms cut **employment** over the past year than increased it, and the balance is a little worse than in the previous survey. However, the larger firms continue, on balance, to increase employment.
- The proportion of firms which **invested** more in the final quarter of 1999 is also down, but these still outnumber those which invested less.
- The balance of small firms increasing their average selling **prices** is, however, up to the highest level in the eighteen months since this question was first asked.
- Small firms are less optimistic about their **sales prospects** for the first quarter of 2000 than they were about the final quarter of 1999, but this is expected at this time of year. When seasonally adjusted, the balance suggests a slight rise in business confidence.
- However, the expected **employment** balance has fallen, even on a seasonally adjusted basis.
- The firms which expect to increase **investment** now outnumber those which expect to cut it, while the balance of firms expecting to increase **prices** has risen to a new high.
- **Low turnover** remains the most important problem for small businesses, but the proportion indicating that **government regulations and paperwork** is their biggest single problem has risen to a record high.
- **Construction** firms in particular say that **government regulations and paperwork** is their biggest problem.
- There has been an increase in the proportion of respondents indicating that the **strength of sterling** is their biggest problem, particularly due to the weakness of the **euro**.
- The larger firms taking part in this survey are most likely to say that they **constantly introduce changes**, while the smallest firms more usually say that they **occasionally introduce minor changes**.
- **Retailers** are most likely to **constantly introduce changes**, either to their **product lines** or their **marketing/sales** strategies.
- **Main suppliers and customers** are the principal source of new ideas for change, especially for the smallest firms.
- Larger firms are more likely to rely on **internal research & development** and other less formal **internal sources** for new ideas.



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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 just ended (October, November, December 1999) compared with the same quarter a year earlier, and also to indicate what they expect for the current quarter (January, February, March 2000) compared with the final quarter of 1999. 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 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. 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 62nd in the series) was mailed out on 31st January 2000 to 1,814 small firms who are members of the SBRT Volunteer database. By the cut-off date of 23rd February, a total of 812 completed questionnaires had been received.

Survey Details



Actual Performance

Britain's small firms which increased their sales over the past year once again outnumber those which report that sales fell, though the resulting balance is no higher than in the previous survey. The smallest firms have seen their sales fall, while a greater proportion of the largest firms than last time have increased sales.

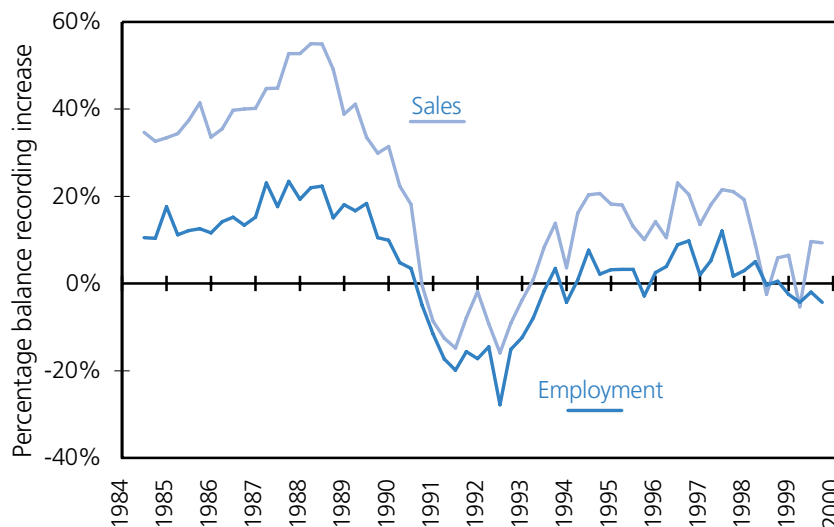
Sales turnover experience

Increases in interest rates by the Monetary Policy Committee of the Bank of England appear to be having a restraining effect on economic growth. When questionnaires were mailed out for our previous survey, base rates were at 5.25%. Between then and the mail-out for this survey rates were raised twice in three months, with a further rise to 6.00% coming just days after questionnaires were despatched. This appears to have had a hand in checking the rate of growth of small firms.

After a sizeable increase in the previous survey, the proportion of Britain's small firms which report a rise in

sales over the past year is in this survey practically unchanged. Table 1.1 on page 7 shows that 43.5 per cent say that their sales turnover in the final quarter of 1999 was higher than in the final quarter of 1998. In the previous survey, 43.8 per cent said that their sales in the third quarter of 1999 were higher than one year earlier. Some 34.2 per cent (exactly the same proportion as in the previous survey) say that their turnover was down over the year. This means that the balance of firms reporting an increase is +9.3 per cent, just fractionally lower than the +9.6 per cent in the previous survey (see Chart 1.1 below).

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



The levelling off in the small firms sales balance is consistent with official figures for the whole economy, released after questionnaires for this survey were completed, which show that GDP growth slowed slightly in the final quarter of 1999 (an increase of 1.1 per cent, compared with 1.4 per cent in the third quarter).

The overall sales balance remains at a relatively subdued level, suggesting that Britain's small businesses are seeing only modest improvements in the economy. Indeed, the smallest firms report, on balance, that their sales have fallen over the past year and the disparity between the performance of the smallest and largest firms taking part has grown since the previous survey. Over half of the firms with a turnover of £20,000 or less say that their sales have fallen over the year and only one-fifth say that their sales have increased, giving a balance of -34.4 per cent. For the firms with a turnover of £1.5m or more per year, the proportions are roughly reversed, with a balance of +28.4 per cent reporting an increase in sales over the year.

Firms in most business sectors report, on balance, that their sales have improved over the past year. One exception is the construction industry, where the firms reporting that their sales have fallen over the past year outnumber by 1.6 percentage points those which report that their sales have increased. The sector reporting the biggest improvement is retailing, where 53.3 per cent of firms say that their sales in the final quarter of 1999 were higher than those in the final quarter of 1998. Small manufacturing firms also report an improvement, with those saying that their sales

were up outnumbering those saying sales were down for the first time in almost two years. Some 45.6 per cent of small manufacturers say that their sales increased, while only 32.2 say that they fell, giving a balance of +13.4 per cent. This compares with -1.1 per cent in the previous survey and -22.1 per cent just nine months ago. Official figures also show a marked improvement in overall manufacturing performance over the same period.

Employment experience

The balance of small firms reporting that they have increased employment over the past year is, however, a little worse than in the previous survey. The proportion reporting that they have cut employment is relatively unchanged, down from 20.3 per cent to 20.0 per cent, but the proportion saying they have recruited extra employees is down from 18.4 per cent to only 15.7 per cent. This means that the balance is down from -2.0 per cent to -4.3 per cent, the same as six months ago.

The relatively larger firms taking part in our survey have, however, on balance continued to increase employment. This, along with the creation of new firms, can explain why overall economy-wide employment has continued to grow, even though existing small firms have been cutting jobs.

Investment experience

The proportion of small firms which have increased investment over the past year is also down a little, to 20.7 per cent, but these still outnumber the 19.0 per cent who cut investment, giving a balance of +1.7 per cent, down from +2.5 per cent. It seems that small firms are behaving in the same way as their larger counterparts, as official figures show total business investment in the year to the final quarter of 1999 up by only 3.8 per cent, compared with 6.0 per cent in the year to the third quarter.

Actual selling prices

Table 1.1 shows that the balance of small firms which say that their average selling prices in the final quarter of 1999 were higher than in the final quarter of 1998 is +15.6 per cent. This is the highest balance so far recorded, but this is a relatively new question (first asked eighteen months ago) and the balance is little higher than it was nine months ago.





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

	Actual Change on Year				Expected Change on Previous Quarter			
	1999/1	1999/2	1999/3	1999/4	1999/2	1999/3	1999/4	2000/1
	on 1998/1	on 1998/2	on 1998/3	on 1998/4				
Survey No	59	60	61	62	59	60	61	62
	SALES				SALES			
Up	41.9%	34.5%	43.8%	43.5%	44.1%	32.8%	38.2%	36.6%
Down	35.4%	39.9%	34.2%	34.2%	22.6%	26.3%	26.4%	30.6%
Same	22.0%	24.4%	20.8%	21.0%	32.4%	38.3%	33.6%	30.9%
No Response	0.7%	1.3%	1.2%	1.3%	0.9%	2.6%	1.8%	1.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	+6.5%	-5.4%	+9.6%	+9.3%	+21.4%	+6.6%	+11.7%	+6.0%
	EMPLOYMENT				EMPLOYMENT			
Up	17.3%	14.4%	18.4%	15.7%	14.3%	11.6%	13.5%	11.1%
Down	19.8%	18.8%	20.3%	20.0%	10.2%	11.7%	13.8%	13.7%
Same	59.7%	63.1%	58.2%	62.1%	72.1%	71.6%	68.7%	72.4%
No Response	3.2%	3.7%	3.1%	2.3%	3.5%	5.1%	4.0%	2.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	-2.5%	-4.3%	-2.0%	-4.3%	+4.1%	-0.1%	-0.3%	-2.6%
	INVESTMENT				INVESTMENT			
Up	20.6%	20.9%	21.6%	20.7%	16.9%	13.9%	16.7%	20.7%
Down	16.8%	24.4%	19.1%	19.0%	15.1%	18.9%	16.8%	18.9%
Same	58.0%	48.7%	54.9%	57.1%	63.8%	59.0%	60.7%	57.3%
No Response	4.5%	6.1%	4.4%	3.2%	4.2%	8.1%	5.8%	3.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	+3.7%	-3.5%	+2.5%	+1.7%	+1.7%	-5.0%	-0.1%	+1.8%
	SELLING PRICES				SELLING PRICES			
Up	30.7%	25.9%	29.3%	30.1%	24.4%	15.8%	18.7%	24.8%
Down	15.4%	18.1%	15.7%	14.4%	9.5%	11.1%	13.0%	9.8%
Same	50.6%	52.3%	50.8%	52.9%	62.3%	68.2%	63.5%	62.3%
No Response	3.2%	3.7%	4.2%	2.7%	3.7%	4.9%	4.8%	3.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	+15.3%	+7.8%	+13.6%	+15.6%	+14.9%	+4.7%	+5.7%	+15.0%
Base	619	507	1,121	812	619	507	1,121	812

Note: All figures shown in this table are weighted to the sectoral distribution of small firm employment.

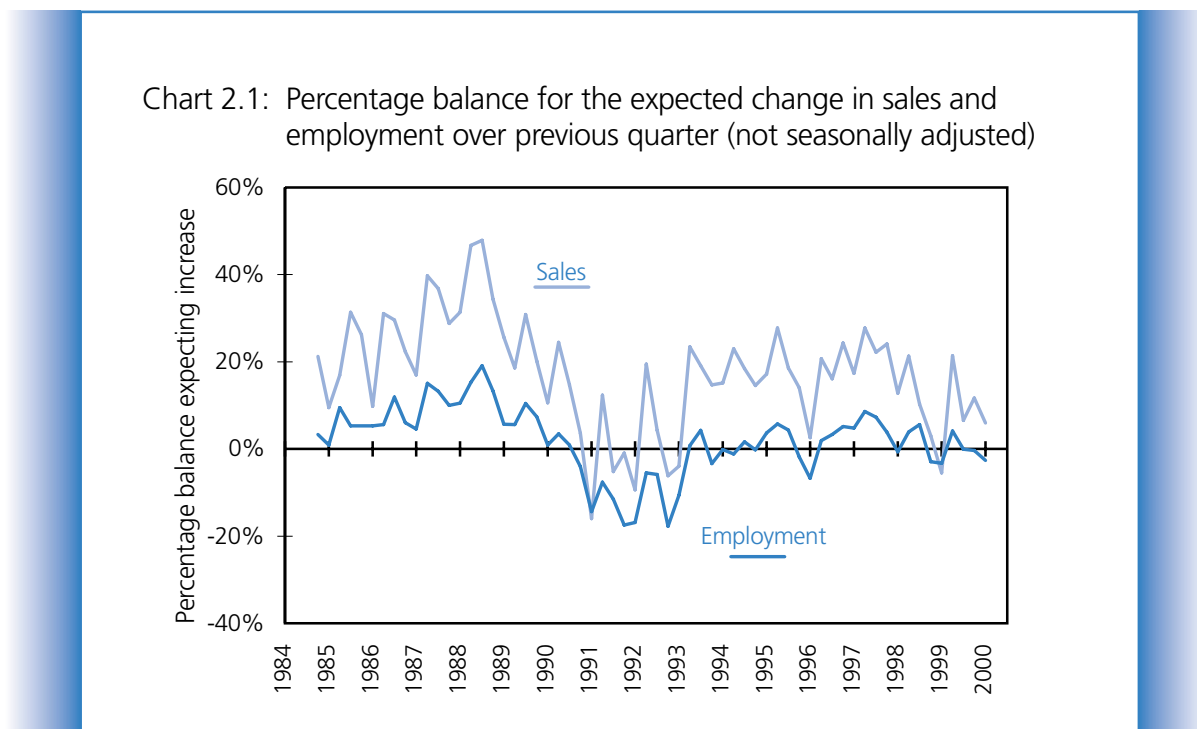
Expectations

Britain's small firms are less optimistic about the first quarter of 2000 than they were about the final quarter of 1999, but this is due to seasonal effects. They are markedly more optimistic about sales, though not about employment, than they were at this time last year.

Sales expectations

Some 36.6 per cent of Britain's small firms expect their sales turnover to be higher in the first quarter of 2000 than it was in the final quarter of 1999. These firms outnumber the 30.6 per cent of firms expecting their sales to be down,

giving a balance of +6.0 per cent. Although still positive, this balance is lower than the +11.7 per cent in the last survey, suggesting that firms are less optimistic than they were (see Chart 2.1 below).



Seasonally adjusted sales

However, the sales balance often falls at this time of the year, principally because of the post-Christmas lull in retail sales. At this time last year the balance stood at -5.5 per cent.

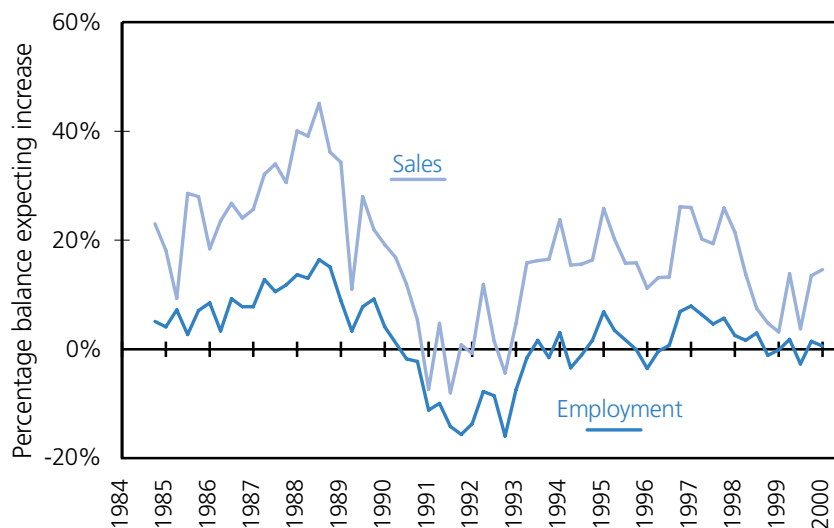
Chart 2.2 reveals that the sales balance when seasonally adjusted shows a slight increase, from +13.5 per cent to +14.6 per cent, suggesting a modest improvement in business confidence. Although only a small rise, this is the highest seasonally adjusted balance for two years.

Employment expectations

Despite the positive news on sales, employment prospects in Britain's small firms do not appear particularly promising. Those firms which expect to cut employment during the current quarter continue to outnumber those which expect to recruit extra staff, by an increased margin of 2.6 percentage points (see Table 1.1 on page 7 and Chart 2.1

on page 8). When seasonally adjusted, the balance is just positive, at +0.6 per cent, but is lower than the +1.5 per cent in the previous survey, suggesting a slight fall in confidence about employment prospects (Chart 2.2). Appendix Table A.1 on page 25 shows the seasonally adjusted balances since this survey began.

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



Investment expectations

The proportion of Britain's small firms expecting to invest more in the first quarter of 2000 than in the final quarter of 1999 is up again, from 16.7 per cent in the previous survey to 20.7 per cent now. These firms now outnumber the 18.9 per cent who expect to cut investment. The balance expecting to increase investment is therefore improved from -0.1 per cent to +1.8 per cent, the highest for eighteen months (though only just higher than the +1.7 per cent nine months ago).

Price expectations

The balance of firms expecting to increase their average selling prices in the current quarter is up by a larger margin. Almost one-quarter, 24.8 per cent expect to increase their prices, while only 9.8 per cent expect to cut them. This gives a balance of +15.0 per cent, compared with only +5.7 per cent in the previous survey. This is the highest balance so far recorded for this question, though it is only the sixth time it has been asked and the balance was almost as high, +14.9 per cent, nine months ago.

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				
	59	60	61	62	59	60	61	62	
Less than £20,000	+11.9%	-12.5%	-5.6%	-6.6%	-2.4%	-7.5%	-4.2%	-6.6%	61
£20,000 - 49,999	+9.4%	+22.4%	+6.3%	+8.1%	+1.2%	+0.0%	-4.0%	+0.0%	86
£50,000 - 149,999	+10.8%	+4.1%	+8.3%	+7.9%	-1.4%	+0.8%	-5.2%	-2.8%	178
£150,000 - 349,999	+11.4%	+11.2%	+8.9%	+7.1%	+2.6%	-3.1%	-4.9%	+1.2%	168
£350,000 - 749,999	+23.9%	+8.6%	+20.8%	+9.6%	+8.7%	-5.7%	+7.9%	+1.7%	115
£750,000 - 1,499,999	+32.4%	+4.8%	+19.1%	+8.3%	+5.6%	+4.8%	+4.6%	-4.6%	108
£1,500,000 and over	+41.7%	+20.8%	+30.5%	+13.6%	+15.3%	+15.1%	+13.6%	-2.3%	88
Total	+18.6%	+8.5%	+12.6%	+7.8%	+3.9%	+0.2%	+0.1%	-1.6%	812

Although the largest firms taking part in the survey are far more likely than the smallest to report that their sales turnover has increased over the past year, they are only a little more likely to be expecting an increase in their sales over the current quarter. Table 2.1 above and Chart 2.3 below show that it is still the case that the smallest firms

are less optimistic than the relatively larger firms, but the difference between the groups is far less than in recent surveys. A balance of only +13.6 per cent of the largest firms taking part in the survey (those with a turnover of over £1,500,000), for instance, compares with +30.5 per cent in the previous survey.

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

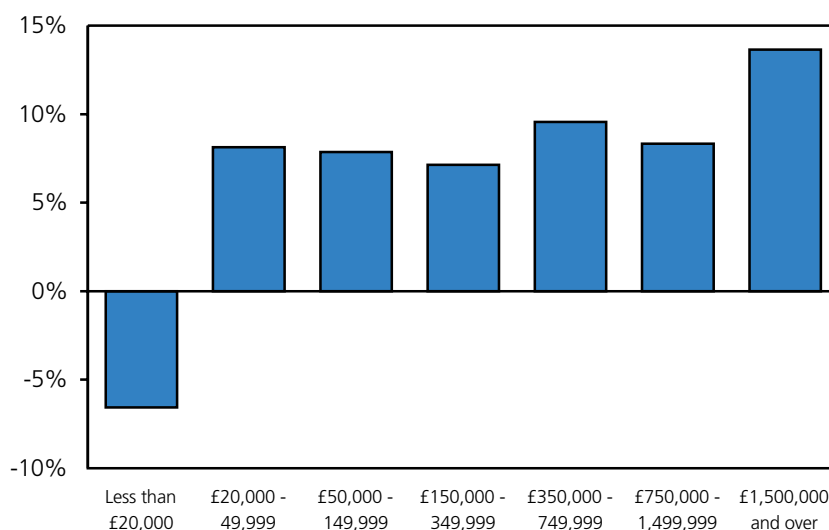




Chart 2.4: Percentage balance for the expected change in sales
- by firm size (number of people who work in the business)

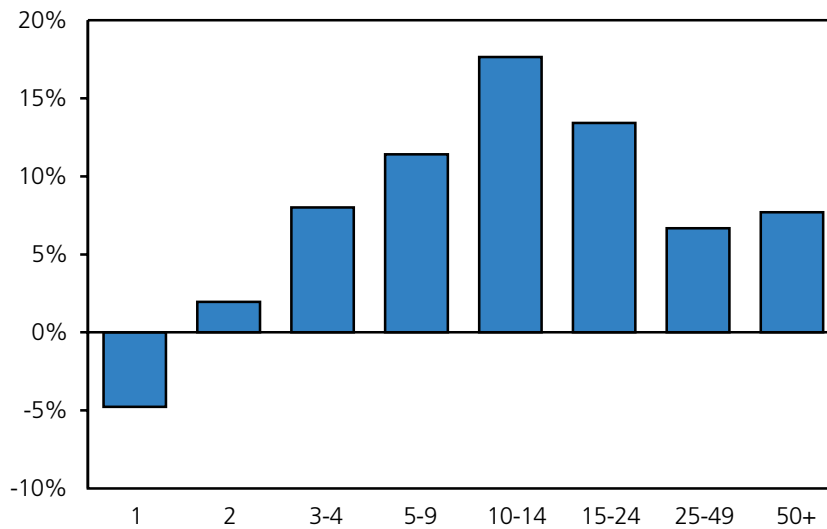


Table 2.1 also shows that the largest firms are, on balance, expecting to cut employment, which has not been the case in recent surveys.

Chart 2.4 above and Table 2.2 below show a similarly less than clear cut picture when the balances are analysed by

employment size band. The smallest firms are the least optimistic about sales, but those where between 10 and 14 people work are the most optimistic. The largest firms in terms of employment are most likely to expect to be cutting jobs over the current quarter.

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

Employment Size Band	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (this survey)
	Survey Number				Survey Number				
	59	60	61	62	59	60	61	62	
1	+3.7%	-2.9%	-5.3%	-4.8%	-4.9%	-7.2%	-11.4%	-6.7%	105
2	+9.5%	+4.3%	+9.3%	+2.0%	-1.9%	-2.9%	-5.7%	-4.9%	102
3-4	+9.3%	+9.7%	+10.7%	+8.0%	+3.1%	+3.2%	+0.0%	-2.0%	150
5-9	+16.3%	+2.9%	+6.0%	+11.4%	+6.8%	-2.9%	-1.2%	+7.1%	184
10-14	+44.2%	+24.0%	+16.4%	+17.6%	+13.5%	+6.0%	-1.4%	+0.0%	85
15-24	+44.4%	+23.6%	+23.4%	+13.4%	+11.1%	+7.3%	+7.8%	-6.1%	82
25-49	+21.6%	+6.5%	+31.7%	+6.7%	+5.9%	+0.0%	+7.9%	-1.3%	75
50+	+38.5%	+13.3%	+33.3%	+7.7%	+7.7%	+13.3%	+23.8%	-19.2%	26
Total	+18.6%	+8.5%	+12.6%	+7.8%	+3.9%	+0.2%	+0.1%	-1.6%	812

Expectations: Comparison Across Business Sectors

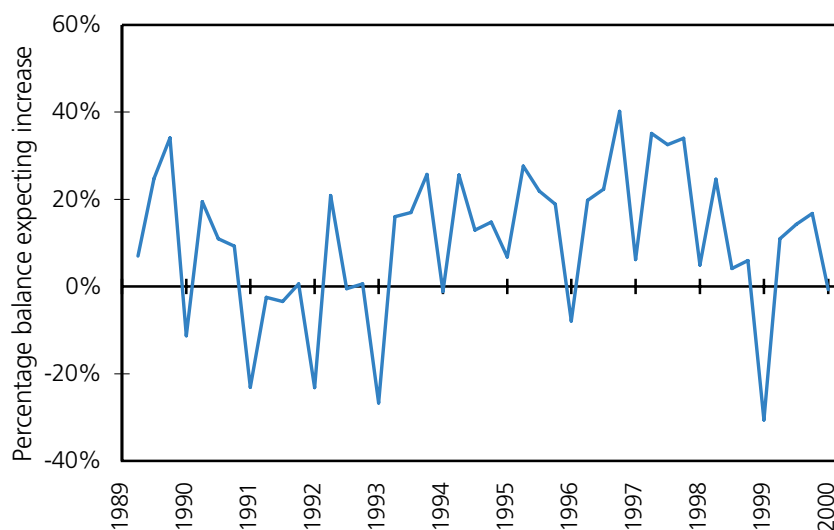
Table 2.3: Expected change in sales and employment by business sector
(current survey compared with previous surveys, percentage balances)

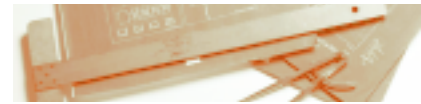
Business Sector	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (this survey)
	Survey Number				Survey Number				
	59	60	61	62	59	60	61	62	
Agriculture, Forestry, Fisheries	+13.3%	-30.0%	-14.8%	-30.0%	-13.3%	-10.0%	-7.4%	-5.0%	20
Manufacturing, Mining, Processing	+11.5%	+4.3%	+21.9%	+7.4%	+0.8%	-4.3%	+3.4%	-5.4%	149
Transport	+62.5%	+5.9%	+36.8%	+10.5%	-12.5%	+0.0%	+23.7%	-5.3%	19
Construction	+17.6%	+2.8%	+8.1%	+21.0%	+5.9%	+2.8%	+0.6%	+8.1%	62
Wholesale	+22.8%	+0.0%	+15.5%	+8.8%	+10.5%	-2.1%	+5.6%	+1.5%	68
Retail Trade	+11.0%	+14.3%	+16.8%	-0.7%	+0.0%	-7.9%	-5.6%	+2.2%	135
Hotels & Restaurants	+42.1%	+13.3%	+7.2%	-26.8%	+26.3%	-6.7%	-4.3%	-31.7%	41
Business Services	+19.4%	+17.7%	+12.2%	+16.6%	+4.0%	+2.5%	+2.0%	+1.7%	229
Other Services	+23.5%	+1.5%	+2.7%	+11.4%	+6.1%	+11.8%	-7.2%	-3.4%	88
Total	+18.6%	+8.5%	+12.6%	+7.8%	+3.9%	+0.2%	+0.1%	-1.6%	812

Table 2.3 shows the expected sales and employment balances by business sector. However, it should be noted that the sample sizes for several sectors, especially in earlier surveys, are too small for comparisons to be necessarily statistically significant.

Firms in all sectors except construction and business and other services are less optimistic about sales than they were. Retailers are markedly less optimistic than in the previous survey, though Chart 2.5 shows that this is a largely seasonal effect. They are far less pessimistic now than they were at this time last year.

Chart 2.5: Percentage balance for the expected change in sales - retail trade





Expectations: Comparison Across Regions

As with the industrial sectors, sample sizes for several regions, especially in earlier surveys, are too small for comparisons to be statistically reliable. This also means that the balances are subject to considerable variation from survey to survey.

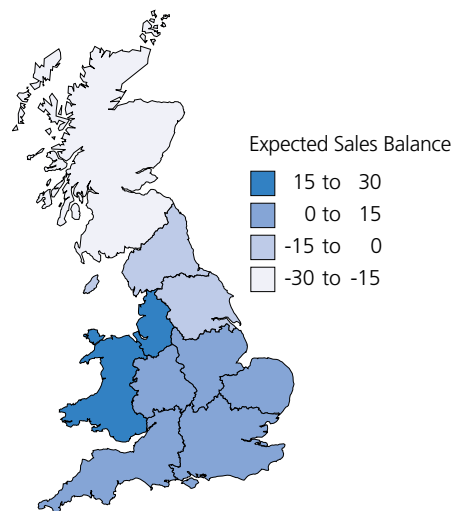
Chart 2.6 shows that firms in Scotland remain most pessimistic about their sales prospects and these are joined by those in the North and Yorkshire & Humberside in

expecting sales to fall. Firms in the East Midlands, East Anglia and the South East remain relatively optimistic about sales, but the most optimistic region in this survey is Wales, which was one of the least optimistic in the previous survey. However, the small number of firms from Wales taking part in this survey means that this large improvement in confidence may not be representative. Table 2.4 shows that firms in Wales remain pessimistic about employment prospects in their firms.

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				
	59	60	61	62	59	60	61	62	
North	+15.8%	-33.3%	+6.5%	-3.7%	+0.0%	-22.2%	+4.3%	+0.0%	27
Yorkshire & Humberside	+2.1%	-7.4%	+4.3%	-3.6%	+6.4%	+0.0%	-2.9%	+0.0%	55
North West	+15.6%	+27.5%	+13.6%	+17.1%	+0.0%	+3.9%	-4.5%	+4.3%	70
East Midlands	+22.2%	+3.2%	+16.3%	+14.5%	+0.0%	-6.5%	+8.2%	+2.9%	69
West Midlands	-2.2%	-4.3%	+20.5%	+6.1%	-6.5%	+4.3%	-12.8%	-7.6%	66
East Anglia	+25.0%	+15.4%	+19.3%	+12.5%	+12.5%	+19.2%	+2.4%	+5.4%	56
South East	+16.7%	+9.7%	+18.0%	+10.8%	+4.4%	-4.6%	+0.3%	-1.0%	306
South West	+40.0%	+10.2%	+7.6%	+3.9%	+9.2%	+6.1%	+5.7%	-2.6%	76
Wales	+40.0%	+12.5%	+1.7%	+24.0%	+15.0%	+6.3%	+0.0%	-16.0%	25
Scotland	+25.8%	+25.9%	+0.8%	-22.0%	+6.5%	+14.8%	-2.4%	-14.0%	50
Total	+18.6%	+8.5%	+12.6%	+7.8%	+3.9%	+0.2%	+0.1%	-1.6%	812

Chart 2.6: Percentage balance for the expected change in sales on quarter - by region



Problems

A record proportion of Britain's small firms say that government regulations and paperwork is the biggest problem facing their business. However, there are still rather more which say that their biggest problem is low turnover.

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

Problem	Survey Number			
	59	60	61	62
Low Turnover/Lack of Business	31.1% (1)	25.2% (1)	25.8% (1)	26.2% (1)
Gov't Regulations & Paperwork	14.8% (2)	13.5% (2)	14.3% (2)	18.6% (2)
Lack of Skilled/Trained Employees	7.8% (4)	11.1% (3)	11.4% (3)	9.4% (3)
Competition from Big Business	7.5% (5)	8.1% (5)	7.2% (5)	8.8% (4=)
Cashflow/Payments/Debtors	9.5% (3)	8.4% (4)	9.8% (4)	8.8% (4=)
Total Tax Burden	6.4% (6)	7.7% (6)	6.1% (6)	6.4% (6)
Premises/Rent/Rates	3.9% (7)	4.3% (7)	3.9% (7)	3.7% (7)
Internal Management Difficulties	1.0% (11)	3.2% (8)	2.0% (9)	2.2% (8)
Access to Finance	1.2% (8)	2.9% (9)	2.9% (8)	1.7% (9)
High Rates of Pay	1.1% (9)	2.2% (10)	1.2% (10)	1.4% (10)
Interest Rates	1.0% (10)	0.8% (12)	0.8% (11)	1.1% (11)
Shortages of Materials, Supplies, etc.	0.1% (13)	1.0% (11)	0.5% (12)	0.3% (12)
Inflation	0.2% (12)	0.1% (13)	0.4% (13)	0.3% (13)
Other	13.5%	10.0%	12.6%	10.5%
No response	0.9%	1.5%	0.9%	0.6%
Base	619	507	1,121	812

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 fourteen, 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 remains the problem most frequently selected as most important, as it has been for nine years. The proportion saying this is the most important problem facing their business is up just fractionally, from 25.8 per cent in the previous survey to 26.2 per cent. As Chart 3.1 shows, the proportion has been relatively unchanged for the past three surveys.

Table 3.2 (on page 16) shows that **low turnover/lack of business** remains a far more important problem for the smallest firms taking part in the survey. The proportion indicating that this is their most important problem is over 40 per cent for one- and two-person firms and lower for the relatively larger firms.

However, despite being on average the largest firms in the survey, **manufacturers**, along with **wholesalers**, are the most likely to say that **low turnover/lack of business** is the most important problem facing their business at the moment.

The most striking change in this survey is the increase in the proportion saying that **government regulations & paperwork** is their most important problem. This has risen by 4.3 percentage points to 18.6 per cent, the highest proportion recorded since this survey began in 1984 (a complete list of proportions selecting each problem since this survey began can be found in Table A.2 on page 27).

As Chart 3.1 below shows, the proportion selecting this problem has been on a generally upward trend since the last survey of 1998, when it stood at only 6.1 per cent, putting it in only seventh place in the ranking of most important problems. Since then, a number of new administrative burdens have been placed on business, including high-profile measures such as the Working Time Directive, the Minimum Wage and, most recently, the Working Families Tax Credit. The issue of red tape has been given much media attention and the government has set up its Better Regulation Task Force and other measures in an attempt to tackle the problem.

An earlier issue of this survey (Volume 15 Number 3) has established that the burden of regulations and paperwork falls disproportionately heavily on the smallest firms.

However, Table 3.2 (overleaf) shows that because **low turnover** is such a problem for the very smallest firms, it is those with between 10 and 24 employees which are most likely to say that **government regulations and paperwork** is the biggest problem facing their business. **Construction** firms, which have to take account of many health and safety regulations and special tax measures in addition to the paperwork which affects every business, are more likely than average to say that **government regulations and paperwork** is their biggest problem (24.5 per cent do so).

Lack of skilled/trained employees remains in third place in the ranking of problems, though this was selected by rather fewer respondents (9.4 per cent) than in the previous survey (11.4 per cent). Table 3.2 (overleaf) shows that this is a more important problem for the larger firms in our sample.

Chart 3.1: Selected most important business problems

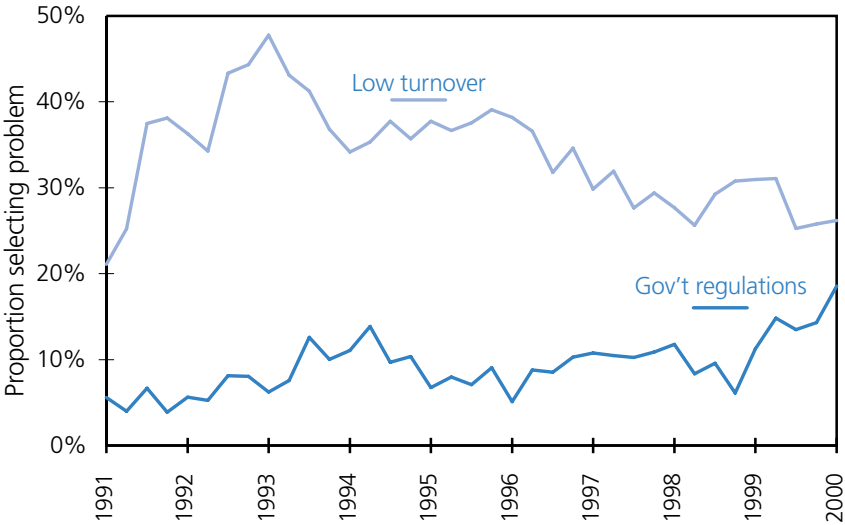


Table 3.2: Most important problem by employment size band

Employment Size Band	1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50+	All
Inflation	0.0%	0.0%	0.7%	0.5%	0.0%	0.0%	0.0%	0.0%	0.2%
Interest Rates	2.9%	0.0%	0.7%	0.0%	1.2%	2.4%	0.0%	0.0%	0.9%
Access to Finance	1.0%	1.0%	2.0%	2.2%	1.2%	0.0%	1.3%	0.0%	1.4%
Lack of Skilled/Trained Employees	1.9%	2.9%	5.3%	8.2%	12.9%	12.2%	20.0%	19.2%	8.5%
Total Tax Burden	5.7%	9.8%	6.0%	6.5%	4.7%	4.9%	4.0%	11.5%	6.4%
Low Turnover/Lack of Business	42.9%	45.1%	30.0%	24.5%	20.0%	20.7%	28.0%	23.1%	29.9%
Competition from Big Business	7.6%	3.9%	10.0%	11.4%	12.9%	8.5%	4.0%	7.7%	8.7%
Gov't Regulations & Paperwork	14.3%	18.6%	18.7%	14.7%	27.1%	24.4%	13.3%	7.7%	17.9%
High Rates of Pay	0.0%	0.0%	1.3%	2.7%	1.2%	1.2%	1.3%	0.0%	1.2%
Shortages of Materials, Supplies, etc.	0.0%	0.0%	0.0%	0.5%	1.2%	0.0%	0.0%	0.0%	0.2%
Internal Management Difficulties	1.0%	0.0%	2.0%	3.3%	2.4%	1.2%	5.3%	3.8%	2.2%
Cashflow/Payments/Debtors	6.7%	8.8%	9.3%	10.9%	1.2%	7.3%	10.7%	0.0%	8.0%
Premises/Rent/Rates	2.9%	3.9%	4.0%	3.8%	5.9%	2.4%	2.7%	0.0%	3.6%
Other	12.4%	5.9%	8.7%	10.9%	7.1%	13.4%	9.3%	23.1%	10.1%
No Response	1.0%	0.0%	1.3%	0.0%	1.2%	1.2%	0.0%	3.8%	0.7%
Base	105	102	150	184	85	82	75	26	812

Competition from big business has moved up into joint fourth place in the rankings, selected by 8.8 per cent. This is a particular problem for small retailers, 21.5 per cent of which say that it is the single biggest problem facing their business. The proportion of firms indicating that **cashflow/payments/debtors** is their most important problem is down from 9.8 per cent to 8.8 per cent.

The only other change in the ranking of the problems is that **access to finance** has fallen from eighth to ninth as it was selected as the most important problem by only 1.7 per cent of respondents, down from 2.9 per cent in the previous survey.

As usual, a number of respondents did not feel able to single out one particular problem, or listed other problems facing their business. The **strength of sterling** was given as the most important by 2.8 per cent of respondents, a considerable increase on the 1.1 per cent in the previous survey. These responses alone would put the strength of sterling in eighth place in the ranking of most important problems and it is likely that the proportion selecting this would have been even higher if it had been offered as one of the predetermined options in the question. The continuing slide in the value of the euro between the mail-out of questionnaires for this and the previous survey means that the pound is approximately eight per cent higher against the euro, though it is a few percentage points lower against the US dollar. A number of respondents mentioned that it is the strength of the pound against the euro which is causing them particular problems.



Changes

Most of these businesses actively change, though few of the smallest firms constantly innovate. When firms do change it is most often to improve their products and services. Internal sources and suppliers and customers produce the best ideas for change.

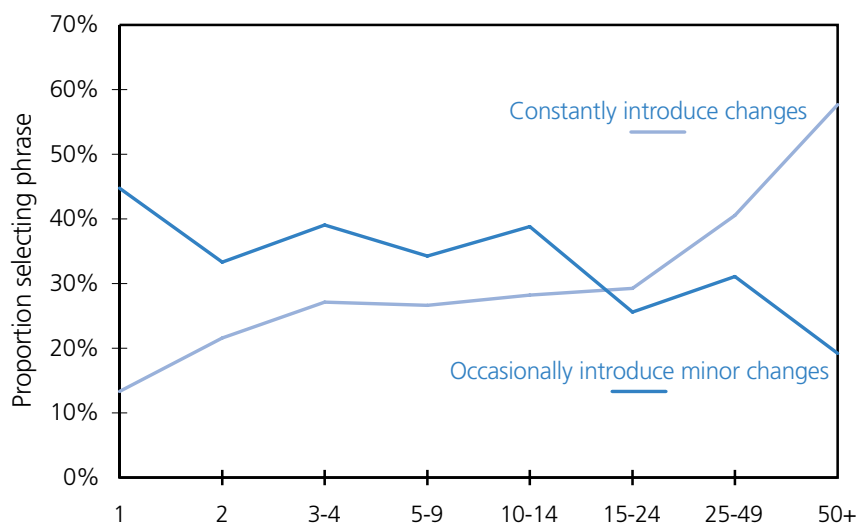
Business attitudes to change

Some firms consider it important to introduce new changes to their range of products and services or the way they organise and operate while other firms prefer to have products, services or operations that endure over time with minimum changes. Small businesses taking part in this survey were asked which phrase on a scale from “constantly introduce changes” to “avoid making changes unless absolutely necessary” best describes their business.

The middle answer, “occasionally introduce minor changes,” was the most commonly selected, by 35.2 per cent of respondents. This was followed by the 27.1 per cent of respondents who say that they “constantly introduce changes”.

The proportions of firms selecting these two answers are closely related to firm size. In firms where 15 or more people work, more firms say that they “constantly introduce changes” than say that they “occasionally introduce minor changes”. As Chart 4.1 (and Table 4.1 overleaf) show, 44.8 per cent of one-person firms say that they only “occasionally introduce minor changes”, compared with only 19.2 per cent of those firms employing 50 people or more. Conversely, the proportion which “constantly introduce changes” rises from only 13.3 per cent of one-person firms to 57.7 per cent of those which employ 50 or more.

Chart 4.1: Phrase which best describes business
- by number of people who work in the business



As Table 4.1 shows, a further 18.5 per cent of respondents (with the proportion not closely related to firm size) indicate that their business “occasionally introduces major changes”. This means that relatively few firms seem to be resistant to change. Only 5.3 per cent say that they “introduce changes only when things stop working” while a further 7.6 per cent say that they “avoid making changes unless absolutely necessary”. Smaller firms are a little more likely to say that these phrases best describe their business, but even so, only 18.8 per cent of one- and two-person firms indicate that they change things in their business only when they stop working or when absolutely necessary.

Despite being on average considerably smaller, firms in this survey owned by women are less likely to be resistant to change (9.5 per cent) than those owned by men (15.0 per cent), though the small sample of firms owned by women means that this result may not be representative.

Construction firms (none of which is run by women) are most likely (22.0 per cent) to introduce changes only when “things stop working” or when “absolutely necessary”.

A further 5.7 per cent of respondents said that none of the phrases offered described their business well and supplied an alternative, most of which suggested that they did make changes, often in response to customer demand.

Manufacturing firms are more likely to say that they “constantly introduce changes” (34.9 per cent do so) than non-manufacturers (25.3 per cent). Although this may be partly a size effect (manufacturers are on average larger than non-manufacturers), even when comparing firms of the same size manufacturers generally seem somewhat more likely to encourage continuous improvements than non-manufacturers. An exception to this are retailers, 40.0 per cent of which say that they “constantly introduce changes”, despite the fact that they are, on average, smaller than other firms.

Table 4.1: Phrase which best describes business - by number of people who work in the business

	1	2	3-4	5-9	10-14	15-24	25-49	50+	All
Constantly introduce changes	13.3%	21.6%	27.2%	26.6%	28.2%	29.3%	40.5%	57.7%	27.1%
Occasionally introduce major changes	15.2%	15.7%	14.6%	21.7%	18.8%	25.6%	18.9%	15.4%	18.5%
Occasionally introduce minor changes	44.8%	33.3%	39.1%	34.2%	38.8%	25.6%	31.1%	19.2%	35.2%
Changes only when things stop working	9.5%	6.9%	4.0%	4.3%	3.5%	9.8%	1.4%	0.0%	5.3%
Avoid change unless absolutely necessary	8.6%	12.7%	10.6%	6.5%	5.9%	4.9%	2.7%	3.8%	7.6%
Other/Multiple response	6.7%	8.8%	3.3%	6.5%	4.7%	4.9%	5.4%	3.8%	5.7%
No response	1.9%	1.0%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%
Sample	105	102	151	184	85	82	74	26	812

Areas of change

Part of the reason that retailers are the firms most likely to be constantly making changes is revealed by the answers to the next question, which asked respondents in which area of their business they have over the past year felt the strongest pressure to introduce major changes. For all firms the most important areas highlighted were “products/services” (21.9 per cent) and “marketing/sales” (17.6 per cent - see Table 4.2, facing). Both of these are

areas where retailers would be expected to feel particular pressures and the proportions of retailers selecting these areas are, indeed, the highest of any sector (25.9 per cent for each area). The need to keep the range of goods and services constantly refreshed (and to keep the public aware of these changes by new displays and promotions) seems to be the reason that retailers often find the requirement for constant change.



Table 4.2: "In which area over the past year have you felt the strongest pressure to introduce major changes?"

	All
Products/services	21.9%
Marketing/sales	17.6%
Communications/information	15.4%
Organisation/staff	13.1%
Financing	6.3%
Operations/distribution	3.9%
None/no pressure to change	14.0%
Other/Multiple response	6.8%
No response	1.0%
Sample	812



"Communications/information" has been the area where there has been the strongest pressure for change over the past year for 15.4 per cent of respondents. For business service firms (which include many consultants and other firms which deal in information) this proportion rises to 21.4 per cent, making it more important than "marketing/sales". Business service firms are also known to have been the quickest adopters of the Internet (see Volume 15 Number 1 of this survey) and this may be part of the reason that these firms have felt strong pressures in this area over the past year.

Table 4.3 compares the responses with those to the first question. This confirms that many of the firms which characterise themselves as "constantly changing" say this because of the nature of the products and services which they supply, with 34.1 per cent saying that their "products and services" is the area where they feel the most pressure to change. Firms which change only when things "stop working" or when "absolutely necessary", if they have felt pressure to change, are most likely to say that this has been in the area of "marketing and sales" activities, possibly in response to a sales crisis.

Table 4.3: Area in which strongest pressure to introduce major changes - by phrase which best describes business

	Constantly introduce changes	Occasionally major changes	Occasionally minor changes	Stop working/necessary
Products/services	34.1%	27.3%	15.7%	10.5%
Marketing/sales	20.5%	19.3%	14.3%	21.0%
Communications/information	15.0%	12.0%	15.0%	16.2%
Organisation/staff	11.8%	15.3%	13.6%	11.4%
Financing	4.5%	2.0%	8.4%	10.5%
Operations/distribution	3.2%	7.3%	3.5%	1.9%
None/no pressure to change	4.1%	7.3%	21.3%	25.7%
Other/Multiple response	5.9%	8.7%	7.0%	1.9%
No response	0.9%	0.7%	1.0%	1.0%
Sample	220	150	286	105

“Organisation/staff” changes have been the most important over the past year for 13.1 per cent of firms. Naturally, these were far less important for the smallest firms without employees. Although the number of transport firms taking part in this survey is small, and so the results may not be representative, it is worthy of note that “organisation/staff” was the most important area of change for 31.6 per cent of transport firms.

“Financing” has been the most important area of change for only 6.3 per cent of firms over the past year. However, Table 4.3 shows that this is markedly more likely to be cited by those resistant to change or which only occasionally introduce minor changes. This suggests that changes to financing arrangements may often be forced on firms, rather than seized upon as an opportunity.

Only 3.9 per cent of firms say that the most important pressure to change has been in “operations/distribution”, though for wholesalers, whose business is based on distribution, the proportion is 11.8 per cent. Some 14.0 per cent of firms said that they had felt no major pressure to change over the past year.

Some firms indicated a number of areas where there had been equal pressures, or gave another area of change. Although these were varied, the most common was a change in computer equipment, including the adoption of the Internet and a few firms which had adopted computer aided design (CAD) systems. If these were included in the “communications/information” category this would boost the response, but not by enough for it to overtake “marketing/sales”.

Sources of ideas

Firms taking part in this survey were asked where their best ideas usually come from when they do consider new ideas for change. Although the majority of respondents selected a single most important source, over 20 per cent indicated more than one source. Because of this, the percentages in each column of Table 4.4 sum to more than 100 per cent.

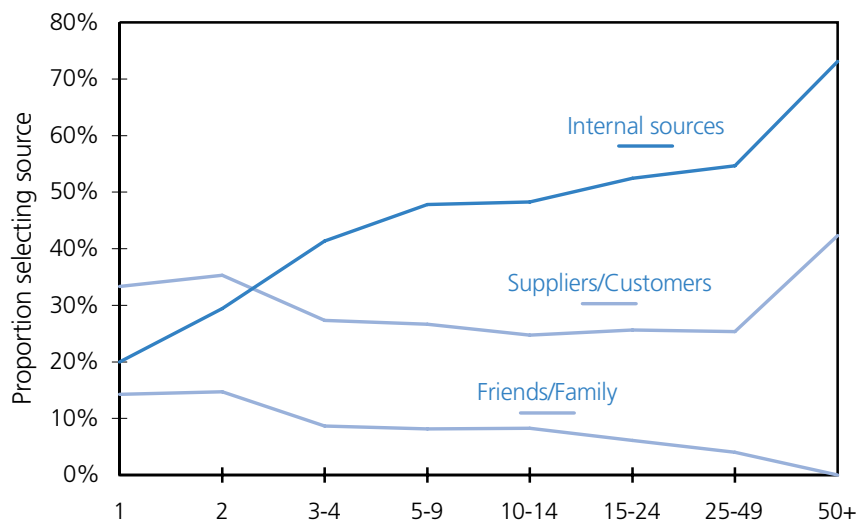
The most important single source of ideas identified in Table 4.4 is “main suppliers and customers”. Overall, 28.7 per cent of firms say that this is their main source of ideas. Table 4.4 and Chart 4.2 show that the proportion is higher for one- and two-person firms and less important for those

Table 4.4 “When you do consider new ideas for change, where do your best ideas usually come from?”
- by number of people who work in the business

	1	2	3-4	5-9	10-14	15-24	25-49	50+	All
Main suppliers/customers	33.3%	35.3%	27.3%	26.6%	24.7%	25.6%	25.3%	42.3%	28.7%
Non-regular internal sources/discussion	3.8%	15.7%	18.7%	28.3%	29.4%	30.5%	29.3%	34.6%	22.3%
Regular internal research & development	16.2%	13.7%	22.7%	19.6%	18.8%	22.0%	25.3%	38.5%	20.3%
Trade/business publications/associations	21.0%	18.6%	18.0%	21.7%	18.8%	14.6%	14.7%	19.2%	18.8%
Analysing competitors	11.4%	6.9%	10.0%	17.9%	15.3%	18.3%	20.0%	15.4%	14.3%
Talking to friends/family	14.3%	14.7%	8.7%	8.2%	8.2%	6.1%	4.0%	0.0%	9.0%
Chance/travel observations	10.5%	5.9%	5.3%	5.4%	2.4%	3.7%	10.7%	3.8%	6.2%
General media (press, TV, radio)	6.7%	5.9%	2.0%	5.4%	1.2%	2.4%	1.3%	7.7%	3.9%
External consultants	0.0%	1.0%	2.7%	4.3%	2.4%	3.7%	2.7%	0.0%	2.5%
Internet	1.9%	2.9%	2.0%	2.2%	1.2%	0.0%	0.0%	3.8%	1.8%
Other	5.7%	4.9%	4.0%	5.4%	2.4%	2.4%	4.0%	3.8%	4.3%
No response	1.0%	0.0%	2.7%	0.5%	1.2%	2.4%	1.3%	3.8%	1.4%
Sample	105	102	150	184	85	82	75	26	812



Chart 4.2: Selected sources of ideas
- by number of people who work in the business



with 3-49 employees. A large proportion (42.3 per cent) of the few firms with 50 or more employees taking part in this survey indicated that this was a major source of ideas, but these firms were most likely to indicate a number of different sources.

Although "main suppliers/customers" is the most important single option, Chart 4.2 shows combined together responses to the options "regular internal research and development" and "other internal sources/discussion" as "internal sources", which is then the most important source for all but the smallest firms.

Overall, 20.3 per cent of firms cite "regular internal research and development" as their main source of ideas, though 30.5 per cent of those who say that their business "constantly introduces changes" have internal R&D functions which are the main source of ideas. Conversely, these firms for which constant change is part of the culture are less likely to rely on "other internal sources/discussion", which is more the preserve of those firms which occasionally introduce changes (this is a main source for

25.9 per cent of the "occasional changers", compared with 22.3 per cent of all firms).

Firms which introduce change only when "things stop working" or "absolutely necessary", particularly the smallest, tend to turn to external sources when they need new ideas and are far more likely to cite "talking to friends and family" as a main source of ideas. None of the firms with 50 or more employees taking part in the survey says that this is a main source of ideas.

Retailers are the businesses most likely to find "trade/business publications or associations" useful as a main source of ideas (25.2 per cent do so). Hotels, restaurants and catering firms are, surprisingly, less likely than those in other sectors to say that their main ideas come from "suppliers/customers", but most likely to say that they come from "analysing competitors" - presumably because it is so easy in this sector to observe competitors. Firms in business services are more likely than those in other sectors to get their best ideas from the Internet or external consultants (3.5 per cent each).

Conclusions

Most businesses change during their lives. Some choose to innovate to improve their products and services, others continuously improve their operations to make them more efficient, while some are forced to change their business simply in order to survive.

This survey shows that although the smallest firms are less likely to have a culture of “constant change” than larger firms, a relatively small minority of them are actually resistant to change.

Products/services and marketing/sales are the most important areas in which these firms have felt pressure for change over the past year. However, not far behind is the area of communications/information. It seems likely that the adoption of computer technology in general and the Internet in particular has been an area of significant change for many of these businesses.

Main suppliers and customers remain the most important single source of ideas. This seems appropriate for firms which are aiming to be customer-focused. Trade and business publications and associations are widely used (more so than the general media) and analysis of competitors is an important source of new ideas, particularly for the larger firms. Although this may help firms to avoid being left behind, it is unlikely to give them the competitive advantage to get ahead. Some small firms rely on friends and family or chance observations for their new ideas.

Many firms, however, particularly those which constantly introduce changes, have dedicated internal research and development resources or less formal internal sources to provide new ideas. Taken together, these are the most important source of new ideas for all but the smallest firms.

Conclusions

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

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%	+23.0%	+3.3%	+5.1%	-	-
Vol.1 No.1b	1,795	1984/4	+32.6%	+10.4%	-	-	+9.5%	+18.1%	+0.9%	+4.1%	-	-
Vol.1 No.2	1,181	1985/1	+33.4%	+17.6%	-	-	+16.9%	+9.3%	+9.5%	+7.2%	-	-
Vol.1 No.3	1,090	1985/2	+34.4%	+11.2%	-	-	+31.4%	+28.6%	+5.3%	+2.6%	-	-
Vol.1 No.4	1,072	1985/3	+37.4%	+12.1%	-	-	+26.2%	+28.0%	+5.3%	+7.1%	-	-
Vol.2 No.1	1,326	1985/4	+41.4%	+12.6%	-	-	+9.8%	+18.4%	+5.3%	+8.5%	-	-
Vol.2 No.2	1,052	1986/1	+33.6%	+11.6%	-	-	+31.1%	+23.5%	+5.6%	+3.3%	-	-
Vol.2 No.3	1,285	1986/2	+35.5%	+14.2%	-	-	+29.6%	+26.8%	+11.9%	+9.2%	-	-
Vol.2 No.4	1,435	1986/3	+39.7%	+15.2%	-	-	+22.3%	+24.1%	+6.0%	+7.8%	-	-
Vol.3 No.1	1,116	1986/4	+40.0%	+13.4%	-	-	+17.0%	+25.6%	+4.6%	+7.8%	-	-
Vol.3 No.2	1,746	1987/1	+40.2%	+15.2%	-	-	+39.7%	+32.1%	+15.1%	+12.8%	-	-
Vol.3 No.3	1,113	1987/2	+44.7%	+23.1%	-	-	+36.8%	+34.0%	+13.2%	+10.5%	-	-
Vol.3 No.4	977	1987/3	+44.8%	+17.6%	-	-	+28.8%	+30.6%	+10.0%	+11.8%	-	-
Vol.4 No.1	1,042	1987/4	+52.7%	+23.4%	-	-	+31.4%	+40.0%	+10.5%	+13.7%	-	-
Vol.4 No.2	933	1988/1	+52.7%	+19.3%	-	-	+46.7%	+39.1%	+15.3%	+13.0%	-	-
Vol.4 No.3	983	1988/2	+55.0%	+22.0%	-	-	+47.9%	+45.1%	+19.1%	+16.4%	-	-
Vol.4 No.4	950	1988/3	+54.9%	+22.3%	-	-	+34.4%	+36.2%	+13.3%	+15.1%	-	-
Vol.5 No.1A	1,523	1988/4	+49.2%	+15.1%	-	-	+25.6%	+34.3%	+5.7%	+8.9%	-	-
Vol.5 No.2	947	1989/1	+38.8%	+18.1%	-	-	+18.6%	+11.0%	+5.6%	+3.3%	-	-
Vol.5 No.3	2,274	1989/2	+41.1%	+16.7%	-	-	+30.8%	+28.0%	+10.4%	+7.8%	-	-
Vol.5 No.4	795	1989/3	+33.5%	+18.3%	-	-	+20.2%	+21.9%	+7.4%	+9.2%	-	-
Vol.6 No.1	1,091	1989/4	+29.9%	+10.5%	-	-	+10.6%	+19.2%	+0.9%	+4.1%	-	-
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%	+11.9%	+0.9%	-1.8%	-	-
Vol.6 No.4	1,312	1990/3	+18.2%	+3.5%	-	-	+3.6%	+5.4%	-4.1%	-2.3%	-	-
Vol.7 No.1	1,239	1990/4	-0.5%	-5.1%	-	-	-16.0%	-7.4%	-14.4%	-11.2%	-	-
Vol.7 No.2	984	1991/1	-8.6%	-11.6%	-12.7%	-	+12.3%	+4.7%	-7.6%	-9.9%	-15.0%	-
Vol.7 No.3	1,718	1991/2	-12.5%	-17.3%	-20.0%	-	-5.2%	-8.0%	-11.5%	-14.2%	-20.6%	-
Vol.7 No.4	835	1991/3	-14.8%	-19.9%	-15.0%	-	-1.0%	+0.8%	-17.5%	-15.7%	-15.1%	-
Vol.8 No.1	1,684	1991/4	-7.9%	-15.6%	-20.5%	-	-9.4%	-0.8%	-16.9%	-13.7%	-13.3%	-
Vol.8 No.2	1,359	1992/1	-1.8%	-17.2%	-13.9%	-	+19.5%	+11.9%	-5.5%	-7.8%	-6.8%	-
Vol.8 No.3	1,527	1992/2	-9.2%	-14.6%	-18.7%	-	+4.2%	+1.4%	-5.9%	-8.5%	-11.8%	-
Vol.8 No.4	921	1992/3	-15.9%	-27.8%	-32.7%	-	-6.2%	-4.4%	-17.7%	-15.9%	-24.1%	-
Vol.9 No.1	1,339	1992/4	-9.1%	-15.1%	-21.0%	-	-4.0%	+4.7%	-10.7%	-7.5%	-13.1%	-
Vol.9 No.2	1,021	1993/1	-3.8%	-12.4%	-11.3%	-	+23.5%	+15.9%	+0.7%	-1.6%	-0.8%	-
Vol.9 No.3	1,310	1993/2	+0.9%	-7.9%	-7.4%	-	+19.1%	+16.3%	+4.3%	+1.6%	-0.5%	-
Vol.9 No.4	1,076	1993/3	+8.3%	-1.6%	-7.0%	-	+14.7%	+16.5%	-3.4%	-1.6%	-4.5%	-
Vol.10 No.1	1,295	1993/4	+13.8%	+3.5%	-3.3%	-	+15.1%	+23.8%	-0.2%	+3.0%	+3.3%	-
Vol.10 No.2	861	1994/1	+3.6%	-4.3%	-3.8%	-	+23.0%	+15.4%	-1.1%	-3.4%	+3.7%	-
Vol.10 No.3	2,327	1994/2	+16.2%	+0.8%	-3.3%	-	+18.4%	+15.6%	+1.6%	-1.1%	-2.2%	-
Vol.10 No.4	1,046	1994/3	+20.3%	+7.6%	+0.6%	-	+14.6%	+16.3%	-0.2%	+1.6%	+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%	+25.8%	+3.7%	+6.9%	+2.4%	-
Vol.11 No.2	1,295	1995/1	+18.2%	+3.2%	+1.4%	-	+27.8%	+20.2%	+5.7%	+3.4%	+5.0%	-
Vol.11 No.3	669	1995/2	+18.0%	+3.2%	+1.1%	-	+18.6%	+15.7%	+4.3%	+1.7%	-1.5%	-
Vol.11 No.4	1,047	1995/3	+13.1%	+3.3%	+3.1%	-	+14.0%	+15.8%	-1.9%	-0.1%	-2.1%	-
Vol.12 No.1	700	1995/4	+10.0%	-2.9%	+1.9%	-	+2.6%	+11.2%	-6.7%	-3.5%	-5.2%	-
Vol.12 No.2	1,099	1996/1	+14.2%	+2.5%	+1.0%	-	+20.7%	+13.2%	+1.9%	-0.4%	-2.8%	-
Vol.12 No.3	742	1996/2	+10.5%	+3.9%	+5.1%	-	+16.1%	+13.3%	+3.3%	+0.7%	-2.7%	-
Vol.12 No.4	753	1996/3	+23.1%	+8.9%	+7.2%	-	+24.3%	+26.1%	+5.1%	+6.9%	+6.1%	-
Vol.13 No.1	912	1996/4	+20.4%	+9.8%	+10.9%	-	+17.4%	+26.0%	+4.8%	+7.9%	+7.2%	-
Vol.13 No.2	720	1997/1	+13.6%	+2.0%	+9.9%	-	+27.7%	+20.2%	+8.6%	+6.3%	+7.0%	-
Vol.13 No.3	909	1997/2	+18.0%	+5.3%	+5.2%	-	+22.2%	+19.4%	+7.3%	+4.6%	+2.4%	-
Vol.13 No.4	634	1997/3	+21.5%	+12.1%	+10.7%	-	+24.1%	+25.9%	+3.9%	+5.7%	+3.8%	-
Vol.14 No.1	783	1997/4	+21.1%	+1.7%	+10.4%	-	+12.8%	+21.5%	-0.7%	+2.5%	+3.9%	-
Vol.14 No.2	1,273	1998/1	+19.3%	+3.0%	+12.4%	-	+21.3%	+13.7%	+3.9%	+1.6%	+2.2%	-
Vol.14 No.3	682	1998/2	+9.0%	+5.0%	+5.0%	-	+10.3%	+7.5%	+5.6%	+3.0%	+2.0%	-
Vol.14 No.4	654	1998/3	-2.5%	-0.4%	+4.6%	+10.0%	+3.0%	+4.8%	-2.9%	-1.2%	-8.0%	+0.5%
Vol.15 No.1	601	1998/4	+5.9%	+0.6%	+2.5%	+8.7%	-5.5%	+3.1%	-3.3%	-0.2%	-6.0%	+5.3%
Vol.15 No.2	619	1999/1	+6.5%	-2.5%	+3.7%	+15.3%	+21.4%	+13.8%	+4.1%	+1.8%	+1.7%	+14.9%
Vol.15 No.3	507	1999/2	-5.4%	-4.3%	-3.5%	+7.8%	+6.6%	+3.7%	-0.1%	-2.7%	-5.0%	+4.7%
Vol.15 No.4	1,121	1999/3	+9.6%	-2.0%	+2.5%	+13.6%	+11.7%	+13.5%	-0.3%	+1.5%	-0.1%	+5.7%
Vol.16 No.1	812	1999/4	+9.3%	-4.3%	+1.7%	+15.6%	+6.0%	+14.6%	-2.6%	+0.6%	+1.8%	+15.0%

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 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
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/Tlover 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%	2.0%	8.8%	7.1%	31.0%	5.5%	11.3%	1.1%	0.9%	1.8%	8.3%	4.3%	15.1%	1.1%	601
1999/2	0.2%	1.0%	1.2%	7.8%	6.4%	31.1%	7.5%	14.8%	1.1%	0.1%	1.0%	9.5%	3.9%	13.5%	0.9%	619
1999/3	0.1%	0.8%	2.9%	11.1%	7.7%	25.2%	8.1%	13.5%	2.2%	1.0%	3.2%	8.4%	4.3%	10.0%	1.5%	507
1999/4	0.4%	0.8%	2.9%	11.4%	6.1%	25.8%	7.2%	14.3%	1.2%	0.5%	2.0%	9.8%	3.9%	12.6%	0.9%	1,121
2000/1	0.3%	1.1%	1.7%	9.4%	6.4%	26.2%	8.8%	18.6%	1.4%	0.3%	2.2%	8.8%	3.7%	10.5%	0.6%	812



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 Some firms consider it important to introduce new changes to their range of products and services or the way they organise and operate while other firms prefer to have products, services or operations that endure over time with minimum changes. Please circle the ONE phrase that best describes your business:

- | | |
|---|---|
| a. Constantly introduce changes | d. Introduce changes only when things stop working |
| b. Occasionally introduce major changes | e. Avoid making changes unless absolutely necessary |
| c. Occasionally introduce minor changes | f. Other (please state) |
- _____

6 In which area over the past year have you felt the strongest pressure to introduce major changes (please circle just ONE):

- | | |
|----------------------------|-------------------------------|
| a. Products/services | e. Financing |
| b. Organisation/staff | f. Communications/information |
| c. Operations/distribution | g. None/no pressure to change |
| d. Marketing/sales | h. Other (please state) |
- _____

7 When you do consider new ideas for change, where do your best ideas usually come from?

- | | |
|--|-------------------------------|
| a. Regular internal research and development | g. Talking to friends/family |
| b. Other internal sources/discussion | h. Chance/travel observations |
| c. Trade/business publications or associations | i. Internet |
| d. Main suppliers/customers | j. External consultants |
| e. Analysing competitors | k. Other (please state) |
| f. General media (press, TV, radio) | |
- _____

8 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 1998? What do you expect to happen in the current quarter? Please complete the table by ticking 8 boxes only:

	ACTUAL			EXPECTED		
	October, November, December 1999 compared with the same period 1998			January, February, March 2000 compared with October, November, December 1999		
	UP	DOWN	SAME	UP	DOWN	SAME
Sales Turnover						
Average Employment						
Investment						
Selling Prices						

9 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. | _____ |

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

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