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HIGHLIGHTS

The proportion of Britain's small firms which reported an improvement in economic conditions increased again in this survey, but remains below the level at this time last year. Increases in employment, however, were the greatest for eight years. Sales expectations for the final quarter of 1997 are up a little. The problem of slow payment of invoices seems marginally less important than ten years ago, but most small firms still have late payers. Almost half of all small firms think that large firms and small firms take about the same amount of time to pay.

- Just over 47 per cent of small firms said that their sales turnover was higher in the third quarter of 1997 than it had been in the third quarter of 1996, while less than 27 per cent said that it was lower. The resulting balance of +20 per cent was up compared with the +17 per cent in the previous survey.
- The balance of firms increasing employment over the year rose more markedly, from +6 per cent to +12 per cent. This is the highest balance for this question in eight years.
- The balance on actual investment also rose, from +4 per cent to +10 per cent.
- The smallest firms reported fewer improvements than the larger firms and the gap between the two widened again, to about the same amount as one year ago.
- The balance of firms expecting sales to be higher in the current quarter (the final quarter of 1997) is up a little. This is only the third time in the thirteen years since this survey began that the balance has risen at the end of the year. The seasonally adjusted balance shows a rise from +17 per cent to +27 per cent.
- The balance of firms expecting to increase employment in the current quarter is, however, down a little.
- *Low turnover/lack of business* remains the biggest problem, and the proportion selecting this rose from 26 to 28 per cent. This is followed by *government regulations/paperwork* (up to 13 per cent), *cashflow/payments/debtors* (11 per cent) and *lack of skilled/trained employees* (also 11 per cent).
- The proportion selecting *lack of skilled/trained employees* as their most important problem is the highest since the middle of 1989 and this is the single most important problem for firms with 25 or more employees.
- Some 45 per cent of small firms say that slow payment of their invoices is a problem - slightly less than on previous occasions when this question was asked.
- Almost 89 per cent, however, say that not all of their invoices are paid on time.
- On average, 54 per cent of invoices are paid within 30 days and 89 per cent are paid within 90 days.
- Almost half of all respondents think that there is no real difference between small and large firms in speed of payment. Some 27 per cent of small firms think that large firms are more likely to be slow payers, while only 10 per cent think that other small firms are the main culprits.
- Half of all small firms (and 60 per cent of those which say they have a problem with slow payment) think that a statutory right to interest would help the situation, but the rest do not.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	1
HIGHLIGHTS	2
1. THE SMALL BUSINESS OUTLOOK	4
2. PROBLEMS	14
3. SLOW PAYMENT	17
APPENDIX	23
ORGANISATION OF THE SURVEY	23
SPECIAL TOPICS	24
APPENDIX TABLES	26

1. THE SMALL BUSINESS OUTLOOK

Respondents were asked to indicate whether their sales turnover, average employment and investment were up, down or the same in the quarter just ended (July, August, September 1997) compared with the same quarter a year earlier, and also to indicate what they expect for the next quarter (October, November, December 1997) compared with the third quarter of 1997. 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”.

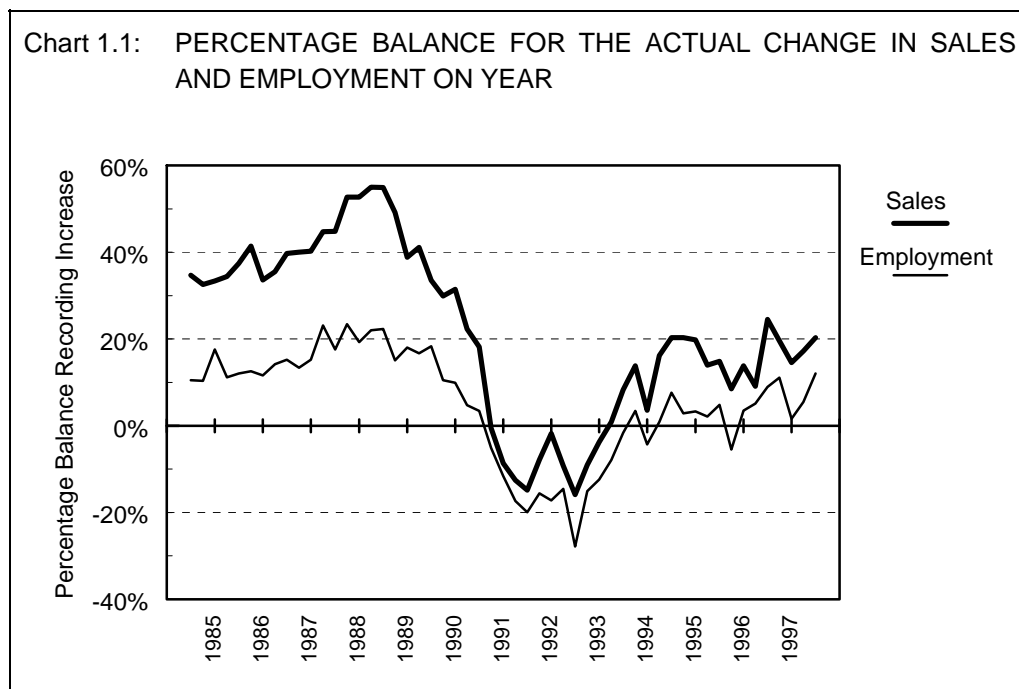
Following the well-established practice of the CBI in its *Industrial Trends Survey*, a summary statistic, the *balance*, is used to monitor these changes, although the full results are also shown in the tables. The balance is the percentage of respondents replying ‘up’ minus the percentage replying ‘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.

Since 1989, we have been splitting the results of questions on performance, expectations and problems by industrial sector and re-weighting them according to the sectoral distribution of all VAT registered businesses. The aim of this 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 use unweighted data.

Actual Performance

For the second survey in succession, the balance of Britain's small firms reporting an improvement in their economic situation has risen a little. The news on employment is most positive, with the balance of firms increasing employment over the past 12 months the highest for eight years.

The proportion of firms reporting higher sales turnover in the third quarter of 1997 than one year earlier was 47.1 per cent, practically unchanged compared with the 46.9 per cent in the previous survey. The proportion reporting a fall in sales once again fell by a greater margin, from 29.7 per cent to 26.8 per cent. The balance of firms reporting an increase therefore rose by three percentage points, from +17.3 per cent to +20.3 per cent (see Table 1.1). The balance remains below the peak of +24.6 at the end of last year, but much of the ground lost since then has been recovered (see Chart 1.1 below and Appendix Table A.1 on page 26 for a full list of balances since the survey began).



The news on employment is even more positive. The proportion of firms reporting that employment was up during the year (22.5 per cent) was considerably higher than in the previous survey (18.4 per cent), while the proportion cutting employment was down from 13.0 per cent to 10.4 per cent. The balance of firms increasing employment consequently rose, from only +5.5 per cent in the previous survey to +12.0 per cent this time. This is the highest balance for this question for eight years (see Chart 1.1 above).

Table 1.1 CHANGE AND EXPECTED CHANGE IN SALES, EMPLOYMENT AND INVESTMENT

	Actual Change on Year				Expected Change on Previous Quarter			
	1996/4 on 1995/4	1997/1 on 1996/1	1997/2 on 1996/2	1997/3 on 1996/3	1997/1	1997/2	1997/3	1997/4
	Vol.13 No.1	Vol.13 No.2	Vol.13 No.3	Vol.13 No.4	Vol.13 No.1	Vol.13 No.2	Vol.13 No.3	Vol.13 No.4
Survey	Vol.13 No.1	Vol.13 No.2	Vol.13 No.3	Vol.13 No.4	Vol.13 No.1	Vol.13 No.2	Vol.13 No.3	Vol.13 No.4
	SALES				SALES			
Up	47.6%	46.1%	46.9%	47.1%	39.1%	46.1%	44.0%	44.6%
Down	28.0%	31.5%	29.7%	26.8%	22.9%	18.0%	23.4%	21.0%
Same	23.0%	20.3%	22.3%	25.4%	36.8%	33.0%	31.5%	33.2%
No Response	1.3%	2.0%	1.1%	0.7%	1.1%	2.9%	1.1%	1.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	19.6%	14.6%	17.3%	20.3%	16.2%	28.1%	20.5%	23.6%
	EMPLOYMENT				EMPLOYMENT			
Up	21.8%	17.2%	18.4%	22.5%	14.1%	16.0%	16.2%	15.1%
Down	10.7%	15.6%	13.0%	10.4%	8.9%	6.6%	8.0%	12.2%
Same	63.1%	62.5%	65.0%	64.4%	72.2%	72.3%	71.8%	69.0%
No Response	4.4%	4.6%	3.6%	2.8%	4.8%	5.2%	4.0%	3.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	11.1%	1.6%	5.5%	12.0%	5.1%	9.4%	8.2%	2.8%
	INVESTMENT				INVESTMENT			
Up	26.6%	25.5%	24.6%	25.6%	22.5%	20.8%	20.7%	19.4%
Down	15.7%	15.8%	20.2%	16.0%	15.2%	13.6%	19.3%	17.0%
Same	53.0%	54.2%	50.8%	54.8%	56.8%	60.6%	55.7%	59.3%
No Response	4.7%	4.6%	4.3%	3.6%	5.5%	5.0%	4.3%	4.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	10.9%	9.8%	4.4%	9.5%	7.3%	7.2%	1.4%	2.4%
Base	912	720	909	634	912	720	909	634

Table 1.2 PROPORTION OF EXPANDING AND DECLINING FIRMS AS A PERCENTAGE OF RESPONDENTS

	Vol.13 No.1		Vol.13 No.2		Vol.13 No.3		Vol.13 No.4	
	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent
Expanding Firms	164	17.9%	94	13.1%	139	15.3%	116	18.3%
Declining Firms	62	6.8%	81	11.3%	74	8.1%	43	6.7%
Remaining Respondents	686	75.2%	545	75.7%	696	76.6%	475	75.0%
All Respondents	912	100.0%	720	100.0%	909	100.0%	634	100.0%
Balance		11.1%		1.8%		7.2%		11.6%

Note: All figures shown in these tables are weighted to the VAT sectoral distribution and therefore may not sum exactly to the totals shown.

The balance of firms increasing investment over the past year is also up, from +4.4 per cent to +9.5 per cent. Just over one-quarter of small firms have increased investment (25.6 per cent, compared with 24.6 per cent in the previous survey), while the proportion cutting investment has fallen from 20.2 per cent to only 16.0 per cent (Table 1.1).

The proportion of firms classed as expanding (increasing both sales and employment) has risen to 18.3 per cent of the total (compared with 15.3 per cent in the previous survey), while the proportion classed as declining firms (those reporting falling sales and employment) is down from 8.1 to 6.7 per cent. Three-quarters of firms are therefore classed as neither expanding nor contracting, and the proportion of expanding firms exceeds the proportion of contracting firms by +11.6 per cent (Table 1.2) This is the highest balance since we started reporting it in this way, at the end of 1990.

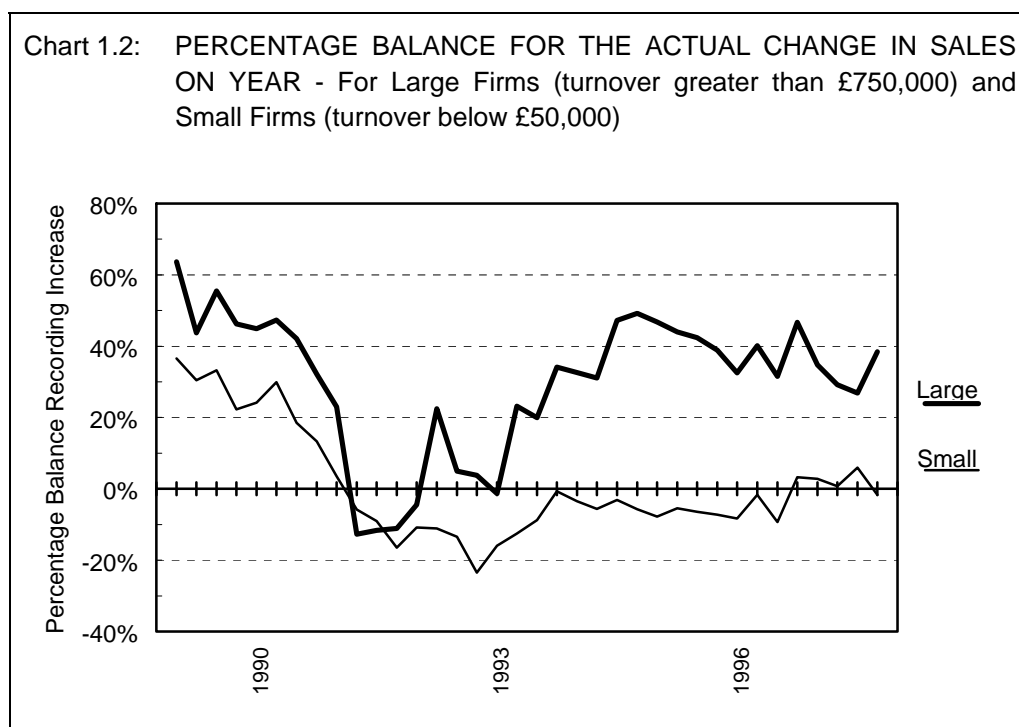
Actual Performance: Comparison across size bands

Table 1.3 shows that the smallest firms are still reporting fewer improvements in their sales than the larger firms. Those with a turnover under £20,000 on balance saw turnover fall over the past year, while larger firms saw sales rise.

Table 1.3 ACTUAL CHANGE IN SALES, by firm size

Turnover size band	Up	Down	Same	Balance	Sample
Less than £20,000	26.9%	40.4%	30.8%	-13.5%	52
£20,000 - 49,999	35.7%	28.6%	34.3%	7.1%	70
£50,000 - 149,999	47.6%	19.7%	30.6%	27.9%	147
£150,000 - 349,999	44.3%	35.7%	19.1%	8.7%	115
£350,000 - 749,999	49.5%	20.9%	29.7%	28.6%	91
£750,000 - 1,499,999	55.4%	24.3%	20.3%	31.1%	74
£1,500,000 and over	63.6%	18.2%	18.2%	45.5%	77
No Response	37.5%	12.5%	50.0%	25.0%	8
Total	47.0%	25.7%	26.3%	21.3%	634

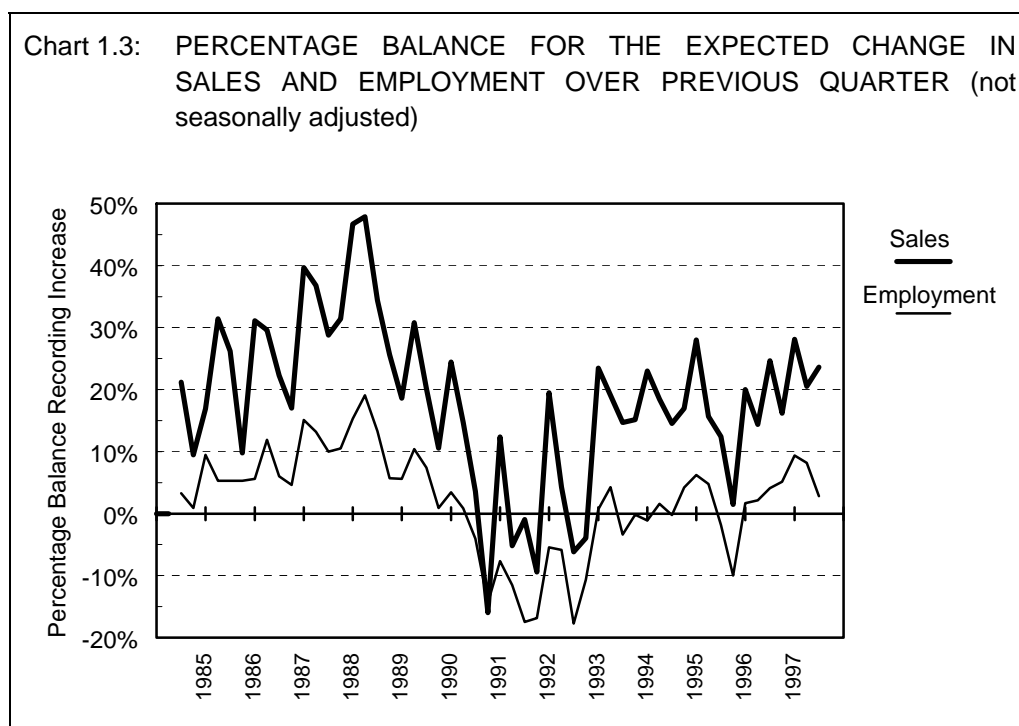
Although in the three previous surveys the gap between the experience of the smallest and largest firms had been narrowing, Chart 1.2 shows that in this survey the gap has again widened, to about the same amount as one year ago. Firms with a turnover greater than £750,000 have reported greater improvements in sales than last time, while those with a turnover below £50,000 have seen sales fall for the first time in over a year.



Expectations

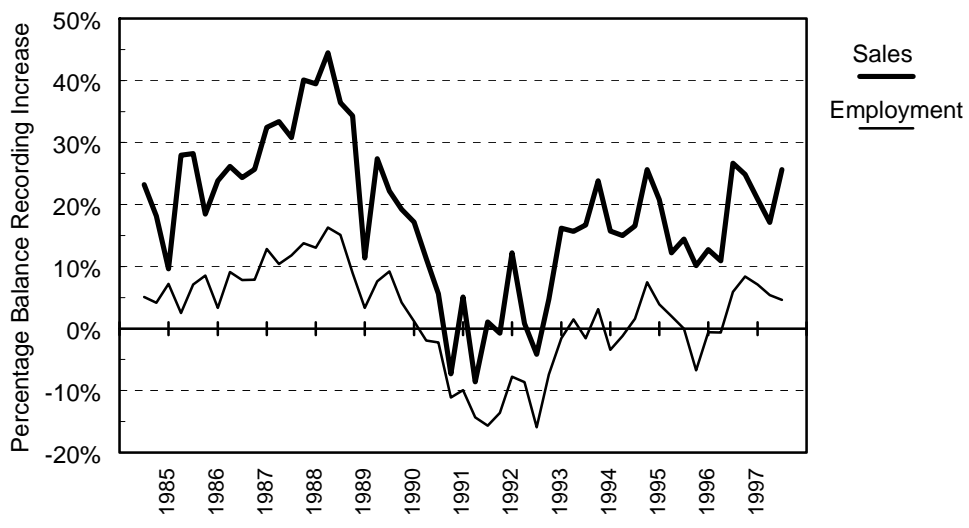
Britain's small firms expect slightly better sales during the final quarter of 1997 than during the third quarter. This is unusual, and the seasonally-adjusted figures show a larger improvement. The balance of firms expecting to increase employment levels during the fourth quarter of the year is, however, down.

The proportion of UK small firms expecting sales in the current quarter (the fourth quarter of 1997), to be higher than in the previous quarter is up a fraction, from 44.0 per cent in the previous survey to 44.6 per cent now. The proportion expecting sales to fall is down from 23.4 to 21.0 per cent. The percentage balance of firms expecting an increase in sales has therefore risen a little, from +20.5 per cent to +23.6 per cent (Table 1.1 and Chart 1.3).



The sales balance is clearly strongly affected by seasonal influences. Chart 1.4 overleaf and Appendix Table A.1 on page 26 show the balance when seasonally adjusted. The unadjusted balance usually falls at this time of the year. This is only the third time in the thirteen years since this survey began that the balance has risen at the end of the year. Because of this, when seasonally adjusted the rise in this survey is more marked, up from +16.9 to +26.0 per cent. This is, however, still below the +27.1 per cent at this time last year.

Chart 1.4: PERCENTAGE BALANCE FOR THE EXPECTED CHANGE IN SALES AND EMPLOYMENT OVER PREVIOUS QUARTER (seasonally adjusted)



Despite the positive expectations for sales, and the good news on employment over the past twelve months, the balance of firms expecting to increase employment over the next quarter has fallen, from +8.2 per cent to only +2.8 per cent (Table 1.1 and Chart 1.3). The seasonally adjusted fall is smaller, the balance falling from +5.4 per cent to +4.6 per cent, but employment expectations are down, even on this basis (Chart 1.4 and Appendix Table A.1).

The balance of firms which expect to increase investment during the current quarter is up by one percentage point, from +1.4 to +2.4 per cent. The proportion expecting to increase investment is actually lower than in the previous survey, but the proportion expecting investment to fall is down by a greater margin (Table 1.1).

Expectations: Comparison across size bands

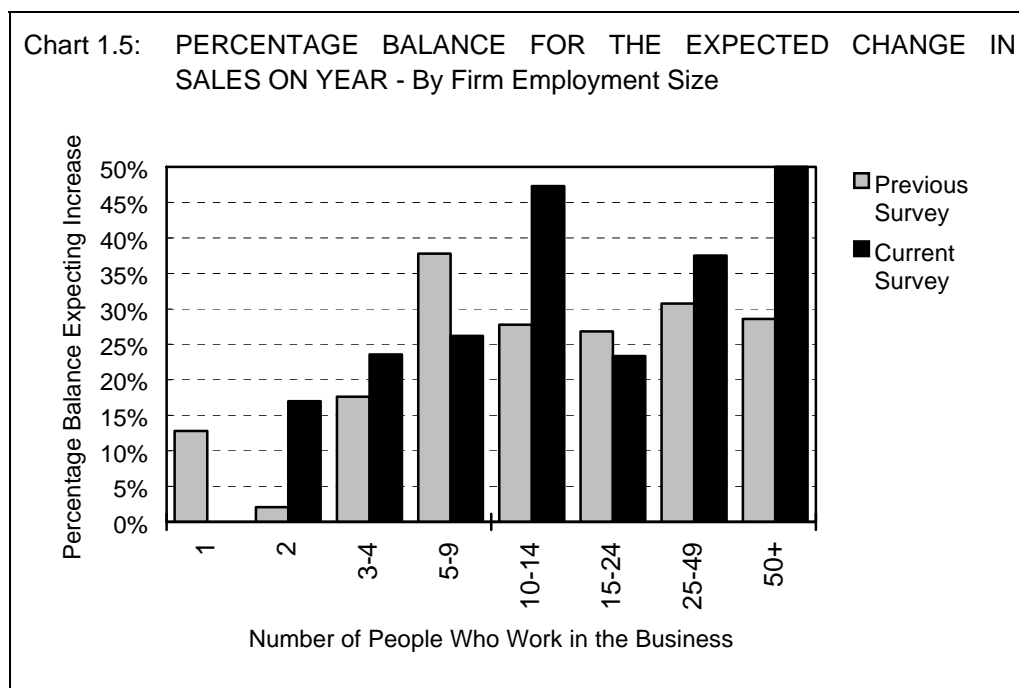
Smaller firms remain less optimistic than larger ones in relation to both sales and employment (Table 1.4). Firms with turnover between £150,000 and £349,999 are less optimistic than those with a turnover between £50,000 and £149,999, but otherwise optimism about sales clearly increases with firm size.

Table 1.4 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY TURNOVER
(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				
	50	51	52	53	50	51	52	53	
Less than £20,000	-9.3%	12.8%	9.2%	1.9%	0.0%	2.1%	-6.6%	-3.8%	52
£20,000 - 49,999	12.4%	24.2%	13.2%	12.9%	-2.2%	-4.4%	-0.7%	0.0%	70
£50,000 - 149,999	11.6%	32.9%	4.3%	28.6%	4.0%	4.2%	0.5%	5.4%	147
£150,000 - 349,999	27.5%	33.3%	25.8%	19.1%	7.2%	10.1%	4.9%	-1.7%	115
£350,000 - 749,999	34.5%	29.5%	38.1%	28.6%	9.2%	8.4%	14.3%	15.4%	91
£750,000 - 1,499,999	25.2%	26.9%	30.9%	32.4%	9.7%	16.7%	15.5%	13.5%	74
£1,500,000 and over	38.3%	51.5%	39.3%	41.6%	19.8%	30.3%	11.2%	16.9%	77
Total	19.8%	29.9%	22.0%	24.9%	5.7%	8.1%	4.8%	6.3%	634

NOTE: The total balances in this table are not comparable with those shown in Table 1.1 because the data in this table are not weighted, neither are they seasonally adjusted.

Chart 1.5 shows that a similar pattern emerges when the balances are analysed by employment size band. Smaller firms are less optimistic about sales prospects than larger firms, with the difference between the smallest and the largest somewhat greater than in the previous survey.



Expectations: Comparison across business sectors

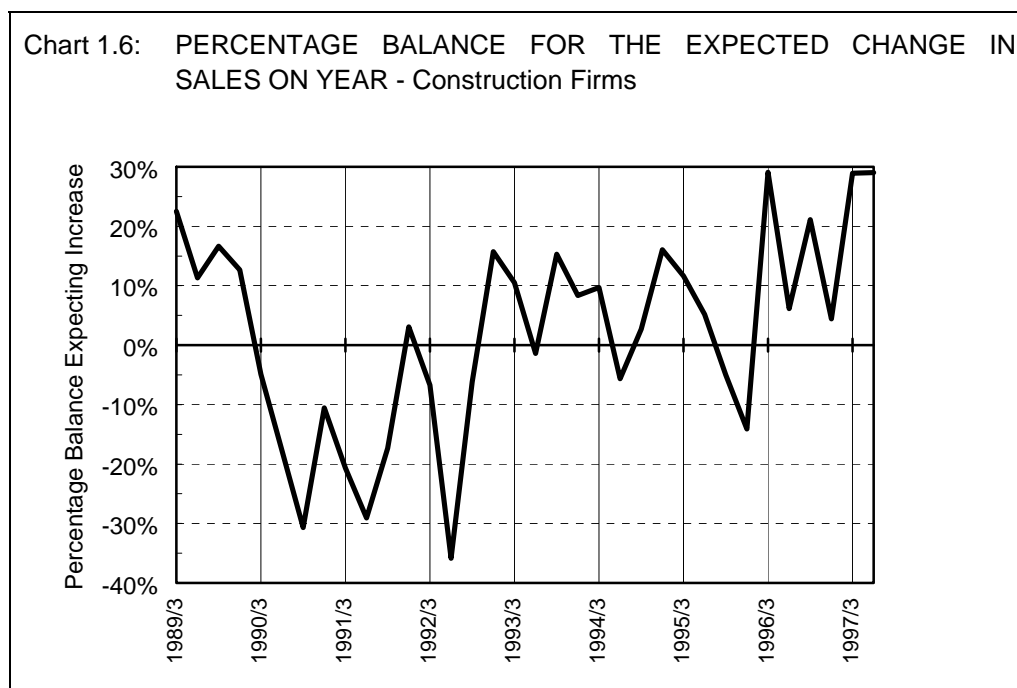
Table 1.5 breaks down the expected sales and employment balances by sector. However, the sample sizes for several sectors are too small for comparisons to be statistically valid.

Table 1.5 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY BUSINESS SECTOR
(Current Survey compared with Previous Surveys)

Business Sector	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (This survey)
	Survey Number				Survey Number				
	50	51	52	53	50	51	52	53	
Agriculture, Forestry, Fisheries	-5.3%	29.4%	11.1%	18.2%	15.8%	11.8%	16.7%	-18.2%	11
Manufacturing, Mining, Processing	24.3%	30.4%	22.5%	29.8%	7.6%	10.4%	-1.6%	10.7%	121
Transport	0.0%	44.4%	48.3%	33.3%	-4.2%	16.7%	20.7%	6.7%	15
Construction	21.1%	4.4%	28.9%	29.0%	0.0%	2.2%	15.8%	9.7%	31
Wholesale Trade	31.5%	36.9%	26.0%	18.5%	11.0%	9.2%	7.8%	10.8%	65
Retail Trade	6.2%	35.1%	32.5%	34.0%	1.6%	8.1%	5.7%	2.0%	100
Catering & Restaurants	11.1%	19.0%	16.7%	0.0%	0.0%	14.3%	16.7%	-23.1%	13
Business Services	22.5%	28.3%	20.5%	20.9%	7.8%	3.4%	2.1%	5.3%	187
Other Services	24.1%	34.1%	7.5%	17.8%	3.7%	12.2%	0.9%	6.8%	73
Other	19.5%	28.6%	4.3%	44.4%	7.3%	14.3%	8.7%	22.2%	18
Total	19.8%	29.9%	22.0%	24.9%	5.7%	8.1%	4.8%	6.3%	634

Unweighted, not seasonally-adjusted data

For the first time in the nine years that this survey has been carried out, the balance of construction firms expecting their turnover to be up in the final quarter of the year has remained steady (Chart 1.6). The balance of +29.0 per cent of construction firms expecting turnover to be up in the last quarter of 1997 is unprecedented.



Firms in most of the other major sectors have become a little more optimistic than they were in the previous survey.

Expectations: Comparison across regions

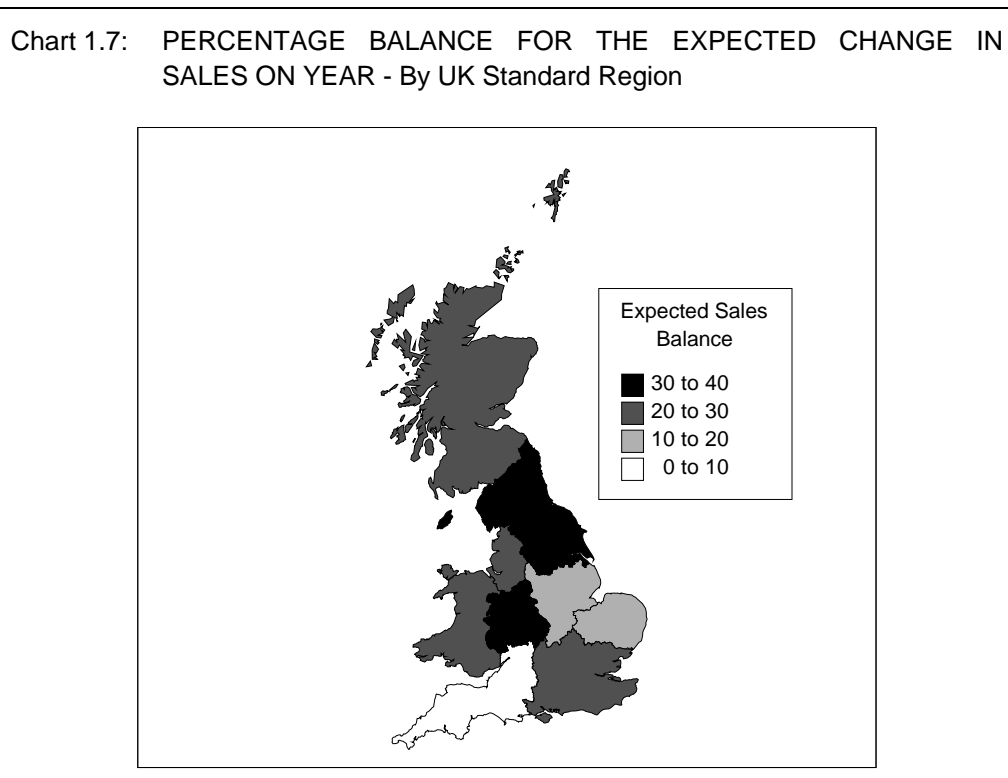
Table 1.6 show the sales and employment balances by region and Chart 1.7 shows just the sales balance. As with the industrial sectors, sample sizes for several regions are too small for comparisons to be statistically valid. This also means that the balances are subject to considerable variation from survey to survey.

Table 1.6 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY REGION
(Current Survey compared with Previous Surveys)

Region	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (This survey)
	Survey Number				Survey Number				
	50	51	52	53	50	51	52	53	
North	17.9%	33.3%	20.0%	40.0%	-10.7%	14.3%	0.0%	5.0%	20
Yorkshire & Humberside	16.2%	16.4%	25.4%	35.4%	7.4%	9.1%	4.5%	6.3%	48
North West	19.8%	19.0%	18.0%	21.4%	4.4%	-1.7%	4.5%	3.6%	56
East Midlands	1.8%	16.3%	4.3%	17.3%	7.3%	16.3%	-6.4%	1.9%	52
West Midlands	19.2%	35.9%	-6.0%	38.3%	6.8%	12.5%	-7.5%	13.3%	60
East Anglia	23.9%	21.4%	35.6%	12.5%	17.4%	14.3%	20.0%	7.5%	40
South East	20.7%	33.2%	24.0%	27.0%	7.5%	7.5%	5.1%	7.0%	244
South West	28.3%	47.6%	28.0%	8.2%	1.0%	9.5%	5.0%	0.0%	61
Wales	17.1%	42.1%	13.2%	27.3%	-4.9%	10.5%	2.6%	18.2%	11
Scotland	3.6%	14.6%	12.5%	26.3%	0.0%	-2.4%	0.0%	7.9%	38
Northern Ireland	42.9%	0.0%	50.0%	0.0%	28.6%	0.0%	-16.7%	0.0%	0
Total	19.8%	29.9%	22.0%	24.9%	5.7%	8.1%	4.8%	6.3%	634

Unweighted, not seasonally-adjusted data

Firms in East Anglia, which were most optimistic in the previous survey, are far less optimistic than they were, though those in the South West expect even fewer increases in sales and employment.



2. PROBLEMS

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.

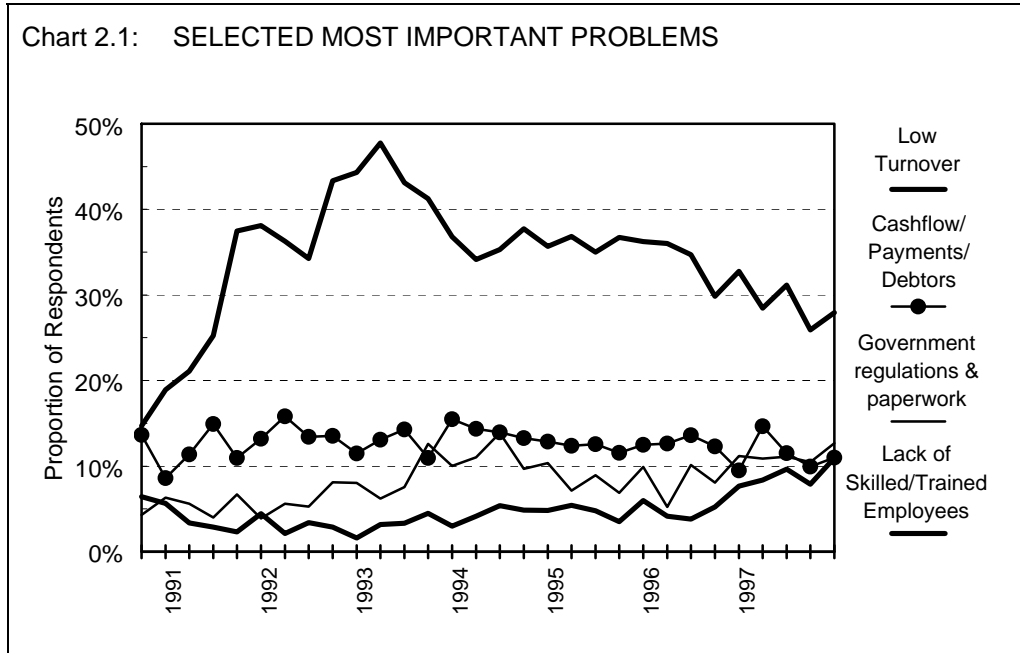
Table 2.1 MOST IMPORTANT PROBLEM (All Respondents)

Problem	Survey Number			
	Vol.13 No.1	Vol.13 No.2	Vol.13 No.3	Vol.13 No.4
Low Turnover/Lack of Business	28.5% (1)	31.1% (1)	25.9% (1)	27.9% (1)
Gov't Regulations & Paperwork	10.9% (3)	11.1% (3)	10.5% (2)	12.7% (2)
Cashflow/Payments/Debtors	14.6% (2)	11.5% (2)	9.9% (3)	11.0% (3)
Lack of Skilled/Trained Employees	8.4% (4)	9.7% (4)	7.9% (6)	11.0% (4)
Competition from Big Business	7.2% (5)	7.2% (5)	9.5% (4)	6.7% (5)
Premises/Rent/Rates	3.9% (7)	3.3% (7)	5.9% (7)	5.3% (6)
Total Tax Burden	6.8% (6)	4.5% (6)	8.3% (5)	5.2% (7)
Access to Finance	3.2% (8)	1.9% (9)	4.0% (8)	2.5% (8)
Internal Management Difficulties	2.1% (9)	2.4% (8)	1.9% (10)	2.3% (9)
Interest Rates	2.1% (10)	1.2% (11)	2.8% (9)	2.0% (10)
High Rates of Pay	0.3% (12)	1.9% (10)	0.8% (11)	1.1% (11)
Inflation	0.3% (13)	0.1% (13)	0.2% (13)	0.6% (12)
Shortages of Materials,Supplies,etc	0.5% (11)	0.3% (12)	0.6% (12)	0.6% (13)
Other	10.5%	12.7%	11.4%	9.7%
No Response	0.8%	1.0%	0.4%	1.4%
TOTAL	100.0%	100.0%	100.0%	100.0%
BASE	912	720	909	634

Note: 1 All figures shown in this table are weighted to the VAT sectoral distribution.
2 Number in brackets refers to the problem's ranking each quarter.

Low turnover/lack of business remains the most frequently mentioned problem. Although the proportion selecting this rose a little, from 25.9 per cent to 27.9 per cent, apart from the previous survey this is lower than at any time since the middle of 1991 (see Chart 2.1 overleaf). The proportion indicating that *government regulations and paperwork* was their most important problem rose again, from 10.5 to 12.7 per cent, keeping it in second place in the rankings. This might partly be down to the need to complete self-assessment tax forms, although the problem is rated as far less important than *low turnover* by the very smallest firms, who are likely to be most affected by self-assessment (see Table 2.2).

The proportion selecting *cashflow/payments/debtors* was up a little, from 9.9 to 11.0 per cent and this remained in third place in the rankings. The proportion selecting *lack of skilled/trained employees* rose more markedly, from only 7.9 per cent in the previous survey to 11.0 per cent now. This question rose from sixth to fourth place in the rankings (the weighted proportion was less than one-tenth of a percentage point less than that for the third-placed *cashflow/payments/debtors*).



The proportion saying that *lack of skilled/trained employees* was their most important problem is the highest since the middle of 1989 - when there were fewer options given on the questionnaire (see Appendix Table A2). For firms with 25 or more employees, this is the single most important problem (Table 2.2 overleaf). Despite this, the potentially associated problem of *high rates of pay* is still only the eleventh most important problem overall.

Table 2.2 MOST IMPORTANT PROBLEM BY NUMBER OF PEOPLE WHO WORK IN THE BUSINESS

	1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50+	All
Inflation	0.0%	0.0%	0.0%	0.7%	1.8%	0.0%	1.8%	4.2%	0.6%
Interest Rates	2.9%	3.0%	0.0%	2.8%	0.0%	0.0%	0.0%	4.2%	1.6%
Access to Finance	2.9%	4.0%	1.6%	1.4%	3.6%	5.0%	0.0%	0.0%	2.4%
Lack of Skilled/Trained Employees	0.0%	4.0%	6.5%	13.8%	20.0%	13.3%	25.0%	37.5%	11.7%
Total Tax Burden	7.2%	2.0%	4.9%	5.5%	9.1%	6.7%	0.0%	8.3%	5.2%
Low Turnover/Lack of Business	49.3%	43.0%	33.3%	27.6%	25.5%	21.7%	16.1%	8.3%	31.1%
Competition from Big Business	5.8%	7.0%	11.4%	6.9%	5.5%	3.3%	3.6%	12.5%	7.1%
Gov't Regulations & Paperwork	7.2%	9.0%	9.8%	11.7%	10.9%	15.0%	8.9%	4.2%	10.1%
High Rates of Pay	0.0%	0.0%	0.8%	0.7%	0.0%	0.0%	0.0%	0.0%	0.3%
Shortages of Materials,Supplies,etc	1.4%	0.0%	0.8%	0.7%	1.8%	1.7%	0.0%	0.0%	0.8%
Internal Management Difficulties	1.4%	1.0%	4.9%	1.4%	5.5%	5.0%	7.1%	4.2%	3.3%
Cashflow/Payments/Debtors	10.1%	11.0%	10.6%	9.0%	7.3%	6.7%	14.3%	8.3%	9.8%
Premises/Rent/Rates	0.0%	4.0%	4.9%	7.6%	5.5%	3.3%	7.1%	4.2%	4.9%
Other	8.7%	11.0%	9.8%	9.7%	1.8%	18.3%	10.7%	0.0%	9.6%
No Response	2.9%	1.0%	0.8%	0.7%	1.8%	0.0%	5.4%	4.2%	1.6%
Base	69	100	123	145	55	60	56	24	634
Check	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Unweighted data

3. SLOW PAYMENT

In this survey, respondents were asked about the problem of slow payment of their invoices. Table 3.1 shows that, compared with previous times that we have asked these questions, the proportion of firms saying that slow payment of their invoices is a problem has fallen a little. The proportion fell from 54.2 per cent in 1987 to 47.6 per cent in 1993 and in this survey has fallen again. Nevertheless, 45.1 per cent still say that it is a problem and, as we have seen, 11.0 per cent say that *cashflow/payment/debtors* was the single most important problem facing their business on the day they completed the questionnaire.

Table 3.1 "IS SLOW PAYMENT OF YOUR INVOICES A PROBLEM?"

	July 1987	July 1993	October 1997
Yes	54.2%	47.6%	45.1%
No	43.7%	49.8%	53.8%
No response	2.2%	2.6%	1.1%
Sample	1,113	1,047	634

Table 3.2 shows that there is a wide variation in the degree to which slow payment is a problem across different business sectors. Retailing, for instance, is a predominantly cash-based activity and only 23 per cent of retailers report that slow payment is a problem. Over two-thirds of construction firms and almost half of all manufacturers, however, report that it is a problem for them. The slight decline in the importance of slow payment overall is not, however, due to a change in the relative importance of different business activities within the sample. In every one of the significant business activities (those with over 50 firms), the proportion reporting a problem with slow payment is lower than when the question was last asked, in 1993.

Table 3.2 PROPORTION OF FIRMS REPORTING THAT SLOW PAYMENT OF INVOICES IS A PROBLEM - by business sector

Business Activity	%	Sample
Agriculture	45.5%	11
Manufacturing	49.6%	121
Transport	66.7%	15
Construction	67.7%	31
Wholesale	63.1%	65
Retail	23.0%	100
Catering	23.1%	13
Business Services	43.9%	187
Other Services	43.8%	73
Other	50.0%	18
All	45.1%	634

One proposed solution to the problem of slow payment is a statutory right to interest on invoices paid late. Table 3.3 shows that 60.1 per cent of the firms which have problems with slow payment and 51.1 per cent of all small firms think that this would improve the situation. A significant minority, however, think that such a right would be ineffective.

Table 3.3 "DO YOU THINK THAT A STATUTORY RIGHT TO INTEREST WOULD IMPROVE THE SITUATION?"

	Slow Payment a Problem	Slow Payment Not a Problem	All
Yes	60.1%	44.3%	51.1%
No	37.1%	43.4%	40.2%
No response	2.8%	12.3%	8.7%
Sample	286	341	634

To find out the main culprits of late payment, respondents were asked which were normally the slower payers, small firms or large firms. Table 3.4 shows that most firms said that there was no real difference, or did not answer the question, but of those that expressed an opinion, large firms were almost three times as likely to be classed as slow payers than other small firms.

Table 3.4 "WHICH ARE NORMALLY SLOWER PAYERS, SMALL FIRMS OR LARGE FIRMS?"

	Replies	%
Small Firms	61	9.6%
Large Firms	174	27.4%
No real difference	313	49.4%
No response	86	13.6%
Sample	634	

Table 3.5 shows the proportion of the value of invoices which become overdue (i.e. are not paid within the period specified in the firm's credit terms). A fortunate 11.1 per cent of firms say that all of their invoices are paid on time, but one-quarter of firms report that half or more of their invoices become overdue. The average proportion of invoices which become overdue for all firms is just over one-third (33.6 per cent). Although over half of all firms said that slow payment of their invoices was not a problem, this does not mean that all their invoices are paid on time. On average, 18.3 per cent of these firms invoices become overdue (or 16.2 per cent, if it is assumed that those who did not respond to this question do not have any overdue invoices). It appears that these firms accept late payment as a fact of business life - not that they do not have any overdue invoices.

Table 3.5 "WHAT PERCENTAGE OF THE TOTAL VALUE OF YOUR INVOICES BECOMES OVERDUE (I.E. IS NOT PAID WITHIN THE PERIOD SPECIFIED IN YOUR CREDIT TERMS)?"

	Replies	Per Cent	Cumulative Per Cent
100%	8	1.4%	1.4%
over 90%, less than 100%	10	1.7%	3.1%
over 80%, up to 90%	16	2.7%	5.8%
over 70%, up to 80%	51	8.7%	14.5%
over 60%, up to 70%	31	5.3%	19.8%
over 50%, up to 60%	31	5.3%	25.0%
over 40%, up to 50%	76	12.9%	38.0%
over 30%, up to 40%	23	3.9%	41.9%
over 20%, up to 30%	63	10.7%	52.6%
over 10%, up to 20%	64	10.9%	63.5%
10% or less	149	25.4%	88.9%
None	65	11.1%	100.0%
Responses	587		
Average (mean)	33.6%		
No response	47		

Table 3.5 showed what proportion of invoices are paid on time, but different firms obviously have different credit terms and so this does not tell us how quickly invoices are actually paid. Table 3.6, in contrast, shows the proportion of invoices which are paid within 30 days.

Table 3.6 "WHAT PERCENTAGE OF THE TOTAL VALUE OF YOUR INVOICES IS PAID WITHIN 30 DAYS OF ISSUE?"

	Replies	Per Cent	Cumulative Per Cent
None	24	4.0%	4.0%
10% or less	86	14.4%	18.4%
over 10%, up to 20%	51	8.5%	26.9%
over 20%, up to 30%	50	8.4%	35.3%
over 30%, up to 40%	32	5.4%	40.6%
over 40%, up to 50%	67	11.2%	51.8%
over 50%, up to 60%	24	4.0%	55.9%
over 60%, up to 70%	29	4.8%	60.7%
over 70%, up to 80%	63	10.5%	71.2%
over 80%, up to 90%	51	8.5%	79.8%
over 90%, less than 100%	59	9.9%	89.6%
100%	62	10.4%	100.0%
Responses	598		
Average (mean)	53.9%		
No response	36		

On average, 53.9 per cent of invoices are paid within 30 days of issue. Some 10.4 per cent of firms say that all their invoices are paid this quickly, while 4.0 per cent say that none are.

Table 3.7 "WHAT PERCENTAGE OF THE TOTAL VALUE OF YOUR INVOICES IS PAID WITHIN 30 DAYS OF ISSUE?"
 - This survey compared with earlier survey

	July 1993	October 1997
None	7.9%	4.0%
10% or less	14.4%	14.4%
over 10%, up to 20%	9.1%	8.5%
over 20%, up to 30%	9.1%	8.4%
over 30%, up to 40%	5.5%	5.4%
over 40%, up to 50%	10.5%	11.2%
over 50%, up to 60%	5.0%	4.0%
over 60%, up to 70%	4.9%	4.8%
over 70%, up to 80%	8.3%	10.5%
over 80%, up to 90%	9.0%	8.5%
over 90%, less than 100%	7.9%	9.9%
100%	8.5%	10.4%
Responses	1,191	598
Average (mean)	49.5%	53.9%

Table 3.7 and Chart 3.1 show how the distribution has changed since we last asked this question, in 1993. In this time, the average proportion of invoices paid within 30 days has risen from 49.5 per cent to 53.9 per cent. The darker bars on the right of the chart are generally higher than the lighter bars, showing that the proportion of firms where most invoices are paid within 30 days is a little higher now than it was.

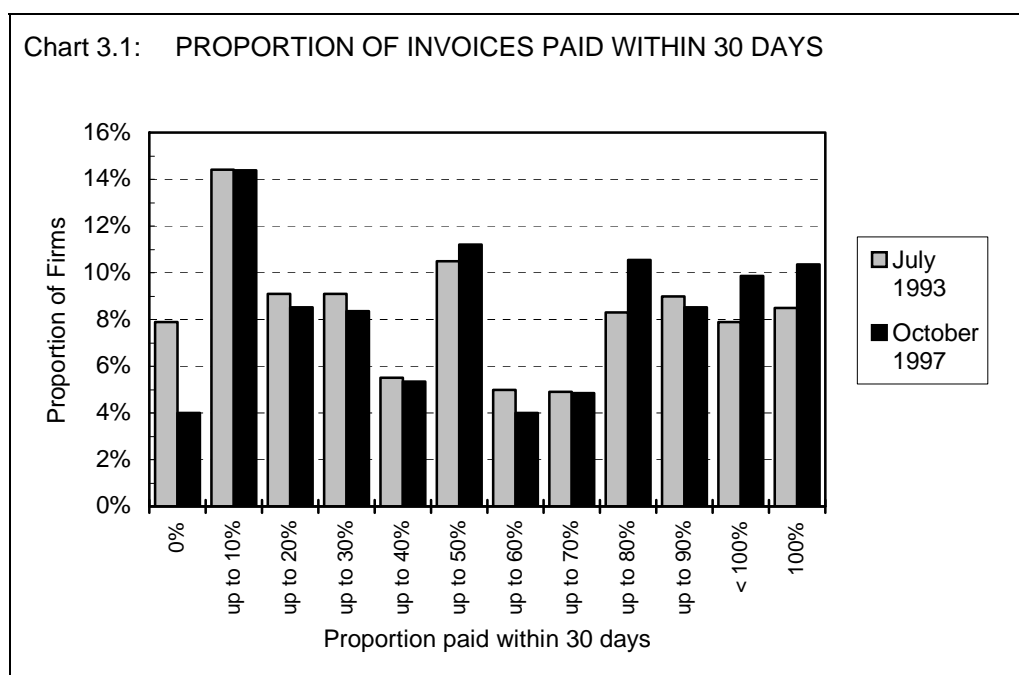


Table 3.8 "WHAT PERCENTAGE OF THE TOTAL VALUE OF YOUR INVOICES IS PAID WITHIN 90 DAYS OF ISSUE?"

	Replies		Cumulative Per Cent
None	0	0.0%	0.0%
10% or less	2	0.3%	0.3%
over 10%, up to 20%	2	0.3%	0.7%
over 20%, up to 30%	9	1.5%	2.2%
over 30%, up to 40%	5	0.8%	3.0%
over 40%, up to 50%	18	3.0%	6.1%
over 50%, up to 60%	14	2.4%	8.4%
over 60%, up to 70%	14	2.4%	10.8%
over 70%, up to 80%	42	7.1%	17.8%
over 80%, up to 90%	113	19.0%	36.8%
over 90%, less than 100%	157	26.4%	63.2%
100%	219	36.8%	100.0%
Responses	595		
Average (mean)	89.9%		
No response	39		

Over one-third of firms (36.8 per cent) say that all of their invoices are paid within 90 days¹, but the remainder (63.2 per cent) have some invoices outstanding after this period (Table 3.8). Over one in ten firms (10.8 per cent) report that less than 70 per cent of their invoices are paid within 90 days.

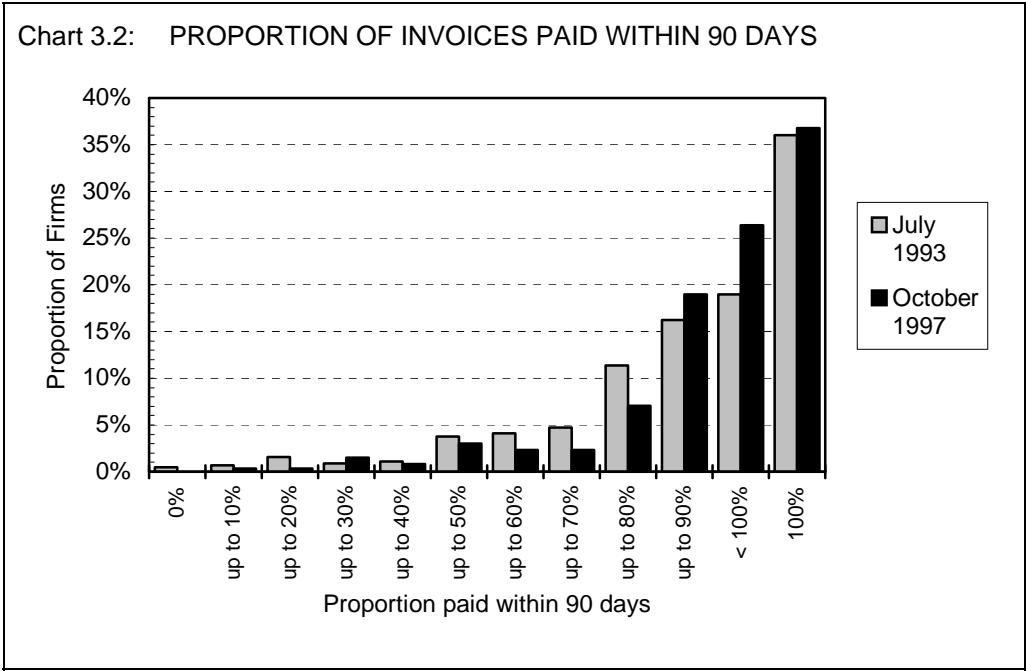
Table 3.9 "WHAT PERCENTAGE OF THE TOTAL VALUE OF YOUR INVOICES IS PAID WITHIN 90 DAYS OF ISSUE?"- This survey compared with earlier survey

	July 1993	October 1997
None	0.5%	0.0%
10% or less	0.7%	0.3%
over 10%, up to 20%	1.6%	0.3%
over 20%, up to 30%	0.9%	1.5%
over 30%, up to 40%	1.1%	0.8%
over 40%, up to 50%	3.8%	3.0%
over 50%, up to 60%	4.1%	2.4%
over 60%, up to 70%	4.7%	2.4%
over 70%, up to 80%	11.4%	7.1%
over 80%, up to 90%	16.2%	19.0%
over 90%, less than 100%	19.0%	26.4%
100%	36.0%	36.8%
Responses	1,191	595
Average (mean)	86.2%	89.9%

Table 3.9 and Chart 3.2 again show that the situation has improved a little over the past four years. The average proportion of invoices paid within 90 days has risen from 86.2 per cent to 89.9 per cent and the proportion of firms reporting that between 90 and 100 per cent of their invoices are paid within 90 days has increased from 19.0 to 26.4 per cent.

¹ Some respondents clearly misinterpreted the question and told us about the proportion which were paid between 30 and 90 days rather than the total proportion paid within 90 days, but such cases have been corrected wherever possible.

Chart 3.2: PROPORTION OF INVOICES PAID WITHIN 90 DAYS



Conclusions

There has been a small improvement in the problem of late payment over the past ten years. However, most firms have at least some invoices which become overdue and the problem is a significant one for almost half of all small firms. Many of the others seem to accept late payment as a fact of life. Large firms are more likely to be viewed as slow payers than small firms, though most think that there is little difference between the two groups. A statutory right to interest is one option which might help the situation, though it does not receive enthusiastic support.

APPENDIX

Organisation of the Survey

This survey (the 53rd in the series) was mailed out on 15 September 1997 to 2,500 small firms. By the cut-off date of 16 October 1997, 634 completed questionnaires had been received.

Up to and including Survey 17, the regular SBRT surveys were carried out via postal questionnaires and personal interviews of members of three small business representative organisations:

- The Federation of Small Businesses (FSB) - formerly The National Federation of the Self Employed and Small Business Ltd
- The Association of Independent Business (AIB)
- The Forum of Private Business

These surveys have been supplemented by responses from readers of the National Westminster Small Business Digest.

From Survey 18, we have included responses from members of the National Chamber of Trade (NCT) as well as from the FSB and, until survey 23, the AIB. From time to time, small firms recruited through Local Enterprise Agencies have also been included. The SBRT would welcome additions to the sample from similar sources, including Training and Enterprise Councils (TECs) and Local Enterprise Companies (LECs).

A copy of the current questionnaire used is included at the end of this Appendix.

Further details of sample size, response and a discussion of representativeness have been included in earlier issues of the Quarterly Survey of Small Business in Britain (see, for example, Vol.3 No.2, 1987, Vol.4 No.4, 1988 and Vol.5 No.1, 1989). 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.

Note that from the first quarter of 1989 onwards the overall balances have been weighted, using VAT registration data, by sector. This is so that a change in the importance of any particular sector, for instance manufacturers, in our sample will not affect the percentage balances and also so that the results are more representative of the UK economy as a whole. This means, however, that in tables showing the breakdowns by size, sector and region (which are unweighted) the overall balances are not strictly comparable with Table 1.1. In addition, where not all respondents indicate the nature of their business some firms may be excluded from the weighted results.

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. Again, the breakdowns by size, sector and region are not seasonally adjusted, neither are the figures in Table 1.1.

Special Topics

The survey reports in each issue on changes in sales and employment and on the ranking of most important problems experienced by small firms. The percentage balances for sales and employment 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, based upon the survey results, designed to contribute to knowledge about small business in Britain.

The following topics have been examined to date:

1985	Vol. 1	No 1	Some Characteristics of the Respondents
		No 2	Changes in Employment New Business
		No 3	Part-time Employees Computers in Small Firms
		No 4	Employment
1986	Vol. 2	No 1	Finance Membership of Representative Bodies
		No 2	Exports The Business Expansion Scheme
		No 3	Employment Skill Shortage
		No 4	Incorporated and Unincorporated Business Expanding Firms Small Firms in the Service Sectors
1987	Vol. 3	No 1	Domestic versus Business Telephone Usage Employment
		No 2	Most Important Problem Facing Declining and Growing Businesses Characteristics of our Respondents
		No 3	Employment Slow Payment Problems
		No 4	Use of Accountants
1988	Vol. 4	No 1	Use of Solicitors
		No 2	Training background of managers and arrangements for staff training
		No 3	Access to external information
		No 4	Present and future use of Telecommunications products and services Characteristics of Respondents
1989	Vol. 5	No 1	Employee Turnover National Chamber of Trade Survey National Westminster Digest Survey
		No 2	The effects of 1992 on small firms
		No 3	Intergenerational and previous business background of respondents
		No 4	Origins of new employees
1990	Vol. 6	No 1	European Community Special Directorate DG23

		No 2	Motivation and Objectives of respondents for setting up their own business
		No 3	School-leaver Training
		No 4	School-leaver Training Problems
1991	Vol. 7	No 1	Training and Enterprise Councils
		No 2	Use of Computers
		No 3	Business Growth Objectives, Gender of Owner
		No 4	Sources of Small Business Finance
1992	Vol. 8	No 1	Co-operatives
		No 2	Exports
		No 3	Quality Standards (BS 5750)
		No 4	Impact of the Recession on Incomes and Prices
1993	Vol.9	No 1	Business Premises and the UBR
		No 2	Rented Business Premises
		No 3	Delayed Payments
		No 4	External Sources of Information
1994	Vol. 10	No 1	The Single Market
		No 2	Pensions
		No 3	The Past Ten Years
		No 4	Minimum Wage
1995	Vol. 11	No 1	Capacity Utilisation
		No 2	Succession and Ownership
		No 3	Staff Recruitment
		No 4	Employee Turnover and Training
1996	Vol. 12	No 1	Compliance Costs
		No 2	IT - Communications and Computers
		No 3	Business Support Organisations
		No 4	Motivations, Objectives and Targets
1997	Vol. 13	No 1	The 50 th Survey (employment change, hours worked, satisfaction)
		No 2	Incomes and Prices
		No 3	Minimum Wage
		No 4	Slow Payment

Appendix Tables

TABLE A.1: CHANGES AND EXPECTED CHANGES IN SALES AND EMPLOYMENT, 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		Sales		Employment		Investment
			Employment			U	S	U	S	U
Vol.1 No.1a	3,056	1984/3	34.7%	10.5%	-	21.2%	23.6%	3.3%	5.0%	-
Vol.1 No.1b	1,795	1984/4	32.6%	10.4%	-	9.5%	16.9%	0.9%	3.4%	-
Vol.1 No.2	1,181	1985/1	33.4%	17.6%	-	16.9%	10.7%	9.5%	7.7%	-
Vol.1 No.3	1,090	1985/2	34.4%	11.2%	-	31.4%	27.8%	5.3%	2.9%	-
Vol.1 No.4	1,072	1985/3	37.4%	12.1%	-	26.2%	28.6%	5.3%	7.0%	-
Vol.2 No.1	1,326	1985/4	41.4%	12.6%	-	9.8%	17.2%	5.3%	7.8%	-
Vol.2 No.2	1,052	1986/1	33.6%	11.6%	-	31.1%	24.9%	5.6%	3.8%	-
Vol.2 No.3	1,285	1986/2	35.5%	14.2%	-	29.6%	26.0%	11.9%	9.5%	-
Vol.2 No.4	1,435	1986/3	39.7%	15.2%	-	22.3%	24.7%	6.0%	7.7%	-
Vol.3 No.1	1,116	1986/4	40.0%	13.4%	-	17.0%	24.4%	4.6%	7.1%	-
Vol.3 No.2	1,746	1987/1	40.2%	15.2%	-	39.7%	33.5%	15.1%	13.3%	-
Vol.3 No.3	1,113	1987/2	44.7%	23.1%	-	36.8%	33.2%	13.2%	10.8%	-
Vol.3 No.4	977	1987/3	44.8%	17.6%	-	28.8%	31.2%	10.0%	11.7%	-
Vol.4 No.1	1,042	1987/4	52.7%	23.4%	-	31.4%	38.8%	10.5%	13.0%	-
Vol.4 No.2	933	1988/1	52.7%	19.3%	-	46.7%	40.5%	15.3%	13.5%	-
Vol.4 No.3	983	1988/2	55.0%	22.0%	-	47.9%	44.3%	19.1%	16.7%	-
Vol.4 No.4	950	1988/3	54.9%	22.3%	-	34.4%	36.8%	13.3%	15.0%	-
Vol.5 No.1A	1,523	1988/4	49.2%	15.1%	-	25.6%	33.0%	5.7%	8.2%	-
Vol.5 No.2	947	1989/1	38.8%	18.1%	-	18.6%	12.4%	5.6%	3.8%	-
Vol.5 No.3	2,274	1989/2	41.1%	16.7%	-	30.8%	27.2%	10.4%	8.0%	-
Vol.5 No.4	795	1989/3	33.5%	18.3%	-	20.2%	22.6%	7.4%	9.1%	-
Vol.6 No.1	1,091	1989/4	29.9%	10.5%	-	10.6%	18.0%	0.9%	3.4%	-
Vol.6 No.2	1,384	1990/1	31.4%	9.9%	-	24.4%	18.2%	3.5%	1.6%	-
Vol.6 No.3	1,043	1990/2	22.3%	4.8%	-	14.7%	11.1%	0.9%	-1.6%	-
Vol.6 No.4	1,312	1990/3	18.2%	3.5%	-	3.6%	6.0%	-4.1%	-2.3%	-
Vol.7 No.1	1,239	1990/4	-0.5%	-5.1%	-	-16.0%	-8.6%	-14.4%	-11.9%	-
Vol.7 No.2	984	1991/1	-8.6%	-11.6%	-12.7%	12.3%	6.1%	-7.6%	-9.5%	-15.0%
Vol.7 No.3	1,718	1991/2	-12.5%	-17.3%	-20.0%	-5.2%	-8.8%	-11.5%	-14.0%	-20.6%
Vol.7 No.4	835	1991/3	-14.8%	-19.9%	-15.0%	-1.0%	1.5%	-17.5%	-15.7%	-15.1%
Vol.8 No.1	1,684	1991/4	-7.9%	-15.6%	-20.5%	-9.4%	-2.0%	-16.9%	-14.3%	-13.3%
Vol.8 No.2	1,359	1992/1	-1.8%	-17.2%	-13.9%	19.5%	13.3%	-5.5%	-7.3%	-6.8%
Vol.8 No.3	1,527	1992/2	-9.2%	-14.6%	-18.7%	4.2%	0.6%	-5.9%	-8.3%	-11.8%
Vol.8 No.4	921	1992/3	-15.9%	-27.8%	-32.7%	-6.2%	-3.8%	-17.7%	-16.0%	-24.1%
Vol.9 No.1	1,339	1992/4	-9.1%	-15.1%	-21.0%	-4.0%	3.5%	-10.7%	-8.1%	-13.1%
Vol.9 No.2	1,021	1993/1	-3.8%	-12.4%	-11.3%	23.5%	17.2%	0.7%	-1.1%	-0.8%
Vol.9 No.3	1,310	1993/2	0.9%	-7.9%	-7.4%	19.1%	15.5%	4.3%	1.8%	-0.5%
Vol.9 No.4	1,076	1993/3	8.3%	-1.6%	-7.0%	14.7%	17.1%	-3.4%	-1.6%	-4.5%
Vol.10 No.1	1,295	1993/4	13.8%	3.5%	-3.3%	15.1%	22.6%	-0.2%	2.4%	3.3%
Vol.10 No.2	861	1994/1	3.6%	-4.3%	-3.8%	23.0%	16.8%	-1.1%	-2.9%	3.7%
Vol.10 No.3	2,327	1994/2	16.2%	0.8%	-3.3%	18.4%	14.8%	1.6%	-0.8%	-2.2%
Vol.10 No.4	1,046	1994/3	20.3%	7.6%	0.6%	14.6%	17.0%	-0.2%	1.5%	1.9%
Vol.11 No.1	983	1994/4	20.4%	2.8%	4.1%	17.0%	24.4%	4.2%	6.7%	1.7%
Vol.11 No.2	1,295	1995/1	19.8%	3.3%	0.3%	28.0%	21.8%	6.2%	4.4%	5.7%
Vol.11 No.3	669	1995/2	14.0%	2.1%	0.8%	15.7%	12.0%	4.8%	2.3%	-1.8%
Vol.11 No.4	1,047	1995/3	14.8%	4.9%	2.2%	12.4%	14.9%	-1.8%	-0.1%	-2.3%

Key: U - Unadjusted, S - Seasonally adjusted

Notes: a, b- The results from two surveys were published in Volume 1 Number 1

A - From Volume 5 Number 1, all results have been weighted to the VAT sectoral distribution.

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TABLE A.1 continued

Survey	Sample Size	Past Quarter Date	Actual Change, past quarter compared with same quarter last year			Expected Change, next quarter compared to past quarter				
			Sales	Employment	Investment	Sales		Employment		Investment
						U	S	U	S	U
Vol.12 No.1	700	1995/4	8.5%	-5.5%	1.5%	1.5%	8.9%	-10.0%	-7.5%	-8.0%
Vol.12 No.2	1,099	1996/1	13.8%	3.5%	0.6%	20.0%	13.8%	1.7%	-0.1%	-2.0%
Vol.12 No.3	742	1996/2	9.1%	5.1%	4.8%	14.4%	10.7%	2.2%	-0.3%	-5.6%
Vol.12 No.4	753	1996/3	24.6%	9.0%	7.2%	24.6%	27.1%	4.1%	5.8%	5.3%
Vol.13 No.1	912	1996/4	19.6%	11.1%	10.9%	16.2%	23.6%	5.1%	7.7%	7.3%
Vol.13 No.2	720	1997/1	14.6%	1.6%	9.8%	28.1%	21.9%	9.4%	7.6%	7.2%
Vol.13 No.3	909	1997/2	17.3%	5.5%	4.4%	20.5%	16.9%	8.2%	5.8%	1.4%
Vol.13 No.4	634	1997/3	20.3%	12.0%	9.5%	23.6%	26.0%	2.8%	4.6%	2.4%

Key: U - Unadjusted, S - Seasonally adjusted

Notes: a, b- The results from two surveys were published in Volume 1 Number 1

A - From Volume 5 Number 1, all results have been weighted to the VAT sectoral distribution.

Table A.2: PROBLEMS EXPERIENCED BY RESPONDENTS - Note: From Survey 18 (1989/1), all figures shown in this table have been weighted to the VAT sectoral distribution.

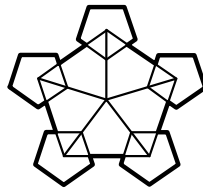
	Inflation	Interest Rates	Access to Finance	Lack of Skilled Employees	Total Tax Burden	Low T/over or Lack of Business	Competition from Big Business	Govt Regs and Paperwork	High Rates of Pay	Shortage of Material & Supplies	Internal Management Difficulties	Cashflow and Payments	Premises, Rents & Rates	Other	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
1989/1	5.3%	23.4%	-	16.4%	11.1%	5.7%	5.9%	7.2%	1.4%	0.3%	-	-	-	19.0%	4.3%	1,523
1989/2	6.3%	28.4%	-	14.0%	12.2%	7.1%	5.9%	5.2%	1.0%	0.8%	-	-	-	14.5%	4.7%	947
1989/3	6.1%	32.9%	-	13.3%	7.1%	13.1%	6.0%	5.9%	1.5%	0.5%	-	-	-	12.1%	1.6%	2,274
1989/4	6.9%	39.2%	-	10.4%	5.4%	12.9%	4.7%	5.1%	1.1%	0.6%	-	-	-	12.2%	1.4%	795
1990/1	4.2%	31.3%	3.1%	6.7%	5.3%	13.3%	-	5.5%	2.5%	0.7%	0.6%	11.5%	8.4%	5.3%	1.7%	1,091
1990/2	6.7%	27.9%	3.2%	7.8%	2.9%	14.6%	-	5.6%	1.5%	0.3%	1.6%	11.6%	6.6%	8.2%	1.4%	1,384
1990/3	4.3%	29.9%	3.6%	6.4%	3.7%	14.7%	3.1%	4.3%	1.6%	0.0%	1.9%	13.6%	4.8%	5.5%	2.5%	1,043
1990/4	7.5%	26.6%	2.3%	5.7%	4.4%	18.9%	3.8%	6.3%	0.2%	0.3%	0.8%	8.6%	4.7%	7.9%	1.9%	1,250
1991/1	6.0%	29.4%	2.7%	3.4%	4.2%	21.1%	2.6%	5.6%	0.9%	0.5%	0.8%	11.4%	4.2%	5.5%	1.9%	1,239
1991/2	4.0%	21.2%	4.3%	2.9%	5.1%	25.2%	2.9%	4.0%	0.4%	0.4%	0.6%	14.9%	7.1%	6.0%	1.0%	984
1991/3	3.3%	15.0%	3.0%	2.3%	4.7%	37.5%	2.4%	6.7%	1.2%	0.3%	1.2%	11.0%	3.3%	6.7%	1.5%	1,718
1991/4	1.2%	7.5%	4.6%	4.5%	4.1%	38.1%	3.4%	3.9%	0.7%	0.3%	1.3%	13.2%	5.7%	10.7%	0.8%	835
1992/1	2.0%	9.1%	5.2%	2.1%	5.6%	36.3%	3.2%	5.6%	0.5%	0.4%	1.2%	15.8%	4.0%	7.1%	1.8%	1,684
1992/2	2.2%	11.6%	4.4%	3.4%	5.4%	34.3%	4.5%	5.3%	0.4%	0.3%	1.1%	13.4%	5.0%	7.4%	1.3%	1,359
1992/3	1.6%	7.6%	3.9%	2.9%	5.1%	43.3%	2.1%	8.1%	0.3%	1.0%	0.8%	13.5%	3.0%	5.9%	0.8%	1,527
1992/4	1.0%	8.8%	3.6%	1.6%	6.0%	44.3%	4.0%	8.0%	0.5%	0.3%	0.2%	11.5%	3.0%	5.2%	2.0%	921
1993/1	0.6%	3.7%	3.2%	3.2%	4.1%	47.7%	3.0%	6.2%	0.3%	1.2%	0.6%	13.1%	2.9%	8.4%	1.8%	1,339
1993/2	0.5%	1.4%	5.4%	3.3%	5.4%	43.1%	4.0%	7.6%	0.5%	0.7%	1.6%	14.3%	2.9%	7.4%	1.8%	1,021
1993/3	0.4%	2.1%	5.5%	4.5%	5.4%	41.2%	4.2%	12.6%	0.3%	0.7%	0.9%	10.9%	3.7%	5.9%	1.6%	1,310
1993/4	1.0%	2.8%	6.9%	3.0%	6.5%	36.8%	4.3%	10.0%	0.3%	0.6%	2.5%	15.5%	3.3%	4.6%	2.0%	1,076
1994/1	0.6%	1.9%	5.5%	4.2%	6.8%	34.1%	6.9%	11.0%	0.1%	0.6%	1.1%	14.4%	4.1%	6.9%	1.7%	1,295
1994/2	1.1%	1.6%	3.8%	5.4%	7.0%	35.3%	5.2%	13.9%	0.1%	0.4%	1.4%	14.0%	3.2%	6.4%	1.3%	861
1994/3	0.9%	1.5%	3.6%	4.9%	5.9%	37.7%	5.9%	9.7%	0.9%	0.8%	2.1%	13.3%	3.1%	7.6%	2.0%	2,327
1994/4	1.1%	1.2%	4.7%	4.8%	6.4%	35.7%	6.3%	10.4%	0.1%	1.1%	1.6%	12.9%	3.8%	7.6%	2.5%	1,046
1995/1	0.9%	3.0%	4.4%	5.4%	5.7%	36.8%	7.1%	7.1%	0.6%	1.2%	3.0%	12.4%	1.8%	8.0%	2.6%	983
1995/2	1.2%	2.0%	3.6%	4.8%	7.0%	35.0%	6.2%	9.0%	0.7%	0.8%	2.7%	12.6%	3.8%	9.8%	0.9%	1,295
1995/3	1.0%	4.8%	4.5%	3.5%	7.0%	36.7%	9.0%	6.9%	0.4%	0.5%	1.0%	11.6%	5.4%	7.2%	0.4%	669
1995/4	1.1%	0.9%	3.2%	6.0%	5.9%	36.2%	6.2%	9.9%	0.9%	0.2%	3.3%	12.5%	2.9%	9.9%	0.9%	1,047

continued ...

Table A.2 continued

	Inflation	Interest Rates	Access to Finance	Lack of Skilled Employees	Total Tax Burden	Low T/over or Lack of Business	Competition from Big Business	Govt Regs and Paperwork	High Rates of Pay	Shortage of Material & Supplies	Internal Management Difficulties	Cashflow and Payments	Premises, Rents & Rates	Other	No Response	Number of Replies Analysed
1996/1	3.0%	0.5%	4.2%	4.2%	5.8%	36.0%	7.1%	5.2%	0.3%	0.7%	2.0%	12.7%	3.7%	12.7%	2.1%	700
1996/2	0.4%	0.8%	2.5%	3.8%	6.4%	34.7%	6.3%	10.1%	0.5%	0.4%	2.6%	13.6%	3.4%	13.6%	0.7%	1,099
1996/3	0.1%	0.7%	3.8%	5.2%	6.1%	29.8%	8.0%	8.1%	0.4%	0.6%	1.7%	12.3%	5.1%	15.9%	2.2%	742
1996/4	1.1%	1.1%	2.6%	7.7%	6.2%	32.8%	7.2%	11.2%	0.8%	0.2%	2.6%	9.5%	3.9%	12.3%	0.9%	753
1997/1	0.3%	2.1%	3.2%	8.4%	6.8%	28.5%	7.2%	10.9%	0.3%	0.5%	2.1%	14.6%	3.9%	10.5%	0.8%	912
1997/2	0.1%	1.2%	1.9%	9.7%	4.5%	31.1%	7.2%	11.1%	1.9%	0.3%	2.4%	11.5%	3.3%	12.7%	1.0%	720
1997/3	0.2%	2.8%	4.0%	7.9%	8.3%	25.9%	9.5%	10.5%	0.8%	0.6%	1.9%	9.9%	5.9%	11.4%	0.4%	909
1997/4	0.6%	2.0%	2.5%	11.0%	5.2%	27.9%	6.7%	12.7%	1.1%	0.6%	2.3%	11.0%	5.3%	9.7%	1.4%	634

**SMALL
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SMALL BUSINESS RESEARCH TRUST
Survey Section
c/o Graham Bannock & Partners Ltd.
FREEPOST 19
LONDON W1E 1QZ

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

2a Employment: The number of people (including yourself) who work in the business:

2b The number of these who work part-time:

2c The number of outworkers and freelancers:

3a How many years have you owned and managed businesses?

3b 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
 b. Manufacturing, Mining, Processing
 c. Transport
 d. Construction
 e. Wholesale
 f. Retail Trade
 g. Catering & Restaurants
 h. Business Services (Finance, Consultants, Designers, etc.)
 i. Other Services
 j. Other

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

5 Is slow payment of your invoices a problem? a. YES
 b. NO

6 Do you think that a statutory right to interest would improve the situation? a. YES
 b. NO

7 Which are normally slower payers, small firms or large firms? a. Small firms
 b. Large firms
 c. No real difference

8 What percentage of the total value of your invoices becomes overdue (i.e. is not paid within your the period specified in your credit terms)? %

9a What percentage of the total value of your invoices is paid within 30 days of issue? %

9b And what percentage of the total value is paid within 90 days of issue? %

10 How did your sales turnover, average employment and investment (in plant, equipment and premises) in the past quarter compare with the same period in 1996? What do you expect to happen in the NEXT quarter? Please complete the table by ticking 6 boxes only:

	ACTUAL			EXPECTED		
	July, August, September 1997 compared with the same period 1996			October, November, December 1997 compared with July, August, September 1997		
	UP	DOWN	SAME	UP	DOWN	SAME
Sales Turnover						
Average Employment						
Investment						

11 What is the MOST important problem facing your business today? Please circle ONE only:

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

12 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 October 1997.
 Please note that this is a FREEPOST address (no stamp required).