

A man with glasses is looking down at a document in a workshop setting. The background is slightly blurred, showing what appears to be a workbench or machinery.

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HIGHLIGHTS

Overall, small firms have not seen any increase in the pace of economic recovery over the past six months. Sales expectations for the second quarter have not increased by as much as they normally do at this time of the year. One third of respondents ultimately expect to sell their business, one sixth to pass it on to a member of their family and one tenth expect to close their business down.

- * The balance of firms increasing sales over the past year was marginally down compared with the previous survey, at +19.8 per cent. The balance had stood at +20.3 per cent for the past two surveys.
- * The smallest firms are still not sharing in the economic recovery. Those with an annual turnover of under £50,000 reported that their turnover fell over the past year (balances of -9.7 per cent for those with an annual turnover below £20,000 and -2.8 per cent for those with a turnover of between £20,000 and £50,000). The larger firms reported significant increases (a balance of +56.5 per cent of those with a turnover over £1.5m increased their sales over the year).
- * Over 60 per cent of firms had the same number of employees in the first quarter of 1995 as they had in the first quarter of 1994. The proportion of the sample increasing employment over the year exceeded the proportion cutting employment by only 3.3 per cent. Firms with a turnover below £50,000 were, on balance, cutting jobs.
- * Firms are more confident about prospects for the second quarter of 1995 than they were about their prospects for the first quarter. The balance of firms expecting an increase in sales is +28.1 per cent. When seasonally adjusted, the balance shows a fall, however, from +26.3 to +20.7 per cent.
- * The employment balance also showed an unadjusted rise but a seasonally adjusted fall. It remains positive, however, suggesting that small firms still expect some improvement in employment prospects.
- * Almost all of the respondents to this survey have a financial stake in the business which they manage. The proportion which own the business outright ranges from 88.8 per cent of those working on their own, to 11.8 per cent of those managing firms with 50 or more employees. Nearly three-quarters of those who are part-owners of the business report that another member of their family also owns part.
- * One third of our respondents are aged between 50 and 59, with another fifth aged 60 to 69. There are more owner-managers aged 70 or over than there are aged under 30.
- * Although many respondents have not yet decided what they will do with their business when they retire or otherwise stop running it, one third plan to sell it. One sixth expect to pass the business on to another member of their family.
- * Some 10.7 per cent of our respondents, mostly those running one or two person firms, expect to close their business when they stop running it.
- * The most frequently selected problem for respondents, as has been the case for four years now, is low turnover/lack of business (35 per cent); cashflow and payments problems (13 per cent), and government regulations and paperwork (9 per cent) come next.

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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 (January, February, March 1995) compared with the same quarter a year earlier, and also to indicate what they expect for the next quarter (April, May, June 1995) compared with the first quarter of 1995. 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".

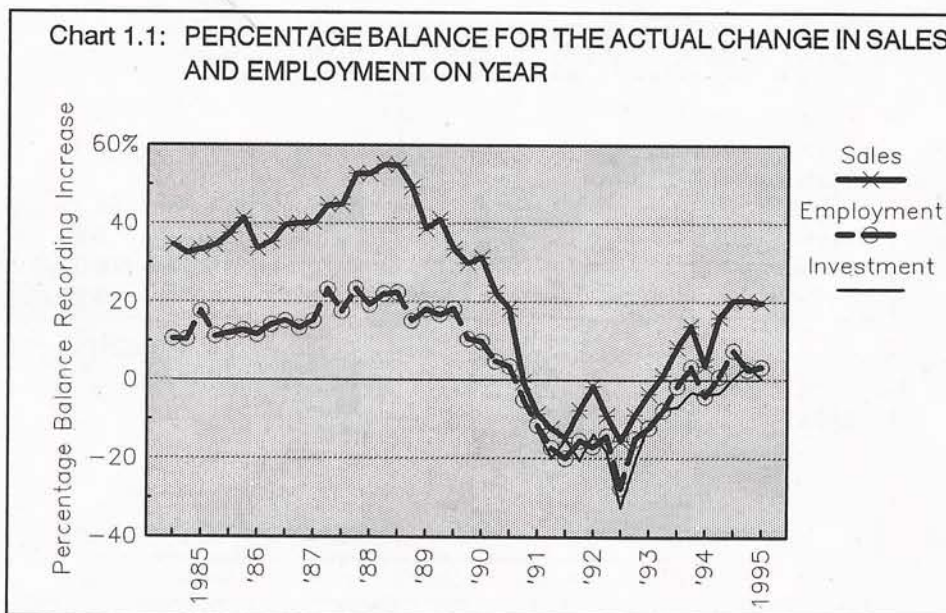
Following the well-established practice of the CBI in its *Industrial Trends Survey*, a summary statistic, the *balance*, is used to monitor these changes, although the full results are also shown in the tables. The balance is the percentage of respondents replying 'up' minus the percentage replying '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 the surveys 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 breakdowns by industrial sector, region and firm size use unweighted data.

Actual Performance

The proportion of firms reporting an increase in *sales* (for the first quarter of 1995 on a year earlier) fell by one percentage point (down from 48.9 to 47.9 per cent), returning it to the same level as two surveys ago. The proportion reporting a fall in sales fell by half of a percentage point (from 28.6 per cent to 28.1 per cent). This means that the percentage balance fell by just half of one percentage point, down from the +20.3 per cent it has been at for the past two surveys to +19.8 per cent (Table 1.1 and Chart 1.1). This balance remains high compared with the depths to which it fell during the early 1990s, but the rate of increase reported since mid-1992 seems to have stalled. This practically unchanged balance suggests that small firms have seen no improvement in the pace of recovery during the past six months.



The *employment* balance remains positive but has increased only marginally, from +2.7 per cent to +3.3 per cent. Some 19.1 per cent of firms reported increasing employment over the past year while 15.8 per cent reported cutting employment. Both of these proportions are lower than in the previous survey, meaning that over 60 per cent of firms reported that their employment levels had been unchanged over the past year.

There was a fall in the proportion of firms classified as expanding firms (those reporting an increase in both sales and employment), but a larger fall in the proportion which were declining (both sales and employment falling). The balance of expanding compared with declining firms therefore rose fractionally, from +6.7 per cent to +7.1 per cent (Table 1.2).

After showing a mildly promising increase over the past few surveys, the balance of small firms reporting that they had increased investment over the past year fell back down to practically zero (Table 1.1). The number of firms reporting that they had increased investment over the past twelve months was almost exactly matched by the number which had decreased investment. As our last survey showed, small firms still have considerable under-used capacity. Many cannot, at the moment, envisage demand for their products increasing sufficiently for them to increase investment.

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

	Actual Change on Year				Expected Change on Previous Quarter			
	1994/2 on 1993/2	1994/3 on 1993/3	1994/4 on 1993/4	1995/1 on 1994/1	1994/3	1994/4	1995/1	1995/2
Survey	Vol.10 No.3	Vol.10 No.4	Vol.11 No.1	Vol.11 No.2	Vol.10 No.3	Vol.10 No.4	Vol.11 No.1	Vol.11 No.2
	SALES				SALES			
Up	47.0%	47.9%	48.9%	47.9%	41.1%	39.6%	39.9%	46.1%
Down	30.8%	27.5%	28.6%	28.1%	22.6%	25.0%	23.0%	18.0%
Same	21.0%	22.4%	21.0%	22.5%	34.1%	32.2%	34.4%	33.8%
No Response	1.2%	2.2%	1.6%	1.5%	2.2%	3.2%	2.7%	2.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	16.1%	20.3%	20.3%	19.8%	18.5%	14.6%	17.0%	28.1%
	EMPLOYMENT				EMPLOYMENT			
Up	18.8%	23.0%	20.4%	19.1%	14.5%	13.1%	15.3%	15.7%
Down	17.9%	15.4%	17.6%	15.8%	12.9%	13.2%	11.1%	9.4%
Same	48.8%	57.8%	57.7%	60.9%	58.2%	69.2%	68.0%	69.6%
No Response	14.5%	3.8%	4.3%	4.2%	14.5%	4.5%	5.6%	5.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	0.8%	7.6%	2.7%	3.3%	1.5%	-0.2%	4.2%	6.3%
	INVESTMENT				INVESTMENT			
Up	22.6%	22.8%	22.5%	21.9%	18.3%	20.4%	18.5%	21.1%
Down	25.9%	22.2%	18.4%	21.5%	20.6%	18.5%	16.9%	15.4%
Same	42.7%	50.6%	53.5%	51.6%	51.3%	55.9%	58.3%	57.0%
No Response	8.9%	4.4%	5.6%	5.0%	9.8%	5.1%	6.3%	6.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	-3.3%	0.6%	4.0%	0.4%	-2.3%	1.9%	1.7%	5.7%
Base	2,327	1,046	983	1,295	2,327	1,046	983	1,295

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

	Vol.10 No.3		Vol.10 No.4		Vol.11 No.1		Vol.11 No.2	
	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent
Expanding Firms	395	17.0%	204	19.5%	177	18.0%	213	16.5%
Declining Firms	316	13.6%	109	10.4%	111	11.3%	122	9.4%
Remaining Respondents	1,616	69.4%	733	70.1%	695	70.7%	960	74.1%
All Respondents	2,327	100.0%	1,046	100.0%	983	100.0%	1,295	100.0%
Balance		3.4%		9.1%		6.7%		7.1%

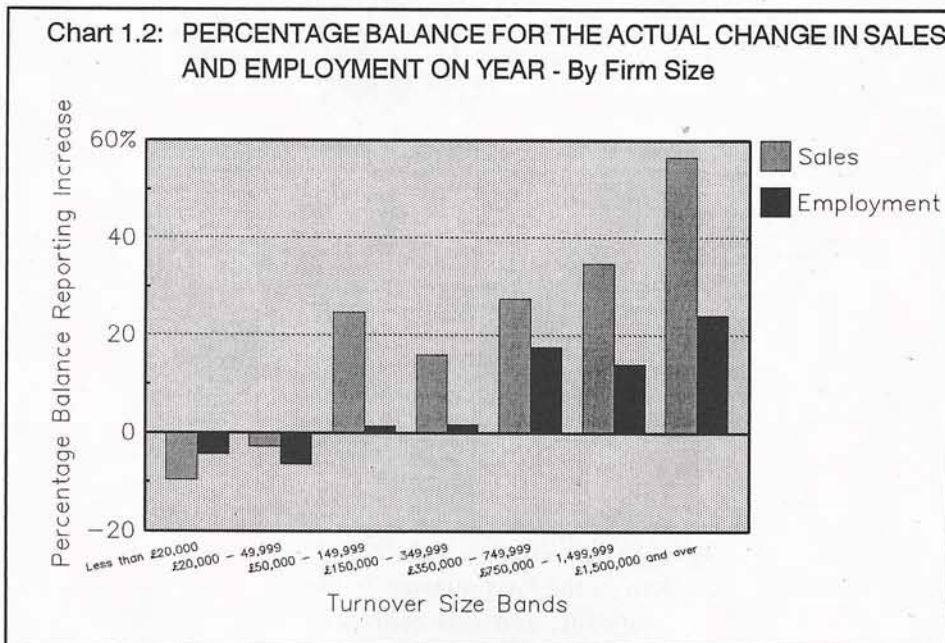
Note: All figures shown in these tables are weighted to the VAT sectoral distribution.

Table 1.3 ACTUAL CHANGE IN SALES, by firm size

Turnover size band	Sales Balance	Employment Balance	Sample
Less than £20,000	-9.7%	-4.4%	113
£20,000 - 49,999	-2.8%	-6.6%	181
£50,000 - 149,999	24.6%	1.3%	301
£150,000 - 349,999	15.9%	1.6%	258
£350,000 - 749,999	27.5%	17.5%	189
£750,000 - 1,499,999	34.7%	13.9%	144
£1,500,000 and over	56.5%	24.1%	108
Total	20.3%	5.4%	1,298

Table 1.3 and Chart 1.2 show that the very smallest firms are still reporting that conditions are getting worse, not better. Although firms with a turnover below £20,000 are not reporting falls as great as they did in the previous survey (when the sales balance was as low as -23.7 per cent), now also the firms with a turnover up to £50,000 have, on balance, experienced falls in turnover over the past year. Larger firms, however, have continued to increase their sales turnover. Firms with a turnover of under £50,000 have been cutting employment levels, while firms with a turnover above this level have been hiring new staff.

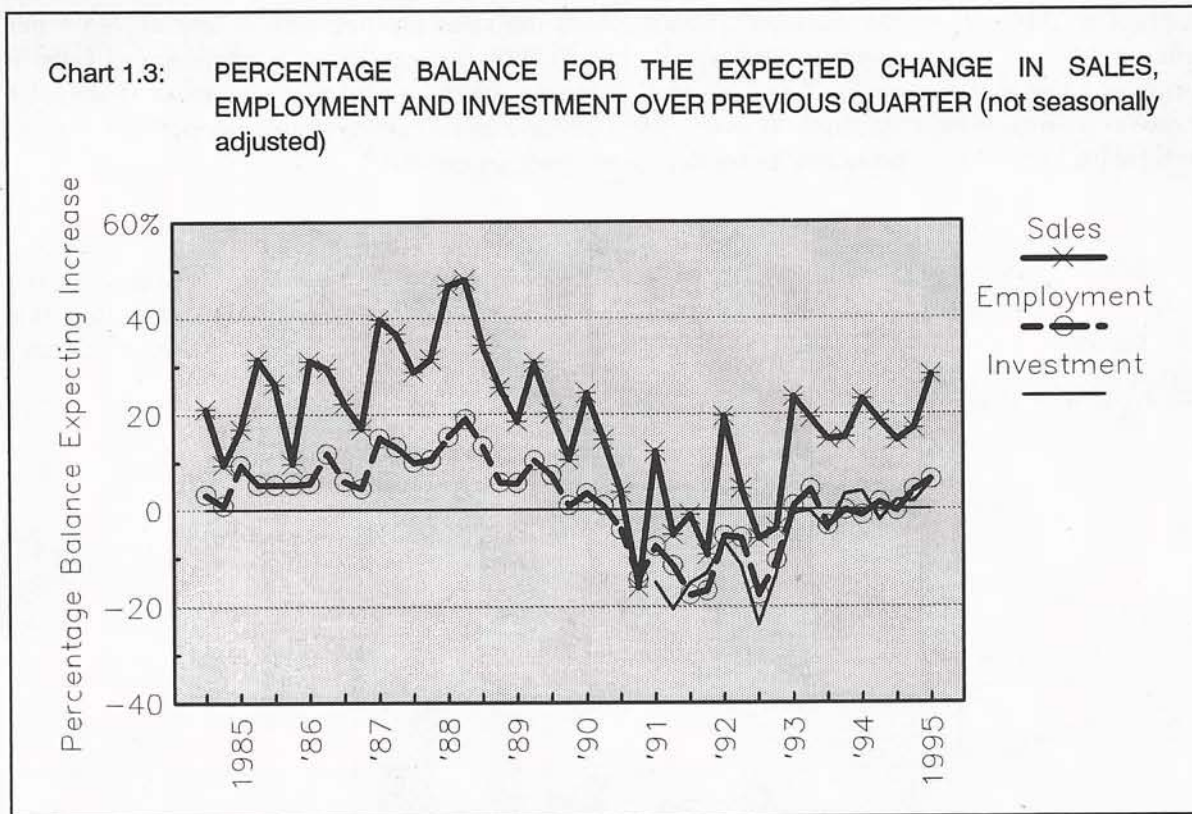
There will always, of course, be a tendency for firms with falling turnover to move into the lower size bands, making it appear that the smallest firms are doing worse. Comparing the results presented here with those from earlier surveys, however, clearly establishes that this finding, that the recovery is not yet being shared by the smallest firms, is a genuine one and not a statistical anomaly.



Expectations

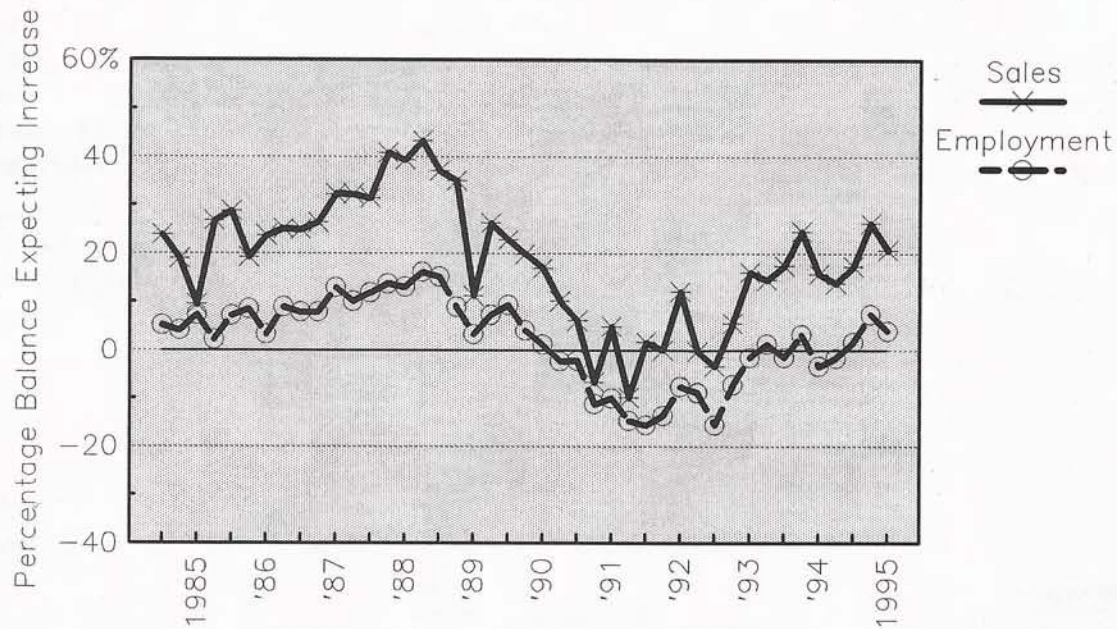
Firms are more confident about their prospects for the second quarter of 1995 than they were about their prospects for the first. When seasonally adjusted, however, confidence has actually fallen.

There has been an increase in the proportion of respondents expecting increased sales in the current quarter (the second quarter of 1995), compared with the previous quarter, up from 39.9 per cent to 46.1 per cent, and also a fall in the proportion expecting a decline (from 23.0 per cent to 18.0 per cent). As a result the percentage balance rose from +17.0 to +28.1 per cent (Table 1.1 and Chart 1.3).



Closer examination of Chart 1.3, however, shows that in all but one of our surveys carried out at this time of year the sales balance has risen markedly. The firms in our survey normally expect higher sales in the second than in the first quarter of the year. When seasonally adjusted, the balance stands at only +20.7 per cent, and this represents a fall in confidence compared with the previous survey (Chart 1.4 and Appendix Table A.1).

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



The employment balance also showed an increase which, when seasonally adjusted however, suggests that firms expect an overall fall in the rate of improvement of employment prospects. The seasonally adjusted balance in the previous survey was, however, the highest for over five years and the balance in this survey has at least remained positive, suggesting that some improvements are still expected.

The balance of firms expecting to increase investment also increased, up from +1.7 per cent to +5.7 per cent, the highest balance since we started to ask this question, back in 1991 (Table 1.1, Chart 1.3 and Appendix Table A.1). Although we have not attempted to seasonally adjust this balance it also seems that this tends to increase at this time of the year and so not too much should be read into this result.

Comparison across size bands

Yet again, smaller firms are less optimistic than the larger firms about their sales prospects over the next quarter, although the gap between the smallest and the largest has narrowed slightly (Table 1.4). A balance of only +8.8 per cent of the very smallest firms (those with a turnover of less than £20,000 per year) expect their turnover to increase during the second quarter of 1995, compared with a balance of +45.4 per cent of the largest firms in the survey (those with a turnover of over £1.5m).

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				
	40	41	42	43	40	41	42	43	
Less than £20,000	5.1%	0.0%	4.3%	8.8%	-6.8%	-10.9%	-3.2%	0.9%	113
£20,000 - 49,999	12.7%	10.4%	12.5%	15.5%	-1.1%	-3.2%	2.8%	-5.0%	181
£50,000 - 149,999	19.5%	14.8%	11.8%	33.9%	-0.6%	-0.8%	-1.9%	5.3%	301
£150,000 - 349,999	23.9%	17.1%	29.8%	22.1%	4.7%	0.5%	11.7%	1.6%	258
£350,000 - 749,999	33.6%	22.5%	31.2%	28.6%	15.6%	9.3%	12.8%	6.9%	189
£750,000 - 1,499,999	22.3%	37.5%	41.7%	44.4%	9.4%	18.8%	13.5%	22.2%	144
£1,500,000 and over	39.8%	33.8%	46.8%	45.4%	14.3%	9.1%	19.5%	18.5%	108
Total	21.6%	18.2%	23.1%	28.0%	4.1%	2.3%	6.7%	5.9%	1,298

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

As in recent surveys, the employment balance follows a similar, although less optimistic, pattern.

Comparison across business sectors

Table 1.5 breaks down the expected sales and employment balances by sector but, as usual, we remind readers that 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				
	40	41	42	43	40	41	42	43	
Agriculture, Forestry, Fisheries	17.1%	15.4%	31.3%	43.8%	-4.9%	0.0%	12.5%	15.6%	32
Manufacturing, Mining, Processing	30.1%	28.9%	38.6%	34.9%	8.1%	9.8%	15.2%	10.2%	255
Transport	22.8%	33.3%	4.0%	36.4%	3.5%	11.1%	-4.0%	3.0%	33
Construction	9.7%	-5.6%	2.7%	16.0%	1.3%	-18.3%	0.0%	-2.5%	81
Wholesale Trade	30.5%	28.4%	25.6%	31.0%	4.5%	6.8%	11.5%	11.1%	126
Retail Trade	12.9%	14.7%	6.8%	27.6%	-4.7%	1.3%	-3.4%	0.0%	170
Catering & Restaurants	15.0%	-12.5%	-19.0%	34.5%	-10.0%	-9.4%	-19.0%	20.7%	29
Business Services	22.5%	16.8%	29.1%	25.9%	7.5%	1.4%	6.7%	4.9%	371
Other Services	17.7%	17.5%	22.2%	17.7%	6.0%	0.9%	8.7%	4.8%	147
Other	16.7%	26.2%	21.7%	33.3%	5.0%	9.5%	8.3%	2.0%	51
Total	21.6%	18.2%	23.1%	28.0%	4.1%	2.3%	6.7%	5.9%	1,298

Unweighted, not seasonally adjusted data

Construction firms are rather more optimistic than they have been over the past few surveys, although this is probably partly a seasonal effect and they remain less optimistic than firms in most other sectors. Firms involved in catering and restaurants seem far more optimistic than in recent surveys and than at this point last year (when the sales balance was exactly zero). As there are so few catering firms in our sample, the balance for this sector does tend to be more volatile than some others, but even so, an improvement in the balance from -19.0 to +34.5 per cent is striking.

Despite being more optimistic about prospects for their order books, more construction firms are expecting to reduce their employment levels than are expecting to increase them. In every other sector, however, the employment balance is positive.

Comparison across regions

The balances when analysed by region again show no clear pattern. It should be remembered that the sample sizes for some regions are small and so the balances are subject to considerable variation from survey to survey. In this survey firms in Wales, the South West and the North West are most optimistic in terms of sales prospects, with those in the East Midlands, North, Scotland and the South East seeming most pessimistic.

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				
	40	41	42	43	40	41	42	43	
North	15.5%	-14.3%	51.9%	21.2%	0.0%	-3.6%	14.8%	6.1%	33
Yorkshire & Humberside	19.8%	27.4%	10.1%	28.3%	1.6%	0.0%	2.5%	3.0%	99
North West	17.7%	26.9%	11.4%	35.7%	-4.2%	12.5%	5.7%	6.3%	126
East Midlands	26.6%	23.4%	18.6%	20.2%	3.9%	5.2%	4.3%	4.8%	104
West Midlands	28.0%	25.7%	25.9%	26.8%	12.4%	9.9%	12.3%	2.7%	112
East Anglia	22.4%	13.5%	23.7%	31.5%	4.7%	2.2%	5.4%	11.3%	124
South East	22.4%	16.7%	27.9%	22.6%	6.7%	-1.6%	11.0%	6.7%	446
South West	21.7%	11.1%	21.3%	43.3%	4.9%	3.2%	3.9%	7.8%	141
Wales	23.8%	16.7%	33.3%	44.7%	-2.4%	3.3%	5.6%	5.3%	38
Scotland	9.5%	20.0%	23.5%	22.1%	-2.1%	-7.3%	-14.7%	0.0%	68
Northern Ireland	9.1%	66.7%	-25.0%	0.0%	0.0%	33.3%	-50.0%	-20.0%	5
Total	21.6%	18.2%	23.1%	28.0%	4.1%	2.3%	6.7%	5.9%	1,298

Unweighted, not seasonally adjusted data

Conclusion

The percentage balance of firms reporting an increase in sales over the past year is marginally down on the previous survey. The balance remains high compared with the depths it fell to during the early 1990s, but suggests that small firms have seen no improvement in the pace of recovery during the past six months. Most small firms say that the level of employment in their firms in the first quarter of 1995 was the same as in the first quarter of 1994.

Firms are more optimistic about their sales prospects for the second quarter than they were about the first, but this is to be expected. The seasonally adjusted balance suggests that if anything confidence is falling.

The smaller firms still appear not to have witnessed much of an economic recovery. The smallest firms (those with a turnover of less than £50,000 per annum) on balance saw turnover fall over the past year and expect few improvements during the second quarter of 1995.

2. PROBLEMS

Respondents were asked to select, from a list of fourteen, the most important problem facing their business on that day. Of course, every firm faces many problems, but we focus in this question on the single most important problem at the time. Their responses in this survey are compared to those in recent surveys in Table 2.1, and analysed by size of firm in Table 2.2.

Table 2.1 MOST IMPORTANT PROBLEM (All Respondents)

Problem	Survey Number			
	Vol.10 No.3	Vol.10 No.4	Vol.11 No.1	Vol.11 No.2
Low Turnover/Lack of Business	37.8% (1)	35.7% (1)	36.8% (1)	35.0% (1)
Cashflow/Payments/Debtors	13.2% (2)	12.8% (2)	12.4% (2)	12.5% (2)
Gov't Regulations & Paperwork	9.6% (3)	10.3% (3)	7.1% (4)	8.9% (3)
Total Tax Burden	5.9% (5)	6.3% (5)	5.7% (5)	6.9% (4)
Competition from Big Business	6.0% (4)	6.3% (4)	7.2% (3)	6.2% (5)
Lack of Skilled/Trained Employees	4.8% (6)	4.8% (6)	5.4% (6)	4.8% (6)
Premises/Rent/Rates	3.1% (8)	3.8% (8)	1.8% (10)	3.8% (7)
Access to Finance	3.6% (7)	4.7% (7)	4.4% (7)	3.6% (8)
Internal Management Difficulties	2.1% (9)	1.6% (9)	3.0% (9)	2.7% (9)
Interest Rates	1.5% (10)	1.2% (10)	3.0% (8)	2.0% (10)
Inflation	0.9% (12)	1.1% (12)	0.9% (12)	1.2% (11)
Shortages of Materials,Supplies,etc	0.8% (13)	1.1% (11)	1.2% (11)	0.9% (12)
High Rates of Pay	0.9% (11)	0.1% (13)	0.6% (13)	0.7% (13)
Other	7.6%	7.6%	7.9%	9.7%
No Response	2.1%	2.5%	2.7%	0.9%
TOTAL	100.0%	100.0%	100.0%	100.0%
BASE	2,327	1,046	983	1,295

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.

The most frequently selected problem is, as has been the case for the past four years, *low turnover/lack of business*. The proportion indicating that this was their most important problem fell somewhat, however, down from 36.8 to 35.0 per cent. This is the lowest proportion selecting this as their most important problem since mid-1991. Table 2.2 shows that lack of business remains far more of a problem for the smaller firms than the larger firms.

Cashflow/payments/debtors is a related and still important problem, with 12.5 per cent selecting it as the most important problem facing their business. Some 8.9 per cent of small firms said that *Government regulations and paperwork* was their most important problem and this is in third place in the rankings. The proportion indicating that *competition from big business* was their most important problem fell a little and in this survey it was the most important problem for fewer firms than was the *total tax burden*. Only 3.6 per cent of firms emphasise *access to finance*, slightly less than the proportion for which *premises/rent/rates* is the most important problem.

Despite recent increases, the level of *interest rates* is currently the single most important problem for only 2.0 per cent of respondents. *Inflation, shortages of materials and supplies* and *high rates of pay* are the most important problems for even fewer firms.

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	1.2%	0.9%	0.4%	0.7%	2.2%	1.7%	3.4%	2.0%	1.2%
Interest Rates	1.2%	1.4%	1.6%	2.2%	1.5%	1.7%	2.2%	2.0%	1.8%
Access to Finance	1.8%	4.7%	2.9%	3.3%	1.5%	4.3%	0.0%	3.9%	2.9%
Lack of Skilled/Trained Employees	2.4%	0.9%	6.6%	9.9%	6.6%	7.7%	10.1%	9.8%	6.2%
Total Tax Burden	4.7%	4.7%	7.8%	7.7%	7.4%	6.8%	10.1%	5.9%	6.8%
Low Turnover/Lack of Business	47.3%	47.2%	36.9%	32.0%	32.4%	28.2%	30.3%	19.6%	36.4%
Competition from Big Business	6.5%	4.2%	6.6%	7.4%	5.1%	1.7%	3.4%	7.8%	5.5%
Gov't Regulations & Paperwork	4.7%	7.5%	8.2%	7.0%	8.1%	12.8%	10.1%	11.8%	8.1%
High Rates of Pay	0.6%	0.5%	0.0%	1.1%	0.0%	0.0%	1.1%	0.0%	0.5%
Shortages of Materials,Supplies,etc	1.2%	0.5%	1.2%	0.4%	0.0%	2.6%	3.4%	2.0%	1.1%
Internal Management Difficulties	1.2%	1.9%	2.5%	2.2%	4.4%	5.1%	5.6%	3.9%	2.9%
Cashflow/Payments/Debtors	12.4%	14.2%	11.1%	11.8%	14.7%	15.4%	9.0%	19.6%	12.9%
Premises/Rent/Rates	0.0%	2.4%	5.7%	4.8%	3.7%	2.6%	2.2%	7.8%	3.5%
Other	14.2%	7.5%	7.4%	8.8%	11.8%	8.5%	7.9%	3.9%	9.2%
No Response	0.6%	1.4%	1.2%	0.7%	0.7%	0.9%	1.1%	0.0%	1.1%
Base	169	212	244	272	136	117	89	51	1,298
Check	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Unweighted data

3. OWNERSHIP AND SUCCESSION

We were interested in this survey to find out a little more about the ownership structures of the businesses in our sample and about what was likely to happen to the businesses once the current owner decided to retire.

Table 3.1 shows that respondents to our survey seem to be evenly split between those who are the sole owner of the business and those who part-own the business. Less than two per cent of respondents are managers without a financial stake in the business.

Table 3.1 Are you the sole owner of your business, a part-owner or a manager without any financial stake in the business?

Sole owner	632	48.7%
Part owner	629	48.5%
No stake	24	1.8%
No response	13	1.0%
Total	1298	100.0%

As might be expected, the proportion of businesses where the respondent is the sole owner falls markedly with business size. Table 3.2 shows, for instance, that less than twelve per cent of firms with over fifty employees are solely owned by the respondent. For firms of this size, the respondent was far more likely to be a part-owner. This may be because the respondent has allowed others to take a stake in the business in order to finance growth, because it was started along with others or because he or she has bought into an existing business. Even of the firms where the respondent was the only person who worked in the business, in 11 per cent of cases they were only a part owner, with someone else who does not work in the business having a financial stake.

Table 3.2 Are you the sole owner of your business, a part-owner or a manager without any financial stake in the business? - by size of business (number of employees)

	Sole owner	Part owner	No stake	Sample
1	88.8%	11.2%	0.0%	169
2	65.6%	33.0%	0.9%	212
3 - 4	54.1%	43.4%	1.6%	244
5 - 9	43.0%	54.8%	0.7%	272
10 - 14	25.7%	69.9%	2.2%	136
15 - 24	26.5%	69.2%	4.3%	117
25 - 49	21.3%	70.8%	6.7%	89
50+	11.8%	84.3%	3.9%	51
All	48.7%	48.5%	1.8%	1298

Family businesses are an important and much-studied section of the business community. We asked respondents whether any other members of their family owned part or all of the business. Table 3.3 shows that not far from half of the whole sample reported that another member their family owned part or all of the business. Interestingly, almost a quarter of those who had said that they were the sole owner also said that another family member owned part of the business. We interpret this to mean that the respondent's family is the sole owner of the business, as opposed to the respondent themselves being the sole owner. Many businesses are jointly owned by members of both sexes, although we did not ask about this.

Table 3.3 Do any other members of your family own part or all of the business?

	Sole owner		Part owner		Total	
Yes	147	23.3%	464	73.8%	619	47.7%
No	474	75.0%	163	25.9%	661	50.9%
No response	11	1.7%	2	0.3%	18	1.4%
Total	632	100.0%	629	100.0%	1298	100.0%

We were also interested in the age of our respondents, especially in order to see how close to retirement, and therefore decisions about what to do with their business, they were. Table 3.4 shows that less than one per cent of our respondents were under the age of 30, whereas 3.5 per cent were aged 70 or over. Over one-third of respondents were aged between 50 and 59 and a further fifth were aged between 60 and 69.

Table 3.4 How old are you?

Under 30	11	0.8%
30-39	125	9.6%
40-49	404	31.1%
50-59	450	34.7%
60-69	256	19.7%
70 or over	45	3.5%
No response	7	0.5%
Total	1298	100.0%

Respondents were then asked what they ultimately intended to do with the business when they retired or otherwise stopped running it. Some 36.9 per cent did not yet know what they would do, but of those that did the most common aim was to sell the business (33.4 per cent of the sample). About half as many (16.6 per cent) intended to pass the business on to a member of their family. Some 10.7 per cent, however, planned to close their business down.

Table 3.5 Ultimately (e.g. on retirement or before), what do you plan to do with your business?

Pass it on to a member of your family	216	16.6%
Sell it	434	33.4%
Close it down	139	10.7%
Don't know as yet	479	36.9%
No response	30	2.3%
Total	1298	100.0%

Table 3.6 shows that those which planned to close their business were predominantly those running one or two person businesses. Many of these will be heavily reliant on the skills and experience of the owners and probably would not be viewed as a saleable going concern without them. Not far off one fifth of the people currently working on their own, however, expected that by the time they came to retire the business would be in a position that they could sell it to a third party.

The proportion planning ultimately to sell the business generally rises with firm size, as does the proportion planning to hand it on to a family member. Over one quarter of respondents running firms with 50 or more employees plan to pass their business on.

Table 3.6 Ultimately (e.g. on retirement or before), what do you plan to do with your business? - by size of business (number of employees)

	Pass on	Sell	Close	Don't Know	Sample
1	8.9%	18.3%	31.4%	40.2%	169
2	11.3%	25.5%	25.9%	36.8%	212
3 - 4	19.7%	30.3%	6.6%	41.8%	244
5 - 9	18.4%	42.3%	2.9%	34.2%	272
10 - 14	14.7%	43.4%	1.5%	36.8%	136
15 - 24	19.7%	41.0%	1.7%	35.9%	117
25 - 49	24.7%	37.1%	1.1%	30.3%	89
50+	27.5%	37.3%	0.0%	33.3%	51
All	16.6%	33.4%	10.7%	36.9%	1298

Finally, in order to see how pressing these issues were, we asked respondents how soon they expected that they would retire or otherwise stop managing their business. Very nearly five per cent of our respondents expect that this will happen within a year. Almost 30 per cent expect to have stopped managing their business within five years.

Table 3.7

How soon do you expect that you will retire or otherwise stop managing your business?

	Replies	Per Cent	Cumulative Per Cent
Within 1 year	62	4.8%	4.8%
Within 2 years	46	3.5%	8.3%
Within 3 years	55	4.2%	12.6%
Within 4 years	34	2.6%	15.2%
Within 5 years	188	14.5%	29.7%
6-10 years	336	25.9%	55.5%
11-20 years	377	29.0%	84.6%
Over 20 years	88	6.8%	91.4%
No response	112	8.6%	
Total	1298	100.0%	

Naturally, these results are related to the age of the respondents. The vast majority of those expecting to retire within the next year are in the 60-69 age group.

APPENDIX

Organisation of the Survey

This survey (the 43rd in the series) was mailed out on 24 March 1995 to 2,500 small firms. By the cut-off date of 26 April 1995, 1,295 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 the 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 A1. 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 | 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 | 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 | 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 | 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 | 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 | 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 | 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 | No 1 | Co-operatives |
| | No 2 | Exports |
| | No 3 | Quality Standards (BS 5750) |
| | No 4 | Impact of the Recession on Incomes and Prices |
| 1993 | No 1 | Business Premises and the UBR |
| | No 2 | Rented Business Premises |
| | No 3 | Delayed Payments |
| | No 4 | External Sources of Information |
| 1994 | No 1 | The Single Market |
| | No 2 | Pensions |
| | No 3 | The Past Ten Years |
| | No 4 | Minimum Wage |
| 1995 | No 1 | Capacity Utilisation |
| | No 2 | Succession and Ownership |

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	Employment	Sales		Employment		Investment
			U	S		U	S	U		
Vol.1 No.1a	3,056	1984/3	34.7%	10.5%	-	21.2%	23.8%	3.3%	5.2%	-
Vol.1 No.1b	1,795	1984/4	32.6%	10.4%	-	9.5%	18.9%	0.9%	4.2%	-
Vol.1 No.2	1,181	1985/1	33.4%	17.6%	-	16.9%	9.5%	9.5%	7.3%	-
Vol.1 No.3	1,090	1985/2	34.4%	11.2%	-	31.4%	26.8%	5.3%	2.3%	-
Vol.1 No.4	1,072	1985/3	37.4%	12.1%	-	26.2%	28.8%	5.3%	7.2%	-
Vol.2 No.1	1,326	1985/4	41.4%	12.6%	-	9.8%	19.2%	5.3%	8.6%	-
Vol.2 No.2	1,052	1986/1	33.6%	11.6%	-	31.1%	23.7%	5.6%	3.4%	-
Vol.2 No.3	1,285	1986/2	35.5%	14.2%	-	29.6%	25.0%	11.9%	8.9%	-
Vol.2 No.4	1,435	1986/3	39.7%	15.2%	-	22.3%	24.9%	6.0%	7.9%	-
Vol.3 No.1	1,116	1986/4	40.0%	13.4%	-	17.0%	26.4%	4.6%	7.9%	-
Vol.3 No.2	1,746	1987/1	40.2%	15.2%	-	39.7%	32.3%	15.1%	12.9%	-
Vol.3 No.3	1,113	1987/2	44.7%	23.1%	-	36.8%	32.2%	13.2%	10.2%	-
Vol.3 No.4	977	1987/3	44.8%	17.6%	-	28.8%	31.4%	10.0%	11.9%	-
Vol.4 No.1	1,042	1987/4	52.7%	23.4%	-	31.4%	40.8%	10.5%	13.8%	-
Vol.4 No.2	933	1988/1	52.7%	19.3%	-	46.7%	39.3%	15.3%	13.1%	-
Vol.4 No.3	983	1988/2	55.0%	22.0%	-	47.9%	43.3%	19.1%	16.1%	-
Vol.4 No.4	950	1988/3	54.9%	22.3%	-	34.4%	37.0%	13.3%	15.2%	-
Vol.5 No.1A	1,523	1988/4	49.2%	15.1%	-	25.6%	35.0%	5.7%	9.0%	-
Vol.5 No.2	947	1989/1	38.8%	18.1%	-	18.6%	11.2%	5.6%	3.4%	-
Vol.5 No.3	2,274	1989/2	41.1%	16.7%	-	30.8%	26.2%	10.4%	7.4%	-
Vol.5 No.4	795	1989/3	33.5%	18.3%	-	20.2%	22.8%	7.4%	9.3%	-
Vol.6 No.1	1,091	1989/4	29.9%	10.5%	-	10.6%	19.9%	0.9%	4.2%	-
Vol.6 No.2	1,384	1990/1	31.4%	9.9%	-	24.4%	17.0%	3.5%	1.2%	-
Vol.6 No.3	1,043	1990/2	22.3%	4.8%	-	14.7%	10.1%	0.9%	-2.2%	-
Vol.6 No.4	1,312	1990/3	18.2%	3.5%	-	3.6%	6.2%	-4.1%	-2.1%	-
Vol.7 No.1	1,239	1990/4	-0.5%	-5.1%	-	-16.0%	-6.6%	-14.4%	-11.1%	-
Vol.7 No.2	984	1991/1	-8.6%	-11.6%	-12.7%	12.3%	4.9%	-7.6%	-9.9%	-15.0%
Vol.7 No.3	1,718	1991/2	-12.5%	-17.3%	-20.0%	-5.2%	-9.8%	-11.5%	-14.6%	-20.6%
Vol.7 No.4	835	1991/3	-14.8%	-19.9%	-15.0%	-1.0%	1.7%	-17.5%	-15.5%	-15.1%
Vol.8 No.1	1,684	1991/4	-7.7%	-15.5%	-20.4%	-9.3%	0.1%	-16.8%	-13.5%	-13.2%
Vol.8 No.2	1,359	1992/1	-1.6%	-17.1%	-13.7%	19.6%	12.2%	-5.4%	-7.6%	-6.6%
Vol.8 No.3	1,527	1992/2	-9.1%	-14.4%	-18.4%	4.4%	-0.2%	-5.8%	-8.8%	-11.7%
Vol.8 No.4	921	1992/3	-15.6%	-27.6%	-32.5%	-6.0%	-3.3%	-17.5%	-15.6%	-23.9%
Vol.9 No.1	1,339	1992/4	-9.0%	-15.0%	-20.8%	-3.8%	5.6%	-10.5%	-7.2%	-13.0%
Vol.9 No.2	1,021	1993/1	-3.6%	-12.3%	-11.1%	23.6%	16.1%	0.8%	-1.4%	-0.6%
Vol.9 No.3	1,310	1993/2	1.1%	-7.8%	-7.3%	19.2%	14.6%	4.3%	1.3%	-0.4%
Vol.9 No.4	1,076	1993/3	8.4%	-1.6%	-6.9%	14.8%	17.5%	-3.3%	-1.4%	-4.4%
Vol.10 No.1	1,295	1993/4	13.8%	3.3%	-3.1%	15.1%	24.5%	-0.1%	3.3%	3.3%
Vol.10 No.2	861	1994/1	3.6%	-4.3%	-3.8%	23.1%	15.7%	-1.1%	-3.3%	3.7%
Vol.10 No.3	2,327	1994/2	16.1%	0.8%	-3.3%	18.5%	13.9%	1.5%	-1.5%	-2.3%
Vol.10 No.4	1,046	1994/3	20.3%	7.6%	0.6%	14.6%	17.3%	-0.2%	1.8%	1.9%
Vol.11 No.1	983	1994/4	20.3%	2.7%	4.0%	17.0%	26.3%	4.2%	7.5%	1.7%
Vol.11 No.2	1,295	1995/1	19.8%	3.3%	0.4%	28.1%	20.7%	6.3%	4.0%	5.7%

Key: U - Unadjusted
S - Seasonally adjusted

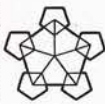
Notes: a,b - The results from two surveys were published in Volume 1 Number 1
A - From Volume 5 Number 1, all results have been weighted to the VAT sectoral distribution.

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 & 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%	9.0%	5.3%	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%	34.2%	4.5%	5.3%	0.4%	0.3%	1.1%	13.4%	5.1%	7.4%	1.4%	1,359
1992/3	1.6%	7.6%	4.0%	2.9%	5.2%	43.2%	2.1%	8.1%	0.3%	1.0%	0.8%	13.5%	3.1%	5.9%	0.8%	1,527
1992/4	1.0%	8.7%	3.6%	1.6%	6.0%	44.3%	4.0%	8.0%	0.5%	0.3%	0.2%	11.4%	3.0%	5.3%	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%	13.0%	2.9%	8.5%	1.8%	1,339
1993/2	0.5%	1.4%	5.5%	3.4%	5.4%	43.1%	4.0%	7.6%	0.7%	0.5%	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%	6.0%	1.6%	1,310
1993/4	1.0%	2.7%	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	0.5%	1.9%	5.6%	4.1%	6.8%	34.2%	7.0%	11.0%	0.1%	0.6%	1.1%	14.3%	4.1%	6.9%	1.7%	1,295
1994/2	1.1%	1.6%	3.7%	5.4%	6.9%	35.4%	5.3%	13.8%	0.1%	0.4%	1.4%	13.9%	3.2%	6.4%	1.3%	861
1994/3	0.9%	1.5%	3.6%	4.8%	5.9%	37.8%	6.0%	9.6%	0.9%	0.8%	2.1%	13.2%	3.1%	7.6%	2.1%	2,327
1994/4	1.1%	1.2%	4.7%	4.8%	6.3%	35.7%	6.3%	10.3%	0.1%	1.1%	1.6%	12.8%	3.8%	7.6%	2.5%	1,046
1995/1	0.9%	3.0%	4.4%	5.4%	5.7%	36.8%	7.2%	7.1%	0.6%	1.2%	3.0%	12.4%	1.8%	7.9%	2.7%	983
1995/2	1.2%	2.0%	3.6%	4.8%	6.9%	35.0%	6.2%	8.9%	0.7%	0.9%	2.7%	12.5%	3.8%	9.7%	0.9%	1,295

SMALL BUSINESS RESEARCH TRUST



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

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

- 1 Please indicate the location of your business:**
- | | | |
|---------------------------|------------------|---------------------|
| a. North | e. West Midlands | i. Wales |
| b. Yorkshire & Humberside | f. East Anglia | j. Scotland |
| c. North West | g. South East | k. Northern Ireland |
| d. East Midlands | h. South West | |

- 2 Employment:** The number of people (including yourself) who work in the business
- The number of these who work part-time
- The number of outworkers and freelancers

- 3 Annual Turnover (excluding VAT)**
- | | | |
|----------------------|----------------------|------------------------|
| a. Less than £20,000 | d. £150,000-£349,999 | f. £750,000-£1,499,999 |
| b. £20,000-£49,999 | e. £350,000-£749,999 | g. £1,500,000 and over |
| c. £50,000-£149,999 | | |

- 4 a. How many years have you owned and managed businesses?**
- b. How many years has your present business been trading?**

- 5a Please classify your business activity by circling one of these categories:**
- | | | |
|--------------------------------------|--|-------------------|
| a. Agriculture, Forestry, Fisheries | e. Wholesale | i. Other Services |
| b. Manufacturing, Mining, Processing | f. Retail Trade | j. Other |
| c. Transport | g. Catering & Restaurants | |
| d. Construction | h. Business Services (Finance, Consultants, Designers, etc.) | |

5b Please also describe in a few words the precise nature of your business:

- 6 Are you the sole owner of your business, a part-owner or a manager without any financial stake in the business?**
- | |
|---------------|
| a. Sole owner |
| b. Part owner |
| c. No stake |
- 7 Do any other members of your family own part or all of the business?**
- | |
|--------|
| a. YES |
| b. NO |
- 8 How old are you?**
- | | |
|-------------|---------------|
| a. Under 30 | d. 50-59 |
| b. 30-39 | e. 60-69 |
| c. 40-49 | f. 70 or over |
- 9 Ultimately (e.g. on retirement or before), what do you plan to do with your business:**
- | |
|--|
| a. Pass it on to a member of your family |
| b. Sell it |
| c. Close it down |
| d. Don't know as yet |
- 10 How soon do you expect that you will retire or otherwise stop managing your business?** Within years

Please add any comments on the back of the questionnaire.

- 11 How did your sales turnover, average employment and investment (in plant, equipment & premises) in the past quarter compare with the same period in 1994? What do you expect to happen in the NEXT quarter? Please complete the table by ticking 6 boxes only.**

	ACTUAL			EXPECTED		
	January, February, March 1995 compared with the same period 1994			April, May, June 1995 compared with January, February, March 1995		
	UP	DOWN	SAME	UP	DOWN	SAME
Sales Turnover						
Average Employment						
Investment						

- 12 What is the MOST important problem facing your business today? Please circle ONE only:**
- | | | |
|--------------------------------------|---|-------------------------------------|
| a. Inflation | f. Low Turnover/Lack of Business | k. Internal Management Difficulties |
| b. Interest Rates | g. Competition from Big Business | l. Cashflow/Payments/Debtors |
| c. Access to finance | h. Gov't Regulations and Paperwork | m. Premises, Rents and Rates |
| d. Lack of Skilled/Trained Employees | i. High Rates of Pay | n. Other (Please specify) |
| e. Total Tax Burden | j. Shortage of Material, Supplies, etc. | |

- 13 Please indicate the sex of the owner(s) of the business:**
- | | | |
|---------|-----------|--------------------------------|
| a. Male | b. Female | c. Joint male/female ownership |
|---------|-----------|--------------------------------|

Thank you for completing this confidential survey questionnaire.
 Please return to the Small Business Research Trust by 15th April 1995.
 Please note that this is a FREEPOST address (no stamp required).