

**BIS** | Department for Business  
Innovation & Skills

**SME BUSINESS BAROMETER –  
FEBRUARY 2011**

MAY 2011

By IFF Research Ltd.



# *SME Business Barometer February 2011*

## *A Snapshot of Small Business Employers in the UK*

### *Introduction*

The Business Barometer is a series of surveys among small and medium-sized (SME) employer enterprises across the UK. The survey assesses how well or badly small businesses are performing, their needs, concerns and barriers to growth. Each survey wave of the Business Barometer consists of approximately 500 interviews with owners and managers of these enterprises, all of whom have previously been interviewed as part of a larger BIS survey – the 2006/07 and 2007/08 Annual Surveys of Small Business (ASBS), or the 2010 Small Business Survey (SBS).

The first Business Barometer was undertaken in December 2008, with further waves in February, April, June, September and December 2009, and in February 2010. The series of surveys was interrupted by the larger-scale SBS in the summer of 2010, which had very similar question content to the Barometer, but resumed in December 2010 and February 2011, the latter survey being the focus of this report.

500 interviews were conducted among SME employers between the 14<sup>th</sup> and 25<sup>th</sup> February 2011. All respondents had previously taken part in the 2010 SBS. Those interviewed were directors, owners and co-owners of the businesses.

Two hundred and ten interviews (42 per cent) conducted were with SME employers that had sought finance in the year before the SBS took place. This proportion was corrected (to 26 per cent) at the analysis stage through weighting<sup>1</sup>.

In interpreting these findings it must be borne in mind that the sample is not fully representative of all SMEs in the UK in that:

- Businesses with no employees have been excluded from this survey
- Businesses that started up since the SBS survey are not interviewed, although as this occurred only six months before the February Barometer, the numbers here are very small compared to the total numbers of SMEs generally

Nor is the survey exactly representative of SME employers that operated at the time of the SBS survey, as those that have closed since cannot be interviewed, although again this number will be relatively small given the recency of the survey.

In this report we will highlight changes in the findings between the waves of the Business Barometer, and the larger SBS and ASBS surveys, that are statistically significant at the 95 per cent confidence level. In general, when considering the overall samples for two waves, a change of 4 to 6 per cent indicates a significant change<sup>1</sup>.

---

<sup>1</sup> More details on the sampling and weighting process are given in the technical appendix to this report

# Summary

## Growth

Fifteen per cent of SME employers have more staff than was the case 12 months ago (a decrease of seven percentage points on December 2010 Barometer). Thirty-five per cent of SME employers have recruited new staff in the last 12 months (compared with 42 per cent in December 2010).

Financial performance in terms of turnover is similar to December 2010, with 31 per cent of SME employers having increased turnover in the past 12 months, 39 per cent having decreased turnover, and 29 per cent saying it has remained about the same.

Thirty-six per cent of SME employers believe their turnover will be higher than it is currently in 12 months time, 22 per cent believe it will be lower and 37 per cent believe it will remain approximately the same. Compared with December 2010 the proportion thinking they will have lower turnover has increased significantly by five percentage points.

## Business Environment

The state of the economy was (once again) the most frequently mentioned *main* obstacle to growth (by 39 per cent of SME employers). The next most frequently mentioned obstacles were cashflow, taxation, competition, regulations and obtaining finance.

Cashflow was mentioned as an obstacle by 44 per cent of SME employers, and as the main obstacle by 10 per cent. Of those citing cashflow as in issue, fluctuating income and stable outgoings was the main problem (79 per cent).

Fewer SME employers offer credit than was the case in December 2010 (53 per cent, compared with 65 per cent in December 2010).

## Access to Finance

Twenty-one per cent of SME employers have sought external finance in the last 6 months, an insignificant change on the December Barometer, but nonetheless the highest proportion since February 2009. Fifteen per cent sought it once, and five per cent more than once<sup>2</sup>.

Among those who have sought finance in the last six months, the most commonly sought type is a bank loan (sought by 36 per cent), then a bank overdraft (sought by 25 per cent), leasing/ hire purchase (12 per cent) and a government grant (9 per cent). Finance was mainly sought for acquisition of equipment or vehicles (34 per cent), the first time in the Barometer series for this as the most common response (in previous Barometers working capital has always been the main reason to seek finance).

Among those seeking finance, 42 per cent experienced problems obtaining finance from the first source approached: 27 per cent were unsuccessful in accessing any of it from the first source they approached, two per cent obtained some but not all of the finance and 13 per cent obtained the finance but with some problems. However, the proportion of those experiencing problems and unable to obtain any finance has decreased since December 2010 (60 per cent experiencing any problems, 52 per cent unable to get any finance from the first source approached).

---

<sup>2</sup> These are the rounded percentages, together they add to 21 per cent.

The most common reason given for being rejected for finance applied for was having a poor personal credit history (reported by 18 per cent of those who were rejected for finance from the first source they approached, or who were not granted as much as they required). A further 17 per cent reported insufficient security as the reason given and 10 per cent reported having no credit history as being the reason given.

When probed further on why they were unable to receive any finance from the first source approached, 77 per cent confirmed that they were rejected by the financier, but 14 per cent rejected the terms of the offer.

Of those rejected by the first source, 28 per cent managed to obtain finance elsewhere, meaning that overall, 19 per cent of those that applied for finance were unable to obtain any from any source, equivalent to five per cent of all SME employers.

## **Business Support**

Fifty-three per cent of SME employers in England were aware of 'a publicly funded service providing access to information and advice for businesses, including a national network of local operators'. Awareness has decreased since December 2010, although it is still higher than that seen in SBS 2010 and the February 2010 Business Barometer. Thirty-two per cent were able to spontaneously name the organisation as Business Link.

Sixty-seven per cent of SME employers in England were aware that Business Link provides free business Health Check and 16 per cent said they had received a business Health Check.

In terms of awareness of HMRC's Business Payment Support Service, 13 per cent of SME employers had used this service, with 58 per cent of these employers feeling HMRC's response has been helpful, 38 per cent feeling it was reasonable and 24 per cent that it was sensitive. Those using the service were less inclined to think it reasonable this time around.

Steve Lomax and Lydia Reynolds

IFF Research Ltd.

April 2011

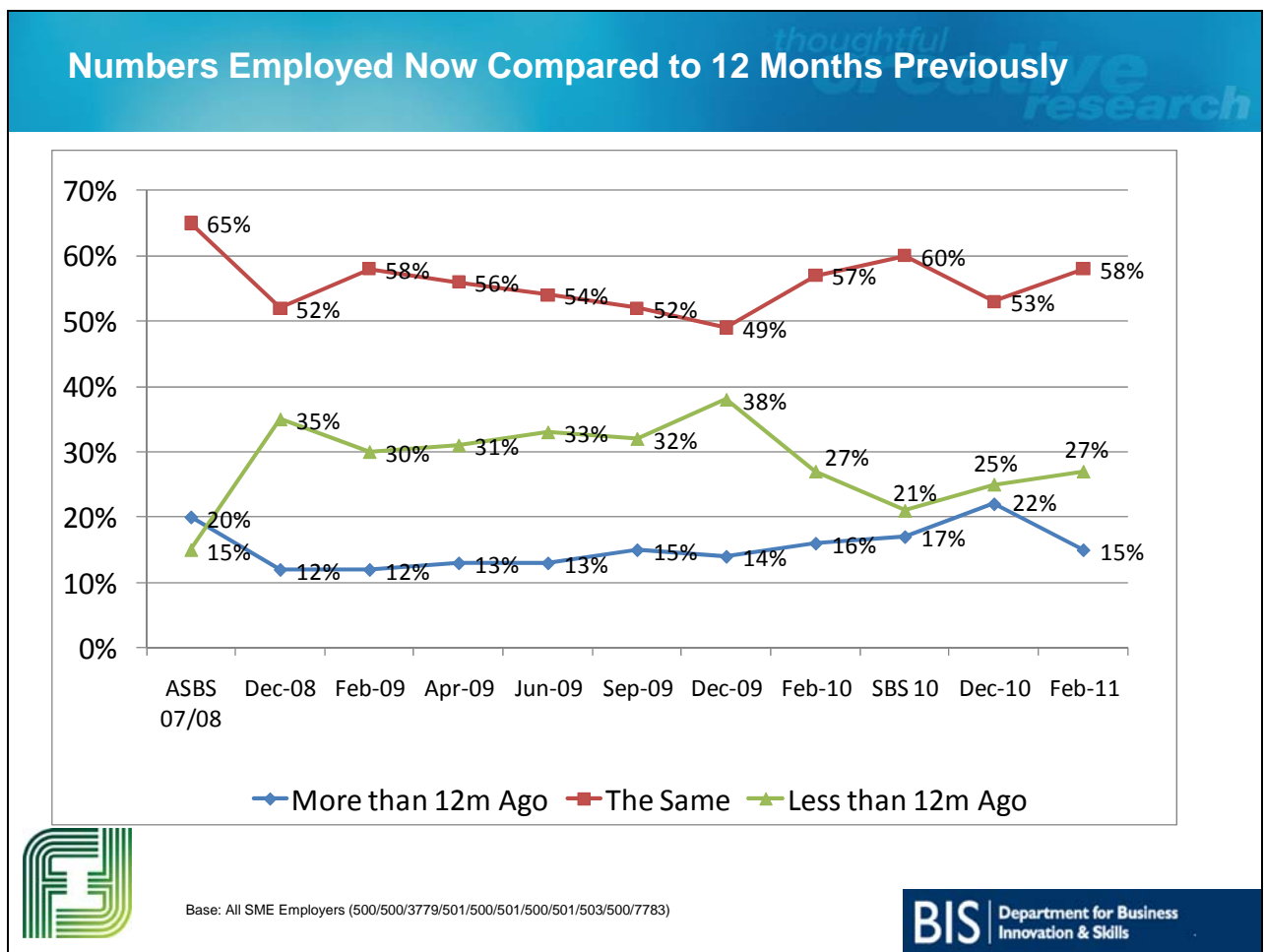
## Part A: Growth

### Employment Levels over the Last 12 Months

Chart A1 below shows that 27 per cent of SME employers employed fewer people February 2011 than was the case a year before. This is an insignificant increase on the 25 per cent seen in December 2010, and the same proportion seen in February 2010.

At the same time fifteen per cent of SME employers in the February 2011 Barometer are now employing more people than 12 months ago. This is down seven points on 22 per cent seen in December 2010, and at about the same level seen in February 2010.

Chart A1: Numbers Employed Now Compared to 12 Months Ago – Trends



Analysis of the data by sector in February 2011 (see Table A1 overleaf) shows that construction businesses are more likely than other sectors to have fewer employees than 12 months ago (51 per cent), an increase of 22 percentage points on the December 2010 survey, but very similar to the figures seen in February 2010, indicating a degree of volatility in the construction employment market.

The service sector is significantly less likely than other sectors to have fewer employees than 12 months ago.

<b>Table A1: Numbers Employed 12 Months Ago<sup>ii</sup> – Trends by Sector</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Constructio n</b>	<b>TRAD</b>	<b>Services</b>
February 2011. n=	500	99	45	127	229
	%	%	%	%	%
Feb 11 – More than 12m Ago	15	20	7	11	19
Feb 11 – Fewer than 12m Ago	27	25	<b>51</b>	27	<b>21</b>
December 2010. n=	500	142	71	139	148
	%	%	%	%	%
Dec 10 – More than 12m Ago	22	18	<b>38</b>	<b>16</b>	24
Dec 10 – Fewer than 12m Ago	25	29	29	22	25
SBS 2010 (July-September). n=	3817	591	315	1157	1754
	%	%	%	%	%
SBS 10 – More than 12m Ago	17	<b>20</b>	19	16	18
SBS 10 – Fewer than 12m Ago	21	<b>24</b>	<b>34</b>	19	<b>18</b>
February 2010. n=	501	142	66	148	145
	%	%	%	%	%
Feb 10 – More than 12m Ago	16	17	7	<b>9</b>	<b>25</b>
Feb 10 – Fewer than 12m Ago	27	<b>34</b>	<b>50</b>	22	<b>19</b>
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
Dec 09 – More than 12m Ago	14	18	<b>3</b>	13	16
Dec 09 – Fewer than 12m Ago	38	<b>53</b>	<b>49</b>	36	<b>30</b>
September 2009. n=	501	132	72	143	154
	%	%	%	%	%
Sept 09 – More than 12m Ago	15	17	9	15	17
Sept 09 – Fewer than 12m Ago	32	33	<b>46</b>	<b>23</b>	36
June 2009. n =	500	130	60	148	162
	%	%	%	%	%
June 09 – More than 12m Ago	13	<b>5</b>	6	15	17
June 09 – Fewer than 12m Ago	33	<b>51</b>	<b>45</b>	<b>25</b>	30
April 2009. n =	501	157	62	136	146
	%	%	%	%	%
April 09 – More than 12m Ago	13	10	<b>5</b>	10	19
April 09 – Fewer than 12m Ago	31	<b>41</b>	<b>46</b>	29	<b>25</b>
February 2009. n =	503	111	61	145	186
	%	%	%	%	%
Feb 09 – More than 12m Ago	12	<b>4</b>	19	12	12
Feb 09 – Fewer than 12m Ago	30	37	40	23	31
December 2008. n =	500	123	62	137	178
	%	%	%	%	%
Dec 08 – More than 12m Ago	12	18	9	10	13
Dec 08 – Fewer than 12m Ago	35	32	<b>49</b>	38	29
ASBS 07/08. n =	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08 – More than 12m Ago	20	21	21	<b>18</b>	21
ASBS 07/08 – Fewer than 12m Ago	15	15	14	15	16

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research

Thirty-five per cent of SME employers have recruited new employees in the last 12 months. This is seven percentage points less than the proportion seen in the December 2010 Barometer, but the same level as seen in February 2010. The decrease is significant at an overall level, but not for any individual sector.

As has been the case in other Barometers, the figures vary considerably according to the size of business. Only 29 per cent of micro businesses (1-9 employees) recruited new employees in the last 12 months (down from 35 per cent in December 2010), compared to 66 per cent of small ones (10-49 employees, down from 77 per cent in December), and 86 per cent of medium sized businesses (50-249 employees, up insignificantly from 83 per cent).

<b>Table A2: Recruited New Employees in the Last 12 Months<sup>iii</sup> – Trends by Sector</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Constructio n</b>	<b>TRAD</b>	<b>Services</b>
February 2011. n=	500	99	45	127	229
	%	%	%	%	%
<b>February 2011</b>	<b>35</b>	<b>39</b>	<b>32</b>	<b>29</b>	<b>40</b>
December 2010. n=	500	142	71	139	148
	%	%	%	%	%
<b>December 2010</b>	<b>42</b>	<b>38</b>	<b>46</b>	<b>40</b>	<b>43</b>
SBS 2010 (July-September). n=	3817	591	315	1157	1754
	%	%	%	%	%
<b>SBS 2010</b>	<b>39</b>	<b>40</b>	<b>37</b>	<b>39</b>	<b>39</b>
February 2010. n=	501	142	66	148	145
	%	%	%	%	%
<b>February 2010</b>	<b>35</b>	<b>37</b>	<b>29</b>	<b>29</b>	<b>42</b>
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
<b>December 2009</b>	<b>32</b>	<b>35</b>	<b>21</b>	<b>27</b>	<b>39</b>
September 2009. n=	501	132	72	143	154
	%	%	%	%	%
<b>September 2009</b>	<b>39</b>	<b>43</b>	<b>34</b>	<b>38</b>	<b>40</b>
June 2009. n=	501	130	60	148	162
	%	%	%	%	%
<b>June 2009</b>	<b>34</b>	<b>24</b>	<b>17</b>	<b>39</b>	<b>39</b>
April 2009. n=	501	157	62	136	146
	%	%	%	%	%
<b>April 2009</b>	<b>36</b>	<b>28</b>	<b>20</b>	<b>35</b>	<b>43</b>
February 2009. n=	503	111	61	145	186
	%	%	%	%	%
<b>February 2009</b>	<b>37</b>	<b>18</b>	<b>28</b>	<b>38</b>	<b>46</b>
December 2008. n=	500	123	62	137	178
	%	%	%	%	%
<b>December 2008</b>	<b>37</b>	<b>47</b>	<b>27</b>	<b>38</b>	<b>36</b>
ASBS 07/08. n=	7783	1498	742	2989	2554
	%	%	%	%	%
<b>ASBS 07/08</b>	<b>44</b>	<b>45</b>	<b>44</b>	<b>43</b>	<b>45</b>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Seven per cent of SME employees say they have increased long term employment levels in the last six months as a result of economic conditions, with 25 per cent having reduced them (a significant increase of nine percentage points on December 2010). The transport, retail and distribution sector is the most likely to have reduced employment levels (34 per cent, a significant rise on the 16 per cent seen in December 2010).

**Table A3: Changes to Long Term Employment Levels in the Last Six Months as a Result of Recent Economic Conditions<sup>iv</sup> – By Sector**

Base = All SME Employers	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2011	500	99	45	127	229
	%	%	%	%	%
Significantly reduced employment	13	12	<b>26</b>	14	<b>8</b>
Slightly reduced employment	12	8	4	<b>20</b>	10
Not changed employment levels	68	68	58	<b>61</b>	<b>77</b>
Slightly increased employment	8	<b>11</b>	11	<b>2</b>	5
Significantly increased employment	1	1	0	<b>3</b>	*
INCREASED	7	<b>12</b>	11	5	5
REDUCED	25	20	31	<b>34</b>	<b>18</b>
December 2010	500	142	71	139	148
	%	%	%	%	%
Significantly reduced employment	6	8	<b>13</b>	<b>2</b>	6
Slightly reduced employment	10	6	<b>17</b>	14	<b>6</b>
Not changed employment levels	75	80	<b>52</b>	77	79
Slightly increased employment	7	4	<b>18</b>	5	5
Significantly increased employment	2	3	*	2	3
INCREASED	9	7	<b>19</b>	7	8
REDUCED	16	14	<b>30</b>	16	12
December 2008	500	123	62	137	178
	%	%	%	%	%
Significantly reduced employment	10	11	<b>21</b>	9	<b>6</b>
Slightly reduced employment	18	19	12	<b>24</b>	15
Not changed employment levels	68	67	59	65	<b>74</b>
Slightly increased employment	3	3	5	1	4
Significantly increased employment	1	1	2	1	1
INCREASED	4	3	8	2	5
REDUCED	28	30	34	33	<b>21</b>

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research.

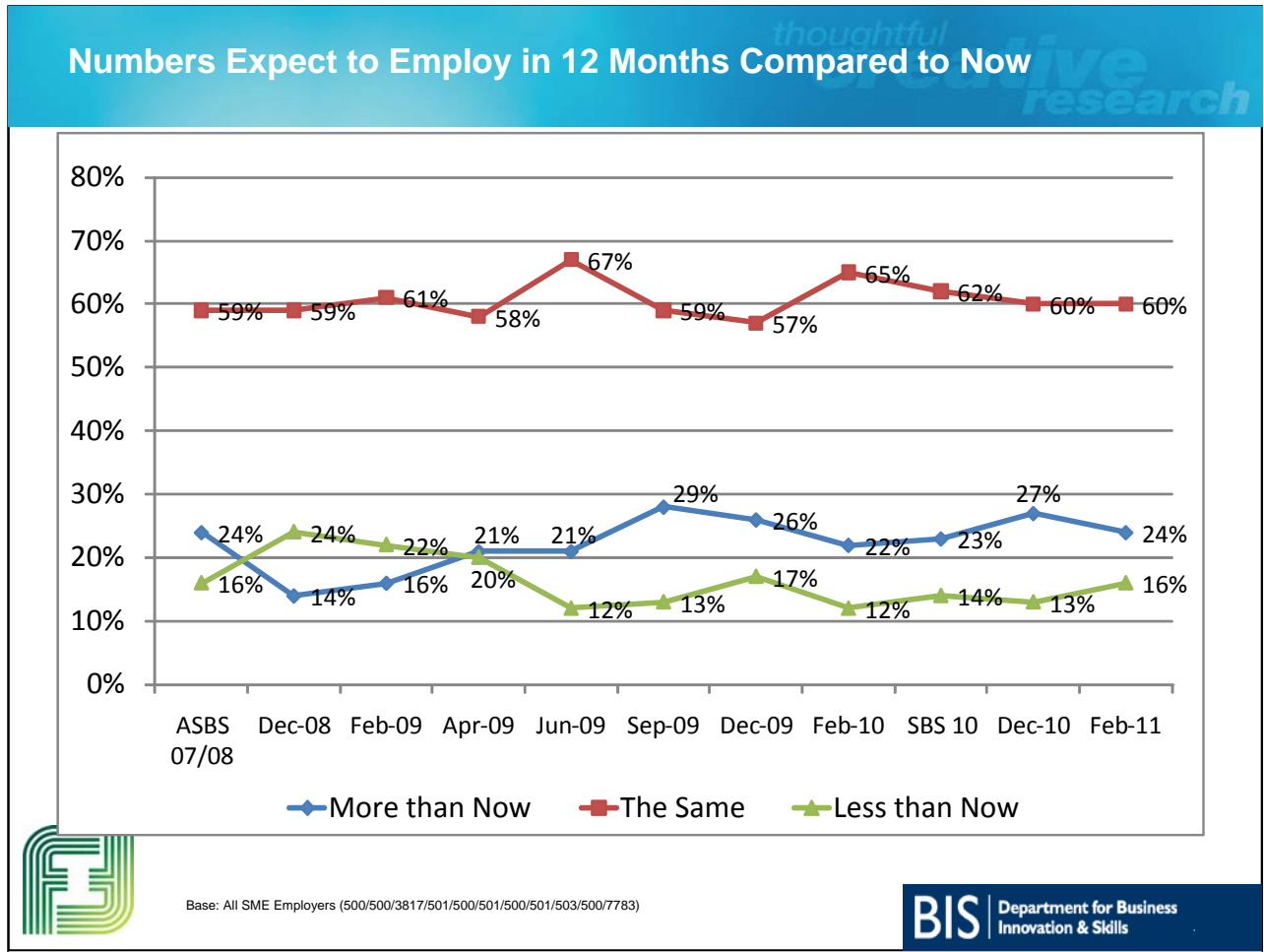
\* = a figure which is more than 0%, but less than 0.5%



## Expectations of Employment Levels in the Next 12 Months

Twenty-four per cent of SME employers think they will employ more staff in a year's time. This compares with 60 per cent thinking employment levels will remain stable, and 16 per cent saying they think they will need to lose staff (see Chart A2 below). There has been little movement in this measurement since September 2009. The increase in the proportion expecting to employ fewer is not statistically significant.

Chart A2: Expectations of Numbers Employed in 12 Months Time



Unlike the December 2010 Barometer, those in the construction sector are the most likely to think employment levels will fall (28 per cent), demonstrating the volatility within this sector. Those in transport, retail and distribution sector continue to be less likely than average to think they will employ more staff in 12 months time (see Table A4 overleaf).

Twenty-two per cent of micro businesses think they will employ more in 12 months time, compared to 33 per cent of small businesses, and 32 per cent of medium sized ones. Thirty-five per cent of exporters think they will employ more, compared to 21 per cent of non-exporters. For exporters this figure has fallen from 43 per cent in December 2010, whereas for non-exporters the figure is stable.

<b>Table A4: Numbers Expect to Employ in 12 Months Time Compared to Now<sup>v</sup> – Trends by Sector</b>					
Base = all SME employers	All	Primary/ Manu	Construct -ion	TRAD	Services
February 2011. n=	500	99	45	127	229
	%	%	%	%	%
Feb. 2011 – Will Employ More in 12m	24	31	31	<b>15</b>	26
Feb. 2011 – Will Employ Fewer in 12m	16	10	<b>28</b>	15	16
December 2010. n=	500	142	71	139	148
	%	%	%	%	%
Dec. 2010 – Will Employ More in 12m	27	29	<b>47</b>	<b>20</b>	26
Dec. 2010 – Will Employ Fewer in 12m	13	11	9	<b>8</b>	<b>20</b>
SBS 2010 (July-September). n=	3817	591	315	1157	1754
	%	%	%	%	%
SBS 2010 – Will Employ More in 12m	23	<b>27</b>	19	23	22
SBS 2010 – Will Employ Fewer in 12m	14	13	16	13	14
February 2010. n =	501	142	66	148	145
	%	%	%	%	%
Feb. 2010 – Will Employ More in 12m	22	29	<b>11</b>	23	23
Feb. 2010 – Will Employ Fewer in 12m	12	9	17	10	14
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
Dec. 2009 – Will Employ More in 12m	26	33	23	<b>17</b>	<b>32</b>
Dec. 2009 – Will Employ Fewer in 12m	17	16	17	17	18
June 2009. n =	501	132	72	143	154
	%	%	%	%	%
Sept. 2009 – Will Employ More in 12m	29	35	33	<b>21</b>	32
Sept. 2009 – Will Employ Fewer in 12m	13	15	<b>23</b>	11	10
June 2009. n =	500	130	60	148	162
	%	%	%	%	%
June 2009 – Will Employ More in 12m	21	<b>35</b>	14	<b>10</b>	<b>28</b>
June 2009 – Will Employ Fewer in 12m	12	13	7	<b>17</b>	9
April 2009. n =	501	157	62	136	146
	%	%	%	%	%
April 2009 – Will Employ More in 12m	21	18	14	18	<b>27</b>
April 2009 – Will Employ Fewer in 12m	20	19	15	24	19
February 2009. n =	503	111	61	145	186
	%	%	%	%	%
Feb. 2009 – Will Employ More in 12m	16	21	14	11	18

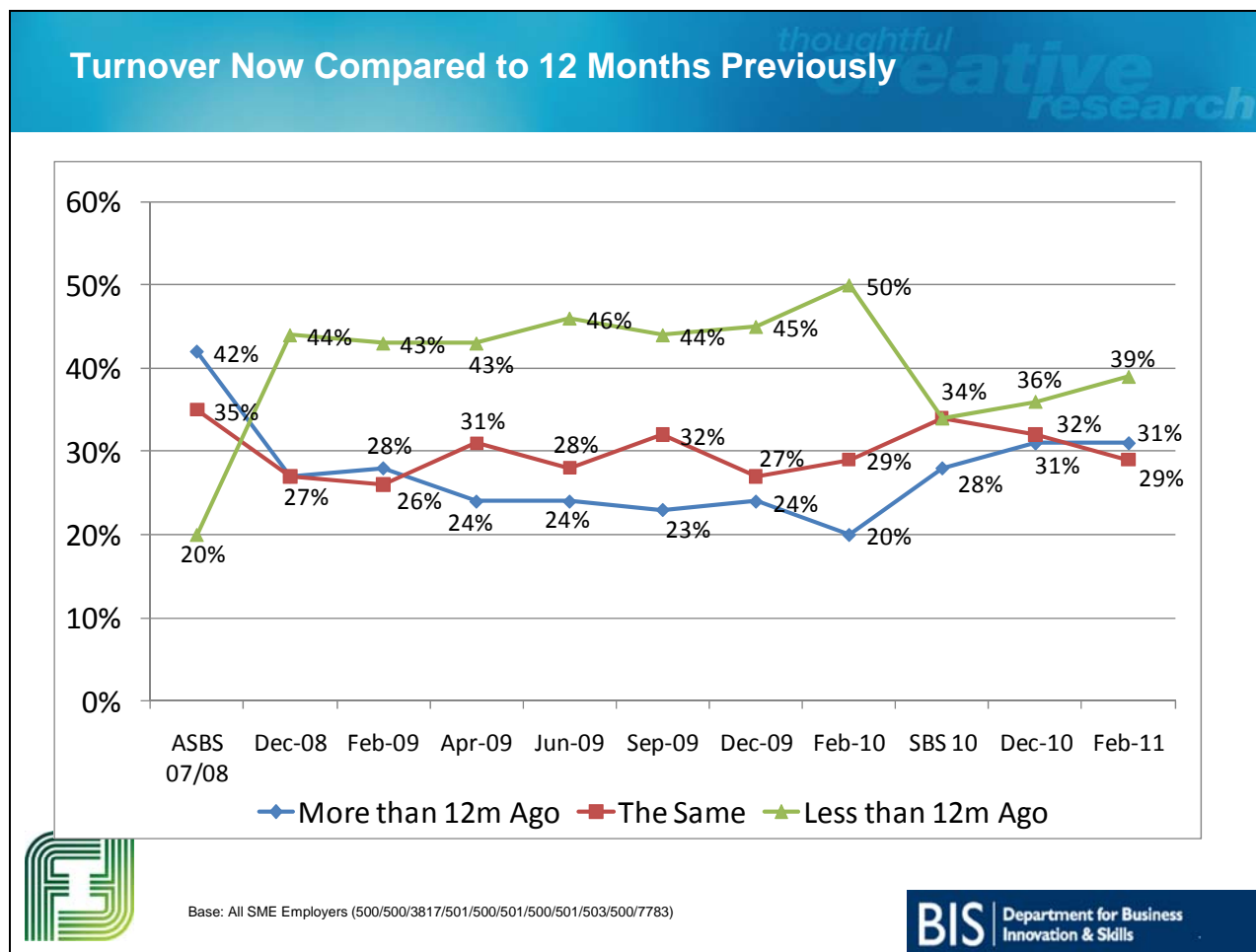
Feb. 2009 – Will Employ Fewer in 12m	22	21	27	18	24
December 2008. n =	500	123	62	137	178
	%	%	%	%	%
Dec. 2008 – Will Employ More in 12m	14	14	22	11	15
Dec. 2008 – Will Employ Fewer in 12m	24	27	23	27	20
ASBS 07/08. n =	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08 – Will Employ More in 12m	24	22	24	21	<b>29</b>
ASBS 07/08 – Will Employ Fewer in 12m	16	17	18	17	15
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

## Turnover in the Past 12 Months

Thirty-one per cent of all SME employers have increased their turnover in the last 12 months, compared to 39 per cent who say their turnover has decreased. For 29 per cent turnover is about the same as it was 12 months previously.

None of these three figures are significantly different than those in December 2010, although the increasing proportion since SBS 2010 saying that turnover is less than 12 months ago is a trend in the wrong direction. Nonetheless figures are more positive than they were a year ago in February 2010.

Chart A3: Turnover Compared to 12 Months Ago



Most likely to report lower turnover are those in the construction sector (53 per cent), which was the sector most likely to report increased turnover in December 2010. The transport, retail and distribution sector is also more likely than average to report lower turnover (46 per cent), while primary/manufacturing and services were less likely than average to say this (26 and 34 per cent respectively, see Table A5 overleaf).

Thirty per cent of micro businesses reported increased turnover, compared to 32 per cent of small businesses and 48 per cent of medium-sized ones. Thirty-five per cent of exporters increased turnover, 46 per cent had decreased turnover, and for 19 per cent it remained the same. This last figure is statistically significant against non-exporters (31 per cent kept their turnover the same).

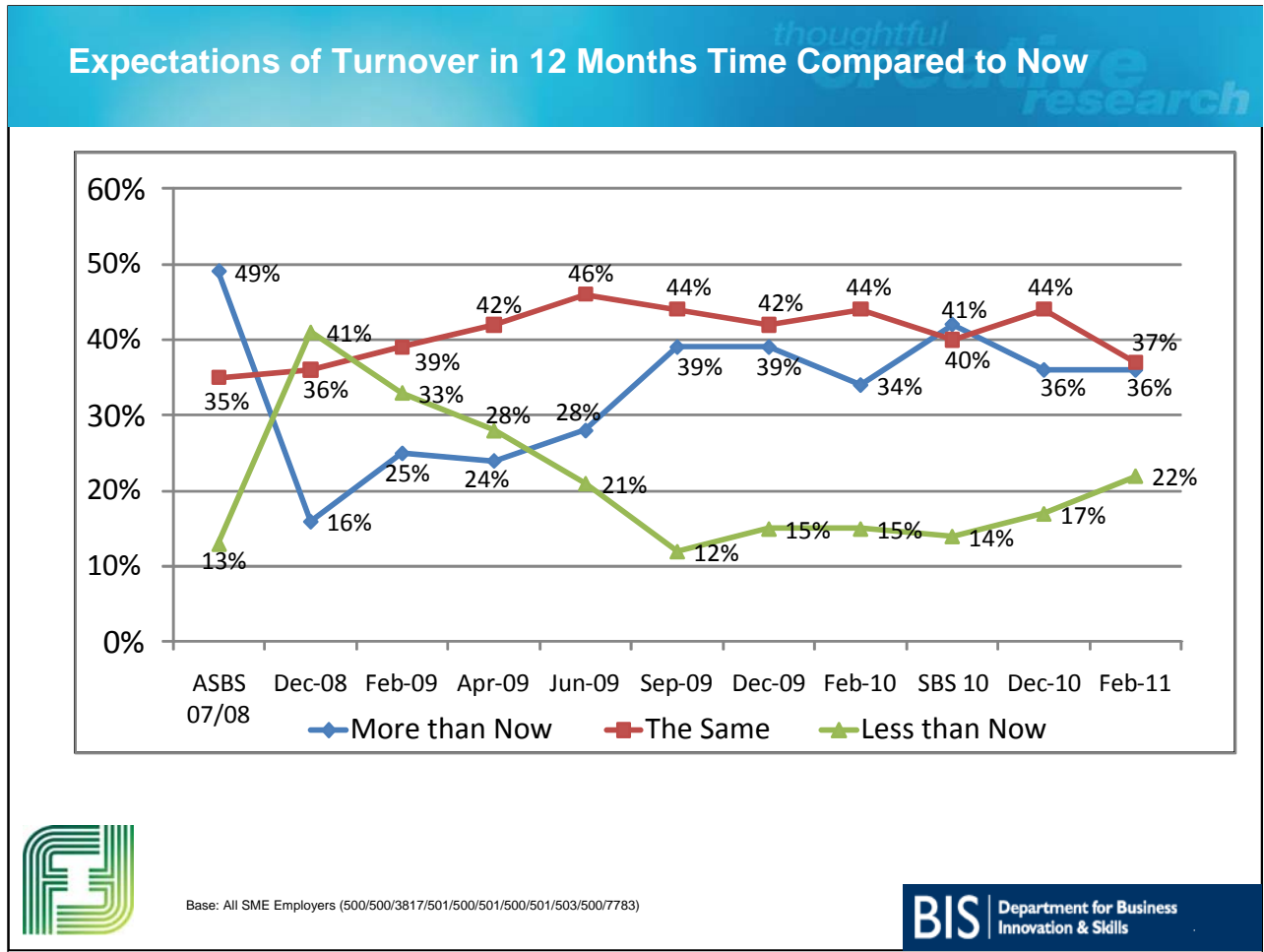
<b>Table A5: Turnover Now Compared to 12 Months Previously<sup>vi</sup> – Trends by Sector</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Construct -ion</b>	<b>TRAD</b>	<b>Services</b>
February 2011. n =	500	99	45	127	229
	%	%	%	%	%
Feb. 2011 – Turnover Greater Now	31	39	33	26	31
Feb. 2011 – Turnover Less Now	39	<b>26</b>	<b>53</b>	<b>46</b>	<b>34</b>
December 2010. n =	500	142	71	139	148
	%	%	%	%	%
Dec. 2010 – Turnover Greater Now	31	37	<b>46</b>	30	<b>24</b>
Dec. 2010 – Turnover Less Now	36	30	29	40	38
SBS 2010 (July-September). n=	3817	591	315	1157	1754
	%	%	%	%	%
SBS 2010 – Turnover Greater Now	28	26	24	26	<b>31</b>
SBS 2010 – Turnover Less Now	34	35	<b>45</b>	36	<b>30</b>
February 2010. n =	501	142	66	148	145
	%	%	%	%	%
Feb. 2010 – Turnover Greater Now	20	18	<b>2</b>	24	23
Feb. 2010 – Turnover Less Now	50	57	<b>66</b>	<b>43</b>	49
December 2009. n =	500	130	69	136	165
	%	%	%	%	%
Dec. 2009 – Turnover Greater Now	24	24	<b>12</b>	28	24
Dec. 2009 – Turnover Less Now	45	53	44	44	44
September 2009. n =	501	132	72	143	154
	%	%	%	%	%
Sept. 2009 – Turnover Greater Now	23	19	27	23	24
Sept. 2009 – Turnover Less Now	44	50	49	40	44
June 2009. n =	500	130	60	148	162
	%	%	%	%	%
June 2009 – Turnover Greater Now	24	21	23	24	25
June 2009 – Turnover Less Now	46	49	50	49	41
April 2009. n =	501	157	62	136	146
	%	%	%	%	%
April 2009 – Turnover Greater Now	24	<b>16</b>	23	22	28
April 2009 – Turnover Less Now	43	48	49	47	<b>36</b>
February 2009. n =	503	111	61	145	186
	%	%	%	%	%
Feb. 2009 – Turnover Greater Now	28	30	<b>13</b>	24	<b>34</b>
Feb. 2009 – Turnover Less Now	43	42	47	49	<b>37</b>
December 2008. n =	500	123	62	137	178
	%	%	%	%	%
Dec. 2008 – Turnover Greater Now	27	<b>36</b>	14	22	31
Dec. 2008 – Turnover Less Now	44	36	45	<b>52</b>	41

ASBS 07/08. n =	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08 – Turnover Greater Now	42	<b>47</b>	40	<b>38</b>	<b>45</b>
ASBS 07/08 – Turnover Less Now	20	19	<b>17</b>	<b>23</b>	19
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

## Future Turnover Expectations

Thirty-six per cent of SME employers expect their turnover to increase in 12 months time compared to now, 22 per cent expect it to decrease, and 37 per cent think it will be about the same. The increase in the proportion thinking turnover will decrease (up five percentage points), and the decrease in the proportion thinking it will remain the same (down seven percentage points) are statistically significant.

Chart A4: Turnover Expectations in 12 Months Time



The increase in the proportion thinking turnover will decrease is largely fuelled by the transport, retail and distribution sector (up 17 percentage points from 12 per cent). This is the most pessimistic forecast by them since February 2009 (see Table A6 overleaf).

Thirty-four per cent of micro businesses think turnover will increase, compared to 49 per cent of small ones and 51 per cent of medium-sized ones – all similar proportions to the December 2010 Barometer. Twenty-four per cent of micro businesses think that turnover will decrease, a significant eight percentage point increase on the December 2010 Barometer (figures for small and mediums is not significantly higher).

Exporters continue to be more optimistic than non-exporters. Fifty-two per cent of exporters expect turnover to increase compared to 32 per cent of non-exporters.

<b>Table A6: Expectations of Turnover in 12 Months Time<sup>vii</sup> – Trends by Sector</b>					
Base = all SME employers	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2011. n =	500	99	45	127	229
	%	%	%	%	%
February 2011 – Greater than Now	36	41	45	32	36
February 2011 – Less than Now	22	16	21	<b>29</b>	19
December 2010. n =	500	142	71	139	148
	%	%	%	%	%
December 2010 – Greater than Now	36	42	<b>51</b>	38	<b>27</b>
December 2010 – Less than Now	17	11	21	<b>12</b>	<b>22</b>
SBS 2010 (July-September). n=	3817	591	315	1157	1754
	%	%	%	%	%
SBS 2010 – Greater than Now	41	<b>49</b>	<b>34</b>	40	42
SBS 2010 – Less than Now	14	13	<b>22</b>	13	13
February 2010. n =	501	142	66	148	145
	%	%	%	%	%
February 2010 – Greater than Now	34	40	30	33	35
February 2010 – Less than Now	15	<b>21</b>	13	<b>20</b>	<b>9</b>
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
Dec. 2009 – Greater than Now	39	40	<b>24</b>	44	38
Dec. 2009 – Less than Now	15	17	<b>24</b>	14	13
September 2009. n =	501	132	72	143	154
	%	%	%	%	%
Sept. 2009 – Greater than Now	39	45	29	35	44
Sept. 2009 – Less than Now	12	13	<b>20</b>	9	13
June 2009. n =	500	130	60	148	162
	%	%	%	%	%
June 2009 – Greater than Now	28	30	<b>15</b>	<b>22</b>	<b>37</b>
June 2009 – Less than Now	21	22	18	17	24
April 2009. n =	501	157	62	136	146
	%	%	%	%	%
April 2009 – Greater than Now	24	18	<b>7</b>	22	<b>34</b>
April 2009 – Less than Now	28	<b>37</b>	34	26	25
February 2009. n =	503	111	61	145	186
	%	%	%	%	%
February 2009 – Greater than Now	25	27	<b>10</b>	26	27
February 2009 – Less than Now	33	32	<b>48</b>	36	<b>26</b>
December 2008. n =	500	123	62	137	178
	%	%	%	%	%
December 2008 – Greater than Now	16	18	20	<b>10</b>	18
December 2008 – Less than Now	41	<b>52</b>	42	41	38
ASBS 07/08. n =	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08 – Greater than Now	49	51	<b>44</b>	47	51
ASBS 07/08 – Less than Now	13	<b>11</b>	13	14	<b>11</b>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					



## Growth Ambitions Over the Next Two to Three Years

Seventy per cent of SME employers expect to grow their businesses over the next two to three years, about the same proportion seen in all the previous Barometers with the exception of December 2008.

No one sector in particular is more likely than average to expect growth. Sixty-eight per cent of micro businesses expect to grow, compared to 82 per cent of small ones and 87 per cent of medium-sized ones.

Table A7: Expect to Grow Over The Next Two to Three Years <sup>viii</sup> – Trends by Sector					
Base = all SME employers	All	Primary/ Manu	Constructio n	TRAD	Services
February 2011. n=	500	99	45	127	229
	%	%	%	%	%
February 2011	70	73	75	71	67
December 2010. n=	500	142	71	139	148
	%	%	%	%	%
December 2010	69	63	66	71	72
SBS 2010 (July-September). n=	3817	591	315	1157	1754
	%	%	%	%	%
SBS 2010	74	<b>77</b>	78	<b>69</b>	75
February 2010. n =	501	142	66	148	145
	%	%	%	%	%
February 2010	67	70	<b>56</b>	63	72
December 2009. n =	500	130	69	136	165
	%	%	%	%	%
December 2009	66	<b>74</b>	61	62	67
September 2009. n =	501	132	72	143	154
	%	%	%	%	%
September 2009	63	69	<b>51</b>	62	66
June 2009. n =	500	130	60	148	162
	%	%	%	%	%
June 2009	62	64	58	<b>55</b>	<b>69</b>
April 2009. n =	501	157	62	136	146
	%	%	%	%	%
April 2009	60	63	63	<b>50</b>	<b>67</b>
February 2009. n =	503	111	61	145	186
	%	%	%	%	%
February 2009	65	61	<b>48</b>	62	<b>74</b>
December 2008. n =	500	123	62	137	178
	%	%	%	%	%
December 2008	56	56	44	58	55
ASBS 07/08. n =	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08	67	<b>70</b>	<b>61</b>	<b>65</b>	<b>70</b>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Seventy-nine per cent of exporters think they will grow, compared to 68 per cent of non-exporters, which is a similar result to that seen in December 2010.

Twenty-one per cent of SME employers have increased their plans for growth in the last six months, whilst 22 per cent have reduced their plans. This latter figure has significantly increased since December 2010, up eight percentage points.

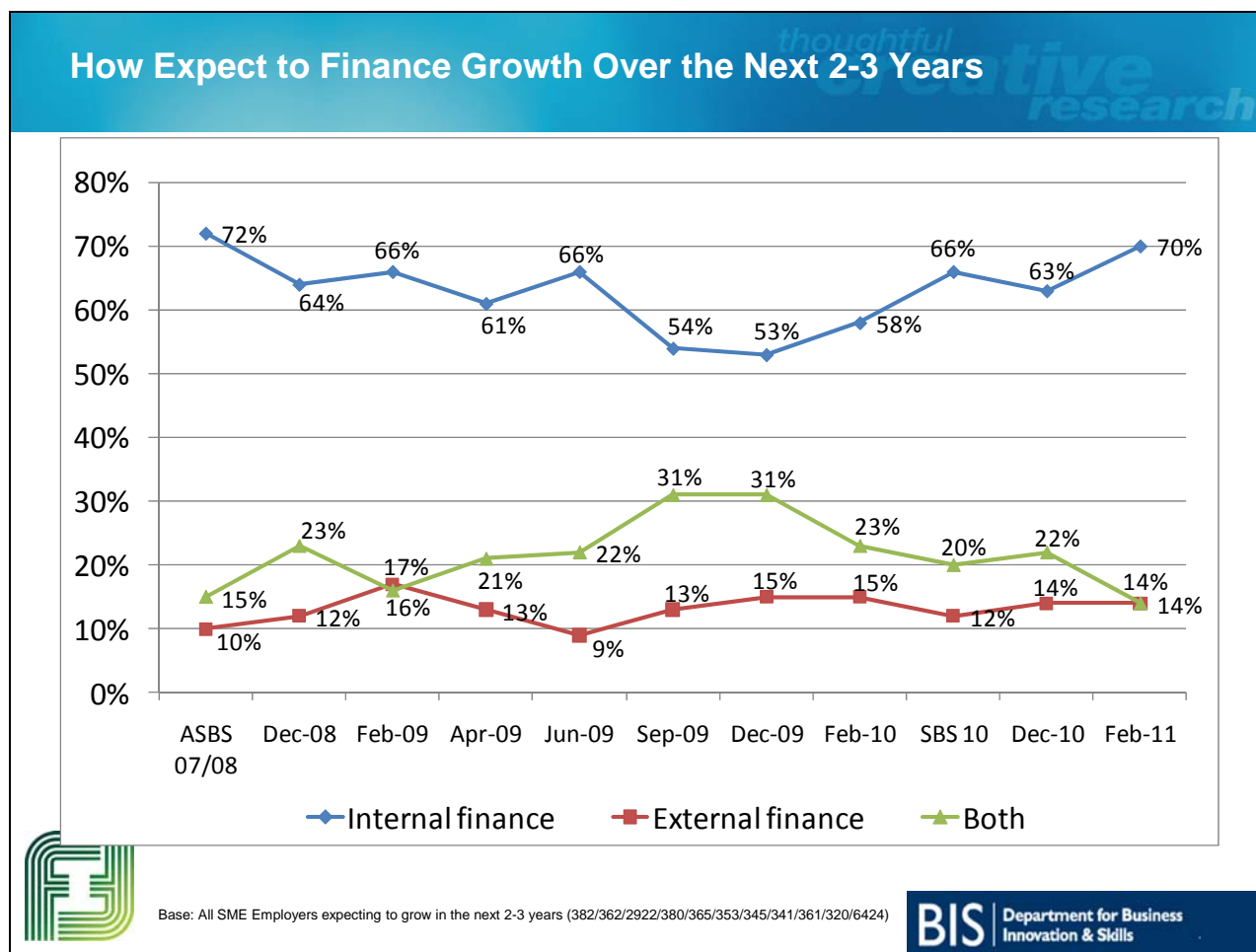
Construction is significantly more likely to have reduced growth plans than other sectors (39 per cent), but the increase in the overall proportion saying their growth plans have been reduced is down to the transport, retail and distribution and service sectors (up eleven and eight percentage points respectively). By contrast the primary/manufacturing sector is both more likely than average to have increased its growth plans (30 per cent), and is more likely to have done this since the December 2010 Barometer (up 12 percentage points).

<b>Table A8: Changes to Plans for Growing Business in the Last Six Months<sup>ix</sup> – By Sector</b>					
Base = All SME Employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Constructi on</b>	<b>TRAD</b>	<b>Services</b>
February 2011	500	99	45	127	229
	%	%	%	%	%
Significantly reduced growth plans	10	<b>1</b>	<b>26</b>	11	<b>7</b>
Slightly reduced growth plans	12	9	14	12	13
Not changed growth plans	57	60	46	61	55
Slightly increased growth plans	16	20	15	11	18
Significantly increased growth plans	5	<b>10</b>	0	4	6
<b>INCREASED</b>	21	<b>30</b>	15	<b>15</b>	25
<b>REDUCED</b>	22	<b>10</b>	<b>39</b>	24	20
December 2010	500	142	71	139	148
	%	%	%	%	%
Significantly reduced growth plans	7	8	<b>20</b>	4	6
Slightly reduced growth plans	7	<b>2</b>	8	8	6
Not changed growth plans	68	72	<b>57</b>	72	67
Slightly increased growth plans	12	10	8	11	15
Significantly increased growth plans	6	8	7	4	6
<b>INCREASED</b>	18	18	15	16	20
<b>REDUCED</b>	14	10	<b>28</b>	13	12
December 2008	500	142	71	139	148
	%	%	%	%	%
Significantly reduced growth plans	13	16	20	10	13
Slightly reduced growth plans	14	8	<b>22</b>	<b>18</b>	<b>9</b>
Not changed growth plans	64	63	55	62	69
Slightly increased growth plans	6	8	1	6	8
Significantly increased growth plans	2	3	1	4	1
<b>INCREASED</b>	9	11	<b>2</b>	10	8
<b>REDUCED</b>	27	24	<b>42</b>	28	22
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

## Investment and Funding Growth

Of those that expect to grow, fourteen per cent say they will achieve this through external finance only, 70 per cent through internal finance only, and 14 per cent through a combination of both types of finance. Compared to December 2010 the proportion expecting to finance growth purely internally has risen significantly (up seven percentage points), whilst the proportion expecting to finance it using both internal and external money has decreased significantly in the same period (down eight percentage points). Demand for any external finance for growth, at 28 per cent of those expecting to grow, is at its lowest level since the 07/08 ASBS.

Chart A5: How Fund Growth in Next 2-3 Years<sup>x</sup>



By sector, primary/manufacturing is the most likely to want to use internal finance only (82 per cent), and the least likely to want to use external finance only (3 per cent). Micro businesses are the least likely to want to use external finance (25 per cent any external, compared to 39 per cent for small, and 42 per cent for mediums). Exporters are also less likely to want external finance for growth (16 per cent, compared to 32 per cent of non-exporters).

Of those planning to grow 58 per cent are planning to increase their investment in the next 12 months to achieve this, whilst 41 per cent are not (see Table A9 overleaf). The construction sector is the least likely to want to do this (57 per cent). Fifty-six per cent of micro businesses with growth ambitions plan to increase investment, compared to 61 per cent of small ones, and 76 per cent of medium-sized ones. The proportion of medium-sized businesses saying this has increased significantly by 17 percentage points since December 2010.

**Table A9: Whether Planning to Increase Investment in Next 12 Months to Achieve Growth<sup>xi</sup> – by Sector**

Base = all who plan to grow	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2011. n=	382	83	36	102	161
	%	%	%	%	%
No	41	40	<b>57</b>	38	38
Yes	58	60	43	57	62
- Training existing staff	39	42	38	34	43
- New machinery/equipment	36	<b>48</b>	20	44	32
- Hire new staff	29	31	24	26	32
- Move premises	11	11	11	10	11
December 2010. n=	362	102	43	106	111
	%	%	%	%	%
No	36	31	29	<b>47</b>	30
Yes	62	65	65	<b>51</b>	<b>69</b>
- Training existing staff	41	47	54	<b>26</b>	49
- New machinery/equipment	43	51	39	40	44
- Hire new staff	35	35	44	<b>17</b>	45
- Move premises	9	7	17	5	10
February 2010. n=	380	115	42	108	115
	%	%	%	%	%
No	42	42	<b>57</b>	43	37
Yes	55	47	43	54	<b>61</b>
- Training existing staff	36	27	26	35	42
- New machinery/equipment	34	24	<b>15</b>	39	39
- Hire new staff	26	24	24	21	31
- Move premises	12	10	3	16	13
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

The most common form of investment is in staff training (39 per cent of all SME employers), followed by new machinery or equipment (36 per cent), and hiring new staff (29 per cent). The primary/manufacturing sector is significantly more likely than average to want new machinery or equipment (48 per cent), the transport, retail and distribution sector more likely to want to advertise/market (17 per cent). Services are significantly less likely to want to hire staff or buy new machinery and equipment than was the case in December 2010 (down 13 per cent and 12 per cent respectively).

The proportions making each type of investment are very similar to those seen in February 2010.

The poor economic conditions of the past couple of years have resulted in 33 per cent of all SME employers reducing or delaying their investment plans, with only 7 per cent having increased or brought forward investment. Compared to December 2010 the primary/manufacture sector is more likely to say it has reduced or delayed plans (29 per cent, up 11 percentage points, see Table A10 below).

Overall there has been a significant six percentage point rise in the proportion which has significantly reduced or delayed their plans. By sector this is most evident in transport, retail and distribution (up 11 percentage points).

<b>Table A10: Changes to long Term Investment Plans in the Last Six Months as a Result of Recent Economic Conditions<sup>xii</sup> – By Sector</b>					
Base = All SME Employers	All	Primary/ Manu	Constructi on	TRAD	Services
February 2011	500	99	45	127	229
	%	%	%	%	%
Significantly reduced or delayed	20	18	29	24	<b>16</b>
Slightly reduced or delayed	13	11	7	12	15
Not changed long term	59	64	54	58	60
Slightly increased or brought forward	5	6	5	4	6
Significantly increased or brought forward	2	1	0	2	2
INCREASED OR BROUGHT FORWARD	7	7	5	6	8
REDUCED OR DELAYED	33	29	37	36	31
December 2010	500	142	71	139	148
	%	%	%	%	%
Significantly reduced or delayed	14	12	15	13	14
Slightly reduced or delayed	15	<b>7</b>	<b>28</b>	17	11
Not changed long term	64	<b>73</b>	<b>47</b>	62	67
Slightly increased or brought forward	5	7	4	3	8
Significantly increased or brought forward	3	2	<b>7</b>	5	*
INCREASED OR BROUGHT FORWARD	8	9	11	7	8
REDUCED OR DELAYED	28	<b>18</b>	<b>43</b>	31	25
December 2008	500	123	62	137	178
	%	%	%	%	%
Significantly reduced or delayed	19	18	26	18	18
Slightly reduced or delayed	14	20	<b>26</b>	15	<b>8</b>
Not changed long term	62	56	<b>43</b>	59	<b>73</b>
Slightly increased or brought forward	2	5	2	2	3
Significantly increased or brought forward	3	1	2	<b>5</b>	1
INCREASED OR BROUGHT FORWARD	4	6	4	<b>7</b>	<b>1</b>

REDUCED OR DELAYED	33	38	<b>52</b>	33	<b>26</b>
<p>Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research.</p> <p>* = a figure which is more than 0%, but less than 0.5%</p>					

## Exports

Twenty per cent of SME employers export goods or services outside of the UK. This is down by six percentage points on December 2010, although a similar figure to that seen in previous Barometers.

<b>Table A12: Whether Currently Exporting Goods or Selling Outside of the UK<sup>xiii</sup> – Trends by Sector</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Constructio n</b>	<b>TRAD</b>	<b>Services</b>
February 2011. n=	500	99	45	127	229
	%	%	%	%	%
February 2011 - Exporting	<b>20</b>	<b>34</b>	<b>8</b>	<b>24</b>	<b>16</b>
December 2010. n=	500	142	71	139	148
	%	%	%	%	%
December 2010 - Exporting	<b>26</b>	<b>42</b>	<b>20</b>	<b>28</b>	<b>20</b>
SBS 2010 (July-September). n=	3817	591	315	1157	1754
	%	%	%	%	%
SBS 2010 - Exporting	<b>23</b>	<b>36</b>	<b>13</b>	<b>18</b>	<b>24</b>
February 2010. n=	501	142	66	148	145
	%	%	%	%	%
February 2010 - Exporting	<b>22</b>	<b>33</b>	<b>17</b>	<b>21</b>	<b>21</b>
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
December 2009 – Exporting	<b>24</b>	<b>44</b>	<b>6</b>	<b>18</b>	<b>26</b>
September 2009. n=	501	132	72	143	154
	%	%	%	%	%
September 2009 – Exporting	<b>18</b>	<b>41</b>	<b>7</b>	<b>14</b>	<b>18</b>
June 2009. n=	500	130	60	148	162
	%	%	%	%	%
June 2009 – Exporting	<b>20</b>	<b>34</b>	<b>7</b>	<b>14</b>	<b>24</b>
April 2009. n=	501	157	62	136	146
	%	%	%	%	%
April 2009 – Exporting	<b>16</b>	<b>36</b>	<b>7</b>	<b>10</b>	<b>17</b>
February 2009. n=	503	111	61	145	186
	%	%	%	%	%
February 2009 - Exporting	<b>19</b>	<b>37</b>	<b>4</b>	<b>15</b>	<b>21</b>
December 2008. n=	500	123	62	137	178
	%	%	%	%	%
December 2008- Exporting	<b>22</b>	<b>44</b>	<b>10</b>	<b>17</b>	<b>21</b>
ASBS 07/08. n=	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08- Exporting	<b>24</b>	<b>36</b>	<b>11</b>	<b>21</b>	<b>26</b>

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research

Primary/manufacturing industries continue to be the most likely to export (34 per cent), with the construction sector the least likely In February 2011 (8 per cent).

Among exporters, 43 per cent expect exports to increase in the next 12 months, 49 per cent expect exports to stay the same, and seven per cent expect them to decrease. These proportions are broadly in line with those seen in other Barometers, and almost exactly the same as those seen in December 2010.

Of those not currently exporting, three per cent think they will start to do so in the next 12 months. This is significantly lower than December 2010 (seven per cent), but in line with Barometers before that. Primary/manufacturing businesses not currently exporting are more likely than average to say they will export in the next 12 months (9 per cent).



## Part B: Business Environment

### Obstacles to Success

When prompted, 39 per cent of SME employers say that the state of the economy is the *main* obstacle to the success of their business. This is higher than in December 2010, but a similar proportion to that seen in the previous Barometers. Cashflow, taxation, competition, regulations and obtaining finance remain the five next most likely to be mentioned obstacles.

Table B1: Main Obstacle to the Success of the Business <sup>xiv</sup>										
	Feb. 2011	Dec. 2010	SBS 2010	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	Feb. 2009	Dec. 2008	ASBS 07/08
Base = all SME employers	n=500	n=500	n=3817	n=501	n=500	n=501	n=500	n=503	n=500	n=7783
		%	%	%	%	%	%	%	%	%
The Economy	<b>39</b>	32	33	39	34	36	32	39	41	16
Cashflow	10	12	11	11	11	6	12	12	10	9
Taxation, VAT, PAYE, NI, rates	9	8	8	9	8	9	6	7	9	12
Competition	<b>8</b>	12	10	9	12	8	12	7	7	14
Regulations	8	8	7	7	8	13	12	12	7	12
Obtaining finance	7	10	8	9	5	9	8	4	6	3
Figures in bold are statistically significant changes at the 95% confidence level between Dec 2010 and Feb 2011 Barometers										

The economy is less likely to be mentioned by those in primary/manufacturing industries (26 per cent), who are the most likely to say taxation is their main obstacle (19 per cent – see Table B2 overleaf).

Compared to December 2010 taxation is much more of an obstacle for businesses in the primary/manufacturing sector (up 13 percentage points), and regulations are less of an obstacle (down 9 percentage points). For transport, retail and distribution the economy is much more likely to be mentioned (up 15 percentage points), and cashflow is less likely to be mentioned (down nine percentage points). For the service sector taxation is less likely to be mentioned (down three percentage points).

Primary/manufacturing businesses are more likely to have mentioned keeping up with new technology as an obstacle (four per cent compared to one per cent for all SME employers), and also a lack of financial understanding (two per cent compared to less than half a per cent for all SME employers).

Table B2: Main Obstacle to the Success of the Business <sup>xv</sup> - Trends By Sector					
Base = all SME employers	All	Primary/ Manu	Constructi on	TRAD	Services
February 2011. n=	500	99	45	127	229
	%	%	%	%	%
The Economy	39	<b>26</b>	33	41	44
Cashflow	10	13	14	<b>4</b>	13
Taxation, VAT, PAYE, NI, rates	9	<b>19</b>	13	12	<b>3</b>
Competition	8	12	4	9	8
Regulations	8	<b>3</b>	9	8	10
Obtaining finance	7	3	9	8	6
December 2010. n=	500	142	71	139	148
	%	%	%	%	%
The Economy	32	<b>23</b>	28	<b>26</b>	<b>42</b>
Competition	12	13	11	<b>16</b>	<b>8</b>
Cashflow	12	<b>9</b>	14	13	13
Obtaining finance	10	14	5	12	10
Regulations	8	12	8	5	10
Taxation, VAT, PAYE, NI, rates etc.	8	<b>6</b>	8	11	6
February 2010. n=	501	142	66	148	145
	%	%	%	%	%
The Economy	39	43	<b>53</b>	<b>32</b>	38
Cashflow	11	<b>18</b>	12	11	8
Competition	9	7	10	<b>13</b>	6
Taxation, VAT, PAYE, NI, rates etc.	9	<b>4</b>	8	10	9
Obtaining finance	9	8	7	10	9
Regulations	7	7	3	9	7
February 2009. n=	503	111	61	145	186
	%	%	%	%	%
The Economy	39	36	50	41	34
Cashflow	12	17	13	11	11
Regulations	12	8	7	10	<b>16</b>
Competition	7	5	8	9	5
Taxation, VAT, PAYE, NI, rates etc.	7	5	11	8	5
Obtaining finance	4	7	1	<b>1</b>	<b>7</b>
Figures in bold are statistically significant at the 95% confidence level against the total					

## Cashflow

Forty-four per cent of SME employers consider cashflow difficulties as an obstacle to their success, with ten per cent saying this is their main obstacle. These proportions are similar to those seen in recent Barometers.

Fluctuating income whilst outgoings remain steady is the most common cause of cashflow difficulties, mentioned by 79 per cent. Late payment from other businesses and individual customers are the next most common causes of cashflow difficulties, as has been the case for all previous Barometers.

<b>Table B3: Causes of Cashflow Difficulties<sup>xvi</sup></b>										
	<b>Feb. 2011</b>	<b>Dec. 2010</b>	<b>SBS 2010</b>	<b>Feb. 2010</b>	<b>Dec. 2009</b>	<b>Sept. 2009</b>	<b>June 2009</b>	<b>Feb. 2009</b>	<b>Dec. 2008</b>	<b>ASBS 07/08</b>
Base = All for whom cashflow is an obstacle	n=206	n=222	n=1687	n=249	n=219	n = 218	n = 256	n=269	n=262	n=3403
	%	%	%	%	%	%	%	%	%	%
Income fluctuates while outgoings are steady	79	83	77	71	75	73	74	71	74	71
Late payment from other businesses	59	65	60	58	69	56	68	63	64	56
Late payment from individual customers	59	62	60	59	63	54	65	67	61	56
High levels of working capital needed	<b>49</b>	38	49	34	50	46	43	38	39	49
Tax payment timings	46	44	42	30	40	51	38	32	35	37
Early payment required by suppliers	35	33	39	33	33	34	39	36	38	38
Need to offer credit to customers	<b>31</b>	41	39	38	43	38	49	41	30	38
Difficult to get credit from suppliers	27	20	26	16	24	23	20	19	18	18
High levels of investment required by business	24	24	41	19	36	34	24	25	30	39
Outgoings fluctuate but income is steady	24	22	24	27	20	32	25	17	23	26
Figures in bold are statistically significant changes at the 95% confidence level between Dec 2010 and Feb 2011 Barometers										

Compared to December 2010 more SME employers mention high levels of working capital being needed as a cause of cashflow difficulty (49 per cent, up eleven percentage points). Conversely, the need to offer credit is less likely to be mentioned in this context (31 per cent, down ten percentage points).

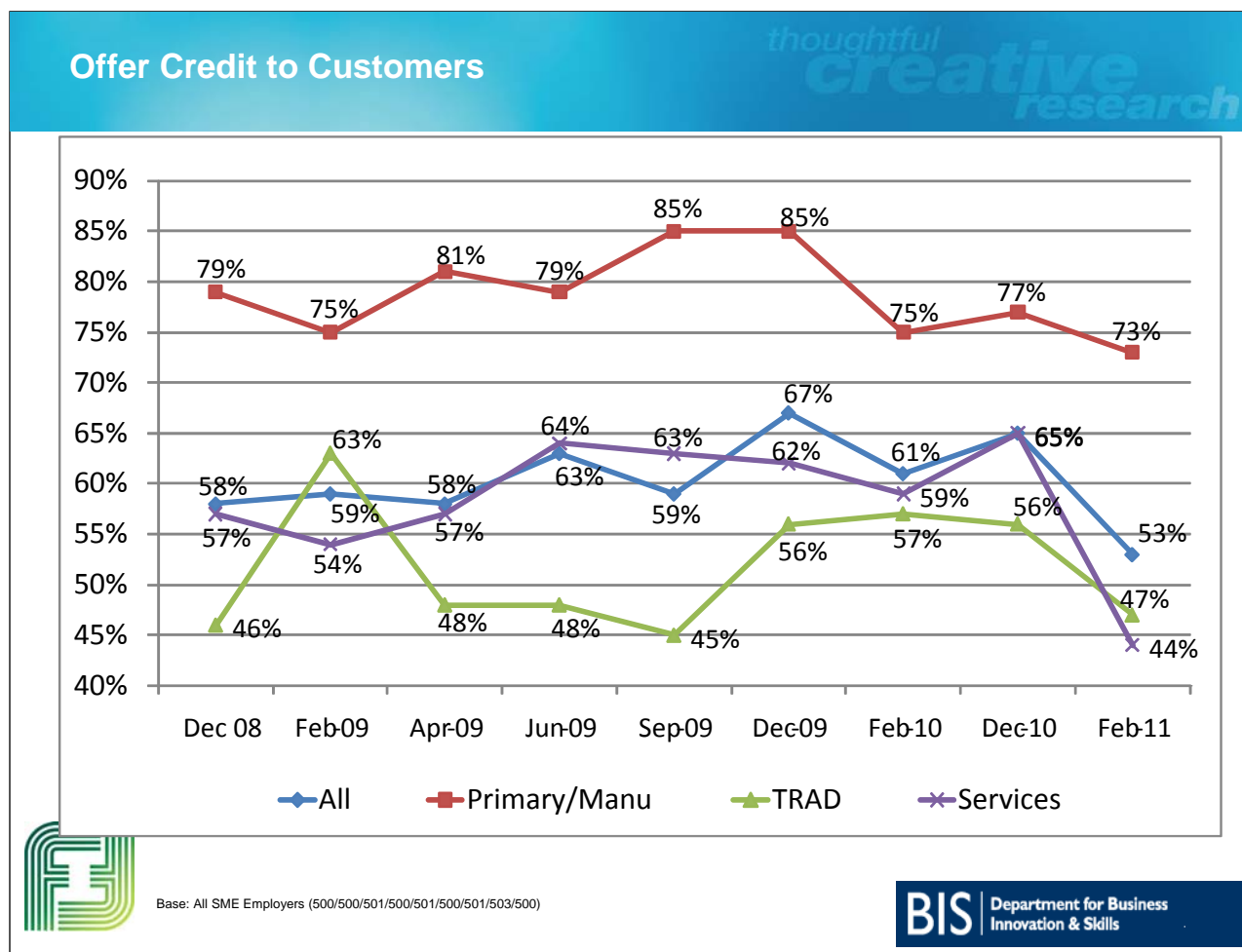
Primary/manufacturing are more likely than average to mention individual customers expecting credit (56 per cent, similar to December 2010), early payment required by suppliers (52 per cent, again similar to December 2010). However, whilst the difficulty/expense of getting credit from suppliers was a major cause of cashflow difficulty for them in December 2010, they are now less likely than average to mention this (14 per cent, down from 37 per cent).

TRAD businesses are more likely than average to name the difficulty/expense of getting credit from suppliers (40 per cent, 31 per cent in December 2010), and the high levels of working capital required (61 per cent, up from 46 per cent in December 2010) as causes of cashflow difficulties.

### Late Payment

Fifty-three per cent of SME employers offer their customers' credit in the form of giving a period of time before payment is due. This is significantly down on the 65 per cent seen in December 2010.

Chart B1: Offer Credit to Customers<sup>xvii</sup>



Traditionally it has been the primary/manufacturing sector that is most likely to offer credit, and the TRAD sector the least likely. This trend continues in February 2011, but there is a sharp decline in the proportion of service businesses offering credit, down from 65 per cent to 44 per cent, and it is this which is driving the decline in the overall proportion giving credit.

Thirty-four per cent of those offering credit have had customers negotiating longer payment terms in the last 6 months, which is a similar proportion to December 2010. This is most likely to be the case for medium sized businesses (54 per cent).

Seventeen per cent of those offering credit say that late payment is a big problem, with 46 per cent saying it is a small problem, and 36 per cent that it is no problem. There has been a significant increase in the proportion saying this is a small problem since December 2010, but otherwise the figures are very similar to this Barometer (see Table B4 overleaf). The construction sector is again the most likely to have a big problem with late payment, services the least.

<b>Table B4: Whether Late Payment is Problem<sup>xviii</sup> – Trends by Sector</b>					
Base = All offering credit	All	Prim/Manu	Constructio n	TRAD	Services
February 2011	n=285	n=77	n=34	n=73	n=101
	%	%	%	%	%
Big problem	17	16	<b>36</b>	11	<b>15</b>
Small problem	46	53	34	50	46
No problem	36	32	30	40	39
December 2010	n=348	n=118	n=54	n=90	n=86
	%	%	%	%	%
Big problem	14	8	<b>27</b>	18	<b>8</b>
Small problem	54	51	46	50	60
No problem	33	40	27	32	32
SBS 2010 (July-September)	n=1934	n=304	n=160	n=596	n=874
	%	%	%	%	%
Big problem	19	19	<b>34</b>	<b>13</b>	20
Small problem	34	<b>41</b>	<b>44</b>	<b>26</b>	35
No problem	40	38	<b>22</b>	<b>53</b>	36
February 2010	n=346	n=119	n=48	n=91	n=88
	%	%	%	%	%
Big problem	22	29	26	<b>11</b>	26
Small problem	47	44	58	51	41
No problem	30	26	<b>16</b>	<b>38</b>	30
December 2009	n=334	n=111	n=45	n=76	n=102
	%	%	%	%	%
Big problem	23	18	25	30	22
Small problem	49	54	46	<b>30</b>	<b>58</b>
No problem	27	28	28	<b>40</b>	<b>19</b>
September 2009	n=349	n=117	n=53	n=82	n=97
	%	%	%	%	%
Big problem	26	<b>18</b>	16	27	<b>32</b>
Small problem	37	<b>48</b>	<b>50</b>	31	31
No problem	37	32	32	42	37
June 2009	n=345	n=111	n=45	n=85	n=104
	%	%	%	%	%
Big problem	28	27	<b>43</b>	27	23
Small problem	43	46	37	<b>27</b>	<b>54</b>
No problem	26	22	20	<b>46</b>	18
February 2009	n=338	n=93	n=35	n=93	n=117
	%	%	%	%	%
Big problem	20	16	29	<b>11</b>	<b>28</b>
Small problem	51	54	48	50	50
No problem	30	30	23	<b>39</b>	<b>22</b>
December 2008	n=312	n=93	n=47	n=70	n=102
	%	%	%	%	%
Big problem	33	26	<b>63</b>	<b>23</b>	32
Small problem	38	34	29	42	41
No problem	29	<b>40</b>	<b>8</b>	35	27
ASBS 07/08	n=7301	n=1472	n=720	n=2732	n=2377
	%	%	%	%	%
Big problem	19	<b>24</b>	<b>32</b>	<b>13</b>	19
Small problem	34	<b>41</b>	35	<b>29</b>	33
No problem	47	<b>36</b>	<b>29</b>	<b>58</b>	<b>41</b>

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research

**Table B5: Proportion of Customer Base where Late Payment is a Problem<sup>xix</sup> – Trends by Sector**

Base = all for whom late payment is a problem	All	Primary/ Manu	Construct -ion	TRAD	Services
February 2011	n=198	n=56	n=26	n=48	n=68
	%	%	%	%	%
Half or more	22	24	<b>53</b>	13	<b>12</b>
The minority	32	39	<b>15</b>	28	40
A very small proportion/a few of them	45	37	33	<b>59</b>	46
December 2010	n=241	n=74	n=43	n=63	n=61
	%	%	%	%	%
Half or more	23	23	<b>49</b>	16	17
The minority	28	23	24	<b>39</b>	23
A very small proportion/a few of them	49	54	<b>28</b>	45	<b>60</b>
February 2010	n=255	n=90	n=40	n=63	n=62
	%	%	%	%	%
Half or more	24	30	18	16	30
The minority	30	<b>46</b>	31	22	27
A very small proportion/a few of them	46	<b>24</b>	51	<b>63</b>	43
December 2009	n=235	n=74	n=35	n=48	n=78
	%	%	%	%	%
Half or more	32	23	42	26	35
The minority	24	28	<b>4</b>	16	<b>32</b>
A very small proportion/a few of them	44	49	55	<b>58</b>	<b>33</b>
September 2009	n=231	n=80	n=38	n=51	n=78
	%	%	%	%	%
Half or more	30	31	42	25	30
The minority	32	29	<b>15</b>	41	32
A very small proportion/a few of them	37	40	42	34	36
June 2009	n=242	n=81	n=36	n=48	n=77
	%	%	%	%	%
Half or more	23	29	30	18	20
The minority	41	35	<b>20</b>	35	53
A very small proportion/a few of them	36	35	49	46	27
April 2009	n=244	n=99	n=32	n=48	n=65
	%	%	%	%	%
Half or more	32	35	40	<b>8</b>	40
The minority	29	27	25	29	32
A very small proportion/a few of them	37	38	35	<b>62</b>	<b>25</b>
February 2009	n=238	n=66	n=29	n=55	n=88
	%	%	%	%	%
Half or more	22	15	25	16	19
The minority	31	41	32	33	25
A very small proportion/a few of them	47	44	42	51	46
December 2008	n=217	n=62	n=38	n=46	n=71
	%	%	%	%	%
Half or more	36	39	<b>54</b>	<b>7</b>	43
The minority	27	22	31	34	23
A very small proportion/a few of	37	38	<b>15</b>	<b>59</b>	34

them					
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Twenty-two per cent say that half or more of their customers pay late, 32 per cent the minority, and 45 per cent only a small proportion (see table B5 above). The figures are similar to those seen in the December 2010 Barometer, with the construction sector once again having the highest proportion of late paying customers.

### Payment Times from the Public Sector

Twenty-eight per cent of SME employers work for public sector clients, a similar proportion to that seen in previous Barometers. Eighteen per cent have worked for the public sector in the previous 6 months. No one sector is more likely to work for the public sector than others, and there are no significant increases or decreases on the December 2010 Barometer in these proportions.

<b>Table B6: Work for the Public Sector<sup>xx</sup></b>					
Base = all SME employers	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2011. n=	500	99	45	127	229
	%	%	%	%	%
Feb. 2011 – Any Public Sector Clients	28	27	29	23	31
Feb. 2011 – Any Work Last 6 Months	18	19	23	14	20
December 2010. n=	500	142	71	139	148
	%	%	%	%	%
Dec. 2010 – Any Public Sector Clients	25	20	31	<b>18</b>	<b>31</b>
Dec. 2010 – Any Work Last 6 Months	20	17	24	13	25
February 2010. n=	501	142	66	148	145
	%	%	%	%	%
Feb. 2010 – Any Public Sector Clients	30	36	<b>48</b>	<b>17</b>	32
Feb. 2010 – Any Work Last 6 Months	23	29	<b>42</b>	11	25
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
Dec 2009 – Any Public Sector Clients	30	31	<b>53</b>	<b>18</b>	33
Dec 2009 – Any Work Last 6 Months	24	29	47	10	27
September 2009. n=	501	132	72	143	154
	%	%	%	%	%
Sept. 2009 – Any Public Sector Clients	27	<b>37</b>	36	<b>15</b>	30
Sept. 2009 – Any Work Last 6 Months	22	<b>33</b>	32	13	22
April 2009. n=	501	157	62	136	146
	%	%	%	%	%
April 2009 – Any Public Sector Clients	26	22	<b>44</b>	<b>13</b>	<b>32</b>
April 2009 – Any Work Last 6 Months	18	17	<b>42</b>	13	16
February 2009. n=	503	111	61	145	186
	%	%	%	%	%



Feb. 2009 – Any Public Sector Clients	26	25	<b>37</b>	23	26
Feb. 2009 – Any Work Last 6 Months	20	20	27	15	21
December 2008. n=	500	123	62	137	178
	%	%	%	%	%
Dec. 2008 – Any Public Sector Clients	20	19	<b>30</b>	<b>12</b>	23
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Eleven per cent of all SME employers have ever joined forces with another business to bid for public sector work rather than as a lead bidder, this being most common in the service sector (21 per cent). Of these eleven per cent, just over half (60 per cent) have also worked directly for the public sector, meaning that the proportion of all SME employers that have either been a lead contractor for the public sector, or part of the supply chain, is 23 per cent.

Forty-five per cent of those who have worked for the public sector in the last 6 months have done so as prime contractor, and 51 per cent as part of the supply train. These are similar figures to those in previous Barometers.

Fourteen per cent of those who have worked for the public sector in the last 6 months say they are now doing more work for them than was the case 12 month previously, eight per cent fewer than in December 2010, but in fact a similar proportion to Barometers before that. Thirty-seven per cent are doing the same amount of work as before, and 48 per cent are doing less.

Six per cent of those who have worked for the public sector in the last 6 months have noticed that they are being paid quicker than was the case before, whilst 16 per cent say payment has slowed down. The majority, 61 per cent, claim that the speed of payment has not changed. Fifty-three per cent say they are still mainly paid promptly, whilst 22 per cent claim they are still being paid slowly (see Table B7 below).

<b>Table B7: Whether Noticed any Change in the Speed of Payment by Public Sector Bodies in the Last 6m<sup>xxi</sup></b>							
Base = All who have dealt with public sector bodies in the last 6 months	<b>Feb. 2011</b>	<b>Dec 2010</b>	<b>Feb 2010</b>	<b>Dec 2009</b>	<b>Sept 2009</b>	<b>June 2009</b>	<b>Feb 2009</b>
	n=115	n=128	n=136	n=160	n=141	n=180	n=127
	%	%	%	%	%	%	%
Payment has speeded up	6	2	10	11	10	8	13
No change – still mainly paid promptly	53	44	63	50	52	59	51
No change – still mainly paid slowly	<b>8</b>	23	10	21	26	22	2
Payment has slowed down	16	19	13	12	7	7	19
It varies/other	12	6	*	3	*	2	2
Don't know/refused	5	6	2	3	5	2	5
<b>TOTAL PROMPT PAID</b>	<b>59</b>	46	74	62	61	67	64
<b>TOTAL SLOW PAID</b>	<b>22</b>	43	23	33	33	29	21
Figures in bold are statistically significant changes at the 95% confidence level between December 10 and February 11.							
* = a figure which is more than 0%, but less than 0.5%							

In comparison to December 2010 there are now more being paid promptly (59 per cent, up 13 percentage points), and fewer being paid slowly (22 per cent, down 21 percentage points). However, the proportion promptly paid is still significantly less than that seen in February 2010, and the proportion slowly paid is the same as then.

Sixty three per cent of those who have worked for the public sector in the last 6 months have Local Authorities as their main client, 16 per cent have Government departments, seven per cent Higher

Education Institutions and 13 per cent Health Services. These figures are all very similar to those seen in December 2010.

**Table B8: Whether Noticed any Change in the Speed of Payment by Public Sector Bodies in the Last 6 Months<sup>xxii</sup>, by Main Type of Public Sector Client**

Base = All who dealt with public sector bodies in the last 6 months	All	Local Authorities	Other Public Sector
February 2011	n=115	n=60	n=55
	%	%	%
Payment has speeded up	6	10	0
No change – still mainly paid promptly	53	53	53
No change – still mainly paid slowly	8	1	<b>19</b>
Payment has slowed down	16	18	12
Other/Don't know	17	18	16
TOTAL PROMPT PAID	59	62	53
TOTAL SLOW PAID	22	20	31
December 2010	n=128	n=72	n=54
	%	%	%
Payment has speeded up	2	3	*
No change – still mainly paid promptly	44	50	35
No change – still mainly paid slowly	24	17	34
Payment has slowed down	19	14	26
Other/Don't know	12	16	5
TOTAL PROMPT PAID	46	53	35
TOTAL SLOW PAID	43	31	<b>60</b>
February 2010	n=136	n=66	n=66
	%	%	%
Payment has speeded up	10	14	7
No change – still mainly paid promptly	63	49	77
No change – still mainly paid slowly	10	14	6
Payment has slowed down	13	17	9
Other/Don't know	4	6	1
TOTAL PROMPT PAID	73	62	84
TOTAL SLOW PAID	23	31	15
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave. * = a figure which is more than 0%, but less than 0.5%			

In the December 2010 Barometer it looked like those who have local authorities as their main client received payment quicker than those who deal with other parts of the public sector, but this is no longer the case. Compared to the previous Barometer those dealing with 'other public sector' are less likely to be paid slowly.

Four per cent of those who have worked for the public sector in the last 6 months say that they are usually paid within 10 working days of the receipt of the invoice. Three per cent say that they tend to be paid 11 to 15 days later, six per cent within 16 to 20 days, 42 per cent between 21 and 30 days, and 37 per cent in longer than 30 days.

<b>Table B9: Average Time Taken for Main Public Sector Client to Pay Invoice by Main Type of Public Sector Client<sup>xxiii</sup></b>			
Base = All who dealt with public sector bodies in the last 6 months	<b>All</b>	<b>Local Authorities</b>	<b>Other Public Sector</b>
February 2011	n=115	n=60	n=55
	%	%	%
10 days or less	4	*	10
11 to 15 days	3	3	3
16 to 20 days	6	6	7
21 to 30 days	42	56	<b>20</b>
Longer than 30 days	37	29	52
Don't know/refused	8	7	9
December 2010	n=128	n=72	n=54
	%	%	%
10 days or less	8	12	1
11 to 15 days	5	3	7
16 to 20 days	8	4	14
21 to 30 days	31	37	21
Longer than 30 days	41	35	51
Don't know/refused	7	8	5
February 2010	n=136	n=66	n=66
	%	%	%
10 days or less	4	6	3
11 to 15 days	2	3	*
16 to 20 days	9	12	6
21 to 30 days	56	47	63
Longer than 30 days	27	31	25
Don't know/refused	2	1	3
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave. * = a figure which is more than 0%, but less than 0.5%			

Although sample sizes are small it appears that local authorities pay quicker than the other parts of the public sector, although there has been a significant increase in the proportion of the other public sector paying in ten days or less (up nine percentage points to ten per cent).

## Business Confidence

Eighty-nine per cent of SME employers are confident that their businesses will still be trading in 12 months time, whilst six per cent are not confident. There is no significant change in these overall proportions, although there are more SME employers agreeing slightly with the statement in February 2011 compared to December 2010.

<b>Table B10: 'In 12 Months Time I am Confident My Business will still be Trading'<sup>xxiv</sup></b>								
	<b>Feb 2011</b>	<b>Dec 2010</b>	<b>Feb 2010</b>	<b>Dec 2009</b>	<b>Sept 2009</b>	<b>June 2009</b>	<b>Feb 2009</b>	<b>Dec 2008</b>
Base = All SME Employers	n=500	n=500	n=501	n=500	n=501	n=500	n=503	n=500
	%	%	%	%	%	%	%	%
Agree strongly	75	80	73	79	75	74	73	61
Agree slightly	<b>15</b>	9	12	9	12	11	15	16
Neither agree nor disagree	4	4	6	4	7	6	5	9
Disagree slightly	3	3	4	2	2	3	2	3
Disagree strongly	3	2	3	3	3	3	4	9
Don't know	1	3	2	2	*	2	1	2
<b>TOTAL AGREE</b>	<b>89</b>	<b>89</b>	<b>85</b>	<b>89</b>	<b>87</b>	<b>85</b>	<b>88</b>	<b>76</b>
<b>TOTAL DISAGREE</b>	<b>6</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>12</b>
<b>NET AGREE - DISAGREE</b>	<b>+83</b>	<b>+85</b>	<b>+78</b>	<b>+84</b>	<b>+82</b>	<b>+79</b>	<b>+82</b>	<b>+64</b>
Figures in bold are statistically significant changes at the 95% confidence level between December 10 and February 11								
* = a figure which is more than 0%, but less than 0.5%								

There are no significant differences by sector, or significant increases or decreases according to sector on the December 2010 Barometer (see Table B11 overleaf).

Medium sized businesses are once again the most confident (91 per cent, down from 96 per cent in December 2010). This compares with 82 per cent of micro businesses and 86 per cent of small businesses.

<b>Table B11: 'In 12 Months Time I am Confident My Business will still be Trading<sup>xxv</sup>' – By Sector</b>					
Base = All SME Employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Constructio n</b>	<b>TRAD</b>	<b>Services</b>
February 2011	500	99	45	127	229
	%	%	%	%	%
Feb. 2011 – Confident	89	93	93	86	90
Feb. 2011 – <u>Not</u> Confident	6	4	4	7	8
December 2010	500	142	71	139	148
	%	%	%	%	%
Dec. 2010 – Confident	89	93	84	<b>82</b>	<b>95</b>
Dec. 2010 – <u>Not</u> Confident	4	2	4	<b>8</b>	2
February 2010	501	142	66	148	145
	%	%	%	%	%
Feb. 2010 – Confident	85	82	<b>77</b>	83	<b>90</b>
Feb. 2010 – <u>Not</u> Confident	7	8	11	7	6
December 2009	500	130	69	136	165
	%	%	%	%	%
Dec. 2009 – Confident	89	87	84	92	88
Dec. 2009 – <u>Not</u> Confident	5	7	4	4	5
September 2009	501	132	72	143	154
	%	%	%	%	%
Sept. 2009 – Confident	87	87	<b>77</b>	88	90
Sept. 2009 – <u>Not</u> Confident	5	5	10	7	3
June 2009	500	130	60	148	162
	%	%	%	%	%
June 2009 – Confident	85	81	78	84	<b>90</b>
June 2009 – <u>Not</u> Confident	6	<b>12</b>	7	6	5
April 2009	501	157	62	136	146
	%	%	%	%	%
April 2009 – Confident	84	<b>72</b>	<b>69</b>	86	<b>91</b>
April 2009 – <u>Not</u> Confident	8	<b>13</b>	9	10	<b>3</b>
February 2009	503	111	61	145	186
	%	%	%	%	%
Feb. 2009 – Confident	88	84	92	<b>83</b>	<b>91</b>
Feb. 2009 – <u>Not</u> Confident	6	5	4	<b>9</b>	4
December 2008	500	123	62	137	178
	%	%	%	%	%
Dec. 2008 – Confident	76	77	73	72	81
Dec. 2008 – <u>Not</u> Confident	13	13	19	12	11

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research

Two per cent of SME employers anticipated closure in the next 12 months, whilst a four per cent anticipated a transfer of ownership. The results are very similar to those seen in previous Barometers.

<b>Table B12: Whether Anticipate Closure or Full Transfer of Ownership in Next 12 Months<sup>xxvi</sup></b>								
	<b>Feb 2011</b>	<b>Dec 2010</b>	<b>Feb 2010</b>	<b>Dec 2009</b>	<b>Sept 2009</b>	<b>June 2009</b>	<b>Feb 2009</b>	<b>Dec 2008</b>
Base = All	n=500	n=500	n=501	n=500	n=501	n=500	n=503	n=500
	%	%	%	%	%	%	%	%
Yes- Closure	2	3	4	5	3	2	3	7
Yes – Transfer of Ownership	4	6	4	5	2	6	4	6
Neither	91	89	86	86	90	89	92	83
Don't know/Refused	3	2	6	5	4	3	1	4
<b>ANY CLOSURE/TRANSFER</b>	<b>6</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>13</b>
Figures in bold are statistically significant changes at the 95% confidence level between December 10 and February 11								

The construction sector is significantly more likely than average to anticipate closure (nine per cent), or closure/transfer (13 per cent). In December 2010 it was the transport, retail and distribution sector that showed above average likelihood of transfer or closure (16 per cent, five per cent closure, 11 per cent transfer). In February 2011 this proportion was only seven per cent (one per cent closure, six per cent transfer).

Retirement is the main reason given for transfer or closure (22 per cent), followed by lack of funding (12 per cent), company restructuring (12 per cent) and the recession generally (9 per cent). However, the sample size here is very small (29 respondents) to make any solid conclusions from this.



## Innovation

Thirty-five per cent of SME employers claim to have introduced new or significantly improved processes in the last 12 months, whilst 40 per cent claim to have introduced new or significantly improved products and services.

The transport, retail and distribution sector continues to be below average for both new processes (21 per cent) and new products/services (32 per cent). Compared to the SBS 2010 the proportion introducing new products/services has declined significantly (down 14 percentage points).

<b>Table B13: Whether Introduced New or Significantly Improved Processes/Products and Services in the Last 12 Months– Trends by Sector<sup>xxvii</sup></b>					
Base = all SME employers	All	Primary/ Manu	Construct -ion	TRAD	Services
February 2011.n=	500	99	45	127	229
	%	%	%	%	%
February 2011 – New or Significantly Improved Processes	35	42	34	<b>21</b>	43
February 2011 – New or Significantly Improved Products and Services	40	<b>52</b>	45	<b>32</b>	41
Small Business Survey 2010.n=	1904	292	148	583	881
	%	%	%	%	%
SBS 2010 – New or Significantly Improved Processes	33	32	29	<b>26</b>	<b>40</b>
SBS 2010 – New or Significantly Improved Products and Services	47	44	51	46	47
December 2009.n=	500	130	69	136	165
	%	%	%	%	%
December 2009 – New or Significantly Improved Processes	34	32	<b>12</b>	34	<b>41</b>
December 2009 – New or Significantly Improved Products and Services	39	28	<b>20</b>	38	<b>46</b>
April 2009. n=	501	157	62	136	146
	%	%	%	%	%
April 2009 – New or Significantly Improved Processes	33	39	24	29	36
April 2009 – New or Significantly Improved Products and Services	44	50	36	44	44
December 2008. n=	500	123	62	137	178
	%	%	%	%	%
December 08 – New or Significantly Improved Processes	38	52	<b>25</b>	31	40
December 08 – New or Significantly Improved Products and Services	44	53	<b>22</b>	50	42
ASBS 07/08. n=	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08 - New or Significantly Improved Processes	33	<b>39</b>	<b>25</b>	<b>27</b>	<b>38</b>
ASBS 07/08 - New or Significantly Improved Products and Services	46	48	<b>32</b>	46	50

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research

Overall the proportion introducing new products and services has declined significantly on SBS 2010 (down seven percentage points). This is despite the higher than average proportion of primary/manufacturing industries introducing new products and services (52 per cent).

## Training

Fifty-nine per cent of SME employers have funded or arranged any training or development for staff in the last 12 months (including any informal on the job training). This is nine percentage points lower than in December 2010, but a similar proportion to the surveys that preceded this.

Training is most likely to have occurred in the construction (75 per cent) and service sectors (66 per cent), although the proportion in the service sector offering training is down significantly on the December 2010 Barometer (down 12 percentage points). Training is once again least likely to have happened in the transport, retail and distribution sector (48 per cent).

<b>Table B14: Whether Business Has Funded or Arranged any Training and Development for Staff in the Organisation, Including any Informal on the Job Training, in the last 12 months<sup>xxviii</sup></b>					
Base = all SME employers	All	Primary/ Manu	Constructio n	TRAD	Services
February 2011. n=	500	99	45	127	229
	%	%	%	%	%
February 2011	59	53	<b>75</b>	<b>48</b>	<b>66</b>
December 2010. n=	500	142	71	139	148
	%	%	%	%	%
December 2010	68	<b>57</b>	<b>78</b>	<b>57</b>	<b>78</b>
SBS 2010 (July-September). n=	1937	295	161	588	893
	%	%	%	%	%
SBS 2010	61	58	68	49	<b>68</b>
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
December 2009	62	68	<b>39</b>	60	<b>67</b>
April 2009. n=	501	157	62	136	146
	%	%	%	%	%
April 2009	61	56	59	<b>48</b>	<b>73</b>
December 2008. n=	500	123	62	137	178
	%	%	%	%	%
December 2008	60	59	71	<b>51</b>	<b>66</b>
ASBS 07/08. n=	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08	58	56	<b>66</b>	<b>50</b>	<b>66</b>

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research

Of those offering training, 31 per cent say they will increase this investment in the next 12 months, 59 per cent will maintain their current level of investment, and 9 per cent will reduce their investment. These figures are almost exactly those seen in the December 2010 Barometer.

## Part C: Access to Finance

### Importance of external finance

Forty-five per cent of SME employers claim that external finance is important to their business (24 per cent very important). These proportions have not changed significantly in any of the Barometers.

<b>Table C1: Importance of External Finance<sup>xxix</sup></b>								
	<b>Feb 2011</b>	<b>Dec 2010</b>	<b>Feb. 2010</b>	<b>Dec. 2009</b>	<b>Sept. 2009</b>	<b>June 2009</b>	<b>Feb. 2009</b>	<b>Dec. 2008</b>
Base = All SME employers	n=500	n=500	n=501	n=500	n=501	n=500	n=503	n=500
	%	%	%	%	%	%	%	%
Very important	<b>24</b>	<b>23</b>	<b>25</b>	<b>24</b>	<b>27</b>	<b>24</b>	<b>29</b>	<b>22</b>
Fairly important	<b>21</b>	<b>20</b>	<b>24</b>	<b>21</b>	<b>22</b>	<b>22</b>	<b>20</b>	<b>26</b>
Not very important	<b>22</b>	<b>27</b>	<b>22</b>	<b>18</b>	<b>16</b>	<b>20</b>	<b>22</b>	<b>19</b>
Not at all important	<b>32</b>	<b>29</b>	<b>29</b>	<b>36</b>	<b>32</b>	<b>32</b>	<b>27</b>	<b>31</b>
Don't know	<b>1</b>	<b>1</b>	<b>*</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>2</b>
TOTAL IMPORTANT	<b>45</b>	<b>43</b>	<b>49</b>	<b>45</b>	<b>49</b>	<b>47</b>	<b>50</b>	<b>48</b>
TOTAL NOT IMPORTANT	<b>54</b>	<b>56</b>	<b>51</b>	<b>54</b>	<b>48</b>	<b>51</b>	<b>49</b>	<b>50</b>
Figures in bold are statistically significant changes at the 95% confidence level between December 10 and February 11								

External finance is of above average importance to those in the TRAD sector (55 per cent), and the least important to those in the service sector (60 per cent). This differs from the December 2010 Barometer where external finance was least important in the construction sector.

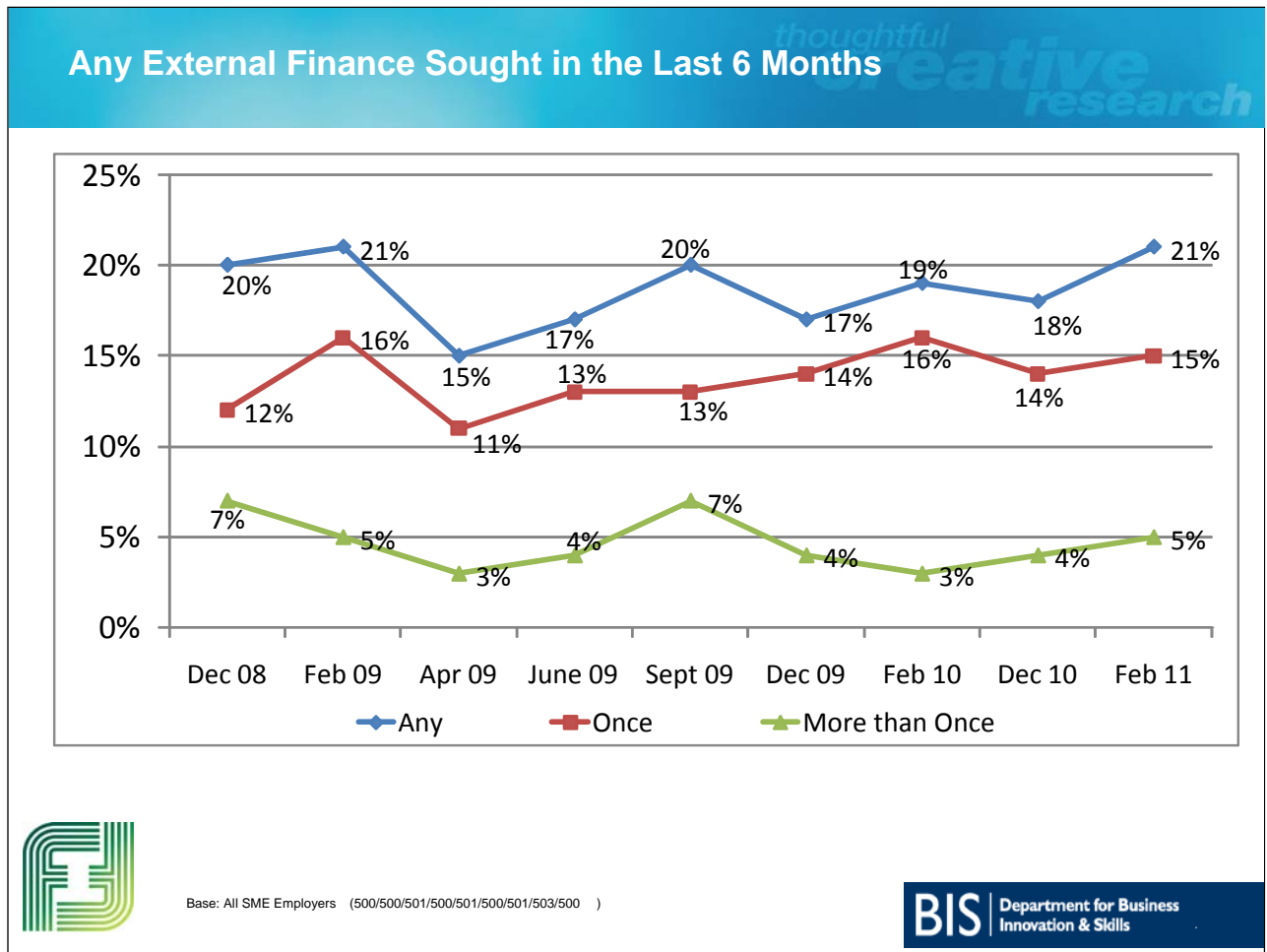
## Applications for finance

Twenty-one per cent of SME employers have sought external finance in the last 6 months, an insignificant change on the December Barometer, but nonetheless the highest proportion since February 2009. Fifteen per cent sought it once, and five per cent more than once (see Chart C1 overleaf).

The TRAD sector was most likely to have sought finance in the last 6 months (30 per cent any, 26 per cent seeking it once). Primary/manufacturing was the least likely to have sought it (12 per cent). The service sector was less likely than average to have sought it once (11 per cent), but more likely than average to have sought it more than once (eight per cent).

There were no significant differences according to the size of the business with regards to seeking finance.

Chart C1: External Finance Sought in the Last 6 Months



## Reasons for Seeking Finance

In February 2011 finance was most likely to be sought to acquire equipment or vehicles (34 per cent), with working capital/cashflow being the second most common reason (28 per cent). This is the first time that working capital is not the main reason for seeking finance. Although the change in this proportion from December 2010 is not statistically significant, the proportion is considerably lower than it was in February 2010.

There has been an increase in the proportion needing finance to buy another business which is statistically significant (up from zero per cent to three per cent).

Table C2: Main reasons for Seeking Finance <sup>xxx</sup>								
	Feb 2011	Dec 2010	Feb 2010	Dec 2009	Sept 2009	June 2009	Feb 2009	Dec 2008
Base = All who tried to obtain finance in the last 6 months	n=128	n=108	n=121	n=105	n=121	n=109	n=144	n=98
	%	%	%	%	%	%	%	%
Acquiring equipment/vehicles	<b>34</b>	28	28	31	18	16	26	25
Working capital, cashflow	28	38	59	36	49	46	41	45
Buying land/buildings	12	9	6	7	7	6	9	10
Improving buildings	10	8	4	13	8	11	2	2
Research & development	6	10	3	4	1	2	4	2
Refinancing the business	5	1	2	3	*	8	11	0
Buying another business	<b>3</b>	0	*	3	*	*	4	*
Figures in bold are statistically significant changes at the 95% confidence level between December 10 and February 11 * = a figure which is more than 0%, but less than 0.5%								

Of those seeking finance, those in transport, retail and distribution were most likely to need this to acquire equipment or vehicles (48 per cent). Those in the service sector were most likely to need it for working capital (38 per cent) or research and development (16 per cent).

Small businesses with 10-49 employees were the most likely to need finance for buying another business (11 per cent of these seeking finance), whilst medium sized businesses were the ones most likely to need it for refinancing (17 per cent).

## Types of Finance Sought

A bank loan is again the type of finance most likely to be sought (by 36 per cent of those seeking finance), followed by a bank overdraft (25 per cent), leasing/hire purchase (12 per cent) and a Government grant (9 per cent). There were no significant changes in these proportions on the December 2010 survey (see table C3 overleaf).

<b>Table C3: Types of Finance Sought<sup>xxxi</sup> – Trends</b>								
	<b>Feb. 2011</b>	<b>Dec. 2010</b>	<b>Feb. 2010</b>	<b>Dec. 2009</b>	<b>Sept. 2009</b>	<b>June 2009</b>	<b>Feb. 2009</b>	<b>Dec. 2008</b>
Base = All who tried to obtain finance in the last 6 months	n=128	n=108	n=121	n=105	n=121	n=109	n=144	n=98
	%	%	%	%	%	%	%	%
Bank Loan	36	39	46	31	43	40	38	22
Bank Overdraft	25	18	33	24	34	27	35	32
Leasing or Hire Purchase	12	18	10	28	14	11	16	12
Grant	9	12	2	2	2	10	4	5
Loans from Family/Friends etc.	6	0	6	0	2	2	1	6
Mortgage for Property Purchase or Improvement	5	8	11	3	3	12	7	11
Loan from a CDFI	4	1	0	0	0	0	0	1
Factoring	3	1	4	*	1	1	1	1
Equity Investment	1	3	*	1	*	1	2	2
Government Guaranteed Loan/VAT Fund	1	1	*	1	0	3	N/A	N/A
Credit Card Finance	0	0	2	0	0	2	2	3
Figures in bold are statistically significant changes at the 95% confidence level between December 10 and February 11 * = a figure which is more than 0%, but less than 0.5%								

By sector those in TRAD were more likely to seek a bank overdraft than they were in December 2010. Those in construction were more likely than average to seek an overdraft (see Table C4 overleaf).

Table C4: Types of Finance Sought <sup>xxxii</sup> – By Sector					
Base = all who have tried to obtain finance in the last 6 months	All	Primary/Manu	Construction	TRAD	Services
February 2011. n=	128	24	9	39	56
	%	%	%	%	%
Bank Loan	36	27	32	35	40
Bank Overdraft	25	14	<b>60</b>	28	16
Leasing or Hire Purchase	12	24	7	16	6
December 2010. n=	108	24	12	37	35
	%	%	%	%	%
Bank Loan	39	48	42	<b>53</b>	<b>24</b>
Bank Overdraft	18	23	28	<b>7</b>	24
Leasing or Hire Purchase	18	11	29	24	11
February 2010. n=	121	33	10	43	35
	%	%	%	%	%
Bank Loan	46	<b>4</b>	<b>87</b>	38	<b>59</b>
Bank Overdraft	33	44	<b>2</b>	36	31
Leasing or Hire Purchase	10	<b>34</b>	10	7	7
December 2009. n=	105	29	14	32	30
	%	%	%	%	%
Bank Loan	31	<b>53</b>	26	28	28
Bank Overdraft	24	<b>4</b>	18	34	22
Leasing or Hire Purchase	28	30	38	20	32
September 2009. n=	121	39	14	36	32
	%	%	%	%	%
Bank Loan	43	37	19	50	44
Bank Overdraft	34	21	27	46	26
Leasing or Hire Purchase	14	31	26	8	10
June 2009. n=	109	34	9	33	33
	%	%	%	%	%
Bank Loan	40	27	64	40	39
Bank Overdraft	27	36	62	30	14
Leasing or Hire Purchase	11	9	2	18	8
February 2009. n=	144	42	11	38	53
	%	%	%	%	%
Bank Loan	38	39	38	38	36
Bank Overdraft	35	56	26	43	22
Leasing or Hire Purchase	16	6	17	9	25

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research

## Confidence in Seeking Finance

Forty per cent of SME employers seeking finance were very confident of success before they applied, a further 40 per cent were fairly confident, 9 per cent not very confident and 8 per cent not at all confident. There were no significant differences according to size or sector. Compared to December 2010 those that sought finance are more confident (total confident - 80 per cent, compared to 65 per cent in December; total not confident - 17 per cent, compared to 35 per cent in December).

<b>Table C5: Confidence of Success when Applying for Finance<sup>xxxiii</sup> – By Sector</b>					
Base = all who have tried to obtain finance in the last 6 months	<b>All</b>	<b>Primary/Manu</b>	<b>Constructio n</b>	<b>TRAD</b>	<b>Services</b>
February 2011. n=	128	24	9	39	56
	%	%	%	%	%
Very confident	40	49	40	31	49
Fairly confident	40	42	40	45	32
Not very confident	9	7	20	4	13
Not at all confident	8	3	0	12	6
December 2010. n=	108	24	12	37	35
	%	%	%	%	%
Very confident	37	26	42	40	35
Fairly confident	28	36	<b>57</b>	<b>12</b>	32
Not very confident	22	12	2	20	31
Not at all confident	13	27	0	<b>28</b>	<b>1</b>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

This increase in confidence has occurred despite the fact that a higher proportion in February had not taken any steps in particular to ensure they gained finance (33 per cent did nothing, compared to 10 per cent in December 2010). Forty-nine per cent had spoken with their bank first before applying, 44 per cent had an up to date business plan (down 22 percentage points on December), 26 per cent had their business plan looked over by a professional adviser, 20 per cent read business websites (down 18 percentage points on December), 17 per cent spoke to other businesses to get their advice (down 19 percentage points on December), and six per cent took a course in business finance (see Table C6 overleaf).

By sector, those in transport, retail and distributions were the most likely to have done none of these measures (42 per cent). In comparison with December those in services were much less likely to have taken any of these individual measures.



<b>Table C6: Whether any of the Following Steps Taken to Try and Ensure Success in Obtaining Finance<sup>xxxiv</sup> – By Sector</b>					
Base = all who have tried to obtain finance in the last 6 months	<b>All</b>	<b>Primary/Manu</b>	<b>Construct-ion</b>	<b>TRAD</b>	<b>Services</b>
February 2011. n=	128	24	9	39	56
	%	%	%	%	%
Received advice from bank	49	50	73	46	48
Up to date business plan	44	55	40	37	51
Business plan looked over by a professional adviser	26	36	33	21	30
Read business websites	20	24	17	20	19
Spoke to other businesses to get their advice	17	22	6	16	20
Took a course in business finance	6	0	6	6	7
None of these	33	34	20	<b>42</b>	22
December 2010. n=	108	24	12	37	35
	%	%	%	%	%
Up to date business plan	66	57	<b>30</b>	57	<b>84</b>
Received advice from bank	51	53	32	43	62
Read business websites	38	<b>11</b>	52	40	39
Business plan looked over by a professional adviser	37	39	<b>3</b>	<b>23</b>	<b>56</b>
Spoke to other businesses to get their advice	36	<b>9</b>	27	<b>21</b>	<b>57</b>
Took a course in business finance	4	0	0	5	5
None of these	10	22	<b>39</b>	11	*
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research * = a figure which is more than 0%, but less than 0.5%					

## Difficulties in Obtaining Finance

Twenty-seven per cent of those who sought finance were unable to get any at all from the first source they approached. A further two per cent obtained some, but not all, of the finance they required, and thirteen per cent only obtained finance with some problems. Forty-two per cent reported having any difficulties at all (see C7 overleaf).

Table C7: Whether Any Difficulty Obtaining Finance from the First Source Approached <sup>xxxv</sup> - Trends								
	Feb 2011	Dec 2010	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	Feb. 2009	Dec. 2008
Base = All who tried to obtain finance in the last 6 months	n=128	n=108	n=121	n=105	n=121	n=109	n=144	n=98
	%	%	%	%	%	%	%	%
Yes – unable to obtain any finance	<b>27</b>	52	30	20	42	33	35	33
Yes – obtained some, but not all of the finance	2	5	6	4	2	5	5	7
Yes – obtained all of the finance required but with some problem	<b>13</b>	2	2	12	13	5	4	11
No – had no difficulty obtaining finance	<b>55</b>	37	53	52	40	51	51	46
Don't know	3	5	8	12	3	5	5	2
ANY DIFFICULTIES	<b>42</b>	60	38	35	57	44	44	52
Figures in bold are statistically significant changes at the 95% confidence level between December 10 and February 11								

Compared to December 2010 the proportions experiencing problems and unable to obtain any finance from the first source have decreased substantially, back to the levels of February 2010.

Most likely to be unable to gain any finance were those in the service sector (40 per cent of those applying). Unlike in previous Barometers, micro businesses were no more likely to be unable to obtain finance or to experience problems than small or medium sized businesses.

Thirty-five per cent of those that applied for bank overdrafts did not obtain finance from the first source approached, 32 per cent of those applying for bank loans, 7 per cent of those applying for leasing/HP and 43 per cent of those applying for grants. For all of these, the proportions are lower than was the case in December 2010, but sample sizes are very small so conclusions should not be drawn from these figures.

The main reason given for being unable to obtain finance was a poor personal credit history (18 per cent of those that got no finance from the first source, or not as much as they needed), followed by insufficient security (17 per cent), the business sector being considered too risky (11 per cent), and no credit history (10 per cent).

Those who do not obtain finance are not necessarily rejected for it. In February 2011 we asked for the first time whether they (the respondent's business) was rejected by the financier, or whether they themselves rejected the offer. Seventy-seven per cent said that they were themselves rejected by the financier, 14 per cent rejected the terms on offer, and the remaining nine per cent obtained no finance for other reasons (1 had planning permission revoked, the other withdrew from the process).

Only five respondents rejected the terms on offer (multiple reasons may have been given). Three did so because of high interest rates, one because of the request for personal securitisation, one because of terms and conditions generally, and another because they received a better deal elsewhere.

Of those that did not obtain any finance from the first source approached, 28 per cent managed to obtain the finance they needed from another source (mainly an external source).

This means that, in effect, 19 per cent of all those that applied for finance were unable to obtain any from any of the sources approached, equivalent to five per cent of all SME employers.

## Reasons for Not Applying for Finance

Eighty per cent of those that did not apply for finance report they didn't need it. This is eight percentage points lower than in December 2010, which is a significant finding, but the figure of 80 per cent is not much less than that seen in February 2010.

Six per cent did not want to take on the additional risk, five per cent thought they would be rejected and two per cent thought it would be too expensive.

Base = all who have not applied for finance in the last 6 months	All	Primary/Manu	Construct-ion	TRAD	Services
February 2011	372	75	36	88	173
	%	%	%	%	%
Did not need it	80	79	80	80	80
Didn't want to take on additional risk	6	9	8	4	7
Thought they would be rejected	5	5	5	7	3
Thought it would be too expensive	2	<b>5</b>	3	2	1
December 2010	392	118	59	102	113
	%	%	%	%	%
Did not need it	88	89	91	88	87
Thought it would be too expensive	5	2	2	3	<b>9</b>
Didn't want to take on additional risk	4	7	0	5	2
Thought they would be rejected	3	2	7	4	2
February 2010	380	109	56	105	110
	%	%	%	%	%
Did not need it	82	82	88	82	80
Didn't want to take on additional risk	8	8	5	10	8
Thought they would be rejected	4	4	2	3	4
Thought it would be too expensive	2	2	1	1	<b>4</b>
December 2009	395	101	55	104	135
	%	%	%	%	%
Did not need it	83	88	75	83	85
Thought they would be rejected	6	4	5	<b>11</b>	4
Thought it would be too expensive	4	*	<b>6</b>	6	6
Didn't want to take on additional risk	3	3	3	2	<b>3</b>
December 2008	365	90	43	102	130
	%	%	%	%	%
Did not need it	81	88	<b>92</b>	<b>69</b>	86
Didn't want to take on additional risk	8	6	7	<b>14</b>	<b>4</b>
Thought it would be too expensive	4	5	1	4	4
Thought they would be rejected	2	3	0	3	2

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research.  
\* = a figure larger than zero but less than 0.5%

## Existing Bank Lending - Overdrafts

Fifty per cent of SME employers have had an overdraft facility at some point in the last 6 months, this is not significantly different from the 45 per cent seen in December 2010 or the 52 per cent that had an overdraft facility in the February 2010 Barometer. There was no one sector or size where overdraft facilities were more likely than average to be held.

Changes to the terms and conditions on their overdrafts in the last 6 months were as follows:

	Feb. 2011	Dec. 2010	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	Feb. 2009	Dec. 2008
Base = All who have had an overdraft facility in the last 6 months	n=251	n=269	n=271	n=298	n=282	n=300	n=326	n=310
	%	%	%	%	%	%	%	%
Bank put up overdraft fees or interest rates	<b>23</b>	22	28	23	36	27	23	30
Bank required more security	12	11	8	13	19	N/A	N/A	N/A
Bank reduced overdraft limit	6	8	8	13	10	9	10	8
Bank cancelled existing overdraft facility	<b>1</b>	4	2	3	3	4	5	1
Bank extended overdraft limit	14	17	15	15	18	14	17	20
Bank reduced overdraft fees or interest rates	6	4	3	7	10	12	14	9
Bank relaxed security requirements	<b>1</b>	5	2	*	3	N/A	N/A	N/A
No change	<b>51</b>	60	47	48	37	46	47	52
Don't know	<b>7</b>	1	5	3	5	5	6	2
Figures in bold are statistically significant changes at the 95% confidence level between December 10 and February 11								

Twenty-three per cent of those with overdrafts claim the bank had put up their overdraft fees or interest rates in the previous six months – a similar proportion to most of the previous Barometers. Six per cent reported that their bank reduced overdraft fees or interest rates – a similar proportion to the December and February 2010 Barometers.

The proportion that had their existing overdraft facility cancelled has reduced significantly by three percentage points since December 2010, and the proportion for whom the bank relaxed security requirements has reduced by four percentage points in the same period. Overall, 51 per cent experienced no changes on the terms and conditions of their overdraft, which is nine percentage points less than in December 2010 and a more positive result generally..

Small businesses with 10-49 employees were the most likely to experience changes to their terms and conditions on their overdraft. Only 36 per cent experienced no changes, 15 percentage points below the average for all SME employers with overdrafts. Five per cent had their existing overdraft facility cancelled, 13 per cent a reduced overdraft limit, 36 per cent increased fees or interest rates, and 21 per cent were asked for more security. All of these are significantly above average. There were few differences against the average of note according to sector.

Twenty-three per cent of those with overdraft facilities managed to exceed their limit in the last 6 months on at least one occasion. This finding is consistent with that seen in previous Barometers (December 2010 - 18 per cent).

## Existing Bank Lending - Loans

Seventeen per cent of SME employers have had a bank loan in the last 6 months (with the loan outstanding). This is a similar figure to the previous two Barometers (December and February 2010 - 19 per cent). There were no differences in loan holding proportions according to size or sector.

<b>Table C10: Changes to Terms and Conditions on Bank Loans in the Last 6 Months<sup>xxxviii</sup></b>								
	<b>Feb. 2011</b>	<b>Dec. 2010</b>	<b>Feb. 2010</b>	<b>Dec. 2009</b>	<b>Sept. 2009</b>	<b>June 2009</b>	<b>Feb. 2009</b>	<b>Dec. 2008</b>
Base = All who have had bank loans in the last 6 months	n=101	n=116	n=118	n=110	n=109	n=114	n=129	n=129
	%	%	%	%	%	%	%	%
Bank renegotiated terms of existing loan less favourably for borrower	<b>14</b>	2	4	14	7	11	4	4
Bank asked for more security	<b>12</b>	1	6	16	8	4	7	7
Interest rates increased on variable loan	8	4	13	4	3	17	12	12
Bank cancelled existing loan	<b>5</b>	0	*	2	1	0	*	*
Interest rates decreased on variable loan	8	3	15	15	38	39	20	20
Bank renegotiated terms of existing loan more favourably for borrower	1	2	2	5	9	1	5	5
Any other changes	0	0	2	3	2	4	6	6
No changes	<b>50</b>	90	65	54	49	42	53	53
Don't know	<b>8</b>	1	6	9	2	7	4	4
Figures in bold are statistically significant changes at the 95% confidence level between December 10 and February 11 * = a figure larger than zero but less than 0.5%								

In contrast to overdrafts, changes to the terms and conditions on loans in the past six months were quite common. Only 50 per cent experienced no changes to the terms and conditions, down from 90 per cent in December 2010. Most likely to occur were the bank renegotiating terms of the existing loan less favourably

for the borrower (14 per cent, up 12 percentage points), and the bank asking for more security (12 per cent, up 11 percentage points).

By sector, those in transport, retail and distribution with loans were the most likely to be asked for more security (20 per cent). Those with loans in primary/manufacturing were the most likely to have seen a decrease in the variable rate (29 per cent).

## Relationship with Bank

Most SME employers continue to report that they have a good relationship with their bank. Thirty-five per cent report that their relationship is very good, with a further 30 per cent saying it is fairly good – similar figures to those seen in previous Barometers.

<b>Table C11: Relationship with Bank<sup>xxxix</sup></b>									
	<b>Feb. 2011</b>	<b>Dec. 2010</b>	<b>SBS 2010</b>	<b>Feb. 2010</b>	<b>Dec. 2009</b>	<b>Sept. 2009</b>	<b>June 2009</b>	<b>Feb. 2009</b>	<b>Dec. 2008</b>
Base = All SME employees	n=500	n=500	n=3817	n=501	n=500	n=501	n=500	n=503	n=500
	%	%	%	%	%	%	%	%	%
Very good	35	32	36	29	30	31	30	37	37
Fairly good	30	31	28	35	31	31	32	30	34
Neither good nor poor	19	23	21	23	21	19	19	17	19
Fairly poor	8	8	9	9	9	11	10	10	5
Very poor	7	6	5	4	7	7	6	5	4
<b>TOTAL GOOD</b>	<b>65</b>	<b>63</b>	<b>64</b>	<b>64</b>	<b>61</b>	<b>61</b>	<b>62</b>	<b>67</b>	<b>70</b>
<b>TOTAL POOR</b>	<b>15</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>16</b>	<b>18</b>	<b>17</b>	<b>15</b>	<b>9</b>
Figures in bold are statistically significant changes at the 95% confidence level between December 10 and February 11									

There were no significant differences according to size or sector. In previous Barometers micro businesses tended to have less good relationships with banks, but this is no longer the case.

## Factoring

Ten per cent of those businesses that offer credit to their customers factor their invoices – a similar figure to that seen in previous Barometers (December 2010 - 7 per cent). Factoring is most likely to occur among medium sized businesses (21 per cent of those offering credit, eight percentage points higher than in December 2010), and in the TRAD sector (18 per cent, up six percentage points on December 2010).

Twenty per cent of those that use factoring think it easier to obtain factor finance than it was 6 months ago. This is 17 percentage points higher than the equivalent figure in December 2010. Only seven per cent consider it harder, down 26 percentage points on the December 2010 finding. The remainder consider it as hard or easy to get factor finance as it was 6 months ago.

Fifteen per cent of those that factor think it is more expensive than it was 6 months ago, with 5 per cent thinking it is cheaper. Again, this is in contrast to the December 2010 Barometer where 40 per cent thought it had become more expensive.

## Trade Credit Insurance

Six per cent of SME employers that offer credit to customers have trade credit insurance, with a further one per cent having had it the last year. This is not significantly higher than the 10 per cent seen in December 2010 and is closer to the four per cent seen in February 2010.

Twenty-four per cent of medium-sized businesses have had trade credit insurance in the last year, 11 per cent of small businesses and 6 per cent of micro businesses. There were no differences according to sector.

Twelve per cent of those with TCI had a problem with it in the last six months. This is similar to the eight per cent seen in December 2010, but much lower than the 51 per cent that was observed in February 2010. For those that had problems in February 2011, these related to increased premiums, reduced limits and withdrawn cover.

## Credit Cards

Fifty two per cent of SME employers have used credit cards for business purposes in the last 6 months, the same proportion seen in December 2010. Credit cards are more likely to be held in the larger SMEs (mediums = 59 per cent, small - 55 per cent, micros - 50 per cent). By sector credit cards are most common in transport, retail and distribution (61 per cent) and least common in services (44 per cent).

<b>Table C12: Whether Use a Credit Card for Business Purposes in Last 6 Months<sup>xi</sup> – Trends by Sector</b>					
Base = all SME employers	All	Primary/ Manu	Construct- ion	TRAD	Services
February 2011	500	99	45	127	229
	%	%	%	%	%
Have a business credit card, have carried over balance	10	9	7	<b>17</b>	<b>7</b>
Have a business credit card, have NOT carried over business	41	48	39	44	37
Do not have business credit card	45	42	55	<b>36</b>	<b>52</b>
December 2010	500	142	71	139	148
	%	%	%	%	%
Have a business credit card, have carried over balance	4	6	1	2	6
Have a business credit card, have NOT carried over business	48	49	50	43	50
Do not have business credit card	47	44	46	53	43
April 2009	503	111	61	145	186
	%	%	%	%	%
Have a business credit card, have carried over balance	8	8	9	6	9
Have a business credit card, have NOT carried over business	48	45	<b>60</b>	<b>32</b>	<b>58</b>
Do not have business credit card	43	47	<b>31</b>	<b>59</b>	<b>31</b>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Compared to December 2010 there has been an increase in the proportion of SME employers borrowing on their credit cards. This now stands at ten per cent of all employers, compared to just four per cent in December 2010. Borrowing on cards is most common in the transport, retail and distribution sector (17 per cent), an increase of 15 percentage points in this sector on the December 2010 Barometer.



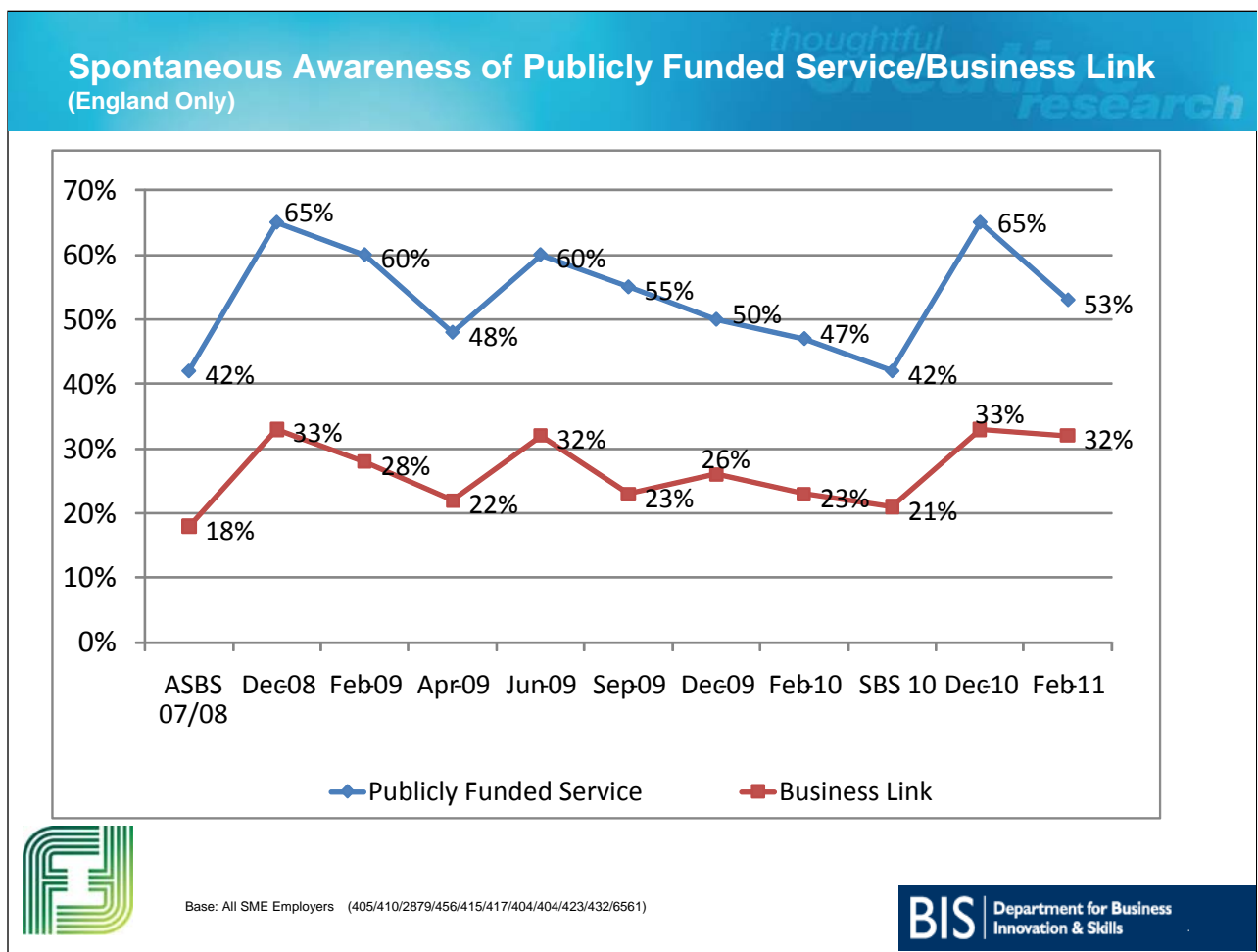
## Part D: Business Support

### Awareness of Business Link

Fifty-three per cent of SME employers in England are aware of 'a publicly funded service providing access to information and advice for businesses, including a national network of local operators'. There were no differences in awareness levels by sector, although medium sized SMEs were more likely than average to be aware (67 per cent).

Awareness of the service has decreased by 12 percentage points on December 2010, but the figure is still higher than it was in SBS 2010 or the February 2010 Barometer.

Chart D1: Spontaneous Awareness of Publicly Funded Service/Business Link<sup>xli</sup>



Thirty-two per cent can name this organisation spontaneously as Business Link, a similar proportion to that seen in December 2010. There was no one sector more likely to be aware of Business Link (see Table D2 overleaf), but medium sized businesses were more aware than the small and micros (39 per cent, compared to 32 per cent of smalls and micros).

<b>Table D2: Spontaneous Awareness of Business Link<sup>xliii</sup> – Trends by Sector</b>					
Base = all SME employers in England	All	Primary / Manu	Construc-tion	TRAD	Service s
February 2011.	405	76	35	106	188
	%	%	%	%	%
Feb. 2011 – Aware of Publicly Funded Service	53	58	58	46	55
February 2011 – Aware of BL	32	24	33	33	34
December 2010.	410	117	58	115	120
	%	%	%	%	%
Dec. 2010 – Aware of Publicly Funded Service	65	59	70	<b>73</b>	<b>59</b>
December 2010 – Aware of BL	33	26	25	<b>44</b>	29
SBS 2010 (July-September).	2879	454	229	872	1324
	%	%	%	%	%
SBS 2010 – Aware of Publicly Funded Service	42	45	37	40	45
SBS 2010 – Aware of BL	21	22	<b>15</b>	<b>17</b>	<b>27</b>
February 2010.	456	131	59	129	137
	%	%	%	%	%
Feb. 2010 – Aware of Publicly Funded Service	47	47	54	43	48
February 2010 – Aware of BL	23	24	19	<b>16</b>	<b>30</b>
December 2009.	415	110	55	110	140
	%	%	%	%	%
Dec. 2009 – Aware of Publicly Funded Service	50	58	<b>34</b>	48	54
Dec. 2009 – Aware of BL	26	36	9	18	33
September 2009.	417	117	52	111	137
	%	%	%	%	%
Sept. 2009 – Aware of Publicly Funded Service	55	61	47	<b>44</b>	<b>63</b>
September 2009 – Aware of BL	23	22	18	20	28
June 2009.	404	108	47	111	138
	%	%	%	%	%
June 2009 – Aware of Publicly Funded Service	60	66	57	<b>47</b>	<b>68</b>
June 2009 – Aware of BL	32	40	<b>20</b>	<b>20</b>	<b>42</b>
February 2009.	423	97	52	123	151
	%	%	%	%	%
Feb. 2009 – Aware of Publicly Funded Service	60	60	58	<b>51</b>	<b>68</b>
February 2009 – Aware of BL	28	29	20	24	33
December 2008.	432	111	53	109	159
	%	%	%	%	%
Dec. 2008 – Aware of Publicly Funded Service	65	57	<b>48</b>	68	<b>71</b>
Dec. 2008 – Aware of BL	33	29	<b>10</b>	41	36
ASBS 07/08.	6561	1278	633	2467	2183
	%	%	%	%	%

ASBS 07/08 – Aware of Publicly Funded Service	42	44	<b>34</b>	40	<b>46</b>
ASBS 07/08 – Aware of BL	18	18	<b>11</b>	<b>15</b>	<b>23</b>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

## Business Link 'Health Checks'

Sixty-seven per cent of all SME employers in England are aware that Business Link provides free business health checks<sup>3</sup>, a similar proportion as that seen in previous Barometers. Awareness levels in the construction sector is below average (47 per cent), and significantly below the 80 per cent seen a year previously in the February 2010 Barometer.

<b>Table D3: Awareness and Usage of Business Link Health Checks<sup>xliii</sup> – Trends By Sector</b>					
Base = all SME employers in England	<b>All</b>	<b>Primary/ Manu</b>	<b>Construct- ion</b>	<b>TRAD</b>	<b>Services</b>
February 2011	405	76	35	106	188
	%	%	%	%	%
February 2011 – Aware	67	76	<b>47</b>	65	71
February 2011 – Used	16	20	12	21	13
December 2010	410	117	58	115	120
	%	%	%	%	%
December 2010 – Aware	68	71	59	69	68
December 2010 – Used	19	19	29	21	17
February 2010.	456	131	59	129	137
	%	%	%	%	%
Feb. 2010 – Aware	70	77	80	<b>63</b>	71
Feb. 2010 – Used	13	<b>23</b>	19	10	10
December 2009.	415	110	55	110	140
	%	%	%	%	%
December 2009 – Aware	64	<b>83</b>	64	62	<b>58</b>
December 2009 – Used	15	29	19	15	7
September 2009.	417	117	52	111	137
	%	%	%	%	%
September 2009 – Aware	65	70	63	<b>54</b>	<b>71</b>
September 2009 – Used	19	21	15	14	22
June 2009.	404	108	47	111	138
	%	%	%	%	%
June 2009 – Aware	61	63	72	<b>50</b>	65
June 2009 – Used	15	20	14	16	13
February 2009.	423	97	52	123	151
	%	%	%	%	%
Feb. 2009 – Aware	66	59	<b>88</b>	<b>56</b>	71
Feb. 2009 – Used	13	15	12	11	14
December 2008.	432	111	53	109	159
	%	%	%	%	%
Dec. 2008 – Aware	61	63	54	60	63

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research

<sup>3</sup> This question was asked after prompting the name 'Business Link', hence the figure is higher than for spontaneous awareness of Business Link.

Sixteen per cent of SME employers in England report they have had a Business Link Health Check. This is not a significantly different proportion from that seen in the December 2010 Barometer, although the proportion of construction businesses having had a health check has fallen significantly, from 29 to 12 per cent.

Of those that had a Health Check, 73 per cent were satisfied (30 per cent very satisfied), and 15 per cent were dissatisfied. Satisfaction levels are very similar to the December 2010 Barometer.

There was no one sector more likely to be dissatisfied, but interestingly 45 per cent of exporters that had experienced the health check were dissatisfied. This result is based on a small sample size of 16 respondents, but is nonetheless still statistically significant.

<b>Table D4: Satisfaction with Information Received as a Result of the Health Check<sup>xliv</sup></b>							
	<b>Feb. 2011</b>	<b>Dec. 2010</b>	<b>Feb. 2010</b>	<b>Dec. 2009</b>	<b>Sept. 2009</b>	<b>June 2009</b>	<b>February 2009</b>
Base = All in England who had a free Health Check	n=64	n=78	n=84	n=65	n=80	n=62	n=64
	%	%	%	%	%	%	%
Very satisfied	30	23	14	32	29	33	28
Fairly satisfied	43	48	42	48	25	41	33
Neither satisfied nor dissatisfied	12	17	9	7	22	7	22
Fairly dissatisfied	8	2	6	9	7	11	9
Very dissatisfied	7	10	23	4	12	*	8
Don't know	0	0	6	*	5	7	0
<b>TOTAL SATISFIED</b>	<b>73</b>	<b>71</b>	<b>56</b>	<b>80</b>	<b>54</b>	<b>74</b>	<b>61</b>
<b>TOTAL DISSATISFIED</b>	<b>15</b>	<b>12</b>	<b>29</b>	<b>13</b>	<b>19</b>	<b>12</b>	<b>17</b>
Figures in bold are statistically significant changes at the 95% confidence level between December 10 and February 11 * = a figure which is more than 0%, but less than 0.5%							

## HMRC

Thirteen per cent of SME employers in the UK have made use of HMRC's Business Payment Support Service – a similar proportion as seen in previous Barometers.

Of those who had contacted the tax office, 58 per cent found HMRC's response helpful, 38 per cent considered it reasonable and 24 per cent sensitive. The decrease in the proportion finding the service reasonable since December 2010 is statistically significant, and the proportions finding the service sensitive and reasonable have also come down over time, with the ratings being similar to those given back in February 2009.

	<b>Feb. 2011</b>	<b>Dec. 2010</b>	<b>Feb. 2010</b>	<b>Dec. 2009</b>	<b>Sept. 2009</b>	<b>June 2009</b>	<b>Feb. 2009</b>	<b>Dec. 2008</b>
Base = All who contacted the tax office during the last 12 months to discuss a payment plan for outstanding tax	n=65	n=74	n=90	n=98	n=77	n=81	n=98	n=66
	%	%	%	%	%	%	%	%
Helpful	58	73	86	80	65	84	55	37
Reasonable	<b>38</b>	62	61	49	47	55	44	27
Sensitive	24	33	41	34	26	50	18	6
None of these	17	15	2	5	7	3	15	34
Don't know	4	1	4	*	*	4	9	6

Figures in bold are statistically significant changes at the 95% confidence level between December 10 and February 11

## Networking

Forty-one per cent of SME employers speak to or get advice from other businesses or entrepreneurs. This is very similar to the proportion seen in December 2010. The medium sized businesses (53 per cent) are more likely to do this than the small (49 per cent) and micros (39 per cent), and in both the surveys where this question was asked the service sector was more likely to do this than average, although significantly fewer did this in February than was the case in December.

Base = all SME employers	<b>All</b>	<b>Primary/Manu</b>	<b>Constructio n</b>	<b>TRAD</b>	<b>Services</b>
February 2011. n=	500	99	45	127	229
	%	%	%	%	%
February 2011 - Yes	41	41	36	34	<b>47</b>
December 2010. n=	500	142	71	139	148
	%	%	%	%	%
December 2010 - Yes	45	38	<b>24</b>	39	<b>58</b>

Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research

## Technical Appendix

A sample of SME employers was drawn from those who had taken part in the 2010 SBS survey and who were willing to be recontacted:

- Those that had been interviewed in the SBS women-led and MEG-led boost recalls, and the December Business Barometer, were excluded
- Only those with employees were sampled
- Those who had applied for finance in the 12 months preceding the 2010 SBS interview were oversampled so that they represented 43 per cent of the sample
- The sample was drawn in the correct regional proportion (the SBS contained a boost in Wales)
- Larger SMEs were oversampled (10-49 employees, 50-249 employees)

Quotas were imposed on size of business (according to number of employees), broad sector (primary/manufacturing; construction; transport, retail and distribution; services), and whether finance had been sought in the SBS. The data were weighted at the analysis stage to correct this sampling bias and make the survey representative of all SME employers (based on 2009 SME statistics, published by the Enterprise Directorate).

	Unweighted		Weighted	
	n=	%	n=	%
1-9 employees	215	43	420	84
10-49 employees	192	38	69	14
50-249 employees	93	19	11	2
Primary/manufacturing	99	20	69	14
Construction	45	9	62	12
Transport, retail and distribution	127	25	166	33
Services	229	46	204	41
Sought finance in the previous 12 months (in SBS 2010)	210	42	131	26
Did not	290	58	369	74
Total	500	100	500	100

500 interviews were conducted between the 14<sup>th</sup> and 25<sup>th</sup> February 2011 using Computer Assisted Telephone Interviewing (CATI).

Figures reported on in this report are statistically significant at the 95 per cent confidence limit, unless stated otherwise. No design factor has been applied to the calculations. Where a change occurs for figures based on sample sizes of less than 10 respondents, this is not reported as significant.

## Endnotes

---

<sup>i</sup> This depends on the percentage where the finding is at. A change of 3.7 per cent is required for findings around 10 or 90 per cent; a change of 5.7 per cent for findings around 30 or 70 per cent; and a change of 6.2 per cent for findings around 50 per cent. Throughout the report, changes are described as statistically significant or not. Significance testing has been done at the 95% confidence level.

Where a change occurs for figures based on sample sizes of less than 10 respondents, this is not reported as significant.

<sup>ii</sup> A1/A3: How many employees does your business currently employ across all sites, excluding owners and partners?/How many people did the business employ 12 months ago across all sites (still excluding owners and partners)?

<sup>iii</sup> A7: Have you recruited any new employees in the past 12 months?

<sup>iv</sup> B2: In the last 6 months, have you made any changes to your long term planned employment levels as a direct result of recent economic conditions?

<sup>v</sup> A1/A5: How many employees does your business currently employ across all sites, excluding owners and partners?/How many people do you expect the business to employ in 12 months time (excluding owners and partners)?

<sup>vi</sup> A8/Q9: Can you please tell me the approximate turnover of your business in the past 12 months?/Compared with the previous 12 months, has your turnover in the past 12 months increased, decreased or stayed roughly the same?

<sup>vii</sup> A8/A12: Can you please tell me the approximate turnover of your business in the past 12 months?/In the next 12 months do you expect your turnover to increase, decrease, or stay roughly the same?

<sup>viii</sup> A17: Over the next two to three years, do you aim to grow your business?

<sup>ix</sup> B2b: In the last 6 months, have you made any changes to your plans for growing your business?

<sup>x</sup> A18: Do you expect to fund your business growth using internal finance or from external finance providers?

<sup>xi</sup> A18b: Which of these types of investment, if any, are you planning to do in the next 12 months?

<sup>xii</sup> B1: In the last 6 months, have you made any changes to your long term planned investment levels as a direct result of recent economic conditions?

<sup>xiii</sup> A22: Does your business currently export goods or sell outside of the UK?

<sup>xiv</sup> B7: Which is the biggest obstacle to the success of your business?

<sup>xv</sup> B7: Which is the biggest obstacle to the success of your business?

<sup>xvi</sup> B8: What do you consider to be the causes of this cash flow difficulty?

<sup>xvii</sup> E2: Do you offer credit to your direct customers where they have a certain period of time before payment is due?

<sup>xviii</sup> E3: Do you have a problem with customers paying you later than you require them to in your normal terms of business?

<sup>xix</sup> E6: For what proportion of your customer base is late payment a problem?



---

<sup>xx</sup> E1/E1a: Which of these are your direct customers?/Have you actually done any work for government departments or other public sector bodies in the last six months?

<sup>xxi</sup> E1c: In the last 6 months have you noticed any change in the speed in which you've been paid by government departments or other public sector bodies?

<sup>xxii</sup> E1c: In the last 6 months have you noticed any change in the speed in which you've been paid by government departments or other public sector bodies?

<sup>xxiii</sup> E1c2: In the last six months how long, on average, would you say that it takes to get an invoice paid by your main public sector client? Allowing time for them to receive the invoice, would you say that it takes them.....

<sup>xxiv</sup> E12: To what extent do you agree or disagree with the statement "In 12 months time I am confident that my business will still be trading."?

<sup>xxv</sup> E12: To what extent do you agree or disagree with the statement "In 12 months time I am confident that my business will still be trading."?

<sup>xxvi</sup> E10: Do you anticipate the closure or full transfer of the ownership of your business in the next 12 months?

<sup>xxvii</sup> A19: I'd now like you to think about innovation within your business i.e. new products and services. Have you introduced new or significantly improved products or services in the past 12 months?/A20: Have you introduced new or significantly improved processes in the last 12 months?

<sup>xxviii</sup> A21: Over the past 12 months, has your business funded or arranged any training and development for staff in the organisation, including any informal on the job training?

<sup>xxix</sup> D1: How important is external finance to your business?

<sup>xxx</sup> D8: What did you try to obtain finance for?

<sup>xxxi</sup> D9: What type of finance did you seek? Please include all types of finance including where you failed to obtain it if applicable

<sup>xxxii</sup> D9: What type of finance did you seek? Please include all types of finance including where you failed to obtain it if applicable

<sup>xxxiii</sup> D9a: Before you applied for finance how confident were you that you would be successful?

<sup>xxxiv</sup> D9b: And before you applied for finance, did you take any of the following steps to try and ensure you were successful in obtaining finance?

<sup>xxxv</sup> D10: Did you have any difficulties obtaining this finance from the first source you approached?

<sup>xxxvi</sup> D16: Why have you not applied for finance in the last 6 months?

<sup>xxxvii</sup> D2: Have you experienced any of the following changes to the terms and conditions for business bank overdraft in the last 6 months?

<sup>xxxviii</sup> D5: Have you experienced any of the following changes to the terms and conditions of your existing business bank loan over the last 6 months?

<sup>xxxix</sup> D1b: How would you describe your business's relationship with its bank? Please answer on a scale of 1 to 5, where one signifies the relationship is very poor and 5 that it is very good.

---

<sup>xli</sup> D5a: Do you use a credit card for business purposes? IF YES: In the last 6 months have you tended to carry an outstanding balance over from one month to another on any of these cards?

<sup>xlii</sup> C2/C3: Are you aware of a publicly funded service providing access to information and advice for businesses, including a national network of local operators?/Do you know what this is called?

<sup>xliii</sup> C2/C3: Are you aware of a publicly funded service providing access to information and advice for businesses, including a national network of local operators?/Do you know what this is called?

<sup>xliiii</sup> C4/C4a: Are you aware that Business Link is providing a free service called 'Business Health Checks for Growth'? These are carried out by a professional adviser who can provide hands on advice and help./Has your business had a free health check for growth by Business Link?

<sup>xliiv</sup> C4b: How satisfied or dissatisfied were you with the information you received as a result of the health check?

<sup>xliv</sup> C8: In the circumstances, did you find HMRC's response to be any of the following?

<sup>xlvi</sup> Do you make time to speak or meet with other business or entrepreneurs to get help and advice about running your business?

---

© Crown copyright 2011

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. Visit [www.nationalarchives.gov.uk/doc/open-government-licence](http://www.nationalarchives.gov.uk/doc/open-government-licence), write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

This publication is also available on our website at [www.bis.gov.uk](http://www.bis.gov.uk)

Any enquiries regarding this publication should be sent to:

Department for Business, Innovation and Skills  
1 Victoria Street  
London SW1H 0ET  
Tel: 020 7215 5000

If you require this publication in an alternative format, email [enquiries@bis.gsi.gov.uk](mailto:enquiries@bis.gsi.gov.uk), or call 020 7215 5000.

**URN 11/P75B**