

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

**SME BUSINESS BAROMETER  
AUGUST 2011**

OCTOBER 2011

Report prepared for the Department of Business, Innovation and Skills



**IFF Research**

# 1 Introduction

## Background

- 1.1 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 the 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).
- 1.2 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, February and August 2011, the latter survey being the focus of this report.

## Methodology

- 1.3 500 interviews were conducted among SME employers between the 2<sup>nd</sup> and 12<sup>th</sup> August 2011. All respondents had previously taken part in the 2010 SBS. Those interviewed were directors, owners and co-owners of the businesses.
- 1.4 One hundred and ninety interviews (38 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>.
- 1.5 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 are not interviewed
- 1.6 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.
- 1.7 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>i</sup>.

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

# 2 Summary

## Growth

- 2.1 In levels similar to February 2011 and December 2010, 26 per cent of SME employers in August 2011 were employing fewer staff than 12 months previously. Sixty per cent had the same number of staff as 12 months previously (compared with 58 per cent stating this in February 2011); and 14 per cent had more staff than 12 months previously (compared with 15 per cent stating this in February 2011). The trend over the previous year indicates a greater degree of stability in employment levels.
- 2.2 Expectations of staffing levels over the next 12 months have remained relatively static since September 2009. In August 2011, 25 per cent of SME employers believed that in a year's time they would be employing more staff than currently. This compares with 61 per cent who believed employment levels would remain stable, and 14 per cent who believed there would be a decrease in employment levels.
- 2.3 In August 2011 30 per cent of SME employers saw an increase in turnover in the previous 12 months, compared to 34 per cent stating their turnover had decreased. For 36 per cent turnover was about the same as it was 12 months previously. This last figure represents the greatest proportion of employers stating their turnover levels are the same as 12 months ago since ASBS 07/08., and overall the trends suggest stabilisation of turnover levels.
- 2.4 Looking ahead, SME employers that participated in the August 2011 Barometer were more likely than in the February 2011 Barometer to have felt that their turnover in 12 month's time would be the same (46 per cent, compared to 37 per cent in February 2011). Thirty-one per cent felt their turnover would be higher in 12 months time than currently and 21 per cent felt it would be lower.

## Business Environment

- 2.5 The state of the economy was felt to be *main* obstacle to success by 45 per cent of SME employers in August 2011. Although this is not a significant increase on February 2011 and February 2010 (both 39 per cent), it is a higher proportion than that seen in any other Barometer.
- 2.6 Obtaining finance was the second most frequently mentioned main obstacle (in a five percentage point raise since February 2011, it was mentioned by 12 per cent of SME employers). The next most frequently mentioned obstacles were taxation, cashflow, competition and regulations.
- 2.7 Focusing more closely on cashflow issues, 42 per cent of employers mentioned this as being an obstacle to the success of their business (and eight per cent said it was their main obstacle). Among those who saw cashflow as an issue, 80 per cent mentioned a fluctuating income combined with steady outgoings as being a cause of this difficulty. The next most common causes of cashflow issues were late payment from other businesses (58 per cent) or from other customers (58 per cent).

## Access to Finance

- 2.8 Sixteen per cent of SME employers had sought external finance in the 6 months prior to the August 2011 Business Barometer - a significant decrease on February 2011 (when this figure was 21 per cent).
- 2.9 Among those who had sought finance in the six months prior to August 2011, the most common type of finance sought was a bank loan (sought by 35 per cent of those seeking finance) followed by a bank overdraft (23 per cent), leasing/hire purchase (17 per cent) and a grant (11 per cent).
- 2.10 The most commonly mentioned reasons for seeking finance were acquiring equipment or vehicles (mentioned by 38 per cent of those seeking finance), to gain working capital or cashflow (38 per cent) and to buy land or buildings (10 per cent).
- 2.11 Eighty-one per cent of those who had sought finance in the six months prior to August 2011 took some kind of action to try and ensure they would be likely to succeed in their application. Among these employers 66 per cent had ensured their business plan was up to date (which was significantly higher than February 2011 when 22 per cent had said this). Forty-eight per cent had received advice from their bank, and 30 per cent had sought advice from other businesses.
- 2.12 Forty-eight per cent of those seeking finance experienced any problems obtaining it from the first source approached: 37 per cent were unsuccessful in accessing any of it, five per cent obtained some but not all of it, and six per cent obtained the finance but with some problems. Forty-nine per cent had not experienced any problems obtaining finance. In terms of next steps taken after being unsuccessful in accessing finance from the first source approached, 35 per cent of these employers obtained finance from another source.
- 2.13 Among employers who had sought finance in the 6 months prior to August 2011, 21 per cent were unable to access it from *any* source approached (equating to four per cent of all SME employers).
- 2.14 Among those who had not sought finance in the 6 months prior to August 2011 74 per cent said they had not done so because they did not require finance. Thirty-one per cent did not want to take on additional risk, 14 per cent thought it would be too expensive, and 10 per cent were deterred because they thought they would be rejected.

## Business Support

- 2.15 In the August 2011 Barometer 42 per cent of SME employers had sought external advice or information on matters affecting their business. In the SBS 2010 (when this question was last asked) a significantly higher proportion of employers (49 per cent) said they had sought this type of advice.
- 2.16 Among those who had sought advice in the last year, 51 per cent had sought financial advice, 18 per cent had sought advice on business plans or strategy, 13 per cent each had sought legal advice or marketing advice, and 12 per cent had sought advice on tax or national insurance. Sixteen per cent of SME employers had used a business mentor in the last year.
- 2.17 In terms of awareness of Government business support, 90 per cent of employers were aware (prompted) of at least one kind of government business support. The Business Link website was the support service SME employers were most likely to be aware of (73 per cent). Sixty-seven per cent were aware of Local Enterprise Partnerships (LEPs), and 27 per cent each were aware of government guaranteed loans or Solutions for Business. However,

with the exception of the Business Link website and LEPs, few had made any use of Government business support services.

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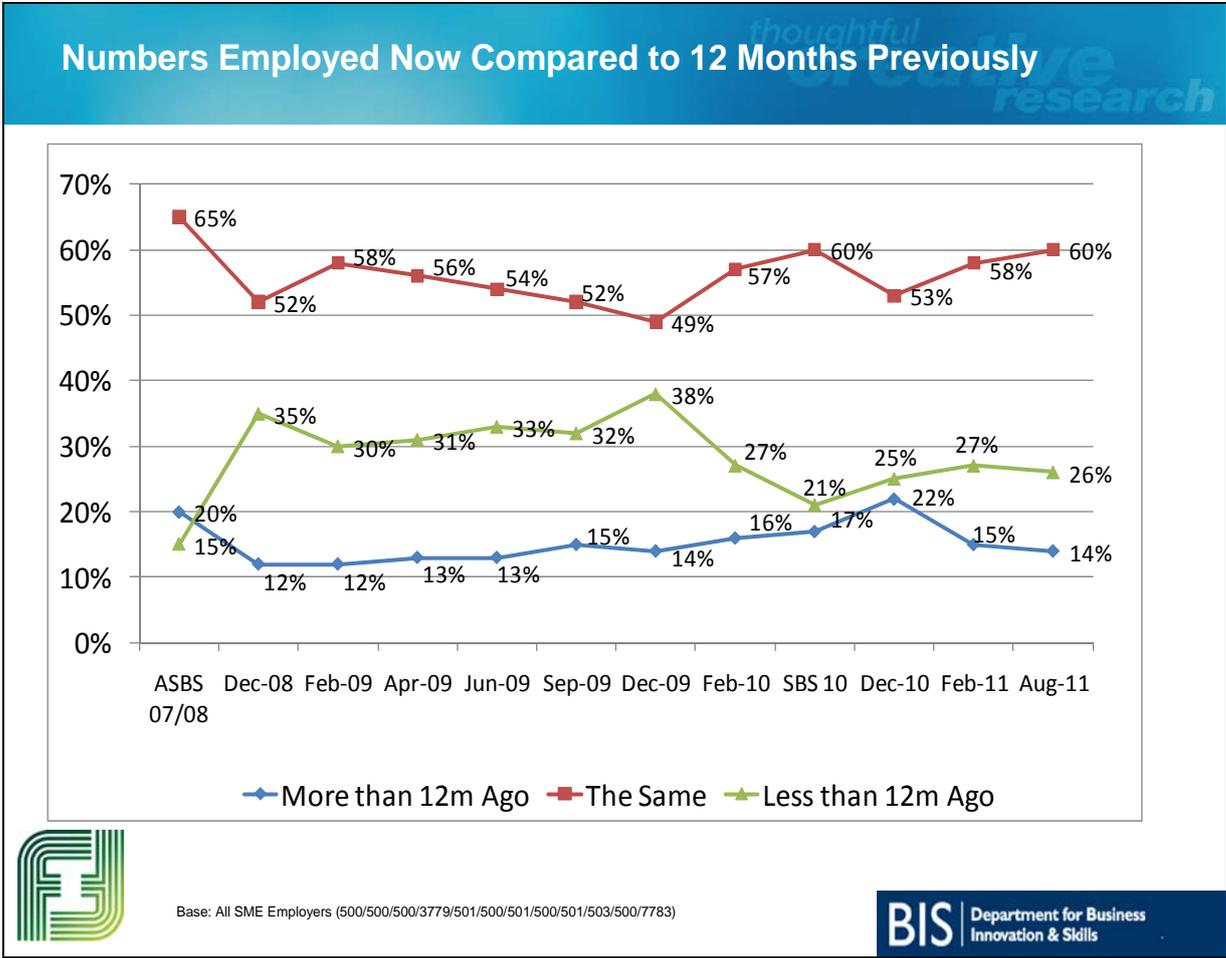
September 2011

# 3 Growth

## Employment levels over the last 12 months

- 3.1 Chart A1 below shows that 26 per cent of SME employers employed fewer people in August 2011 than was the case a year before. This is an insignificant decrease on the 27 per cent seen in February 2011, and a similar proportion to December 2010.
- 3.2 At the same time 14 per cent of SME employers in the August 2011 Barometer were employing more people than 12 months ago. This is again a similar proportion to February 2011.

Chart 3a: Numbers employed now compared to 12 months ago - trends<sup>ii</sup>



- 3.3 The overall trend since the Barometer series began has been for SME employers to be more likely to employ fewer rather than more people compared with 12 months previously.

The gap between these two measures closed in 2010, but 2011 has seen the gap widen again, although not to the extent that was observed in 2009.

- 3.4 Analysis of the data by sector in August 2011 (see Table 3a overleaf) shows that service industries are the least likely to be employing more than 12 months previously (eight per cent). This figure is significantly down on the equivalent in February 2011, which was in itself significantly down on December 2010. Primary/manufacturing SME employers are more likely than other sectors to have more employees than 12 months ago (22 per cent).

<b>Table 3a: Numbers employed now compared to 12 months ago<sup>iii</sup> – trends by sector</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Constructi on</b>	<b>TRAD</b>	<b>Services</b>
August 2011. n=	500	100	53	145	202
	%	%	%	%	%
Aug 11 – More than 12m Ago	14	<b>22</b>	17	15	<b>8</b>
Aug 11 – Fewer than 12m Ago	26	23	29	25	27
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>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

<b>Table 3a: Numbers employed now compared to 12 months ago<sup>iv</sup> – trends by sector (continued)</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Constructi on</b>	<b>TRAD</b>	<b>Services</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

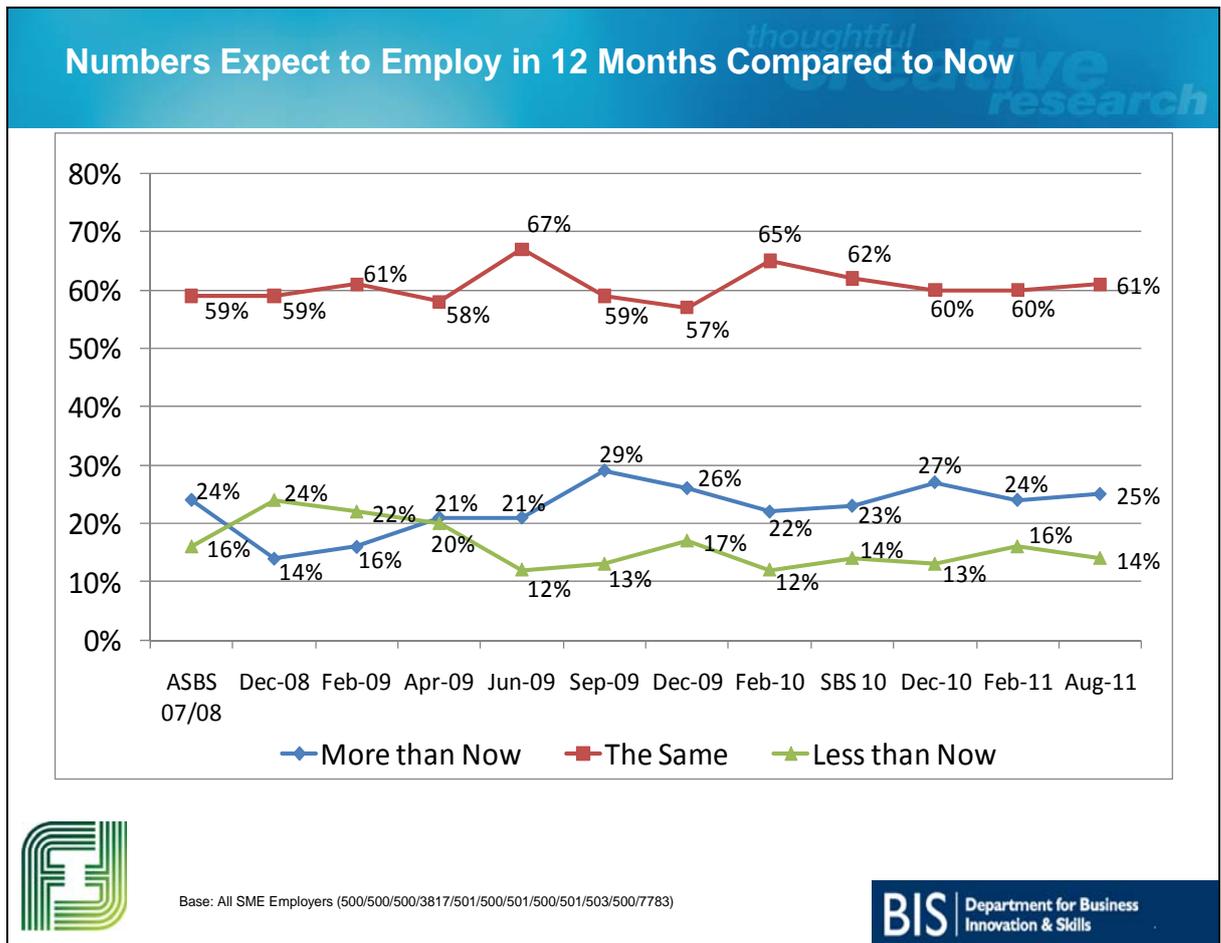
- 3.5 Thirty-nine per cent of SME employers have recruited new employees in the last 12 months (see Table 3b overleaf). This proportion is similar to that seen in February 2011, and similar to previous Barometers.

<b>Table 3b: Recruited new employees in the last 12 months<sup>v</sup> – trends by sector</b>					
Base = all SME employers	<b>All</b>	<b>Primary/Manu</b>	<b>Construction</b>	<b>TRAD</b>	<b>Services</b>
August 2011. n=	500	100	53	145	202
	%	%	%	%	%
August 2011	39	46	49	37	35
February 2011. n=	500	99	45	127	229
	%	%	%	%	%
February 2011	35	39	32	29	40
December 2010. n=	500	142	71	139	148
	%	%	%	%	%
December 2010	42	38	46	40	43
SBS 2010 (July-September). n=	3817	591	315	1157	1754
	%	%	%	%	%
SBS 2010	39	40	37	39	39
February 2010. n=	501	142	66	148	145
	%	%	%	%	%
February 2010	35	37	29	<b>29</b>	<b>42</b>
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
December 2009	32	35	<b>21</b>	27	<b>39</b>
September 2009. n=	501	132	72	143	154
	%	%	%	%	%
September 2009	39	43	34	38	40
June 2009. n=	501	130	60	148	162
	%	%	%	%	%
June 2009	34	<b>24</b>	<b>17</b>	39	39
April 2009. n=	501	157	62	136	146
	%	%	%	%	%
April 2009	36	<b>28</b>	<b>20</b>	35	<b>43</b>
February 2009. n=	503	111	61	145	186
	%	%	%	%	%
February 2009	37	<b>18</b>	28	38	<b>46</b>
December 2008. n=	500	123	62	137	178
	%	%	%	%	%
December 2008	37	<b>47</b>	27	38	36
ASBS 07/08. n=	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08	44	45	44	43	45

### Expectations of employment levels in the next 12 months

3.6 Twenty-five per cent of SME employers in the August 2011 Barometer thought they would employ more staff in a year's time. This compares with 61 per cent thinking employment levels will remain stable, and 14 per cent saying they think they will need to lose staff (see Chart 3b below). There has been little movement in these measurements since September 2009.

Chart 3b: Expectations of numbers employed in 12 months time<sup>vi</sup>



3.7 Whilst we have seen that primary/manufacturing industries were more likely than average to be employing more people than 12 months previously in August 2011, they were also the sector most likely to think they would have fewer employees in 12 months time (22 per cent). By contrast, the service sector was the least likely to be employing more in August 2011 than previously, but were also the sector least likely to think they would lose employees in 12 months time (eight per cent).

3.8 Compared to February 2011, those in the transport, retail and distribution sector (TRAD) were more confident that they would be employing more in 12 months time (25 per cent).

<b>Table 3c: Numbers expect to employ in 12 months time compared to now<sup>vii</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>
August 2011. n=	500	100	53	145	202
	%	%	%	%	%
Aug. 2011 – Will Employ More in 12m	26	23	29	25	27
Aug. 2011 – Will Employ Fewer in 12m	14	<b>22</b>	17	15	<b>8</b>
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

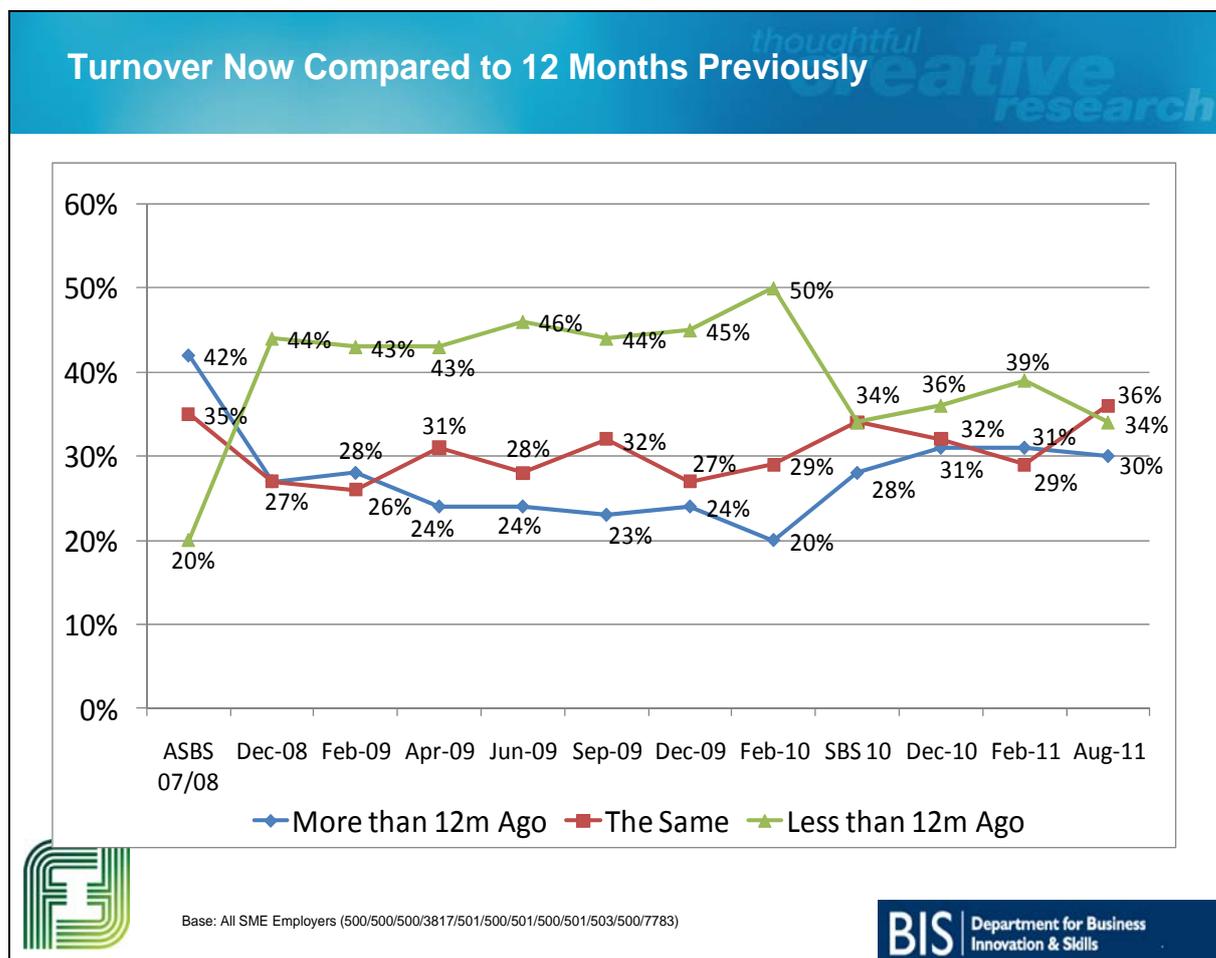
June 2009. n =	500	130	60	148	162
	%	%	%	%	%
June 2009 – Will Employ More in 12m	21	<b>35</b>	14	<b>10</b>	<b>28</b>
June 2009 – Will Employ Fewer in 12m	12	13	7	<b>17</b>	9
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

<b>Table 3c: Numbers expect to employ in 12 months time compared to now<sup>viii</sup> – trends by sector (continued)</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Construct -ion</b>	<b>TRAD</b>	<b>Services</b>
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 compared to 12 months ago

3.9 Thirty per cent of all SME employers have increased their turnover in the last 12 months, compared to 34 per cent who say their turnover has decreased. For 36 per cent turnover is about the same as it was 12 months previously. These figures indicate that turnovers are stabilising: the 36 per cent saying that turnovers were about the same as 12 months previously being the highest proportion since the 07/08 ASBS. In August 2011 there were still more businesses saying that turnover was down on the same period the previous year than said turnover had increased, but the gap between the two measures was only four percentage points. This is a smaller gap than that seen in February 2011, and the joint lowest in the Barometer series (excepting the ASBS and SBS).

Chart 3c: Turnover compared to 12 months ago<sup>ix</sup>



3.10 Most likely to report higher turnover were those in primary/manufacturing (39 per cent), although this proportion is similar to February 2011 and December 2010. Turnover increased for 44 per cent of medium-sized businesses, but for only 28 per cent of small ones (10-49 employees) and 30 per cent of micro ones (1-9 employees).

Table 3d: Turnover now compared to 12 months previously<sup>x</sup> – trends by sector

Base = all SME employers	All	Primary/ Manu	Construct- ion	TRAD	Services
August 2011. n =	500	100	53	145	202
	%	%	%	%	%
Aug. 2011 – Turnover Greater Now	30	<b>39</b>	38	25	29
Aug. 2011 – Turnover Less Now	34	<b>18</b>	42	35	35
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>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

<b>Table 3d: Turnover now compared to 12 months previously<sup>xi</sup> – trends by sector (continued)</b>					
Base = all SME employers	Base = all SME employers	Base = all SME employers	Base = all SME employers	Base = all SME employers	Base = all SME employers
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					

### **Profit – performance in the last 12 months**

- 3.11 Seventy-one per cent of SME employers made a profit or surplus in the 12 months preceding August 2011. Forty-one per cent had managed to increase their profit or surplus compared with the previous 12 months, whilst 30 per cent had made a profit or surplus which was lower than the previous 12 months. Eighty-two per cent of medium-sized businesses made a profit (49 per cent higher than the previous year), compared to 69 per cent of small businesses, and 71 per cent of micro businesses.
- 3.12 No sector was significantly more likely to have made a profit (see Table 3e overleaf). However, those in primary/manufacturing were less likely than average to have made a profit which was lower than the previous year.

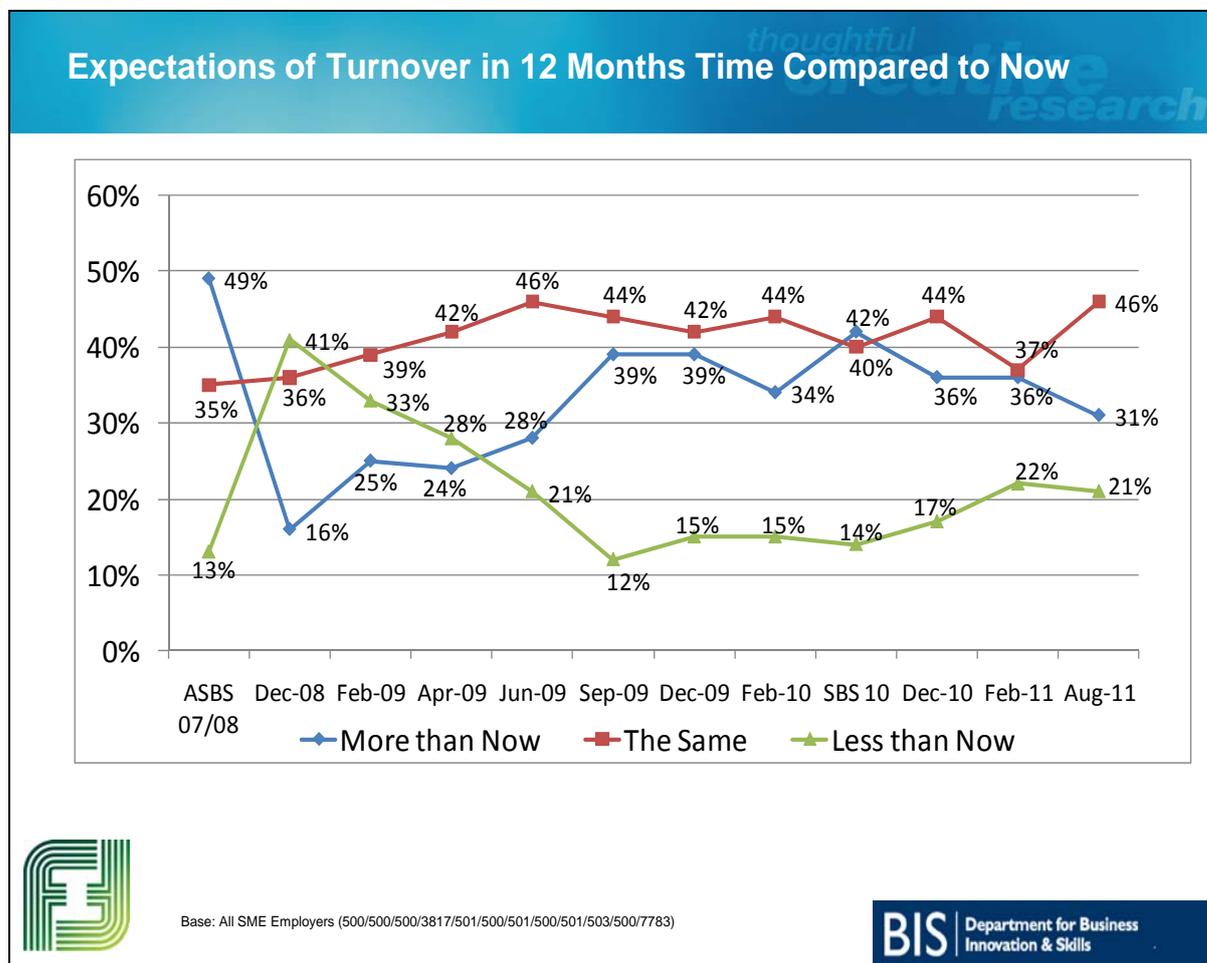
Table 3e: Whether generated a profit or surplus in the last 12 months <sup>xii</sup> – trends by sector					
Base = all SME employers	All	Primary/ Manu	Construc t-ion	TRAD	Services
August 2011. n =	500	100	53	145	202
	%	%	%	%	%
Yes – profit/surplus increased compared with previous 12 months	41	47	46	41	38
Yes – profit/surplus decreased compared with previous 12 months	30	<b>21</b>	30	34	29
No profit/surplus	24	24	24	19	29
Don't know/refused	5	8	0	5	3
ANY PROFIT/SURPLUS	71	68	76	75	68
September 2009. n =	501	132	72	143	154
	%	%	%	%	%
Yes – profit/surplus increased compared with previous 12 months	28	23	29	25	32
Yes – profit/surplus decreased compared with previous 12 months	35	<b>43</b>	45	34	29
No profit/surplus	27	26	25	27	29
Don't know/refused	10	8	<b>1</b>	14	10
ANY PROFIT/SURPLUS	63	64	73	59	62
December 2008	500	123	62	137	178
	%	%	%	%	%
Yes – profit/surplus increased compared with previous 12 months	39	<b>50</b>	28	33	44
Yes – profit/surplus decreased compared with previous 12 months	26	21	<b>49</b>	27	<b>21</b>
No profit/surplus	29	27	<b>17</b>	35	28
Don't know/refused	5	2	5	5	7
ANY PROFIT/SURPLUS	66	72	78	61	65
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

3.13 Compared to September 2009, the last time this question was asked in the Barometer series, the proportion making any profit has risen significantly, up eight percentage points. The proportion making a profit that exceeded that of the previous year has also risen significantly. Increased profit was most likely to happen in the transport, retail and distribution sector (up 16 percentage points), and those in primary/manufacturing were significantly more likely to have made a profit which bettered that of the previous year (up 24 percentage points).

## Future turnover expectations

3.14 Thirty-one per cent of SME employers expected their turnover to increase in 12 months time compared to August 2011, 21 per cent expected it to decrease, and 46 per cent think it will be about the same. Compared to February 2011, the proportion expecting turnover to be the same has risen significantly.

Chart 3d: Turnover expectations in 12 months time<sup>xiii</sup>



3.15 By sector (see Table 3f overleaf), the service industry was less likely than average to have thought turnover would increase (25 per cent), a proportion that was significantly lower than that seen in February 2011. The primary/manufacturing sector was the least likely to think turnover would decrease (12 per cent).

3.16 Forty-nine per cent of medium-sized businesses thought turnover would increase, compared to 29 per cent of small ones, and 30 per cent of micro businesses.

Table 3f: Expectations of turnover in 12 months time<sup>xiv</sup> – trends by sector

Base = all SME employers	All	Primary/ Manu	Construct -ion	TRAD	Services
August 2011. n =	500	100	53	145	202
	%	%	%	%	%
August 2011 – Greater than Now	31	38	42	30	<b>25</b>
August 2011 – Less than Now	21	<b>12</b>	25	22	22
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
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

<b>Table 3f: Expectations of turnover in 12 months time<sup>xv</sup> – trends by sector (continued)</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Construct -ion</b>	<b>TRAD</b>	<b>Services</b>
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					

### **Profit/surplus in the next 12 months**

- 3.17 Seventy-five per cent of SME employers in August 2011 expected to make a profit or surplus in the next 12 months, a very similar proportion to that seen in September 2009, the last time this question was asked (see Table 3g overleaf).
- 3.18 Least likely to think they would make a profit was the service sector (69 per cent). This was the first time that any sector was significantly less likely to think they would not make a profit, although the figure has not changed significantly on September 2009.
- 3.19 Seventy-six per cent of micro businesses thought they would make a profit, compared to 83 per cent of medium-sized ones, but only 67 per cent of small businesses.

<b>Table 3g: Expectations of making a profit in the next 12 months<sup>xvi</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>
August 2011. n =	500	100	53	145	202
	%	%	%	%	%
Yes	75	78	85	78	<b>69</b>
No	22	19	13	18	<b>29</b>
Don't know/refused	3	3	2	4	2
September 2009. n =	501	132	72	143	154
	%	%	%	%	%
Yes	76	77	76	75	75
No	21	22	19	22	20
Don't know/refused	4	*	5	4	4
December 2008. n=	500	123	62	137	178
	%	%	%	%	%
Yes	70	68	71	69	72
No	26	31	20	31	23
Don't know/refused	3	1	<b>9</b>	<b>1</b>	5
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%					

### **Growth ambitions over the next two to three years**

3.20 Sixty-eight per cent of SME employers expected to grow their businesses over the next two to three years in August 2011, about the same proportion seen in the all the previous Barometers with the exception of December 2008.

3.21 Primary/manufacturing was more likely than average to expect to grow (77 per cent), and transport, retail and distribution less likely than average to expect growth (61 per cent). This pattern is consistent with results from earlier Barometers.

Table 3h: Expect to grow over the next two to three years <sup>xvii</sup> – trends by sector					
Base = all SME employers	All	Primary/ Manu	Constructio n	TRAD	Services
August 2011. n=	500	100	53	145	202
	%	%	%	%	%
August 2011	68	<b>77</b>	63	<b>61</b>	73
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

3.22 Twenty per cent of SME employers have increased their plans for growth in the last six months, whilst 19 per cent have reduced their plans. These figures are very similar to those seen in February 2011.

<b>Table 3i: Changes to plans for growing business in the last six months<sup>xviii</sup> – trends by sector</b>					
Base = All SME Employers	<b>All</b>	<b>Primary/Manu</b>	<b>Construc-t-ion</b>	<b>TRAD</b>	<b>Services</b>
August 2011	500	100	53	145	202
	%	%	%	%	%
Significantly reduced growth plans	8	7	15	6	9
Slightly reduced growth plans	11	7	10	13	10
Not changed growth plans	61	67	59	<b>68</b>	<b>53</b>
Slightly increased growth plans	16	15	15	<b>9</b>	<b>22</b>
Significantly increased growth plans	4	3	1	4	6
<b>INCREASED</b>	20	18	16	<b>13</b>	<b>28</b>
<b>REDUCED</b>	19	15	25	19	19
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
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

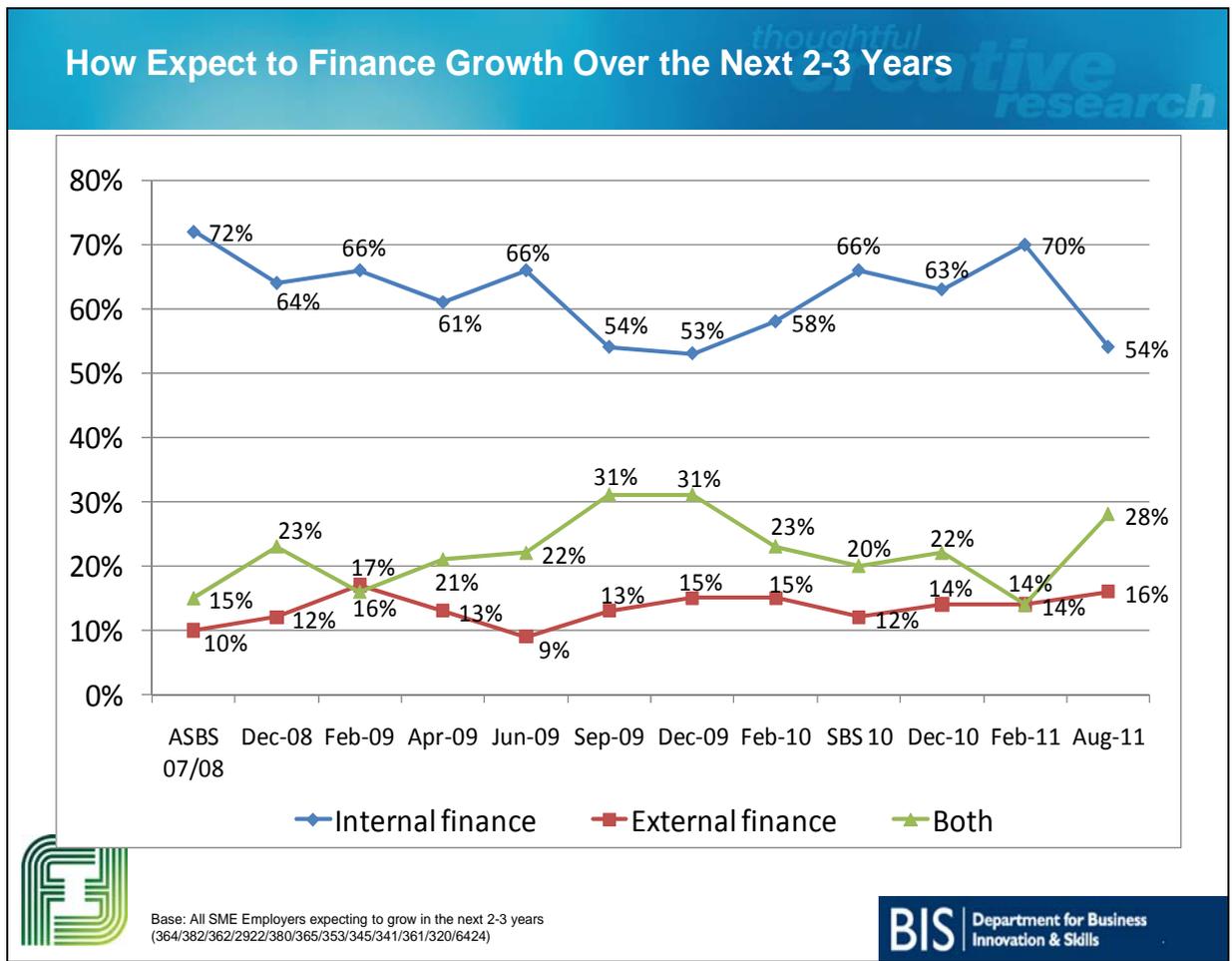
Table 3i: Changes to plans for growing business in the last six months <sup>xix</sup> – trends by sector (continued)					
Base = All SME Employers	All	Primary/ Manu	Construc t-ion	TRAD	Services
December 2008	500	142	71	139	148
	%	%	%	%	%
Significantly reduced growth plans	13	16	20	10	13
Slightly reduced 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
INCREASED	9	11	<b>2</b>	10	8
REDUCED	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					

3.23 By sector, those in services were the most likely to have increased their growth plans (28 per cent), and those in transport, retail and distribution the least likely (13 per cent). Compared to February 2011, those in primary/manufacturing are less likely to have had increased growth plans (down 12 percentage points), and those in construction are less likely to have reduced growth plans (down 12 percentage points).

### Investment and funding growth

3.24 Of those that expect to grow, sixteen per cent said they would achieve this through external finance only, 54 per cent through internal finance only, and 28 per cent through a combination of both types of finance. Compared to February 2011 the proportion expecting to finance growth purely internally has decreased significantly (down 16 percentage points), whilst the proportion expecting to finance it using both internal and external money has increased significantly (up 14 percentage points). This increases demand for an external finance for growth purposes to the highest level seen since December 2009.

Chart 3e: How fund growth in the next 2-3 years<sup>xx</sup>



- 3.25 By sector those in the service industry were the most likely to only want to use external finance (21 per cent). There were no other significant results according to size or sector, but exporters were the most likely to want to use only internal finance (64 per cent), a finding that was also seen in the February 2011 Barometer.
- 3.26 Of those planning to grow, 58 per cent were planning to increase their investment in the next 12 months to achieve this, whilst 39 per cent were not (see Table 3j overleaf) almost exactly the same proportions as those seen in August 2011.
- 3.27 As was the case in February 2011, the construction sector were again the least likely to want to do this (56 per cent), and compared to February they were less likely to want to hire staff (down 18 percentage points). Those in primary/manufacturing were the most likely to want to invest in new machinery or equipment (59 per cent), which was also the case in February.
- 3.28 Fifty-six per cent of micro businesses with growth ambitions planned to increase investment, compared to 67 per cent of small ones, and 74 per cent of medium-sized ones, all similar proportions to those seen in February 2011.

Table 3j: Whether planning to increase investment in next 12 months to achieve growth <sup>xxi</sup> – trends by sector					
Base = all who plan to grow	All	Primary/ Manu	Construct -ion	TRAD	Services
August 2011. n=	364	84	37	98	145
	%	%	%	%	%
No	39	33	<b>56</b>	36	39
Yes	58	63	44	59	59
- Training existing staff	40	43	<b>20</b>	37	47
- New machinery/equipment	32	<b>59</b>	<b>16</b>	31	23
- Hire new staff	30	37	<b>6</b>	33	32
- Move premises	12	16	11	5	15
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					

- 3.29 The poor economic conditions of the past couple of years have resulted in 27 per cent of all SME employers in August 2011 reducing or delaying their investment plans, with five per cent having increased or brought forward investment. These are similar proportions to those seen in February 2011 (see Table 3k below).
- 3.30 The construction sector was the most likely to have reduced or delayed their long term investment plans (39 per cent), which has also been the case in previous Barometers. The transport, retail and distribution sector was less likely to have reduced or delayed plans than was the case in February 2011 (down 13 percentage points).

<b>Table 3k: Changes to long term investment plans as a result of recent economic conditions<sup>xxii</sup> – trends by sector</b>					
Base = All SME Employers	All	Primary/ Manu	Construc tion	TRAD	Services
August 2011	500	100	53	145	202
	%	%	%	%	%
Significantly reduced or delayed	14	8	<b>29</b>	12	14
Slightly reduced or delayed	13	17	10	11	15
Not changed long term	67	70	57	70	67
Slightly increased or brought forward	3	3	4	2	3
Significantly increased or brought forward	2	2	1	<b>6</b>	1
INCREASED OR BROUGHT FORWARD	5	6	4	7	4
REDUCED OR DELAYED	27	25	<b>39</b>	23	29
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
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research.					

<b>Table 3k: Changes to long term investment plans as a result of recent economic conditions<sup>xxiii</sup> – trends by sector (continued)</b>					
Base = All SME Employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Construc tion</b>	<b>TRAD</b>	<b>Services</b>
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>
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%					

## Exports

- 3.31 Twenty-three per cent of SME employers in August 2011 exported goods or services outside of the UK. This was a very similar proportion to previous Barometers, despite the question having changed slightly to include products licenced outside of the UK.
- 3.32 As has been the case in all the Barometers, primary/manufacturing was the most likely to export (45 per cent), and the construction sector the least likely (six per cent). Thirty-nine per cent of medium sized businesses exported in August 2011, compared to 31 per cent of small ones and 22 per cent of micros.

<b>Table 3I: Whether currently exporting goods or selling outside of the UK<sup>xxiv</sup> – trends by sector</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Constructi on</b>	<b>TRAD</b>	<b>Services</b>
August 2011. n=	500	100	53	145	202
	%	%	%	%	%
August 2011 - Exporting	23	<b>45</b>	<b>6</b>	21	23
February 2011. n=	500	99	45	127	229
	%	%	%	%	%
February 2011 - Exporting	20	<b>34</b>	<b>8</b>	24	16
December 2010. n=	500	142	71	139	148
	%	%	%	%	%
December 2010 - Exporting	26	<b>42</b>	20	28	<b>20</b>
SBS 2010 (July-September). n=	3817	591	315	1157	1754
	%	%	%	%	%
SBS 2010 - Exporting	23	<b>36</b>	<b>13</b>	<b>18</b>	24
February 2010. n=	501	142	66	148	145
	%	%	%	%	%
February 2010 - Exporting	22	<b>33</b>	17	21	21
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
December 2009 – Exporting	24	<b>44</b>	<b>6</b>	18	26
September 2009. n=	501	132	72	143	154
	%	%	%	%	%
September 2009 – Exporting	18	<b>41</b>	<b>7</b>	14	18
June 2009. n=	500	130	60	148	162
	%	%	%	%	%
June 2009 – Exporting	20	<b>34</b>	<b>7</b>	<b>14</b>	24
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

<b>Table 3I: Whether currently exporting goods or selling outside of the UK<sup>xxv</sup> – trends by sector (continued)</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Constructi on</b>	<b>TRAD</b>	<b>Services</b>
April 2009. n=	501	157	62	136	146
	%	%	%	%	%
April 2009 – Exporting	16	<b>36</b>	<b>7</b>	<b>10</b>	17
February 2009. n=	503	111	61	145	186
	%	%	%	%	%
February 2009 - Exporting	19	<b>37</b>	<b>4</b>	15	21
December 2008. n=	500	123	62	137	178
	%	%	%	%	%
December 2008- Exporting	22	<b>44</b>	<b>10</b>	17	21
ASBS 07/08. n=	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08- Exporting	24	<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					

- 3.33 Exports accounted for up to five per cent of turnover for 43 per cent of exporters, and for over fifty per cent of turnover for ten per cent of exporters. The mean average was 21 per cent. This was highest for primary/manufacturer exporters (25 per cent).
- 3.34 Twenty-eight per cent of exporters in August 2011 expected an increase in the level of exports in next 12 months, 60 per cent expect exports to stay the same, and nine per cent expect them to decrease. The proportion that expected an increase has decreased significantly since February 2011 by 15 per cent.
- 3.35 Twenty per cent of exporters in August 2011 said that their levels of exports had decreased as a direct result of economic conditions, while six per cent said that they had increased. The proportion saying that exports had increased declined by 14 percentage points since February 2009 when this question was last asked.

<b>Table 3m: Whether levels of exports changed as a direct result of economic conditions<sup>xxvi</sup></b>			
	<b>Aug. 2011</b>	<b>Feb. 2009</b>	<b>Dec. 2008</b>
Base = all SME employers that export	n=139	n=123	n=154
	%	%	%
Significantly increased	<b>4</b>	10	5
Slightly increased	<b>2</b>	10	6
Not changed	<b>71</b>	57	74
Slightly reduced	14	18	3
Significantly reduced	7	6	12
ANY INCREASE	<b>6</b>	20	11
ANY DECREASE	20	23	16
Refused	2	0	0
Figures in bold are statistically significant changes at the 95% confidence level between February 2009 and the August 2011 Barometers			

3.36 Of those not currently exporting, three per cent thought they would do so in the next 12 months. This is exactly the same proportion as seen February 2011, and a very similar proportion to that seen in most of the previous Barometers.

3.37 Among those not currently exporting or with no plans to export, the majority (61 per cent) said that this was because they did not have a product or service that could be exported. One in five stated that they preferred only to remain trading in the UK, and 19 per cent said that it was not part of the business plan. Compared to the 2010 SBS (the only previous occasion when this question was asked) more SME employers said they did not have an exportable product, and fewer said it was not part of the business plan.

<b>Table 3n: Main barriers to export<sup>xxvii</sup></b>		
	<b>Aug 2011</b>	<b>SBS 2010</b>
Base = all SME employers who are not exporting, and have no plans to do so	n=349	n=2766
	%	%
Do not have a product/service that can be exported	<b>61</b>	39
Have sufficient business in the UK/prefer to be local	20	16
Not part of the business plan	<b>19</b>	34
Little knowledge of how to export	3	2
Lack of finance to enable exporting	3	N/A
Business too small/new	3	2
Difficulty finding overseas customers	2	3
Regulations/red tape	2	N/A
Figures in bold are statistically significant changes at the 95% confidence level between SBS and the August 2011 Barometer		

# 4 Business environment

## Obstacles to success

4.1 Forty-five per cent of SME employers in August 2011 said that the state of the economy was the *main* obstacle to the success of their business. This figure is higher than in any of the previous Barometers, although not a significant increase on the figure for February 2010 or 2011. Obtaining finance was the second most mentioned main obstacle (by 12 per cent), which represents a five percentage point increase on February 2011, and again the highest proportion seen in the Barometer series.

	Aug. 2011	Feb. 2011	Dec. 2010	SBS 2010	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	Apr. 2009	Feb. 2009	Dec. 2008	ASB S 07/08
Base = all SME employers	n=500	n=500	n=500	n=3817	n=501	n=500	n=501	n=500	n=501	n=503	n=500	n=7783
	%	%	%	%	%	%	%	%	%	%	%	%
The Economy	45	39	32	33	39	34	36	32	33	39	41	16
Obtaining finance	<b>12</b>	7	10	8	9	5	9	8	6	4	6	3
Taxation, VAT, PAYE, NI, rates	10	9	8	8	9	8	9	6	14	7	9	12
Cashflow	8	10	12	11	11	11	6	12	10	12	10	9
Competition	8	8	12	10	9	12	8	12	12	7	7	14
Regulations	6	8	8	7	7	8	13	12	8	12	7	12

Figures in bold are statistically significant changes at the 95% confidence level between February and August 2011 Barometers

4.2 The economy was the main obstacle mentioned in all sectors. Those in primary/manufacturing were more likely than average to have mentioned cashflow (14 per cent, compared to eight per cent of all SME employers) and regulations (11 per cent compared to six per cent of all SME employers). The construction industry was more likely to mention (spontaneously) the lack of sales/work (ten per cent, compared to 2 per cent of all SME employers). For transport, retail and distribution taxation was more likely than average to be mentioned (17 per cent, compared to 10 per cent of all SME employers). The service sector was more likely to mention obtaining finance (16 per cent, compared to 12 per cent of all SME employers).

<b>Table 4b: Main obstacle to the success of the business<sup>xxix</sup> - trends by sector</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Construc- tion</b>	<b>TRAD</b>	<b>Services</b>
August 2011. n=	500	100	53	145	202
	%	%	%	%	%
The Economy	45	37	36	47	48
Obtaining finance	12	<b>5</b>	17	<b>7</b>	<b>16</b>
Taxation, VAT, PAYE, NI, rates	10	12	<b>1</b>	<b>17</b>	<b>6</b>
Cashflow	8	<b>14</b>	13	<b>4</b>	8
Competition	8	3	13	9	6
Regulations	6	<b>11</b>	6	3	6
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
Figures in bold are statistically significant at the 95% confidence level against the total for that wave					

<b>Table 4b: Main obstacle to the success of the business<sup>xxx</sup> - trends by sector (continued)</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Construc- tion</b>	<b>TRAD</b>	<b>Services</b>
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 for that wave					

## Cashflow

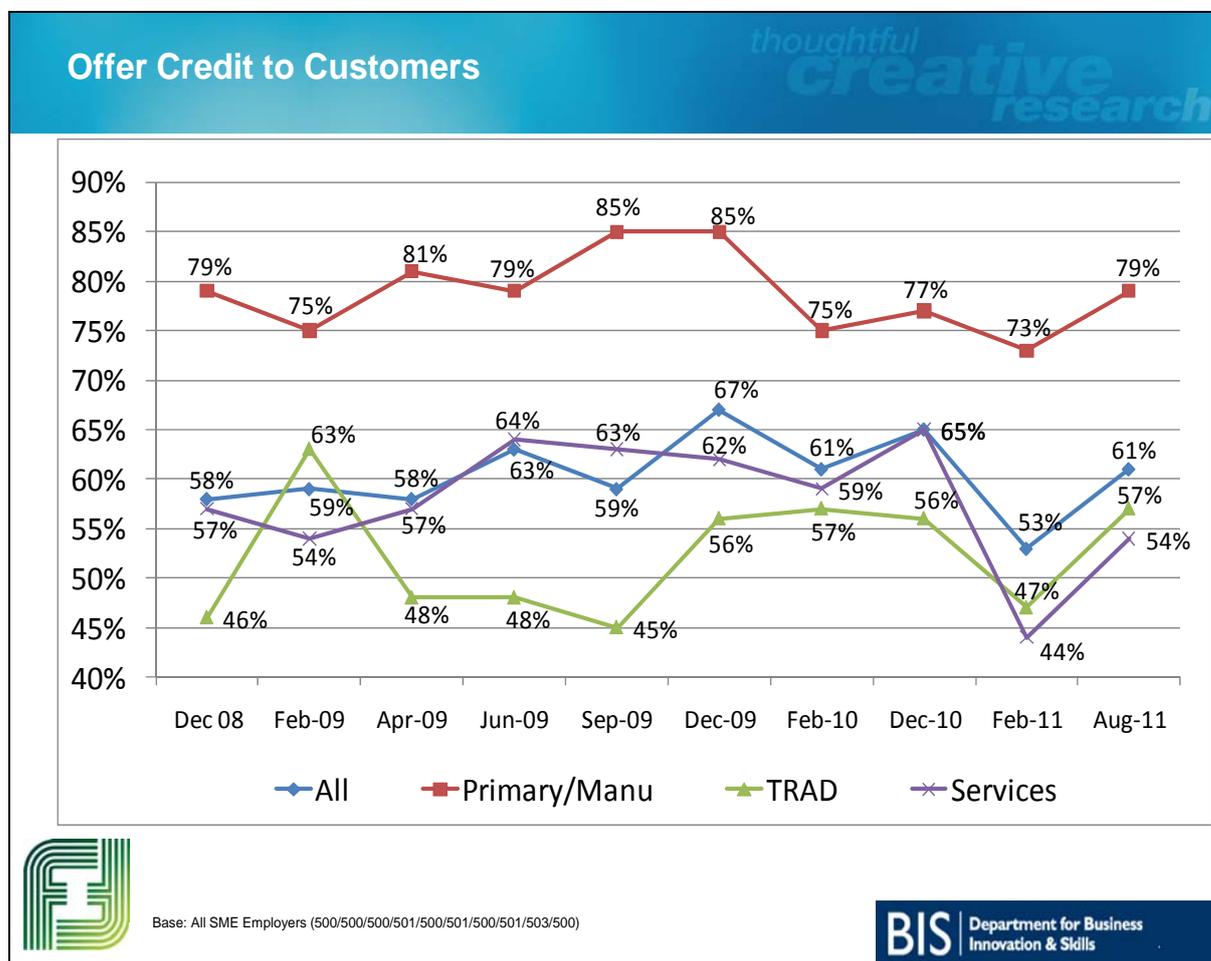
- 4.3 Forty-two per cent of SME employers in August 2011 considered cashflow difficulties as an obstacle to their success, with eight per cent saying this was their main obstacle. These proportions are similar to those seen in recent Barometers.
- 4.4 Of those who thought that cashflow was an obstacle to success, fluctuating income whilst outgoings remain steady was the most common cause of cashflow difficulties, mentioned by 80 per cent. Late payment from other businesses (58 per cent) and individual customers (also 58 per cent) are the next most common causes of cashflow difficulties, as has been the case for all previous Barometers.
- 4.5 Compared to February 2011, respondents were less likely to have mentioned tax payment timings (35 per cent, down 11 percentage points) and the difficulty of getting credit from suppliers (15 per cent, down 12 percentage points).
- 4.6 Primary/manufacturing was more likely than average to have mentioned high levels of working capital required by the business (61 per cent), and high levels of investment (41 per cent). The construction industry was more likely than average to have mentioned late payment from individuals (80 per cent), early payment required by suppliers (57 per cent), individual customers expecting credit (52 per cent) and fluctuating outgoings (36 per cent).
- 4.7 Transport, retail and distribution was more likely than average to mention early payment required by suppliers (50 per cent), the timing of tax payments (46 per cent) and fluctuating outgoings (29 per cent). The service industry generally had fewer reasons for cashflow difficulties, and was less likely than average to give reasons for it.

Table 4c: Causes of cashflow difficulties <sup>xxxix</sup>												
	Aug. 2011	Feb. 2011	Dec. 2010	SBS 2010	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	Apr. 2009	Feb. 2009	Dec. 2008	ASBS 07/08
Base = All for whom cashflow is an obstacle	n=221	n=206	n=222	n=1687	n=249	n=219	n = 218	n = 256	n=233	n=269	n=262	n=3403
	%	%	%	%	%	%	%	%	%	%	%	%
Income fluctuates while outgoings are steady	80	79	83	77	71	75	73	74	80	71	74	71
Late payment from other businesses	58	59	65	60	58	69	56	68	64	63	64	56
Late payment from individual customers	58	59	62	60	59	63	54	65	62	67	61	56
High levels of working capital needed	43	49	38	49	34	50	46	43	45	38	39	49
Early payment required by suppliers	38	35	33	39	33	33	34	39	34	36	38	38
Tax payment timings	<b>35</b>	46	44	42	30	40	51	38	40	32	35	37
Need to offer credit to customers	35	31	41	39	38	43	38	49	35	41	30	38
High levels of investment required by business	28	24	24	41	19	36	34	24	24	25	30	39
Outgoings fluctuate but income is steady	19	24	22	24	27	20	32	25	26	17	23	26
Difficult to get credit from suppliers	<b>15</b>	27	20	26	16	24	23	20	24	19	18	18
Figures in bold are statistically significant changes at the 95% confidence level between February and August 2011 Barometers												

## Late Payment

- 4.8 Sixty-one per cent of SME employers in August 2011 offered their customers' credit in the form of giving a period of time before payment is due. This is an eight percentage point increase on February 2011, but a figure in line with Barometers prior to this.

Chart 4a: Whether offer credit to customers<sup>xxxii</sup>



- 4.9 Traditionally it has been the primary/manufacturing sector that is most likely to offer credit, and the TRAD and service sectors the least likely. This trend continues in August 2011.
- 4.10 The larger the SME the more likely credit is given. Sixty per cent of micro businesses in August 2011 offered credit, compared to 69 per cent of small and 70 per cent of medium-sized ones. Eighty-four per cent of exporters offered credit, compared to 54 per cent of non-exporters.
- 4.11 Thirty-three per cent of those offering credit have had customers negotiating longer payment terms in the last 6 months, which is a similar proportion to the February 2011 and December 2010 Barometers. This was most likely to be the case for medium sized businesses (54 per cent).
- 4.12 Twenty-one per cent of those offering credit in August 2011 said that late payment is a big problem, with 44 per cent saying it is a small problem, and 35 per cent that it is no problem. These are similar proportions to those seen in February 2011. The construction industry was once again the sector most likely to have a big problem with late payment, and TRAD

the least likely to have had a problem. There were no significant differences in the figures according to the size of the enterprise.

<b>Table 4d: Whether late payment is problem<sup>xxxiii</sup> – trends by sector</b>					
Base = All offering credit	<b>All</b>	<b>Prim/Manu</b>	<b>Constructi on</b>	<b>TRAD</b>	<b>Services</b>
August 2011	n=318	n=89	n=42	n=88	n=99
	%	%	%	%	%
Big problem	21	13	<b>46</b>	17	17
Small problem	44	<b>57</b>	<b>21</b>	37	<b>53</b>
No problem	35	30	33	<b>46</b>	30
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
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Table 4d: Whether late payment is problem <sup>xxxiv</sup> – trends by sector (continued)					
Base = All offering credit	All	Prim/Manu	Constructi on	TRAD	Services
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
April 2009	n=336	n=133	n=42	n=74	n=87
	%	%	%	%	%
Big problem	31	31	37	<b>13</b>	<b>43</b>
Small problem	36	<b>45</b>	43	37	<b>29</b>
No problem	31	24	<b>14</b>	<b>48</b>	28
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					

4.13 Twenty-two per cent of those for whom late payment was a problem in August 2011 said that half or more of their customers paid late, 36 per cent the minority, and 42 per cent only a small proportion. The figures are similar to those seen in the February 2011 and December 2010 Barometer, with the construction sector once again having the highest proportion of late paying customers, and TRAD the lowest.

<b>Table 4e: Proportion of customer base where late payment is a problem<sup>xxxv</sup> – trends by sector</b>					
Base = all for whom late payment is a problem	<b>All</b>	<b>Primary/Manu</b>	<b>Constru ct-ion</b>	<b>TRAD</b>	<b>Services</b>
August 2011	n=220	n=64	n=35	n=52	n=69
	%	%	%	%	%
Half or more	22	<b>10</b>	<b>44</b>	<b>9</b>	27
The minority	36	45	38	36	32
A very small proportion/a few of them	42	45	<b>18</b>	<b>55</b>	41
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>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

<b>Table 4e: Proportion of customer base where late payment is a problem<sup>xxxvi</sup> – trends by sector (continued)</b>					
Base = all for whom late payment is a problem	<b>All</b>	<b>Primary/Manu</b>	<b>Constru-ct-ion</b>	<b>TRAD</b>	<b>Services</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 them	37	38	<b>15</b>	<b>59</b>	34
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

## Payment times from the Public Sector

4.14 Twenty-six per cent of SME employers in August 2011 worked for public sector clients, a similar proportion to that seen in previous Barometers. Seventeen per cent have worked for the public sector in the previous 6 months. The service sector was more likely to have worked for the public sector than others (33 per cent), and the TRAD sector the least likely (21 per cent), again in line with previous Barometers.

<b>Table 4f: Work for the Public Sector<sup>xxxvii</sup> - trends by sector</b>					
Base = all SME employers	All	Primary/ Manu	Construc t-ion	TRAD	Services
August 2011. n=	500	100	53	145	202
	%	%	%	%	%
Aug. 2011 – Any Public Sector Clients	26	23	23	<b>21</b>	<b>33</b>
Aug. 2011 – Any Work Last 6 Months	17	16	15	11	24
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
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

<b>Table 4f: Work for the Public Sector<sup>xxxviii</sup> - trends by sector (continued)</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Construc t-ion</b>	<b>TRAD</b>	<b>Services</b>
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					

- 4.15 Larger SMEs were more likely to have dealings with the public sector than smaller ones. Twenty-four per cent of micro businesses had public sector customers, compared to 36 per cent of small ones, and 41 per cent of medium-sized businesses.
- 4.16 Sixteen per cent of those who have worked for the public sector in the last 6 months said they were doing more work for them than was the case 12 months previously (seven per cent much more work, nine per cent slightly more work), a similar proportion to previous Barometers. Twenty-eight per cent were doing the same amount of work as before, a nine percentage point decrease on February 2011, and 56 per cent are doing less, an eight percentage point increase on February 2011.
- 4.17 Ten per cent of those who had worked for the public sector in the last 6 months had noticed that they were being paid quicker than was the case before, whilst 19 per cent said payment had slowed down. The majority, 67 per cent, said that the speed of payment had not changed, with 47 per cent saying they were still mainly paid promptly, and 22 per cent claim that they were still being paid slowly (see Table 4g overleaf). Compared with February 2011 the proportion claiming that they are normally paid slowly has increased by 12 percentage points.

<b>Table 4g: Whether noticed any change in the speed of payment by Public Sector bodies in the Last 6m<sup>xxxix</sup></b>									
Base = All who have dealt with public sector bodies in the last 6 months	<b>Aug. 2011</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>Apr. 2009</b>	<b>Feb 2009</b>
	n=130	n=115	n=128	n=136	n=160	n=141	n=180	n=125	n=127
	%	%	%	%	%	%	%	%	%
Payment has speeded up	10	6	2	10	11	10	8	15	13
No change – still mainly paid promptly	47	53	44	63	50	52	59	43	51
No change – still mainly paid slowly	<b>20</b>	8	23	10	21	26	22	6	2
Payment has slowed down	19	16	19	13	12	7	7	17	19
It varies/other	<b>0</b>	12	6	*	3	*	2	3	2
Don't know/refused	3	5	6	2	3	5	2	6	5
TOTAL PROMPT PAID	58	59	46	74	62	61	67	58	64
TOTAL SLOW PAID	<b>39</b>	22	43	23	33	33	29	23	21
Figures in bold are statistically significant changes at the 95% confidence level between February and August 2011. * = a figure which is more than 0%, but less than 0.5%									

- 4.18 In comparison to February 2011 there were being paid slowly, up 17 percentage points, mainly a result of more businesses claiming normal payment was slow.
- 4.19 Fifty three per cent of those who have worked for the public sector in the last 6 months had Local Authorities as their main client, 19 per cent had Government departments, 13 per cent Health services, and eight per cent Higher Education Institutions. These figures are all very similar to those seen in February 2011 and December 2010.
- 4.20 Table 4h overleaf shows perceptions of payment times from the public sector by type of main public sector client. There was no discernable difference in the speed of payment between Local Authorities and the rest of the public sector. However, the proportion claiming slow payment from Local Authorities was 40 per cent, which is a significant 20 percentage point increase on the equivalent figure in February 2011.

**Table 4h: Whether noticed any change in the speed of payment by Public Sector bodies in the last 6 months<sup>x1</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
August 2011	n=130	n=64	n=65
	%	%	%
Payment has speeded up	10	11	10
No change – still mainly paid promptly	47	47	47
No change – still mainly paid slowly	20	11	29
Payment has slowed down	19	29	9
Other/Don't know	3	2	5
TOTAL PROMPT PAID	58	58	57
TOTAL SLOW PAID	39	40	38
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>
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%			

<b>Table 4h: Whether noticed any change in the speed of payment by Public Sector bodies in the last 6 months<sup>xli</sup>, by main type of Public Sector client (continued)</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 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
<b>TOTAL PROMPT PAID</b>	<b>73</b>	<b>62</b>	<b>84</b>
<b>TOTAL SLOW PAID</b>	<b>23</b>	<b>31</b>	<b>15</b>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave.			

4.21 Two per cent of those who have worked for the public sector in the last 6 months said that they are usually paid within 10 working days of the receipt of the invoice. A further two per cent said that they tend to be paid 11 to 15 days later, nine per cent within 16 to 20 days, 41 per cent between 21 and 30 days, and 43 per cent in longer than 30 days. In this respect there are no significant differences between whether the client is a Local Authority or elsewhere in the public sector, and no significant difference on the equivalent figures in February 2011.

<b>Table 4i: Average time taken for main Public Sector client to pay invoice by main type of Public Sector client<sup>xlii</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>
August 2011	n=130	n=64	n=65
	%	%	%
10 days or less	2	3	1
11 to 15 days	2	1	3
16 to 20 days	9	11	7
21 to 30 days	41	42	41
Longer than 30 days	43	41	43
Don't know/refused	3	1	5
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave.			

<b>Table 4i: Average time taken for main Public Sector client to pay invoice by main type of Public Sector client<sup>xliii</sup> (continued)</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%			

## Business confidence

4.22 Eighty-six per cent of SME employers in August 2011 were confident that their businesses would still be trading in 12 months time, whilst four per cent were not confident. There were no significant changes in these overall proportions since February 2011.

Table 4j: 'In 12 Months Time I am Confident My Business will still be Trading' <sup>xliv</sup>										
	Aug 2011	Feb 2011	Dec 2010	Feb 2010	Dec 2009	Sept 2009	June 2009	Apr 2009	Feb 2009	Dec 2008
Base = All SME Employers	n=500	n=500	n=500	n=501	n=500	n=501	n=500	n=501	n=503	n=500
	%	%	%	%	%	%	%	%	%	%
Agree strongly	76	75	80	73	79	75	74	70	73	61
Agree slightly	11	15	9	12	9	12	11	13	15	16
Neither agree nor disagree	<b>9</b>	4	4	6	4	7	6	6	5	9
Disagree slightly	2	3	3	4	2	2	3	3	2	3
Disagree strongly	2	3	2	3	3	3	3	4	4	9
Don't know	1	1	3	2	2	*	2	2	1	2
TOTAL AGREE	86	89	89	85	89	87	85	84	88	76
TOTAL DISAGREE	4	6	4	7	5	5	6	8	6	12
NET AGREE - DISAGREE	+83	+83	+85	+78	+84	+82	+79	+76	+82	+64
Figures in bold are statistically significant changes at the 95% confidence level between and February and August 2011 * = a figure which is more than 0%, but less than 0.5%										

4.23 By sector, those in primary/manufacturing were less likely than average to not be confident. None of these thought that their business would not be trading in 12 months time.

<b>Table 4k: 'In 12 months time I am confident my business will still be trading'<sup>xlv</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>
August 2011	500	100	53	145	202
	%	%	%	%	%
Aug. 2011 – Confident	86	91	87	86	85
Aug. 2011 – <u>Not</u> Confident	4	<b>0</b>	6	3	5
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>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

Table 4k: 'In 12 months time I am confident my business will still be trading <sup>xlvi</sup> , – by sector (continued)					
Base = All SME Employers	All	Primary/Manu	Construction	TRAD	Services
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					

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

Table 4l: Whether anticipate closure or full transfer of ownership in next 12 months <sup>xlvii</sup>										
	Aug 2011	Feb 2011	Dec 2010	Feb 2010	Dec 2009	Sept 2009	June 2009	Apr. 2009	Feb 2009	Dec 2008
Base = All	n=500	n=500	n=500	n=501	n=500	n=501	n=500	n=501	n=503	n=500
	%	%	%	%	%	%	%	%	%	%
Yes- Closure	3	2	3	4	5	3	2	6	3	7
Yes – Transfer of Ownership	5	4	6	4	5	2	6	6	4	6
Neither	88	91	89	86	86	90	89	82	92	83
Don't know/Refused	4	3	2	6	5	4	3	5	1	4
ANY CLOSURE/ TRANSFER	8	6	9	8	9	5	7	12	7	13
Figures in bold are statistically significant changes at the 95% confidence level between February and August 2011										

4.25 The transport, retail and distribution sector was more likely than average to think there might be a transfer of ownership (eight per cent), a finding that has been seen in previous Barometers. There were no other significant differences according to sector or size, but non-exporters were more likely to anticipate closure or transfer (ten per cent) than exporters (four per cent).

## Innovation

- 4.26 Thirty-four per cent of SME employers in August 2011 claimed to have introduced new or significantly improved processes in the previous 12 months, whilst 52 per cent claimed to have introduced new or significantly improved products and services.
- 4.27 The service industry was more likely than average to have introduced new or significantly improved processes (40 per cent, compared to 34 per cent for all SME employers). This has also been the case in previous Barometers and the SBS.
- 4.28 More than half of all SME employers claimed to have introduced new or significantly improved products and services. This is the highest proportion yet seen, and a 12 percentage points increase on the February 2011 figure. This increase was most apparent in the transport, retail and distribution sector (up 20 percentage points), and service sector (up 15 percentage points).

<b>Table 4m: Whether introduced new or significantly improved processes/products and services in the last 12 months– trends by sector<sup>xlviii</sup></b>					
Base = all SME employers	All	Primary/ Manu	Constru ct-ion	TRAD	Services
August 2011.n=	500	100	53	145	202
	%	%	%	%	%
August 2011 – New or Significantly Improved Processes	34	35	29	29	<b>40</b>
August 2011 – New or Significantly Improved Products and Services	52	51	44	52	56
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
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

<b>Table 4m: Whether introduced new or significantly improved processes/products and services in the last 12 months– trends by sector<sup>xlix</sup> (continued)</b>					
Base = all SME employers	All	Primary/ Manu	Constru ct-ion	TRAD	Services
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					

## Training

4.29 Sixty-four per cent of SME employers in August 2011 had funded or arranged any training or development for staff in the previous 12 months (including any informal on the job training). This is not significantly higher than in February 2011, although the proportion within the primary/manufacturing sector has increased significantly by 19 percentage points.

<b>Table 4n: 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>1</sup></b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Constructi on</b>	<b>TRAD</b>	<b>Services</b>
August 2011. n=	500	100	53	145	202
	%	%	%	%	%
August 2011	<b>64</b>	<b>72</b>	<b>79</b>	<b>46</b>	<b>72</b>
February 2011. n=	500	99	45	127	229
	%	%	%	%	%
February 2011	<b>59</b>	<b>53</b>	<b>75</b>	<b>48</b>	<b>66</b>
December 2010. n=	500	142	71	139	148
	%	%	%	%	%
December 2010	<b>68</b>	<b>57</b>	<b>78</b>	<b>57</b>	<b>78</b>
SBS 2010 (July-September). n=	1937	295	161	588	893
	%	%	%	%	%
SBS 2010	<b>61</b>	<b>58</b>	<b>68</b>	<b>49</b>	<b>68</b>
December 2009. n=	500	130	69	136	165
	%	%	%	%	%
December 2009	<b>62</b>	<b>68</b>	<b>39</b>	<b>60</b>	<b>67</b>
April 2009. n=	501	157	62	136	146
	%	%	%	%	%
April 2009	<b>61</b>	<b>56</b>	<b>59</b>	<b>48</b>	<b>73</b>
December 2008. n=	500	123	62	137	178
	%	%	%	%	%
December 2008	<b>60</b>	<b>59</b>	<b>71</b>	<b>51</b>	<b>66</b>
ASBS 07/08. n=	7783	1498	742	2989	2554
	%	%	%	%	%
ASBS 07/08	<b>58</b>	<b>56</b>	<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					

- 4.30 As has been the case in previous Barometers, the construction sector (79 per cent) and service sector (72 per cent) were more likely than average to offer training, and the TRAD sector was less likely than average (46 per cent).
- 4.31 Ninety-three per cent of medium-sized SMEs, and 90 per cent of small SMEs offered training, but only 59 per cent of the micros.
- 4.32 Of those offering training, just under half (49 per cent) said this had been used to develop management skills, with the service sector the most likely to say this (59 per cent), and the

transport, retail and distribution sector the least likely (39 per cent). Seventy-six per cent of medium-sized companies that offered training used it to develop management skills, compared to 53 per cent of small SMEs, and 47 per cent of the micros.

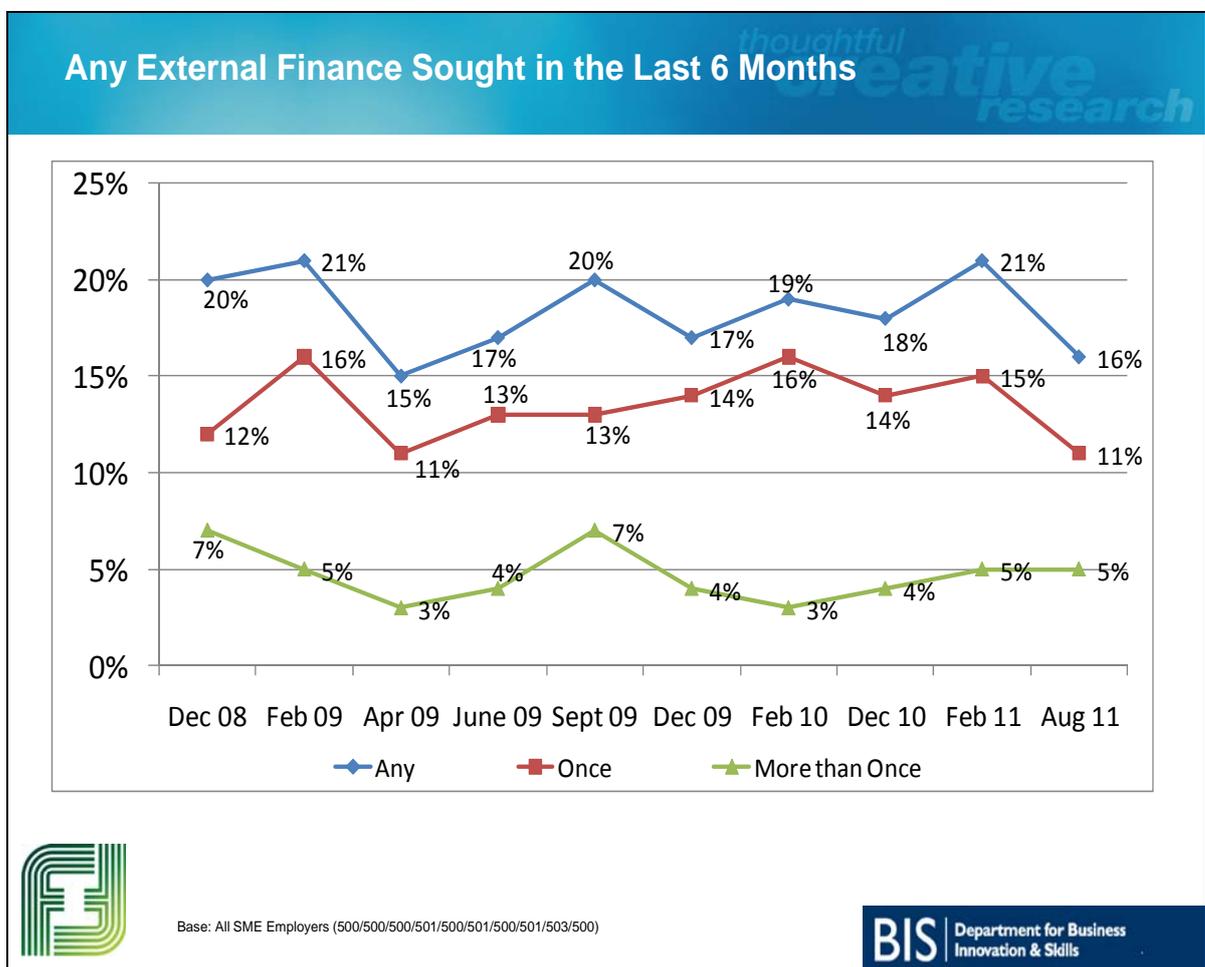
- 4.33 Of those offering training, 32 per cent said they would increase this investment in the next 12 months, 61 per cent will maintain their current level of investment, and six per cent will reduce their investment. These figures are almost exactly those seen in the February 2011 and December 2010 Barometer.

# 5 Access to finance

## Applications for finance

- 5.1 Sixteen per cent of SME employers sought external finance in the 6 months prior to the August 2011 Barometer, a significant decrease on the February 2011 Barometer of five percentage points.
- 5.2 Nineteen per cent of the TRAD sector sought finance. This was not significantly higher than any other sector, but was a significant decrease on the 30 per cent that sought it in February 2011.

Chart 5a: External finance sought in the last 6 months<sup>li</sup>



- 5.3 Fifteen per cent of micro businesses had sought finance, compared to 21 per cent of small businesses and 23 per cent of medium-sized ones. Compared to February 2011 applications for finance were down among all three sizes of business (micros down five percentage points, small businesses down nine percentage points, medium-sized businesses down six percentage points).

## Reasons for seeking finance

- 5.4 Of those that sought finance, 38 per cent did so to acquire equipment or vehicles, and a further 38 per cent for working capital or cashflow. In this respect there were no changes on the February 2011 Barometer, but acquisition of equipment or vehicles was no longer the main reason to seek finance as it was in February.
- 5.5 Nobody in August 2011 sought finance for research and development, which was a significant change on the February 2011 Barometer.

Table 5a: Main reasons for seeking finance <sup>iii</sup>										
	Aug. 2011	Feb 2011	Dec 2010	Feb 2010	Dec 2009	Sept 2009	June 2009	Apr. 2009	Feb 2009	Dec 2008
Base = All who tried to obtain finance in the last 6 months	n=113	n=128	n=108	n=121	n=105	n=121	n=109	n=109	n=144	n=98
	%	%	%	%	%	%	%	%	%	%
Acquiring equipment/vehicles	38	34	28	28	31	18	16	25	26	25
Working capital, cashflow	38	28	38	59	36	49	46	52	41	45
Buying land/buildings	10	12	9	6	7	7	6	11	9	10
Improving buildings	8	10	8	4	13	8	11	4	2	2
Research & development	<b>0</b>	6	10	3	4	1	2	1	4	2
Refinancing the business	7	5	1	2	3	*	8	2	11	0
Buying another business	0	3	0	*	3	*	*	2	4	*
Figures in bold are statistically significant changes at the 95% confidence level between February and August 2011 * = a figure which is more than 0%, but less than 0.5%										

- 5.6 Of those seeking finance, those in transport, retail and distribution were the sector most likely to need this for buying land or buildings (18 per cent, compared to ten per cent average). Those in services were the most likely to need it for working capital or cashflow (62 per cent).

## Types of finance sought

- 5.7 A bank loan was again the type of finance most likely to be sought (by 35 per cent of those seeking finance), followed by a bank overdraft (23 per cent), leasing/hire purchase (17 per cent) and a Government grant (11 per cent). There were no significant changes in these proportions on either the February 2011 or December 2010 surveys.

Table 5b: Types of finance sought <sup>liii</sup> – trends										
	Aug. 2011	Feb. 2011	Dec. 2010	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	Apr. 2011	Feb. 2009	Dec. 2008
Base = All who tried to obtain finance in the last 6 months	n=113	n=128	n=108	n=121	n=105	n=121	n=109	n=109	n=144	n=98
	%	%	%	%	%	%	%	%	%	%
Bank Loan	35	36	39	46	31	43	40	40	38	22
Bank Overdraft	23	25	18	33	24	34	27	19	35	32
Leasing or Hire Purchase	17	12	18	10	28	14	11	18	16	12
Grant	11	9	12	2	2	2	10	1	4	5
Loans from Family/Friends etc.	*	6	0	6	0	2	2	*	1	6
Mortgage for Property Purchase or Improvement	9	5	8	11	3	3	12	2	7	11
Loan from a CDFI	<b>0</b>	4	1	0	0	0	0	0	0	1
Factoring	1	3	1	4	*	1	1	4	1	1
Equity Investment	*	1	3	*	1	*	1	8	2	2
Government Guaranteed Loan/VAT Fund	0	1	1	*	1	0	3	6	N/A	N/A
Credit Card Finance	0	0	0	2	0	0	2	*	2	3
Figures in bold are statistically significant changes at the 95% confidence level between February and August 2011 * = a figure which is more than 0%, but less than 0.5%										

5.8 By sector those in primary/manufacturing were more likely than average to seek a bank loan), a significant increase of 35 percentage points on the February 2011 survey. Those that sought finance in the service industry were less likely to seek a bank loan, a significant decrease of 29 percentage points.

<b>Table 5c: Types of finance sought<sup>liv</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>Constructi on</b>	<b>TRAD</b>	<b>Services</b>
August 2011. n=	113	28	11	36	38
	%	%	%	%	%
Bank Loan	35	<b>62</b>	33	41	<b>11</b>
Bank Overdraft	23	16	27	23	27
Leasing or Hire Purchase	17	20	7	26	8
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

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

<b>Table 5c: Types of finance sought<sup>iv</sup> – by sector (continued)</b>					
Base = all who have tried to obtain finance in the last 6 months	<b>All</b>	<b>Primary/Manu</b>	<b>Constructi on</b>	<b>TRAD</b>	<b>Services</b>
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
April 2009. n=	109	32	11	27	39
	%	%	%	%	%
Bank Loan	40	41	10	58	33
Bank Overdraft	19	26	19	15	19
Leasing or Hire Purchase	18	16	35	27	10
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

5.9 Thirty-nine per cent of SME employers seeking finance in August 2011 were very confident of success before they applied, a further 40 per cent were fairly confident, 13 per cent not very confident and 8 per cent not at all confident.

<b>Table 5d: Confidence of success when applying for finance<sup>lvi</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>Constructi on</b>	<b>TRAD</b>	<b>Services</b>
August 2011. n=	113	28	11	36	38
	%	%	%	%	%
Very confident	39	43	38	47	29
Fairly confident	40	45	<b>7</b>	<b>27</b>	<b>61</b>
Not very confident	13	5	<b>55</b>	9	11
Not at all confident	8	7	0	<b>18</b>	<b>0</b>

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

<b>Table 5d: Confidence of success when applying for finance<sup>lvii</sup> – trends by sector (continued)</b>					
Base = all who have tried to obtain finance in the last 6 months	<b>All</b>	<b>Primary/Manu</b>	<b>Constructi on</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					

5.10 Those in TRAD were more likely than average to be not at all confident (18 per cent). Although there were no significant differences from the February 2011 Barometer at an overall level, those applying for finance in the service sector were more likely to be fairly confident, and less likely to be very confident.

<b>Table 5e: Whether any of the following steps taken to try and ensure success in obtaining finance<sup>lviii</sup> – trends by sector</b>					
Base = all who have tried to obtain finance in the last 6 months	<b>All</b>	<b>Primary/Manu</b>	<b>Constructi on</b>	<b>TRAD</b>	<b>Services</b>
August 2011. n=	113	28	11	36	38
	%	%	%	%	%
Up to date business plan	66	56	89	<b>54</b>	<b>80</b>
Received advice from bank	48	46	<b>86</b>	52	33
Spoke to other businesses to get their advice	30	22	53	26	34
Read business websites	28	17	49	30	26
Business plan looked over by a professional adviser	25	<b>43</b>	10	<b>9</b>	<b>36</b>
Took a course in business finance	3	<b>11</b>	0	2	1
None of these	19	<b>41</b>	7	22	<b>6</b>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

<b>Table 5e: Whether any of the following steps taken to try and ensure success in obtaining finance<sup>lix</sup> – trends by sector (continued)</b>					
Base = all who have tried to obtain finance in the last 6 months	<b>All</b>	<b>Primary/Manu</b>	<b>Construction</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%					

5.11 Eighty-one per cent of those that sought finance in the August 2011 Barometer took some kind of action in order to improve their chances of getting finance. Sixty-six per cent made sure they had an up to date business plan, a significant increase of 22 per cent on February 2011, but the same result as in December 2010. Forty-eight per cent received advice from their bank, and 30 per cent spoke to other businesses to get their advice, again a significant increase on February 2011, but only to the levels seen in December 2010.

5.12 The service sector was the most likely to have an up to date business plan. Those in primary/manufacturing were the least likely to have taken any action (41 per cent took none of these steps).

### **Difficulties in obtaining finance**

5.13 Thirty-seven per cent of those who sought finance in the August 2011 Barometer were unable to get any at all from the first source they approached. A further five per cent

obtained some, but not all, of the finance they required, and six per cent only obtained finance with some problems. Therefore, overall forty-eight per cent reported having any difficulties at all. This proportion did not change significantly on that seen in February 2011.

<b>Table 5f: Whether any difficulty obtaining finance from the first source approached<sup>ix</sup> - trends</b>										
	<b>Aug. 2011</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>Apr. 2011</b>	<b>Feb. 2009</b>	<b>Dec. 2008</b>
Base = All who tried to obtain finance in the last 6 months	n=113	n=128	n=108	n=121	n=105	n=121	n=109	n=109	n=144	n=98
	%	%	%	%	%	%	%	%	%	%
Yes – unable to obtain any finance	<b>37</b>	<b>27</b>	<b>52</b>	<b>30</b>	<b>20</b>	<b>42</b>	<b>33</b>	<b>41</b>	<b>35</b>	<b>33</b>
Yes – obtained some, but not all of the finance	<b>5</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>7</b>
Yes – obtained all of the finance required but with some problem	<b>6</b>	<b>13</b>	<b>2</b>	<b>2</b>	<b>12</b>	<b>13</b>	<b>5</b>	<b>8</b>	<b>4</b>	<b>11</b>
No – had no difficulty obtaining finance	<b>49</b>	<b>55</b>	<b>37</b>	<b>53</b>	<b>52</b>	<b>40</b>	<b>51</b>	<b>42</b>	<b>51</b>	<b>46</b>
Don't know	<b>3</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>12</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>5</b>	<b>2</b>
<b>ANY DIFFICULTIES</b>	<b>48</b>	<b>42</b>	<b>60</b>	<b>38</b>	<b>35</b>	<b>57</b>	<b>44</b>	<b>50</b>	<b>44</b>	<b>52</b>
Figures in bold are statistically significant changes at the 95% confidence level between February and August 2011										

- 5.14 By sector, those in primary/manufacturing were the least likely to have any difficulties (11 per cent). Those applying for finance in TRAD were the most likely to have not obtained any finance from the first source approached (49 per cent). Fifty-five per cent of the micro businesses that sought finance reported any difficulties, compared to 20 per cent of small businesses and 26 per cent of medium-sized ones.
- 5.15 Of those that were unable to obtain finance from the first source, 81 per cent had their application rejected and nine per cent rejected the terms they were offered, similar proportions to those seen in February 2011.
- 5.16 Reasons for being rejected for finance included business sectors being considered too risky, the inability to offer enough security, the recession generally, and poor personal credit history. The base sizes for this question were too small to go into further detail.
- 5.17 Of those that did not obtain any finance from the first source approached, 35 per cent managed to obtain the finance they needed from another source (an external source for two thirds of these). A further nine per cent were uncertain whether they had obtained the finance or not (either because they were not the finance applicant, or because the application was still in progress).
- 5.18 This means that, in effect, 21 per cent of all those that applied for finance were unable to obtain any from any of the sources approached, equivalent to four per cent of all SME employers. This proportion is almost exactly the same as that seen in February 2011.

## Reasons for not applying for finance

- 5.19 Seventy-four per cent of those that did not apply for finance in the six months before the August 2011 Barometer said this was because they did not need it.
- 5.20 For the first time in August 2011 this question was prompted, thereby allowing us to elucidate whether there were further reasons why finance was not sought, other than just a top of mind response that it was not needed. Therefore, the figures for this question will differ from the previous Barometers where the question was unprompted.

<b>Table 5g: Reasons for not having applied for finance in the last 6 months<sup>ixi 2</sup> - trends by sector</b>					
Base = all who have not applied for finance in the last 6 months	<b>All</b>	<b>Primary/Manu</b>	<b>Construc-tion</b>	<b>TRAD</b>	<b>Services</b>
August 2011	387	72	42	109	164
	%	%	%	%	%
Did not need it	74	75	70	73	76
Didn't want to take on additional risk	31	34	26	37	26
Thought it would be too expensive	14	15	20	13	12
Thought they would be rejected	10	8	<b>24</b>	8	7
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research.					

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<sup>2</sup> In August 2011 this was asked as a prompted question, whereas previously the question had been unprompted. This explains the changes in the data between August 2011 and earlier Barometers. It is possible to give multiple answers as this question

<b>Table 5g: Reasons for not having applied for finance in the last 6 months<sup>lxii 3</sup> - trends by sector (continued)</b>					
Base = all who have not applied for finance in the last 6 months	<b>All</b>	<b>Primary/Manu</b>	<b>Construction</b>	<b>TRAD</b>	<b>Services</b>
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>

<sup>3</sup> In August 2011 this was asked as a prompted question, whereas previously the question had been unprompted. This explains the changes in the data between August 2011 and earlier Barometers. It is possible to give multiple answers as this question

Thought it would be too expensive	<b>4</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>4</b>
Thought they would be rejected	<b>2</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>2</b>
<p>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%</p>					

5.21 Thirty-one per cent of those not applying for finance in August 2011 agreed that they did not want to take on additional risk, whilst 14 per cent thought the finance would be too expensive, and ten per cent thought their application would have been rejected. Those in the construction sector that had not applied for finance were the most likely to think they might be rejected (24 per cent).

### Existing bank lending - overdrafts

5.22 Forty-five per cent of SME employers in August 2011 had an overdraft facility at some point in the previous 6 months, a very similar result to previous Barometers. Overdraft facilities were more likely to be held in primary/manufacturing and the construction sector (both 59 per cent). Those with overdraft facilities experienced the following changes in the 6 months prior to the August 2011 Barometer.

Table 5h: Changes to terms and conditions on overdrafts in the last 6 months <sup>lxiii</sup>										
	Aug. 2011	Feb. 2011	Dec. 2010	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	Apr, 2011	Feb. 2009	Dec. 2008
Base = All who have had an overdraft facility in the last 6 months	n=249	n=251	n=269	n=271	n=298	n=282	n=300	n=300	n=326	n=310
	%	%	%	%	%	%	%	%	%	%
Bank put up overdraft fees or interest rates	25	23	22	28	23	36	27	30	23	30
Bank required more security	14	12	11	8	13	19	N/A	N/A	N/A	N/A
Bank reduced overdraft limit	9	6	8	8	13	10	9	10	10	8
Bank cancelled existing overdraft facility	2	1	4	2	3	3	4	4	5	1
Bank extended overdraft limit	14	14	17	15	15	18	14	21	17	20
Bank reduced overdraft fees or interest rates	<b>2</b>	6	4	3	7	10	12	12	14	9
Bank relaxed security requirements	<b>4</b>	1	5	2	*	3	N/A	N/A	N/A	N/A
No change	53	51	60	47	48	37	46	44	47	52
Don't know	<b>1</b>	7	1	5	3	5	5	4	6	2
Figures in bold are statistically significant changes at the 95% confidence level between February and August 2011										

5.23 Twenty-five per cent of those with overdrafts said their bank had put up their overdraft fees or interest rates in the six months prior to interview – a similar proportion to most of the previous Barometers. Nine per cent reported that their bank had reduced their overdraft limit

– again a similar proportion to the previous Barometers. The bank had required more security for 14 per cent, and cancelled the overdraft facility altogether for two per cent.

- 5.24 Fourteen per cent of those with overdrafts had their bank extend their overdraft limit, again a very similar result to previous Barometers. Two per cent had their bank reduce overdraft fees or interest rates, a significant decline on the six per cent seen in February 2011, but a similar result to the two previous Barometers.
- 5.25 Four per cent had their bank relax security requirements, a significant increase on the one per cent seen in February 2011, but a similar proportion to that seen in December 2010. Most likely to have experienced this were those in the TRAD sector with overdrafts (eight per cent).
- 5.26 Medium and small businesses were more likely to have seen their overdraft fees or interest rates increase than micros (23 per cent for micros, 35 per cent for small, 36 per cent for mediums).

### **Existing bank lending - loans**

- 5.27 Twenty-two per cent of SME employers in August 2011 had had a bank loan at any point in the previous 6 months. This is significantly higher than the 17 per cent seen in February 2011, but not significantly higher than the 19 per cent seen in December and February 2010.
- 5.28 Most likely to have had a bank loan in August 2011 were those in the TRAD sector (29 per cent). Least likely were those in service industries (14 per cent). There were no differences according to size.
- 5.29 Table 5i shows whether there were any changes to terms and conditions on bank loans in the six months preceding the August 2011 Barometer.

## 5.30

Table 5i: Changes to terms and conditions on bank loans in the last 6 months <sup>lxiv</sup>										
	Aug. 2011	Feb. 2011	Dec. 2010	Feb. 2010	Dec. 2009	Sept. 2009	June 2009	Apr. 2009	Feb. 2009	Dec. 2008
Base = All who have had bank loans in the last 6 months	n=119	n=101	n=116	n=118	n=110	n=109	n=114	n=121	n=129	n=129
	%	%	%	%	%	%	%	%	%	%
Bank renegotiated terms of existing loan less favourably for borrower	8	14	2	4	14	7	11	10	4	4
Bank asked for more security	10	12	1	6	16	8	4	12	7	7
Interest rates increased on variable loan	11	8	4	13	4	3	17	11	12	12
Bank cancelled existing loan	2	5	0	*	2	1	0	*	*	*
Interest rates decreased on variable loan	5	8	3	15	15	38	39	38	20	20
Bank renegotiated terms of existing loan more favourably for borrower	4	1	2	2	5	9	1	8	5	5
Any other changes	*	0	0	2	3	2	4	4	6	6
No changes	<b>74</b>	50	90	65	54	49	42	41	53	53
Don't know	<b>2</b>	8	1	6	9	2	7	4	4	4
Figures in bold are statistically significant changes at the 95% confidence level between February and August 2011										
* = a figure larger than zero but less than 0.5%										

5.31 Seventy-four per cent of those with bank loans in the August 2011 Barometer experienced no changes to their terms and conditions. This is a significantly higher proportion than that seen in February 2011, but this is a measure with inconsistent data over the Barometers.

5.32 Most likely to have experienced any changes were those in the service sector (40 per cent), least likely were those in primary/manufacturing (nine per cent).

5.33 Eight per cent of those with bank loans had the terms of the loan renegotiated less favourable, ten per cent had their bank asked for more security, 11 per cent had their rates increased and two per cent had the loans cancelled by their banks. For five per cent the interest rate decreased, and for four per cent the bank renegotiated the terms of the loan more favourably for the borrower. None of these measures exhibited any significant changes from the February 2011 Barometer.

## Relationship with bank

5.34 Most SME employers in the August 2011 Barometer continued to report that they had a good relationship with their bank. Thirty-five per cent reported that their relationship was very good, with a further 29 per cent saying it was fairly good – very similar figures to those seen in previous Barometers.

<b>Table 5j: Relationship with bank<sup>lxv</sup></b>											
	<b>Aug. 2011</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>Apr. 2009</b>	<b>Feb. 2009</b>	<b>Dec. 2008</b>
Base = All SME employees	n=500	n=500	n=500	n=3817	n=501	n=500	n=501	n=500	n=501	n=503	n=500
	%	%	%	%	%	%	%	%	%	%	%
Very good	35	35	32	36	29	30	31	30	33	37	37
Fairly good	29	30	31	28	35	31	31	32	38	30	34
Neither good nor poor	22	19	23	21	23	21	19	19	17	17	19
Fairly poor	6	8	8	9	9	9	11	10	5	10	5
Very poor	6	7	6	5	4	7	7	6	6	5	4
<b>TOTAL GOOD</b>	<b>64</b>	<b>65</b>	<b>63</b>	<b>64</b>	<b>64</b>	<b>61</b>	<b>61</b>	<b>62</b>	<b>71</b>	<b>67</b>	<b>70</b>
<b>TOTAL POOR</b>	<b>13</b>	<b>15</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>16</b>	<b>18</b>	<b>17</b>	<b>12</b>	<b>15</b>	<b>9</b>

Figures in bold are statistically significant changes at the 95% confidence level between February and August 2011

5.35 By sector, those in the construction industry were the most likely to have had a poor relationship (28 per cent), and the least likely to have had a good relationship (49 per cent). Medium sized businesses were more likely to have had a good relationship (80 per cent) than small (66 per cent) and micro businesses (63 per cent).

## Credit cards

5.36 Fifty one per cent of SME employers had used credit cards for business purposes in the last 6 months in the August 2011 Barometer, a very similar proportion to that seen in previous Barometers. Seven per cent had credit cards which they used for borrowing. There are no significant changes in these proportions on previous Barometers.

**Table 5k: Whether use a credit card for business purposes in last 6 months<sup>lxvi</sup> – trends by**

sector					
Base = all SME employers	All	Primary/ Manu	Construct -ion	TRAD	Services
August 2011	500	100	53	145	202
	%	%	%	%	%
Have a business credit card, have carried over balance	7	9	*	<b>11</b>	4
Have a business credit card, have NOT carried over business	43	<b>54</b>	48	44	<b>38</b>
Do not have business credit card	49	<b>37</b>	52	44	<b>57</b>
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 * = a figure larger than zero but less than 0.5%					

5.37 Credit cards were most common in primary/manufacturing (63 per cent), and least common in the service sector (42 per cent). Those in TRAD were the most likely to carry over balances on credit cards (11 per cent).

# 6 Business support

## External advice

- 6.1 Forty two per cent of SME employers had sought external advice or information on matters affecting business in the August 2011 Barometer. This was most likely to be the case for the service sector (48 per cent), who were also more likely than average to seek this advice from the public sector (23 per cent sought any public sector advice, compared to 16 per cent of all SME employers).

<b>Table 6a: Whether sought external advice or information on matters affecting business<sup>lxvii</sup> – by sector</b>					
Base = all SME employers	All	Primary/ Manu	Construct -ion	TRAD	Services
August 2011	500	100	53	145	202
	%	%	%	%	%
YES – ANY	42	35	42	37	<b>48</b>
- any public sector	3	*	0	3	<b>6</b>
- any private sector	26	17	<b>39</b>	24	25
- from both	13	17	<b>2</b>	10	17
NO - NONE	58	65	58	63	<b>52</b>
SBS 2010	3817	591	315	1157	1754
	%	%	%	%	%
YES – ANY <sup>4</sup>	49	50	52	<b>39</b>	<b>55</b>
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%					

- 6.2 The overall proportion seeking any advice in August 2011 was significantly lower than that seen in SBS 2010.
- 6.3 Sixty two per cent of medium sized businesses in August 2011 sought advice, compared to 55 per cent of small businesses and 39 per cent of micro businesses. Compared to SBS 2010 the proportion seeking advice had declined in all three of these size bands.

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<sup>4</sup> SBS 2010 did not ask whether advice was received from the public or private sector. The December 2010 Barometer asked about external advice, but the question wording was different, so an exact comparison with this wave of research is not possible

- 6.4 Of those that sought advice in August 2011, 51 per cent had sought finance advice, 18 per cent advice on business plans or strategies, 13 per cent legal advice, 13 per cent advice on marketing or advertising, and 12 per cent advice on tax or national insurance.

<b>Table 6b: Types of advice sought in the last year<sup>lxviii</sup></b>		
	<b>Aug. 2011</b>	<b>SBS (Summer 2010)</b>
Base = all SME employers that sought advice in the last year	n=259	n=2129
	%	%
Financial advice	<b>51</b>	27
Business plan/strategy	<b>18</b>	4
Legal advice	<b>13</b>	2
Marketing/advertising	<b>13</b>	4
Tax/national insurance law and payments	12	16
Business growth	<b>11</b>	19
Employment law/redundancies	<b>9</b>	14
Training/skills needs	7	6
Regulations	6	9
Health and safety	5	6
Government grants	2	2
Pensions	2	1
Figures in bold are statistically significant changes at the 95% confidence level between SBS and the August 2011 Barometer		

- 6.5 Compared to the 2010 Small Business Survey there have been significant increases in the proportions of those seeking advice on finance (up 24 percentage points), business plans (up 14 percentage points), legal matters (up 11 percentage points) and marketing/advertising (up nine percentage points). There were also significant decreases in the proportions seeking advice on business growth (down eight percentage points) and employment law/redundancy (down five percentage points). These changes have occurred despite the question remaining the same for the two surveys.
- 6.6 Those that sought advice in primary/manufacturing were the most likely to seek advice for business plan or strategy (36 per cent). TRAD employers were the most likely to seeking advice for tax/NI (21 per cent).
- 6.7 Of those that had received advice in August 2011, 82 per cent were satisfied with what they had received (36 per cent 'very', 46 per cent 'fairly') and six per cent dissatisfied (two per cent 'fairly' and four per cent 'very'). There were no differences in these proportions by size or sector.

- 6.8 Only seven per cent of all SME employers in August 2011 agreed that they had had difficulties or important information or advice needs that they had not gotten external advice or support for in the previous 12 months. This proportion did not vary significantly by sector, but micros businesses were more likely to have said this (seven per cent) than small (three per cent), or medium-sized businesses (4 per cent).

<b>Table 6c: Whether had difficulties or important information or advice needs that did not get external advice or support for in the last 12 months<sup>lxix</sup> – by sector</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Construct -ion</b>	<b>TRAD</b>	<b>Services</b>
August 2011	500	100	53	145	202
	%	%	%	%	%
Yes	<b>7</b>	<b>8</b>	<b>9</b>	<b>4</b>	<b>8</b>
No	<b>93</b>	<b>92</b>	<b>91</b>	<b>96</b>	<b>92</b>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

- 6.9 The reasons for not having sought advice<sup>5</sup> were that the advice was considered to be too expensive (70 per cent), there were concerns over whether the advice could be trusted (62 per cent), SME employers did not know where to find the advice (61 per cent), they had doubts about the benefit or value of obtaining advice (58 per cent), they did not feel that the right type of advice existed (48 per cent) and they felt they had sufficient expertise and resource within their businesses. Only eight per cent did not seek advice because of time constraints.

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<sup>5</sup> The base size for this question was only 26. Therefore, not too much should be read into the rank order of the reasons for not seeking advice.

## Awareness and usage of types of business support

- 6.10 Ninety per cent of all SME employers in the August 2011 Barometer were aware of at least one kind of Government business support when prompted, with overall awareness being higher among the larger SMEs (89 per cent of micros, 94 per cent of small businesses, 98 per cent of mediums).
- 6.11 SME employers were most likely to be aware of the Businesslink.gov website (73 per cent), followed by Local Enterprise Partnerships (LEPs - 67 per cent). Awareness for Government guaranteed loans, the Solutions for Business portfolio of support products, the Start-Up Britain campaign and other forms of support was lower.

<b>Table 6d: Awareness and usage of types of business support<sup>lxx</sup></b>		
	<b>Awareness</b>	<b>Usage</b>
Base = all SME employers	n=500	n=500
	%	%
Businesslink.gov website	73	41
Local Enterprise Partnerships	67	10
Government guaranteed loan	27	1
Solutions for Business	27	2
Start-Up Britain campaign and website	15	1
Getting British Business On-Line	14	2
Mentorsme	11	1
None of these	10	51

- 6.12 Those working in services were the most likely to be aware of LEPs (77 per cent), and Mentorsme (15 per cent). Those in primary/manufacturing were the most likely to be aware of Government guaranteed loans (36 per cent).
- 6.13 Overall, 41 per cent of SME employers had actually ever used the Businesslink website, and ten per cent had had contact with LEPs. Usage of other forms of support was rare, and more than half overall had not used any form of Government business support at all. Small and medium sized businesses (60 per cent combined) were more likely to have made use of any kind of business support than micros (46 per cent).
- 6.14 Of those that had used any form of business support, 74 per cent were satisfied with the information they received (25 per cent 'very' satisfied, 49 per cent 'fairly' satisfied), and 11 per cent were dissatisfied (six per cent 'fairly', five per cent 'very').

## Business mentors

6.15 Sixteen per cent of SME employers in August 2011 had used a business mentor in the previous 12 months (described as ‘somebody with business experience who supports you through the development and running of your business on a continuous basis’). This proportion was significantly lower in the TRAD sector (eight per cent), but there was no difference according to size of the business.

Fifty Table 5k: Used a business mentor <sup>lxxi</sup> – Trends by sector					
Base = all SME employers	All	Primary/ Manu	Construct -ion	TRAD	Services
August 2011	500	100	53	145	202
	%	%	%	%	%
August 2011 - Yes	16	18	20	<b>8</b>	19
SBS 2011	3817	591	315	1157	1754
	%	%	%	%	%
SBS 2010 - Yes	11	10	10	<b>8</b>	<b>15</b>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

- 6.16 Compared to SBS 2010, the last time this question was asked, the proportion of SME employers using business mentors had rose significantly by five percentage points.
- 6.17 Of those that had used mentors, 43 per cent had used somebody who provides other services to businesses such as an accountant or lawyer, 31 per cent had used a specialist business mentor, 19 per cent a friend or peer, but only one per cent somebody with a commercial interest in their business such as an investor.
- 6.18 Of those that had used mentors, 60 per cent interacted with them primarily face to face, 22 per cent by email, and 14 per cent by telephone.
- 6.19 Of those that had not used a mentor, eight per cent had considered taking one on in the previous 12 months. This was most likely to be in the service sector (12 per cent), and least likely in TRAD (four per cent), meaning that overall 29 per cent in the service sector had used or considered using a mentor, compared to just 12 per cent in TRAD.
- 6.20 Of those that had considered using a mentor but not actually done so, 50 per cent had identified a suitable person but decided not to use them, 26 per cent were unable to find a suitable mentor, 20 per cent were still in the process of deciding, and four per cent had been turned down by a potential mentor.
- 6.21 Nine per cent of SME employers were currently acting as mentors, and a further four per cent were considering becoming one. Those in the service sector were more likely than average to be considering becoming one.

<b>Table 5k: Whether acting as a business mentor/considering becoming one<sup>lxxii</sup> – by sector</b>					
Base = all SME employers	<b>All</b>	<b>Primary/ Manu</b>	<b>Construct -ion</b>	<b>TRAD</b>	<b>Services</b>
August 2011	500	100	53	145	202
	%	%	%	%	%
Yes – currently acting as one	9	6	9	7	10
Considering becoming one	4	6	0	2	<b>6</b>
Neither of these	87	88	91	90	<b>83</b>
Figures in bold are statistically significant at the 95% confidence level against the overall finding for that wave of research					

# 7 Technical Appendix

- 7.1 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 those that had refused to take part, could not be interviewed<sup>6</sup>, or did not want to take part in future research in the December 2010 or February 2011 Business Barometers 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
  - 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)
- 7.2 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 any sampling bias and make the survey representative of all SME employers (based on 2009 SME statistics, published by BIS).

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<sup>6</sup> E.g. because business had closed, moved or dead line encountered

<b>Table 7a: Unweighted and Weighted Data – August 2011</b>				
	Unweighted		Weighted	
	n=	%	n=	%
1-9 employees	193	39	420	84
10-49 employees	197	39	69	14
50-249 employees	110	22	11	2
Primary/manufacturing	100	20	69	14
Construction	53	11	62	12
Transport, retail and distribution	145	29	166	33
Services	202	40	204	41
Sought finance in the previous 12 months (in SBS 2010)	190	38	131	26
Did not	310	62	369	74
Total	500	100	500	100

- 7.3 500 interviews were conducted between the 2<sup>nd</sup> and 12<sup>th</sup> August 2011 using Computer Assisted Telephone Interviewing (CATI).
- 7.4 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

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<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> 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>iv</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>v</sup> A7. Have you recruited any new employees in the past 12 months?

<sup>vi</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>vii</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>viii</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>ix</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>x</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>xi</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>xii</sup> A15: Taking into account all sources of income in the last 12 months, did you generate a profit or surplus?

<sup>xiii</sup> A12: In the next 12 months do you expect your turnover to increase, decrease or stay roughly the same?

<sup>xiv</sup> A12: In the next 12 months do you expect your turnover to increase, decrease or stay roughly the same?

<sup>xv</sup> A12: In the next 12 months do you expect your turnover to increase, decrease or stay roughly the same?

<sup>xvi</sup> A16b: Do you expect to make a profit in the next 12 months?

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

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

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

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- xx A18: Do you expect to fund your business growth using internal finance or from external finance providers?
- xxi A18b: Which of these types of investment, if any, are you planning to do in the next 12 months?
- xxii 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?
- xxiii 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?
- xxiv A22: Does your business currently sell goods or services or licence your product outside of the UK?
- xxv A22: Does your business currently sell goods or services or licence your product outside of the UK?
- xxvi B3: In the last 6 months has your level of exports changed as a direct result of recent economic conditions? Have your exports...?
- xxvii A24a: What are the barriers that prevent your business exporting?
- xxviii B7: Which is the biggest obstacle to the success of your business?
- xxix B7: Which is the biggest obstacle to the success of your business?
- xxx B7: Which is the biggest obstacle to the success of your business?
- xxxi B8: What do you consider to be the causes of this cash flow difficulty?
- xxxii E2: Do you offer credit to your direct customers where they have a certain period of time before payment is due?
- xxxiii E3: Do you have a problem with customers paying you later than you require them to in your normal terms of business?
- xxxiv E3: Do you have a problem with customers paying you later than you require them to in your normal terms of business?
- xxxv E6: For what proportion of your customer base is late payment a problem?
- xxxvi E6: For what proportion of your customer base is late payment a problem?
- xxxvii 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?
- xxxviii 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?
- xxxix 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?
- xl 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?
- xli 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?
- xlii 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.....

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xiii 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.....

xliv 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."?

xlv 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."?

xlvi 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."?

xlvii E10: Do you anticipate the closure or full transfer of the ownership of your business in the next 12 months?

xlviii 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?

lix 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?

l 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?

li D7: Have you tried to obtain finance for your business in the past 6 months?

lii D8: What did you try to obtain finance for?

liii D9: What type of finance did you seek? Please include all types of finance including where you failed to obtain it if applicable

liiv D9: What type of finance did you seek? Please include all types of finance including where you failed to obtain it if applicable

liv D9: What type of finance did you seek? Please include all types of finance including where you failed to obtain it if applicable

livi D9a: Before you applied for finance how confident were you that you would be successful?

liivii D9a: Before you applied for finance how confident were you that you would be successful?

liiii 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?

lix 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?

lx D10: Did you have any difficulties obtaining this finance from the first source you approached?

lxi D16: Why have you not applied for finance in the last 6 months?

lxii D16: Why have you not applied for finance in the last 6 months?

lxiii D2: Have you experienced any of the following changes to the terms and conditions for business bank overdraft in the last 6 months?

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lxiv 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?

lxv 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.

lxvi 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?

lxvii C4bi: In the last 12 months have you sought external advice or information on matters affecting your business?/C4bii: Was the advice that you sought from the public or private sector, or both?

lxviii C4biii: What did you seek advice about in the last year?

lxix C21: Have you had any difficulties, or important information or advice needs that you did not get external advice or support for in the last 12 months?/C22: Which of the following, if any, were reasons why you did not seek information or assistance for these difficulties or needs?

lxx C18: I am now going to read out some types of help that are available to businesses and which are supported by the Government. Please tell me whether you are aware of any of these?/C19: Has your business used any of these?

lxxi C23: In the last 12 months have you used a business mentor – that is somebody with business expertise who supports you through the development and running of your business on a continuous basis?

lxxii C27: Are you currently acting as or considering becoming a business mentor for another business owner or entrepreneur?

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