

UKBAB 54 February 2007 Analysis

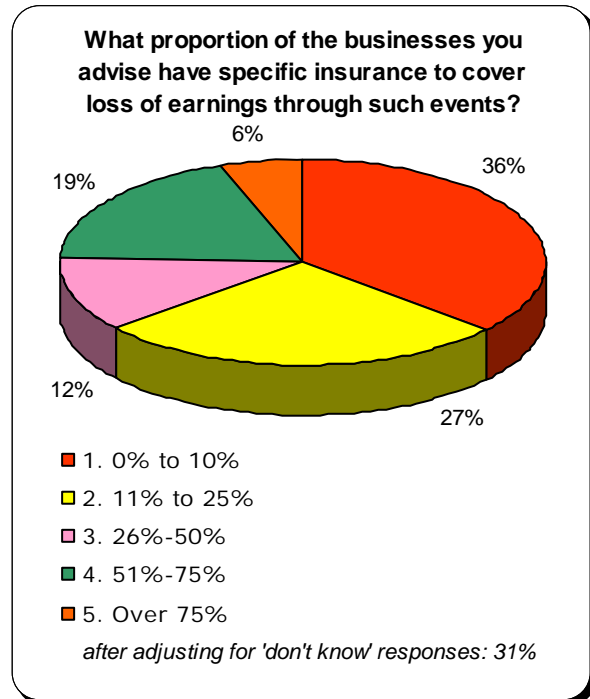
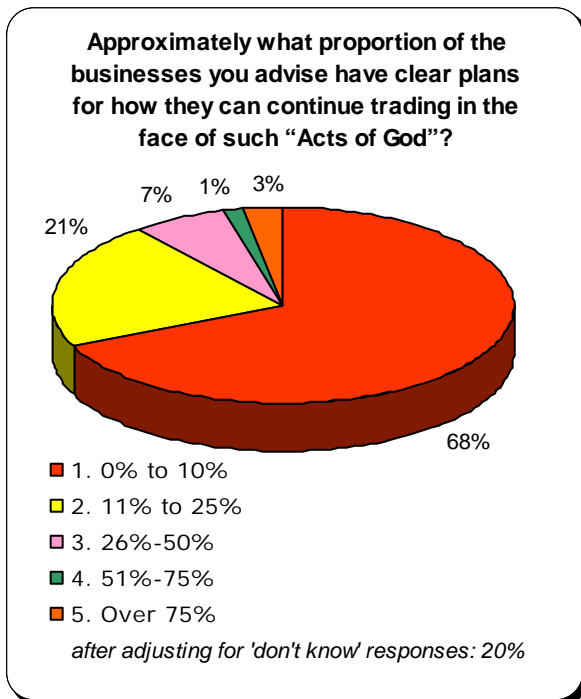
February's survey sought panellists' views on business continuity, insurance, the environment and green credentials, alternatives to 'face to face' meetings plus questions on grants and Intellectual Property.

In total 178 Business Advisers responded to this Survey.

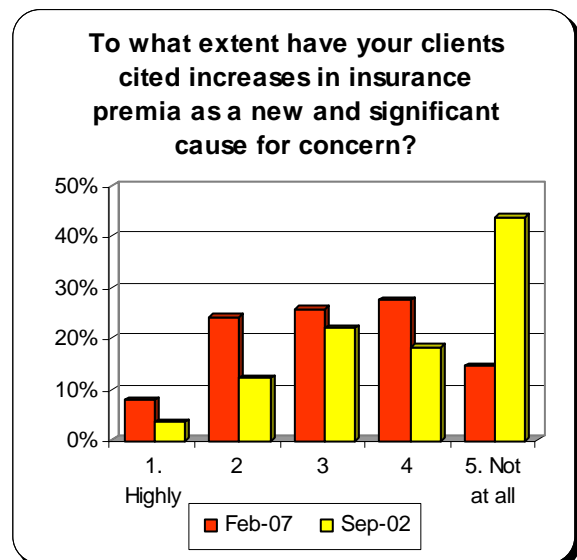
Survey Findings

January's storms showed how businesses can be blown off course through power failures or damage to buildings. There are many possible causes of disaster besides 'Acts of God' and a new British Standard on Business Continuity Management (BS25999) is being published in two sections, the first in November 2006 and the second expected in autumn 2007.

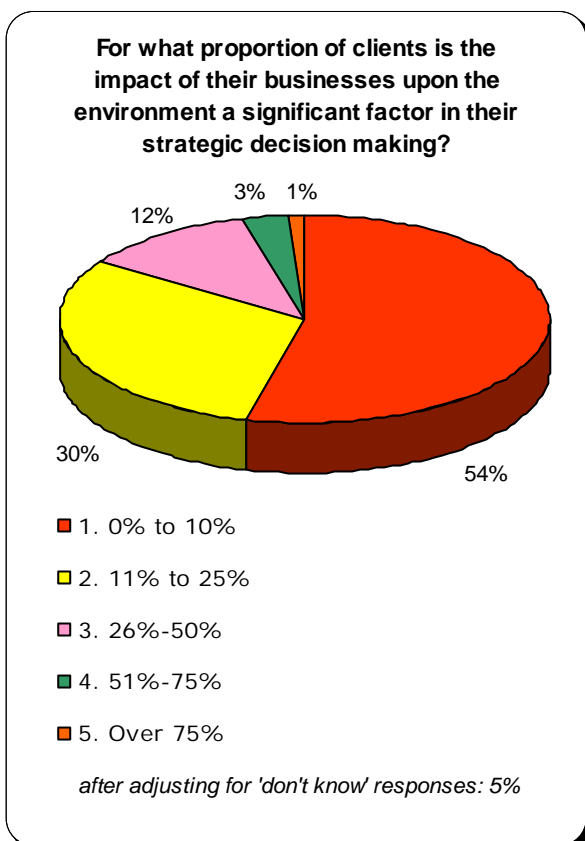
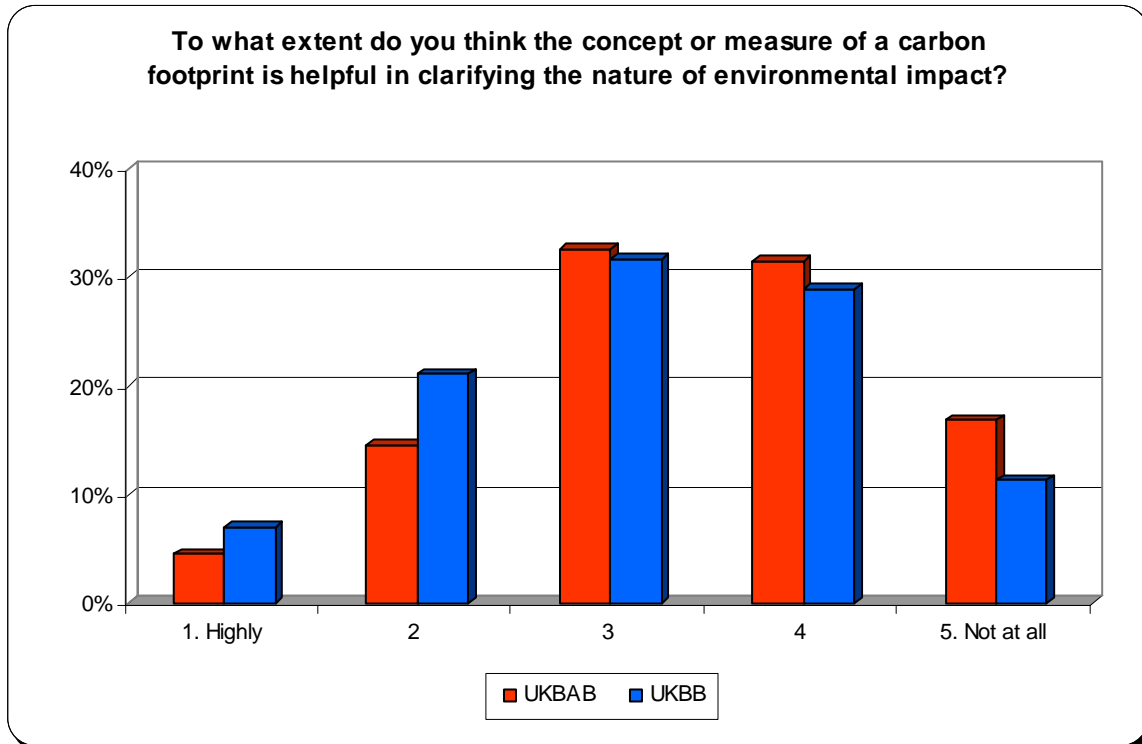
The UKBAB survey revealed that 68% of responding business advisers believe that less than 10% of their clients have clear plans for continuity following disastrous 'Acts of God', while 36% of respondents say that less than 10% have specific insurance to cover related loss of earnings.



The costs of insurance may be becoming more material to businesses seeking advice because 32% of panellists reported that clients have cited increases in insurance premia as a new and significant cause for concern to a high or reasonably high extent, compared to 16% when the question was asked last, in September 2002. At that time 62% said that insurance premia were not at all or not very significant a cause for concern for their clients, compared with this latest survey when this percentage dropped to 42%.



Major corporations are falling over themselves to demonstrate their green credentials by way of reducing their “carbon footprint”. The use of the term, by both politicians and the media, has increased dramatically over the last year but 48% of respondents to the UKBAB survey and 40% of respondents to the UKBB survey, the parallel survey of smaller businesses, think that the concept of a carbon footprint is hardly, or not at all helpful in clarifying the nature of environmental impact. 19% of UKBAB respondents and 28% of UKBB respondents are happy with its use, having responded in either category 1, ‘highly’ or category 2 (reasonably highly).

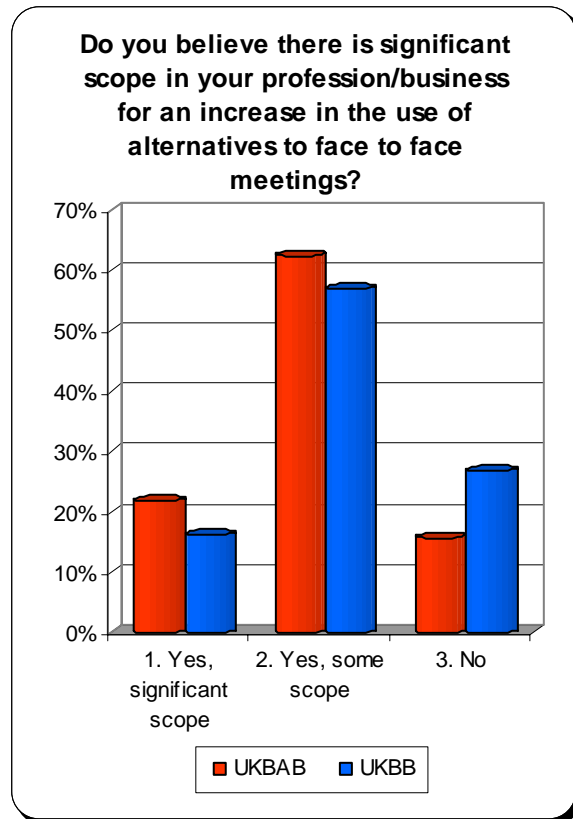
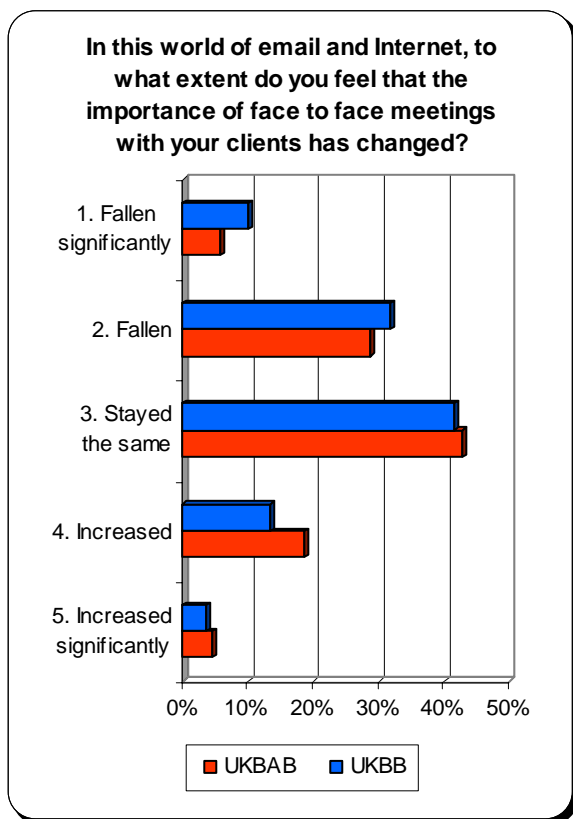


The UK has just experienced its second warmest winter on record according to the Met Office., and the last five winters have also been the five warmest since records began in 1659. Individual impact on environment may be comparatively very small but increasingly it is being held to be important to take steps at an individual level to reduce impact, and even more so at business and organisation level.

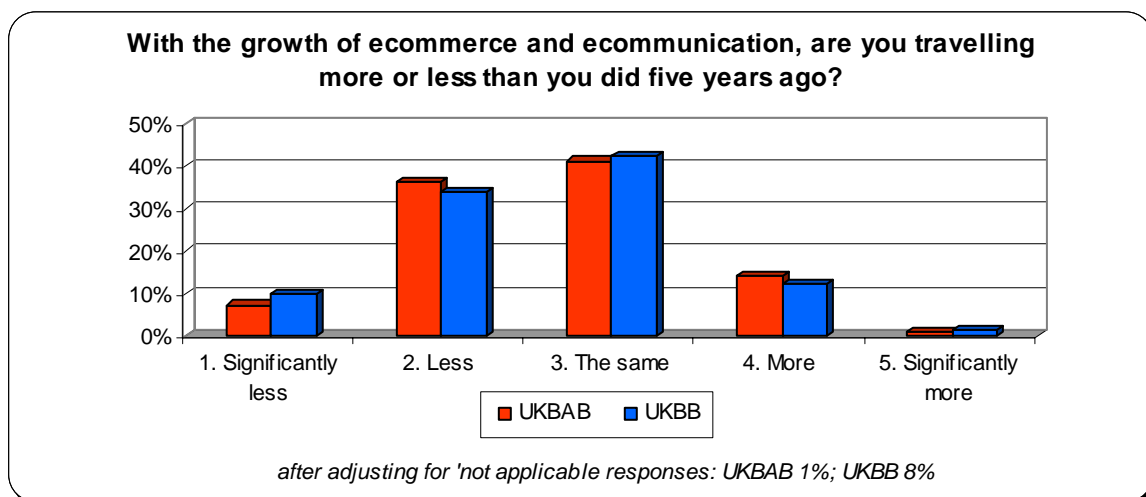
54% of responding business advisers say that less than 10% of their clients regard environmental impact as significant in their strategic decision making. In the parallel UKBB survey, only 21% of respondents to this survey deem the impact of their business upon the environment to be a significant factor in their strategic decision making to a high or reasonably high extent, while 48% say that it is not at all or only slightly significant.

Face to face meetings are still reckoned to be important by 43% of UKBAB respondents, and 23% think their importance has increased, although 34% say that their importance has diminished. Respondents to the parallel survey of businesses, the UKBB, have similar views: 42% think email and the Internet have not affected the importance of face to face meetings, while 17% think face to face meetings are more important now. 42% of UKBB respondents say that meetings are less important.

Asked if they could see any scope for increasingly substituting alternatives such as teleconferencing, videoconferencing and extended email interaction for face to face meetings, 84% of UKBAB respondents were positive that they could. UKBB panellists were asked a similar question about their business meetings and 73% responded positively.

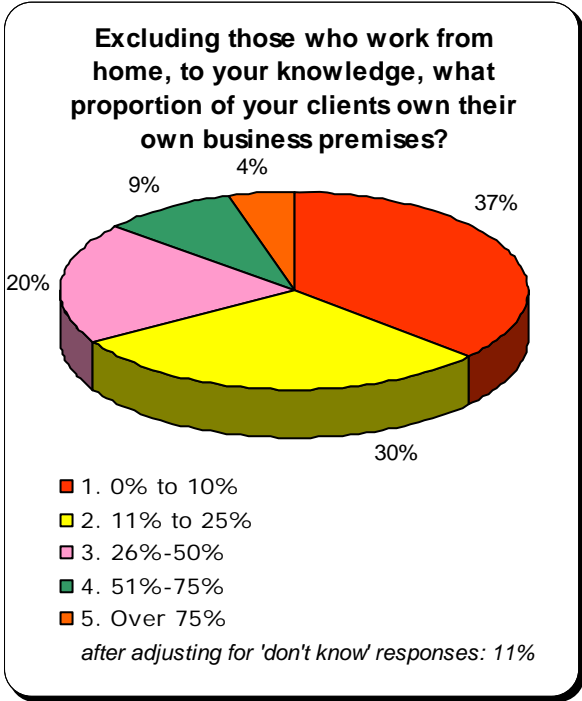


One of the impacts of using alternatives to face to face meetings is reduced travelling. Some saving on travelling already seems to be taking place, because 44% of UKBAB respondents say they are travelling less than five years ago while only 15% say they are travelling more, after adjusting for 'not applicable' responses. There are also 44% of UKBB respondents who are travelling less than five years ago, and 14% who are travelling more.

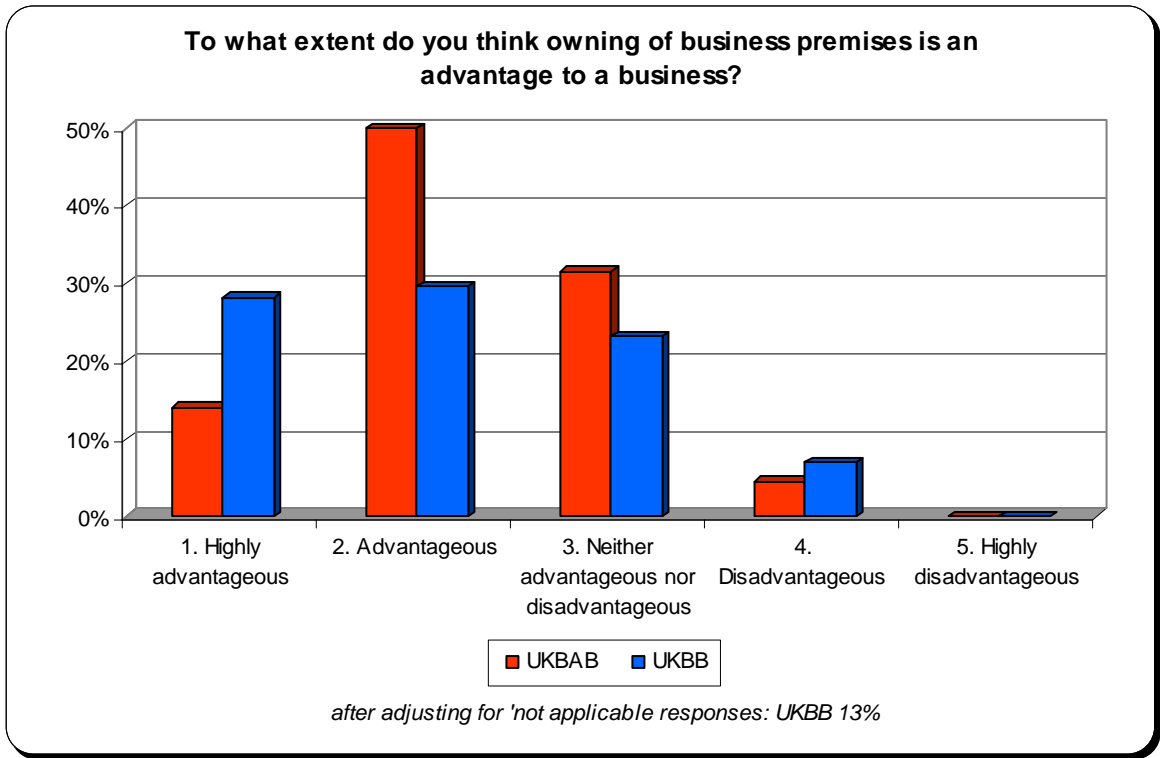


Whether a business should own its own premises is a major consideration especially for younger and smaller businesses. The arguments for and against vary with the condition of the commercial property market and with mortgage interest rates, but while the latter may fluctuate, commercial rents are unlikely to fall over time. Owning the property brings increased control over the business.

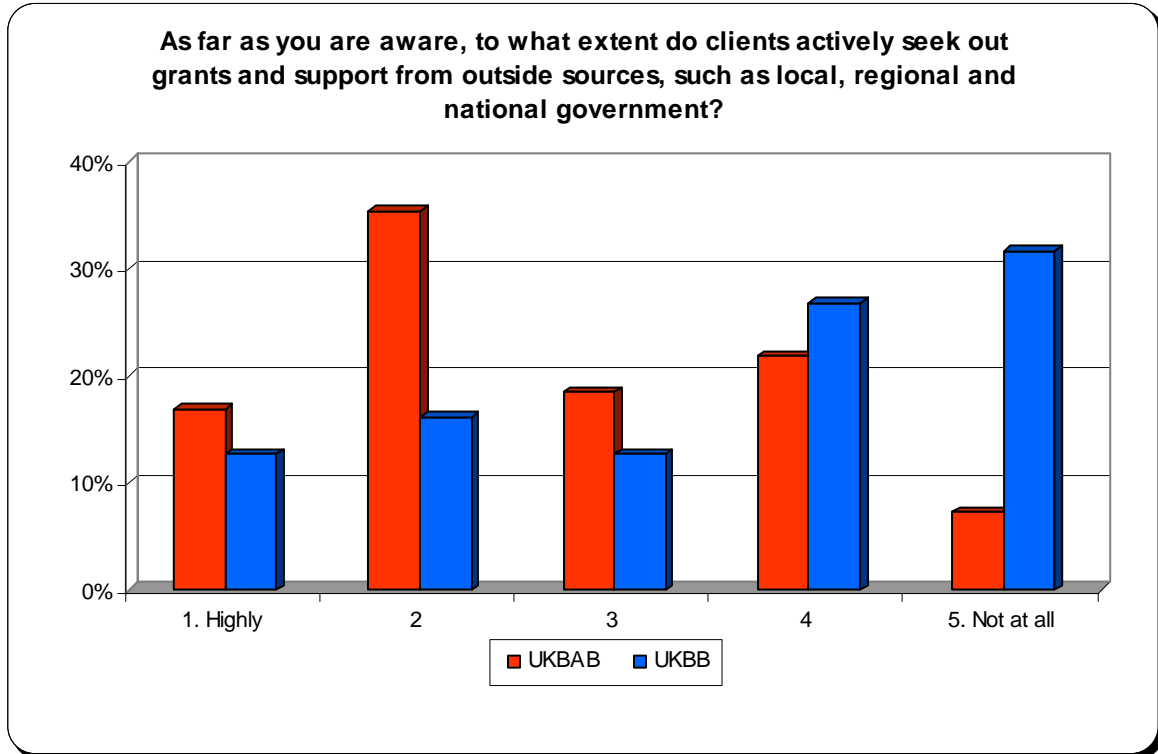
67% of business advisers responding to the February UKBAB survey say that less than 25% of their clients own their own business premises, after adjusting for 'don't know' responses..



64% of UKBAB think that owning business premises is an advantage to any business, and 66% of UKBB respondents think that owning their business premises would be an advantage to their own businesses.

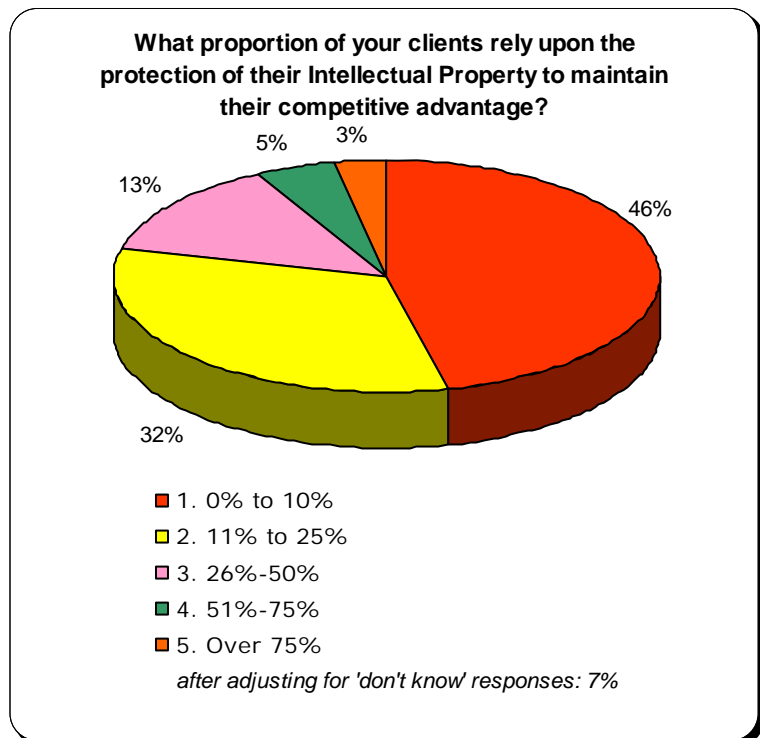


With an increasing range of grants, soft loans, awards and other support on offer, locating and securing applicable funding is becoming a more complex task, of itself giving rise to opportunities for professional advisers in this field. Panellists were asked to what extent their clients actively seek out support. 52% said that their clients engaged in this to a high or reasonably high extent while 29% said that their clients did very little or none of it. 29% of respondents to the parallel smaller business survey, the UKBB say that they actively seek out such support to a high or reasonably high extent, while 59% do very little or none of this.



In the UKBAB survey, 74% of responding business advisers said that less than 25% of their clients relied for protection of their competitive advantage on their intellectual property rights.

19% of respondents to the parallel UKBB survey rely on their intellectual property to protect their competitive advantage while 49% do not, to any extent.



Listed below are some of the personal views supplied in feedback received from respondents to Survey BAB54 February 2007

Views expressed are those of individual panellists and may not represent those of the University.

Q1. January's storms showed how businesses can be blown off course through power failures or damage to buildings. Approximately what proportion of the businesses you advise have clear plans for how they can continue trading in the face of such "Acts of God"?

Q2. What proportion of the businesses you advise have specific insurance to cover loss of earnings through such events?

- Ref: Property ownership and business insurance, most clients rent accommodation in modern, purpose built premises unlikely to be affected.
- Is there an insurer that actually provides a payout for an "Act of God"?! Flood risk, trees, etc maybe, but in my experience the definition of "Act of God" generally precludes liability... On a separate note, can anyone explain how greater taxation on carbon emissions or any other form of contribution to global warming results in a tangible reduction effect? What is done with the money exactly? Answers on a green recyclable biodegradable cfc-free unleaded hybrid powered postcard. I'd recommend email to be honest, but isn't that just pushing a greater drain on the electricity grid back up the chain to the hydro-electric power station?!
- My answers aren't as straight forward as they sound. I feel passionately that face-to-face sessions are very important. I do less these days because I spend a lot of time chasing funding streams and I have a large client base and can deal with more on the phone. That is not by choice but by necessity.

Q9. Excluding those who work from home, to your knowledge, what proportion of your clients own their own premises?

- Question 9, although I do not have any empirical evidence I have the impression that the majority of businesses I contact lease their premises rather than own them. Rates and rents are often an issue.

Q 10. To what extent do you think owning of business premises is an advantage to a business?

- In respect of property owning it depends upon the capital resources of the business. It can become an unproductive asset particularly if highly mortgaged or if the director owns the property and is reliant upon high rentals to cover his/her finance costs. Also it cannot be easily liquidated in times of cash flow needs