

UKBAB 58 June 2007 Analysis

The June survey sought panellists' views on management (a more in depth look at a theme taken up in the April survey), sources of business information, business networking, clients' acceptance of problem diagnosis, client referral, encouraging new job creation, the attributes of a Business Adviser plus the Trends questions for the second quarter of 2007.

In total 175 Business Advisers responded to this Survey.

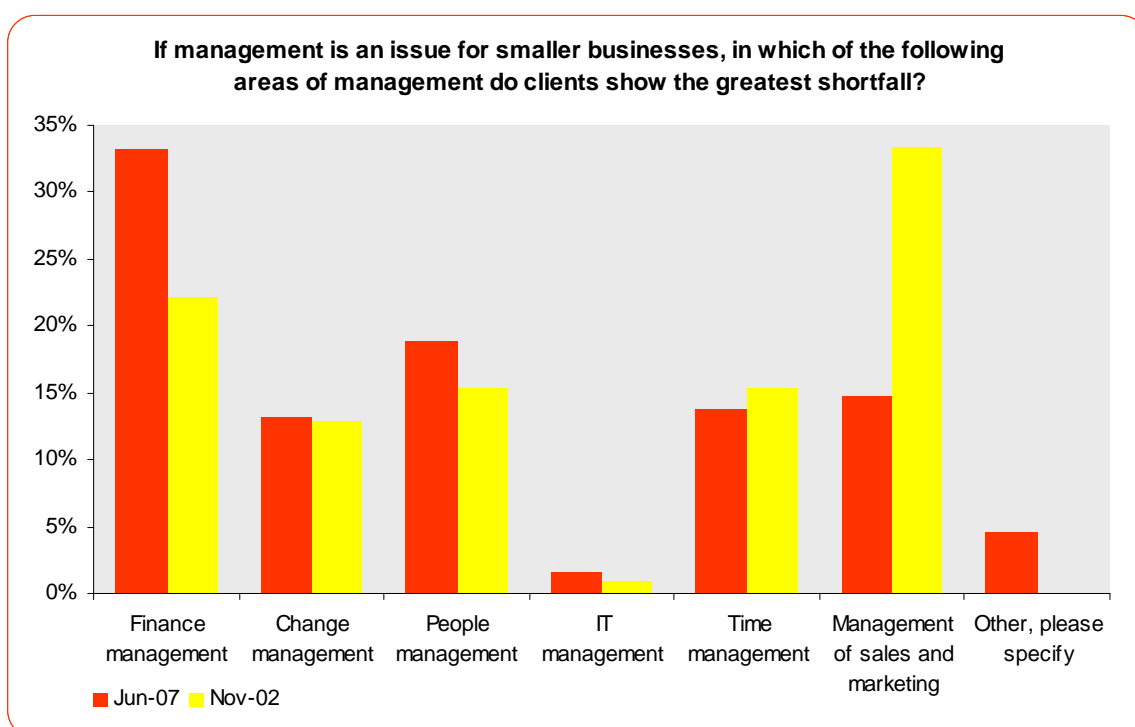
Survey Findings

Smaller businesses and Management Skills

The April 2007 UKBAB Survey found that 30% of respondents think the area of advice which would be most beneficial to smaller businesses is management skills. This survey followed up on the result by asking what type of management skills are most lacking in smaller businesses. Management of finance received the greatest number of responses, 33%, a clear increase since the last time this question was asked in November 2002. On that occasion management of sales and marketing took the lead. This time respondents were able to specify an alternative area, either as well as or instead of the six listed options and four respondents offered this as an additional response, 8 as a sole response. Among the other areas suggested by respondents are:

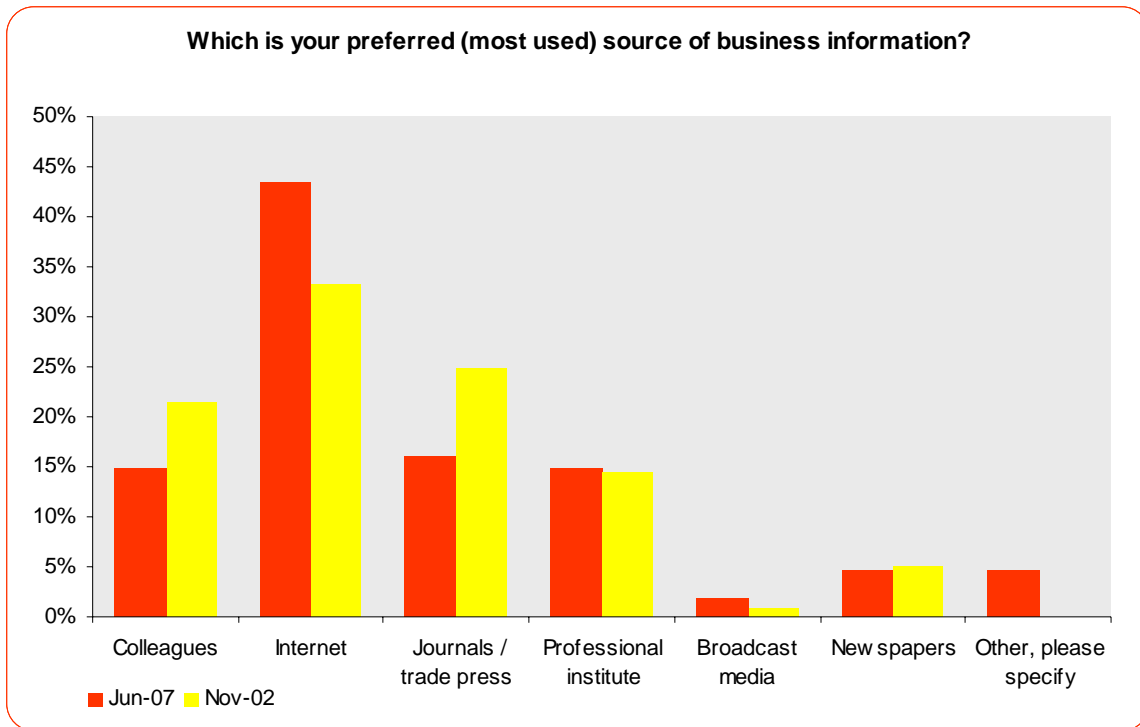
- recognising that a problem exists
- coping with government returns, especially Treasury ones, and
- letting go of a perfectionist mindset to work more 'on' something rather than 'in' something.

Several respondents said they would rank all or some of the response categories as equals and quite a few respondents said that most of the categories offered are key areas – they found it difficult to single only one area out.



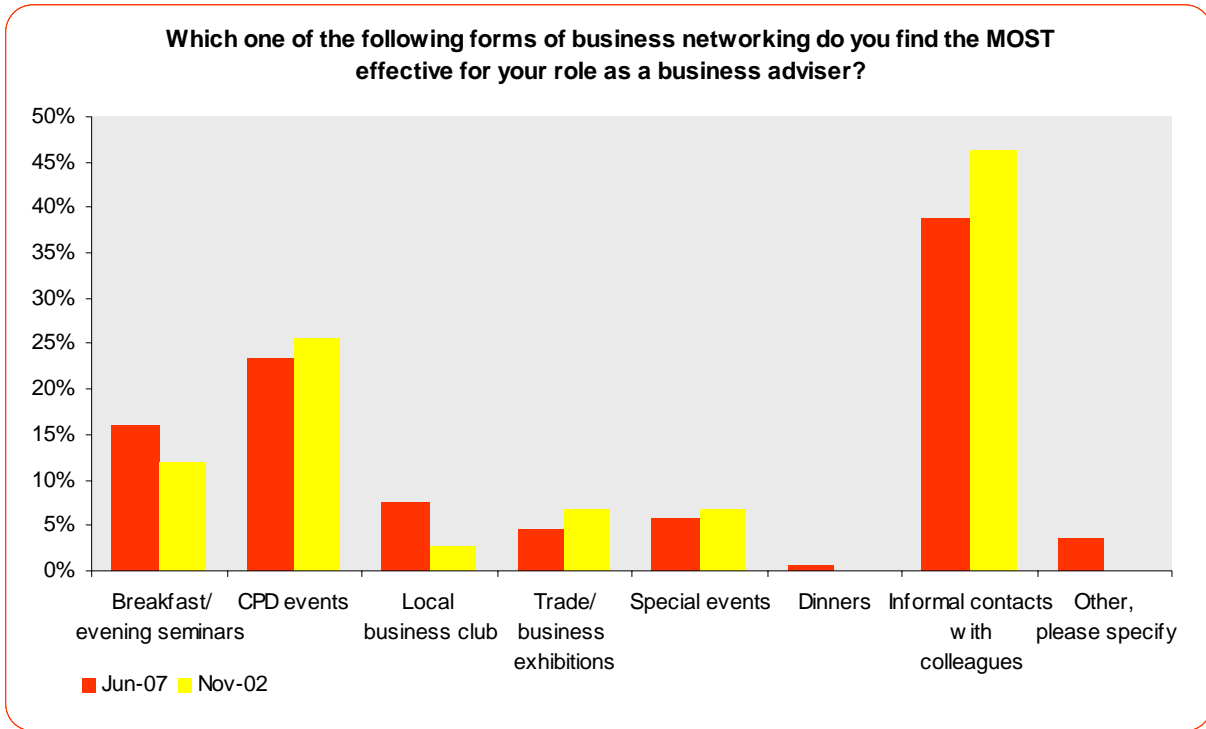
Sources of business information

43% of respondents to the UKBAB June survey say that they prefer to use the Internet as a source of business information more than the other options offered in this question. The same was true when the question was asked in November 2002 but the majority has increased substantially since then, at the expense of consulting colleagues and journals or trade press. 5% of respondents said that another source was preferred by them individually and four respondents offered another suggestion or comment as well as selecting one of the given categories. Amongst the alternative sources of information were reference books, courses, and email digests/updates from accountants, professional bodies etc.



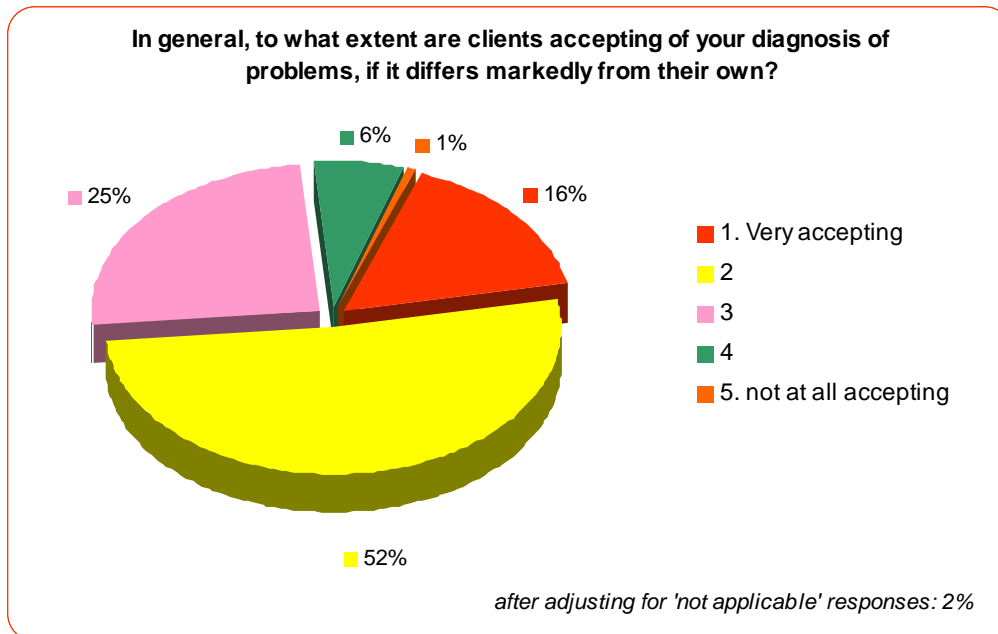
Effective business networking

Informal contacts with colleagues was voted as the most effective form of business networking, with 39% support, compared with 46% when the same question was asked in November 2002. Small increases were seen in the percentage of responses to Breakfast/evening seminars and local business club and other suggestions made included seminars and training courses as well as client recommendation – this ties in with the most responses to a later question in this survey, on the most common means of referral to advisers. .



Acceptability of business advice

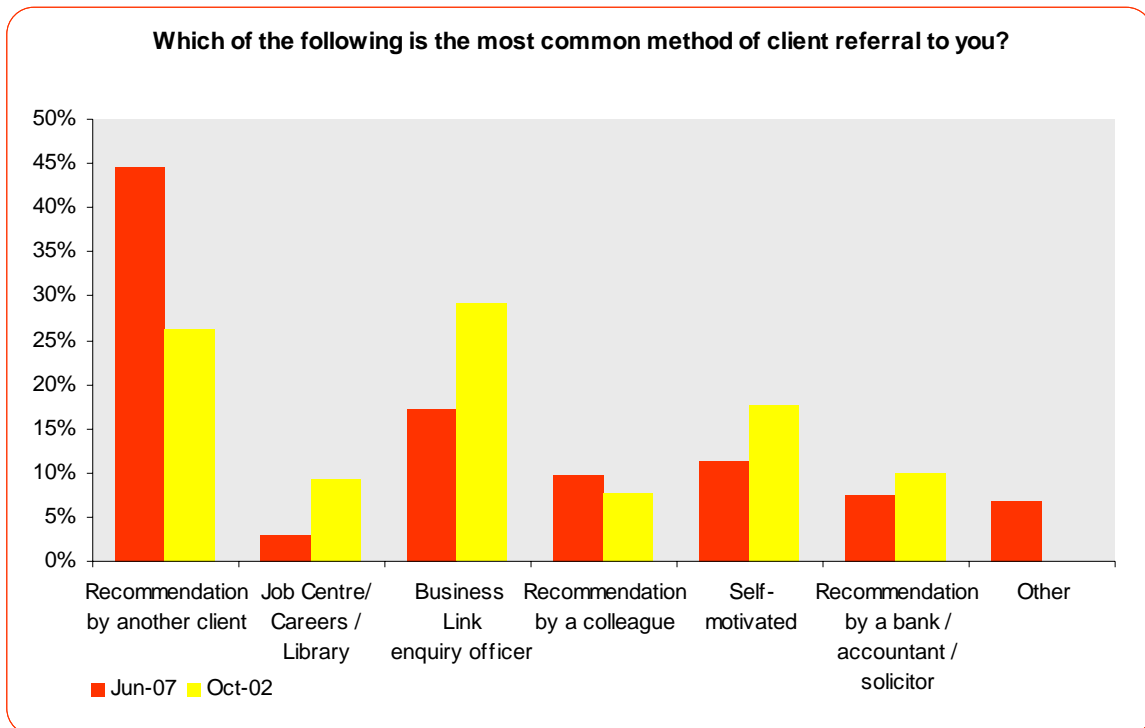
The June survey asked how willing business advisers' clients are to accept their advisers' diagnoses of their problems if it is different from what they were expecting. 68% of advisers say that their clients are either accepting or very accepting of their diagnoses while very few say that their clients are not very or not at all accepting. One respondent commented that clients value an outside perspective but that doesn't mean they will act on it.



Client Referral

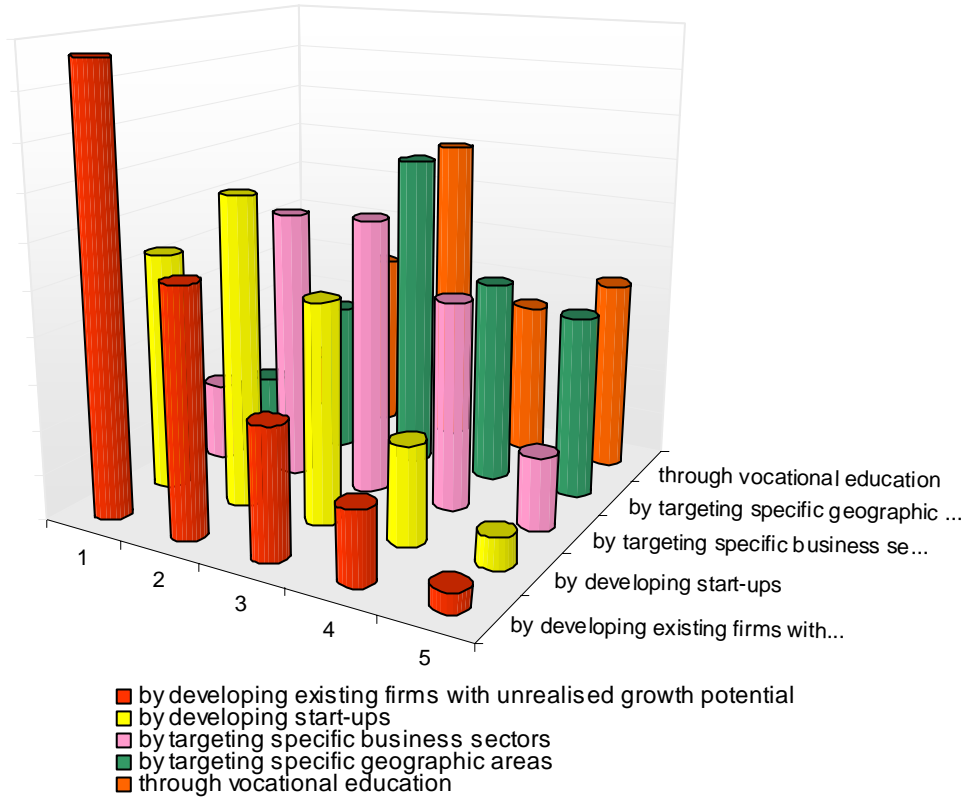
Business Advisers are reached by clients through a variety of means. Amongst the respondents, 45% found the most common method of referral was through recommendation by another client, while 17% were reached through a Business Link enquiry officer. In October 2002, when this question was previously asked, only 26% of responding advisers said that their main method of client referral was through other clients while 29% said at that time that Business Link enquiry officers provided the most common method of referral to them.

One respondent commented that the majority of his referrals came through telemarketing campaigns.

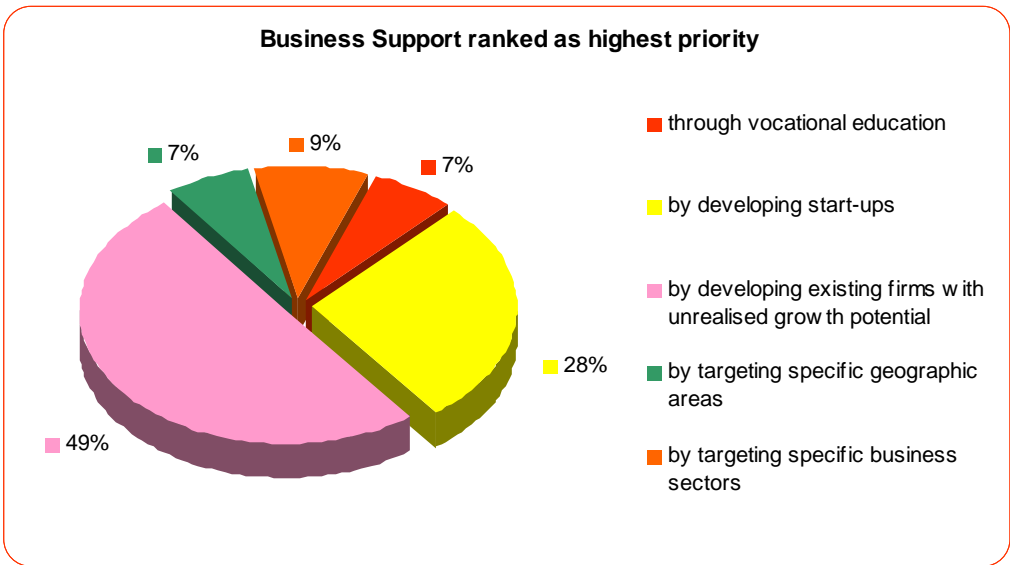


Greatest potential for new job creation

Growth and employment are the main objectives in providing business support. This month's survey asked business advisers to rank five different forms of business support in order of potential to encourage new job creation (allowing equal ranking where desired). 1 = Highest priority. Development of existing firms with unrealised growth potential emerged as the highest priority. The result for second highest priority was developing start-ups and this was closely followed by targeting specific geographical areas and through vocational education as third highest priorities.



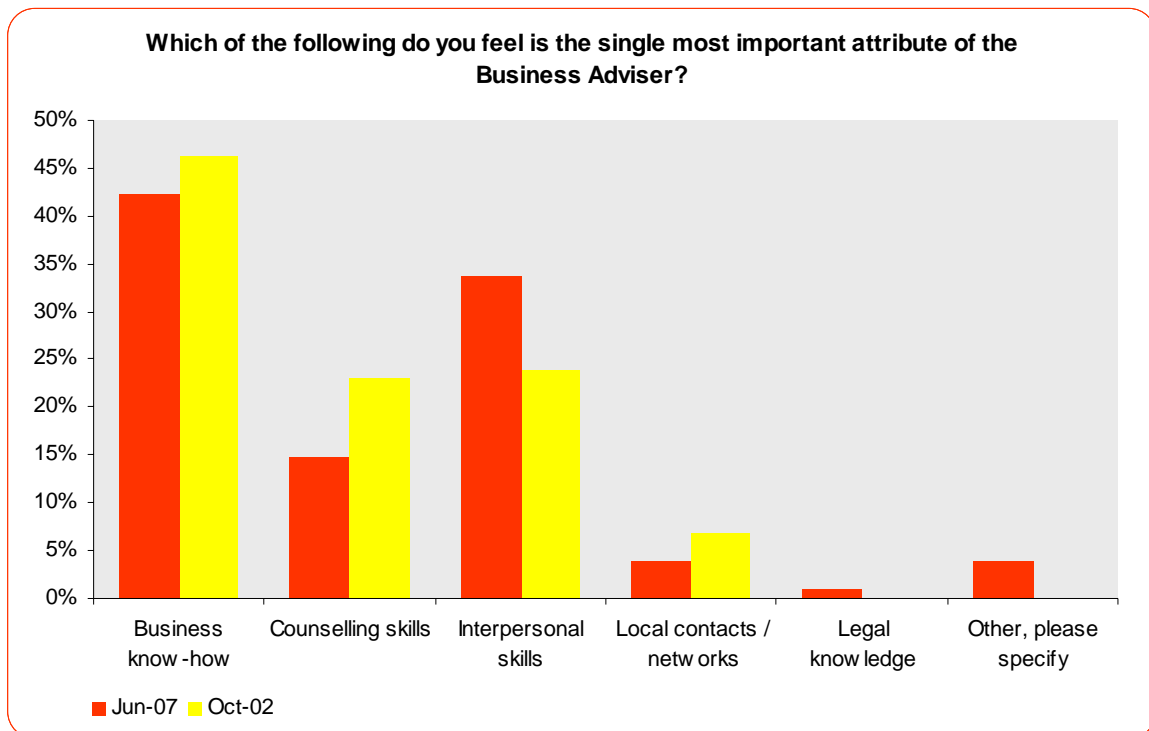
The question attracted some individual comments from respondents. One respondent suggested that small businesses need incentives to train employees, particularly their first employee. Other areas suggested as important to target more directly were innovation and technology transfer and new product or service development, although the comment went on to say that this needs to be related to finance and the risks the funders are prepared to take.



Most important business adviser attributes

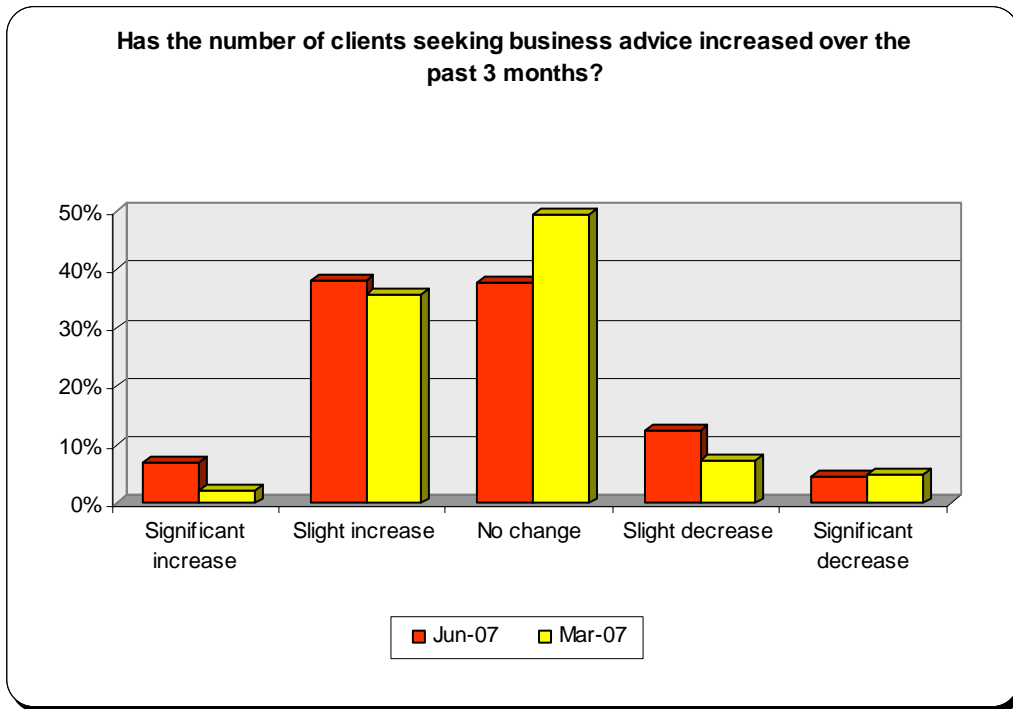
Business know-how and interpersonal skills were the two most favoured attributes for business advisers according to respondents to the June survey. Business know-how was thought most important by 42% of respondents and interpersonal skills by 34%. 4% this time selected 'other' and the alternatives specified included: listening, experience of running a successful business, diagnostic ability.

Several respondents said that all the attributes offered were needed and were inter-related. The point was made by several that they were reluctant to select only one attribute and that non-selection does not imply non-importance. One respondents said that clients want to talk to advisers who have specific knowledge and experience, rather to a generalist. A future survey will return to this area in greater detail.

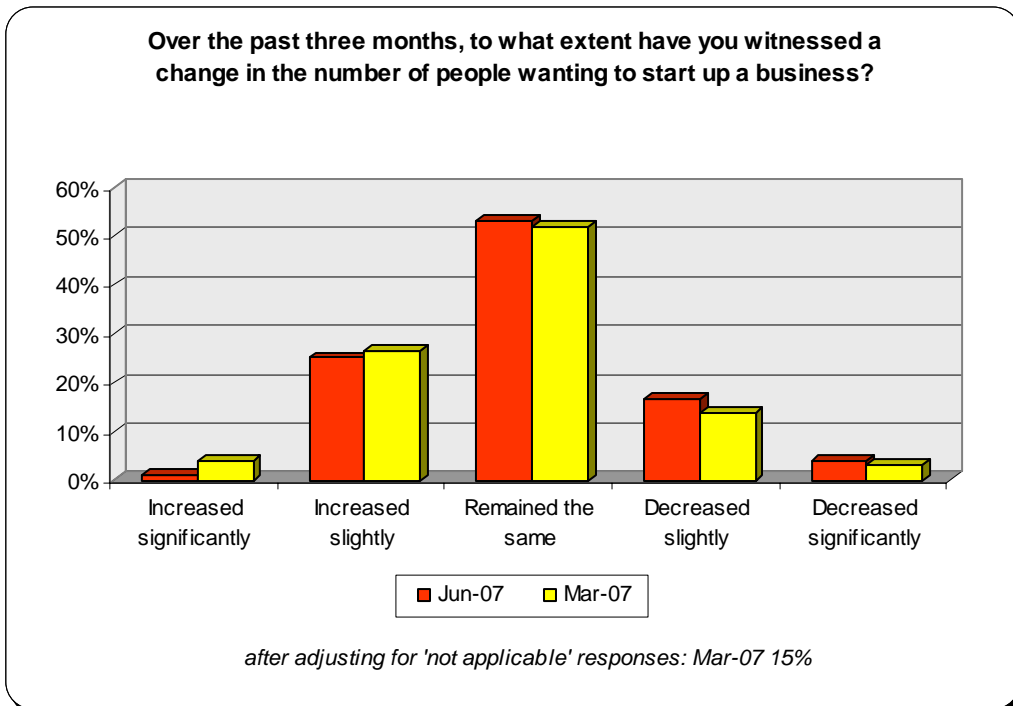


Trends Questions

The average number of clients seeking business advice increased in the second quarter although 38% reported no change. The number of advisers experiencing increases in enquiries continued to outpace the number experiencing decreases in enquiries.

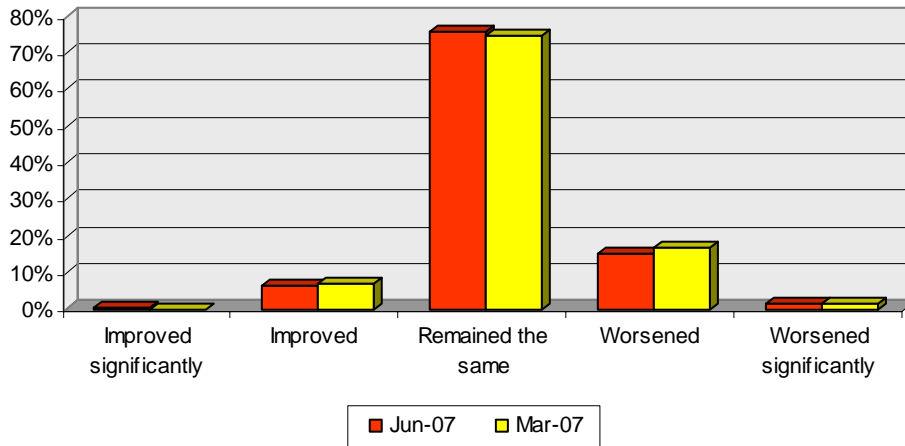


The second quarter results for the number of people wanting to start a business decreased from the March position. This indicator is seasonal and usually shows decreases in the June quarter. This year's decrease is very close to that in the same quarter last year.



The index of ability to gain access to finance rose by just under 1% compared to the first quarter this year but is still showing on average, in absolute terms, that access to finance is slightly worsening.

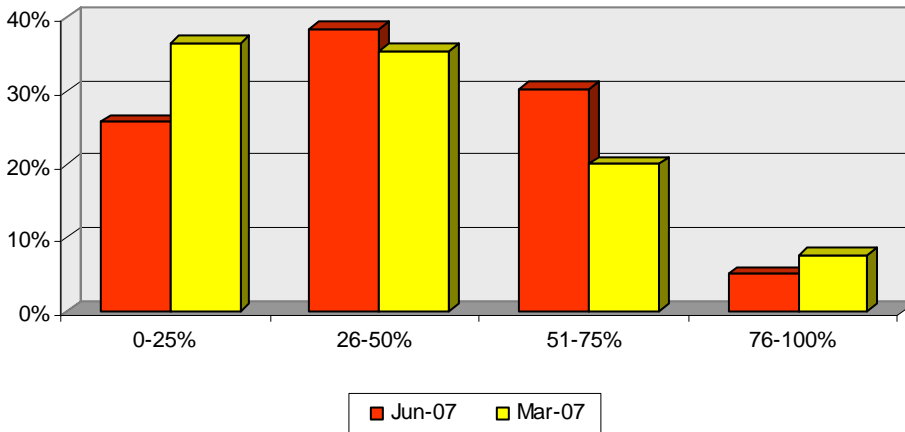
Has your clients ability to gain access to finance changed in the past 3 months?



after adjusting for 'not applicable' responses: Jun-07 6.3%; Mar-07 4.5%

The index of the number of Advisers' clients finding that there is a shortage of appropriately skilled and/or qualified labour increased during the second quarter 2007.

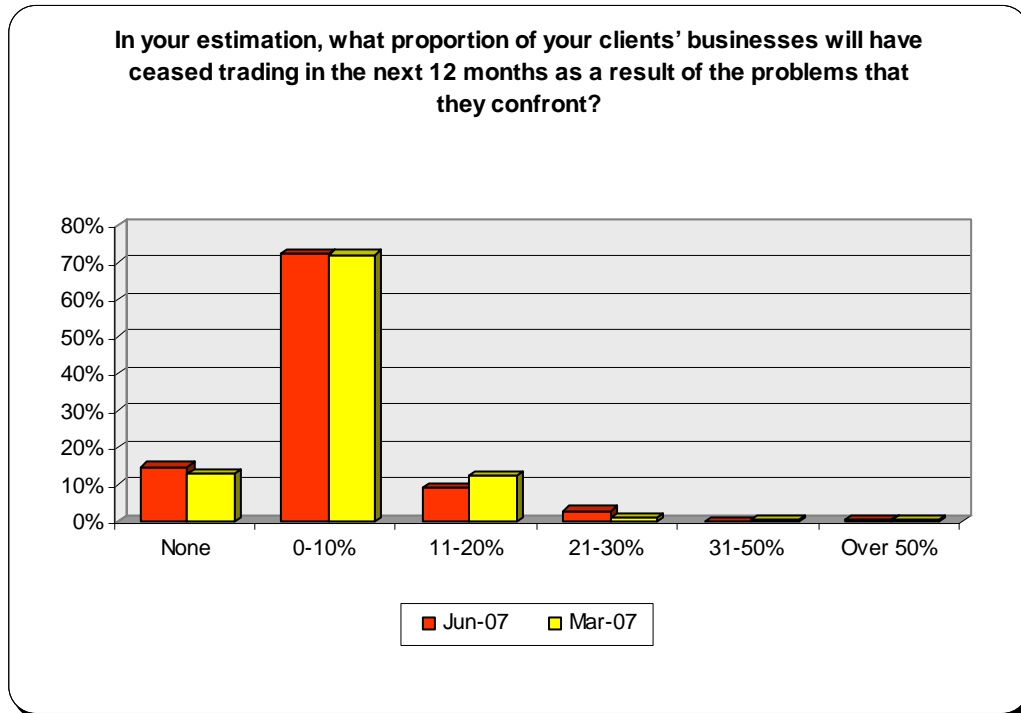
Approximately what percentage of your client businesses find that there is a shortage of appropriately skilled and or qualified applicants for vacancies?



after adjusting for 'din't know' responses: Jun-07 9.7%; Mar-07 4.0%

In the June quarter, Advisers continued to be a little less pessimistic about the continuance of their clients trading over the next year.

Although 15% of Advisers consider that none of their clients will close over the next year, 73% thought that up to 10% of their clients might cease trading compared with 72% in the December quarter. There was a small drop in the expected higher numbers (over 11%) of business cessations: 13% in June 2007, compared with 15% in March 2006.



Listed below are some of the personal views supplied in feedback received from respondents to Survey BB109 June 2007

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

It is the deluge of red tape that is the most restricting aspect for businesses of every description

I found difficulty in answering question 1 as most of the items listed are quite key issues in relation to short comings of small business owners. Finances, Sales & Marketing and People management do not receive the attention required in the average small business

Re: Q7 **Which of the following do you feel is the single most important attribute of the Business Adviser?** 1. Business know-how, 2. Counselling skills, 3. Interpersonal skills, 4. Local contacts / networks, 5. Legal knowledge

almost impossible to answer, Business Know how is no good without interpersonal skills etc

Q7 a good Business Adviser needs all the qualities you list.

The biggest management issue for the SME sector is recognising they have a problem. They can be very inwardly focussed,

Clients want to talk to people that have specific knowledge & experience, not to some generalist who pretends to be all things to all people. They are also fed-up with initiatives.

Re: Q4 **To what extent are clients accepting of your diagnosis of problems, if it differs markedly from their own?** - I think they value an outside perspective. That doesn't mean they will act on it.

Re: Q5 **Which [of the following] is the most common method of client referral to you?**

The majority of my referrals come through telemarketing campaigns.

One other specific business dimension not covered relates to innovation, technology transfer, new product or service development as an engine of growth, skilled employment and economic development. Clearly, this needs to be linked to finance and the risks the funders are prepared to take.

Shortage of skills is an issue. Businesses talk more about potential employees having the wrong attitude.

I am based in a very rural area and the answers reflect this. One would expect urban responses to be quite different.