



BUSINESS ADVISER BAROMETER

monthly brochure

> KEYNOTES FOR DECEMBER 2006 BAB52

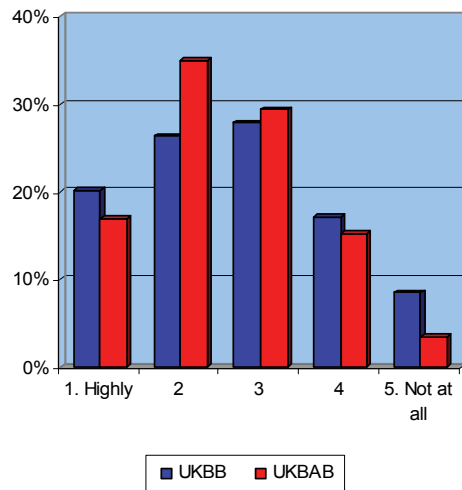
Will WiFi benefit smaller businesses? - your view.

Many commentators have said that wireless access to the internet will allow more competitive opportunities to businesses.

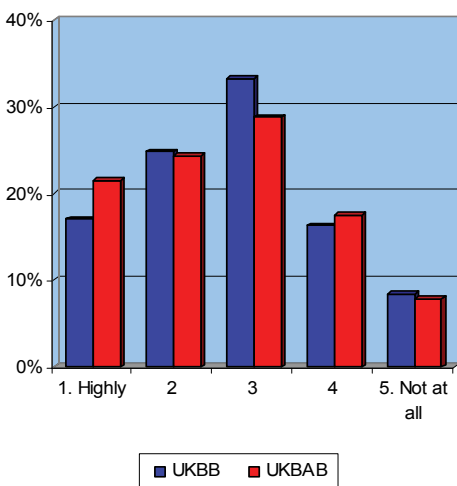
Amongst the respondents to the December BAB survey, 52% said that they believe smaller businesses will benefit highly or relatively highly and only 3% think there will be no benefit at all from WiFi technology.

In the parallel UKBB survey, businesses were asked to what extent they think WiFi will benefit their businesses either now or in the future. 47% considered that WiFi will be beneficial to their businesses, either highly or relatively highly, although 9% do not foresee benefits from it.

To what extent do you consider that the development of 'WiFi' technology (wireless connectivity) is likely to be beneficial to your business either now or in the future?



To what extent do you believe that greater public investment in the creation of 'WiFi' hotspots (access points to wireless connectivity) is money well spent?



Public investment in WiFi—is it money well spent?

The government's Digital Challenge Initiative was set up to improve social inclusion and has highlighted initiatives by local government around the UK in introducing wider access to the internet.

46% of respondents to the UKBAB and 42% of respondents to the parallel survey of businesses, the UKBB, believe to a high or relatively high extent that greater public investment in WiFi hotspots is money well spent. Totals of 25% of both sets of respondents disagreed, selecting either category '5.not at all' or category '4'.

The Panellist's view

"Our company will not use such technology.... it's no real cost to install cabling into a business. I think WiFi is suited to homes where cable installation is more of a hassle."

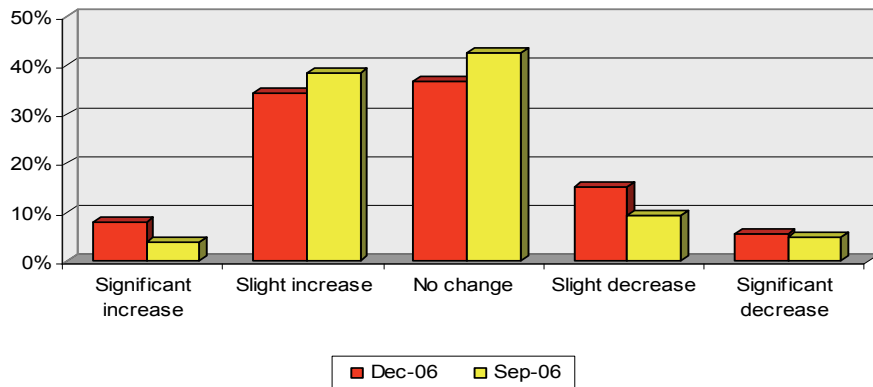
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Trends-Fourth Quarter 2006

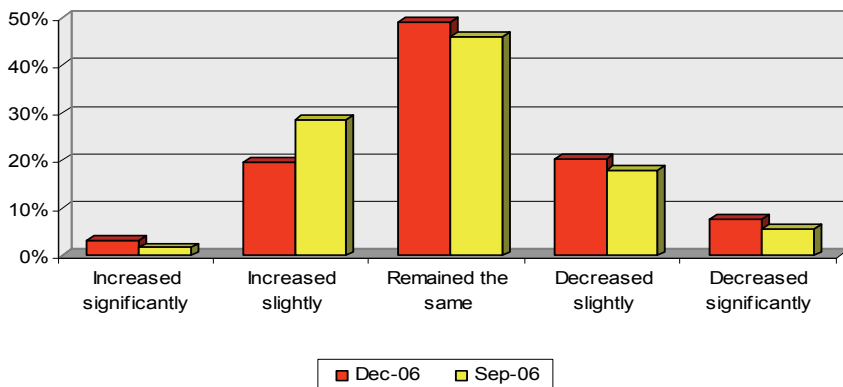
Numbers seeking advice.

The average number of clients seeking business advice continued to increase in the fourth quarter. The number of advisers experiencing increases in enquiries continued to outpace the number experiencing decreases in enquiries.

Has the number of clients seeking business advice increased over the past 3 months?



Over the past 3 months, to what extent have you witnessed a change in the number of people wanting to start up a business?



after adjusting for 'not applicable' responses: Dec-06 11%; Sep-06 13%

Start Ups

Respondents to the December survey witnessed an overall decrease in the number wanting to start a business, following a similar pattern to the previous two years. The index for the fourth quarter 2006 was the lowest since the series started in September 2002.

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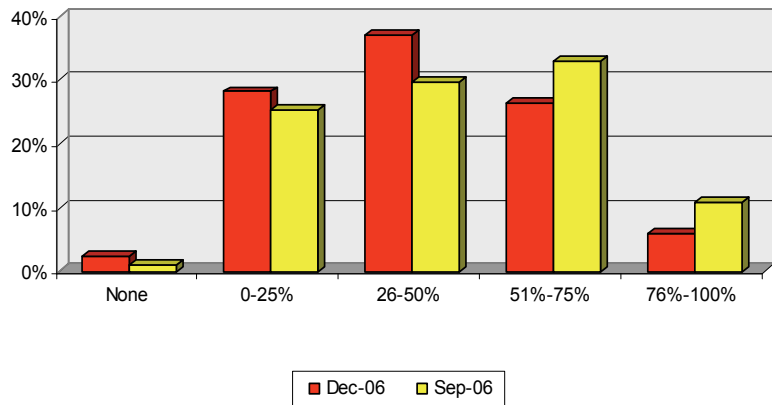
Trends-Fourth Quarter 2006

Skill shortages

The index of the number of Advisers' clients finding that there is a shortage of skilled labour decreased by 12% on average during the December quarter, following increases in the first three quarters of the year. There were similar decreases in the December quarters of 2004 and 2005.

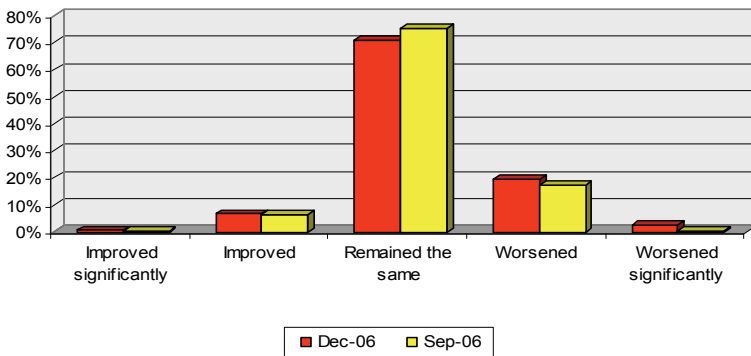
The question prompted some individual comments from panellists, one reflecting on the current provision of skills by workers from EU accession countries, and one on the gap between required skills and popular tertiary level courses.

Approximately what percentage of your client businesses find that there is a shortage of appropriately skilled labour?



after adjusting for 'don't know' responses: Dec-06 6%; Sep-06 7%

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



after adjusting for 'not applicable' responses: Dec-06 7%; Sep-06 7%

Access to Finance,

The index of ability to gain access to finance decreased by 2% compared to the September quarter.

Projected cease in trading

In the fourth quarter, Advisers were a little less pessimistic about the continuance of their clients trading over the next year. Although 11% of Advisers still consider that none of their clients will close over the next year, 75% thought that up to 10% of their clients might cease trading compared with 67% in the third quarter. There was a decrease in expectations of higher numbers of business cessations: 14% in December, compared with 21% in September.



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> QUESTIONS FOR DECEMBER 2006 BAB52

- Q1.** A recent survey highlighted the responsibilities that banks have to their smaller business customers. To what extent are you aware of the 'Business Banking code'?
- Q2.** To what extent do you compare the charges and services of alternative banks for the benefit of your clients?
- Q3.** Are you more likely to compare charges and services between banks than you were two years ago?
- Q4.** In your experience, to what extent do you think businesses are daunted by the prospect of upgrading/replacing their IT systems?
- Q5.** Do you consider that the development of 'WiFi' technology (wireless connectivity) is likely to be beneficial to smaller businesses either now or in the future?
- Q6.** To what extent do you believe that greater public investment in the creation of 'WiFi' hotspots (access points to wireless connectivity) is money well spent?
- Q7.** To what extent do you agree with the findings of recent research which reveals that 7 out of 10 business leaders believe that the UK is a poorer business location than in 2001?

Quarterly Trends Questions

The following set of questions has been asked of the panel each quarter since September 2003:

- Q8.** Has the number of clients seeking business advice increased over the past 3 months?
- Q9.** Over the past 3 months, to what extent have you witnessed a change in the number of people wanting to start up a business?
- Q10.** Has your clients ability to gain access to finance changed in the past 3 months:
- Q11.** Approximately what percentage of your client businesses find that there is a shortage of appropriately skilled labour?
- Q12.** In your estimation, what proportion of your clients' businesses will have ceased trading in the next 12 months as a result of the problems that they confront?



The Barometer Project Team:

Rick Eagles

t: 0115 8466860

e: rick.eagles@nottingham.ac.uk

w: www.ukbab.ac and www.ukbb.ac

Liz Rose

t: 0115 8466189

e: liz.rose@nottingham.ac.uk

Greater transparency of business needs as observed by the adviser community

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