

UK

BUSINESS
ADVISER BAROMETER

monthly brochure

> KEYNOTES FROM JANUARY 2007 - BAB53

What is your view of the Supplier/Customer relationship?

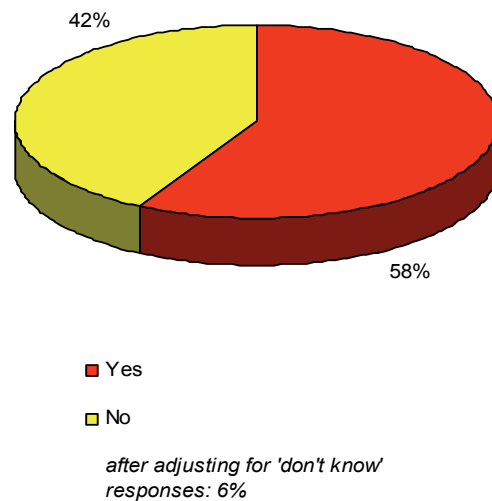
Relationships with suppliers can vary from simple and non-integrated to more elaborate types of competition and co-operation.

The balance between customer and supplier, when both are businesses, is affected by the relative size and market power of each but some regulation exists which is intended to protect smaller businesses from predatory behaviours by larger customers and suppliers.

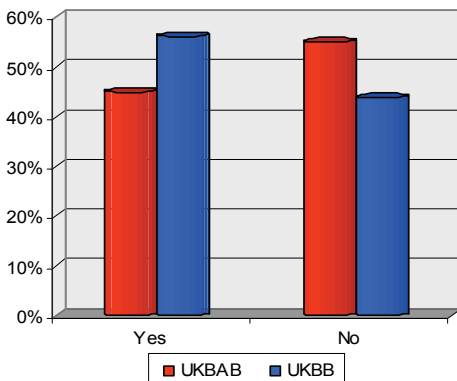
A large amount of management advice focuses on building and sustaining successful relationships with both suppliers and customers.

This month's UKBAB saw a series of questions on the subject and, it emerged that 58% of respondents believe that their clients take a long term view of their relationship with suppliers, and 45% said that clients place conditions other than just price and delivery dates, such as quality control, on their relationships with suppliers.

In your experience, when choosing and working with their suppliers, do clients take a long term view of the supplier/business relationship?



In your experience, over and above agreed delivery dates and terms and conditions of payment, do clients tend to place other formal conditions upon that relationship (eg. quality control)?



after adjusting for UKBAB 'don't know' responses: 6% and UKBB 'not applicable' responses: 9%

How conditional is the relationship?

In the parallel survey of Businesses, the UKBB, 79% of respondents (after adjusting for 'not applicable' responses) view their relationship with their suppliers as long term i.e. more than two years duration, and 56% (again after adjusting for 'not applicable' responses) place conditions other than just price and delivery dates, such as quality control, on their relationships with suppliers.

Panellists' views

'We advise all clients to build relationships with suppliers/customers and to have quality/equal opportunities/health and safety and disability discrimination policies ready in case they are asked for them - however, they rarely are.'

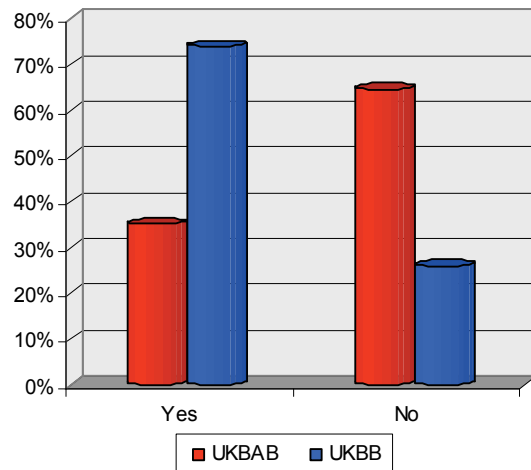
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Do you clients review suppliers' fulfilment of conditions?

34% of UKBAB respondents (after adjusting for 'don't know' responses) say that clients regularly review how their suppliers fulfil their conditions of supply.

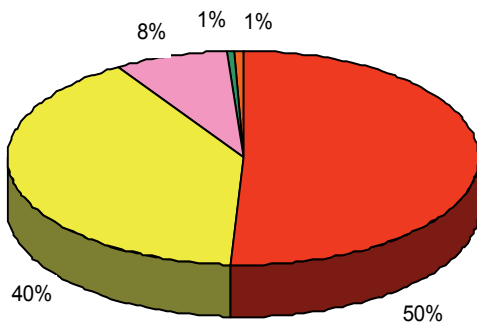
This contrasts sharply with the UKBB finding that 74% of responding smaller businesses regularly review fulfilment of conditions of supply by their suppliers.

In your experience do clients review their suppliers' fulfilment of these conditions on a regular basis?



after adjusting for UKBAB 'don't know' responses: 9%
and UKBB 'not applicable' responses: 28%

To what extent do you feel that, when working with customers, clients should take a long term view of their relationship with them?



- 1. Highly
- 2
- 3
- 4
- 5. Not at all

The Adviser and Business panels reflect different experiences .

33% of UKBAB respondents say that to a high or reasonably high extent, clients' customers have placed formal conditions upon their relationships other than delivery dates and payment.

When UKBB panellists were asked if their relationships with their customers involve formal conditions other than delivery dates and payment terms, 65% said that they do.

Panellists were asked about long term relationships between clients, when acting as suppliers themselves, and their customers. 91% of respondents feel highly or reasonably highly that their clients should take a long term view of relationships with their customers.

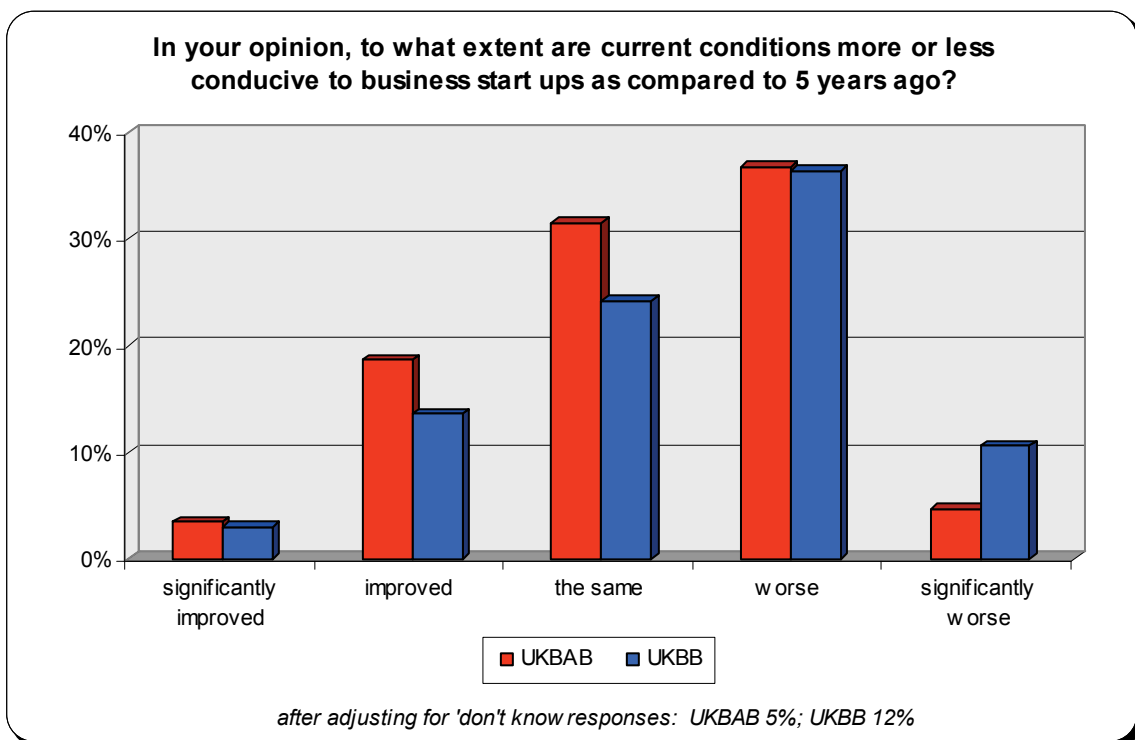


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Start Up conditions—a comparison with the July 2003 response



Conditions less conducive this time around

With much recent media attention given to new business start ups and those who say they are contemplating starting a new business, panellists of both the UKBAB and the UKBB were asked their opinion on the current climate for new businesses. The two surveys asked the same question three and a half years ago, and respondents to the UKBAB seem to have become gloomier, although the results from the UKBB respondents were quite close to last time's.

Although 23% of UKBAB respondents think that current conditions have significantly improved or improved compared to 5 years ago, in July 2003 the figure was 39%, and 44% think they have worsened or significantly worsened compared to 34% in July 2003.

19% of UKBB respondents think that current conditions have significantly improved or improved compared to 5 years ago (21% in July 2003) while 54% think they have worsened or significantly worsened (59% in July 2003).

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> QUESTIONS FROM JANUARY 2007 - BAB53

- Q1.** In your experience, when choosing and working with their suppliers, do clients take a long term view of the supplier/business relationship?
- Q2.** In your experience, over and above agreed delivery dates and terms and conditions of payment, do clients tend to place other formal conditions upon that relationship (eg. quality control)?
- Q3.** In your experience do clients review their suppliers' fulfilment of these conditions on a regular basis?
- Q4.** To what extent do you feel that, when working with customers, clients should take a long term view of their relationship with them?
- Q5.** As far as you are aware, over and above agreed delivery dates and terms and conditions of payment, to what extent do clients' customers place formal conditions upon that relationship (eg. quality control)?
- Q6.** Do you believe that trading on the internet adds to or detracts from traditional relationships with customers?
- Q7.** In your opinion, to what extent are current conditions more or less conducive to business start ups as compared to 5 years ago?
- Q8.** In your experience, which sector saw the greatest growth, in terms of start ups, during 2006?
- Q9.** When dealing with those considering starting a business, from your experience, which of the following would be their main motive?
- Q10.** As far as you are aware, where clients employ graduates, to what extent do they feel that their overall university education benefits the businesses?
- Q11.** In your experience, where clients employ school leavers, to what extent do they feel that their education benefits their businesses?
- Q12.** Many see WiFi as having huge implications for the future. To what extent, do you feel sufficiently familiar with its capability and functionality to understand the (potential) benefits for business?



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Greater transparency of business needs as observed by the adviser community