



BUSINESS ADVISER BAROMETER

monthly brochure

> KEYNOTES FROM JUNE 2007 - BAB58

Smaller businesses and Management Skills—Where is the greatest shortfall?

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. The June 2007 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.

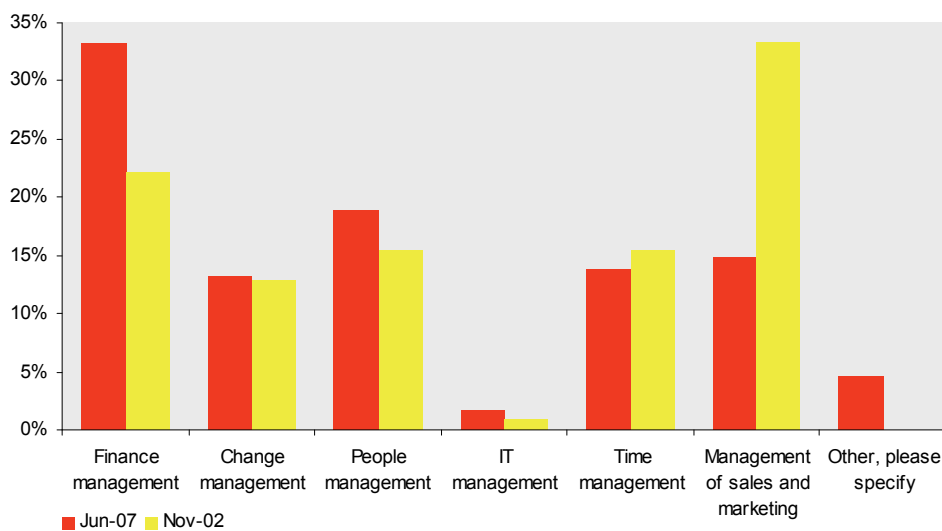
Several respondents said they would rank all or some of the response categories as equals and quite a few respondents said that most of the categories offered are key areas – they found it difficult to single only one area out.

Panellists' view

'... most of the items listed are quite key issues in relation to shortcomings of small business owners.

Finances, Sales & Marketing and People management do not receive the attention required in the average small business.'

If management is an issue for smaller businesses, in which of the following areas of management do clients show the greatest shortfall?



Panellists' view

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

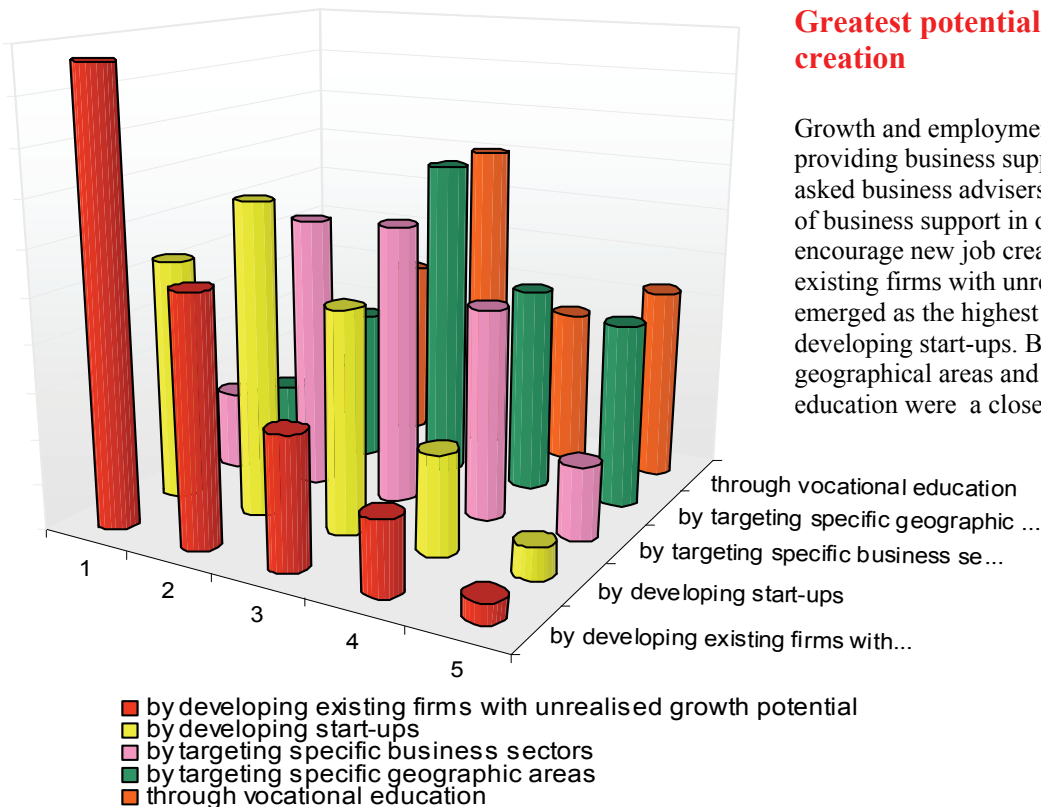
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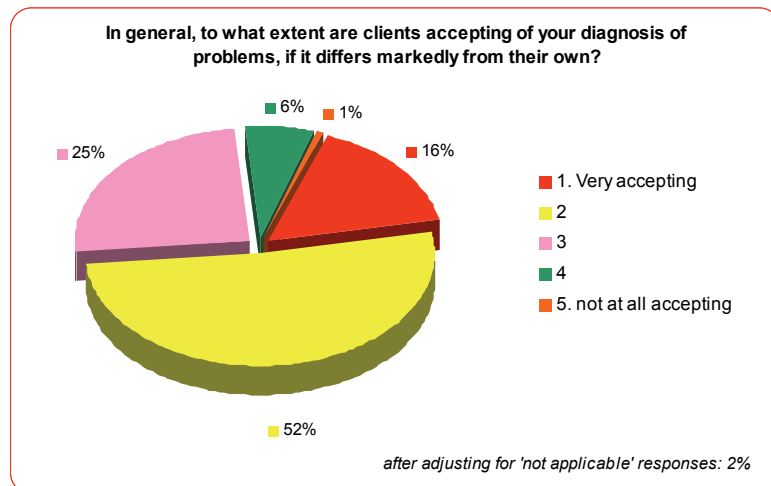


Greatest potential for new job creation

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 their potential for encourage new job creation. Development of existing firms with unrealised growth potential emerged as the highest priority followed by developing start-ups. Both targeting specific geographical areas and through vocational education were a close third.

Clients' 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.



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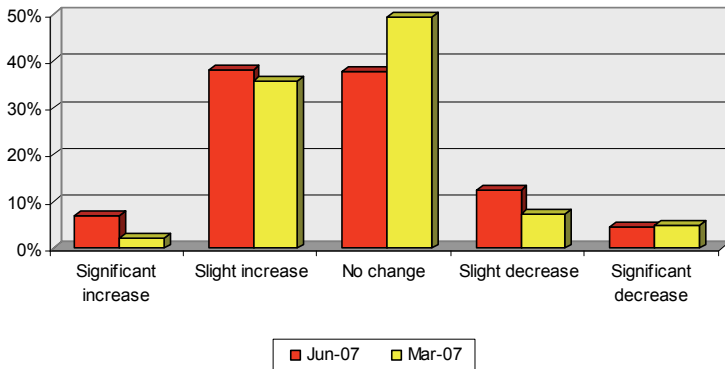
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Trends-Second Quarter 2007

Number of clients seeking advice sought see further overall increase in second quarter but, start ups decreased.

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



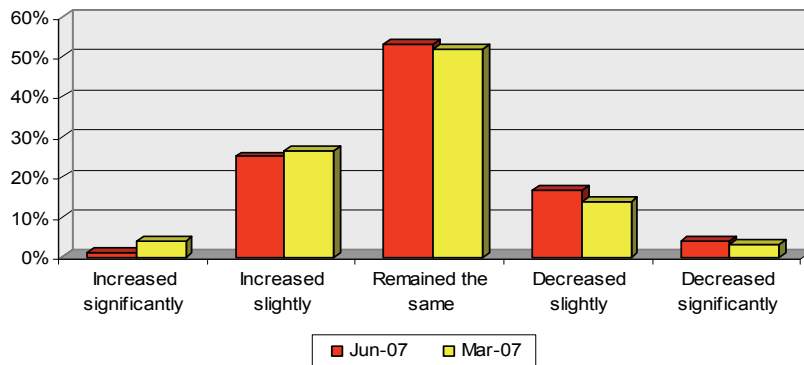
Clients seeking business advice

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.

People wanting to start a business

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.

Over the past three 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: Mar-07 15%

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> QUESTIONS FROM JUNE 2007 - BAB58

- Q1.** If management is an issue for smaller businesses, in which of the following areas of management do clients show the greatest shortfall?
- Q2.** Which is your preferred (most used) source of business information?
- Q3.** Which form of business networking do you find the MOST effective for your role as a business adviser?
- Q4.** To what extent are clients accepting of your diagnosis of problems, if it differs markedly from their own?
- Q5.** Which is the most common method of client referral to you?
- Q6.** Please rank the (following) options for in order of their ability to encourage new job creation.
- Q7.** (What) do you feel is the single most important attribute of the Business Adviser?

Quarterly Trends Questions

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

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



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Greater transparency of business needs as observed by the adviser community

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