

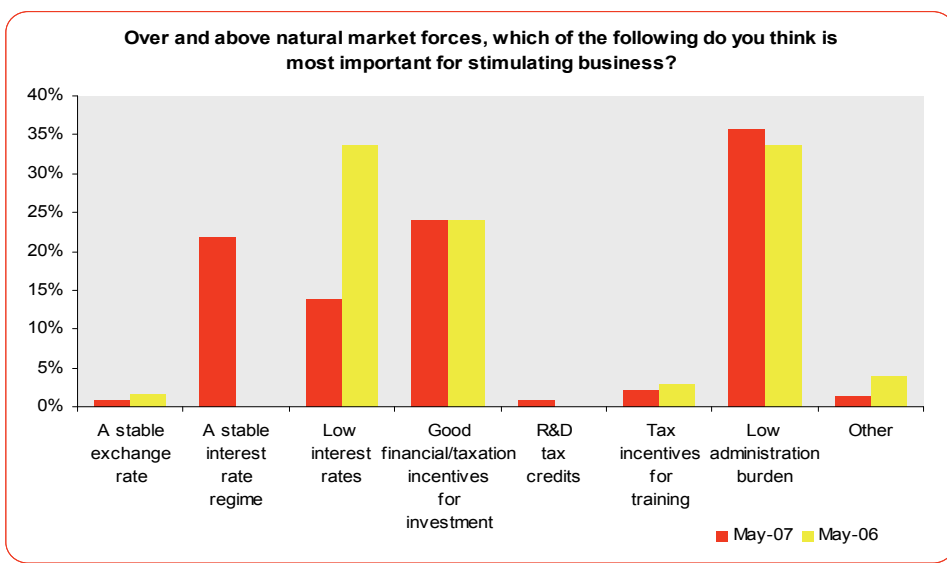
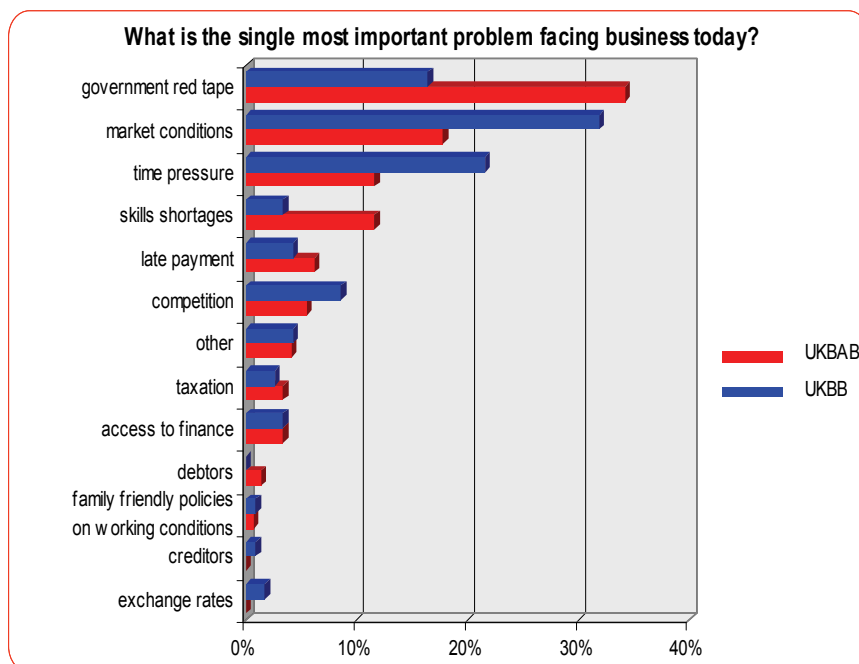
> KEYNOTES FROM MAY 2007 - BAB57

What's the problem — Market conditions? Pressures of time? Red tape? Advisers and Businesses have their say.

This month we took a look at views of “the single most important problem” for smaller businesses. Amongst UKBAB respondents, government red tape came out top with 34%, with market conditions second, 18% and time pressure/skills shortages joint third, 12%. In our parallel survey of smaller businesses, the UKBB, Market conditions came out top with 32%.

Advisers and businesses united on how to stimulate business.

Business Advisers are well placed to appraise which factors in the business environment are the most important for businesses. When asked to select the single most important factor for stimulating business, 36% of UKBAB respondents chose a low administration burden, with the two interest rate options, a stable interest rate regime and low interest rates combining at 36%. Options chosen by businesses responding to the UKBB followed the same pattern.



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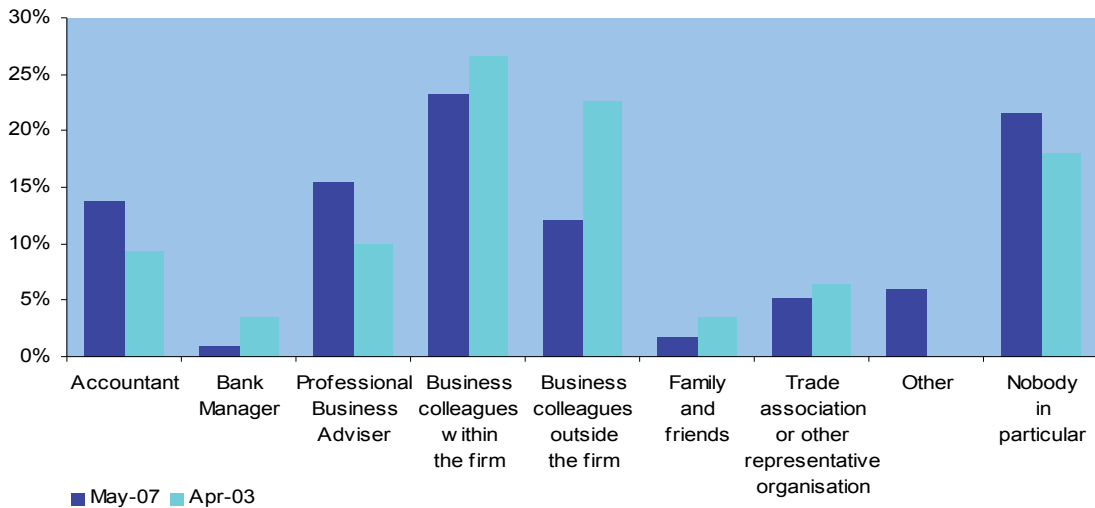
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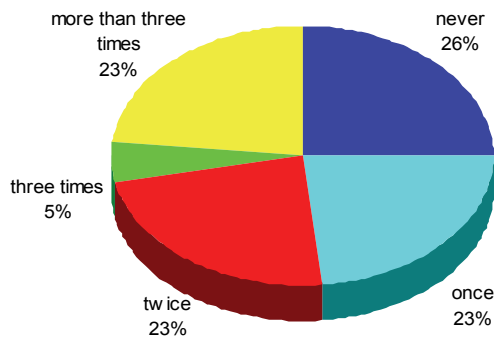
Seeking advice—the behaviour patterns of UKBB respondents.

The following are extracts from this month's UK Business Barometer survey, reflecting panellists' views on the subject of professional advice.

To whom do you most naturally turn for advice when trading conditions suddenly become more uncertain?



When seeking advice or support in the last two years, how often have you chosen to use a professional adviser?



How often do you seek professional advice?

The majority of respondents to the UKBB use professional business advice, as shown by the responses to our question on use over the past two years. 74% have used a professional adviser at least once, and nearly a quarter have used advisers more than three times over the last two years.

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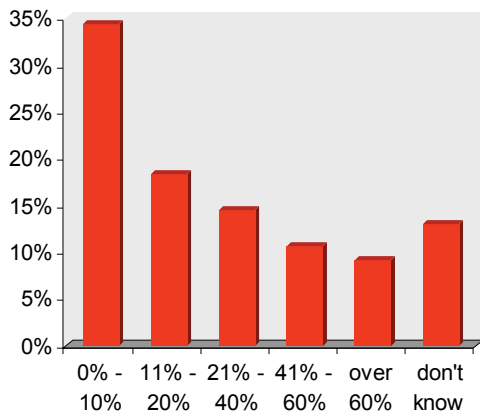
> KEYNOTES FROM MAY 2007 - BAB57

Micro-finance—UKBAB respondents report on take up by clients and the sustainability of firms using it.

Government support to encourage micro-finance has been through three main initiatives: the Phoenix Fund, which closed in 2006 but was instrumental in funding 63 Community Development Finance Institutions (CDFIs) throughout deprived areas of the UK, and these are ongoing; through LEGI (the Local Enterprise Growth Initiative) and through the Small Firms Loans Guarantee (SFLG).

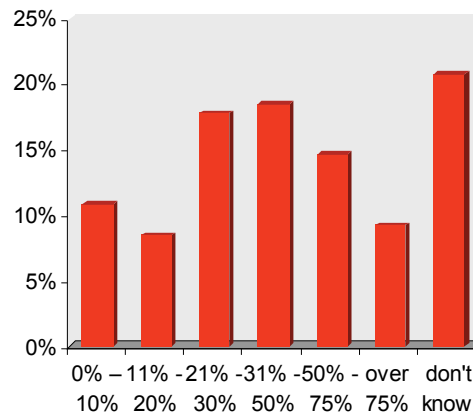
Typical micro-finance clients are self-employed, often household-based entrepreneurs with low incomes, who do not have access to mainstream financial institutions. This month's survey asked advisers about the take up of micro-finance and the sustainability of firms using it.

What percentage of your clients use 'micro-finance' to start-up?



after adjusting for 'not applicable' responses: 10%

In your opinion, what percentage of firms that use micro-finance are sustainable?



after adjusting for 'not applicable' responses: 11%

31% of respondents to the UKBAB have less than 10% of clients using micro-finance to start their businesses, 39% say that between 11% and 60% of clients use micro-finance and 8% have more than 60% of clients financing start-ups this way.

Although 19% of respondents believe that less than 20% of firms using micro-finance are sustainable, 36% say that between 20% and 50% are likely to last, and 24% think that more than 50% will survive, after adjusting for 'not applicable' responses.

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> QUESTIONS FROM MAY 2007 - BAB57

- Q1.** What is the single most important problem facing business today?
- Q2.** Over and above natural market forces, which of the following do you think is most important for stimulating business?
- Q3.** What percentage of your clients use 'micro-finance' to start-up? (ie. not requiring collateral - for those who do not have access to mainstream bank finance).
- Q4.** In your opinion, what percentage of firms that use micro-finance are sustainable?
- Q5.** What percentage of your clients are actively involved in their own personal professional development through external training, courses etc?
- Q6.** Despite recent increases in the Bank of England's interest rate, do you consider the current rate to be at an acceptable level?
- Q7.** In your opinion, to what extent will the smaller business community benefit from such a forum in practice?
- Q8.** To what extent is there an appetite amongst your clients for training solutions?
- Q9.** What percentage of your clients have planned training processes for their staff?
- Q10.** Do you view the PDA as a valuable tool in your work?
- Q11.** In the present climate, would you rather be..... an employee with company benefits or running your own business?
- Q12.** If circumstances were to permit, would you.. retire [asap], retire at state retirement age, retire later than state retirement age

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Greater transparency of business needs as observed by the adviser community

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