

## UKBAB 66 May 2008 Analysis

The May 2008 survey was a second Special Edition questionnaire for UK Business Support professionals, following that of September 2007. The survey was developed by the Nottingham University UKBAB team in conjunction with the SERTeam with sponsorship from Barclays Bank.

The total number of respondents taking part in the UKBAB Survey was 300 and as usual real-time results were published to the website. This analysis is the outcome of further more detailed examination of those results.

The survey was simultaneously conducted by SERTeam through several parallel channels, including emailed questionnaires and telephone interviews covering other consultants and advisers from the wider business adviser community, sharing their views on the state of UK business, their own roles and the health of the economy.

The massed results from over 1000 business support professionals have been analysed and will shortly be published separately (Business Support Professionals in Britain Summer 2008 by Barclays/SERTeam). It is hoped that this will provide a useful insight from the professionals working with business development and will assist the Department for Business, Enterprise and Regulatory Reform (DBERR) in developing appropriate policies.

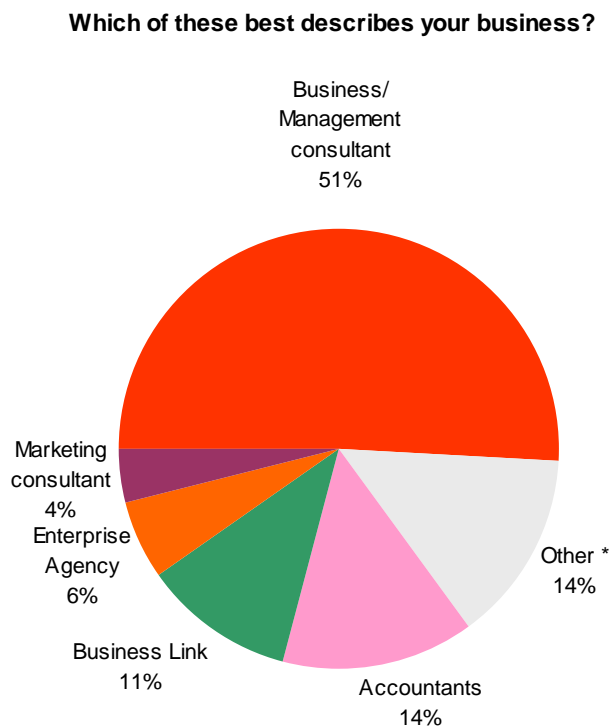
### UKBAB Survey Findings

The Survey once again covered a broad raft of issues surrounding the work which business advisers do. It again stimulated many extra observations from respondents, who provided valuable and thought provoking ideas and comments both directly arising out of questions and related more specifically to their own areas of expertise and the quality of advice being provided to new and growing businesses.

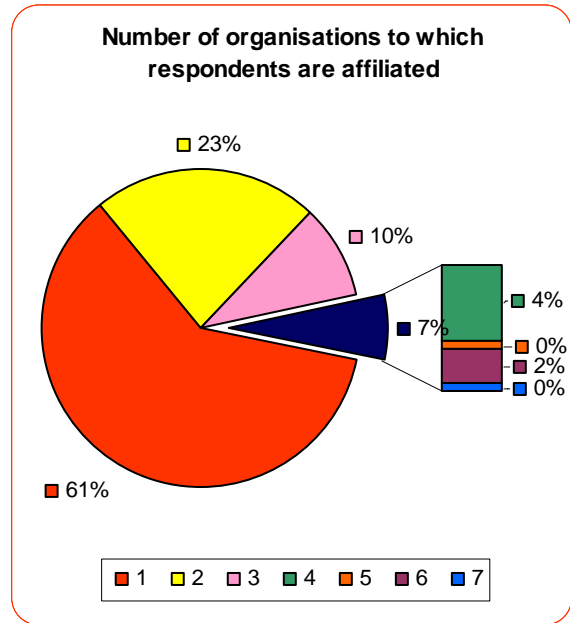
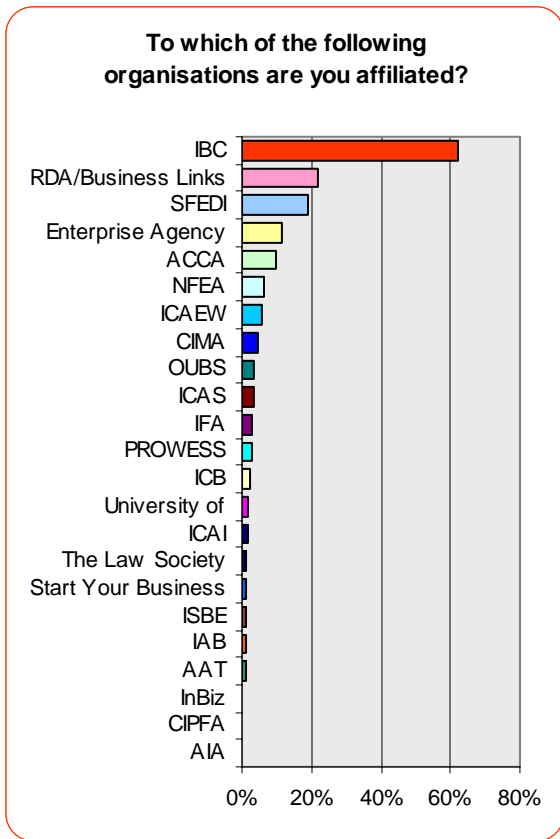
The first four questions were designed to give more in-depth insight into the backgrounds from which the UKBAB respondents were drawn.

Over half describe themselves as being business or management consultants, and there are substantial proportions of accountants and business link associates.

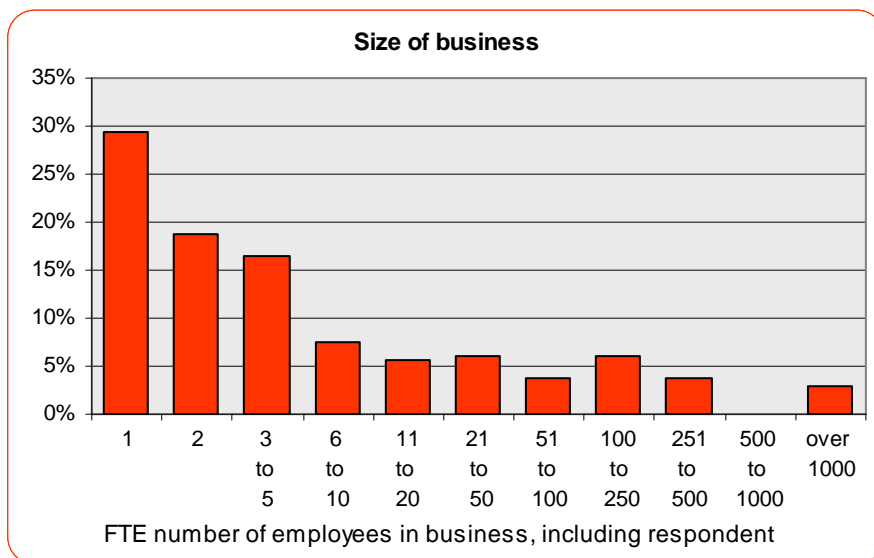
In the chart, 'Other' includes HR employment consultants; those working in business incubation, Chambers of Commerce and industry/trade associations; insurers/financial services advisers; business advisers plus ICT, local authority, training, manufacturing advisory service and other professional advisers.



Almost all of the respondents are affiliated to at least one professional or official organisation. 91% of total respondents replied to the question asking to which organisation they are affiliated. Of these, 62% belong to IBC and 39% belong to 2 or more organisations.



The size of business in which respondents are employed or self-employed varies greatly. 65% are in businesses with 5 full-time equivalent (FTE) employees or less, 19% with 6 – 50 FTEs, and the remaining 16% with over 50 FTEs.

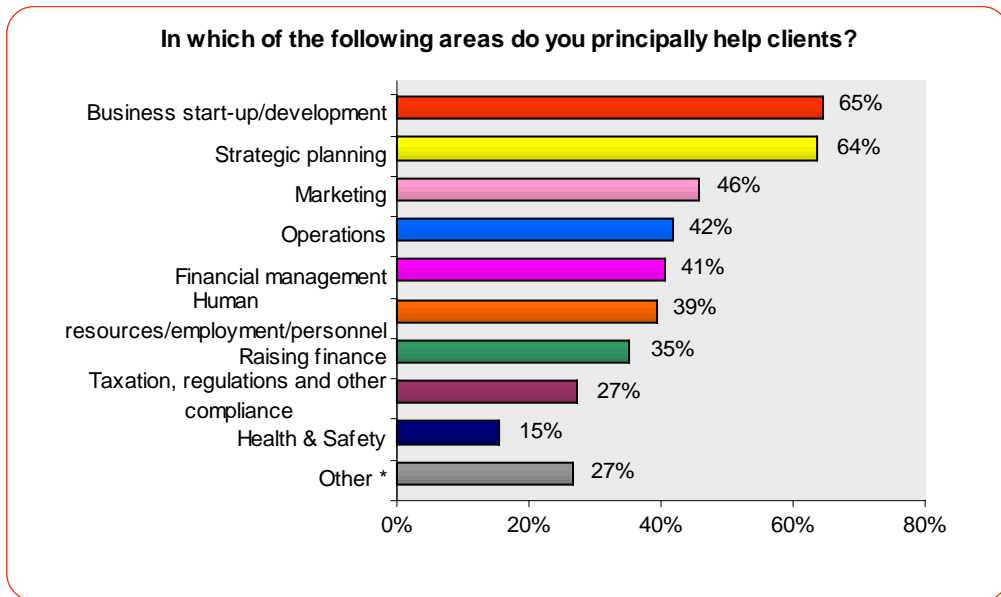


Panellists were also asked to say in which areas they principally help clients. This question was also asked in the September 2007 survey. As in that survey, respondents chose as many of the options offered as they wished, which this time averaged at 4 selections per respondent, compared with 2.75 last September.

Nearly 65% offer help on business start-up and/or development and nearly 64% offer strategic planning advice. 46% of respondents offer both of these.

The area offered by the fewest respondents was that of Health and Safety (15%), and 'Taxation, regulations and other compliance' was offered by only 27%. These two areas were not specifically offered in last September's survey although they were amongst those specified by respondents who chose the 'Other' category.

In response to the 'Other, please specify' option, areas in which respondents are active included Accounts, Corporate Finance, Customer Service, Exporting, Grant Funding, Investors in People, ICT, Innovation, Management Training, Overseas Operations, Procurement, Project Development, Quality Management, Sales, Social Enterprise, Training and Workforce Development, Web Commerce.



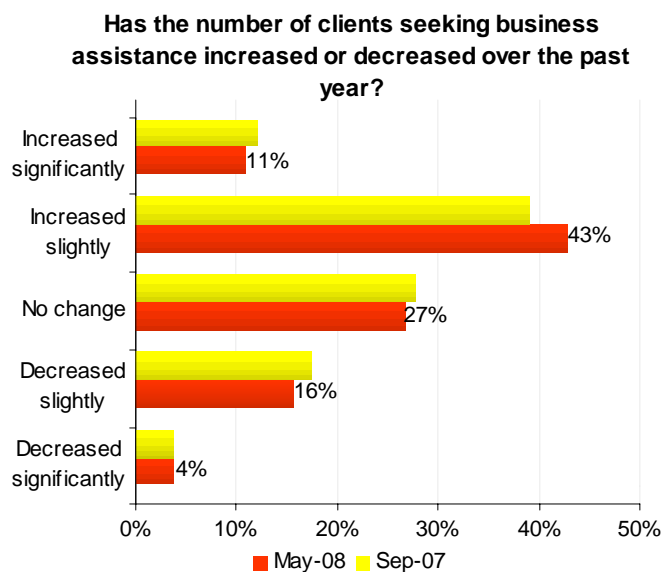
### Performance and problems over the last 12 months

The last year has seen an overall increase in the balance of client numbers for business advisers.

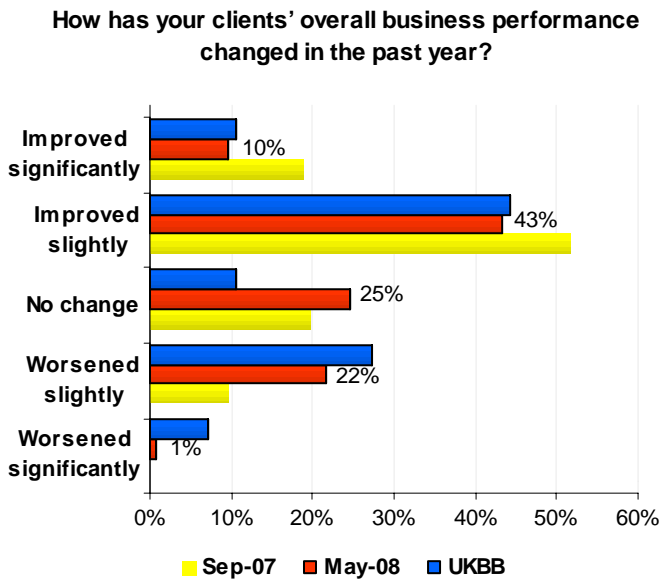
Over half the respondents increased their number of clients over the past year, with 11% experiencing significant increases in number.

20% of respondents have lost clients, with 4% having a significant drop in client numbers.

As can be seen from the chart to the right, this result is very close to that obtained in last September's survey.



43% of respondents have seen small improvements in their clients' business performance over the last year, while 10% say that business performance by their clients has improved by a significant amount. 23% say that performance has worsened.



In the parallel May 2008 survey of smaller businesses, the UKBB, businesses were asked how their own business performance has changed over the last 12 months. UKBB results were fairly similar to UKBAB results on the positive side, although businesses were more pessimistic overall, in the sense that only 11% said there had been no change, and 35% said that performance had worsened slightly or significantly.

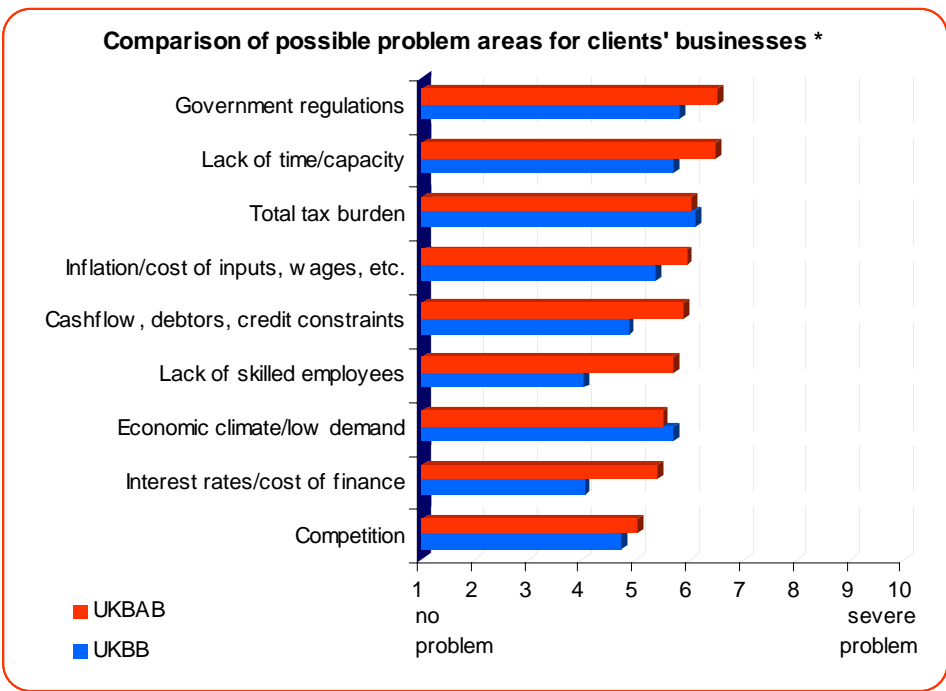
A positive balance of advisers thought clients achieved an improvement in business performance over the past year but this balance was lower than that found in the September 2007

survey, 31% now compared with 61% last September.

Panellists were asked to rate potential problem areas for their clients' businesses on a scale from 1 (no problem) to 10 (severe problem). The parallel survey of smaller businesses, the UKBB, put a similar question, asking businesses to rate the same problem areas for their own business.

The problem areas which emerged as the greatest overall for clients' businesses, according to UKBAB respondents, were government regulations, followed by lack of time/capacity, while inflation/cost of inputs, wages etc. came fourth, after total tax burden. Interest rates/cost of finance and competition were seen as the areas of overall least concern comparatively.

Businesses tended to choose lower ratings generally than business advisers, but comparing the relative final overall ordering of the different problems areas, UKBB respondents produced the total tax burden as giving the most concern, with government regulations following and lack of time/capacity in third place.

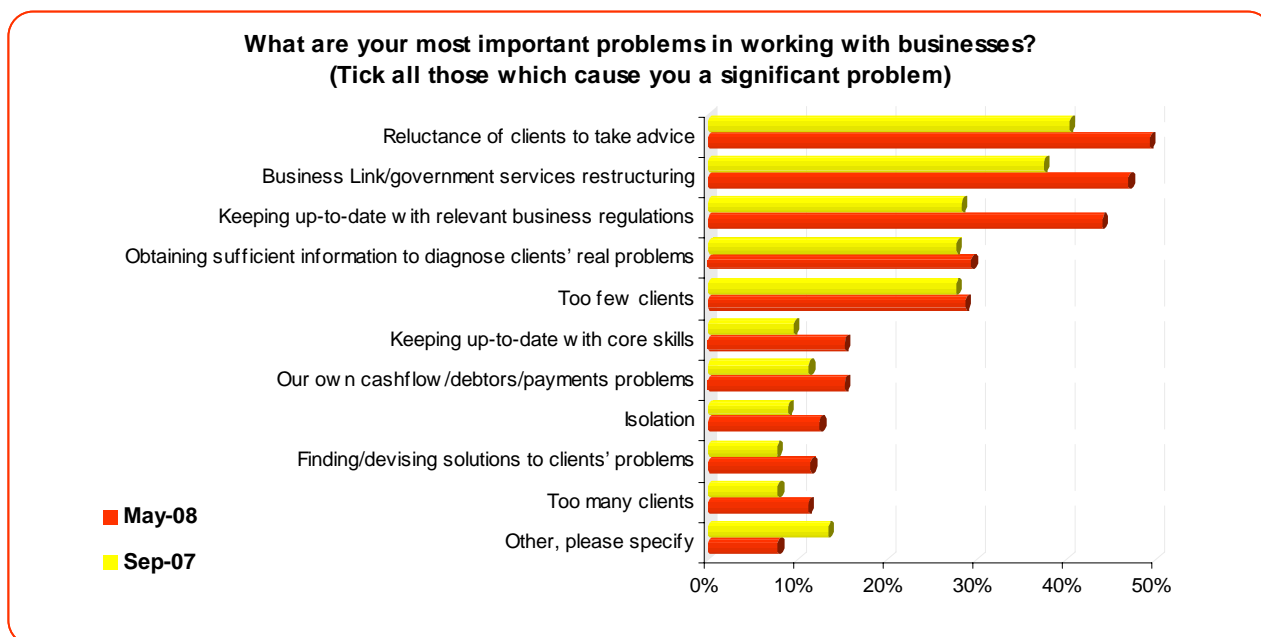


\* Responses averaged across respondents to this question

Respondents were also asked to indicate any problems facing their clients other than the areas covered above. Some of the 97 responses received were very specific to the business sector in which the advisor operates, but many themes were recurrent. The strongest emerging included change management, travel delays (road, rail and air), marketing abilities, complexity of the tax system, the costs to smaller businesses of using business support and difficulty of accessing it, poor senior management skills, inappropriate training provision, an ageing workforce and accommodation issues. The comments contributed have been published on the survey results page: [www.ukbab.ac/UI/surveys.aspx](http://www.ukbab.ac/UI/surveys.aspx) (click on **BAB66 - May 2008**).

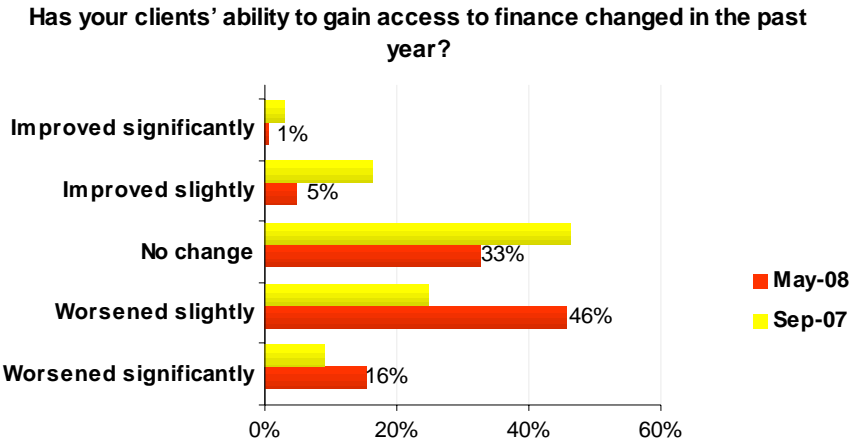
Panellists were also asked to identify the most important problems encountered when working with businesses. The average number of boxes ticked per respondent was 2.7, and 50% said that clients' reluctance to take advice was one of their most important problems. The second most important problem was Business Link/government restructuring, chosen by 47%. 8% opted to provide alternative suggestions via the 'Other, please specify' responses. Mainly these can be grouped into three areas:

- Problematic clients – poor time management, leaving too late, grant culture, being in too much of a rush, non-appreciation of the adviser's input
- Problems with serving clients – under-funding and barriers to resources, lack of time, irregular flow of clients, those most needing help are least able to afford it
- Problems with competency – keeping up to date with sector developments and current state of the market



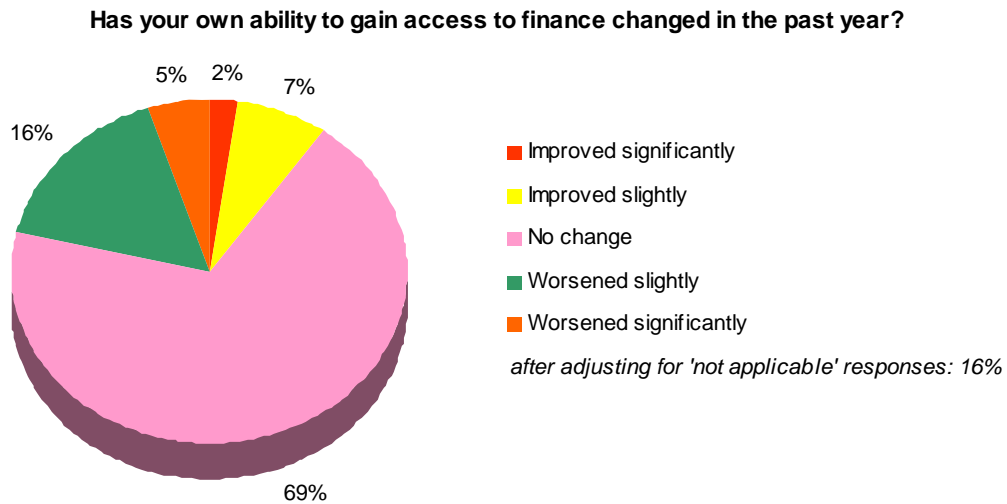
## Managing the downturn

Last September more Business Advisers said that their clients' ability to gain access to finance had worsened in the past year than said it had improved, although nearly half said there had been no change. By May the picture had deteriorated: 62% said that access to finance had worsened for their clients and only 6% said there had been an improvement, while only one third said there had been no change.



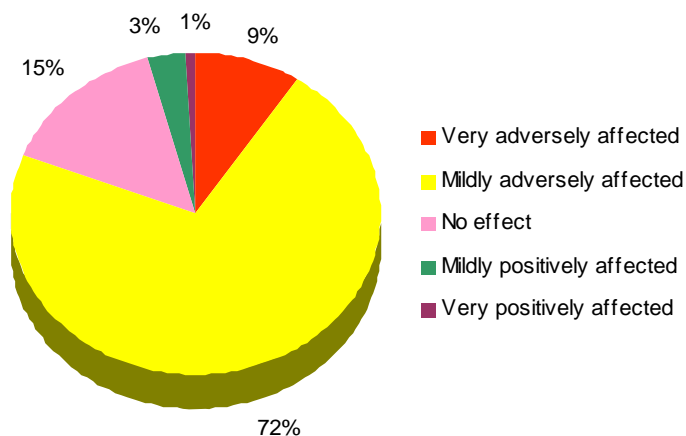
*after adjusting for 'not applicable' responses: May 08 2%; Sept 07 12%*

In terms of advisers' own ability to access finance, after adjusting for 'not applicable' responses, 9% have the situation has improved but 21% have found it has worsened. 69% report no change.



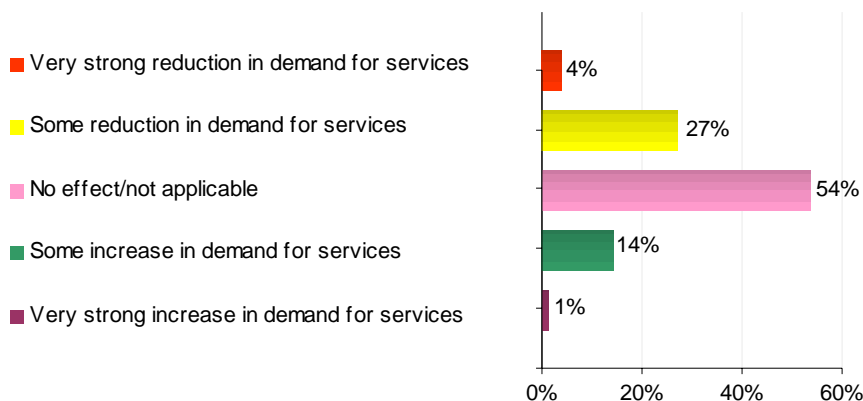
The increasingly uncertain economic environment experienced in recent months has affected most of the respondents' clients. 79% report that their clients have been adversely affected and only 6% think clients have benefited. 15% have not noticed any effect on their clients.

**To what extent have your clients, on average, been affected by recent economic uncertainties?**



With reference to the recent economic uncertainties, over half of the respondents said that their own business was unaffected (or it was not applicable to them), however nearly one third report a reduction in demand for services. 15% experienced an increase in demand for services.

**To what extent has your own business been affected by recent economic uncertainties?**



## The Regulatory Environment

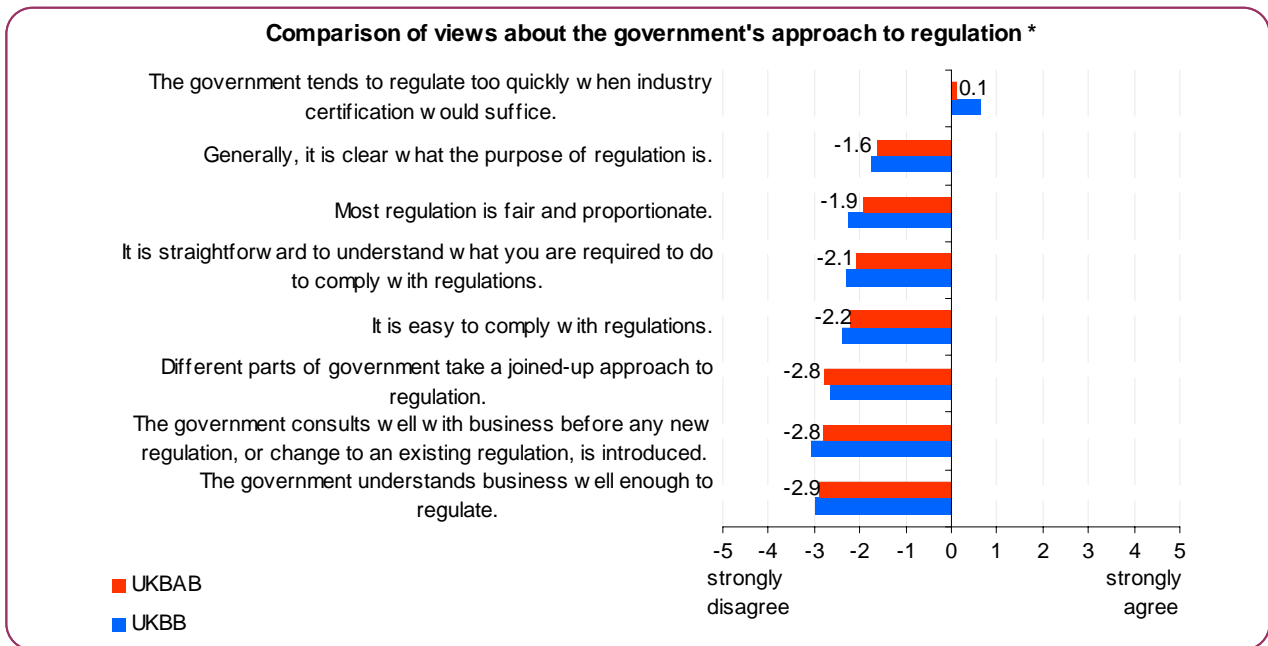
The Better Regulation Executive (BRE) was established within the government's Cabinet Office in May 2005, to lead a programme of regulatory reform. BRE was transferred to the Department for Business Enterprise and Regulatory Reform (BERR) when it was established in June/July 2007.

Respondents were invited to give their views, by answering on a scale from 1 (strongly disagree) to 10 (strongly agree), about a number of aspects relating to the government's approach to regulation. The same question was asked of smaller businesses responding to the parallel UKBB survey.

There were only small differences between the average responses of the two sample populations. The chart below indicates how far the average views differ from the neutral position of 'neither agree nor disagree'.

UKBB respondents on average agreed that "the government tends to regulate too quickly when industry certification would suffice" to a slightly greater extent than UKBAB respondents did. With a UKBAB sample average of 5.7 this indicates a fairly mild extent of agreement by both sets of respondents.

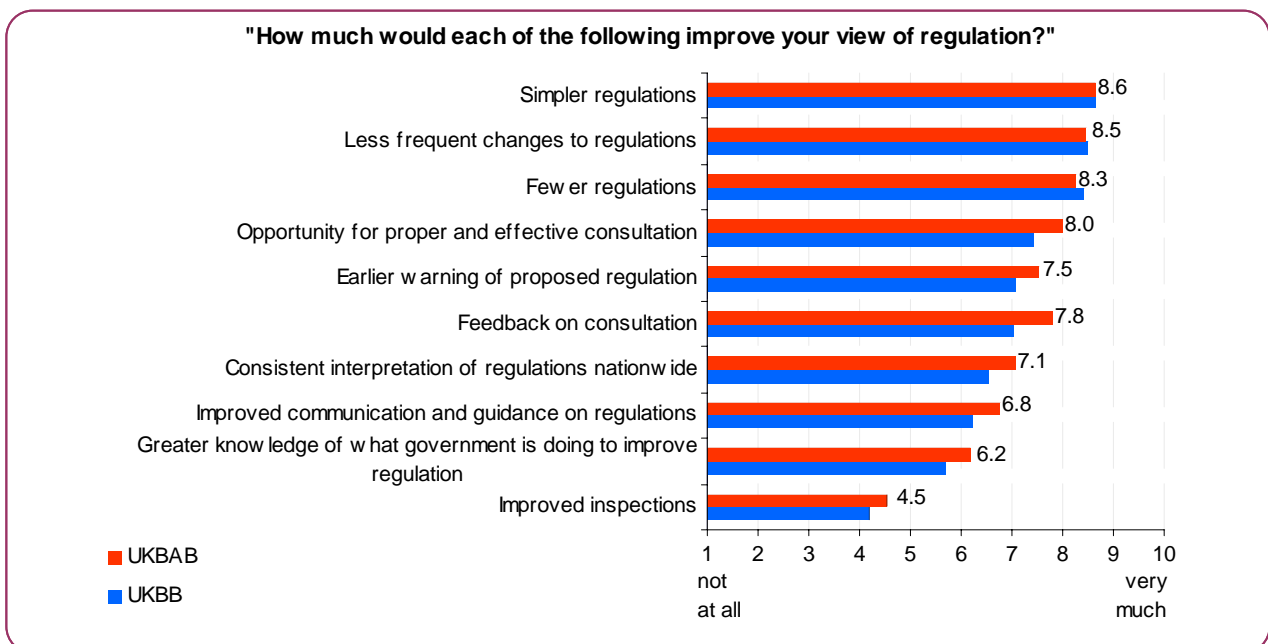
On all the other aspects queried, average responses were negative, particularly to the statements “the government consults well with business before any new regulation, or change to an existing regulation, is introduced” and “the government understands business well enough to regulate”. On both these two aspects over 30% of UKBAB responses were at the extreme of ‘strongly disagree’.



### Improvement to the Regulatory Environment

Panellists were asked for potential ways of improving their views on regulation and this was also asked of the UKBB survey panel. Again responses were sought on a scale from 1 (not at all) to 10 (very much).

The highest levels of consensus amongst respondents and between the two (UKBAB and UKBB) surveys were for simpler regulations, less frequent changes to regulations and for fewer regulations and these three choices were also the most looked-for improvements to the regulatory environment. The option least favoured by respondents to both surveys was improved inspections – the average response level from the UKBAB was 4.5 and 13% responded “not at all”.



Panellists' individual views were sought on how government regulation can be improved. Amongst the around 60 responses submitted many would like regulations to be reduced, genuinely simplified or abolished, some in specific areas like Health and Safety, some as exemptions for businesses with very few employees.

There were several expressing the opinion that regulations tend to be geared towards large organisations, with little understanding of the impact on smaller businesses, and that new rules often are not fully thought through by the time they are implemented. 'Gold-plating' EU-sourced regulations was mentioned by several contributors.

Consultation directly with small businesses and their face-to-face advisers were recommended and it was suggested that expected benefits to businesses should be demonstrated when changes are made.

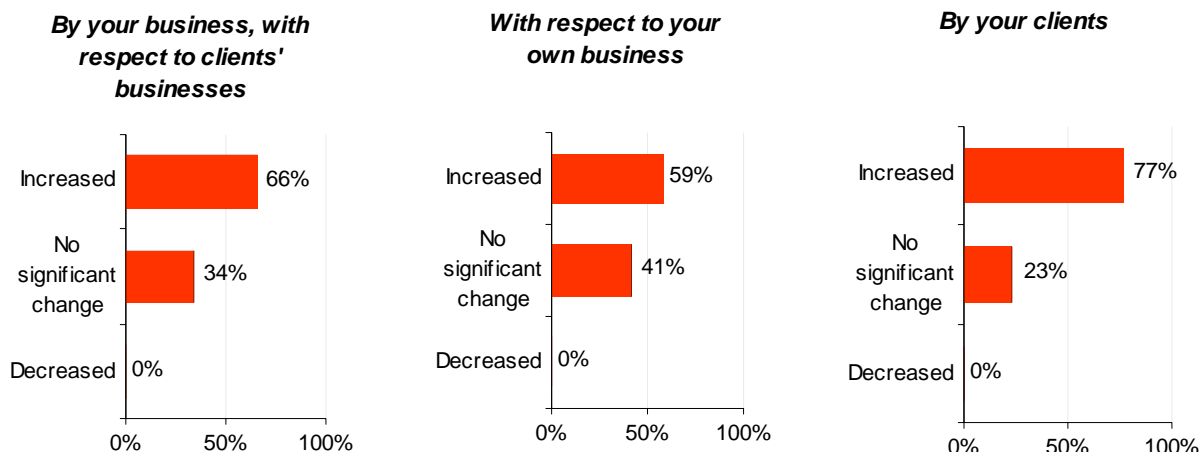
Positive suggestions included having a central government web site listing all regulation by type / business sector etc, similar to the NETREGS web site approach for Legislation, producing a series of Directors Briefings on existing Regulations and a yearly Planner notifying new regulation.

The comments contributed have been published on the survey results page: [www.ukbab.ac/UI/surveys.aspx](http://www.ukbab.ac/UI/surveys.aspx) (click on **BAB66 - May 2008**).

#### Time taken to deal with regulation

Panellists were asked [how the time taken to deal with government regulations and paperwork has changed over the past year](#) on behalf of clients and for their own businesses, and of the time of their clients. A majority of respondents believe that government regulations and paperwork are making increasing demands and in spite of declared intentions of simplifying regulation, none of the respondents believe that the time taken has reduced.

#### Change in time taken over the past year to deal with government regulations and paperwork



Many of the general comments made at the end of the survey reinforced and expanded on the views given on improving regulation. One adviser said "This is the one area that could make a major difference to SMEs and Micro business. Government needs to really get rid of red tape - not give us more!"

Many took time out to share their additional thoughts on some of the complex issues facing businesses, especially small and micro businesses. The operating environment for advisers also came in for comment with some expressing misgivings with the increasing trend to formalise qualifications, fearing that the hands-on experienced entrepreneur will be prevented from sharing their know-how

and that small agencies will disappear.

Several of the advisers who regularly respond to the UKBB questionnaires commented on their own reactions to this particular survey, which was longer and more detailed than usual. Although some were critical, others were welcoming of the opportunity to contribute in greater depth.

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**Listed below are some of the personal views supplied in feedback received from respondents to Survey BAB 66 May 2008**

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

\*The government has absolutely no idea what makes the private sector work nor the concept of what is required for a business to make money and provide employment.

\*the changes to access and to advice and support from B/Link has severely affected the time and ability to support client's, if people in power really knew what is going on then there would be a massive clearout of the current B/Link services .... the changes made have seriously adversely affected the support and development of an enterprising culture.

\*It's not the last year that the biggest changes have been seen. The damage was done over the past 5 years in particular.

\*Talking to the 'Eurocrats' who create the directives on which UK regulations are based, it is evident that the level of regulation in the UK is not what was intended. Indeed they are looking at ways to persuade the UK Government to 'wind back' much of the regulations, especially for small businesses.

\*The stealth taxes and detailed tinkering with legal provisions is penalising business, and small businesses are hit harder.

\*Any Town Planning issue is a nightmare of regulation, paper generation and confusing "policy" documents.

\*There are too many demands for yet further qualifications or certifications - often the same but through another body - it is crippling the small hands on advisors who can give real assistance to small businesses as corporate and civil servants unless they have run their own micro (which is rare) do not have any idea whatsoever how to deal with small businesses and to keep adding expensive additional certifications or your excluded from business link etc means many good small agencies are going to disappear in favour of the large enterprise delivery agencies, who often do not deliver what is needed - its all too rigid

\*Regulation is generated from many organisations, whether European, UK or International. The UK should be able to explain its strategic change plans and ensure it is not pushed to implementing tactical regulatory changes that can confuse or create significant work for little benefit to the UK economy.

.... a report explaining the potential risk of implementing new legislation could be generated to ensure the downside does not negate the benefits.

\*People at the "Coal Face" need all the aids they can find to assist with the understanding and control of existing and new regulation.

\*Government bureaucracy and red tape is strangling our business and destroying the motivation of our advisory team.

\*Too much focus on Start up and not enough on early businesses ie post 1 year

\*There should be a systematic review of regulations so that: the number can be reduced; they can support instead of contradict one another; they are easier to comply with; they are easier to regulate (therefore saving money); it takes fewer staff / bureaucracy to implement and regulate; money generated from fines is reinvested in helping businesses comply with regulations - i.e. it goes to other businesses rather than into general coffers; the burden of regulation is reduced; business rates are reduced; generally overall tax burden is reduced; businesses is encouraged through the tax system to use less energy in all forms; money raised

through green taxes is passed back to businesses as grants to help them become greener (e.g. grants for equipment, capital alterations, training courses, consultants fees etc).