



SME OUTLOOK TRACKER **APR** **2021**

In March 2021, just after the Chancellor Rishi Sunak announced his most recent support measures and the roadmap to recovery, we invited SMEs across the UK to share their outlook for the next 12 months.

We have compared the findings with the results from the SME Outlook Tracker we conducted in September 2020.

This report summarises our research and our findings.

Please do get in touch if you would like to receive any advice, guidance or support.

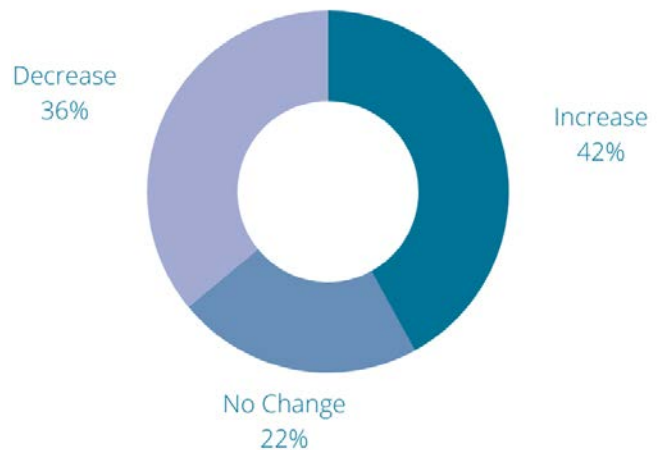
For further information please contact David Martin on 01273 480480 or david@knilljames.co.uk.

The research was conducted by the UK200Group during March 2021. 353 SMEs from across the UK participated.

HEADLINES

The overall outlook for SMEs across the UK is far more positive now than it was 6-months ago with 42% of SMEs projecting an increase in income and 31% projecting an increase in headcount over the next 12 months.

What Level of Income are you Projecting for your business in the next 12 months?



Do you expect to increase or reduce your headcount over the next 12 months?

Comparison September 2020 vs. March 2021



SMEs PRIORITIES

April 2021 SME Outlook Tracker Findings



SMEs priorities

have changed slightly from 6 months ago when survival and increasing operational efficiency featured more prominently.

Differences by region, by business structure and by business size.

There are some interesting differences in certain outlooks depending on the size of the business and the business structure.

REGION, STRUCTURE, SIZE

April 2021 SME Outlook Tracker Findings



The differences by region are predominantly negligible apart from headcount predictions in the South compared to other parts of the UK.

UK200Group SME Tracker March/April 2021

Top Line Summary of Findings

- UK200Group Outlook Tracker
 - 353 participants
 - Across UK and all sectors
 - Businesses ranging from
 - Less than £250k to £5M+
 - Sole traders to PLC
- Outlook for income levels for businesses over the next 12 months
 - 42% project an increase
 - 36% project a decrease
- Headcount
 - 31% project an increase
 - 54% no change
 - 14% a reduction
- Top 3 priorities
 1. Looking after existing clients
 2. Finding new clients
 3. Growth

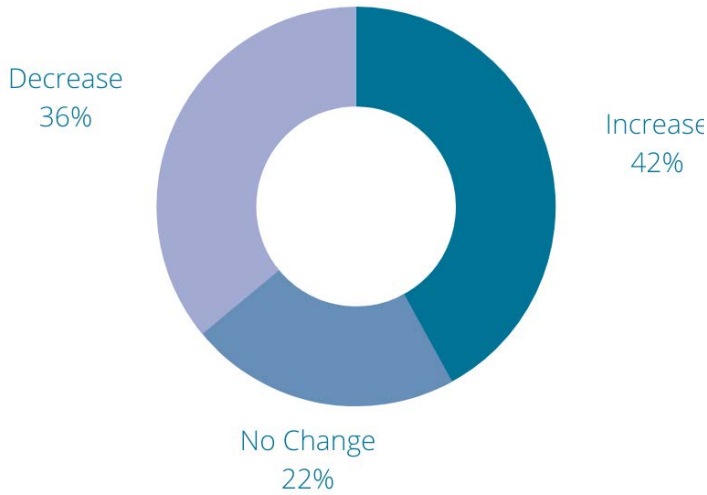
One business in the Hospitality & Accommodation sector said:
“Our Industry stopped 20 March 2020. We are starting again.”

- Major changes planned in next 12 months
 - 79% not planning any changes
- Outlook for business in your region e.g., not just your business
 - 55% optimistic
 - 28% neutral
 - 17% pessimistic
- Top 3 steps taken to ensure the future of your business
 1. Reviewed cashflow
 2. Reviewed staffing
 3. Invested in more technology/software

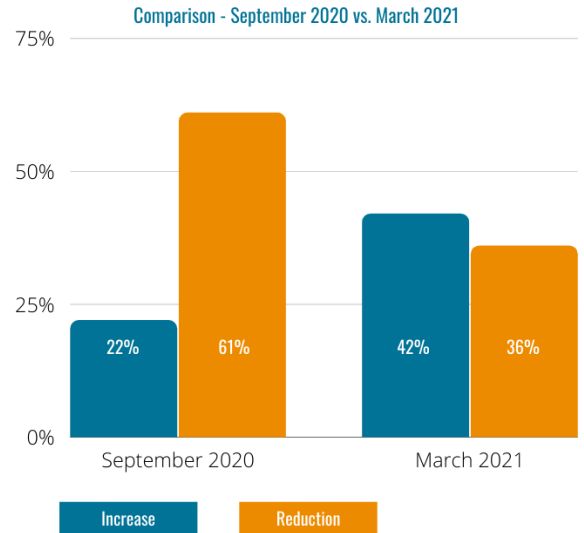
The Findings

Income

What **Level of Income** are you **Projecting** for your business in the next 12 months?

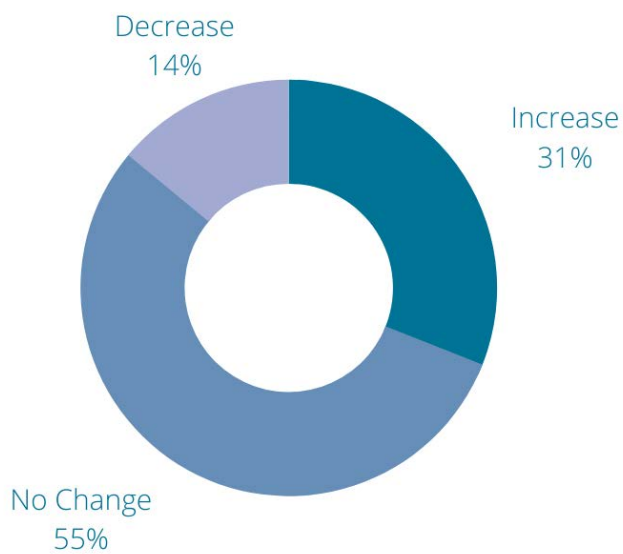


What **Level of Income** are you **Projecting** for your business in the next 12 months?

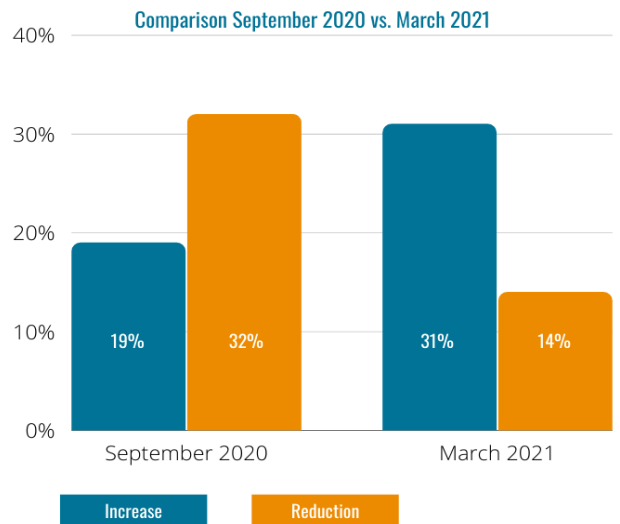


Headcount

Do you expect to **increase or reduce your headcount** over the next 12 months?



Do you expect to **increase or reduce your headcount** over the next 12 months?



Top 3 Priorities

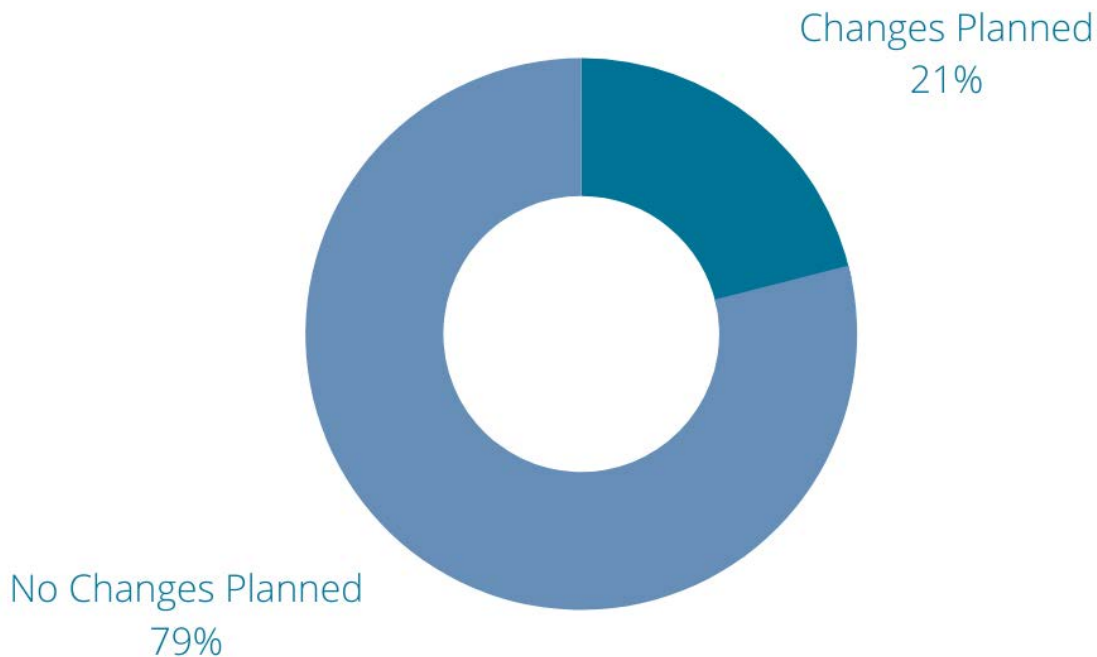
SMEs PRIORITIES

April 2021 SME Outlook Tracker Findings



Major changes planned in the next 12 months

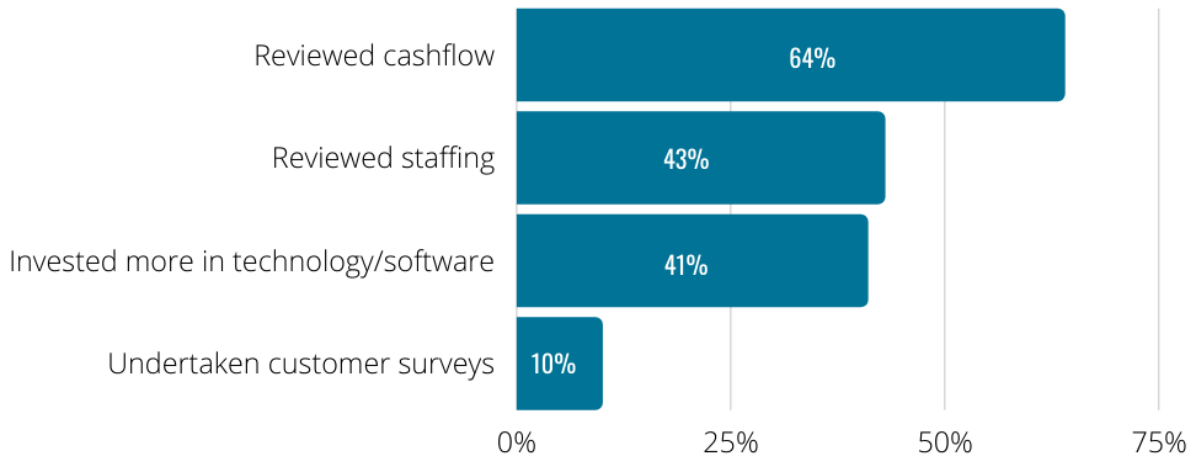
Are you planning any **major changes to your business** in the next 12 months?



Of those planning changes, **4% are planning to sell their business, 4.7% are planning to either merge or buy another business;** and **less than 1.5% are closing their business.** Other commented they are looking to **diversify** their business and **change their premises** – with many looking to **reduce premises expenditure and introduce more flexible working.**

Steps taken to Futureproof your business

Steps taken to Futureproof your Business



It is encouraging to see that many businesses (64%) have reviewed their cashflow. However, that still leaves 36% of business that have not. Reviewing your cashflow regularly is to be recommended for all businesses at all times.

Similarly, the number of business that have reviewed their staffing and have invested more in technology and software is not surprisingly reasonably high.

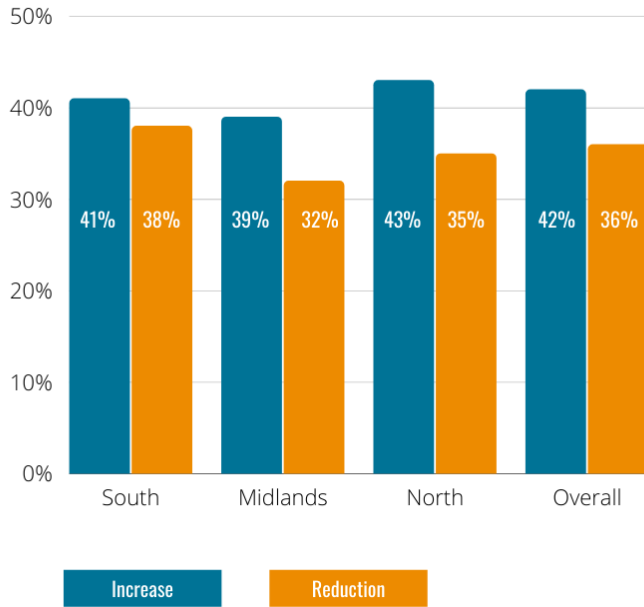
What is worrying is the low number of businesses that are undertaking customer surveys to both understand customer satisfaction and what customers want.

Now more than ever businesses should be looking at ways to stay engaged with their customers, including asking them what they want and need plus getting feedback on services, products and areas for improvement.

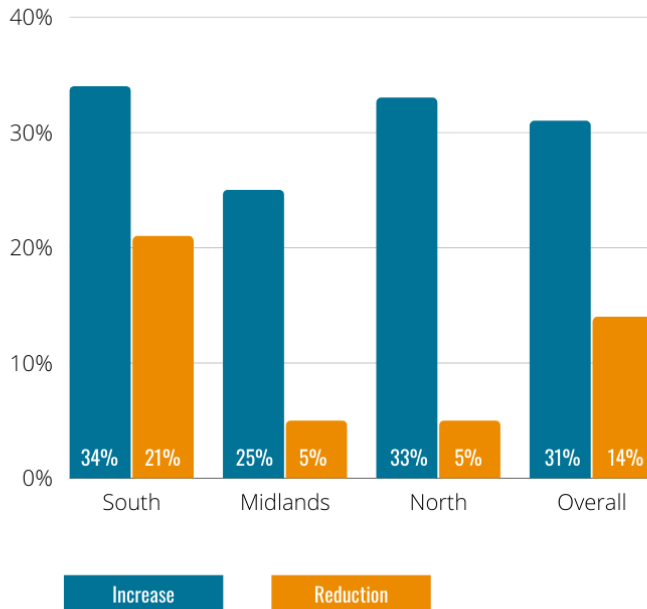
This 'simple' act helps businesses demonstrate to customers how important they are to them and will secure better customer loyalty as well as satisfaction.

Regional variations

What **Level of Income** are you **Projecting** for your business in the next 12 months?
By Region

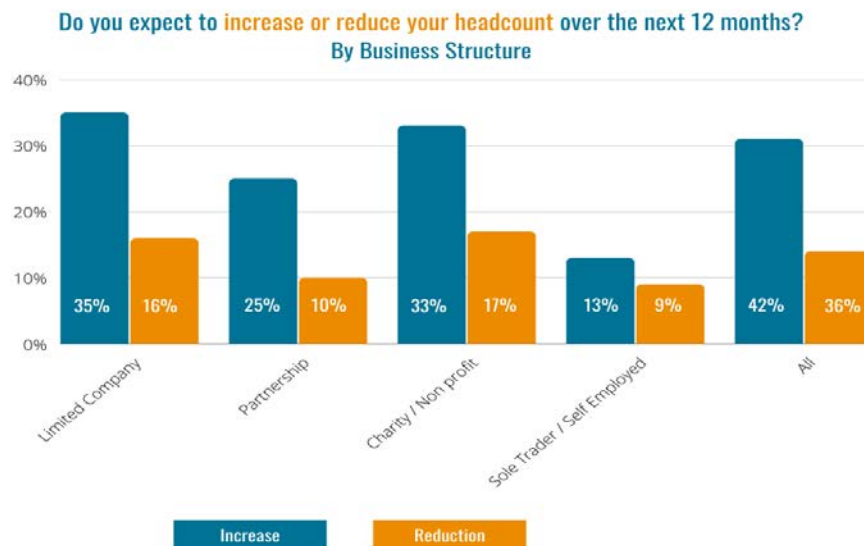
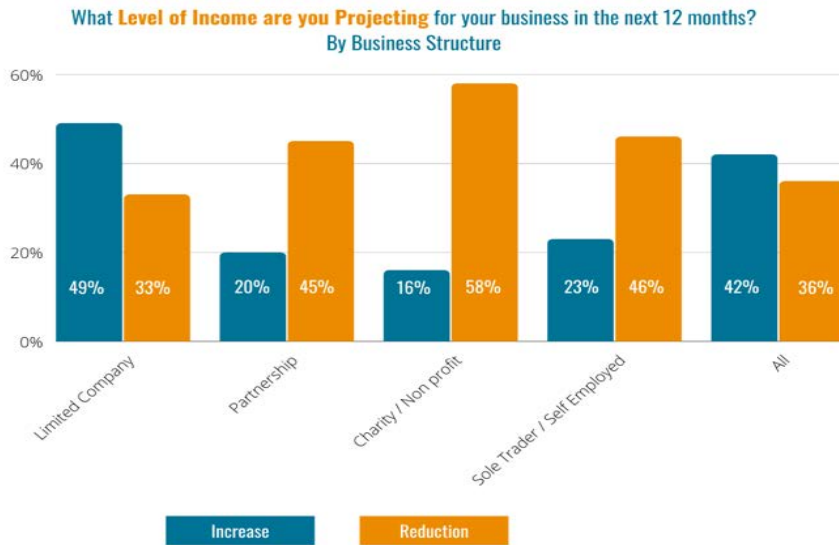


Do you expect to **increase or reduce your headcount** over the next 12 months?
By Region



With the exception of the projected headcount reduction in the South, there are few variations by region.

Variations by Business Structure



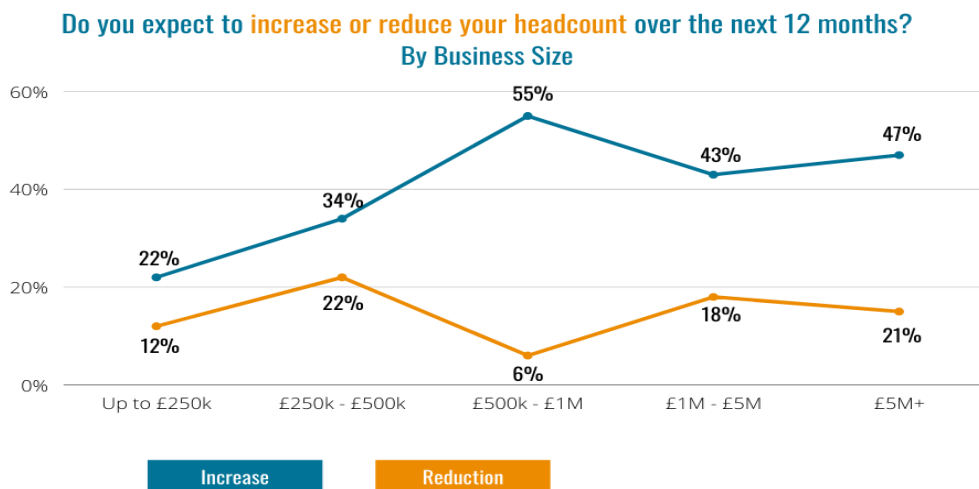
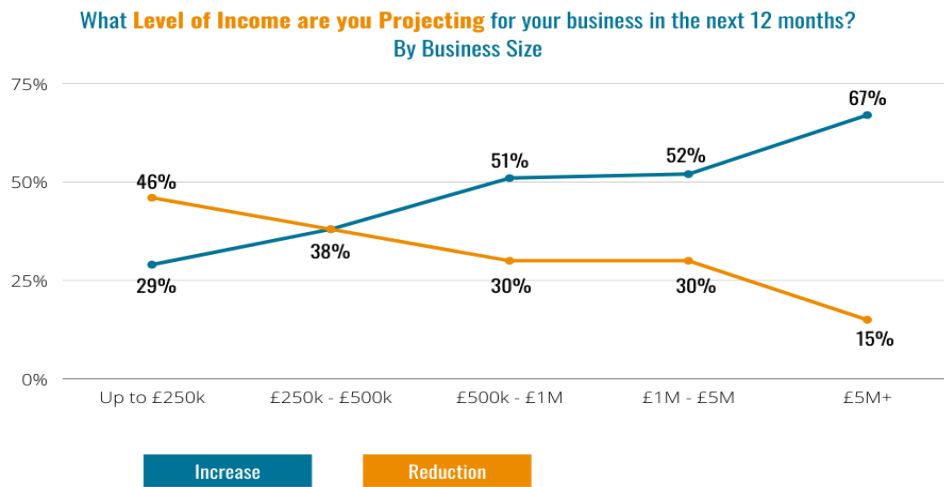
Top 3 priorities by Business Structure

Limited Company	Partnership	Charity / Non-Profit	Sole Trader / Self Employed
<ol style="list-style-type: none"> Looking after existing clients Finding new clients Growth 	<ol style="list-style-type: none"> Survival Looking after existing clients Reduce overheads 	<ol style="list-style-type: none"> Reduce overheads Operational efficiency Survival 	<ol style="list-style-type: none"> Looking after existing clients Survival Finding new clients

There are some differences in outlook by business structure.

Most notable is the overall outlook for the charity/non-profit sector which is looking at a much larger reduction in income.

Variations by Business Size



There is a clear difference between the smaller and larger businesses in terms of predicted levels of income and headcount.

This suggests that the larger businesses are more insulated from the negative effects of the pandemic. Smaller firms, with less resources are feeling the negative impacts more severely.

Additionally, when it comes to ‘Futureproofing’ their businesses there are marked differences between the larger and smaller firms.

- 64% of businesses of all sizes have reviewed their cashflow.
 - But only 53% of businesses with less than £250k have done so.
- 35% of businesses have sourced additional funding.
 - Compared to just 23% of business under £250k.

Summary of who participated

- 353 participants
- Regional split (top line)
 - South – 55% (170)
 - Midlands – 22% (67)
 - North – 22% (67)
 - Other – 1% (5)
- Sector
 - Reasonably even split across most main sectors
- Business structure
 - PLC – 2% (5)
 - Limited Company – 75% (223)
 - Partnership – 7% (20)
 - Charity / Non-profit – 4% (12)
 - Sole Trader / Self Employed – 10% (33)
 - Other – 2% (6)
- Business size
 - Up to £250k – 43%
 - £250k - £500k – 14%
 - £500k - £1M – 11%
 - £1M - £5M – 21%
 - £5M+ - 11%

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