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WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially

by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: <http://business.kingston.ac.uk/sbrc>

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

**John Stanworth, Emeritus Professor,
University of Westminster**
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2008-09 (Vol.5)

- 1 The London 2012 Olympic And Paralympic Games..... April 2008
- 2 Competition: Small Firms Under Pressure.....January 2009

WEB VERSION PUBLISHING

<http://business.kingston.ac.uk/sbrc>

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

The information and analysis in each report is offered in good faith. However, neither the publishers, the project sponsors, nor the authors, accept any liability for losses or damages which could arise for those who choose to act upon the information or analysis contained herein. Readers tracing web references are advised to ensure they are adequately protected against virus threats.

HIGHLIGHTS

This is the first of a new series of Small Business Management Reports based on surveys of 200 small firms, mainly in manufacturing, retail, distribution and business services.

- 52% of respondents increased their sales in 1992 compared with the previous year. Only 21% experienced a fall, but our sample excludes construction and some of the other sectors hardest hit by the recession.
- 46% expect sales to be up in 1993, but 38% anticipate no change over 1992. 16% expect a fall in sales. More respondents in business services (62%) and manufacturing (56%) expect an increase in sales, rather than in retail/distribution (38%) or other services (50%). Respondents in the South (53%) are more optimistic than those in the Midlands (42%) or North (43%).
- The majority of respondents (54%) felt that recessionary pressures were leading to a preoccupation with day to day issues (short-termism).
- The most widespread effect of the recession on small business management was the direction of more resources to finance and financial control (77%). There has also been more emphasis on marketing (63%, 82% in retail/distribution), especially in firms with 20 or more employees. 50% of respondents were devoting more effort to new products and services, especially in the service sector. 50% were devoting more effort to production, but only 37% more to employee management or purchasing.
- Only 10% of respondents had been able to raise selling prices, 59% had held these constant and 26% had cut prices.
- The majority of our respondents exhibit considerable resilience in the face of the recession. Only 4% of these surviving firms felt their business was weaker overall, with 19% saying that it was weaker in some respects. 16% thought their business leaner and fitter overall, and 31% stronger in some respects. 16% claimed to be unaffected.
- 36% of respondents who commented on their motivation seem to have been stimulated by the recession, and are investing time and resources in preparing for the recovery when it comes. 34% of these respondents said that their enthusiasm had been reduced but that sheer determination was replacing this in order to maintain or even increase energy levels. 8% claimed their motivation had been unaffected, but for 22% the prolonged recession was taking its toll in reduced enthusiasm, fatigue and even despair.

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The Trust acknowledges the help provided by Graham Bannock & Partners Ltd, David Purdy, the Open University and the University of Westminster in designing the survey, processing data and analysing the results.

The Small Business Research Trust is particularly pleased to acknowledge the generous support provided by Lloyds Bank plc in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds Bank plc.

THE SAMPLE

This report is based on responses received from a panel of 200 small businesses situated in the Northern, Midland and South-Eastern regions of Britain. Respondents are small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. Over half of the participating firms employ fewer than 10 people and over one-third of the firms are less than 5 years old.

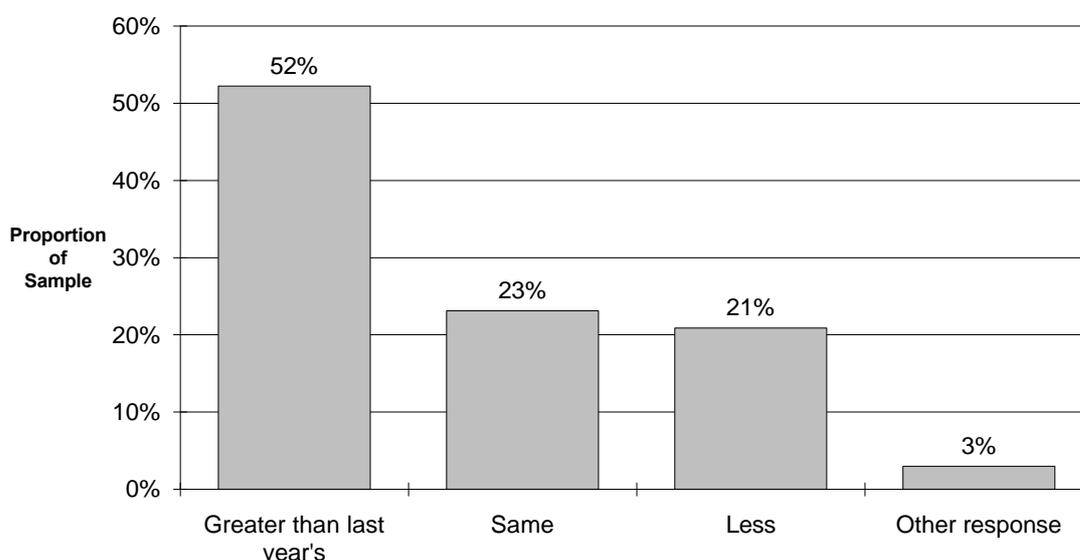
The emphasis of our Quarterly Management Reports will be on monitoring the key management problems and practices of smaller businesses with an emphasis on survival and success. Accordingly, each issue of the Lloyds Bank/Small Business Research Trust Management Report will address one or more highly topical small business management issues. We begin by focusing on the effects of the current economic recession on our panel firms.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as Appendix A. This survey was carried out in December 1992.

Analysed responses to the questions asked commences overleaf.

**Fig 1 - TURNOVER COMPARISON 1992 vs 1991
Firms Reporting An Increase (Comparing Fourth Quarters)**



SALES TURNOVER AND FUTURE PROSPECTS

Figure 1 shows that over half of the sample (52%) had increased their sales turnover on a year-on-year basis and that less than one-in-four (21%) had actually experienced a fall. These figures illustrate the relative buoyancy of this particular sample, since we know from other SBRT surveys that comparable figures for all small firms in Britain only around 30% have increased their turnover in the past year and nearly 50% have experienced a fall. One important reason for the buoyancy of the sample firms is that transport, construction and other sectors severely affected by the recession are almost entirely excluded.

Our sample then, of firms demonstrating higher than average levels of success, is somewhat special and complements other surveys usually aimed at 'average' firms. Given that an underlying objective of our Quarterly Management Report is to delve the secrets/lessons of small business success, our current sample appears well positioned to meet that objective.

Figure 2 shows distinct differences in fortunes where turnover levels are concerned over the last year, when we break the sample down into the 3 main geographical regions with the Southern sample performing better than the Midlands sample which, in turn, experienced higher levels of sales turnover increase than firms in the Northern region. Again, this contrasts with other recent surveys which indicate that in general the South has suffered more than the North from the recession.

**Fig 2 - TURNOVER COMPARISON 1992 vs 1991: BY REGION
Firms Reporting An Increase (Comparing Fourth Quarters)**

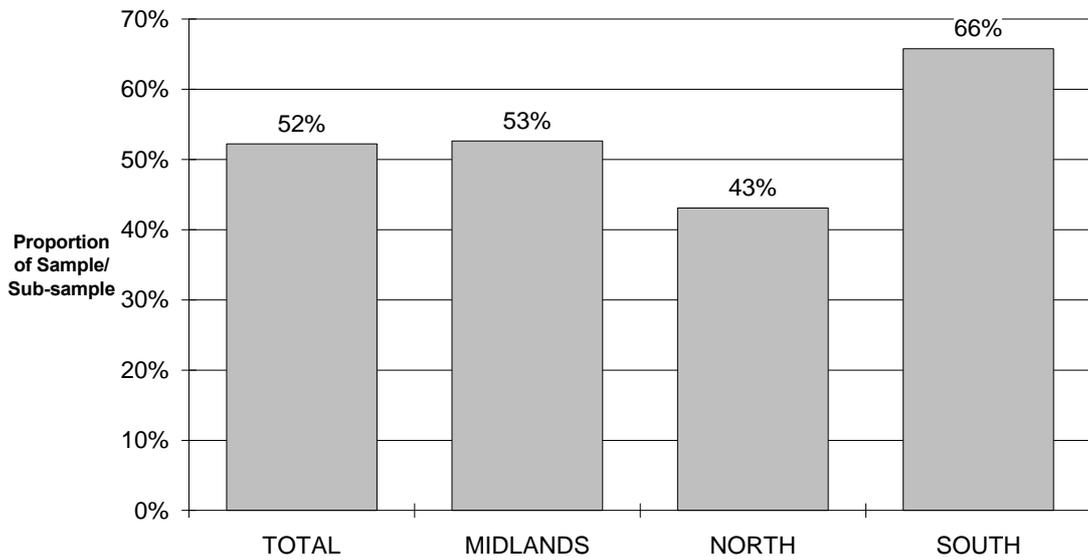
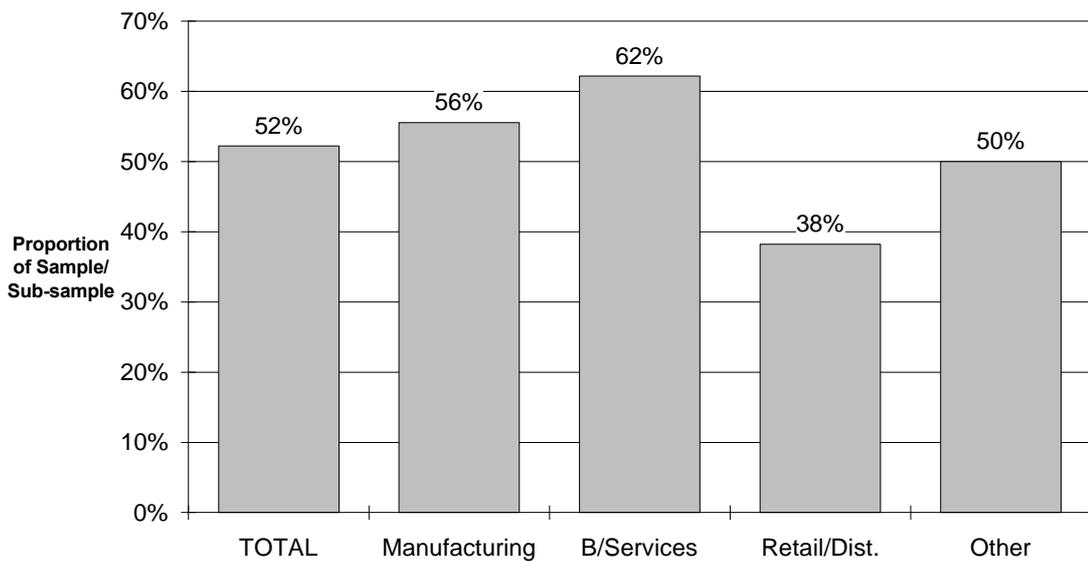


Figure 3 shows differences in sales turnover patterns broken down by sector with business services and manufacturing performing better than distribution.

**Fig 3 - TURNOVER COMPARISON 1992 vs 1991: BY SECTOR
Firms Reporting An Increase (Comparing Fourth Quarters)**



**Fig 4 - PROSPECTS FOR THE NEXT 12 MONTHS (1993)
COMPARED TO THE PAST 12 MONTHS (1992)**

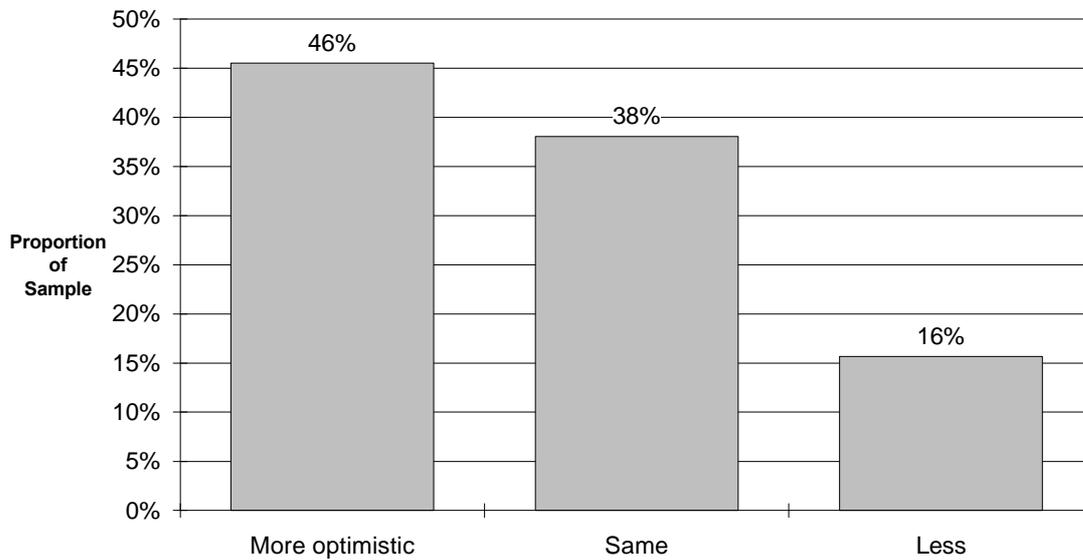
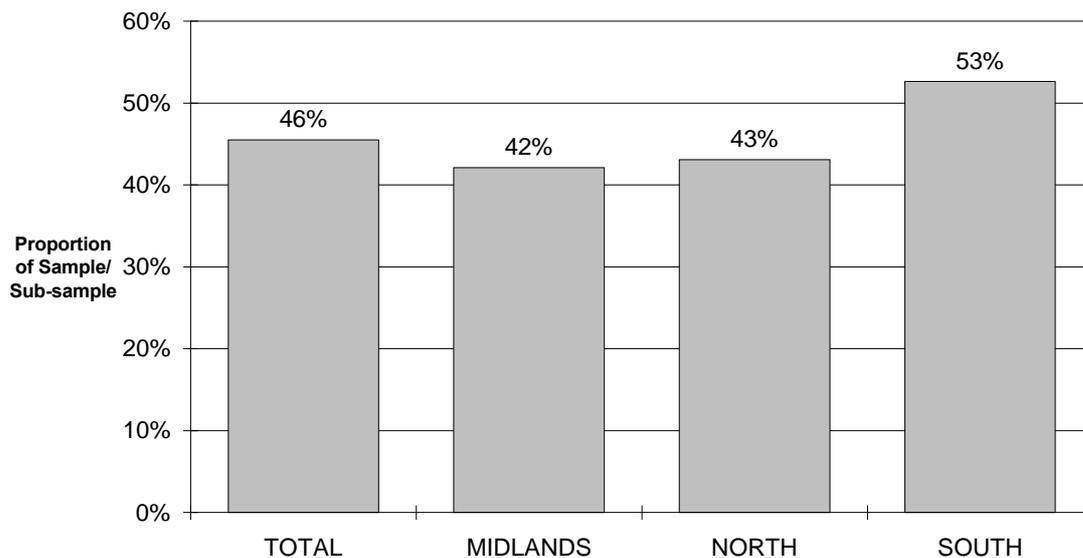


Figure 4 reports on levels of optimism concerning prospects for the coming 12 months and records generally fairly sober views with 46% optimistic against 54% expecting things to remain much the same or, alternatively, become even tighter economically.

Figure 5 shows regional differences here with firms in the South most optimistic, and firms in the Midlands and the North displaying the least optimism.

**Fig 5 - PROSPECTS FOR THE NEXT 12 MONTHS (1993)
COMPARED TO THE PAST 12 MONTHS (1992): BY REGION**



**Fig 6 - PROSPECTS FOR THE NEXT 12 MONTHS (1993)
COMPARED TO THE PAST 12 MONTHS (1992): BY SECTOR**

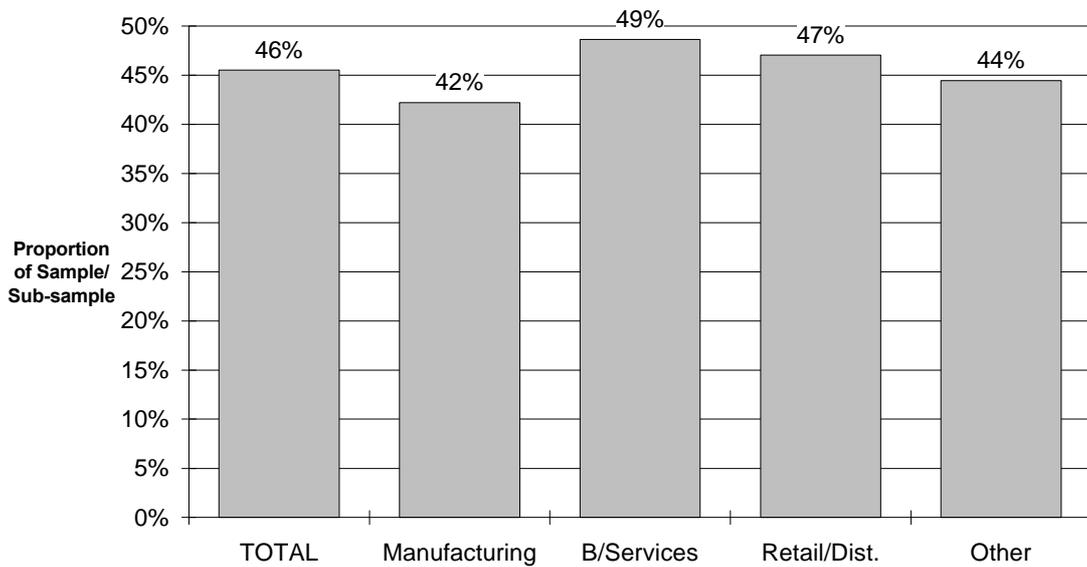


Figure 6 shows levels of optimism broken down by sector and indicates that, compared with the past 12 months (Figure 3), the outlook is balancing out with more retailers and other distribution trades in particular expecting an improvement.

**EFFECTS OF THE RECESSION
ON BUSINESS 'FITNESS'**

Looking at Figure 7, we see responses to the question on effects of the recession on the business fitness of surviving firms. We find 16% feeling

Fig 7 - PERCEIVED EFFECT OF RECESSION ON BUSINESS

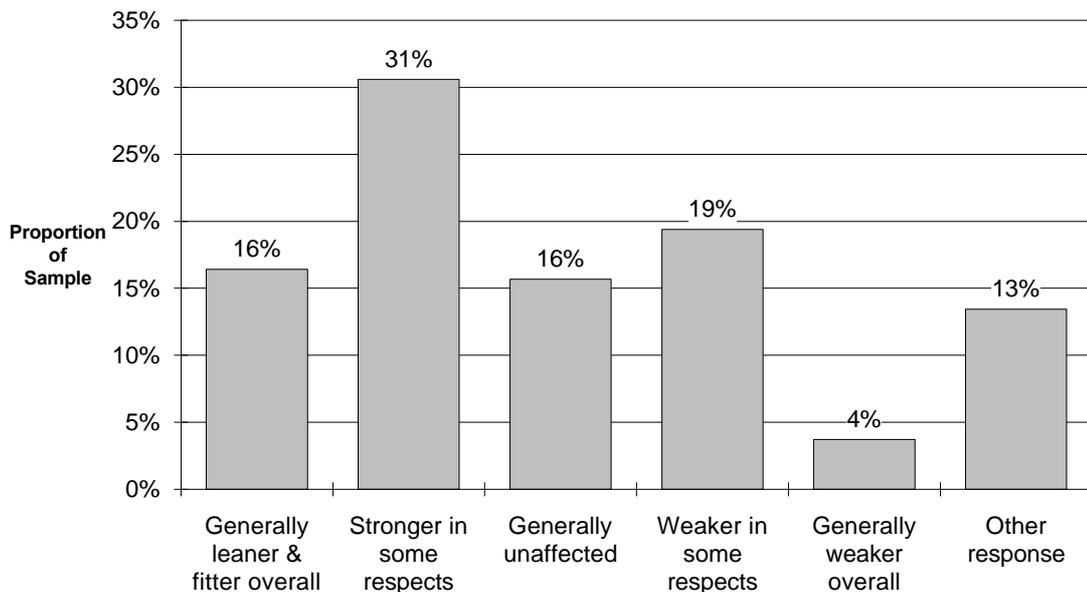
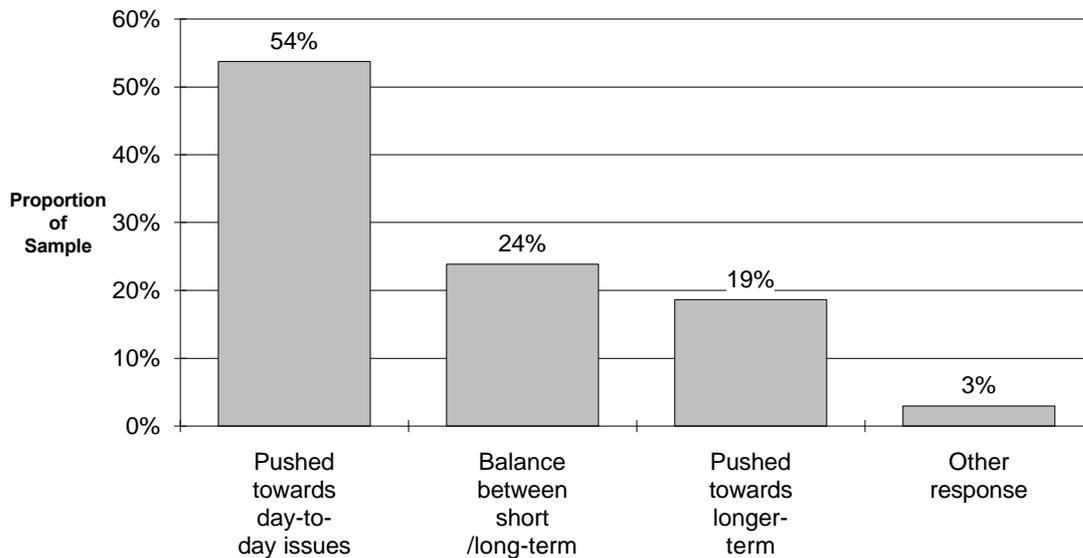


Fig 8 - EFFECT ON SHORT/LONG-TERM ISSUES BY THE RECESSION

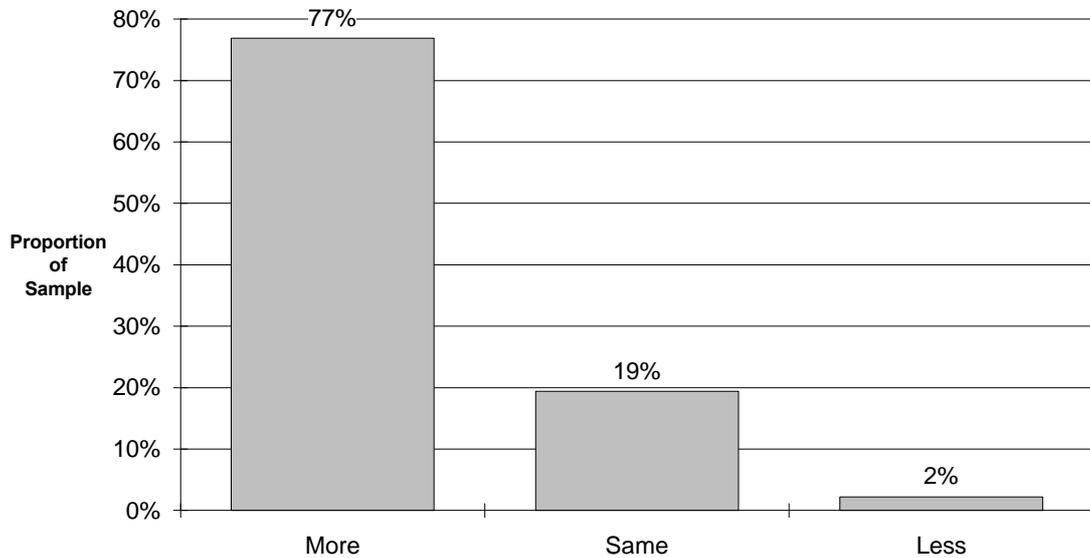


'generally leaner and fitter' against 4% feeling 'generally weaker overall' and 16% 'generally unaffected'. For around half our sample, the effects of the recession have been more mixed with 31% feeling 'stronger in some respects' and 19% 'weaker in some respects'. A minority claimed to be both 'stronger' and 'weaker' in different ways. Overall, therefore, our respondents are remarkably positive about the impact of the recession, with 63% feeling stronger at least in some respects or unaffected.

LONG-TERM AND SHORT-TERM PLANNING

Figure 8 shows the effects of the recession upon the degree of stress on 'day-to-day' decision-making as opposed to long-term planning. The majority agreed that recessionary pressures were leading to a greater emphasis on short-termism. Against that, a minority (19%) felt that they were moving towards a greater emphasis on long-term planning. These were, however, usually older firms (often located in the North).

Fig 9 - CHANGE IN TIME & RESOURCES DIRECTED TOWARDS FINANCE AND FINANCIAL CONTROL



PRICING AND FINANCIAL CONTROL

Of all the effects that recession is having on our panel, the most pronounced appear to be in the fields of pricing and financial control. Figure 9 shows that 77% of the overall sample claimed to be

devoting more time and resources towards finance and financial control. This compares with only one-in-five who claimed unchanged practices in this field and 2% who were investing less time than before the recession.

Fig 10 - EFFECT OF THE RECESSION UPON PRICING STRATEGY

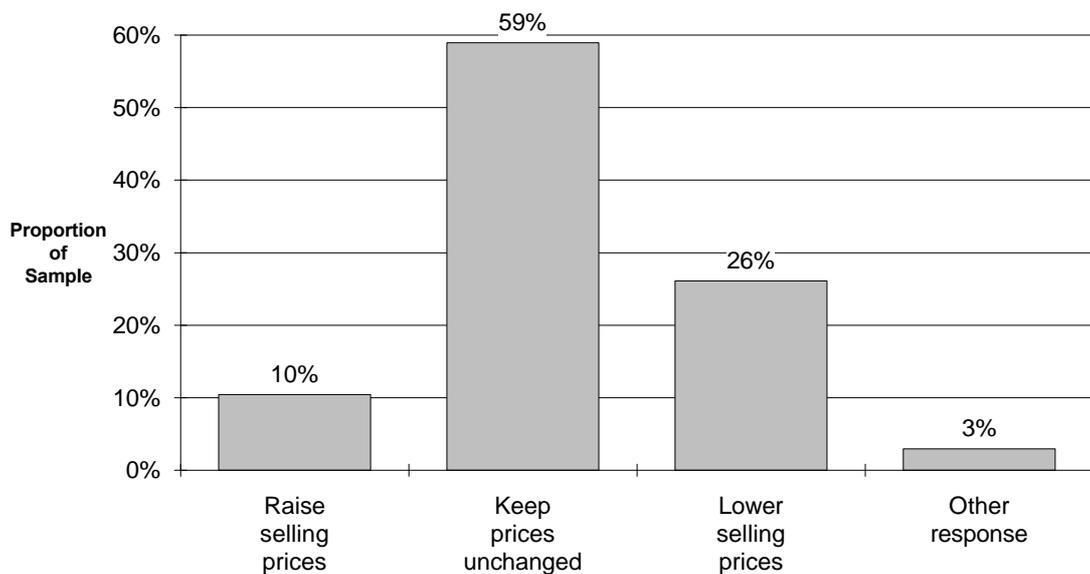
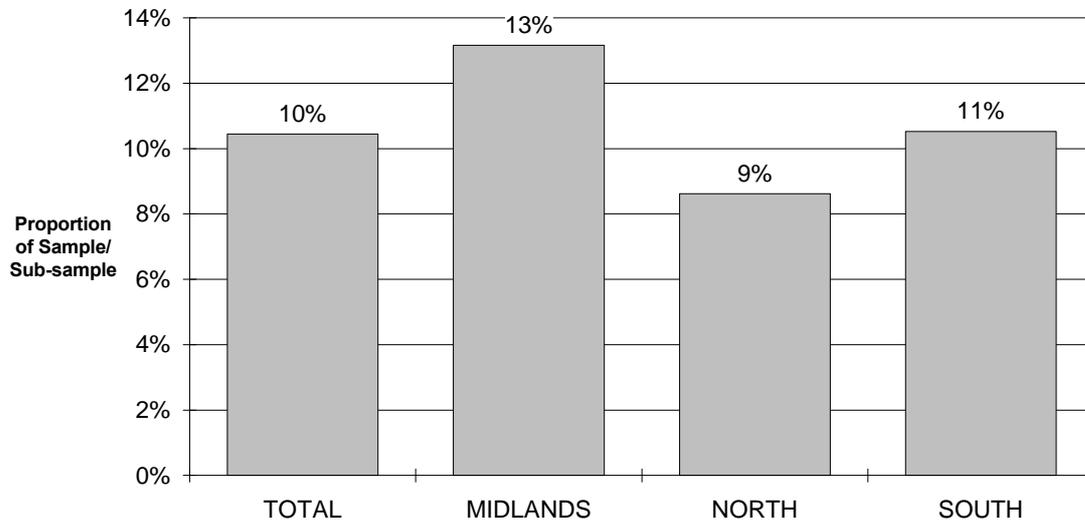


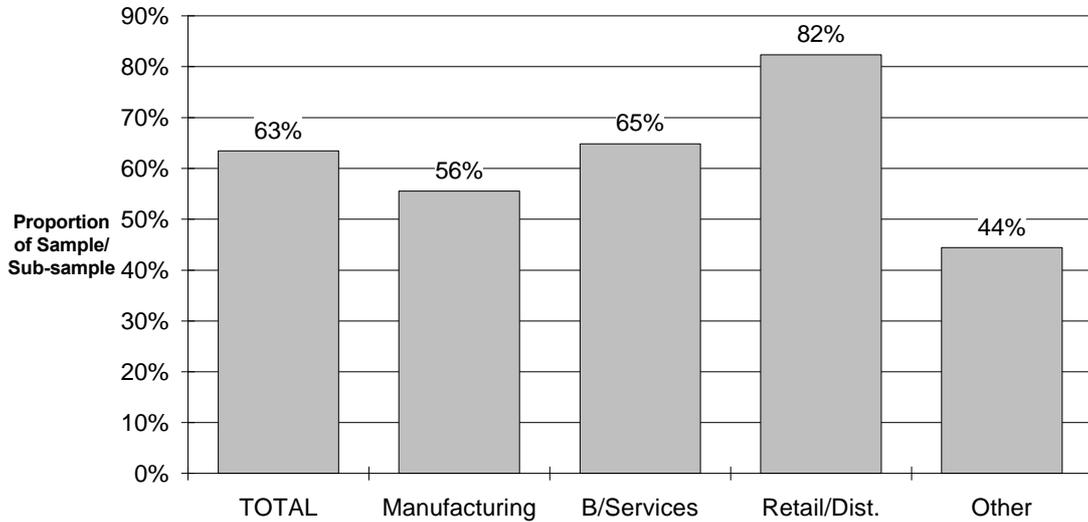
Fig 11 - EFFECT OF THE RECESSION UPON PRICING STRATEGY: BY REGION
Firms Raising Selling Prices



On the issue of pricing strategy in the recession, only 10% of our panel members had raised selling prices, against 59% who were keeping them constant (falling in real terms), and 26% who were actually lowering their selling prices (Figure 10).

Figure 11 shows pricing strategy broken down by region and indicates the Midlands as the region most strongly holding its own on this issue with the South and North trailing somewhat behind.

Fig 12 - CHANGE IN TIME & RESOURCES DIRECTED TOWARDS MARKETING/SELLING: BY SECTOR
Firms Reporting Increased Activity



MARKETING

On the issue of marketing, it was firms in the South and Midlands which appeared most likely to be increasing efforts on that with around two-thirds claiming greater efforts, against around 50% in

the North where sales over the past year have been somewhat less affected by the recession. Figure 12 shows that 82% of firms in retail/distribution have increased their marketing effort.

Fig 13 - CHANGE IN TIME & RESOURCES DIRECTED TOWARDS MARKETING/SELLING: BY SIZE OF FIRM
Firms Reporting Increased Activity

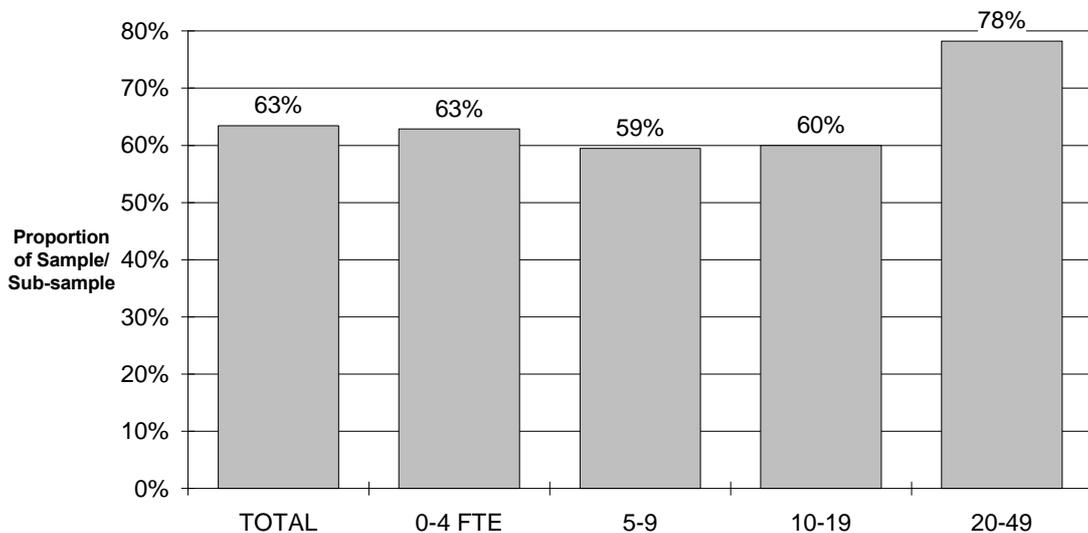
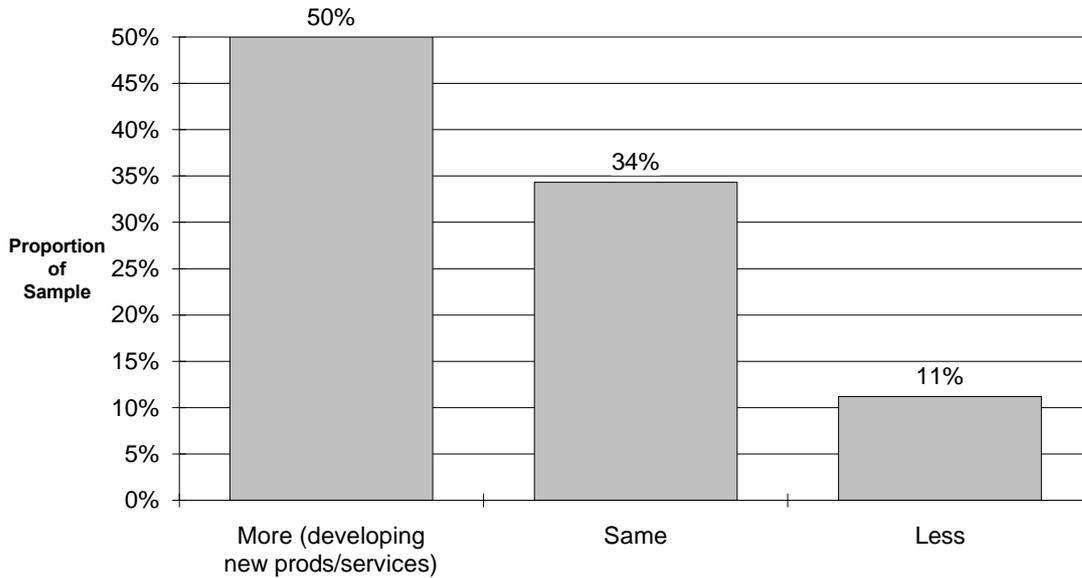


Fig 14 - CHANGE IN TIME & RESOURCES DIRECTED TOWARDS NEW PRODUCTS/SERVICES



DEVELOPMENT OF NEW PRODUCTS/SERVICES

Over half our firms were devoting more time towards the development of new products and/or services, compared to 34% which remained unchanged and a

small minority (11%) which were devoting less resources to this end (Figure 14). The regional pattern of this effect again reflects the relative change of sales with more firms in the Midlands and South devoting more effort to new products (Figure 15).

**Fig 15 - CHANGE IN TIME & RESOURCES DIRECTED TOWARDS NEW PRODUCTS/SERVICES: BY REGION
Firms Reporting Increased Activity**

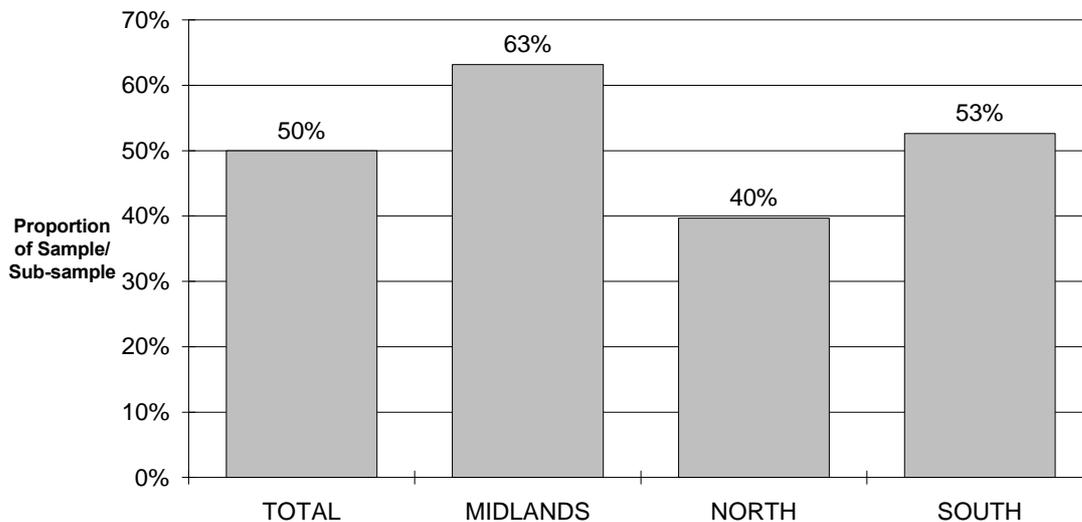
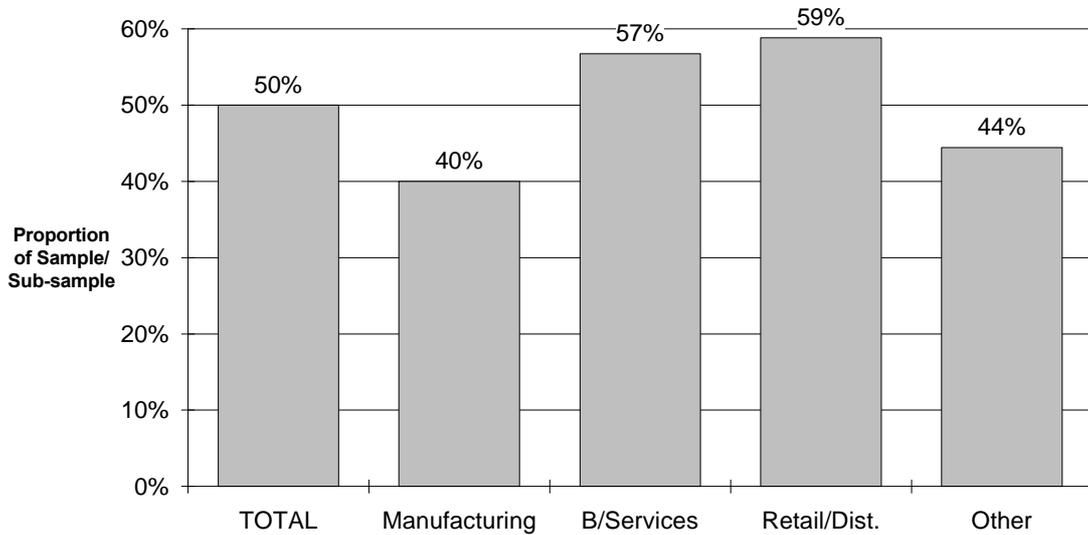


Fig 16 - CHANGE IN TIME & RESOURCES DIRECTED TOWARDS NEW PRODUCTS/SERVICES: BY SECTOR
Firms Reporting Increased Activity



However, more firms in services than in manufacturing were devoting increased time and resources to new products, perhaps reflecting the shorter time and investment scales involved (Figure 16). There was also some tendency for the smallest firms to shift resources to

innovative effort (Figure 17), though this was partly because service sector firms tend to be smaller.

Fig 17 - CHANGE IN TIME & RESOURCES DIRECTED TOWARDS NEW PRODUCTS/SERVICES: BY SIZE OF FIRM
Firms Reporting Increased Activity

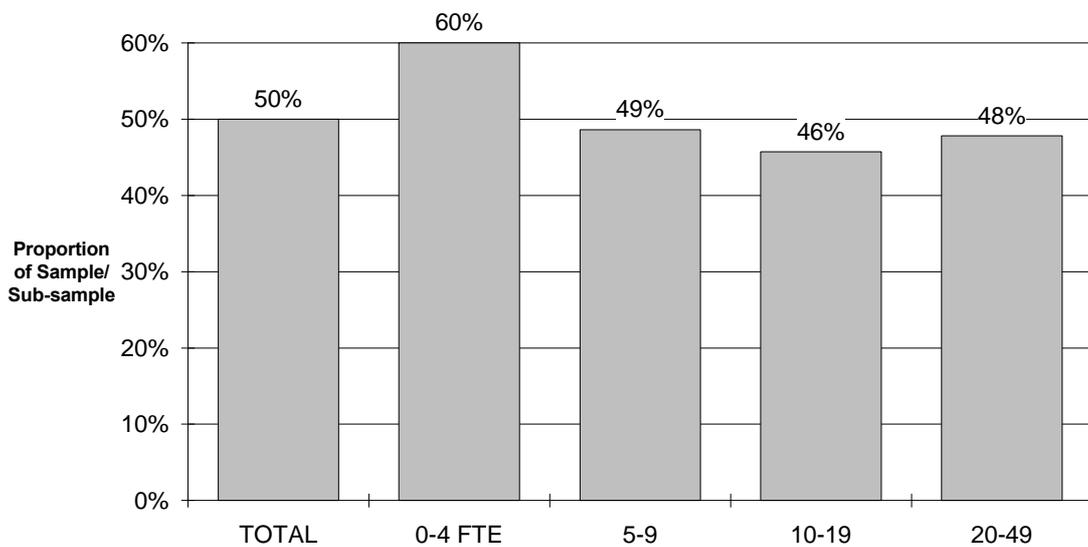
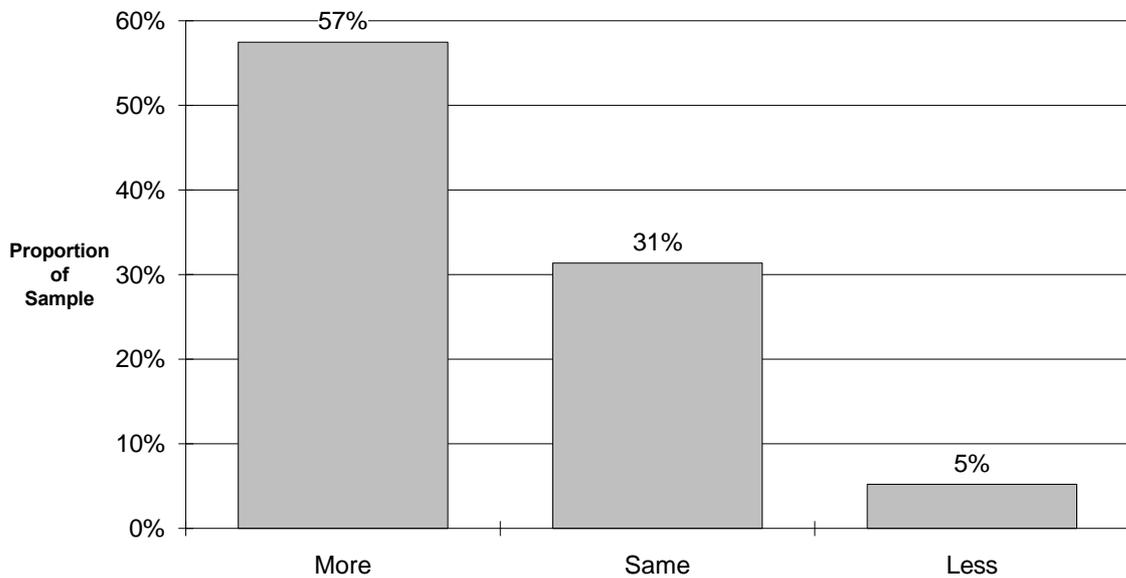


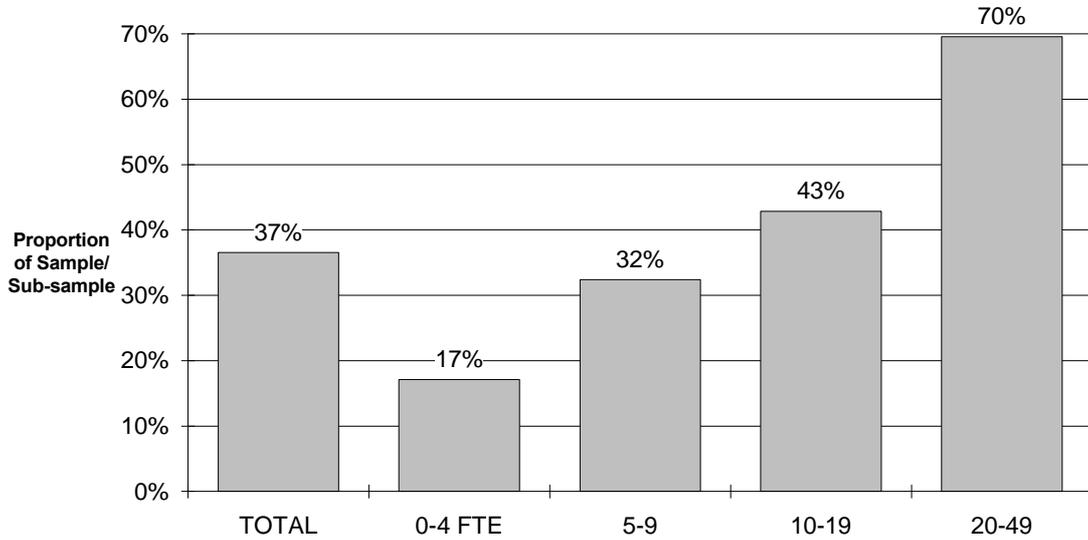
Fig 18 - CHANGE IN TIME & RESOURCES DIRECTED TOWARDS PRODUCTION/OUTPUT



PRODUCTION

Paradoxically, 57% of respondents said they had increased resources to output even though a slightly lower proportion, 52%, had reported increased sales in the past year. Some of this effort presumably went into improved quality in the face of enhanced competition (Figure 18).

Fig 19 - CHANGE IN TIME & RESOURCES DIRECTED TOWARDS MANAGING EMPLOYEES: BY SIZE OF FIRM
Firms Reporting Increased Activity



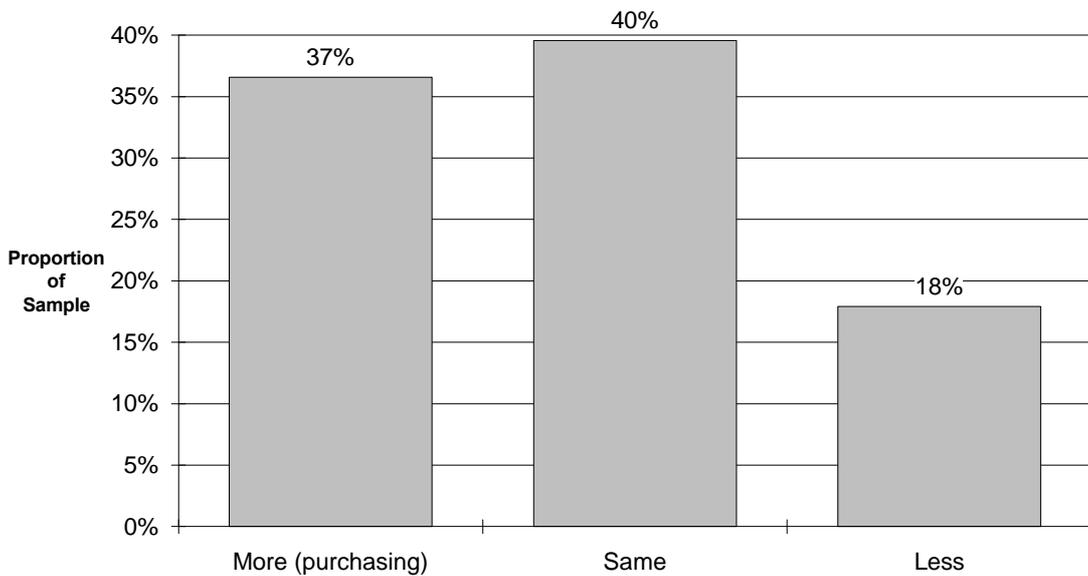
MANAGING EMPLOYEES

Only 37% of respondents reported increased time and resources devoted to employee management but this proportion rose steeply by number of employees (Figure 19).

PURCHASING

Increased attention to purchasing can make a substantial contribution to cost reduction in many activities. However, 58% claim to have adopted the same or less effort here (Figure 20).

Fig 20 - CHANGE IN TIME & RESOURCES DIRECTED TOWARDS PURCHASING



EFFECTS OF THE RECESSION UPON ENTREPRENEURIAL MOTIVATION

Panel members were asked what effect the recession had upon their motivation and a number of replies are listed below

(broken down by sector and given against the nature of the firm's product or service line):

MANUFACTURING

Metal Fabrications	<i>"None, the product has to be sellable whatever the economic climate."</i>
Furniture & Joinery Manufacture	<i>"It reduces enthusiasm for the long term future in manufacturing quality products. It will be as a cheap, throw-away economy in the main."</i>
Manufacture of Bone China Miniatures	<i>"It has given me more get-up-and-go and it has taught me to fight for business rather than wait for business to come to me."</i>
Spinning Metal	<i>"I seem to have less enthusiasm, whilst working harder on a day-to-day basis, not having time to look ahead."</i>
Mechanical Installation & Maintenance Service	<i>"In our industry, the recession has not caused too great a problem."</i>
Limited Print Runs from Lithographic Plates	<i>"Increased motivation to streamline and sell. However, a 'rock bottom' recession has a dulling and depressing effect when, despite all efforts, there is still little volume of work. It has motivated us to look outside our particular trade to a setup in which cash flow is more instant."</i>
Publishing. Trade & Leisure magazines	<i>"Decreases enthusiasm."</i>
Modelmaking for T.V. Commercials	<i>"I find you have to be more motivated to survive."</i>
Reconditioning of Diecasting Machines. Manufacture of spare parts	<i>"Makes me work harder."</i>
Production Eng. & Protective Coatings to Industry & Paint Distributors	<i>"Introduced tighter control on purchasing, and reduced overheads. Started new company."</i>
Service & Maintenance of Boilerhouse Equipment	<i>"Enthusiasm remains unchanged. The will to develop is probably greater."</i>
Pipe Supports for Oil Refineries, Power Stations, Processing Plants etc.	<i>"I have to work harder and longer hours. I have to cope with people/employees worried about their future."</i>
Electric Motor Repairs	<i>"Occasionally I wonder if it's all worth it. Then realise it is."</i>
Cleaning Chemicals for Household & Industrial use	<i>"Not a great deal. I feel a definite reluctance to commit the company to further investment until we are able to raise the prices of our products."</i>
Reprographic services for the Print Industry	<i>"Due to bad debts uncollected we only take work from existing clients."</i>

Toys/Educational Products	<i>"It requires far more personal energy to keep going."</i>
Cast Aluminium Architectural Items	<i>"The recession has had little effect on our business. This has led us to question why and has resulted in increased personal motivation directed at setting up a new product range, in order to take maximum advantage of economic recovery when it comes."</i>
Cable Glands & Light General Engineering	<i>"No reduction in motivation."</i>
Design & Assembly of Electronic Circuits	<i>"Motivation is essentially fully addressed to the competent resolution of day-to-day problems of production and management. We are fortunate that our line of business has presented a relatively consistent demand throughout the current recession: ability to expand is therefore controlled by the quality of the management, and by optimisation of current resources, rather than availability of work."</i>
Manufacture Fibreglass Enclosures/buildings mainly for Water Industry	<i>"I feel under constant pressure to sustain cashflow and desperation to win orders."</i>
Design & Manufacture of Plastic Moulds & Diecasting Tool	<i>"It makes me more determined in my efforts to come through the recession."</i>
Printers	<i>"Depressing ! Having to work much harder for less reward - kept going by the hope that things will get better soon."</i>
Repairs to Electric Motors	<i>"We treat recession as a challenge to give even better service to customers to beat cut price competition."</i>
Equipment Maintenance. Garage Equipment Supply & Maintenance	<i>"I feel more determined to meet the challenge and find this exciting."</i>
Precision Tools for the Spring & Wire Industry	<i>"Still very enthusiastic, but disappointed by lack of government help."</i>
Fibrous Plasterers	<i>"At times demoralising."</i>
Plastic Packaging. Producers using Vacuum & Pressure Forming	<i>"Cautious but still enthusiastic and hoping the Establishment might realise that manufacturing is where their future lies."</i>
Manufactures of Special Purpose Machinery	<i>"Working harder for smaller return."</i>
Cash Register Ribbons & Stationery	<i>"Hard to answer as the company has grown up with the recession and all of our targets have so far been achieved so we know no better (or worse)."</i>
Manufacture of Transformers & Associated Assemblies	<i>"Has not had any significant effect."</i>
Glass Reinforced Plastic Moulding	<i>"More determined to succeed in spite of the difficulties."</i>
Printing of Stationery	<i>"The motivation to ride the recession."</i>
Designers & Manufacturers of Fibre Optic Transmission Equipment	<i>"To ensure that this company will ride the recession unlike many companies that have gone out of business."</i>

Window Blinds	<i>"I am more enthusiastic because I have been pushed by the recession into implementing plans I've thought about for years, but as profits were satisfactory, lacked the motivation."</i>
Production of Iron Castings	<i>"My own motivation/enthusiasm is good. If an area of exploitation appears, after the effort of uncovering it, time and character of all staff are focused onto the customer (potential). With design ideas or ways of saving the customer money, followed by 'we are only here to give you a good service'. We survive on - good quality - good service - exact delivery (and informing of delays) - speed of reply." [Also reports the business working a 3-day week]</i>
Manufacture of Adhesives & Inks	<i>"Fighting to survive in spite of the government's total neglect of the smaller manufacturer's problems."</i>
Machinery for the Tufted Carpet Industry	<i>"Frustration due to political incompetence (not just in the UK)."</i>

BUSINESS SERVICES

Textile Marketing	<i>"Increased motivation, but decreased enthusiasm."</i>
Consulting on the Development & Installation of Computer Systems & Software Development	<i>"The recession has had little impact as I started my business during it, and allowed (as best I could) for it during start-up."</i>
Supply of Design & Printing	<i>"Very little long term strategy planning - reduced enthusiasm and general scepticism."</i>
Conference/Event Organisers	<i>"It produces greater determination within me to survive."</i>
Recruitment Agency for HGV drivers, Warehouse & Clerical Staff	<i>"More motivation and enthusiasm to beat the recession, so we can stay afloat and succeed into the future."</i>
Training Consultancy	<i>"More determined to succeed because there are so few opportunities as an 'employee'."</i>
Staff Recruitment	<i>"It has strained our motivation and enthusiasm to the limit by forcing us to input a lot more effort for less/fewer returns."</i>
Graphic Design	<i>"We started in recession so we don't know anything else, however the length of this one has become somewhat depressing."</i>
Food Technology & Quality Consultant	<i>"No effect. I remain highly motivated and enthusiastic."</i>
Graphic Designer	<i>"It makes us focus clearly on short-term issues. Makes one determined."</i>
Storage & Management of Business Records	<i>"Increases our motivation. We feel that if we can start a business and make it work during the depths of a recession, we can be hopeful for the long term future."</i>

Graphic Design Services	<i>"More motivated. Stronger desire to offer better service and survive generally."</i>
Photography. Industrial & Advertising	<i>"We have done well in the first year. We have to be more versatile and liaise with clients more, giving them good service."</i>
Public relations & associated services to public & private sector organisations	<i>"Motivation and enthusiasm as strong as ever, tempered with concern over the longer term effects of the recession on our clients."</i>
Advertising Agency	<i>"None - but very wary about new business contacts."</i>
Secretarial Recruitment	<i>"It has sometimes been hard to keep the enthusiasm going but generally I'm more determined than ever."</i>
Refrigerator & Air Condt. Sales & Service	<i>"Still have same enthusiasm but it's more difficult to achieve results."</i>
Architect	<i>"Depressed ! "</i>
Design Consultancy	<i>"It saps all my enthusiasm ! "</i>
Research & Consultancy for Health Service Planning	<i>"Unchanged enthusiasm. Concern for survival predominates."</i>
Quality of Service Measurement/ Orientation Training	<i>"Reduces my time horizons and general enthusiasm for the future."</i>
Office Space Planning & Supply of Furniture	<i>"The recession makes you work harder and longer for the same goals."</i>
Executive Search Recruitment & Provision of Temporary Managers	<i>"Fighting 'fires' every day does not lead to good management. Reduces my effectiveness."</i>
Publishing services, artwork, setting, design, typesetting	<i>"Makes you try and economise as much as possible and to analyse purchases."</i>
Telephone Marketing & Telephone Sales Company	<i>"Own motivation/enthusiasm still very high. We are now more determined not to let company go into liquidation or receivership."</i>
Outplacement Consultancy	<i>"Increases motivation and enthusiasm (we are more busy in a recession)."</i>
Insurance Brokers	<i>"I have become caught up in the general pessimism and do not enjoy the job as I used to."</i>
I.T. Research & Consultancy	<i>"It resulted in increasing my resolve to meet targets."</i>
Farm Management Consultancy	<i>"Motivation is more difficult when faced with an air of 'impending doom', but this is over-ridden by the need to protect your and your staff's livelihoods."</i>
Computer Services & Software for Document Management	<i>"Generally the effect of the recession demotivates and affects enthusiasm."</i>
Conference Placement, Management, Consultancy, Training, Travel	<i>"Excitement and eagerness to develop new customers/products but work very hard at motivating oneself."</i>
Audit Accountancy & Taxation	<i>"Has made us more determined to ensure employees adhere to set goals."</i>

Design Consultancy - mainly Packaging	<i>"It makes me more determined to fight through, although it can be extremely physically and mentally draining."</i>
Analytical & Consulting Chemists (Industrial)	<i>"Reduces enthusiasm and causes insecurity."</i>
Chartered Accountants	<i>"The increased motivation required to meet daily client crisis problems is only possible through personal drive. Work not the pleasure it was before the recession."</i>
Professional Chartered Accountants. Accounting, Audit, Taxation Advice	<i>"Greater motivation to respond to the greater needs from my clients."</i>

RETAIL & DISTRIBUTION

Compact Discs (Imports)	<i>"It often results in lack of morale after hearing continuous bad news."</i>
Computer Data Communications	<i>"Increased frustration in not being able to grow the company as planned. Rewards not justifying the effort."</i>
Printing, Stationery, Business Machines, Furniture	<i>"To consolidate the existing business while exploring other ways to improve our service."</i>
Sale & Service of Injection Moulding Machines	<i>"It has tended to make us try harder to present our products to more people and enlarge our backup services being offered to be able to diversify."</i>
Mens & Womens Designer Clothing & Accessories	<i>"It has the effect of increasing motivation. My enthusiasm has always been extremely high."</i>
Suppliers of Flexible PLG Products	<i>"A greater concentration of effort overall."</i>
Retail Jewellers	<i>"Makes the work harder for less money, therefore less enthusiasm."</i>
Distribution of Automotive Air-Conditioning	<i>"The general lack of confidence affects one's enthusiasm and draws particular attention to financial control and awareness of customers financial position."</i>
Packaging Distributors	<i>"Greater motivation for getting new business. Establishing financial strength of new a/cs is the problem."</i>
Computer Software & Support	<i>"Recession has given opportunity of buying another company."</i>
Wholesale Button Merchants	<i>"To keep ahead of our competitors and try to increase our market share."</i>
Musical Equipment Retail	<i>"It focuses our energy on concentrated drive to keep overheads low, whilst assisting staff to give maximum support to customers through good buying, and providing essential after-sales services."</i>
Floristry	<i>"Introduces an element of frustration - especially since I believe the basic national economic problems have not been addressed."</i>
Tupperware Sales & Distribution	<i>"We have increased turnover by 25% in each of the last 2 years - despite the 'recession'."</i>

Retail Outlets making and selling Curtains & Soft Furnishings	<i>"Overall I feel less enthusiastic and more disillusioned about business. However I do feel more motivated to ensure that I restructure the business to ensure survival over the next 12 months."</i>
Sale of Carpets, Beds & Suites	<i>"Strive harder than ever."</i>
Wholesale Cut Flowers & Pot Plants to Retailers	<i>"Increased motivation, highs and lows for enthusiasm."</i>
Electrical Distributors	<i>"Makes one more determined to succeed. However working long hours under pressure, sometimes makes you think if the effort is worth the rewards !! "</i>
Selling of Designer T-Shirts & Sweatshirts	<i>"With a turnover in excess of £400,000, a paltry £4,000 overdraft exasperates me and the resulting pressures dilute my enthusiasm. I find the attitude of my bank and its despondency towards the future a motivation. Should we survive the recession, and I am sure we will, it will have been with no help from the bank."</i>
Specialist Suppliers of Computer Systems to the Security Industry	<i>"We are motivated - our business is our life and livelihood, but we have to work very hard. Suppliers want [to be] paid faster and faster and customers take longer and longer to pay."</i>
Sports Equipment, Footwear & Clothing	<i>"Considerably dampens both enthusiasm and motivation."</i>
Retail Perfumes/ Cosmetics/Pharmacy	<i>"We are currently investing more capital into increasing our turnover."</i>
Engineering Distributors	<i>"One finds it very hard to get motivated because one's enthusiasm is for ever being dented by closures and bankruptcies."</i>
Garden Sundries Distribution	<i>"Lot of hard work for very little return."</i>
Gift Shop/160 seater Restaurant	<i>"The recession has allowed the forward-thinking companies to flourish. This in turn has increased my personal motivation and enthusiasm to the task."</i>
Menswear & Ladies Fashion Retail	<i>"This recession has caused more hard work than the late 70's inflation."</i>
Road Haulage of Aggregates	<i>"To work harder ! "</i>

OTHER

Agricultural Engineering. Sheet Metal Products	<i>"It has made us concerned to retain a strong financial backup sooner than invest in equipment etc."</i>
Transport. Collection & Delivery of Parcels U.K. & International	<i>"The recession has made us tougher and more determined to survive - even though help from banks is non-existent. It has also weeded out many underpriced 'cowboys' that were affecting us."</i>
Marketing. European Fashion	<i>"I try harder."</i>
Freight Forwarder	<i>"Probably reduces one's enthusiasm for business."</i>
Installation of Sound Systems	<i>"More determined to succeed."</i>

Colour Cosmetic Products Manufacture & Retailer	<i>"We commenced in the '3 Day Week' so we know we can survive and grow, so regard it as a challenge."</i>
International Freight Forwarding Services	<i>"More time is being spent on analysis of costs etc. Still motivated and enthusiastic for our business."</i>
Road Haulage	<i>"Makes one keener at just staying in business, but slightly despondent."</i>
The Training of Engineering Skills to all ages of Employed & Unemployed	<i>"My partner and I have always been optimistic and where possible taken advantage of the situation at the time, but continuous moving of the goal post by the Government regarding the financing for training create difficulties when planning for the future programmes."</i>
Bakery & Shop	<i>"Our products are low price, sales are good, so enthusiasm is very good."</i>
Long Distance & Local Transport	<i>"Lowers enthusiasm, as places pressures on management/staff relations. Lower staff levels create less breathing space, harder work - less wages - and even lower staff morale."</i>
Road Surfacing Contractors	<i>"Determined to survive."</i>
Training. To assist unemployed persons find work	<i>"Produces higher motivation."</i>
Office Cleaning. Industrial Cleaning	<i>"Fear and trepidation."</i>
Hairdressing & Beauty Services	<i>"I have deliberately and consciously moved myself into a higher, more proactive, gear."</i>
Cleaning Service to Business & Commerce	<i>"Creates a desire to become stronger and more secure."</i>

An examination of the range of quotations above reveals at least 4 different types of effects of the recession on entrepreneurial motivation:

1. Increased Motivation (36%)

Some firms which have been stimulated by the recession and are investing time and resources in preparing for the economic recovery when it comes. This type of response is clearly illustrated by the following quotations:

"The recession has had little effect on our business. This has led us to question why and has resulted in increased personal motivation directed at setting up a new product range, in order to

be able to take maximum advantage of the economic recovery when it comes."

"I am more enthusiastic because I have been pushed by the recession into implementing plans I've thought about for years but as profits were satisfactory lacked the motivation."

2. Reduced or Unchanged Motivation but Increased Determination (34%)

Some firms said that their motivation/enthusiasm was reduced but that sheer determination was replacing this in order to maintain (or even increase) energy levels:

"It has sometimes been hard to keep the enthusiasm going but I'm generally more determined than ever."

"It makes me more determined to fight through although it can be extremely physically and mentally draining."

"Occasionally I wonder if it is all worth it. Then realise it is."

3. Motivation Undermined (22%)

For some, the effects of the prolonged recession were very much taking their toll:

"I have to work harder and longer hours and cope with people/employees worried about their future."

"I seem to have less enthusiasm whilst working harder. I'm working on a day-to-day basis, without having time to look ahead."

"Overall I feel less enthusiastic and more disillusioned about business."

4. The Unaffected (8%)

The smallest group of respondents claimed not to have been affected at all or had started their business so recently that they had not experienced better times:

"We have increased turnover by 25% in each of the last 2 years - despite the 'recession'."

"We started in recession so we don't know anything else, however the length of this one has become somewhat depressing."



Lloyds Bank

Lloyds Bank/Small Business Research Trust

Quarterly Small Business Management Report - No.1

This questionnaire will take approximately 5 minutes to complete - most answers require only a single tick. All information received will be treated in complete confidence. **PLEASE DESPATCH BY Friday 18th December 1992.**

- 1** Please indicate your MAIN business activity
- Manufacturing A
- Business services B
- Retail/distribution C
- Other D
- Please describe in a few words your principal product or service
- _____
- _____
- 2** Age of firm _____ years
- 3** Your age last birthday
- 16-24 years A
- 25-34 B
- 35-44 C
- 45-54 D
- 55-64 E
- 65 or over F
- 4** Gender
- Male M
- Female F
- 5** What was your approximate turnover for the past 12 months ?
- Under £50,000 A
- £50,000 - £74,999 B
- £75,000 - £99,999 C
- £100,000 - £149,999 D
- £150,000 - £249,999 E
- £250,000 - £499,999 F
- £500,000 - £999,999 G
- £1,000,000 or over H
- 6** How many people work in your business (including yourself) ?
- Full-time _____ A
- Part-time (16 hours/wk or less) _____ B
- 7** Compared to same quarter last year, are your sales for the CURRENT quarter (October to December 1992):
- Greater than last year's A
- Same B
- Less C

- 8** Are you more, or less, optimistic about your prospects for the next 12 months, compared to the past 12 months ?
- More optimistic A
- Same..... B
- Less..... C

MANAGEMENT ISSUE No.1: Surviving the Recession

- 9** Has the Recession led you to devote more, or less, time and resources to:
- Just one ✓ against each function*
- | FUNCTION | LESS | SAME | MORE |
|---|--------------------------|--------------------------|----------------------------|
| Production/output of product or service | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> A |
| Marketing/selling | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> B |
| Managing employees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> C |
| Developing new products/services | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> D |
| Finance & financial control | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> E |
| Purchasing | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> F |
| Other (please state) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> G |
| _____ | | | |

- 10** Has the effect of the Recession been to render your business:
- Generally leaner & fitter overall A
- Stronger in some respects..... B
- Generally unaffected..... C
- Weaker in some respects..... D
- Generally weaker overall..... E

- 11** Compared to before the Recession, is your marketing effort:
- Greater now..... A
- About the same..... B
- Less now C

- 12** Has the Recession affected your pricing strategy by making you:
- Raise selling prices..... A
- Keep prices unchanged..... B
- Lower selling prices..... C

- 13** Do you feel the Recession:
- Pushes you towards a greater concentration on 'day-to-day' issues A
- OR** Leaves the balance of concentration between short-term and long-term issues about the same B
- OR** Pushes you towards a greater concentration on longer-term issues C

- 14** What effect(s) does the Recession have on your own motivation/enthusiasm for business: (please describe)
- _____
- _____
- _____

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