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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.

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WEB VERSION PUBLISHING

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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.

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HIGHLIGHTS

This is the third of a new series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail, distribution and business services. The focus for this survey was **management decision-taking styles** and **delegation**.

- *When asked the single most important characteristic important to running a small business, over 70 per cent chose 'Ability to Determine Priorities', 'Adaptability', 'Perseverance' or 'Ability to Motivate Others' (in that order).*
- *For the very smallest firms, 'Adaptability' and 'Perseverance' were deemed **the** most important, but these gave way to 'Ability to Determine Priorities' and 'Ability to Motivate Others' as firm-size increased.*
- *When asked whether or not they saw most people as 'self-starters' who actually sought responsibility, respondents were divided. In small firms employing 0-4 staff, nearly 60 per cent of our respondents replied 'Yes'. However, in larger size-bands, only around 40 per cent felt so, with the remainder feeling that most people had only modest levels of ambition and were not usually looking for greater responsibility.*
- *At a regional level, respondents operating in the South were the **most** likely to see employees as self-starters seeking responsibility. On a sector basis, manufacturers were least likely.*
- *On the issue of decision-making style, 'consultative' styles were claimed as being most preferred, followed by 'direct' (make decision and simply report it for implementation) and then 'sell' (make decision and then explain or 'sell' it to those affected by it).*
- *At a sector level, retailers were the most directive (autocratic) in their decision-making styles, with manufacturing and business services the most consultative. At size levels, firms in the 0-4 employee category were the most directive (autocratic), and firms in the 20-49 band, most consultative.*
- *At a regional level, respondents in the North and Midlands were the most consultative and those in the South the most autocratic (one possible explanation is the greater speed of decision-making and life generally in the South).*
- *Most small business respondents felt that management skills were not basically innate (inborn) but could be acquired as a result of training. Manufacturers were the most likely to believe that such skills were inborn. Northern respondents were most likely to believe in the potential of training here, followed by the Midlands and then the South. Firms in the 5-9 category believed most strongly in the potential of training.*
- *The tasks **least** commonly delegated were those of raising finance, handling important order inquiries, appraising staff, drafting employment contracts and designing sales literature. This was particularly true of retailing, concerning the raising of finance, and of business services, for the remainder. The handling of proposals for raising finance was least likely to be delegated in firms with 20-49 employees, and likewise, the handling of important order enquiries in firms employing 0-4.*
- *The tasks **most** likely to be delegated were preparing statutory returns, stock-checks, opening company mail, the preparation of management accounts and the preparation of regular sales figures. Again, these stand out more in business services, where the demarcation of delegated/non-delegated tasks was clearest.*
- *Satisfaction with delegation was highest in manufacturing, and in the Midlands. The most common reason for dissatisfaction with the extent of delegation was the lack of staff with the required skills/commitment - this was very strong in the South, in the retail/distribution sector and in the 20-49 employee firms.*

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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 350 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 business, 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. In this survey we focus on the **management styles** used by our sample in the management of their businesses.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as Appendix A. This survey was carried out during July and August 1993.

MANAGEMENT CHARACTERISTICS REQUIRED FOR SUCCESS IN A SMALL BUSINESS

Our panel of small business respondents were asked to select from a list of characteristics which they thought was the **single** most important attribute for someone running a small business.

Somewhat surprisingly, certain of the characteristics which might be thought important - such as 'Ability to Delegate' - received very few mentions. Over 70 per cent of all responses centred on one of four main characteristics: **Ability to Determine Priorities; Perseverance; Adaptability** and **Ability to Motivate Others** (Table 1).

As is clear from Fig 1, 'Adaptability' and 'Perseverance' were most mentioned by people running small firms in the 0-4 people sizeband. However, these gradually give way to 'Ability to Determine Priorities' and 'Ability to Motivate Others' as firm-size increases.

Turning to the choices made by respondents from different sectors, these can be seen in Fig. 2. Two main points

stand out here. First, 'Ability to Determine Priorities' emerges fairly uniformly across all sectors. Second, there were then some noticeable differences between sectors with 'Adaptability' standing out in the field of Retailing, and 'Perseverance' and 'Communication Skills' standing out in the field of Business Services. 'Ability to Motivate Others' was prevalent in the field of Manufacturing, but it should be noted that the average size of sample firms in this sector was larger here, too.

At a regional level, there were generally more similarities than differences with the most notable differences being the perceived importance of 'Adaptability' amongst small businesses in the Midlands and the relative unimportance of 'Ability to Motivate Others' in the same region.

1	Ability to determine priorities	22%
2	Perseverance	19%
3	Adaptability	19%
4	Ability to motivate others	12%
5	Communication skills	10%
6	High stress tolerance	7%
7	Ability to delegate	4%
8	Ability to learn from mistakes	3%
9	Creativity	1%
10	Emotional stability	1%
11	Self-analysis	1%
12	Negotiation skills	1%

Fig 1 - SINGLE MOST IMPORTANT MANAGEMENT ATTRIBUTE: BY EMPLOYEE SIZE

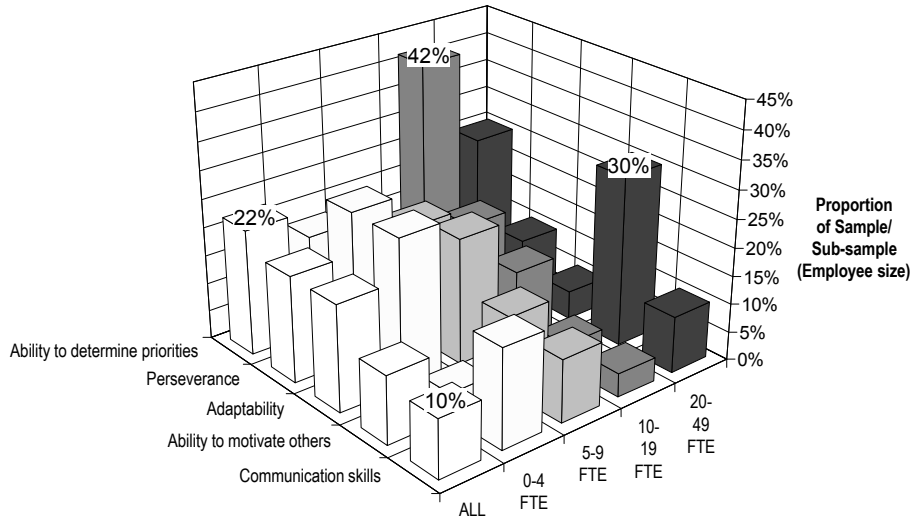


Fig 2 - SINGLE MOST IMPORTANT MANAGEMENT ATTRIBUTE: BY SECTOR

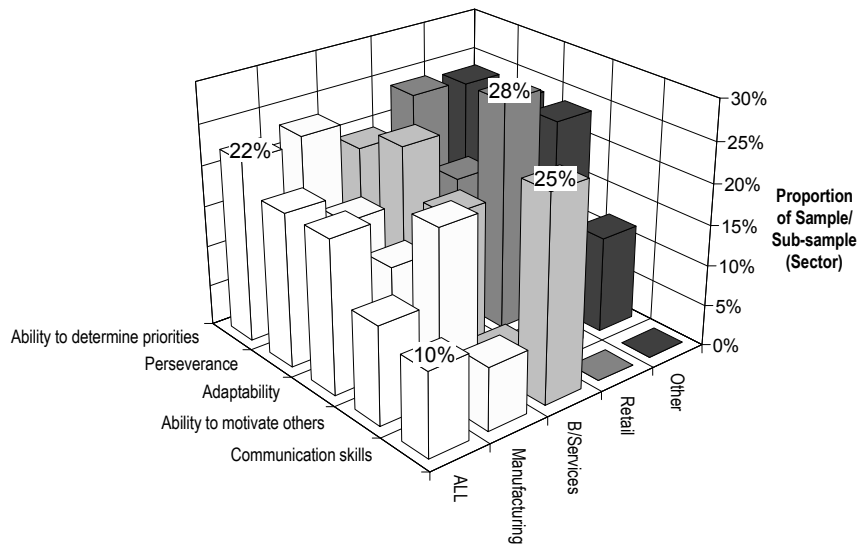
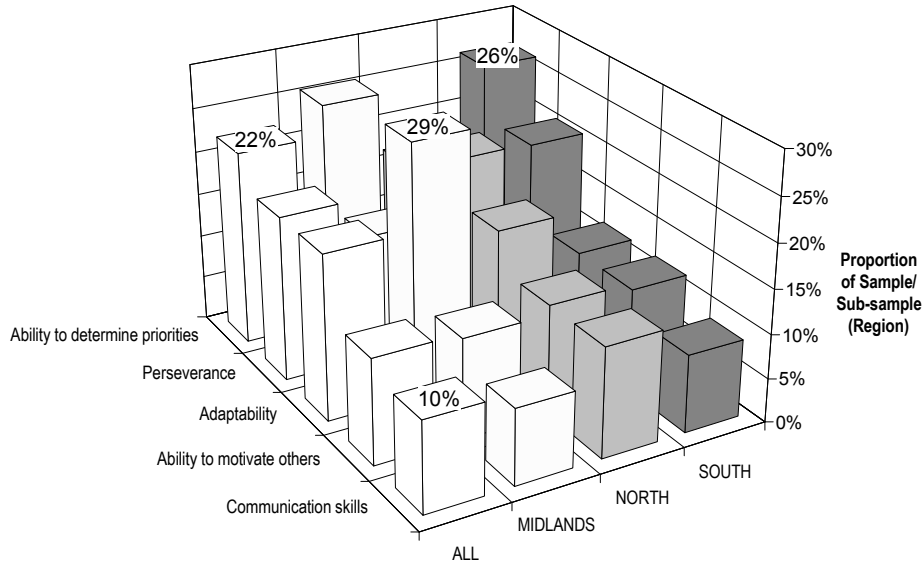


Fig 3 - SINGLE MOST IMPORTANT MANAGEMENT ATTRIBUTE: BY REGION



VIEWS ON THE MOTIVATION OF OTHER PEOPLE

Our respondents were asked to select between two contrasting views of employees in general:

1. "The average person is not really a

self-starter, has only a relatively modest level of ambition and does not usually go looking for responsibility."

2. "The average person enjoys challenge, is basically fairly ambitious and not only accepts, but also seeks, greater

Fig 4 - MANAGERS' VIEWS OF MOTIVATION IN OTHERS: BY EMPLOYEE SIZE

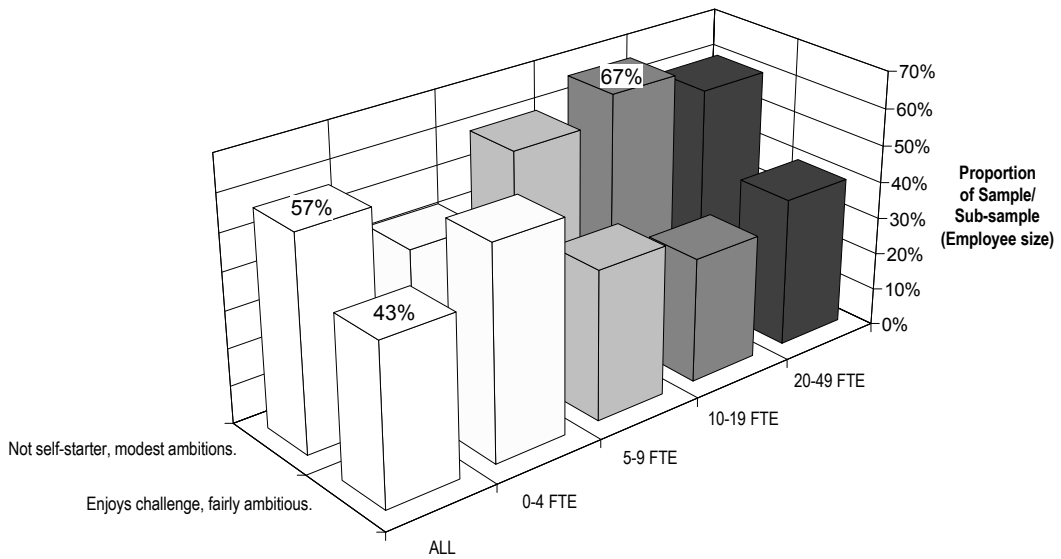
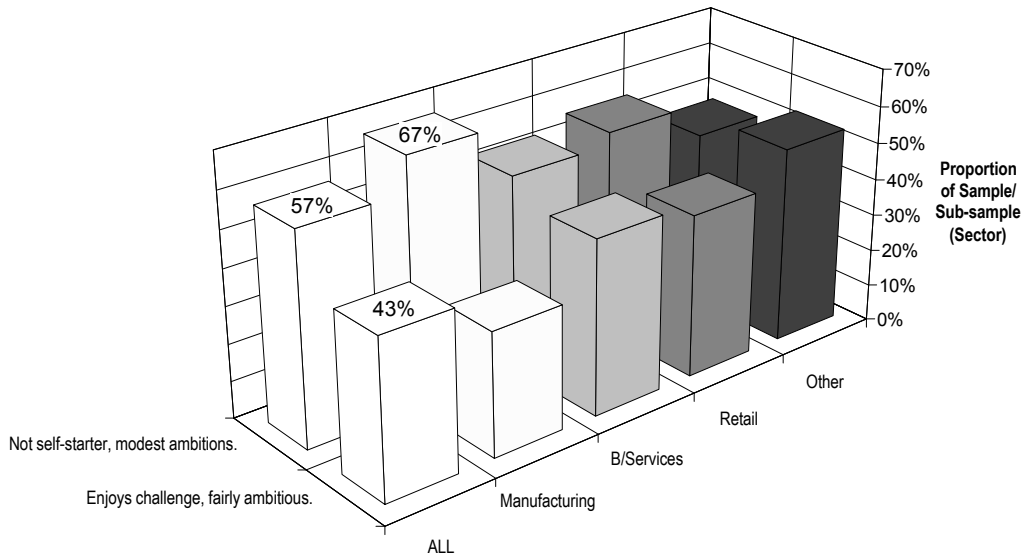


Fig 5 - MANAGERS' VIEWS OF MOTIVATION IN OTHERS: BY SECTOR



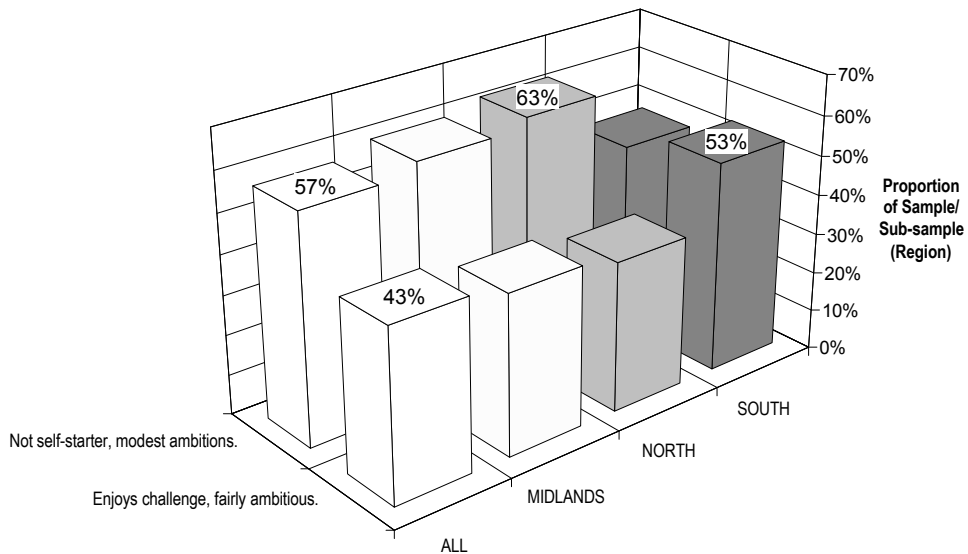
responsibility."

Overall, the former statement was chosen by more people than the latter, by a small margin (57 per cent against 43 per cent), and there was a distinct relationship between choice of statement and size of

firm - see Fig 4. Amongst firms employing 0-4 employees, a majority actually opted for the second statement.

The main difference on this issue between firms in different business sectors was greatest in manufacturing, with more respondents in that sector

Fig 6 - MANAGERS' VIEWS OF MOTIVATION IN OTHERS: BY REGION



perhaps expressing a 'traditional' view of motivation and behaviour (Fig 5).

There were also differences when it came to regions, as shown in Fig 6. Firms in the South (East) were most likely to have picked the second statement, perhaps reflecting its greater exposure to a service economy and well-educated workforce - although this region's respondents contained proportionally fewer manufacturing firms, whose absence may also have contributed to this switch in emphasis.

DECISION-MAKING STYLES

Our panel were asked to select between 4 main decision-making styles ranging from directive (make decision and then 'tell' others style) through to the more consultative styles of 'sell' (make decision and then attempt to sell it to others), 'consult' (get others ideas and then make the final decision to, finally, 'joins' (put most problems into the hands of other and leave it to them to carry the ball from there).

Fig 7 shows that, overall, 'consults' was selected most often, followed by 'tells' and then 'sells'. Obviously, a manager's preference for one of these decision-making approaches will vary depending upon a number of factors including the personalities of both manager and managed; the need for speed and confidentiality (encouraging the 'tell' style) and also the need for consensus and general agreement (encouraging the 'consults' style).

It is notable from Fig 7 that respondents from the very smallest firms selected the 'tell' style more frequently than their

Fig 7 - DECISION-MAKING STYLES: BY EMPLOYEE SIZE

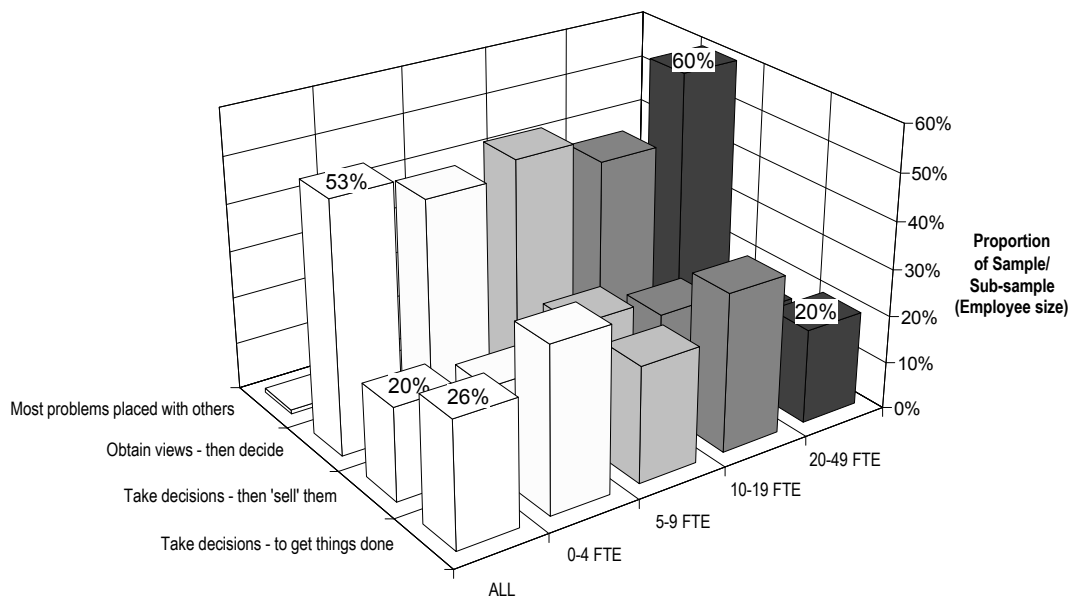
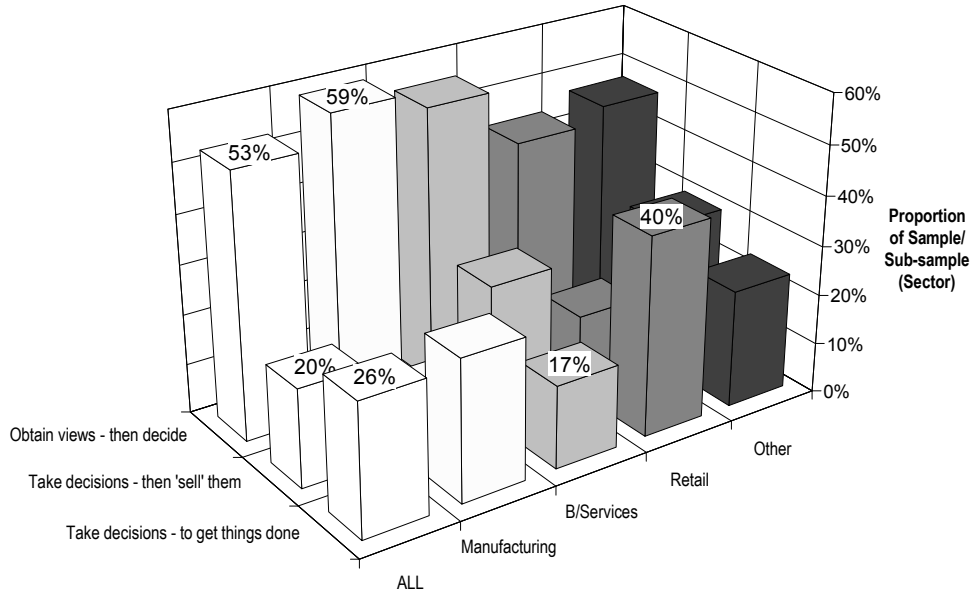


Fig 8 - DECISION-MAKING STYLES: BY SECTOR

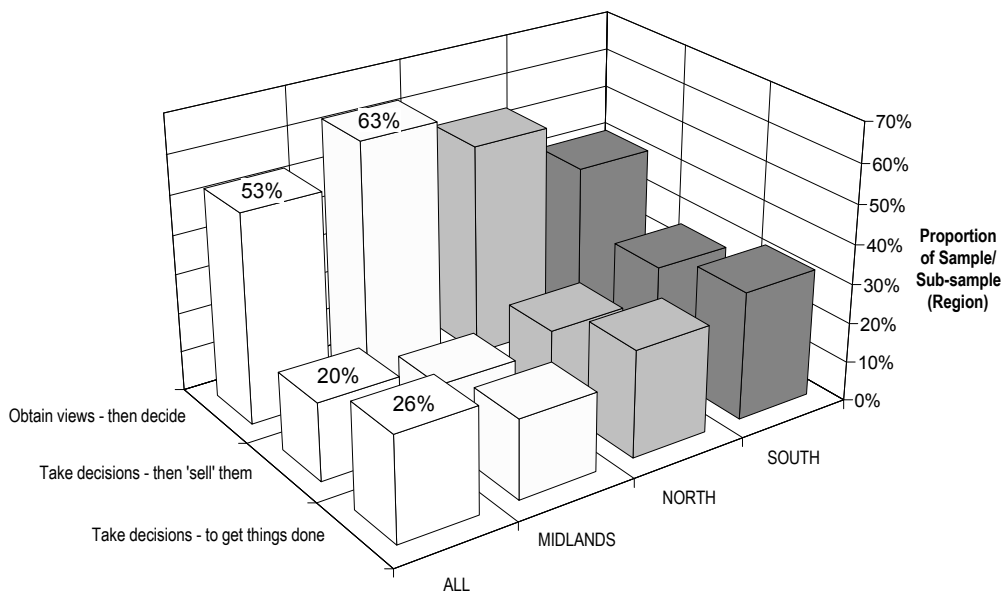


counterparts from larger businesses. This conflicts with their preference for statement No. 2 in Fig 4 where they expressed a view of other people as curious and wishing to be involved in acts of responsibility. The larger firms (20-49) were the most consultative, as might be expected with the development of

organisational structures.

The bias of those managing larger firms towards a more consultative approach - 60 per cent of the 20-49 employee firms obtaining views first, and then reaching a decision - is supported by the handful of respondents' firms employing 50 or more

Fig 9 - DECISION-MAKING STYLES: BY REGION



employees (not shown in Fig 7), where *all* of these respondents selected this option.

Looking at Fig 8, we see that decision-making styles are likely to vary with business sector. Respondents in the Retail sector were highly inclined to use 'tell' style decision-making and least likely to 'consult'. Business Services sector respondents were the least likely of all to use 'tell' style and heavily inclined towards 'sell' or 'consult'.

Fig 9 shows a 'sell' style showing up a little more strongly in the South than in other regions and this is probably linked with the high number of the smallest firms and Business Services firms in our Southern sample. Midlands and Northern respondents were very strongly inclined towards a 'consult' style.

MANAGERS - TRAINED OR BORN ?

Respondents were asked whether they considered management skills and abilities to be largely innate (inborn) or, alternatively, capable of being learned by virtue of training and experience.

Fig 10 indicates that more than two-thirds felt that management skills can be learned rather than being inborn. There was a high-point here amongst those in the 5-9 employees category. This may well be due to the fact that firms in this size-grouping are having to face substantial organisational challenges and find, in practice, that they have much to learn from others.

Fig 11 shows that there was little variation across the various sectors. This also appeared to be so when analysed regionally (Fig 12).

Fig 10 - MANAGEMENT SKILLS: BY EMPLOYEE SIZE

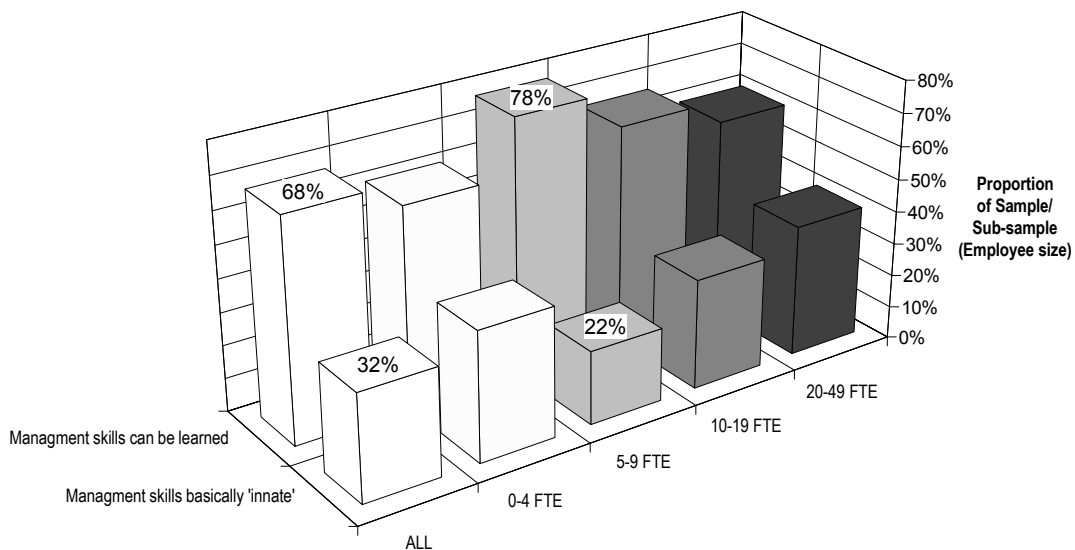


Fig 11 - MANAGEMENT SKILLS: BY SECTOR

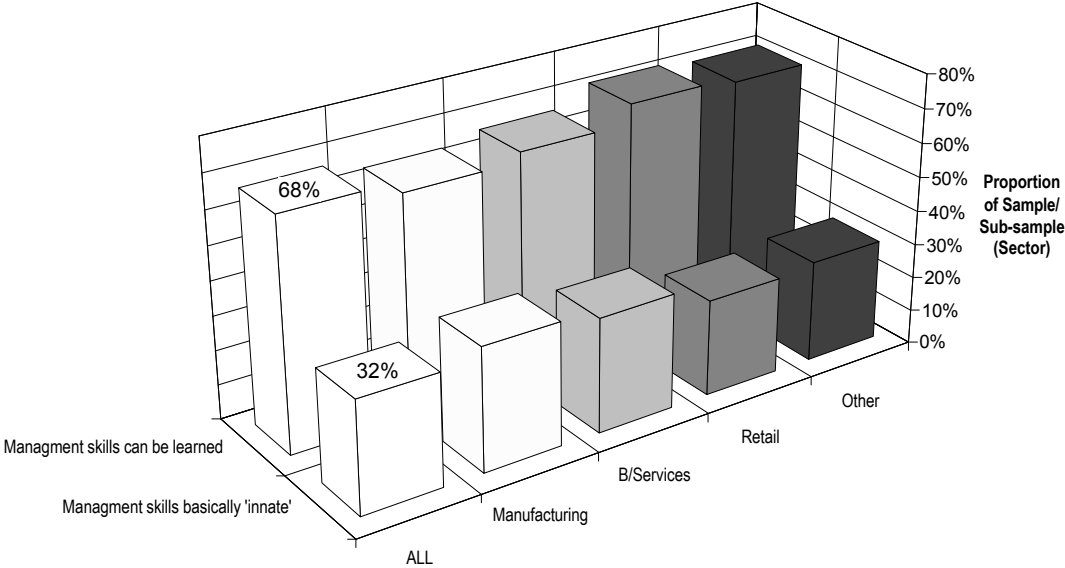


Fig 12 - MANAGEMENT SKILLS: BY REGION

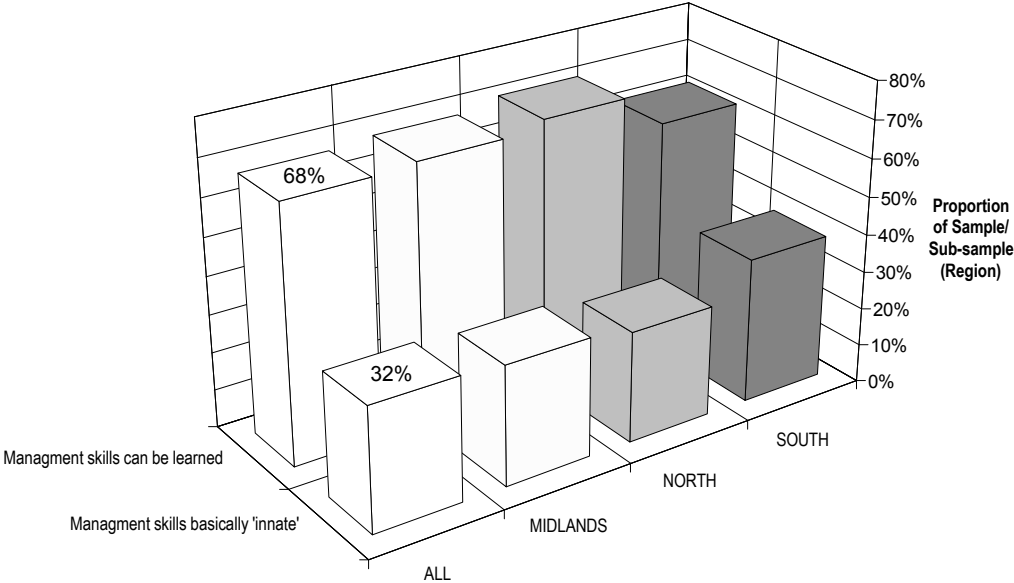


Table 2 - TASKS UNDERTAKEN BY RESPONDENTS (% responding)

1	Personally draft proposals for raising finance	70%
2	Handle important order enquiries	69%
3	Undertake staff appraisal	67%
4	Draft employment contracts/letters	62%
5	Design company sales literature	55%
6	Prepare regular sales figures	46%
7	Personally evaluate potential major suppliers	44%
8	Prepare regular management accounts	40%
9	Open all company mail	37%
10	Personally draft quality control procedures	34%
11	Personally test prototypes	32%
12	Prepare statutory returns	31%
13	Formulate training programmes in detail	30%
14	Man your company's stands at exhibitions	22%
15	Formulate equipment maintenance schedules	19%
16	Undertake stock-checks	17%

DELEGATED TASKS

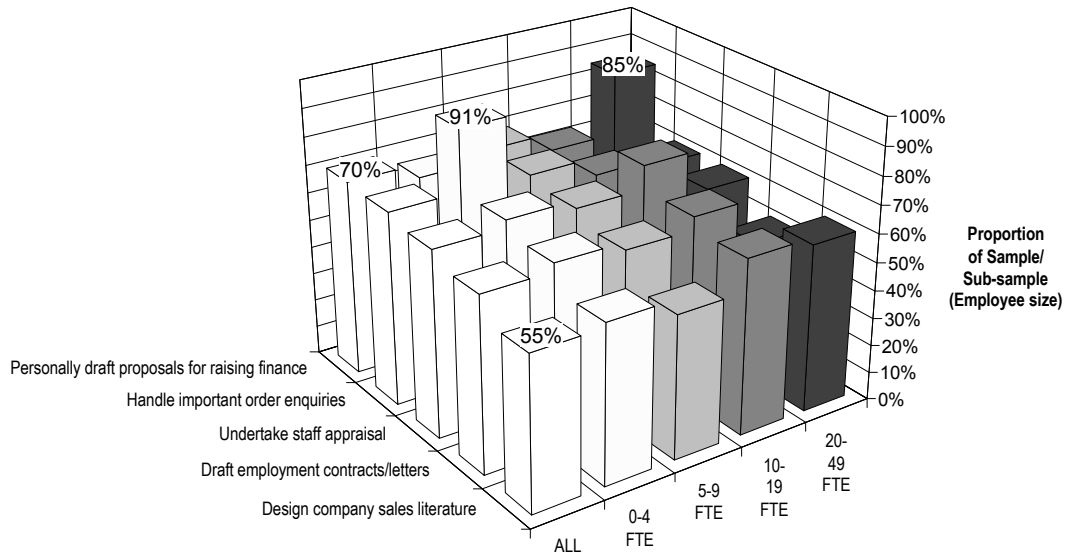
Our panel members were asked what operational tasks they delegated and which they retained for themselves.

For the top 5 items in Table 2, respondents were, overall, more likely to undertake the tasks themselves rather than delegate. These items include key managerial control tasks (proposals for raising finance, staff appraisals, handling

Table 3 - TASKS DELEGATED BY RESPONDENTS (% responding)

1	Prepare statutory returns	68%
2	Undertake stock-checks	65%
3	Open all company mail	61%
4	Prepare regular management accounts	56%
5	Prepare regular sales figures	46%
6	Formulate equipment maintenance schedules	45%
7	Formulate training programmes in detail	43%
8	Personally draft quality control procedures	38%
9	Design company sales literature	35%
10	Personally evaluate potential major suppliers	35%
11	Draft employment contracts/letters	31%
12	Handle important order enquiries	26%
13	Personally test prototypes	25%
14	Man your company's stands at exhibitions	21%
15	Undertake staff appraisal	21%
16	Personally draft proposals for raising finance	10%

Fig 13 - NON-DELEGATED TASKS: BY EMPLOYEE SIZE



important order inquiries, drafting employment contracts designing sales literature and preparing sales figures).

Obviously, the tasks most generally delegated by our respondents were those **not** undertaken themselves (Table 3), such as stock-checks, opening of

company mail, usually the preparation of statutory returns and the preparation of management accounts. It is therefore possible that these tasks - for some - may offer an opportunity for delegation.

Fig 13 shows a breakdown by size of firm. It is noticeable that, in the smallest

Fig 14 - NON-DELEGATED TASKS: BY SECTOR

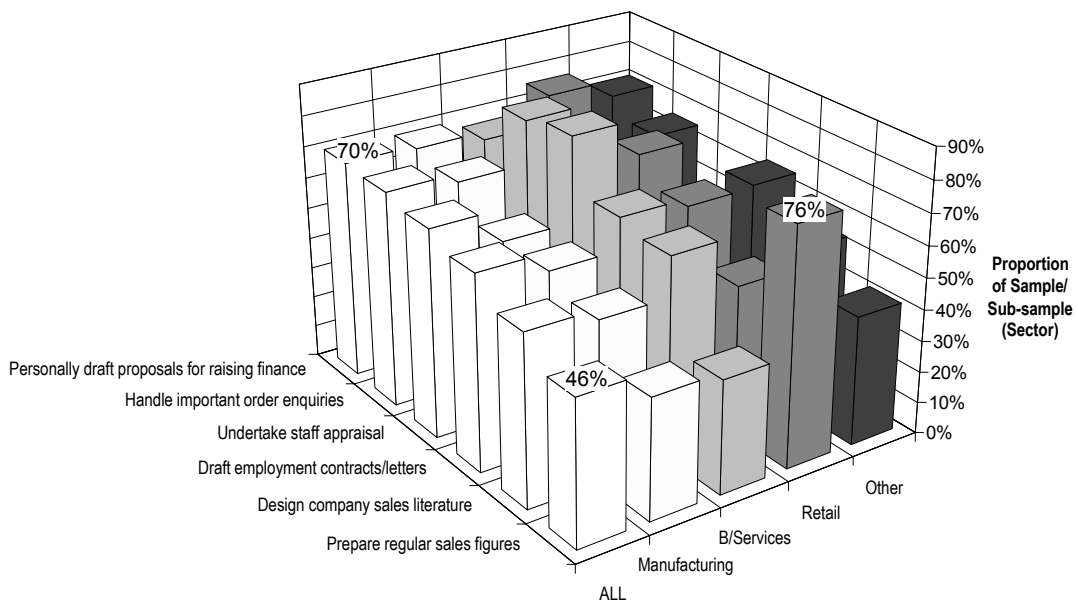
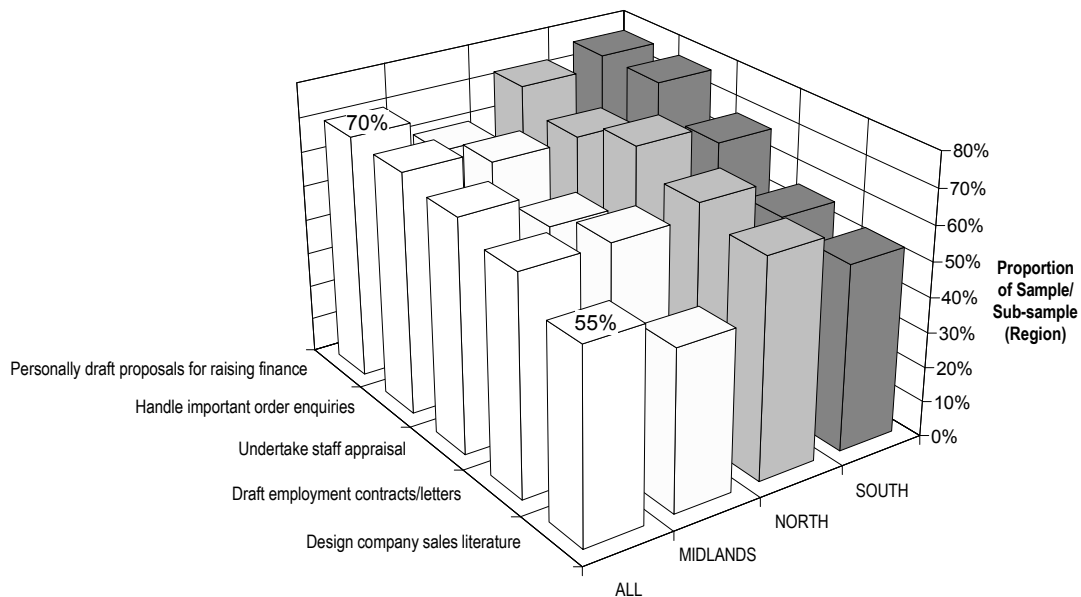


Fig 15 - NON-DELEGATED TASKS: BY REGION



sizeband, respondents were more likely than in the larger firms to take personal responsibility for issues such as important order inquiries, and also training (not shown in Fig 13, but true for 39 per cent of the 0-4 employee firms, compared to 15 per cent for the 20-49 firms). This was also true of tasks such as the preparation of sales figures. Thus, as firms become larger, a greater delegation of tasks appears to occur.

Fig 14 gives a breakdown by business sector and here respondents from Business Services very keen to handle important order inquiries personally. Retailer/Distribution firms, on the other hand, attached a great deal of personal attention to the preparation of regular sales figures and management accounts (64 per cent of the sector) plus the preparation of statutory returns and the introduction of new product/service lines (52 per cent). Thus, here we see a very keen interest in the customer interface which, in retailing especially, can be highly responsive in the short-term.

At a regional level (Fig 15) it can be seen that similarities outweigh differences.

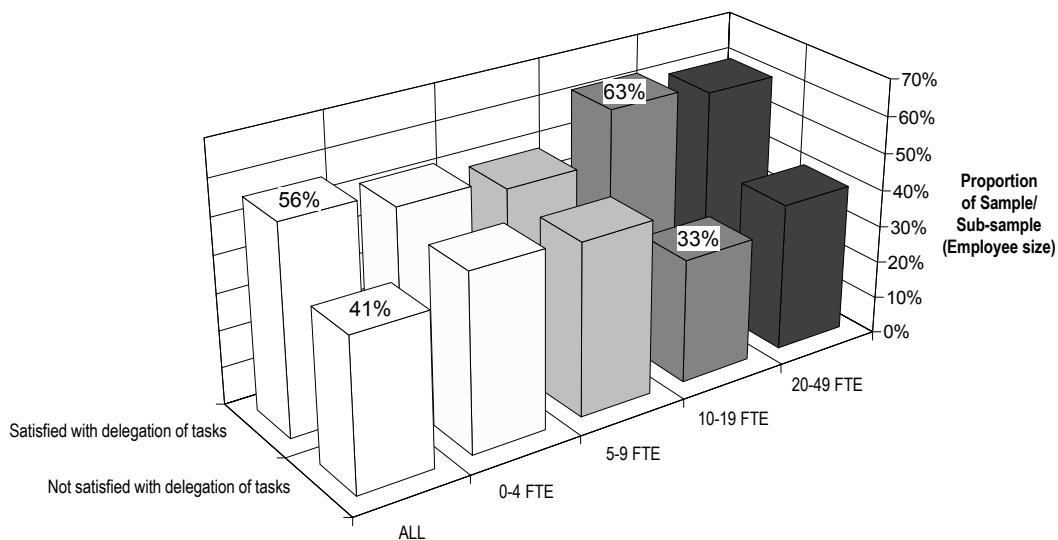
SATISFACTION/DISSATISFACTION WITH TASKS DELEGATED

Figures 16 and 17 show levels of satisfaction with the extent to which tasks can be delegated (Fig 16) and reasons for dissatisfaction (Fig 17).

Levels of actual satisfaction were fairly similar across size groups but, looking at the reasons for dissatisfaction, some interesting contrasts emerge. The smaller size groups claimed dissatisfaction with delegation due to the small size of their business (presumably not enough people to delegate to) whereas the larger firms claimed that delegation was limited in its effectiveness due to a lack of either skills or commitment on the part of existing staff. This could result from larger firms requiring greater specialist expertise and experiencing difficulties in keeping up with the demand.

Turning to differences between sectors, respondents from the Retail/distribution and 'Other' sectors were the most dissatisfied with delegation for reasons of lack of skills/commitment. Dissatisfaction was also predominant in Manufacturing and Business Services, but due to the

Fig 16 - SATISFACTION WITH EXTENT OF DELEGATION: BY EMPLOYEE SIZE



smallness of their businesses (Figs 18 and 19).

An examination of regional differences (Figs 20 and 21) shows no very marked differences between regions in terms of satisfaction with delegation but notable differences in terms of dissatisfaction.

The major points to stand out here were the lack of skills/commitment in the South and the fact that respondents simply enjoyed making decisions themselves in the North.

Fig 17 - DISSATISFACTION WITH EXTENT OF DELEGATION: BY EMPLOYEE SIZE

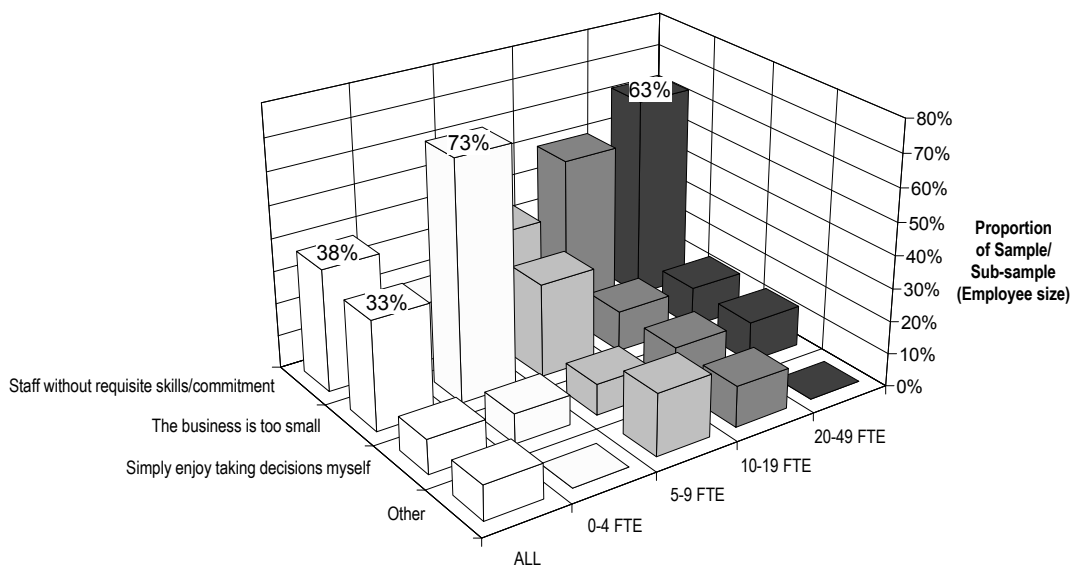


Fig 18 - SATISFACTION WITH EXTENT OF DELEGATION: BY SECTOR

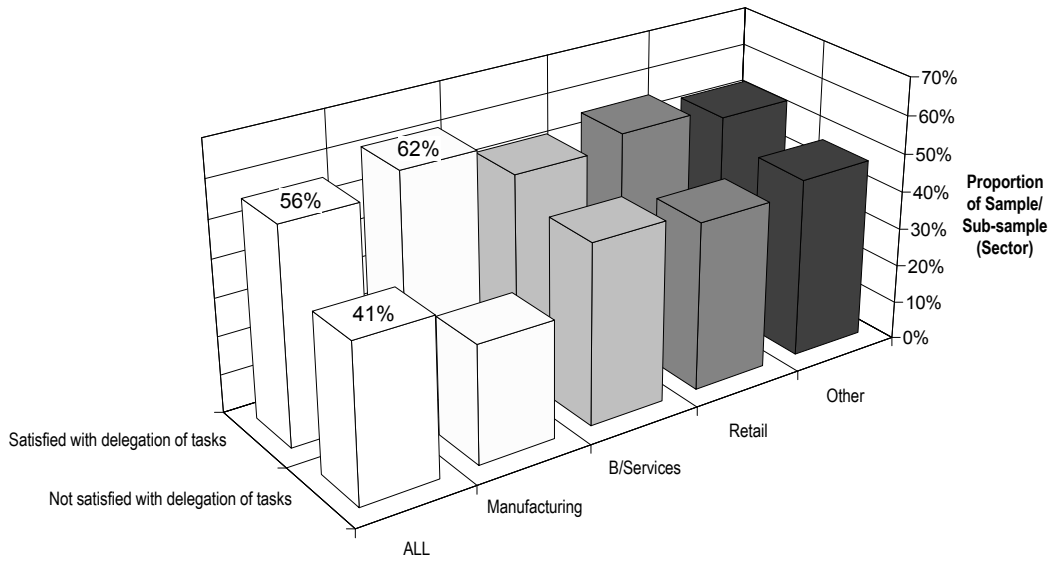


Fig 19 - DISSATISFACTION WITH EXTENT OF DELEGATION: BY SECTOR

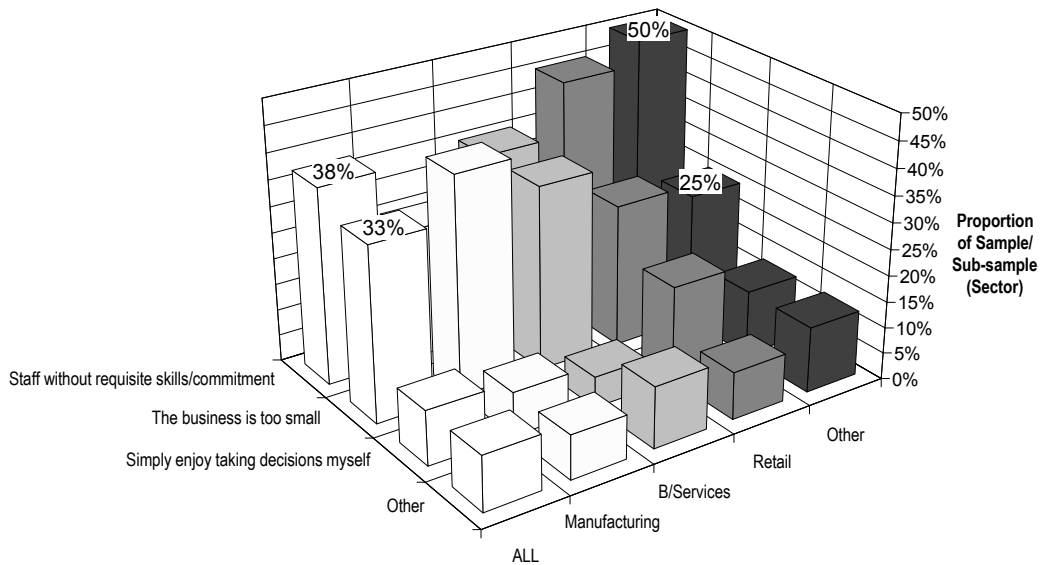


Fig 20 - SATISFACTION WITH EXTENT OF DELEGATION: BY REGION

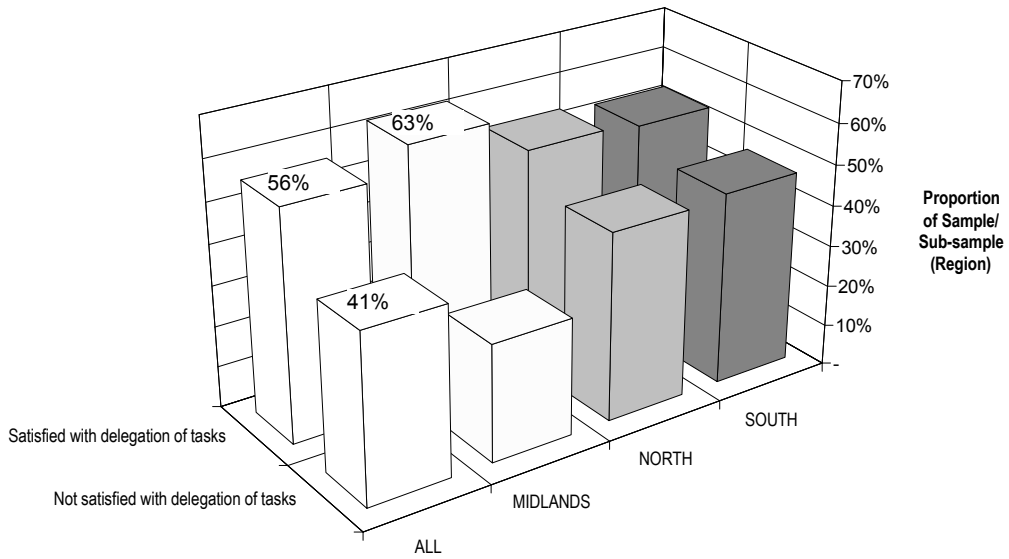
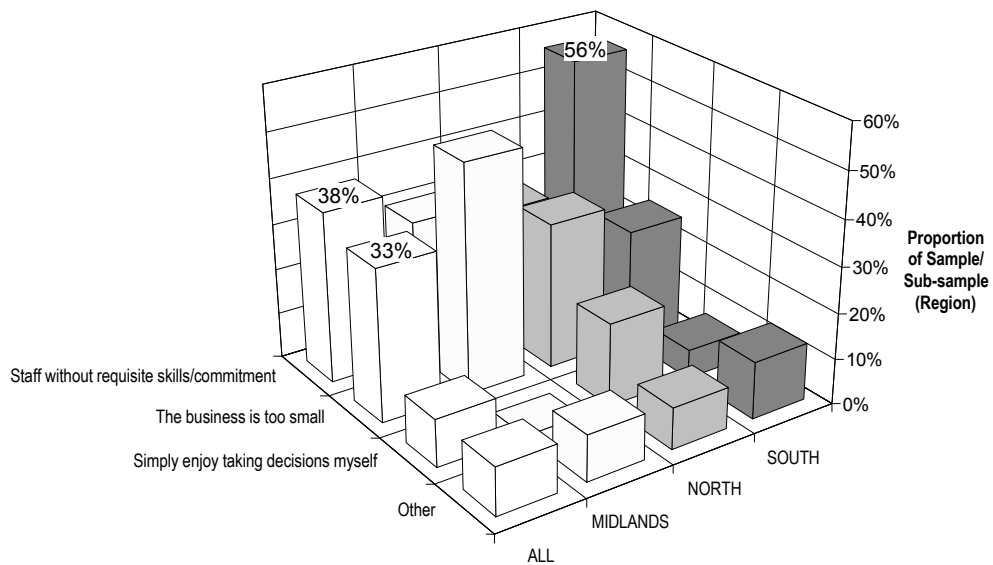


Fig 21 - DISSATISFACTION WITH EXTENT OF DELEGATION: BY REGION



RESPONDENTS' COMMENTS

Comments about the difficulties of managing a smaller business were invited, and the largest group - a third (32 per cent) - of the respondents commented on the perceived shortcomings of 'government'. These ranged from the specific:

"The time and cost of collecting or paying taxes (income - VAT) etc., and providing census information, is far too high and distractive from more important commercial effort."

"Recent export returns seem to be far too detailed. It must cost a fortune to transpose them and what on earth does anyone do with them. Does the minister involved realise that every single export transaction, by customer, by product, by value, by country, for every company is being recorded?"

to the more general:

"Government ministers do not understand the daily problems associated with running a business."

"Every time the Government says it will 'simplify' things for smaller businesses things become more complicated."

One implication here is a feeling that time could be more productively spent without such external encumbrances, although intrinsic influences which may possibly distort decision-taking processes were mentioned far less frequently:

"The unappreciated aspect of managing smaller business, is that as well as the pressures of

management 'on the job' there are also the unseen pressures of financial risk which are always present."

"Mainly, because it all means so much to me and because I have so much money invested in it, it is very difficult to find staff who can be trusted to carry out assignments with verve and enthusiasm."

For the smallest businesses, gaining access to given skills at the right time -, but not all of the time - can be problematic:

"It's difficult structuring the business. You, therefore, have to perform a number of different jobs. These frequently clash in their demands on your time resulting in long work hours."

Ranking second in the frequency of concerns (10 per cent) came cash flow:

"The major problem at this time is chasing larger companies for payment. The delay in collection can produce cash flow problems."

As cited in the very first example, time spent pursuing the 'here and now' - issues concerning survival - inevitably leaves less for consideration of longer term 'strategic' issues.

The third most frequent topic was in connection with the banking institutions. A typical example, below, combines several of the previous points:

"Financial problems which can occur on a short term basis need more understanding by banks."

MANUFACTURING

Cleaning Chemicals for Household and Industrial Use	<i>"Government agencies tend to operate far too slowly to be of any benefit to small businesses where decisions need to be made and acted upon quickly. [This is] Particularly true regarding grants."</i>
Clothing Manufacturer	<i>"Government etc. [are] of no help at all except for an exhibition grant. That is great but needs to be extended."</i>
Equipment Installation	<i>"I think the Government should draft legislation that small companies should be paid more promptly. I would suggest 30 days."</i>
Fabrication, Welding, Machining, Special Purpose Machines	<i>"Stop/go economic policies and short-term rather than long-term strategies."</i>
Lace & Sports Trim	<i>"... [and] far too much management effort, were spent giving our bank comfort. We were doing all we could to manage our way through the deep recession we were all going through."</i>
Lace Manufacture	<i>"The time and cost of collecting or paying taxes (income - VAT) etc., and providing census information, is far too high and distractive from more important commercial effort."</i>
Ladies & Childrens Clothing	<i>"Too much responsibility is put on company directors by the state, e.g. Inland Revenue and VAT, who do not inspect for years and then will come along and inspect, find fault, and back date penalties, interest etc. Really I feel it is an income raising device of the Government."</i>
Machinery for the Tufted Carpet Industry	<i>"Recent export returns seem to be far too detailed. It must cost a fortune to transpose them and what on earth does anyone do with them. Does the minister involved realise that every single export transaction, by customer, by product, by value, by country, for every company is being recorded ?"</i>
Manufacture of Spare Parts for Rotating Plant	<i>"As a manufacturer I am sick and tired of being taxed mentally, physically and financially by non-producing legislators and other well-meaning idiots."</i>
Manufacture of Iron Castings	<i>"At present keeping the skilled workforce together as the recession swings from 3 days to 5 days work. Alteration of claiming benefits for short time working needs reviewing."</i>
Manufactures of Special Purpose Machinery	<i>"Government ministers do not understand the daily problems associated with running a business."</i>
Manufacturing	<i>"Cash flow is our only big worry - customers are delaying paying invoices longer and longer, and bank is not always understanding - if we go overdrawn they are on the phone straight away..."</i>
Mechanical Installation and Maintenance Service	<i>"Too much 'red tape' relating to grants, i.e., UK Government and EEC. Would qualify for certain grants but don't require the hassle."</i>

Metal Polishing and Decorative Nickel/Chrome Plating	<i>"Payments of PAYE and especially VAT are crippling due to the fact that one has to pay even before the customer is required to pay us. This should be corrected ASAP."</i>
Modelmaking for T.V. Commercials	<i>"It's difficult structuring the business. You, therefore, have to perform a number of different jobs. These frequently clash in their demands on your time resulting in long work hours."</i>
Printing of Stationery	<i>"[There is a] Lack of professionally trained people with appropriate modern management skills."</i>
Printing, Graphic Design, Copy Service	<i>"Banks despite their 'PR' and advertising are NOT helping. More small businesses were foreclosed than justified. They also charging for even talking to them. Taxation, Unified Business Rates, late payment regulations are all detrimental to small businesses ..."</i>
Publishing	<i>"The 'Lonely Entrepreneur' syndrome is very real. There is a critical need for more, and better organised, self-help, inter-trading groups - supported by larger firms. A large firm chairman said: 'The unemployed can't buy what we sell. That's why we support small firms' - if only this were more common."</i>
Self-adhesive Label Printers	<i>"The Government has not made manufacturing businesses a priority."</i>
Service and Maintenance of Boilerhouse Equipment	<i>"There is plenty of encouragement to start a business - once started, there is a lack of interest - by all."</i>
Special Purpose Machine Design & Manufacture	<i>"I experience difficulties in cash flow which is due to late payment. I am finding a shortage of skilled engineering labour."</i>
Staircase Manufacturer	<i>"The hardest task I face is extracting money from larger companies. Legislation should be introduced and enforced."</i>
Window Blinds	<i>"Legislation is needed to compel companies or individuals to pay accounts within the terms stated or face interest charges in line with the banks' unauthorised overdraft rates."</i>

BUSINESS SERVICES

Analytical and Consulting Chemists (Industrial)	<i>"Services are, in general, ignored by Government. Also, too many grants for start up companies make it difficult for established businesses. Too many big businesses subsidise services and damage our trade, e.g., [local water company]."</i>
Architect	<i>"Planning for the future in a stop/go economy."</i>
Architectural Design and Project Management	<i>"Architects used to be paid according to an accepted scale. Government and Monopolies Commission abolished this. Satisfactory fee agreements are very difficult to obtain. When we get paid at all we generally get paid less and late. Large clients often take advantage of our very weak position."</i>
Audit Accountancy and Taxation	<i>"Every time the Government says it will 'simplify' things for smaller businesses things become more complicated."</i>

Consultant Naval Architects & Marine Engineers	<i>"Bankers should actively bring together the clients they have who have a common base (e.g. shipping in our case) with view to mutual benefits."</i>
Farm Management Consultancy	<i>"Present legislation seems to manacle small businesses rather than encourage them to develop."</i>
Food Technology & Quality Consultant	<i>"Where available, receiving timely and constructive assistance from some government sponsored agencies."</i>
Microfilming Bureau Service	<i>"We operate in the service industry, [with a] profit margin on the low side, so we are unable to pay the salary to get the right personnel for delegation."</i>
Office Space Planning and Supply of Furniture	<i>"I find it impossible to mention the D.T.I. or the Government's Budget for small businesses without swearing !"</i>
Outplacement Consultancy	<i>"Help should be given - particularly in the first five years - to overcome the burden of the Uniform Business Rate. Small businesses are the major source of new employment. We estimate that most small businesses could increase the number of new jobs by 10% if the old system applied."</i>
Professional Quantity Surveying	<i>"The biggest headache is cash flow and the amount of personal time spent chasing money. If something could be done to regulate payment periods it would be major breakthrough."</i>
Public Relations	<i>"'Small' businesses are judged on their quality of service/ product. There is little if any recognition of the management skills required 'behind the scenes' to achieve these high standards. But does there need to be ?"</i>
Recruitment	<i>"1) Cash flow - slow payers cause problems. 2) Business rates crippling many small businesses."</i>
Secretarial Recruitment	<i>"Cash flow - I believe very strongly that the Government should legislate that bills should be paid within 30 days to all small businesses of under £2 million t/o."</i>
Staff Recruitment	<i>"Bank charges - extortionate. VAT, Tax & NI - we work 25% of our time as unpaid civil servants."</i>
Telephone Marketing and Telephone Sales Company	<i>"Very little help, advice and encouragement is given by Banks and Finance. All they want to do is cover their own backs. They look at only figures."</i>
Training Consultancy	<i>"I believe the difficulties and problems associated with running a small business are well worth facing in view of the potential rewards."</i>
Training Management & Development	<i>"Government Training Boards have little comprehension of the financial aspects of small businesses and do not help the Boards (CITB & ECITB)."</i>

RETAIL AND DISTRIBUTION

Computer Data Communications Solutions in PC/Mainframe Environment	<i>"Banks have no concept of what is required to run a small business or the facilities required. They are out of touch with reality."</i>
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Computer Systems	<i>"Financial and marketing advice is often offered by accountants and banks. Rarely is it provided by people who have experience of running smaller businesses. This is a major hazard to young entrepreneurs - as they believe it; and the advice is often wrong !"</i>
Electrical Distributors	<i>"As a very young company, difficulty obtaining finance, having to pay capital gains tax in your first two years in business, when you need to keep re-investing in the company to continue to stimulate growth and profit."</i>
Foundry Products	<i>"Problems are similar to larger firms, i.e. instability by Government in financial matters, e.g. base rate; excessive legislation, e.g. COSHH; environment acts, social chapter."</i>
Musical Equipment Retail	<i>"Government help agencies could inform small businesses of changes to legislation in health & safety, contractual laws etc."</i>
Retail/distribution	<i>"Very little help from government bodies regarding the workload imposed on us by them."</i>
Sale of a Patented Promotion Item	<i>"Perhaps a year ago one could complain about the lack of understanding/support from government/financial institutions but this is gradually disappearing as the larger firms face difficulty."</i>
Stockists of Iron Bars	<i>"Too many people, banks, Inland Revenue, Customs & Excise put pressure on the small business - whilst the larger firms seem to get away with murder. I am supposed to manage and direct this firm and whilst the pressure is on for these figures. Those figures - all to be written forecasts etc., I am not doing the job I am paid to do."</i>
Supplier of Computer Systems for Business	<i>"Being tax collectors for Inland Revenue, DSS and Customs & Excise. Which causes these agencies to introduce onerous record keeping to avoid fraudulent practises. They then seek to find fault with the records to claim minor sums from legitimate businesses."</i>
Suppliers of Hygiene Chemicals Equipment	<i>"Main competitor is non-profit-making organisation used mainly by local authority now trying to supply private sector Yorkshire purchasing organisation."</i>
Wholesale Button Merchants	<i>"Financial problems which can occur on a short term basis need more understanding by banks."</i>

OTHER

Human Resource, Management Training	<i>"Mainly, because it all means so much to me and because I have so much money invested in it, it is very difficult to find staff who can be trusted to carry out assignments with verve and enthusiasm."</i>
Installation of Sound Systems	<i>"The major problem at this time is chasing larger companies for payment. The delay in collection can produce cash flow problems."</i>

International Freight Forwarding Services	<i>"At times we feel plagued by Government legislation/ bureacracy which takes time and costs us money. At the same time we are competing against "cowboy" companies who flout this legislation etc."</i>
Management Training Courses	<i>"Too many petty regulations, increasingly from European Community."</i>
Office Cleaning	<i>"Banks have 2 sets of rules for assisting business, one for large companies, and another much more severe for small businesses involving higher charges and absurd security requirements."</i>
Plumbers & Heating Eng.	<i>"Government legislation needed to compel clients to pay account on time to smaller businesses (turnover less than £1 million)."</i>
Training of Engineering Skills	<i>"The present tax system does not favour the retaining of money within the company for development and/or expansion in an unlimited company. Could the Government not introduce something like a Business TESSA that may be used for development and expansion only. The loss of tax incentive if used for anything else."</i>
Transport. Sameday/ overnight Collection and Delivery of Parcels	<i>"The unappreciated aspect of managing smaller business, is that as well as the pressures of management 'on the job' there are also the unseen pressures of financial risk which are always present."</i>



Lloyds Bank

Lloyds Bank/Small Business Research Trust
Quarterly Small Business Management Report - No.3

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 AS SOON AS POSSIBLE.

MANAGEMENT ISSUE No.3: Management Style

- 1** **Management characteristics - Which of these do you regard as the SINGLE most important attribute for someone managing a smaller business ?**
- Just one ✓ only*
- High stress tolerance A
 - Perseverance..... B
 - Adaptability..... C
 - Creativity D
 - Emotional stability..... E
 - Self-analysis F
 - Communication skills G
 - Ability to learn from mistakes H
 - Negotiation skills..... I
 - Ability to delegate J
 - Ability to motivate others..... K
 - Ability to determine priorities L
-
- 2** **People in general - Which ONE of the following MOST CLOSELY approximates to your view ?**
- Just one ✓ only*
- The average person is not really a self-starter, has only a relatively modest level of ambition and does not usually go looking for responsibility A
 - The average person enjoys challenge, is basically fairly ambitious and not only accepts, but also seeks, greater responsibility B
-
- 3** **Decision taking - Which ONE of the following MOST CLOSELY accords with your own approach ?**
- Just one ✓ only*
- I prefer to take decisions - I believe in getting things done A
 - I like to take decisions, but then I try to 'sell' them to the people I think will be affected B
 - I prefer to get the views of those around me first and then take the final decision C
 - I put most problems into other people's hands and let them to carry the ball from there D
-
- 4** **Management ability - Which ONE of the following do you MOST CLOSELY agree with ?**
- Just one ✓ only*
- The ability to manage a business is something you either have, or you don't A
 - Most of the skills needed to manage a business can be learned B

5 Delegated tasks - Which of the following do you tend to do yourself, and which are normally delegated ?

Just one ✓ against each task

Do Yourself Someone Else Not Applic.

- Handle important order enquiries and personally draft corresponding quotations A
- Man your company's stands for the duration of any exhibitions at which you display B
- Personally test prototypes of products/services that your company offers..... C
- Design company sales literature..... D
- Personally evaluate potential major suppliers (e.g. visit premises, check against set criteria, check credit ratings etc.) E
- Personally draft proposals for raising external finance..... F
- Undertake stock-checks G
- Undertake staff appraisal H
- Prepare regular sales figures..... I
- Prepare regular management accounts J
- Formulate equipment maintenance schedules K
- Draft employment contracts or letters of employment L
- Formulate training programmes in detail..... M
- Personally draft quality control procedures N
- Open all company mail O
- Prepare statutory returns (e.g. for VAT, Companies House etc.) P

6 a) Delegation - Generally speaking, are you satisfied with the extent to which important tasks can be delegated to others in the business ?

- Yes..... A
- No B

b) If 'No' (skip, if 'Yes') - is this primarily because:

Just one ✓ only

- The business is too small for you to delegate tasks A
- Your staff do not have the required skills or commitment B
- You simply enjoy taking decisions yourself C
- Other (please state): D

7 The difficulties of managing a smaller business - If you have any strong views about these, especially if you feel that any are not fully appreciated by important sections of the business community (such as the government help agencies or the financial services), then please make a brief comment

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