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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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University of Westminster**
<http://www.westminster.ac.uk/schools/business>

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Kingston University**
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- 3 Management Style September 1993
- 4 Financial ManagementDecember 1993

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1998/9 (Vol.6)

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- 3 Crime Against Small Firms June 2003

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ISSN 1742-9773 No.2 (Vol.1) onwards

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- 2 Pensions February 2004
- 3 Work-Life Balance..... July 2004

2004-05 (Vol.2)

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- 2 Made in Britain February 2005
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2006 (Vol.3)

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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 sixth 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 **quality standards** and **BS 5750**.

- *On the issue of assuring customers on quality, the main response overall from our sample (by 58 per cent) came in favour of 'informal' methods, as against 40 per cent opting for more formal methods. However, this trend steadily reversed as size of business increased: for every 0-4 employee firm opting for formal control there were 3 preferring informal control, whereas the balance was evenly matched for firms in the 20-49 band.*
- *On the issue of how customer complaints are handled, our survey revealed a strong preference for formal methods from the outset. However, this preference increased strongly with size of business and reached 83 per cent by the time business size reached 20-49 personnel.*
- *Awareness of BS 5750 was high overall amongst the survey sample, with 92 per cent having heard of the British Quality Standard BS 5750. This average again increased with size from 81 per cent for firms of 0-4 staff up to 100 per cent once firms reached 20 staff or more.*
- *Awareness differences emerged with differences in business sector. Here, we see that all of the manufacturing companies in our sample were aware of BS 5750 (as was the case with our mixed 'Other' category), compared with 93 per cent in Business Services and 73 per cent in Retail.*
- *A lower degree of awareness of BS 5750 in the South of England as compared with the North and Midlands was probably explained by slight variations in sample mix which has resulted in a stronger representation of 'Manufacturing' in the North and 'Business services' in the South.*
- *10 per cent of respondent firms already registered for BS 5750 and a further 31 per cent intending to register. Again, both of these figures change overall with size of business with more already registered and more intending to register as firm size increases.*
- *There were quite significant differences between business sectors in terms of both numbers already registered and numbers intending to register. Manufacturing makes the strongest showing on each count with Retail and Business Services sectors decidedly less interested.*
- *Firms in the North were most strongly represented amongst those already registered for BS 5750 but firms in the Midlands as most strongly represented amongst those intending to register in the future.*
- *On the question of whether members of our sample thought BS 5750 appropriate for firms of their size, only 10 per cent of firms employing 0-4 staff replied 'yes' against well over half (56 per cent) in the 20-49 staff group. Similarly, the proportion replying 'no' fell from 81 per cent in the 0-4 category to 33 per cent in the 20-49 category. Clearly, differences by size were **hugely significant** here with the crossover point coming in the 10-19 staff range. Firms smaller than this obviously see BS 5750 as an irrelevance and were responsible for many of the comments made in our Respondents' Comments section at the end of this report.*

- *Firms in Manufacturing feel under greatest pressure from customers to obtain BS 5750 certification with firms in Business Services least likely to be experiencing such pressure. On a regional basis, it is firms in the Midlands that claim to be experiencing greatest pressure from customers to certify.*
- *Worries concerning the implementation of BS 5750 resulting in a 'Loss of Management Time' emerged quite strongly in all groups but the smallest, whereas the 'Cost of Paying a Consultant' concerned firms of all sizes. Both of these factors were felt particularly strongly by firms in the Business Services sector whilst those in the Retail sector were likely to feel that BS 5750 was simply not relevant to them at all. Both of the above worries were more widespread amongst firms in the North and Midlands than amongst those in the South.*
- *Internal benefits of BS 5750, such as 'Improved Internal Efficiency' and 'More Effective Management' were firmly outweighed by external factors with 'Enhanced Reputation and Image' plus 'Marketing Advantage' emerging strongly. Size differences were not profound here but sector differences were. Business Services sector firms opted strongly for 'Enhanced Reputation and Image' (as did our mixed 'Other' sector firms) whilst Manufacturing firms opted strongly for 'Improved Internal Efficiency'. Southern firms were the most likely to opt for 'Marketing Advantage' over 'Improved Internal Efficiency'.*

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ACKNOWLEDGEMENTS

The Small Business Research Trust wishes to thank all responding firms for their time and effort involved in participation in the production of this Management Report.

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.

MANAGEMENT ISSUES

The emphasis of our Quarterly Management Reports is 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 **quality standards** and **BS 5750**.

Past surveys have covered:

First Volume (1993)

No.1 Surviving The Recession

2 Using Your Time

3 Management Style

4 Financial Management

Second Volume (1994)

1 Purchasing

It is planned to cover the following management issues in future:

- Marketing & Sales
- Personnel

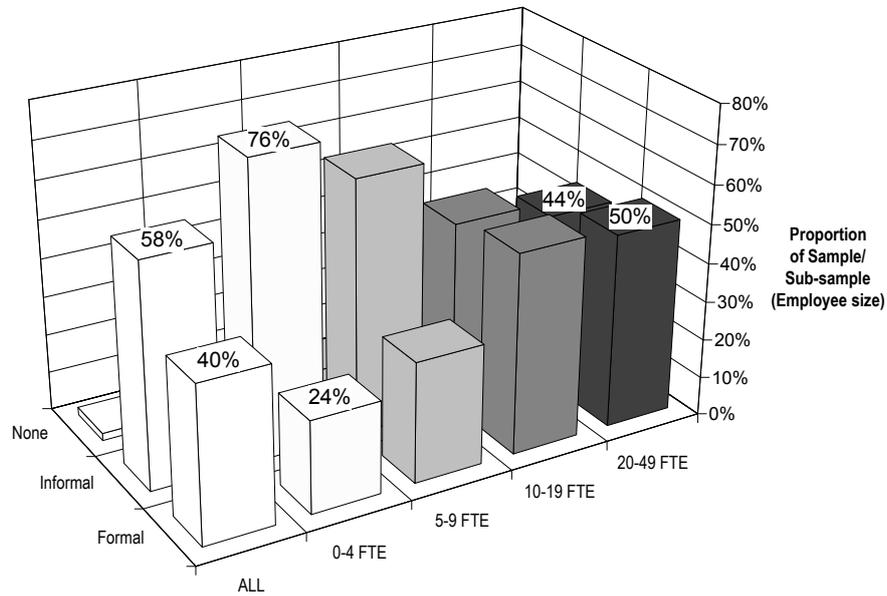
THE SAMPLE

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 predominantly 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.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out during April 1994.

**Fig 1 - PROCEDURES FOR ASSURING QUALITY:
BY EMPLOYEE SIZE**

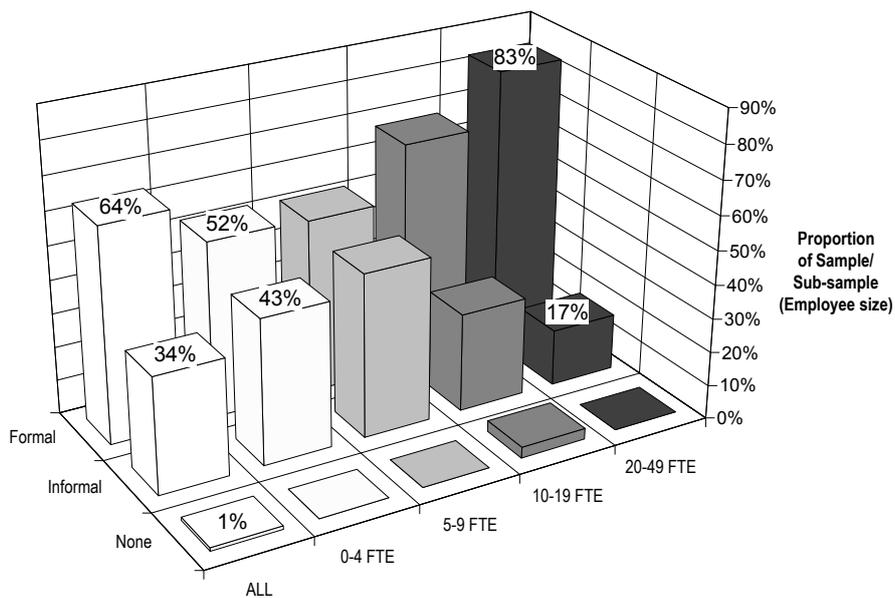


MAINTAINING QUALITY STANDARDS

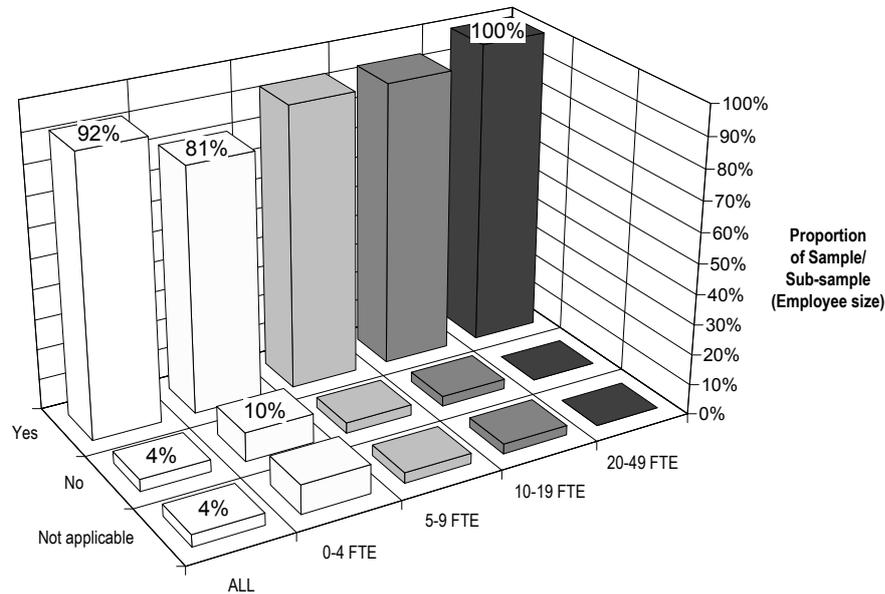
Our panel of small business respondents was asked to identify their main methods of ensuring quality standards on a number

of issues. On each of these, they were asked to say whether they relied essentially in formal or informal methods of monitoring and control.

**Fig 2 - PROCEDURES FOR RESPONDING TO COMPLAINTS:
BY EMPLOYEE SIZE**



**Fig 3 - AWARENESS OF BS 5750:
BY EMPLOYEE SIZE**

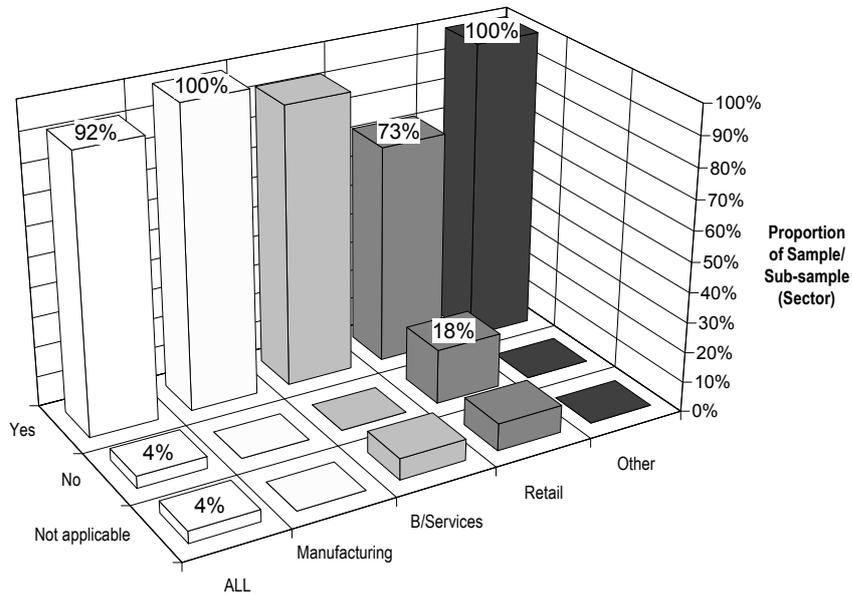


As is clear from Figure 1, when it came to issues of assuring customers on quality, the main response overall (by 58 per cent) came in favour of 'informal' methods, as against 40 per cent opting for more formal methods. However, as Figure 1 shows, this trend steadily reverses as the size of business increases: changing from 3 firms with informal control for every 1 with formal control, until we see an even balance in the larger businesses.

Awareness of BS 5750 was high overall amongst the survey sample (Figure 3) with 92 per cent having heard of the British Quality Standard BS 5750. This average again increased with size from 81 per cent for firms of 0-4 staff up to 100 per cent once firms reached 20 staff or more.

Figure 2 presents responses to the issue of how customer complaints are handled and here we see a strong preference for formal methods from the outset. However, this preference increases strongly with size of business and reaches a ratio of 5 formal systems for every informal one by the time business size reaches 50 personnel.

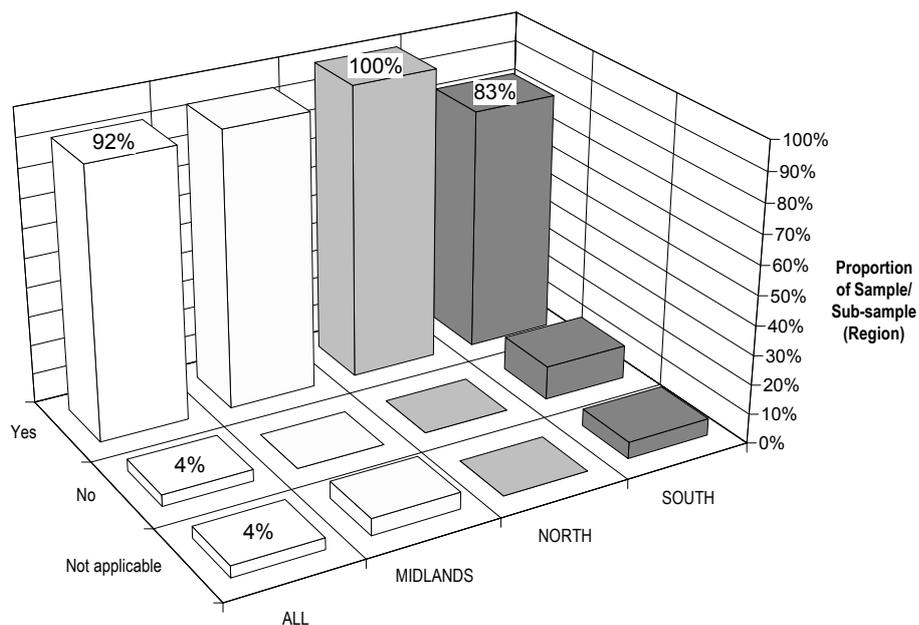
**Fig 4 - AWARENESS OF BS 5750:
BY SECTOR**



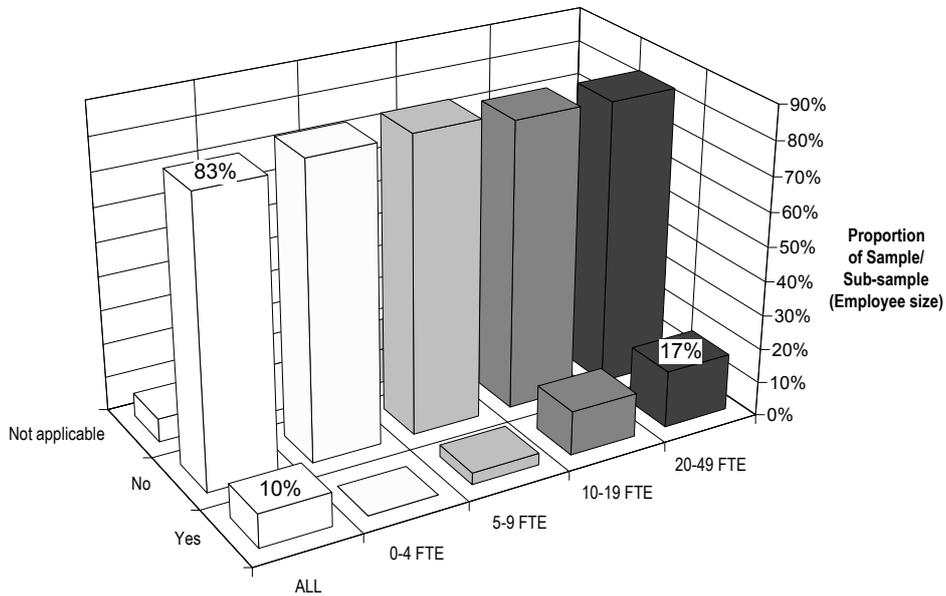
Awareness differences emerged with variations between the business sector, as is demonstrated in Figure 4. Here, we see that all of the manufacturing companies in our sample were aware of

BS 5750 (as was the case with our mixed 'Other' category), compared with 93 per cent in Business Services and 73 per cent in Retail.

Fig 5 - AWARENESS OF BS 5750: BY REGION



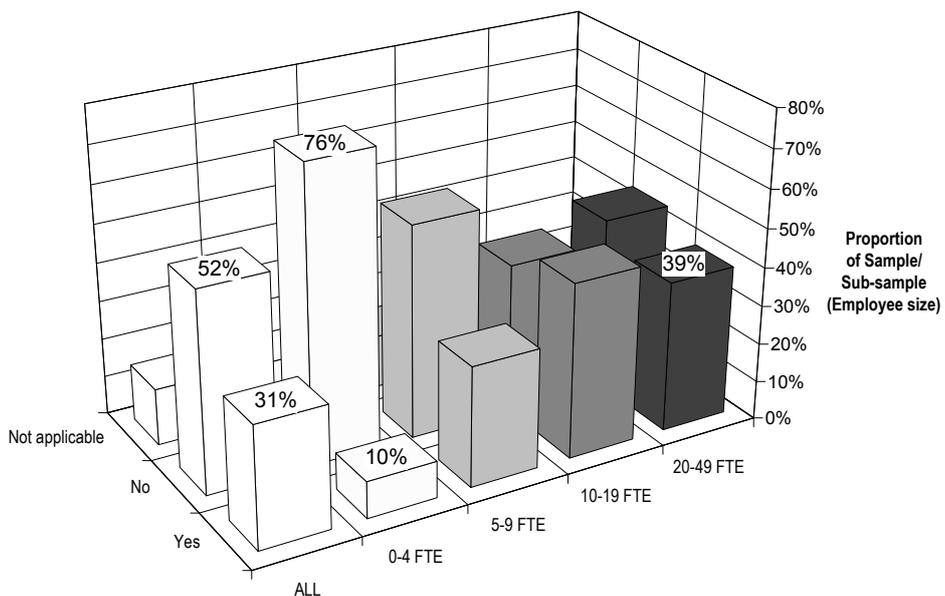
**Fig 6 - EXTENT OF BS 5750 CERTIFICATION:
BY EMPLOYEE SIZE**



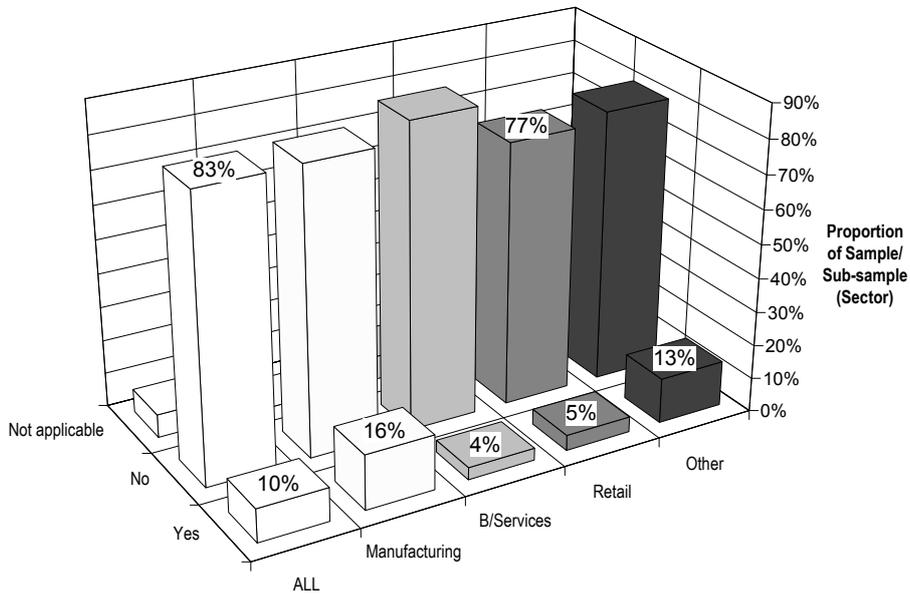
The lower degree of awareness of BS 5750 in the South of England as compared with the North and Midlands (Figure 5) is probably explained by slight variations in sample mix which has

resulted in a stronger representation of 'Manufacturing' in the North and 'Business Services' in the South.

**Fig 7 - INTENTION OF GAINING BS 5750 CERTIFICATION:
BY EMPLOYEE SIZE**



**Fig 8 - EXTENT OF BS 5750 CERTIFICATION:
BY SECTOR**

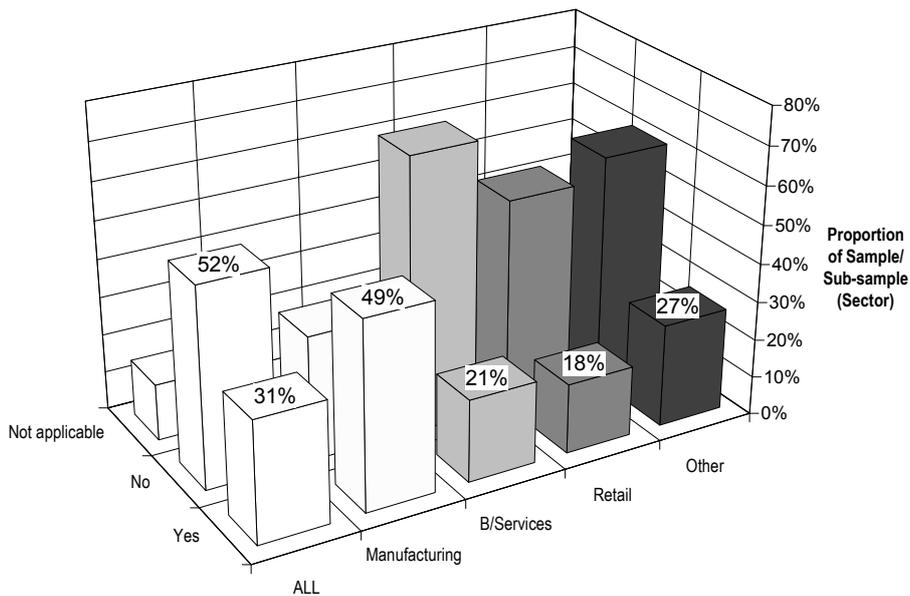


BS 5750 CERTIFICATION

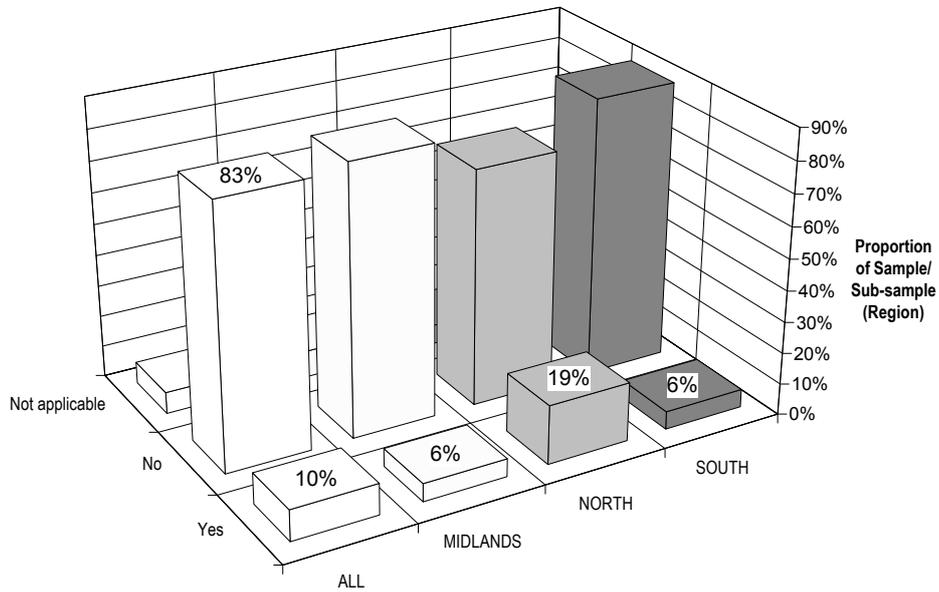
Figures 6 and 7 show percentage responses to questions on BS 5750 certification. Overall, we see 10 per cent

of our firms already certified and a further 31 per cent intending to certify. Again, both of these figures change overall with size of business with more already certified and more intending to obtain

**Fig 9 - INTENTION OF GAINING BS 5750 CERTIFICATION:
BY SECTOR**



**Fig 10 - EXTENT OF BS 5750 CERTIFICATION:
BY REGION**

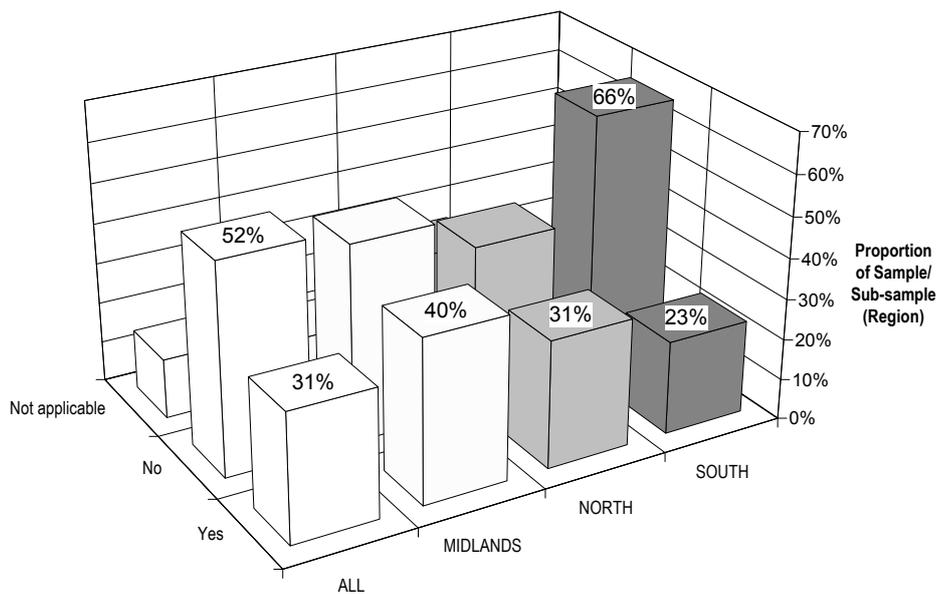


accreditation as firm size increases.

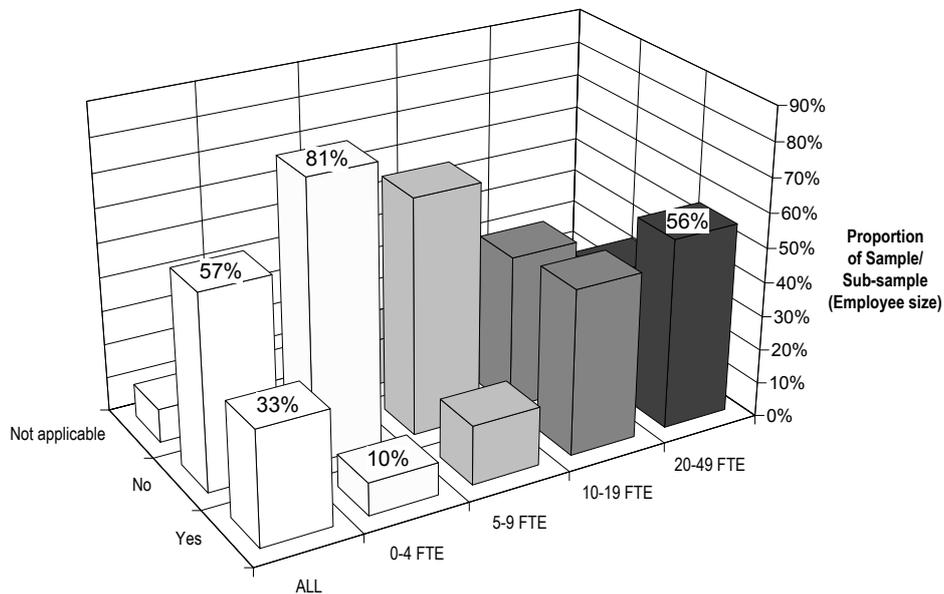
Figures 8 and 9 demonstrate quite significant differences between business sectors in terms of both numbers already

certified and numbers intending to obtain certification. Manufacturing makes the strongest showing on each count with Retail and Business Services sectors decidedly less interested.

**Fig 11 - INTENTION OF GAINING BS 5750 CERTIFICATION:
BY REGION**



**Fig 12 - IS BS 5750 APPROPRIATE FOR YOUR SIZE OF BUSINESS ?:
BY EMPLOYEE SIZE**



Figures 10 and 11 show the firms in the North as being most strongly represented amongst those already registered for BS 5750 but firms in the Midlands as most strongly represented amongst those intending to register in the future.

Figure 12 shows responses to the question of whether members of our sample thought BS 5750 appropriate for firms of their size.

Only 10 per cent of firms employing 0-4 staff replied 'yes' against well over half (56 per cent) in the 20-49 staff group. Similarly, the proportion replying 'No' fell from 81 per cent in the 0-4 category to 33 per cent in the 20-49 band.

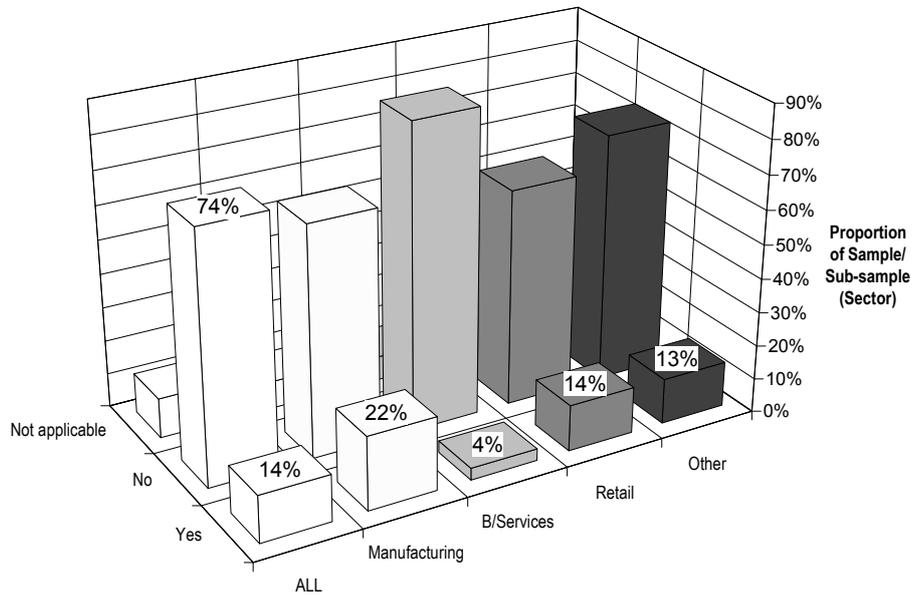
Clearly, differences by size were hugely significant here with the crossover point coming in the 10-19 staff range.

Firms smaller than this obviously see BS 5750 as an irrelevance and were responsible for many of the comments made in our Respondents' Comments section at the end of this report.

MOTIVATION FOR REGISTRATION

Figure 13 shows that firms in Manufacturing feel under greatest pressure from customers to obtain BS 5750 certification with firms in Business Services least likely to be experiencing such pressure. On a regional basis (Figure 14), it is firms in the Midlands that claim to be experiencing greatest pressure from customers to certify.

**Fig 13 - CUSTOMER PRESSURE FOR BS 5750 CERTIFICATION:
BY SECTOR**

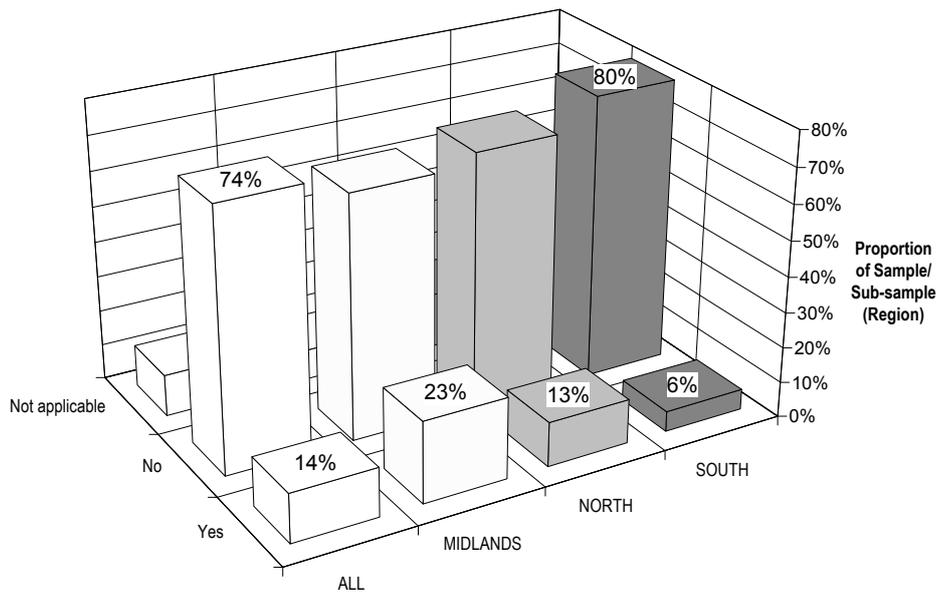


**BS 5750 COSTS -
AREAS OF GREATEST CONCERN**

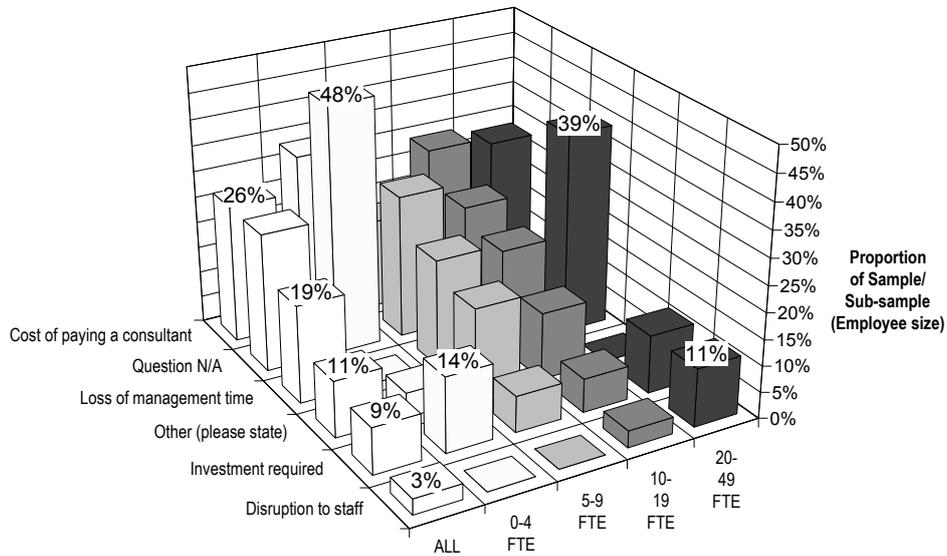
Figures 15, 16 and 17 show respondents' greatest concerns about the prospect of

certifying for BS 5750. Worries concerning an implementation which would result in a 'Loss of Management Time' emerged quite strongly in all groups but the smallest, whereas the 'Cost of

**Fig 14 - CUSTOMER PRESSURE FOR BS 5750 CERTIFICATION:
BY REGION**



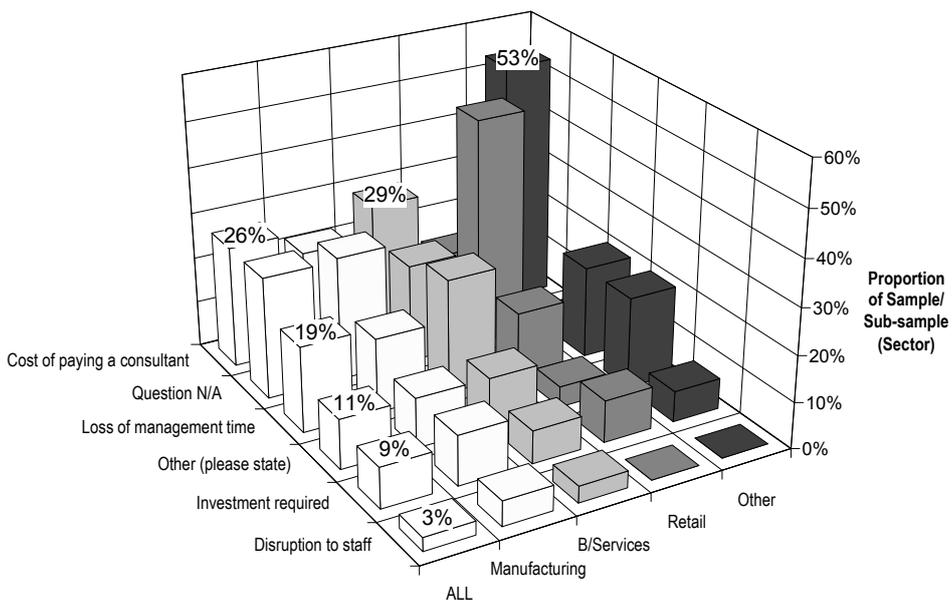
**Fig 15 - BS 5750 COSTS OF GREATEST CONCERN:
BY EMPLOYEE SIZE**



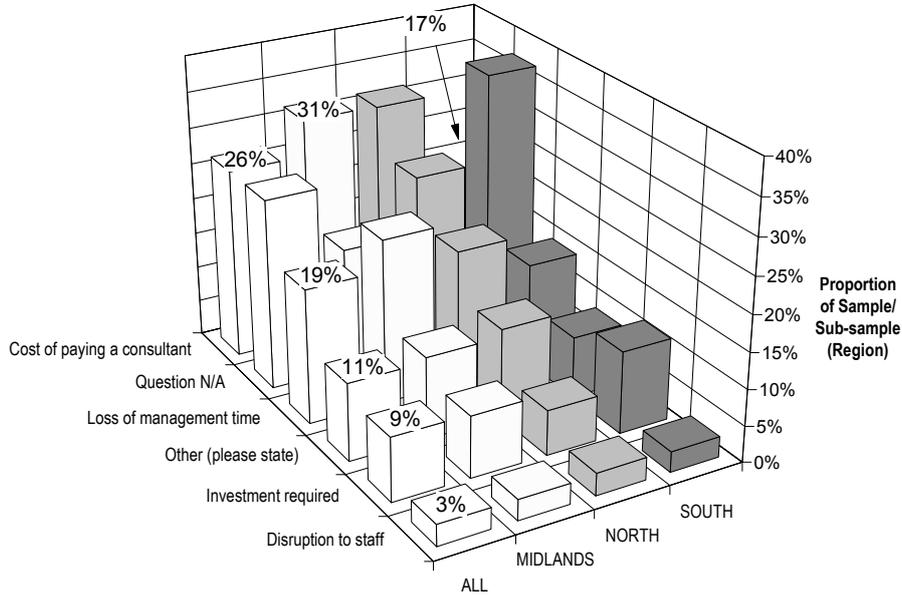
Paying a Consultant' concerned firms of all sizes. Both of these factors were felt strongly by firms in the Business Services sector whilst those in the Retail sector were likely to feel that BS 5750 was

simply not relevant to them. The two concerns were more widely felt in the North and Midlands than in the South.

**Fig 16 - BS 5750 COSTS OF GREATEST CONCERN:
BY SECTOR**



**Fig 17 - BS 5750 COSTS OF GREATEST CONCERN:
BY REGION**

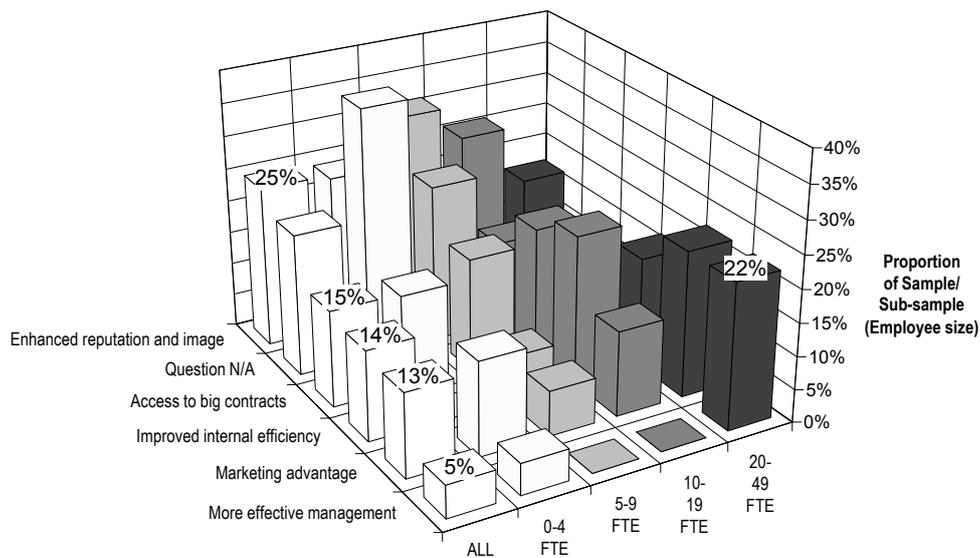


AREAS OF GREATEST PAYOFF

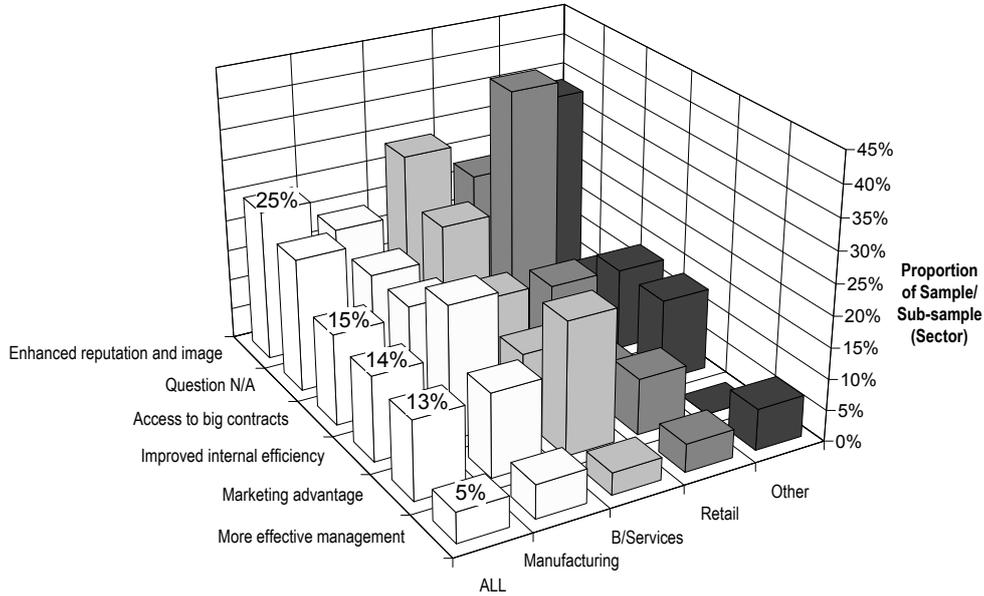
Figures 18, 19 and 20 identify what respondent firms saw as the most attractive benefits or payoffs from

BS 5750. Looking first at Figure 18, broken down by size, we see internal benefits such as 'Improved Internal Efficiency' and 'More Effective Management' as firmly outweighed by

**Fig 18 - MOST ATTRACTIVE BENEFIT OF BS 5750:
BY EMPLOYEE SIZE**



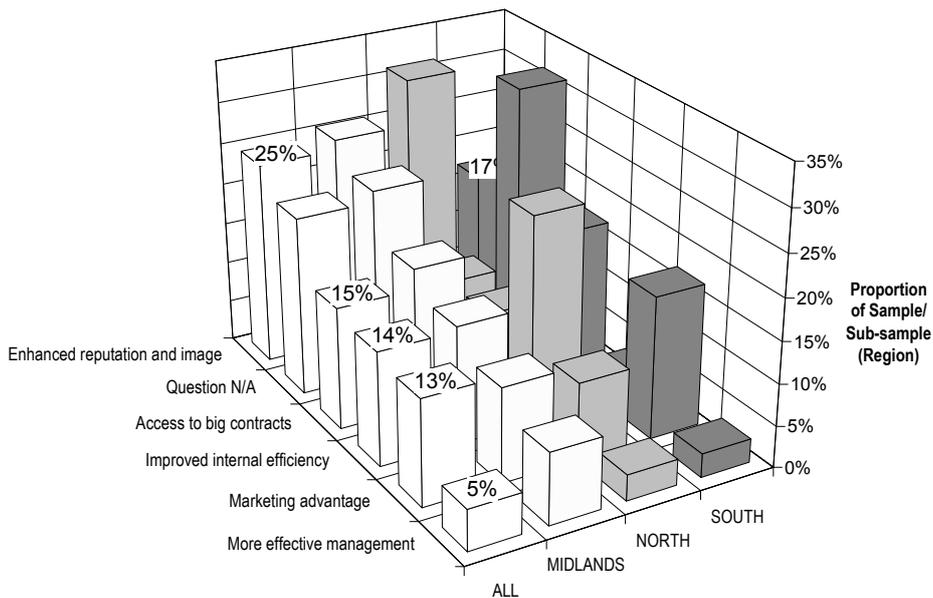
**Fig 19 - MOST ATTRACTIVE BENEFIT OF BS 5750:
BY SECTOR**



external factors with 'Enhanced Reputation and Image' plus 'Marketing Advantage' emerging strongly. Size differences were not profound here but sector difference were. Business Services

sector firms opted strongly for 'Enhanced Reputation and Image' (as did our mixed 'Other' sector firms) whilst Manufacturing firms opted strongly for 'Improved Internal Efficiency'. Southern firms were the most

**Fig 20 - MOST ATTRACTIVE BENEFIT OF BS 5750:
BY REGION**



likely to opt for 'Marketing Advantage' over 'Improved Internal Efficiency'.

RESPONDENTS' COMMENTS

Nearly a third of the respondents offered a comment on the problems of implementing improved quality standards, and just over half of these drew reference to BS 5750. Only **one** of the firms in the manufacturing sector made a comment which could be interpreted as supportive:

"BS 5750 (ISO 9000) is great, but it doesn't in itself guarantee quality (many think it does). Also it just isn't practicable for very small firms, which, after all, make up the bulk of U.K. industry."

However, there was some support in the Retail and Distribution sector:

"We have improved service in several areas during the implementation of BS 5750."

and elsewhere (unspecified), but again querying the relevance to smaller businesses:

"I am involved with another small business which has BS 5750 approval, and it is beneficial. However, the large amount of administration and stockholding involved with it, begs the question to small companies in general whether it is worth while commercially."

Others had mixed feelings - here, for example, also citing dissatisfaction in connection with some suppliers:

"BS 5750 is a good idea although not all goods with BS 5750 deserve to have it. 90% of goods received do."

The vast majority of those offering comments were rather sceptical:

"We are concerned about the credibility of BS 5750. Several of our

suppliers have achieved the standard and have proved themselves disorganised and unreliable. It concerns me greatly that I might one day be forced into spending thousands of pounds to achieve 5750 accreditation just to prove what our clients already know - that we provide a quality service in an efficient, cost-effective and well organised manner. If we had not implemented our own quality standards, we would not still be in business today, after five years. We believe 5750, to a certain extent, to be no more than an artificial measure of achievement."

"BS 5750: 'A Consultants Charter to Screw Small Firms'"

Another saw no need whatsoever for 'state intervention' in such matters:

"In a 'demand economy' standards of quality depend upon consumer demands only (they will only buy it if they like !). There is no need for state intervention (safety excluded)."

However, whilst individual firms thought they themselves might suffer from a wider implementation of BS 5750, it could be argued that it would improve the overall standard in a market so affected:

"We do not have BS 5750. I have said we plan to do it. But I am sorry it has been introduced. Because, we already aim to give very high quality and good customer service, and this will force our competitors to improve their standards giving us less of an edge."

The comments offered, grouped by industrial sector, are shown overleaf.

MANUFACTURING

Computer Hardware and Software	<i>"BS 5750 (ISO 9000) is great, but it doesn't in itself guarantee quality (many think it does). Also it just isn't practicable for very small firms, which, after all, make up the bulk of U.K. industry."</i>
Corporate Furniture	<i>"We operate to the highest standards and would far exceed any charter or laid down standard. Our clients know this."</i>
Lace & Sports Trim	<i>"We do not have BS 5750. I have said we plan to do it. But I am sorry it has been introduced. Because, we already aim to give very high quality and good customer service, and this will force our competitors to improve their standards giving us less of an edge."</i>
Lace Manufacture	<i>"Although improving, there is still a lack of appreciation of the direct relationship of training and the attainment of higher quality standards of product particularly among smaller firms."</i>
Manufacture of Products for Protection and Cleaning of Fabrics	<i>"Cost of audits and expenses by certification companies is too high."</i>
Manufacture of Spare Parts for Rotating Plant	<i>"BS 5750 is yet another example of the bureaucratic mind at work - an overcomplicated procedure to achieve a set goal - which is expensive to maintain and operate."</i>
Manufacture of Transformers and Associated Assemblies	<i>"BS 5750 is a paper-work system and does not in itself improve quality. Of more reference to the manufacturing industry is the Total Quality Management approach."</i>
Metal Fabrications	<i>"Reputation depends on product quality. BS 5750 [is] Humbug !"</i>
Publishing	<i>"Small firms need to look after their own quality. Quality should be inherent in the firm. You don't need a piece of paper to prove quality - your products/services should do this. BS 5750: 'A Consultants Charter to Screw Small Firms'."</i>
Repairs to Electric Motors	<i>"We foresee a great increase in paperwork and restrictions to our flexibility."</i>

BUSINESS SERVICES

Accountancy, Audit, Tax & Management Consultancy	<i>"Regulation imposes disciplines which lead to improved quality. Every sector of industry is involved in regulations to the degree that we tend to regulate for the sake of regulations."</i>
Analytical and Consulting Chemists (Industrial)	<i>"Too much paperwork which does not work."</i>
Architect	<i>"Systems don't improve quality they just increase paperwork. We are concentrating on empowerment and responsibility of staff backed up by training."</i>

Architect	<i>"Professional practices are surely expected to reach a quality level of high competence to retain client credibility."</i>
Audit Accountancy and Taxation	<i>"Quality standards for practising accountants [are] already covered by self-regulation in auditing regulation."</i>
Chartered Accountants	<i>"Government is unaware of cost of implementation. If we do not take great care we will become a country of trainers and monitors and produce nothing - it has all swung too far."</i>
Insurance Brokers	<i>"I feel that improved Standards are important whatever the type of business. We have to stand out from our competitors in some way. I prefer that way to be quality and not price."</i>
Market Research	<i>"Quality is not something you can graft onto a business, and BS 5750 is certainly not about absolute standards of quality. Quality is a state of mind and philosophy that it is management's job to ensure all workers have and adhere to."</i>
Public Relations	<i>"We are concerned about the credibility of BS 5750. Several of our suppliers have achieved the standard and have proved themselves disorganised and unreliable. It concerns me greatly that I might one day be forced into spending thousands of pounds to achieve 5750 accreditation just to prove what our clients already know - that we provide a quality service in an efficient, cost-effective and well organised manner. If we had not implemented our own quality standards, we would not still be in business today, after five years. We believe 5750, to a certain extent, to be no more than an artificial measure of achievement."</i>
Public Relations and Marketing Consultancy	<i>"Often Standards are not amended to be relevant to small businesses, which is a pity. Also, BS 5750 is very manufacturing orientated and it would be better if there was a separate section for small service industries."</i>

RETAIL AND DISTRIBUTION

Communications Wholesaler of Telecom Installation Equipment	<i>"There is no 'formal' standard for BS 5750. It guarantees consistency but not necessarily quality. A very costly venture to enable a small business to deal with a large company."</i>
Computer Data Communications Solutions in PC/Mainframe Environment	<i>"The cost is prohibitive, even for a small company - the benefits are doubtful and an increase in bureaucracy is abnormal. Like the Citizens Charter it papers over the cracks and creates a whole new self-fulfilling industry for 'consultants'. Not worth the effort as it does not improve standards [it] just makes the lack of quality official."</i>
Electrical Distributors	<i>"We have improved service in several areas during the implementation of BS 5750."</i>
Factoring of Goods	<i>"Our chief product ... [a food product], is manufactured for us by a company that is BS 5750 accredited. There is little point in us duplicating this as we do not touch the product but only factor it."</i>
Greetings Cards Wholesale and Retail	<i>"In a 'demand economy' standards of quality depend upon consumer demands only (they will only buy it if they like !). There is no need for state intervention (safety excluded)."</i>

Sale of Carpets, Beds & Suites	<i>"BS 5750 is a good idea although not all goods with BS 5750 deserve to have it. 90% of goods received do."</i>
Specialist Suppliers of Computer Systems to the Security Industry	<i>"Grants for BS 5750 just inflate the rates charged by Consultants."</i>
Stockists of Iron Bars	<i>"BS 5750 cannot make any difference to us other than increase costs and paperwork - we comply with almost all the requirements but do not dot our "i"s" and cross our "t"s" - we are told that the 6-monthly review would cost approximately £1,000/time - this being on top of the cost of the consultant and being granted BS 5750 - also we only purchase material to the appropriate B.S. [British Standard] and all the manufacturers (3) that we purchase from are BS 5750 approved."</i>

OTHER

International Freight Forwarding Services	<i>"Our business survives by providing a quality service. Quality is absolutely essential to our business - we would not survive without it."</i>
Long Distance and Local Transport	<i>"It should not be relevant to small companies who only have half managerial positions and the ability of full control. For such companies it is an unnecessary financial drain. There is so much paperwork involved that it would be essential to employ an extra member of staff to implement it fully as hopefully the staff already employed should be busy throughout their day already! Small companies can't afford unneeded wages!"</i>
Office Cleaning	<i>"I am involved with another small business which has BS 5750 approval, and it is beneficial. However, the large amount of administration and stockholding involved with it, begs the question to small companies in general whether it is worth while commercially."</i>
Training and Development Services	<i>"BS 5750 is from investigation and experience a rigid certification, often poorly granted, which leaves high potential for rewarding poor quality expectancy in an industry such as our own where continual self-improvement is a continual process effected in close consultation with our clients. BS 5750 would make us less effective, at higher cost, in serving our customers - not more effective or better. Creating continually new programmes also would be constrained by the 'bureaucracy' of the BS 5750 system."</i>

ADDENDUM - ADDITIONAL INFORMATION

As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey.

The analyses involve key variables, and **industry sector, region and employee size** are those most frequently used as they are reasonably reliable indicators and less prone to misinterpretation.

Industrial sectors - based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped accordingly into manufacturing, retail/distribution, business services and 'other' bands.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is

assumed to be equivalent to 40 per cent of a full-time employee (FTE, full-time equivalent).

DISTRIBUTION OF FIRMS

As with the previous survey, there is a slightly higher concentration in manufacturing (36 per cent) compared to business services (27 per cent, with another 22 per cent in retail/distribution and 15 per cent engaged in other activities (Figure 21).

Regionally, the bias towards firms engaged in **business services** in the **South** is as before (31 per cent). **Manufacturing** is still most predominant, as a sector, in the **Midlands**.

The sub-sample in the **South** has a greater proportion of **smaller firms** (in the 0-4 and 5-9 employee bands), compared to the previous survey, where a more even distribution prevailed. In the North, the emphasis is towards the larger, 10-19, size band businesses (Figure 22).

Figure 23 illustrates that the **manufacturing** firms in the sample tend

Fig 21 - INDUSTRIAL SECTOR: BY REGION

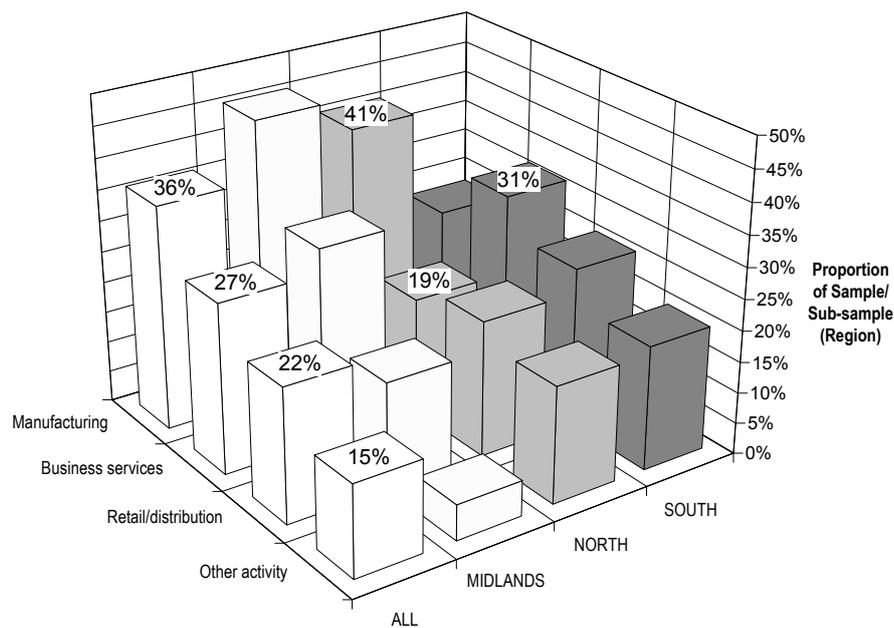
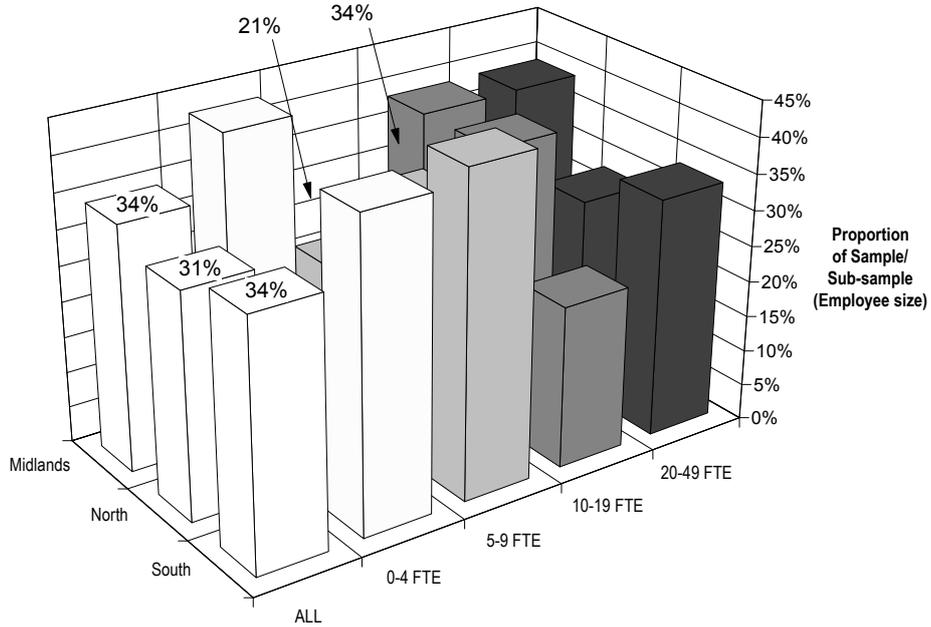


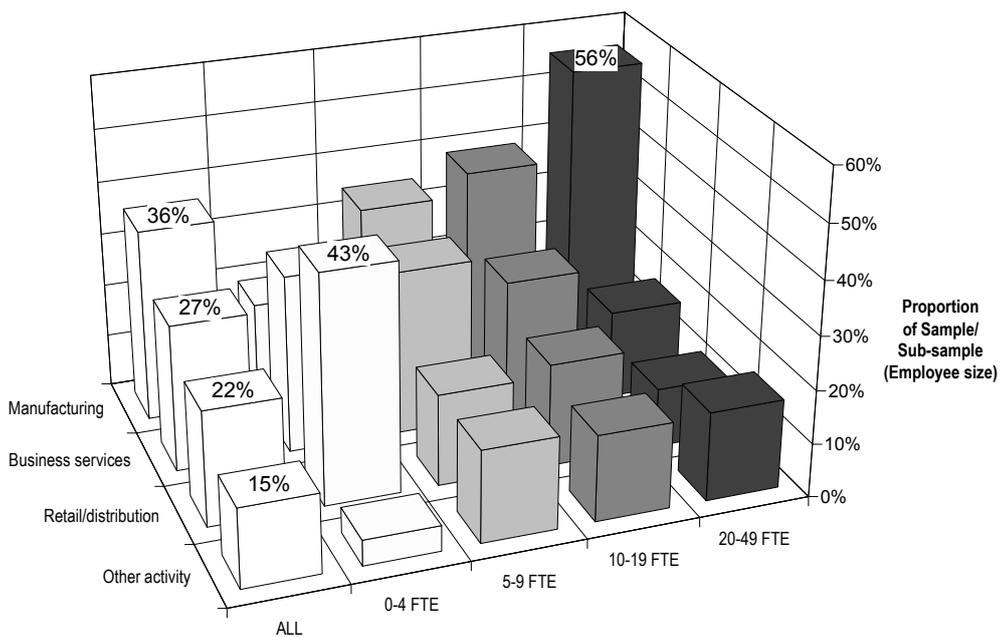
Fig 22 - REGION: BY EMPLOYEE SIZE



to be **larger**, in terms of employees - as previously encountered - whereas the **business services** and the firms in **retailing/distribution** tend to have **fewer full-time equivalent employees** (with the

latter sector being more biased towards the smaller firm in this survey).

Fig 23 - INDUSTRIAL SECTOR: BY EMPLOYEE SIZE





Lloyds Bank

Lloyds Bank/Small Business Research Trust Quarterly Small Business Management Report - No.6

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.**

- 1** How many people work in your business (including yourself) ?
- Full-time _____ A
- Part-time (16 hours/wk or less) _____ B

MANAGEMENT ISSUE No.6: Quality

- 2** Maintaining consistent quality is becoming a major issue for many firms - what procedures do you have for:
- Just one ✓ for each row*
- | | None | Informal | Formal | |
|--|--------------------------|--------------------------|--------------------------|---|
| Manufacturing products/supplying services to meet industry standards | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | A |
| Assuring customers of the quality of your products/services..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | B |
| Monitoring the quality of products/services supplied to your firm | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | C |
| Ensuring your staff have the appropriate skills and qualifications | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | D |
| Responding to errors and customer complaints | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | E |
| | 1 | 2 | 3 | |

- 3** British Standard 5750 is designed to ensure that each of the outcomes above is systematically achieved:
- Just one ✓ for each question*
- | | Yes | No | Not Applicable | |
|---|--------------------------|--------------------------|--------------------------|---|
| Are you aware of BS 5750 ?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | A |
| Is your firm certificated to BS 5750 ?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | B |
| Do you intend to gain BS 5750 certification ? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | C |
| Are you under customer pressure to gain certification ? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | D |
| Are you under pressure from any members of staff to gain certification ? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | E |
| Do you feel BS 5750 is appropriate for your industry ?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | F |
| Do you feel BS 5750 is appropriate for your size of firm ?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | G |
| Are your main competitors certificated to BS 5750 ?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | H |
| Are you aware of more members of your trade/professional body becoming BS 5750 certificated ? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I |
| | 1 | 2 | 3 | |

4

Firms that have BS 5750 or those considering certification sometimes complain of the costs - which area of certification costs concerns you most ?

Just one ✓ only

- Cost of paying a consultant A
- OR* Disruption to staff..... B
- OR* Disruption to established procedures..... C
- OR* Loss of management time..... D
- OR* Investment in equipment, premises or staff to reach required standard E
- OR* Other (please state): _____ F
- OR* Question not applicable..... G

5

Other firms have achieved or would expect to achieve benefits. Which benefit attracts you most ?

Just one ✓ only

- Marketing advantage..... A
- OR* Access to big contracts B
- OR* Cost savings..... C
- OR* Improved internal efficiency..... D
- OR* Enhanced reputation and image..... E
- OR* More effective management..... F
- OR* Other (please state): _____ G
- OR* Question not applicable..... H

6

Apart from BS 5750, there are other standards designed to improve business performance and competitiveness - please indicate your awareness of:

Just one ✓ for each row

	<i>Know details</i>	<i>Aware only</i>	<i>Not aware</i>
Investors in People	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> A
National Vocational Qualifications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> B
Management Charter Initiative	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> C
ISO 9000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> D
	1	2	3

7

The implementation of improved quality standards - If you have any strong views about these, especially if you feel that any aspect is not fully appreciated by important sections of the business community (such as the government help agencies or the financial services), then please comment

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