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Management Succession

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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**
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Kingston University**
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1993 (Vol.1)

- 1 Surviving The RecessionFebruary 1993
- 2 Using Your TimeJune 1993
- 3 Management Style September 1993
- 4 Financial ManagementDecember 1993

1994 (Vol.2)

- 1 Purchasing March 1994
- 2 Quality Standards & BS 5750June 1994
- 3 Management Succession.....August 1994
- 4 Customers & Competitors . November 1994

1995 (Vol.3)

- 1 Information Technology..... March 1995
- 2 Holidays.....June 1995
- 3 Company Vehicles.....August 1995
- 4 Pricing Policies..... November 1995

1996 (Vol.4)

- 1 Training March 1996
- 2 A Day In The LifeJune 1996
- 3 Financial Management September 1996
- 4 Tax ComplianceDecember 1996

1997/8 (Vol.5)

- 1 'Europe' & Small Businesses ... March 1997
- 2 Employee Recruitment.....July 1997
- 3 Information Technology..... October 1997
- 4 Business Support Agencies.. January 1998

1998/9 (Vol.6)

- 1 Entrepreneurship..... May 1998
- 2 Work & Stress September 1998
- 3 Employment Strategies.....December 1998
- 4 Small Firms & The Environment .. Mar 1999

1999/2000 (Vol.7)

- 1 The Impact of HolidaysJune 1999
- 2 Late Payment September 1999
- 3 Management Development .December 1999
- 4 Exit Routes..... March 2000

2000/01 (Vol.8)

- 1 E-commerceJune 2000
- 2 Sources of Finance September 2000
- 3 Transport & GovernmentDecember 2000
- 4 Government & RegulationsApril 2001

2001/02 (Vol.9)

- 1 Marketing & Sales.....July 2001
- 2 The Human Side of Enterprise Oct 2001
- 3 Health Issues January 2002
- 4 Premises.....April 2002

2002 (Vol.10)

- 1 Networking in BusinessAugust 2002
- 2 The EuroDecember 2002

Lloyds TSB & Research Team
Small Business Management Report
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- 3 Crime Against Small Firms June 2003

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Small Enterprise Research Report
ISSN 1742-9773 No.2 (Vol.1) onwards

2003-04 (Vol.1)

- 1 Small Firms And PoliticsOctober 2003
- 2 Pensions February 2004
- 3 Work-Life Balance..... July 2004

2004-05 (Vol.2)

- 1 Education & EnterpriseOctober 2004
- 2 Made in Britain February 2005
- 3 Management & Gender Differences..... July 2005

2006 (Vol.3)

- 1 Local or Global ?.....January 2006
- 2 Managing IT May 2006
- 3 Networking in Business September 2006

2006-07 (Vol.4)

- 1 Owner-Manager Flexible Working..... December 2006
- 2 The Ageing Workforce..... April 2007
- 3 Travel & Transportation..... August 2007

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 seventh of a 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 of this survey was **Management Succession** in small firms. The principal findings were as follows:

- **Owner/managers' long-term relationships with firms** - Respondents were asked how they saw their long-term relationship with their businesses. Apart from around one-third (35 per cent) who said they would like to "Sell up and retire", all others declared an interest in maintaining a relationship with their firms, usually working "reduced hours" or "visiting on an occasional basis".
- Interestingly, there was a substantial difference in responses between men and women owner-managers, with the latter far less likely to want to "sell up and retire" (20 per cent as against 38 per cent for men) and more likely to say they would "never want to withdraw" (15 per cent as against 4 per cent for men).
- There was a remarkable level of consistency across regions where the issue of their long term relationship with their business is concerned. It was the owners of the largest category businesses (20-49 employees) that were most likely to want to sell up completely and retire. The motivation here resulted, in all probability, from the consideration that these larger businesses had a value likely to sustain a comfortable retirement.
- When analysed by sector, small business owners in the business services sector were the least likely to wish to sever their links with their business.
- **Succession by sons/daughters** - Respondents were asked their responses to a question on whether or not it was their intention that a son or daughter should one day take over their role in running the business. The proportion responding 'Yes' correlated with age of respondent, ranging from just 6 per cent for those in the 25-34 age group up to 41 per cent for those in the 55-64 age group.
- **Female succession** - There was an overwhelming majority across all size bands in favour of the notion that a daughter could take over the running of the business just as well as a son.
- **Female owner/managership & parenting** - The women small business owners in our sample were decidedly less likely than the men to be both entrepreneurs and parents. One in every three women had no children and this compared with just one-in-seven males. This suggests that women, more so than men, were having to choose between a career and a family.
- **Experience prior to succession** - When asked what kind of preparatory experience might be most useful in equipping a son or daughter for succession, a business-related college education emerged most strongly, followed by "working in someone else's business" and "working in parent's business". However, whilst male respondents rated the last 2 factors almost equally (20 and 25 per cent respectively), females opted very strongly for the former (45 and 5 per cent). That is, women were stressing far more strongly than men the importance of business experience gained **outside the family business**.

continued overleaf...

- **College education** - The importance attached to a **business-related** college education increased with age of respondent but the balance of importance attached to (a) working outside the family firm and (b) working in the family firm varied. Both the youngest and oldest groups attached great importance to working in the parents business. In the case of the oldest group (aged 55-64), it is understandable that relatively little importance was then attached to sons/daughters gaining experience elsewhere since the succession issue was imminent. In the case of the 25-34 age group, the relatively low importance attached to sons/daughters gaining experience elsewhere might be explained by respondents' own relatively limited awareness of the potential value of diverse experience.
- The retail sector stood apart of the others in terms both of the low level of interest in college courses and the very high level of importance attached to gaining experience internally **inside** the parents' business.
- **Promotion from within** - Women owners favoured promotion from within the firm more so than their male counterparts. There was a fairly consistent response across sectors here, though some variation across the regions was evident. There were some fascinating variations across size bands which appear entirely logical. Here, very small firms in the 0-4 employee size-band tended (of necessity) to recruit externally since the workforce size is so tiny. Then, when the firm emerges into the 5-9 size category, it rewards internal loyalty by promoting from within, allowing people to 'grow with the firm'.

TABLE OF CONTENTS

Figure 1 - Preferred Relationship With Business Long-Term: By Gender	7
Figure 2 - Preferred Relationship With Business Long-Term: By Region	7
Figure 3 - Preferred Relationship With Business Long-Term: By Employee Size	8
Figure 4 - Preferred Relationship With Business Long-Term: By Sector	8
Figure 5 - Intended Succession By Son/Daughter: By Age	9
Figure 6 - Respondents With Sons/Daughters: By Gender	9
Figure 7 - Most Beneficial Prior Experience For Son/Daughter: By Gender.....	10
Figure 8 - Most Beneficial Prior Experience For Son/Daughter: By Age	10
Figure 9 - Most Beneficial Prior Experience For Son/Daughter: By Sector	11
Figure 10 - Preferences For Staff Development: By Gender.....	12
Figure 11 - Preferences For Staff Development: By Sector	12
Figure 12 - Preferences For Staff Development: By Region	13
Figure 13 - Preferences For Staff Development: By Employee Size.....	13
Figure 14 - Females As Able As Males For Succession ?: By Employee Size.....	14
Addendum - Additional Information About Sample.....	22
Figure 15 - Industrial Sector: By Region	22
Figure 16 - Region: By Employee Size	23
Figure 17 - Industrial Sector: By Employee Size.....	23
Figure 18 - Gender Of Respondents: By Sector.....	24
Figure 19 - Gender Of Respondents: By Firm Employee Size	24
Figure 20 - Gender Of Respondents: By Age	25
Figure 21 - Age Of Respondents: By Sector.....	25
Figure 22 - Age Of Respondents: By Firm Employee Size.....	26
Survey Questionnaire.....	Appendix

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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 **management succession**.

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

2 Quality Standards & BS 5750

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

- Customers & Competitors
- Personnel
- Incentives
- Information Technology
- Health & Safety
- Premises

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 June/July 1994.

MANAGEMENT SUCCESSION IN THE SMALLER BUSINESS

One of the key long-term issues facing smaller businesses is that of management succession and delegation. Who, over the longer term, will replace, assist or complement the key owner-manager/s and how will this process be orchestrated?

Quotes from some of our respondents highlighted the long-term nature of this issue:

"Small businesses are very often personal businesses. Therefore, succession requires a good deal of overlap, probably years, to transfer the mantle effectively."

"Devolution has to be a planned process, over time, in stages."

"The main difficulty with small business is the 'nobody does it better than me' syndrome. Sometimes the owner/manger has little confidence in delegating. You can't blame the owner as it was him/her that started the business. However, we all need a strong manager or right hand person."

Financial issues were sometimes raised as impediments to successful management succession:

"Tax liability on the death of the owner is confiscation and is grossly unfair to small businesses. It impedes continuity at a critical time."

"In small businesses, the owners often have to subsidise its viability with [working] more hours than they are paid for. This makes it difficult to hand the management onto someone without a vested interest."

The issue of handover to sons and daughters and their preparation raised comments such as:

"Although I would like to see family succession, no firm possibilities can materialise until a [potential] family successor shows an interest in the business."

"In many businesses, children are expected to take over the family business whether they are able or not. Too few businesses give children external experience with another company."

Figure 1 shows responses to the question of how our small business sample saw their long-term relationship with their businesses. Apart from around one-third (35 per cent) who said they would like to "Sell up and retire", all others declared an interest in maintaining a relationship with their firms, usually be working "reduced hours" or "visiting on an occasional basis".

Interestingly, there was a substantial difference in responses between men and women with the latter far less likely to want to "sell up and retire" (20 per cent as against 38 per cent for men) and more likely to say they would "never want to withdraw" (15 per cent as against 4 per cent for men).

**Fig 1 - PREFERRED RELATIONSHIP WITH BUSINESS LONG-TERM:
BY GENDER**

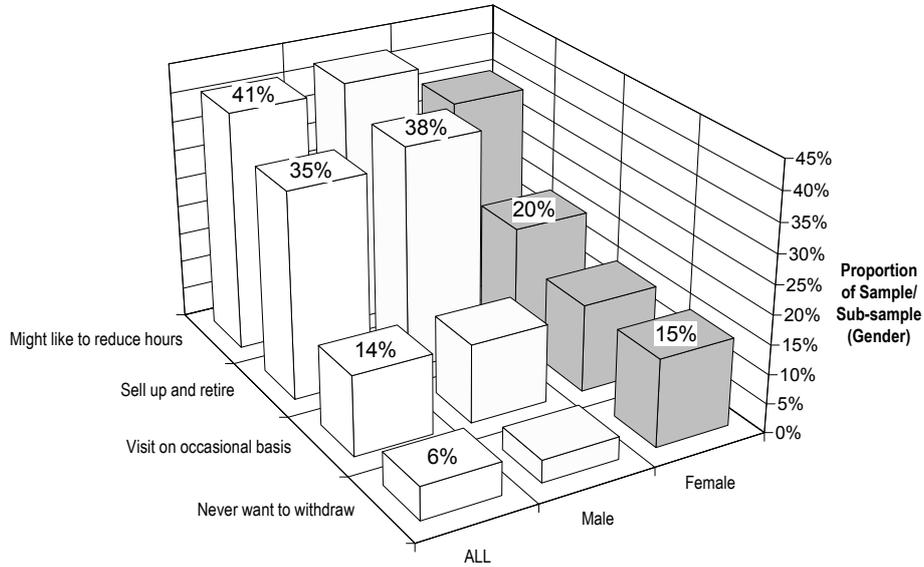


Figure 2 displays a remarkable level of consistency across regions where the issue of long term relationship with the business is concerned.

Figure 3, however, shows that it is the owners of the largest category businesses (20-49 employees) that are most likely to want to sell up completely and retire. The motivation here resulted, in all probability, from the consideration that these larger businesses had a value likely to sustain a comfortable retirement.

**Fig 2 - PREFERRED RELATIONSHIP WITH BUSINESS LONG-TERM:
BY REGION**

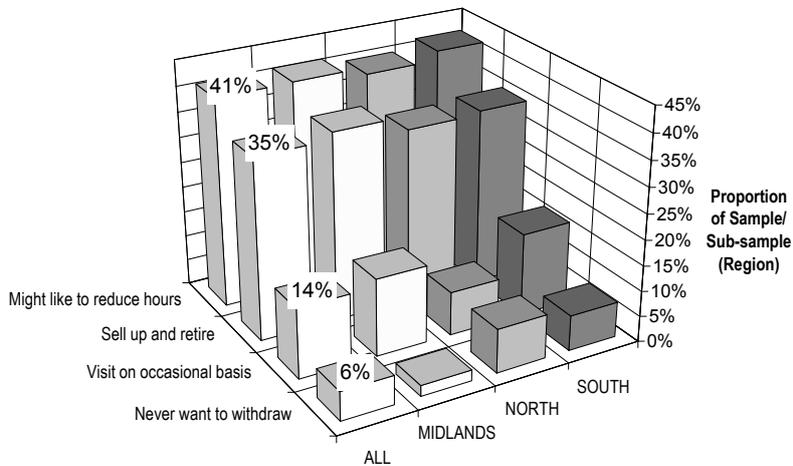


Fig 3 - PREFERRED RELATIONSHIP WITH BUSINESS LONG-TERM: BY EMPLOYEE SIZE

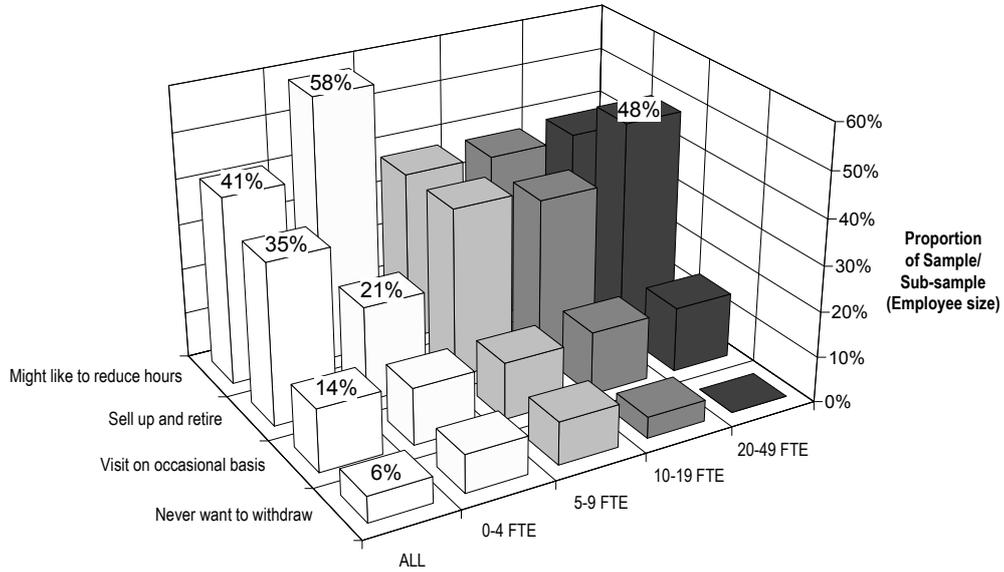
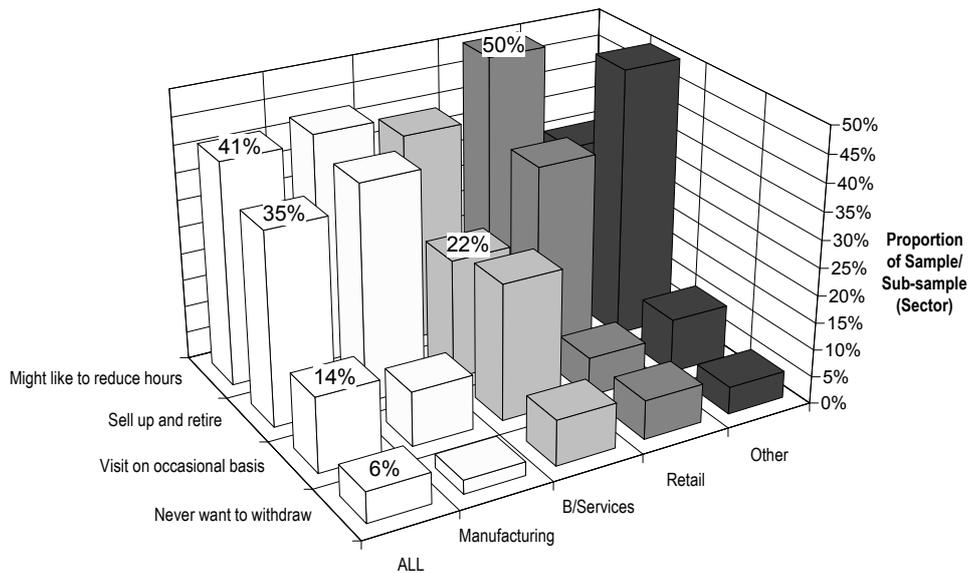


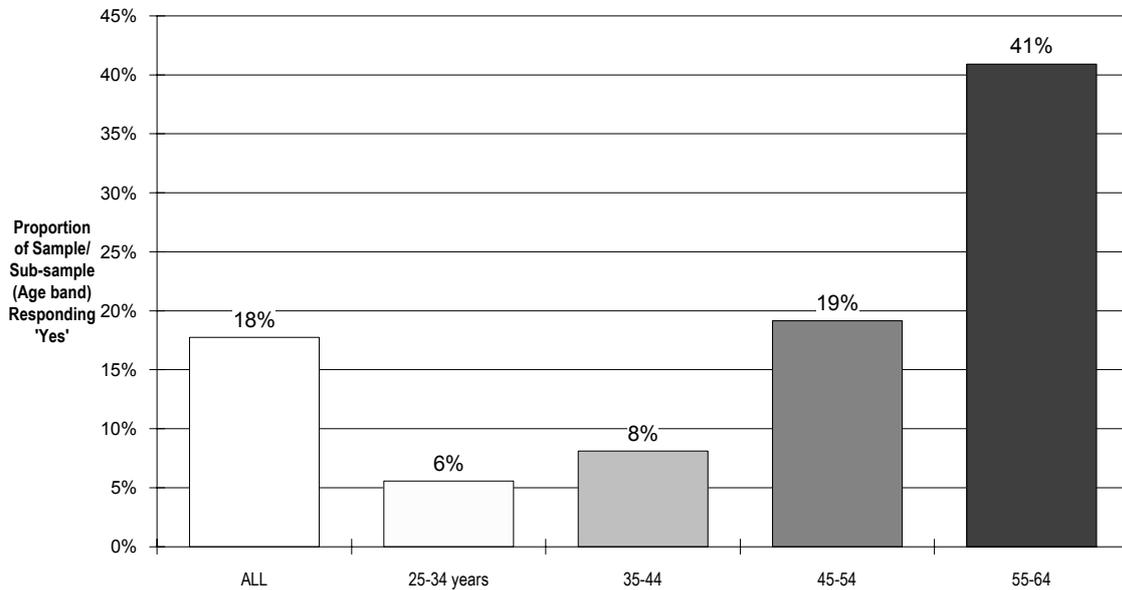
Figure 4 shows that, when analysed by sector, we see small business owners in the business services sector as the least likely to wish to sever their links with their business.

Figure 5 shows what proportions of our sample said 'Yes' in answer to the question of whether or not it was their intention that a son or daughter should one day take over their role in running the business. As is evident, the proportion responding 'Yes' correlated with age of

Fig 4 - PREFERRED RELATIONSHIP WITH BUSINESS LONG-TERM: BY SECTOR



**Fig 5 - INTENDED SUCCESSION BY SON/DAUGHTER:
BY AGE**



respondent, ranging from just 6 per cent for those in the 25-34 age group up to 41 per cent for those in the 55-64 band.

Figure 6 shows that the women small business owners in our sample were decidedly less likely than men to be both

entrepreneurs and parents. One in every three women had no children and this compared with one-in-seven males. This suggests that women, more so than men, were having to choose between a career and a family.

**Fig 6 - RESPONDENTS WITH SONS/DAUGHTERS:
BY GENDER**

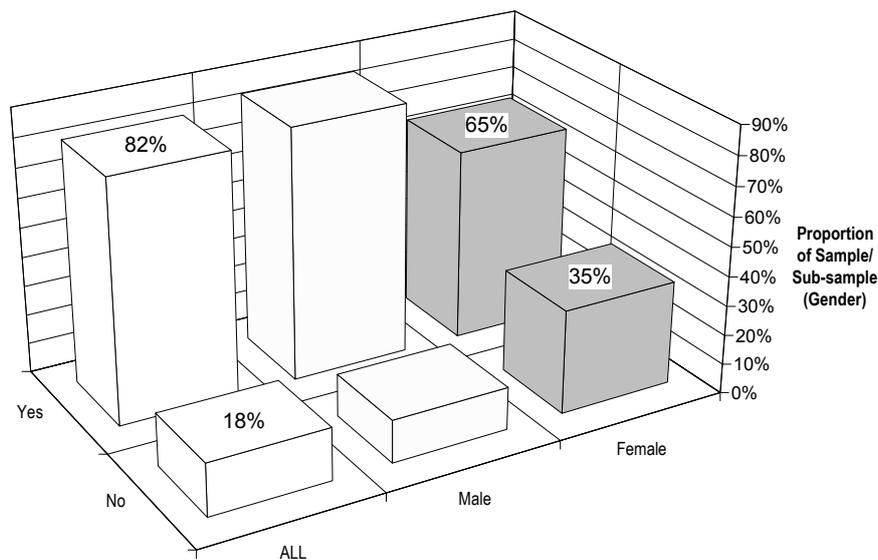
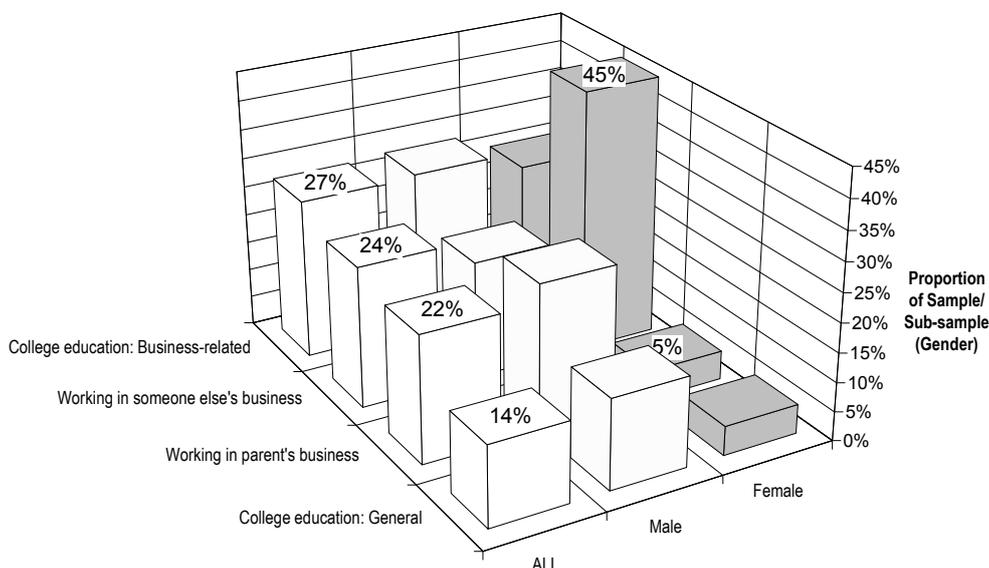


Fig 7 - MOST BENEFICIAL EXPERIENCE FOR SON/DAUGHTER PRIOR TO TAKING OVER BUSINESS: BY GENDER



When asked what kind of preparatory experience might be most useful in equipping a son or daughter for succession, a business-related college education emerged most strongly (Figure 7), followed by "working in someone else's business" and the "working in

parent's business". However, whilst male respondents rated the last 2 factors almost equally (20 and 25 per cent respectively), females opted very strongly for the former (45 and 5 per cent). That is, women were stressing far more strongly than men the importance of business

Fig 8 - MOST BENEFICIAL EXPERIENCE FOR SON/DAUGHTER PRIOR TO TAKING OVER BUSINESS: BY AGE

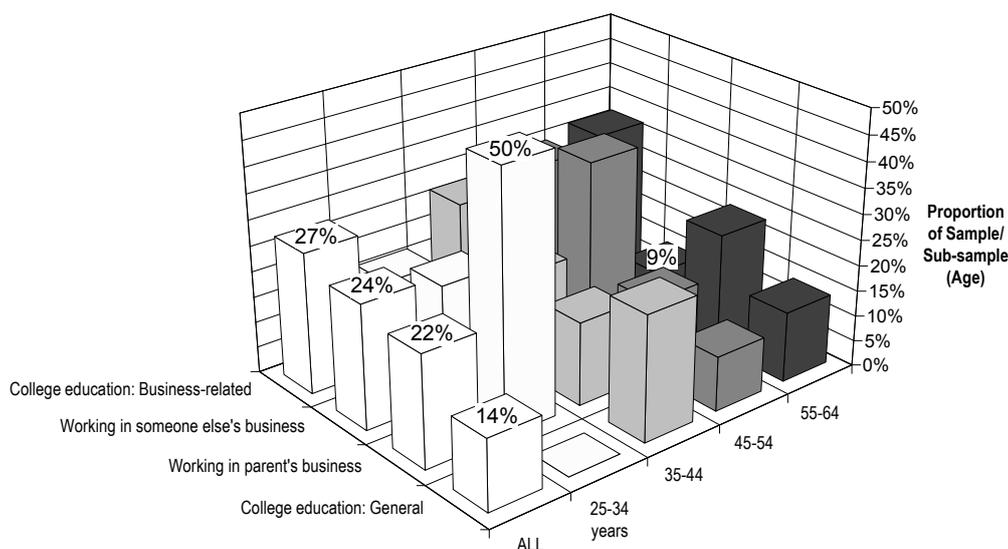
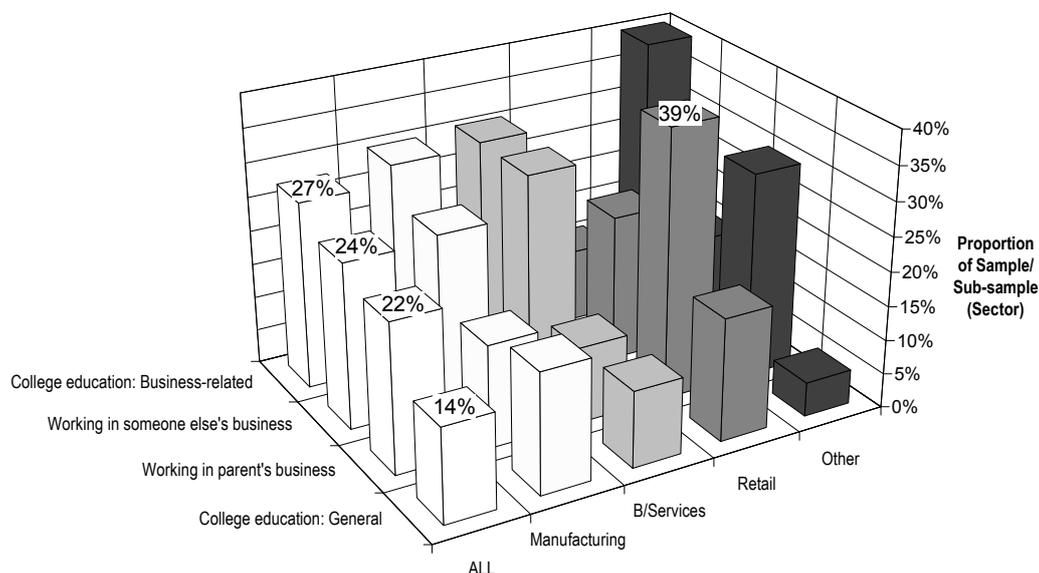


Fig 9 - MOST BENEFICIAL EXPERIENCE FOR SON/DAUGHTER PRIOR TO TAKING OVER BUSINESS: BY SECTOR



experience gained ***outside the family business***.

Figure 8 shows a breakdown on the same question by age of respondent. The importance attached to a business-related college education increases with age of respondent but the balance of importance attached to (a) working outside the family firm and (b) working in the family firm varies. Both the youngest and oldest groups attached great importance to working in the parents' business. In the case of the oldest group (aged 55-64), it is understandable that relatively little importance was then attached to sons/daughters gaining experience elsewhere since the succession issue would be imminent. In the case of the 25-34 age group, the relatively low importance attached to sons/daughters gaining experience elsewhere might be explained by respondents' own relatively limited awareness of the potential value of diverse experience.

Figure 9 shows the retail sector standing apart of the others in terms both of the low level of interest in college courses and the very high level of importance attached to gaining experience internally ***inside*** the parents' business.

**Fig 10 - PREFERENCES FOR STAFF DEVELOPMENT:
BY GENDER**

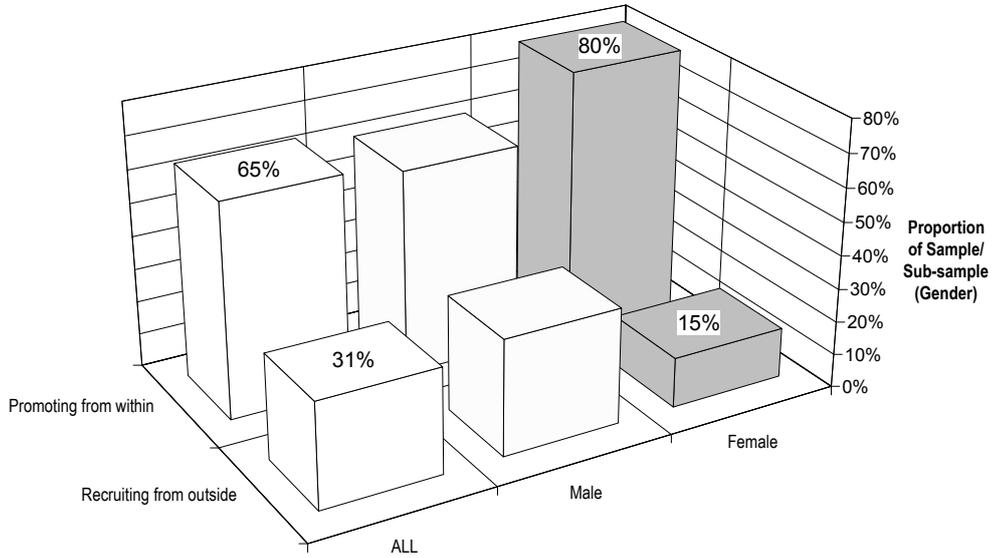
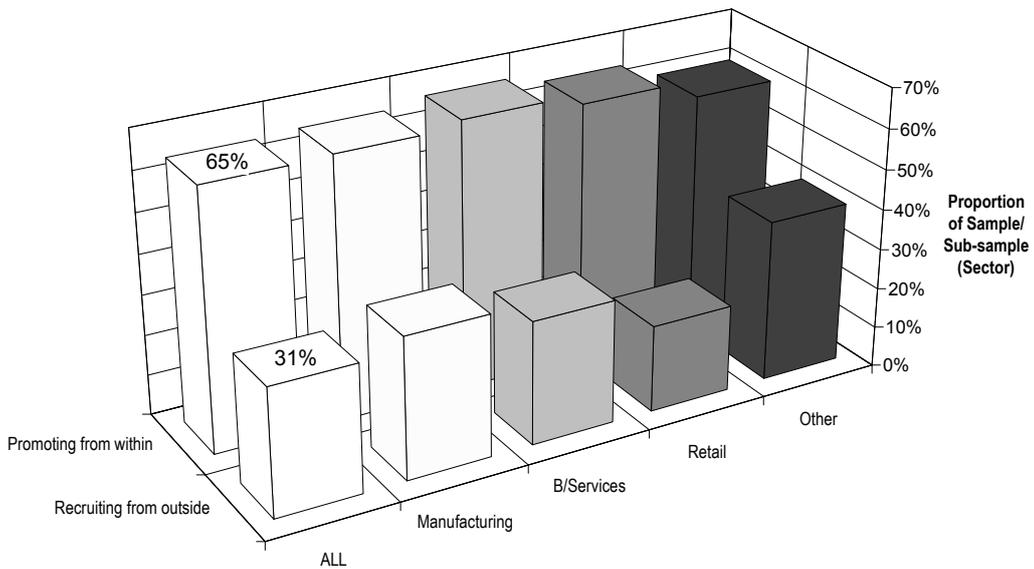


Figure 10 indicates what women owners favour promotion from within the firm more so than their male counterparts.

Figure 11 shows a fairly consistent response across sectors here, though **Figure 12** indicates some variation across the regions.

**Fig 11 - PREFERENCES FOR STAFF DEVELOPMENT:
BY SECTOR**



**Fig 12 - PREFERENCES FOR STAFF DEVELOPMENT:
BY REGION**

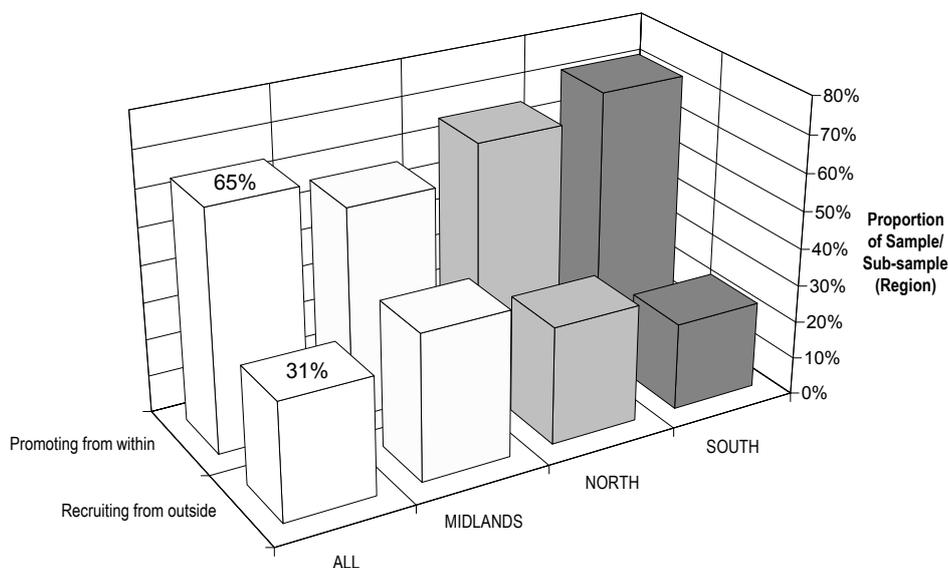
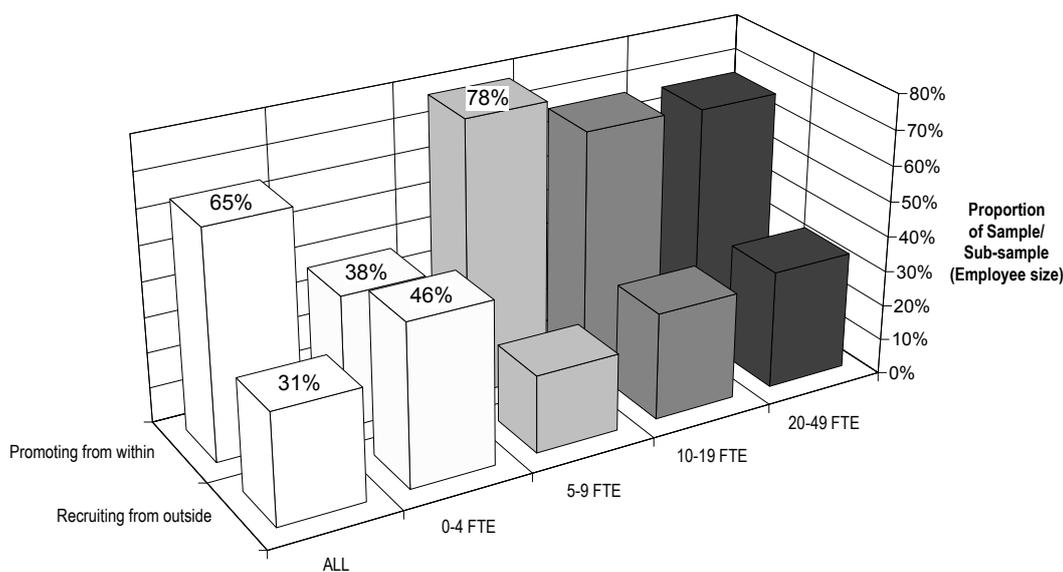


Figure 13 shows some fascinating variations across size bands which appear entirely logical. Here, very small firms in the 0-4 employee size-band tend (of necessity) to recruit externally since the workforce size is so tiny. Then, when the firm emerges into the 5-9 size category, it

rewards internal loyalty by promoting from within, allowing people to 'grow with the firm'.

**Fig 13 - PREFERENCES FOR STAFF DEVELOPMENT:
BY EMPLOYEE SIZE**



**Fig 14 - FEMALES AS ABLE AS MALES FOR SUCCESSION ?:
BY EMPLOYEE SIZE**

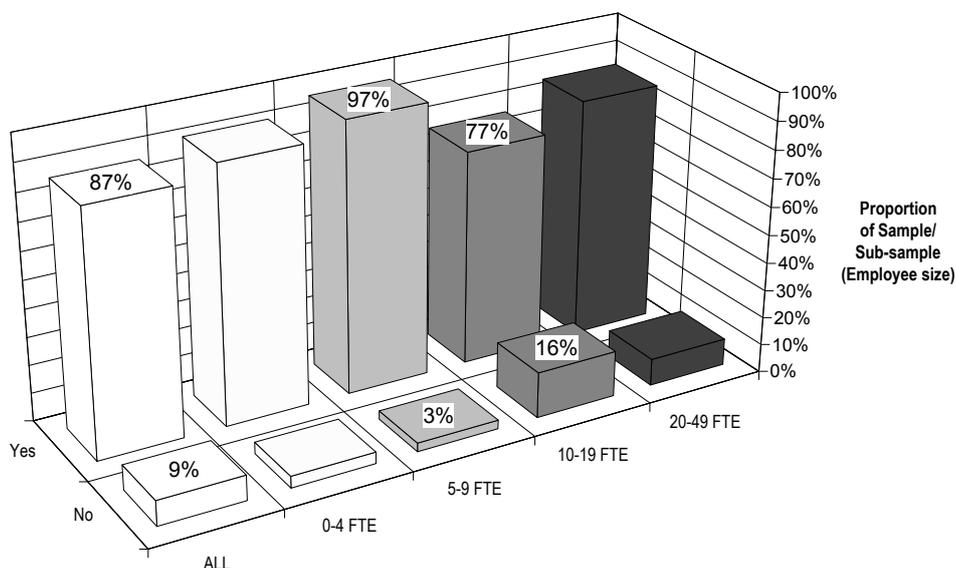


Figure 14 shows an overwhelming majority across all size bands in favour of the notion that a daughter could take over the running of the business just as well as a son. Some interesting comments here were:

"I think females in management are equal to males." (Male respondent)

"There is no difference in the ability to run a company between males and females." (Male respondent)

"Yes. My daughter has come in with us [after a] college degree and [then] worked for someone else as I advised." (Female respondent)

"Why on earth should gender make any difference ?" (Male respondent)

"I believe that females are every bit as capable of running a business and may be better 'people persons' than most male managers." (Male respondent)

"Our is a physical business - dirty and heavy work. To get to know the

business would be hard [for a woman] going through the shop floor for experience." (Male respondent)

"My daughter knows all the office jobs and most of the jobs in the factory but, because she is young, the men won't take orders from her." (Male respondent)

"Women have to overcome working with sexist men, which makes the job of managing and taking over more difficult. I personally do not employ sexist men in our business. If more women took this view, men's attitudes would shape up pretty quickly." (Female respondent)

RESPONDENTS' COMMENTS - FEMALE SUCCESSION

The comments offered, grouped by industrial sector, and also indicating the gender of each respondent, included those shown on the following pages.

MANUFACTURING

Bar Fitting. Shopfitting. Joinery Manufacturing (Male)	<i>"I think females in management are equal to males."</i>
Cash Register Ribbons and Stationery (Male)	<i>"There is no difference in the ability to run a company between males and females."</i>
Cleaning Chemicals for Household and Industrial Use (Male)	<i>"Capability is not the problem. Many females lack the ambition and commitment. There is also a problem with management at a lower level."</i>
Clothing Manufacturer (Female)	<i>"Yes. My daughter has come in with us [after a] college degree and [then] worked for someone else as I advised."</i>
Computer Hardware and Software (Male)	<i>"A daughter should do better, all other things being equal. Business is about relationships. Solicitors have learned this - look at the up and coming female commercial lawyers, and what a great job they do. Having achieved the top job, a female can be expected to interact better with staff and customers/suppliers."</i>
Equipment Installation (Male)	<i>"My daughter could possibly come into the company looking after finance/marketing [but] not technically involved."</i>
Fabrication, Welding, Machining, Special Purpose Machines (Male)	<i>"I think society in general would benefit from having more females alongside males in positions of authority."</i>
Lace Manufacture (Male)	<i>"Succession should go to the person best qualified ... regardless of sex or age seniority."</i>
Manufacture of Iron Castings (Male)	<i>"Ours is a physical business, dirty and heavy work. To get to know the business would be hard going through the shop floor for experience. However I would not be [so] chauvinistic [as] to suggest the business would not improve [by being run by a female]. However, it is craft-based jobbing work and knowledge of production is essential."</i>
Manufacture of Products for Protection and Cleaning of Fabrics (Male)	<i>"Succession should be decided on ability of [the] individual not their sex."</i>
Manufacturing (Male)	<i>"My daughter knows all [the] office duties, and most of the jobs in the factory, but because she is young, the men won't take orders from her."</i>
Manufacturing of Assembly Automation (Male)	<i>"Concern[ed] over implications of marriage/children."</i>
Mechanical Installation and Maintenance Service (Male)	<i>"There are still jobs that are suited only to males."</i>
Modelmaking for T.V. Commercials (Female)	<i>"Women have to overcome working with sexist men, which makes the job of managing and taking over more difficult. I personally do not employ sexist men in our business. If more women [took this view] ... mens' attitudes would shape up pretty quickly."</i>
Party/Carnival Goods (Male)	<i>"Females [are] just as capable as males."</i>
Printing, Graphic Design, Copy Service (Female)	<i>"When capable, [women] can be better than [their] male counterparts. Usually females have to 'prove' to be equally good as male in the same position."</i>

Products for the Building Industry (Female)	<i>"Sex not a critical factor. Competence, ability - strength, determination to succeed and integrity are the only criteria for any position of trust."</i>
Publishing (Male)	<i>"My daughter, 37, is now becoming a fine businesswoman. She has done a 15 month ICOSA open learning course - examined by ... [named college] - in Business Management for small firms. Five subjects: 1. Marketing 2. Finance 3. Managing Change 4. Computer Studies & Communication 5. Small Business Law All small firm related."</i>
Publishing. Trade and Leisure magazines (Male)	<i>"Female[s] are often better at confronting and dealing with difficult issues than males."</i>
Refurbishment of Electronic and Electromagnetic Components (Male)	<i>"Female succession would have to be fully evident. I believe my daughter could run my business if the interest were there - but I could not impose her from outside."</i>
Repairs to Electric Motors (Male)	<i>"Unusual as there are few women in this industry but not unknown."</i>
Sub-contract Precision Machining (Male)	<i>"[Our] previous owner was female [and] we experienced some resentment from customers. Although very able at P.R. and running the business she was considered lacking in engineering background skills."</i>

BUSINESS SERVICES

(Business service) (Male)	<i>"Equal opportunity ... gender [is irrelevant] if person is capable of the job."</i>
Accountancy, Audit, Tax & Management Consultancy (Male)	<i>"No reason to believe that female can not be as good if not better than a male successor."</i>
Architect (Female)	<i>"Sexual stereotypes are damaging to both sexes. The sooner we see people as individuals the better. Generally, I don't approve of dynasties or nepotism. People should be chosen for who they are not what they are."</i>
Chartered Accountants (Male)	<i>"In most fields today female succession is quite possible if they have the dedication to concentrate 100% on [the] business rather than family."</i>
Company & Industry Research (Male)	<i>"Why on earth should gender make any difference ?"</i>
Design Consultancy - mainly Packaging (Male)	<i>"Whilst some industries are male dominated and chauvinist, e.g. ... [named business], generally the biggest obstacle to a female advancing is their own perception of their role in society rather than their male colleagues views."</i>
Farm Management Consultancy (Male)	<i>"There is no question in my mind as to a woman's ability to manage a business, the problem lies with men's ability to accept them."</i>

Food Technology & Quality Consultant (Male)	<i>"I believe that females are every bit as capable of running a business and may be better 'people persons' than most male managers."</i>
Marketing Consultancy (Female)	<i>"Provided [a] female is interested in the business and in taking over the business, then they will be perfectly able to do so and succeed."</i>
Public Relations and Marketing Consultancy (Female)	<i>"In most cases men and women can do equally well at work - it's only where prejudice gets in the way that women may be held back."</i>
Secretarial Recruitment (Female)	<i>"I do feel that daughters should be given exactly the same opportunities and consideration re taking over a business. It's who shows most interest and aptitude that should be taken into account."</i>
Telephone Marketing and Sales Company (Male)	<i>"In our service of telephone marketing and sales, I have found that females are more conscientious and results-orientated than men. Also, a strong character in a female is a very positive management skill."</i>
Textile Marketing (Male)	<i>"Given the right qualities, i.e. dedication, genuine interest in the business etc., daughters could be just as successful as sons."</i>
Small Business Guide (Female)	<i>"Although I do feel that females are as capable as males in management positions, I don't think the opportunities for women are as great and also the salaries tend not to be as high as for males."</i>

RETAIL AND DISTRIBUTION

Communications Wholesaler of Telecom Installation Equipment (Male)	<i>"I don't feel it would or should make any difference whether my successor is male or female providing they have the interest, drive and determination to succeed in what still remains a 'man's world'."</i>
Computer Data Communications Solutions in PC/Mainframe Environment (Male)	<i>"The problem with female succession stems not from the capability of the individual but from the availability when maternal instincts compete with commercial commitment."</i>
Delicatessen Retailer (Male)	<i>"The 1990's, for us, are about an obsession with customer care. So-called 'female' qualities are much more appropriate for co-operation, consideration, teamwork and genuine concern for our customers."</i>
Engineering Distributors (Male)	<i>"I see a female's role in succeeding me as not being a problem. They are equally as intelligent as men with very good business brains."</i>
Factoring of Goods (Male)	<i>"I see no reason why a daughter should not follow on in many businesses. Some would obviously be more difficult than others. Both my daughters could take over and run my business but are too highly qualified or expect to be."</i>
Gift Shop/Restaurant (Male)	<i>"Females are equally capable as any male, we just approach the subject differently."</i>
Retail Perfumes/Cosmetics/Pharmacy (Male)	<i>"Females cannot devote their minds full-time to the business if they wish to raise a family successfully."</i>

Retail/distribution (Female)	<i>"I am second generation daughter, who runs the business in conjunction with my brother."</i>
Software Suppliers to Education (Male)	<i>"No reason why this should pose a problem."</i>
Stockists of Iron Bars (Male)	<i>"Ability - male or female, is all that counts."</i>
Wholesale Button Merchants (Male)	<i>"No views, other than in today's education climate females can cope as well as males."</i>
Wholesale Cut Flowers and Pot Plants to Retailers (Male)	<i>"Females are capable of equalling any skills of the male gender."</i>

OTHER

Broadcast & Corporate TV Production & Provision of Technical Facilities (Male)	<i>"There should be no reason to discriminate on grounds of gender when appointing managers."</i>
Colour Cosmetic Products Manufacturer and Retailer (Female)	<i>"As marriage is becoming less of a full-time job for women they are less apologetic about full-time employment."</i>
Human Resource, Management Training (Female)	<i>"My company is owned by women, myself and my daughter are both directors. I have strong views on the discrimination against women which I see in companies. I think women work harder and are as skilled as men to run companies. However, I think we keep on being knocked back."</i>
International Freight Forwarding Services (Male)	<i>"Gender is not the crucial question - it is all down to ability. If you have it, you will succeed in our company."</i>
Management Training Courses (Male)	<i>"[I] don't make any distinction between males or females. Simply assess their suitability for the role."</i>
Office Cleaning (Male)	<i>"Female succession depends on the business. Some are eminently suitable for female succession, the cleaning industry is not."</i>
Training of Engineering Skills (Male)	<i>"I see no difference what ever the gender, the deciding factor would depend upon the individual's development - academically and practically - ability and attitude."</i>

MANAGEMENT SUCCESSION IN GENERAL

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

MANUFACTURING

Computer Hardware and Software	<i>"Small businesses are very often personal businesses. Therefore, succession requires a good deal of overlap, probably years, to transfer the mantle effectively. A commitment to continuity should be rewarded, perhaps with tax benefits."</i>
Lace Manufacture	<i>"Devolution has to be a planned process, over time, in stages. During this process the successor is not always accepted as having the power to act for the company."</i>
Machinery for the Tufted Carpet Industry	<i>"Vulnerability of small businesses to take-over if CGT [Capital Gains Tax] makes it difficult to transfer to [younger] generations."</i>
Mechanical Installation and Maintenance Service	<i>"Our work can only be undertaken through experience. Qualifications count for nothing."</i>
Modelmaking for T.V. Commercials	<i>"In small businesses the owners often have to subsidise its viability with more hours than they are paid for. This makes it difficult to hand the management onto someone without a vested interest."</i>
Pipe Supports for Oil Refineries, Power Stations, Processing Plants etc.	<i>"Companies that allow succession to sons and daughters that have not worked in other companies run a major risk of becoming stale."</i>
Printing, Graphic Design, Copy Service	<i>"Management seems only as good as owner[management] if they have financial involvement/commitment approaching self-employment status."</i>
Toys/Educational Products	<i>"You tend to ignore personal issues - the most obvious is that children do need time 'away from the nest' to establish their own values and identity irrespective of the parents attitudes."</i>

BUSINESS SERVICES

(Business service)	<i>"More financial support from government for training."</i>
Accountancy, Audit, Tax & Management Consultancy	<i>"Although I would like to see family succession, no firm possibilities can materialise until family successor shows an interest in the business."</i>
Design Consultancy - mainly Packaging	<i>"Long term planning and the training and development of existing staff/management's skills is a vital ingredient to ensure the company's smooth transition from one generation to the next. Outside recruitment is not always possible or desirable so maximising existing talent is commercially sound and profitable."</i>

Food Technology & Quality Consultant	<i>"Most companies do not take suggestion [succession?] and people development as a major part of the business plan. The 'Investors in People' initiative will help restore the balance."</i>
Professional Chartered Accountants. Accounting, Audit, Taxation Advice	<i>"In many businesses children are expected to take over [the] family business whether they are able or not. Too few businesses give children external experience with another company."</i>
Public Relations & Marketing Support Consultancy	<i>"More attention and financial assistance should be paid by government to encouraging development of executives/senior managers to take-over/buy in to ownership of their employer's business."</i>
Public Relations and Marketing Consultancy	<i>"Some owner/managers do not give enough thought to planning succession, key man insurance etc."</i>
Telephone Marketing and Telephone Sales Company	<i>"The main difficulty with small businesses is the 'nobody does it better than me' syndrome by the owner. Sometimes [he/she] has little confidence in delegating. You can't blame the owner as it was him/her who started the business. However, we all need a strong manager or right hand person."</i>
Textile Marketing	<i>"Tax liability on death of owner is confiscation and grossly unfair to small businessmen. Impedes continuity at a critical time."</i>
Training Management & Development	<i>"There is apathy prevailing within our client companies. Training development is organised by academics who do not understand what is meant by the word objectivity !"</i>

RETAIL AND DISTRIBUTION

Computer Data Communications Solutions in PC/Mainframe Environment	<i>"Creative drive is rarely hereditary but usually expected. Usually it is the desire to create something from nothing which motivates the entrepreneur. How can his/her successor be expected to be as committed to a project developed by another ?. Rarely a good idea in my experience."</i>
Retailing Sports Goods	<i>"I would like my children to establish careers of their own outside the family business and therefore I have not thought very hard about the problems of succession."</i>
Sports Equipment, Footwear and Clothing	<i>"I would not like to think my son would have to work as hard and long as I do for such small reward."</i>
Stockists of Iron Bars	<i>"No strong views - ability is the main requirement which I think covers all other aspects."</i>
Wholesale Button Merchants	<i>"If company is family run and [an] old director died, could be a problem with Death Duties."</i>

OTHER

Hire, Sales and Service of Fork Lift Trucks	<i>"Experience is worth far more than any education or partially related training."</i>
Human Resource, Management Training	<i>"As a company with only female directors I feel very vulnerable in mainly male settings. We are not taken seriously in the main. Could say much more but no time now. We recently set up the ... [named] Womens Business Club with know-how fund money."</i>
International Freight Forwarding Services	<i>"Problems of succession can arise in 2 main ways for small companies: 1. Nepotism 2. Death duties, e.g. if the founder dies without having made a will."</i>
Management Training Courses	<i>"I believe too many senior executives and proprietors cling on too long rather than make way for younger high flyers."</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. For this survey, we have added **gender and age**.

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 surveys, there is a slightly higher concentration in manufacturing (32 per cent) compared to business services (29 per cent, with another 23 per cent in retail/distribution and 16 per cent engaged in other activities (Figure 15).

Regionally, the bias towards firms engaged in **business services** in the **South** is a little greater than before (37 per cent of the region's respondents, compared to 31 in the previous survey). **Manufacturing** is the most predominant sector in the **North**.

The sub-sample in the **South** has a concentration of **smaller firms**. In the **Midlands**, the emphasis is towards the larger, 10-19 and 20-49, employee size band businesses (see also Figure 16).

Fig 15 - INDUSTRIAL SECTOR: BY REGION

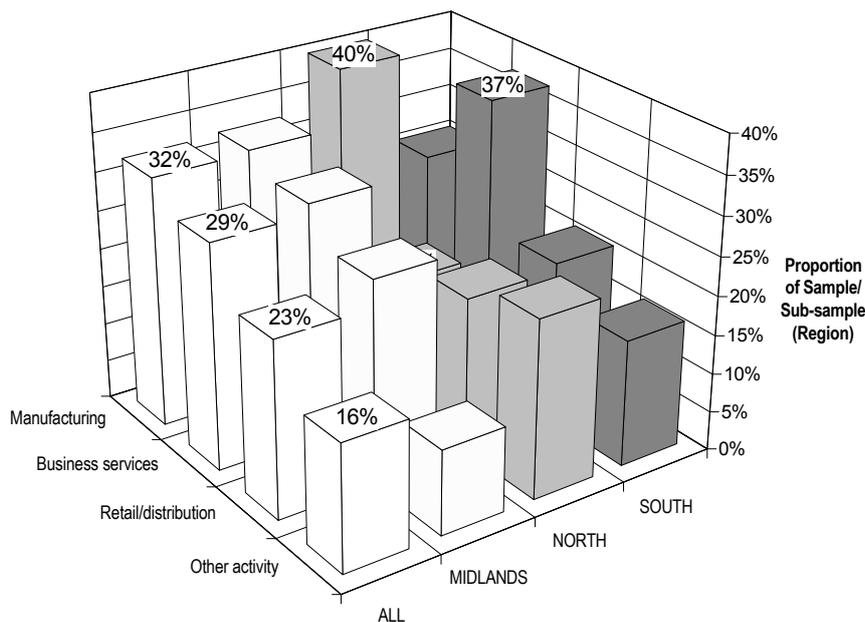
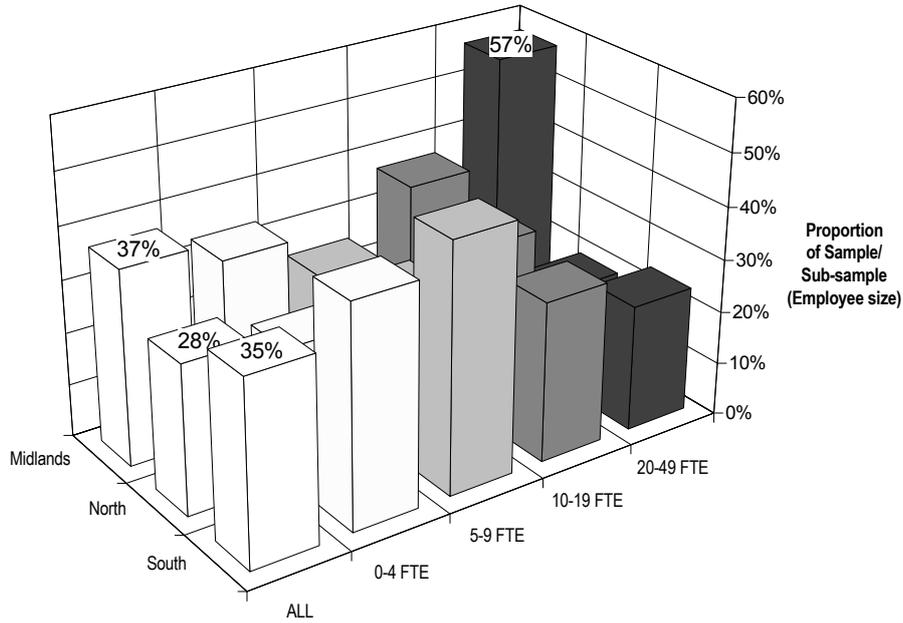


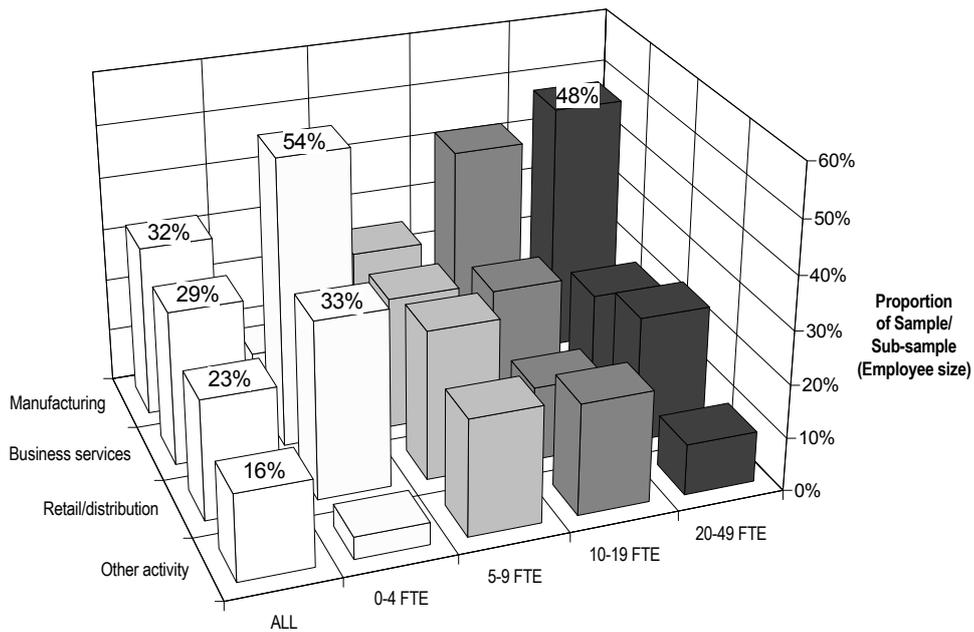
Fig 16 - REGION: BY EMPLOYEE SIZE



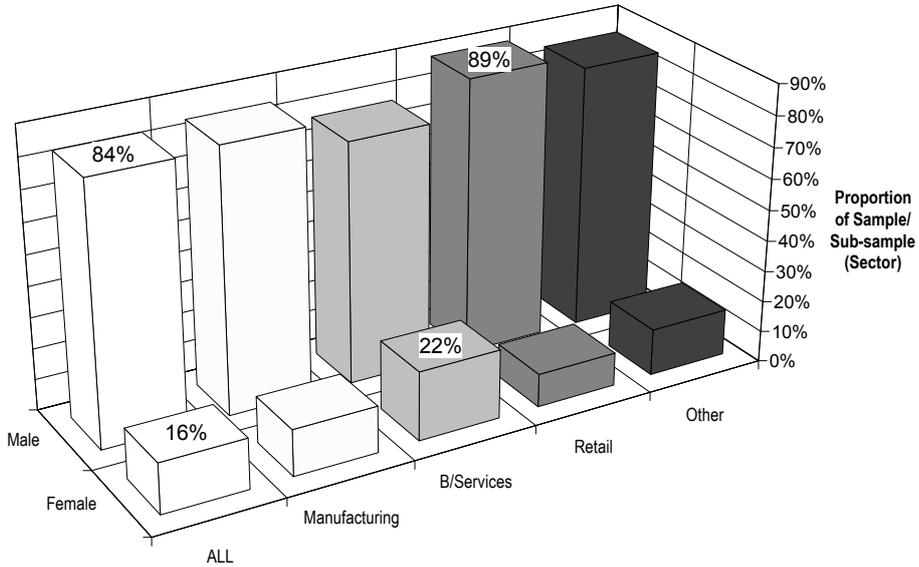
Manufacturing firms in the sample tend to be **larger**, in terms of employees - as previously encountered - whereas the **business services** and the firms in **retailing/distribution** tend to have **fewer**

full-time equivalent employees (Figure 17).

Fig 17 - INDUSTRIAL SECTOR: BY EMPLOYEE SIZE



**Fig 18 - GENDER OF RESPONDENTS:
BY SECTOR**

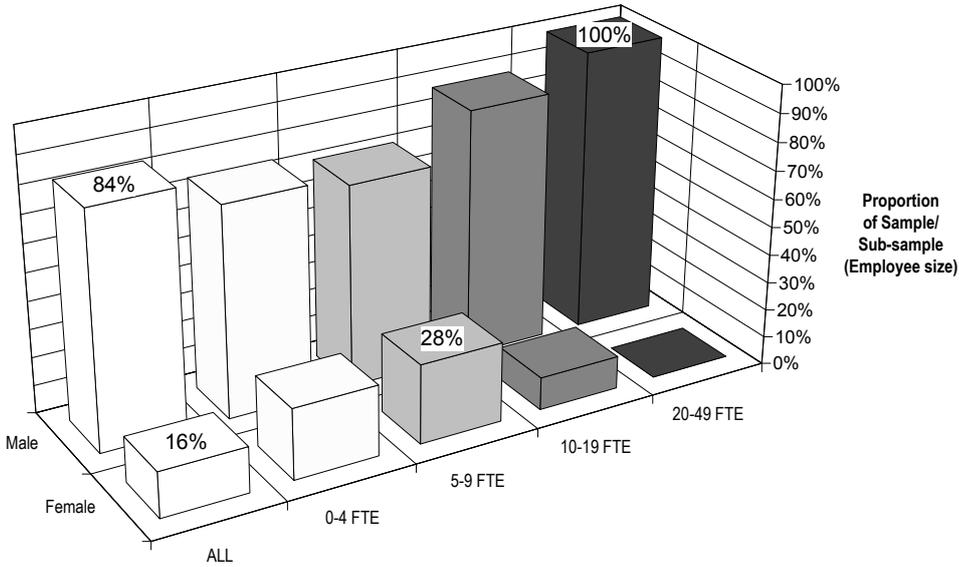


GENDER OF RESPONDENTS

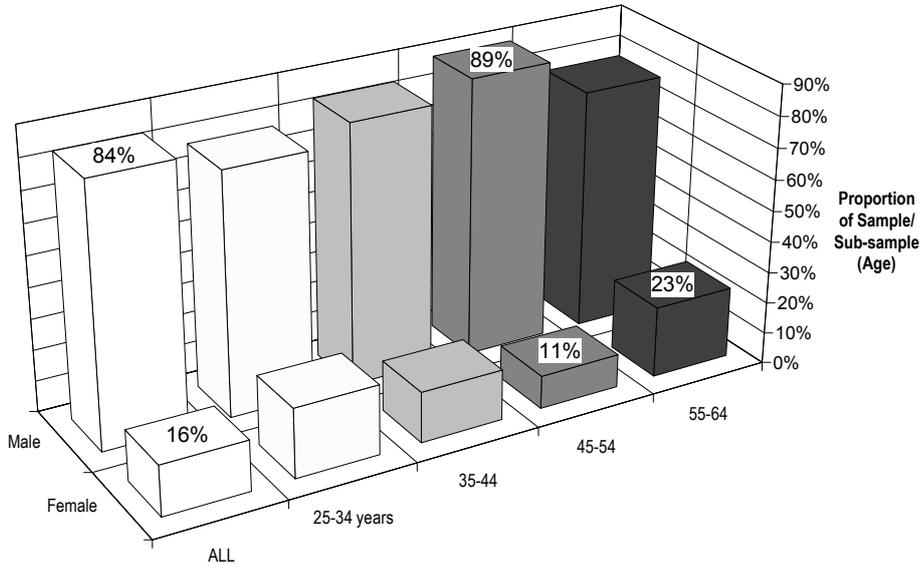
The sample is predominantly male (84 per cent), but the highest incidence of females occurs in the **business services** sector (Figure 18).

Against firm size (employees), the greatest concentration of women is in the 5-9 employee size band. There were no female respondents in firms employing greater than 19 employees (Figure 19).

**Fig 19 - GENDER OF RESPONDENTS:
BY FIRM EMPLOYEE SIZE**



**Fig 20 - GENDER OF RESPONDENTS:
BY AGE**

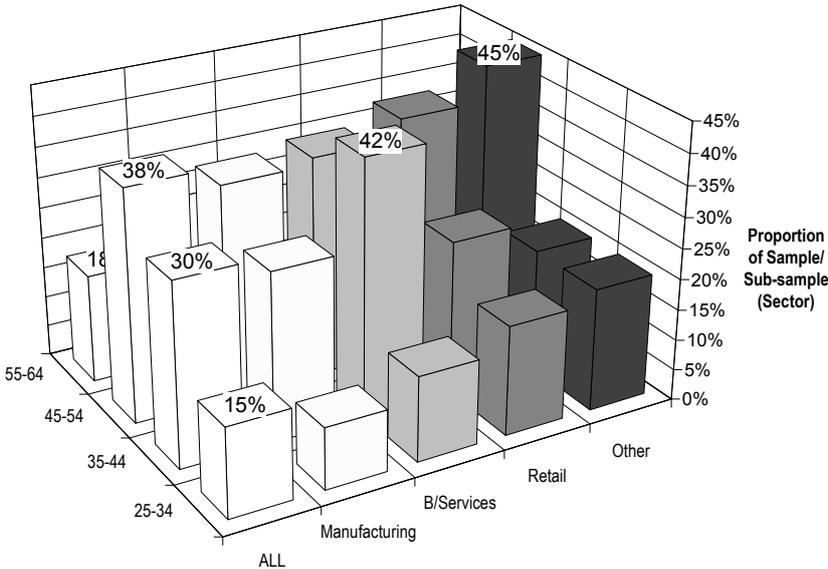


Regarding the age distribution, the lowest concentration of females occurred in the 45-54 age band, whereas the greatest proportion -23 per cent - in a given range fell in the 55-64 band (Figure 20).

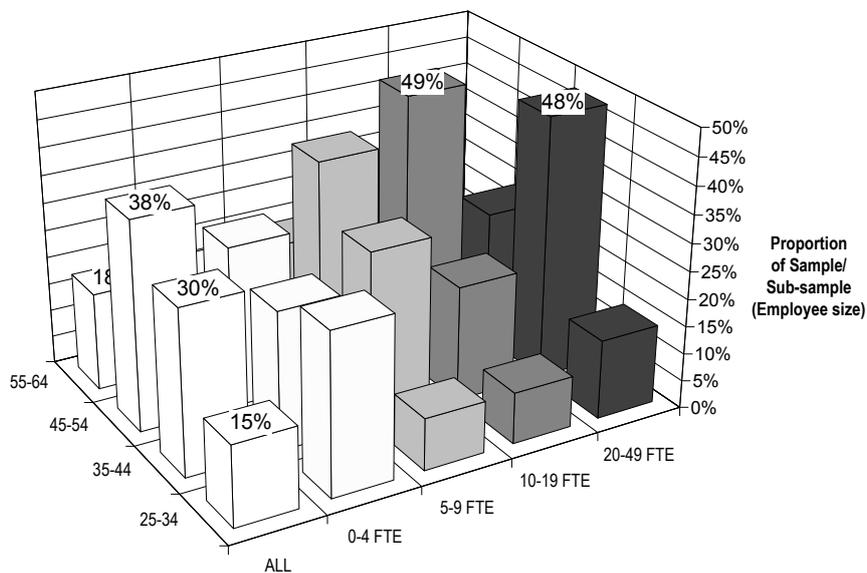
AGE DISTRIBUTION

Looking at the various industrial sectors, **business services** contained a higher concentration of **younger respondents** - peaking in the 35-44 age band (Figure 21).

**Fig 21 - AGE OF RESPONDENTS:
BY SECTOR**



**Fig 22 - AGE OF RESPONDENTS:
BY FIRM EMPLOYEE SIZE**



There were notable concentrations of 45-54 year olds in the 10-19 FTE employee size band and also 35-44 year-olds in the 20-49 FTE band (Figure 22).



Lloyds Bank

Lloyds Bank/Small Business Research Trust Quarterly Small Business Management Report - No.7

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** **Your gender**
- Male M
- Female F

- 2** **Your age last birthday**
- 16-24 years..... A
- 25-34 B
- 35-44 C
- 45-54 D
- 55-64 E
- 65 or over F

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

MANAGEMENT ISSUE No.7: Management Succession

- 4** **Which ONE of the following statements best describes your preferred relationship with your business long term:** *Just one ✓ only*
- I would never want to withdraw from my role in the firm, regardless of age, health permitting A
- OR** I might like to reduce my hours spent in the firm as I get older, but I wouldn't want to cut my links completely B
- OR** Eventually I would like just to visit the company on an occasional basis, perhaps in the role of a non-executive director C
- OR** Eventually I would like to sell up and retire, cutting my links with the business completely D
- OR** Question not applicable (e.g. the business is not wholly or partly owned by you) E

- 5** **Staff development - With an eye to the future, do you generally like to plan in terms of:** *Just one ✓ only*
- Promoting people from within, when a promotion becomes available A
- OR** Recruiting someone from outside with different experience B

6 Children - Do you have any sons or daughters ?
Yes..... A
No B

7 Succession - Is it your intention that a son/daughter takes over your role, or something similar, in running the business ?
Yes..... A
No B
Don't know..... C
Question not applicable (e.g. you have no children).... D

8 Experience - Which ONE of the following would be most beneficial for a son or daughter prior to taking over in running a business from a parent:
Just one ✓ only
A good *general* college education A
OR A good college education, but in a business-related subject e.g. Business Studies, Marketing etc. B
OR Working in the parent's business in order to get to know it C
OR Working in someone else's business D
OR Question not applicable (e.g. the business is not wholly or partly owned by you) E

9 Female succession - Do you think a daughter (whether you have one or not) could take over your role in running the business as well as a son ?
Yes..... A
No B
Don't know..... C

10 Female succession - Following on from the previous question, please outline any strongly held views on the subject

11 The problems of management succession - 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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