



Lloyds Bank • Small Business Research Trust

Quarterly

Small

Business

Management

Report

No.3 Vol. 5 1997

Lloyds Bank/Small Business Research Trust

**Quarterly Small Business
Management Report - Vol.5, No.3**

October 1997

ISSN 0968-6444

£17.50

Information Technology

Small Business Research Trust
based at
Open University Business School
Walton Hall
Milton Keynes
MK7 6AA

Tel: 0190 865 5831

E-mail: b.porter-blake@open.ac.uk

WEB VERSION: INTRODUCTION

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

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

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

THEMES

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

INSIGHT

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

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

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

PUBLISHING FORMAT

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

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

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

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

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

SUPPORTING INFORMATION (WWW)

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

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

**John Stanworth, Emeritus Professor,
University of Westminster**
<http://www.westminster.ac.uk/schools/business>

**David Purdy, Visiting Fellow,
Kingston University**
<http://business.kingston.ac.uk/sbrc>

© co-authors John Stanworth & David Purdy 2015 (and Graham Bannock for reports 1-19, 1993-97). Creative Commons Attribution-NonCommercial 4.0 International
<http://creativecommons.org/licenses/by-nc/4.0/>

Lloyds Bank/TSB & SBRT
Quarterly Small Business Management Report
ISSN 0968-6444

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
ISSN 1478-7679

- 3 Crime Against Small Firms June 2003

Lloyds TSB & SERTeam
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 nineteenth 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 on **Information Technology** (IT). The principal findings were as follows:

- **Equipment used** - 90 per cent of respondents have computers, 95 per cent fax, 84 per cent mobile phones and 61 per cent answering machines. 53 per cent have modems but only 8 per cent have pagers. Usage rates tend to be lower in the smallest firms, but not markedly so for computers or mobile phones. The smallest are more likely to have answering machines than larger firms.
- **Computer problems** - Only 36 per cent were free of major problems over the previous two years. Almost one third of respondents experienced hardware problems, and larger firms were especially prone. Other problems have mainly to do with insufficiently user-friendly software (28 per cent) inadequate external support (18 per cent) and lack of suitable external training facilities (13 per cent).
- **Time spent on computer use** - Computer usage by small business owner-managers appears commonplace. Four out of five respondents - 81 per cent - use a computer on a daily basis. Nearly half (48 per cent) spend over 2 hours a day at a computer, but 17 per cent do not use a computer personally.
- **Computer applications** - Word processing leads (85 per cent) followed by invoicing and credit control (77 per cent), other accounting purposes (69 per cent), databases and mailing lists (58 per cent), spreadsheets (57 per cent) and desk top publishing (43 per cent). Only 45 per cent use computers for payrolls, preferring to use bureau or manual systems. Larger firms use computers for a wider range of applications than smaller firms.
- **The Internet** - Respondents expect a range of benefits from the Internet - e-mail (58 per cent) followed by information (48 per cent), advertising uses (40 per cent). 22 per cent (32 per cent in the South) believe that the Internet will provide better access to computer support the lack of which is a problem. 9 per cent mentioned video conferencing as an expected benefit.
- **The 'Millennium Bug'** (computer problems associated with the Year 2000) - no **major** problems were anticipated by any respondent. 21 per cent expect **minor** problems only and 38 per cent no problems (including those without computers). However, for those firms having already investigated the issue, there was approximately a 40 per cent probability that some action had been, or would need to be, taken. 33 per cent were aware of the issue but had not investigated it and most of the rest had not thought about it.

TABLE OF CONTENTS

Figure 1 - I.T. Equipment Used: By Employee Size	6
Figure 2 - I.T. Equipment Used: By Sector	6
Figure 3 - Computer Problems Over Past 2 Years: By Employee Size	7
Figure 4 - Computer Problems Over Past 2 Years: By Sector	8
Figure 5 - Daily Computer Usage: By Employee Size	9
Figure 6 - Daily Computer Usage: By Sector	9
Figure 7a - Computer Applications: By Employee Size	10
Figure 7b - Computer Applications: By Employee Size	11
Figure 8a - Computer Applications: By Sector	11
Figure 8b - Computer Applications: By Sector	12
Figure 9 - Computer Applications: By Region	12
Figure 10 - Expected Internet Benefits: By Employee Size	13
Figure 11 - Expected Internet Benefits: By Region	14
Figure 12 - Expected Internet Benefits: By Sector	14
Figure 13 - 'Millenium Bug' Awareness & Impact: By Employee Size	15
Figure 14 - 'Millenium Bug' Awareness & Impact: By Sector	16
Figure 15 - 'Millenium Bug' Awareness & Impact: By Region	17
Addendum - Additional Information About Sample	21
Figure 16 - Industrial Sector: By Region	21
Figure 17 - Region: By Employee Size	22
Figure 18 - Industrial Sector: By Employee Size	22
Survey Questionnaire	Appendix

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 addresses one or more highly topical small business management issues. In this survey we focus on ***Information Technology (IT)***.

Past surveys have covered:

1993 (Vol.1)

- No.1 Surviving The Recession***
- 2 Using Your Time***
- 3 Management Style***
- 4 Financial Management***

1994 (Vol.2)

- 1 Purchasing***
- 2 Quality Standards & BS 5750***
- 3 Management Succession***
- 4 Customers & Competitors***

1995 (Vol.3)

- 1 Information Technology***
- 2 Holidays***
- 3 Company Vehicles***
- 4 Pricing Policies***

1996 (Vol.4)

- 1 Training***
- 2 A Day in the Life***
- 3 Financial Management***
- 4 Tax Compliance***

1997 (Vol.5)

- 1 'Europe' & Small Businesses***
- 2 Employee Recruitment***

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

- 'All Report' Review

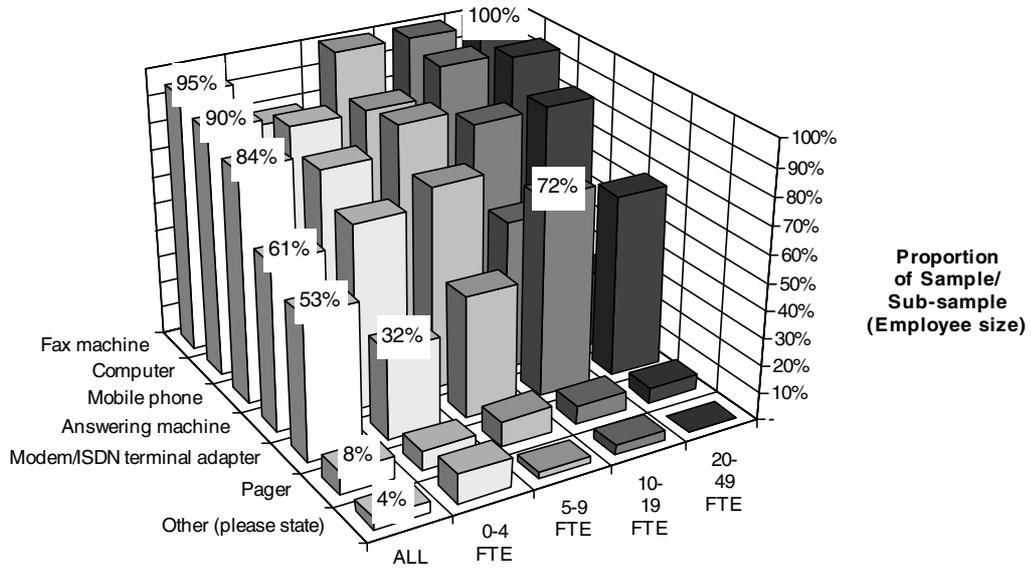
THE SAMPLE

This report is based on responses received from a panel of some 350 small businesses situated in the Northern, Midland and Southern 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 July/August 1997.

Fig 1 - I.T. EQUIPMENT USED: BY EMPLOYEE SIZE

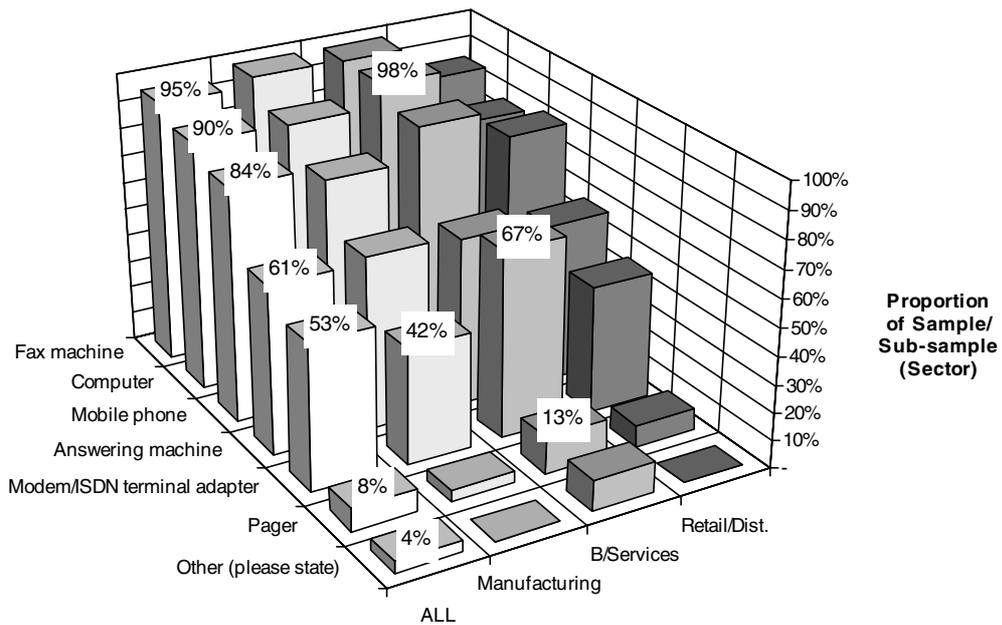


EQUIPMENT USED

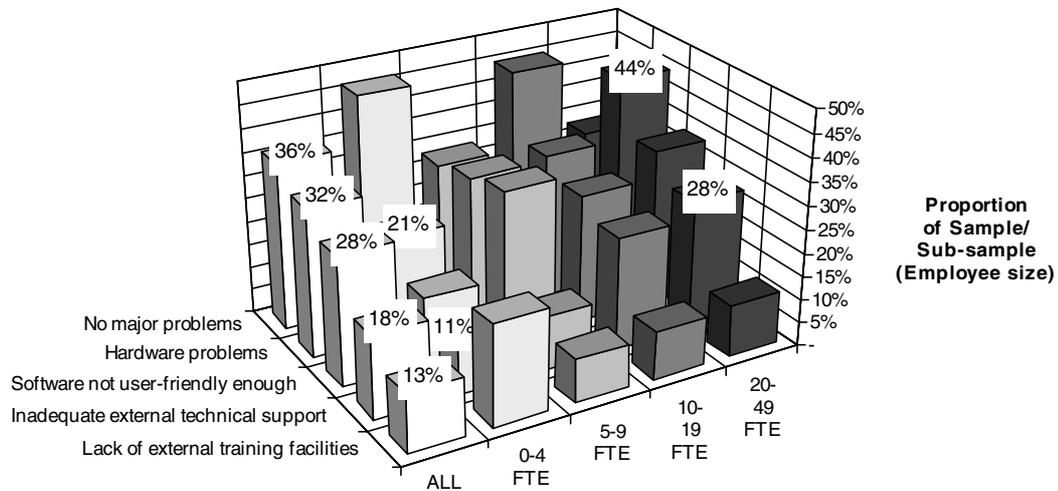
Almost all our respondents use a **computer**: 90 per cent, a proportion exceeded only by the 95 per cent using a **fax machine**. Our survey confirms other reports that small firms are heavy users of

mobile phones (84 per cent have one). These high usage rates apply to all firm sizes, though for fax machines and mobile phones (but less so for computers), usage is lower in the smallest firms (0-4 FTE) (**Figure 1**). Retailers are less likely than manufacturing or business service

Fig 2 - I.T. EQUIPMENT USED: BY SECTOR



**Fig 3 - COMPUTER PROBLEMS OVER PAST 2 YEARS:
BY EMPLOYEE SIZE**



companies to have fax machines or computers and business service firms have the highest usage of mobile phones (Figure 2).

Answering machines (used by 61 per cent) are more widely used by the smallest firms who do not always have personnel to respond to incoming calls but there is little difference between sectors.

Over half of respondents have **modems or ISDN terminals** (53 per cent) and especially in business services (67 per cent). The usage of modems/ISDN terminals is very much related to firm size: only 32 per cent for the smallest firms and around 70 per cent among the larger firms. One respondent (and one only), in manufacturing, commented:

“Within 5 years I expect all our customers to be able to order goods ‘on-line’. This will supersede EDI (electronic data interchange) and fax..”

Usage of other types of equipment is low: **paggers** are used by only 8 per cent (13 per cent in business services); ‘other’

accounted for 4 per cent (fax via computer, Internet, e-mail, personal answering service and photocopiers).

Telex now seems to be obsolete, with no respondents reporting the use of a telex machine.

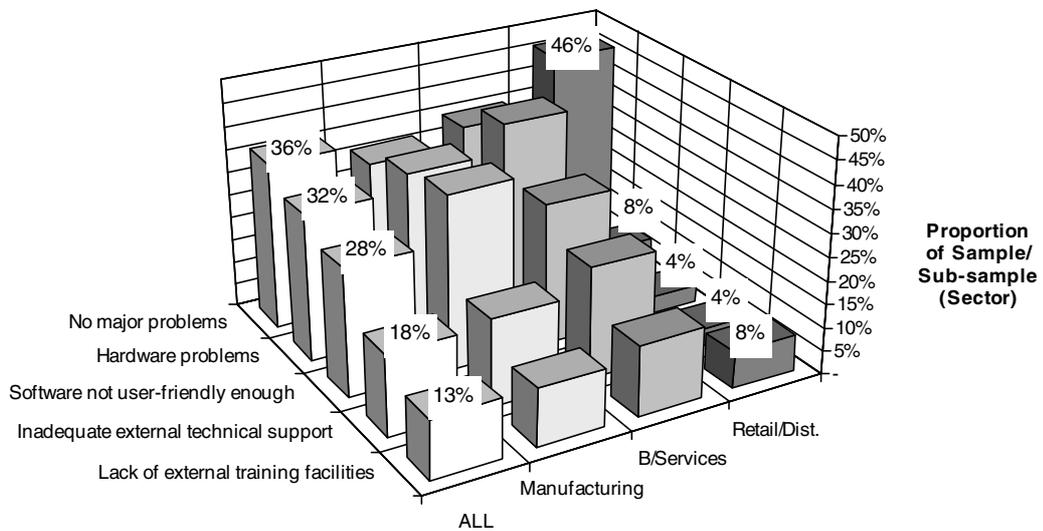
Usage rates do vary by region but these differences do not seem to be significant and appear related to differences in average firm size or sector-mix.

COMPUTER PROBLEMS

Only just over a third of the respondents (36 per cent) were free of major problems over the previous two years. As firm size increases, there are rising trends of hardware problems and lack of technical support - typically twice the incidence amongst the largest firms compared to the smallest (Figure 3). Explanations may include the transition to more elaborate multi-user systems, and also larger firms placing greater demands on software and hardware. That is, by pushing the products and the documentation/technical support towards their limits.

More retailers experience no major

**Fig 4 - COMPUTER PROBLEMS OVER PAST 2 YEARS:
BY SECTOR**



problems (46 per cent) than the average (36 per cent) but this to some extent reflects their small size (**Figure 4**) and perhaps also a lower use of more complex software, such as spreadsheets and payroll applications (**Figures 8a/b**).

Hardware problems were experienced over the past two years by almost one third of respondents and particularly by larger firms. Whilst the respondents provided no detailed information on the nature of these problems, one firm pointed to rapid obsolescence (“...your computer is 'obsolete' before the bin men have removed the packaging from the premises”) and wanted the Inland Revenue to allow rapid depreciation.

Other problems have mainly to do with insufficiently user-friendly software (28 per cent), inadequate external support (18 per cent), and lack of external training facilities (13 per cent).

Surprisingly, complaints about software were lowest among the smallest firms, perhaps because the owner manager is using the computer alone and requirements are simpler than for larger

firms. For similar reasons the smallest firms complain less about lack of external technical support. A respondent wrote:

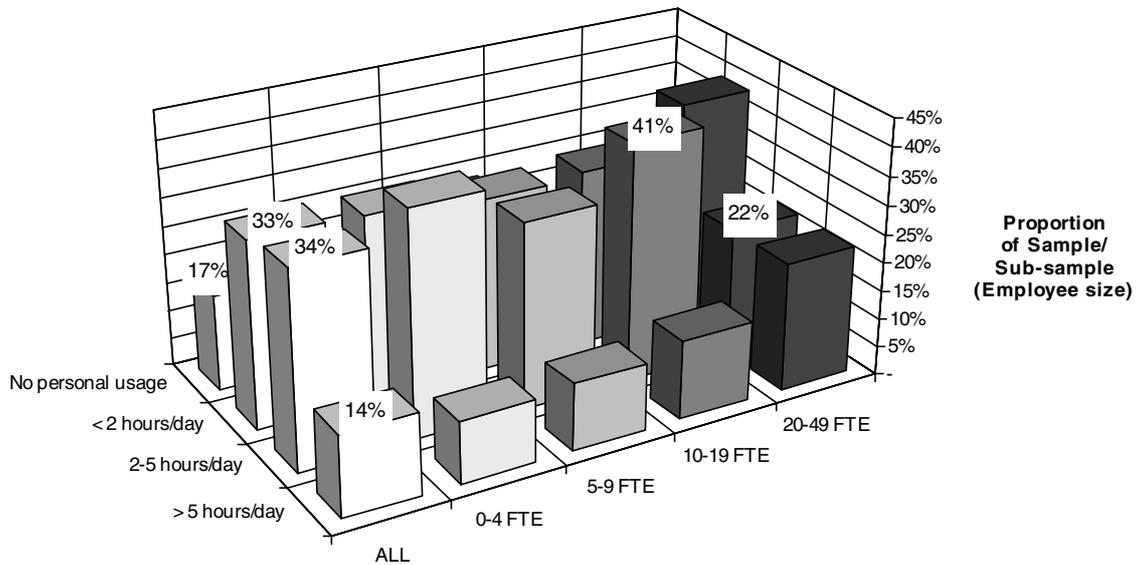
“Standard account/management software packages are very difficult to assess in advance of purchase, and many 'salesmen' lack in-depth knowledge of what are very specialised products.”

However, a sizeable minority of all firms (13 per cent) and particularly the smallest (21 per cent) do note a lack of external training facilities.

One respondent in publishing explained at length that it is difficult to find separate courses on such subjects as spreadsheets, databases, computerised accounting and desk top publishing. Most courses are NVQ type courses of 10-12 weeks and specific requirements cannot be 'unbundled'. Another respondent wrote:

“To my knowledge, there (are) no government training incentives or financial help, to encourage small businesses to go to IT.”

Fig 5 - DAILY COMPUTER USAGE: BY EMPLOYEE SIZE



TIME SPENT ON COMPUTER USE

Computer usage by small business owner-managers appears commonplace. Four out of five respondents - 81 per cent - use a computer on a daily basis (Figure 5). Nearly half (48 per cent)

spend over 2 hours a day at a computer. There appear to be concentrations of usage amongst owner-managers in the smallest firms, but this may be due to an element of 'DEY' ('do-everything-yourself').

Fig 6 - DAILY COMPUTER USAGE: BY SECTOR

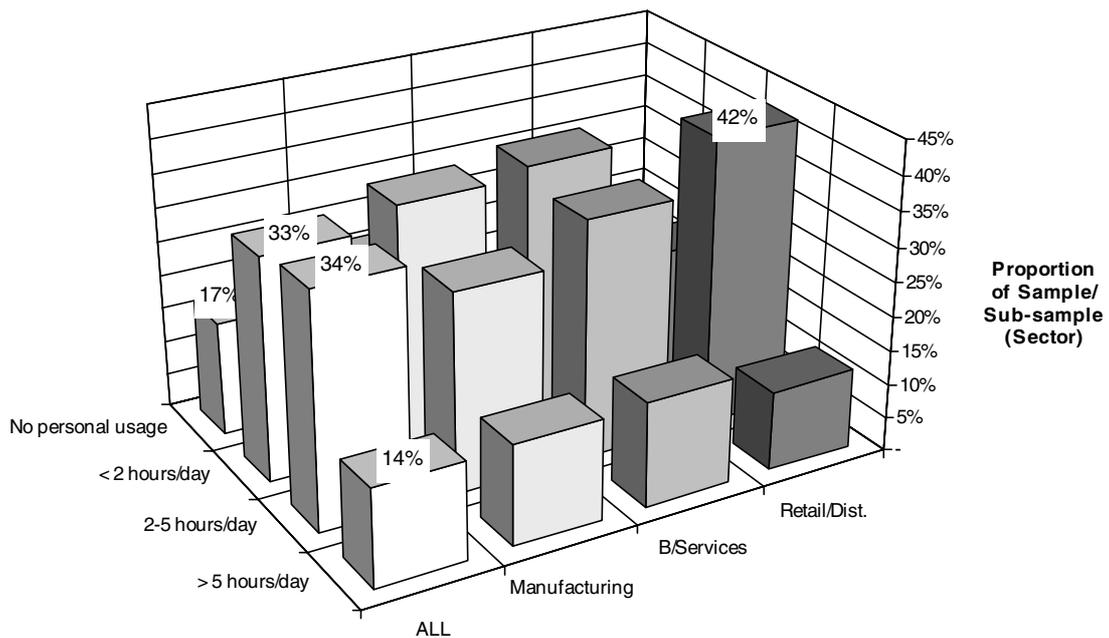
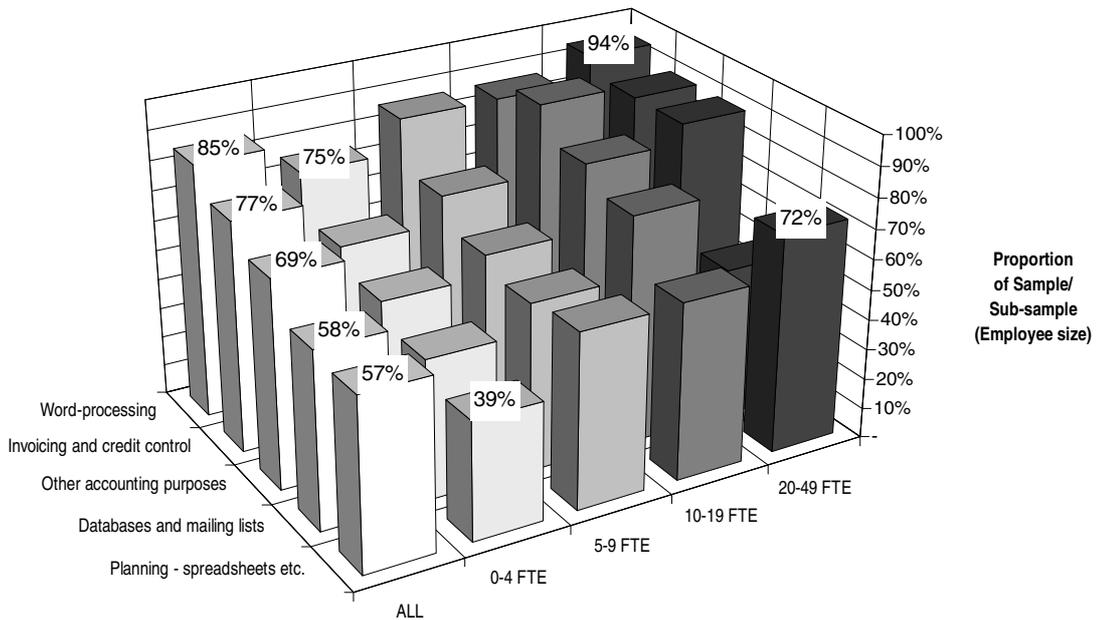


Fig 7a - COMPUTER APPLICATIONS: BY EMPLOYEE SIZE



Non-users appear to be twice as prevalent in manufacturing (21 per cent) and retail/distribution (19 per cent), compared to business services (11 per cent). But 42 per cent of retailers spend 2-5 hours at the computer, a higher proportion than in other sectors (**Figure 6**). There appear to be no significant differences between regions.

COMPUTER APPLICATIONS

Word processing is the most widespread application with an average use of 85 per cent of respondents for this purpose (**Figures 7a/b**). Invoicing and credit control came next with a usage rate of 77 per cent followed by other accounting purposes (69 per cent), databases and mailing lists (58 per cent) planning spreadsheets (57 per cent) and desk top publishing (43 per cent, probably mainly for promotional material).

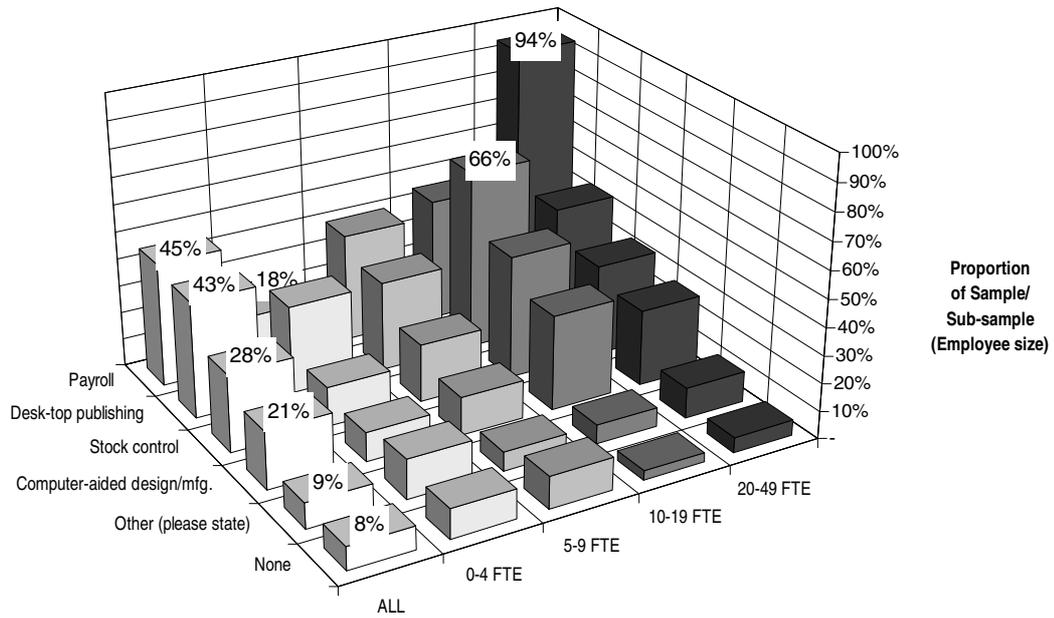
It is interesting that the proportion of respondents using computers for payrolls (45 per cent) is much lower than that for other accounting uses. This is to be explained by the widespread use of external payroll services offered by

bureaux, accountants, banks and others but many must do the work manually. This need arises from the complexity of the taxation and national insurance system and also by lack of, or lack of awareness of, easy-to-use software.

There are important, and largely expected, differences in applications between business sectors (**Figures 8a/b**). Stock control for example where computers on average are used by 28 per cent is much more common in the retail/distribution sector (46 per cent) and in manufacturing (31 per cent) than in business services (15 per cent). Computer aided design/manufacturing is used by 35 per cent of manufacturers but only 21 per cent overall.

In general the percentage of respondents using each application rises with firm size. The exception was 'other' applications where the smallest firms recorded 11 per cent against an average of 8 per cent. These other uses included application development (writing software), CD-ROM presentations, e-mail, EDI and Internet and Viewdata.

Fig 7b - COMPUTER APPLICATIONS: BY EMPLOYEE SIZE



The ordering of applications was similar across regions though firms in the Midlands and North where firms were on average larger than in the South tended to use a wider range of applications. Desk-top publishing was more widely used in the South (Figure 9).

Fig 8a - COMPUTER APPLICATIONS: BY SECTOR

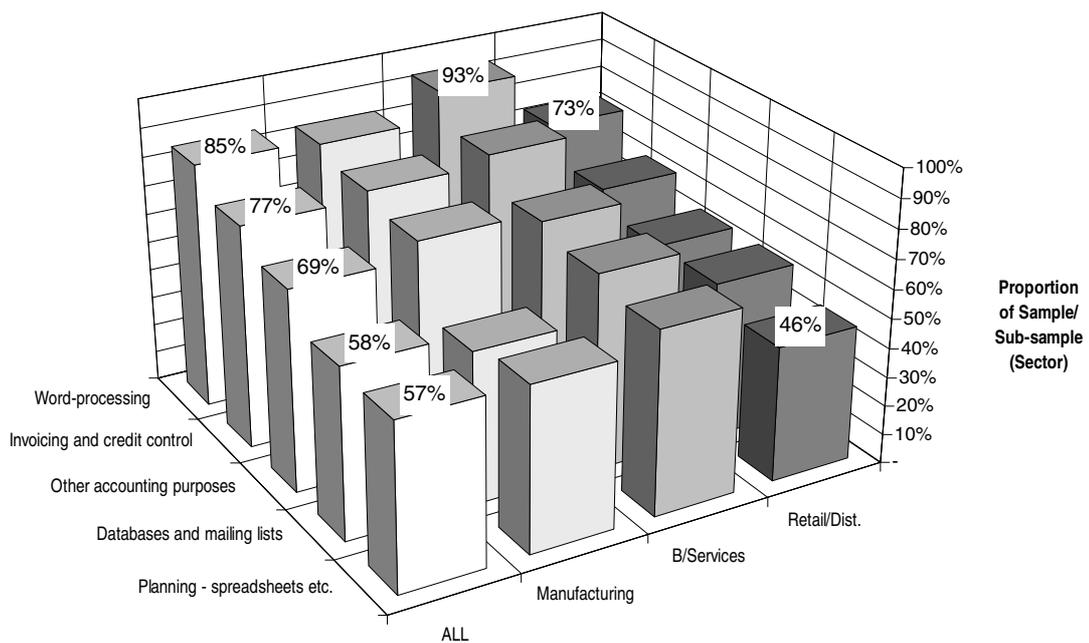
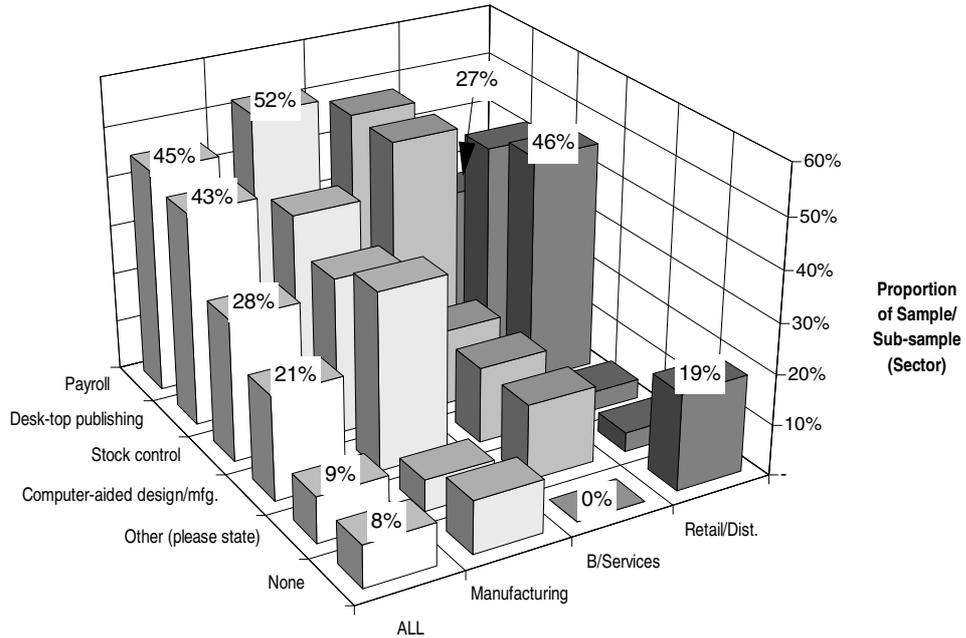


Fig 8b - COMPUTER APPLICATIONS: BY SECTOR



In fact as we saw earlier usage of computers is somewhat greater in larger firms though not markedly so beyond the 5-9 FTE sizeband, but the range of applications is greater in larger firms. One respondent said that the greater use of IT in larger firms was to be explained by

cost:

"..IT is extremely expensive (reducing gradually) and thus more accessible to larger businesses than smaller businesses - therefore providing larger businesses with

Fig 9 - COMPUTER APPLICATIONS: BY REGION

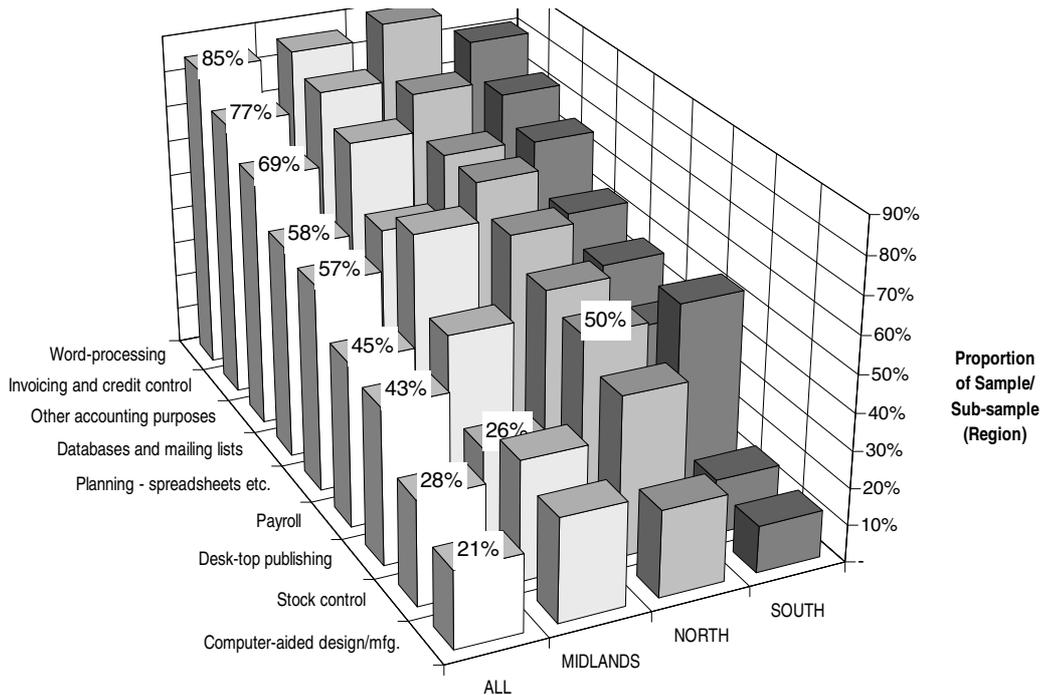
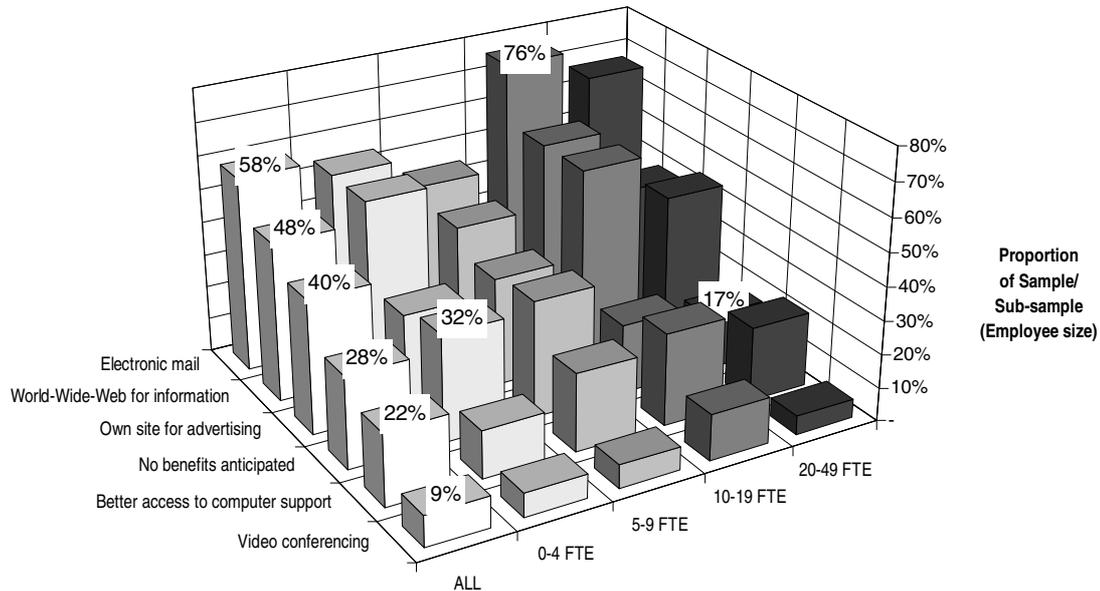


Fig 10 - EXPECTED INTERNET BENEFITS: BY EMPLOYEE SIZE



advantages and competitive information over smaller firms.”

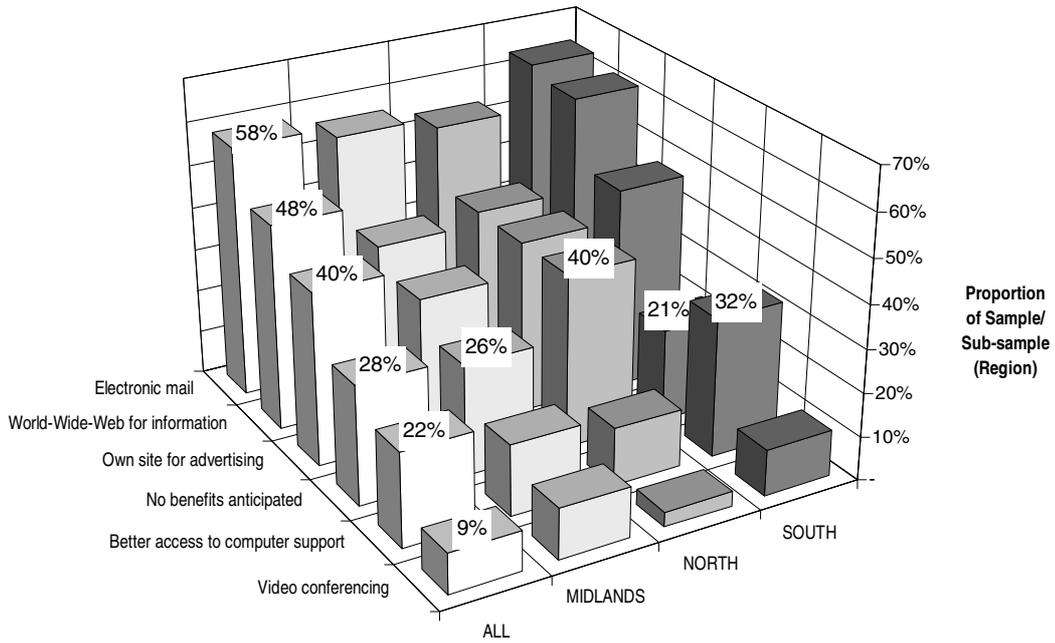
THE INTERNET

We know from the other surveys that the use of the Internet by smaller firms is increasing. Respondents in this survey were asked what benefits the Internet would bring over the next 5 years. E-mail came first (58 per cent) followed by use of the World Wide Web ('WWW') for information (48 per cent) and the availability of own sites for advertising (40 per cent) (**Figure 10**).

Again mirroring the trend in other applications, expectations of Internet use for advertising rise with firm size. To a lesser extent this was true for e-mail, but for access to information there was no size related trend. In fact 54 per cent of the smallest firms (0-4 FTE) expect information benefits compared with 39 per cent of firms in the 20-49 FTE size band.

Over one in four respondents (28 per cent) anticipate no benefits from the Internet, these were mostly smaller firms but even 17 per cent of firms in the 20-49 FTE size band expect no benefits. Unbelievers in Internet benefits were much more common in the North (40 per

Fig 11 - EXPECTED INTERNET BENEFITS: BY REGION



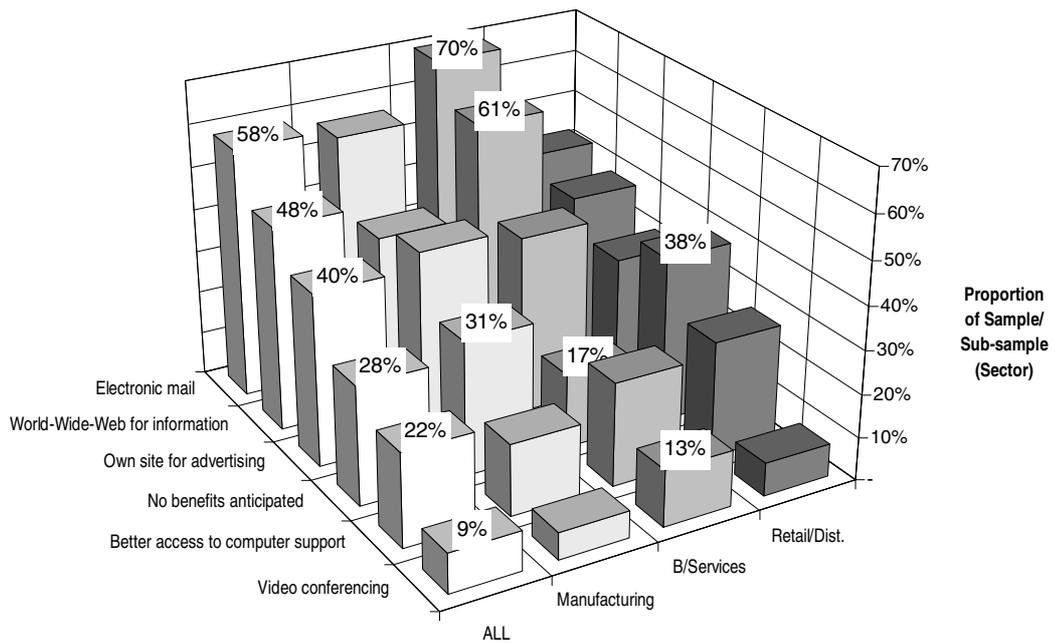
cent) and to a much lesser extent in the Midlands (26 per cent) than in the South (21 per cent) (**Figure 11**).

Unbelievers were most common in retailing (38 per cent) followed by manufacturing (31 per cent) and least

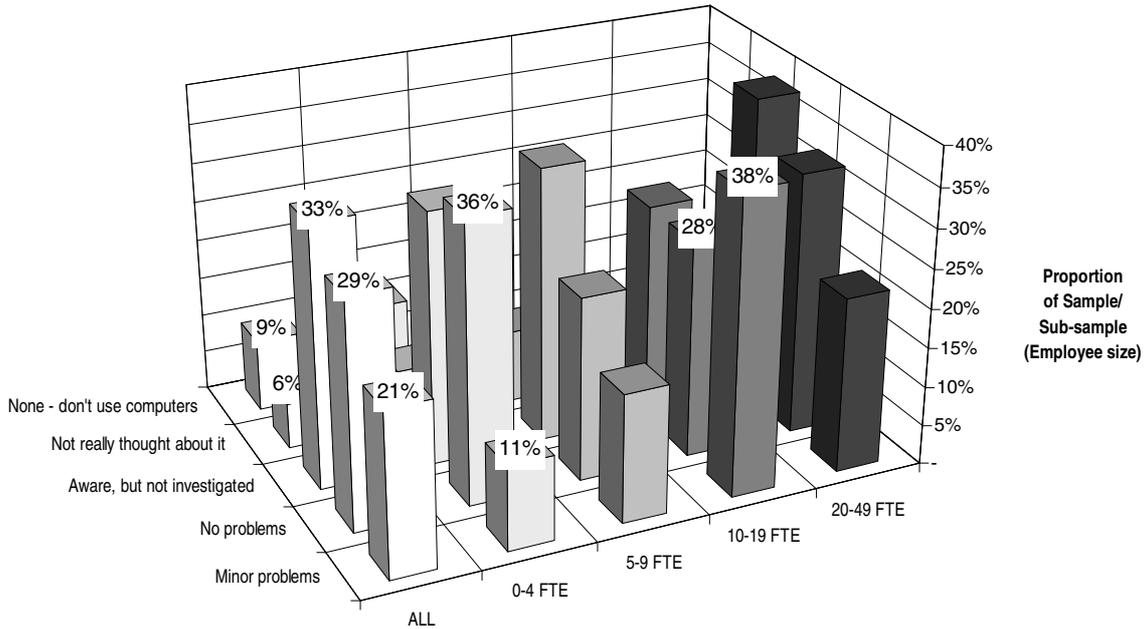
common in business services (17 per cent) (**Figure 12**).

The fifth most commonly perceived benefit of the Internet is better access to computer support (22 per cent), lack of which was identified as a problem above.

Fig 12 - EXPECTED INTERNET BENEFITS: BY SECTOR



**Fig 13 - 'MILLENNIUM BUG' AWARENESS & IMPACT:
BY EMPLOYEE SIZE**



This benefit was expected by 32 per cent of respondents in the South, twice as many as in the other two regions. Overall 9 per cent of respondents mentioned video conferencing as an expected benefit of the Internet (13 per cent in business services).

THE 'MILLENNIUM BUG' (YEAR 2000 PROBLEMS)

Most respondents are aware that some business computers may have problems in handling date/year data beyond 1999. As far as most small PC based firms are directly concerned, the direct **cost** of this issue may have been exaggerated in the press. **Not one respondent anticipated major problems** arising from the Millennium Bug (**Figure 13**): 21 per cent expected minor problems only.

For those firms having already investigated the issue (namely, those saying that there were either 'no problems' or just 'minor problems'), there was approximately a 40 per cent probability that some remedial action had been, or would need to be, taken.

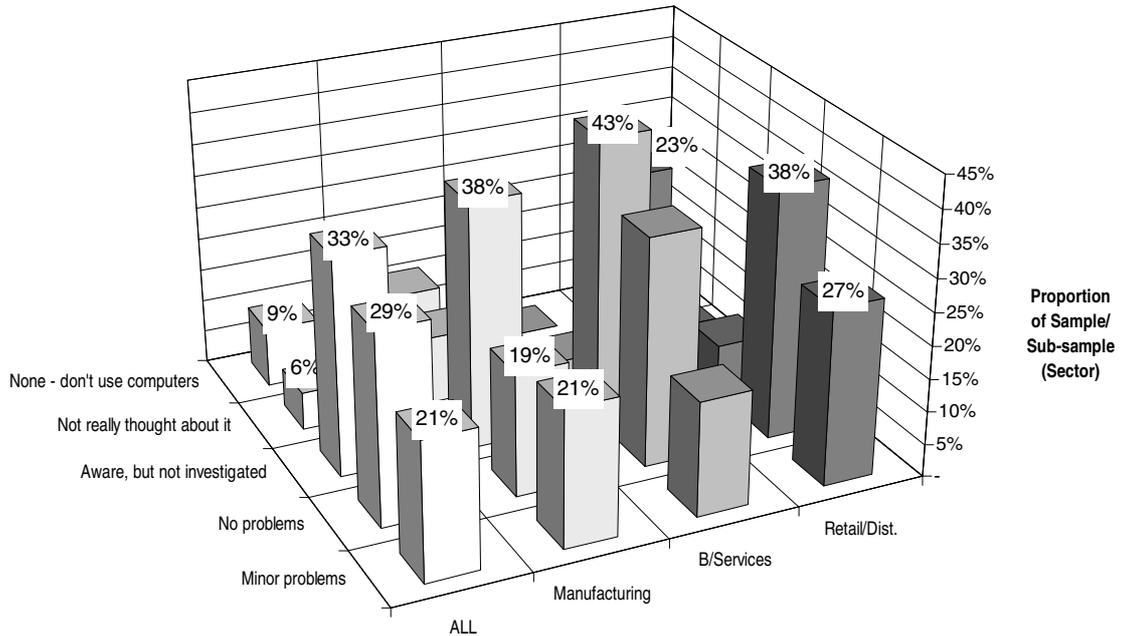
There are at least three root causes:

- 1) As many as 50 per cent of new PCs may have a problem in correctly handling the change of century from 1999 to 2000.
- 2) Some, perhaps older, software may also hold date-based information which does not show century details.
- 3) Finally, there may be indirect problems created from systems designed in the 1970s or earlier and installed in larger suppliers or some financial or public institutions.

So, whilst the cost of addressing the problem may not be that great, **a sizeable proportion of the small business population will probably need to act in one way or another.**

Around two in five respondents (39 per cent) have yet to investigate the problem - only 6 per cent admitted to not having thought about it, 33 per cent were aware of the issue but had not investigated and 29 per cent expected no problems. 9 per cent of firms that did not use computers felt that there would be no problems. The

**Fig 14 - 'MILLENNIUM BUG' AWARENESS & IMPACT:
BY SECTOR**



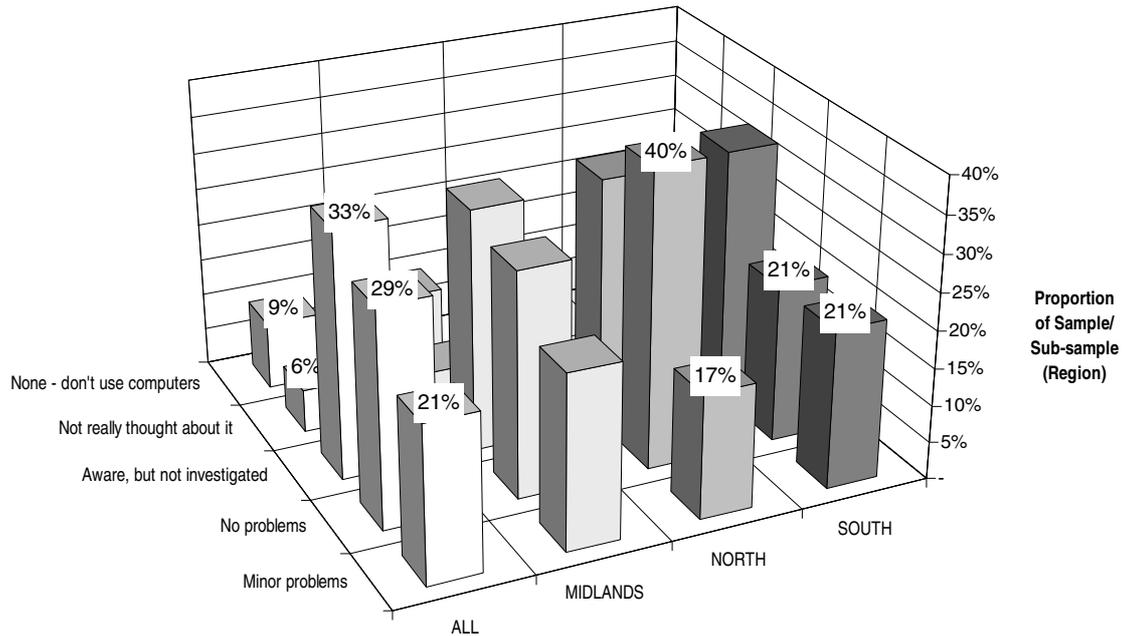
smaller firms were somewhat more confident about the lack of problem than larger firms. Firms in the 10-49 FTE size groups felt most vulnerable to minor problems but perhaps surprisingly there was no clear size related pattern in the responses.

Manufacturers (21 per cent) and retailers (27 per cent) were most concerned about the possibility of minor problems and business services (17 per cent) least so (**Figure 14**). There were no clear regional differences (**Figure 15**).

'YEAR 2000' WWW REFERENCES

- **Year 2000 Site ...**
<http://www.year2000.co.uk/>
- **British Standards Institution (BSI) ...**
'A Code of Practice for Small and Medium Enterprises': *PD2000-2 Managing Year 2000 Conformity*, more details from BSI DISC at: <http://www.bsi.org.uk/disc/year2000.html>
- **@ComputerWeekly ...**
Half of all new PCs fail 2000 Bios test (May 1997)
http://www.computerweekly.co.uk/news/22_5_97/08732275008/A.html

**Fig 15 - 'MILLENIUM BUG' AWARENESS & IMPACT:
BY REGION**



OTHER COMMENTS

Several general comments referred to the importance of IT and also to the importance of maintenance on not skimping on costs:

“Computers are a major tool in our work.”

“IT is essential for modern business to survive.”

There were some sceptics: (This from a firm in data communications products)

“We are sceptical about the benefits about the benefits of computerisation...”

And two clear antis:

“We encounter more trouble, paperwise from companies that use them, (computers), than those that do not.”

“When a computer can 'play it by ear', react to weather, sweep the floor or stack stock, then we may consider one. Not before.”

RESPONDENTS' COMMENTS

Respondents' comments are shown on the following pages.

MANUFACTURING

Cash Register Ribbons and Stationery	<i>"Within 5 years I expect all our customers to be able to order goods 'on-line'. This will supersede EDI [electronic data interchange] and fax, and allows better communication between us and our customers."</i>
Corporate Furniture	<i>"Computers are a major tool in our work"</i>
Data Communications Products	<i>"We are sceptical about the benefits of computerisation - viz Prisoners of Technology !"</i>
Fabrication, Welding, Machining, Special Purpose Machines	<i>"Standard account/management software packages are very difficult to assess in advance of purchase, and many 'salesmen' lack in-depth knowledge of what are very specialised products."</i>
Fireplace Manufacture & Gas Fire Sales	<i>"I was advised to use an Apple Macintosh computer, which I have found easy to use with few problems, the only drawback is it's not compatible with IBM systems."</i>
Manufacturers of Imitation Food Models	<i>"There is no way we should attempt a new currency at the millennium !"</i>
Manufacturing Broom Clamps and Holders, Yard Scrapers	<i>"We encounter more trouble, paperwise, from companies that use them, than those who do not. I prefer people not clones."</i>
Printing, Graphic Design, Copy Service	<i>"[There is a] Major problem to get reliable after-sales support. This industry needs to be 'exposed' for lack of support and 'blinding with science' - similar situation to financial services."</i>
Publishing	<p><i>"... there are 3,379,925 "Micro" firms in the UK employing 5.8 million. I'm sure I don't need to highlight the fact that even Ministers are now saying that this is the only real net job creation sector in our economy. So, as such, it commands a fair level of importance in training considerations - OR IT SHOULD... The problems, as I see it are as follows... FUNDING - FE Colleges will always make course provision where they can attract funding - at the moment almost all funding is output related funding which is always based on the attainment of NVQ/Academic style qualifications.</i></p> <p><i>As far as the owner/managers of "micro" firms are concerned, very few are interested in pieces of paper - they are mainly interested in "outputs" which give a direct business benefit and will help improve the business.</i></p> <p><i>E.g. At this very point in time three of my Directors (including myself) want a range of computer courses like:</i></p> <ul style="list-style-type: none"> <i>* Spreadsheets</i> <i>* Databases</i> <i>* Computerised accounting</i> <i>* Computer design for Desk Top Publishing etc., etc.,</i>

MANUFACTURING continued

Publishing cont.

However, on enquiry at colleges to get all we want we would have to enrol on NVQ style courses, of say 10-20 weeks duration to get a different specific element in each case. When we ask why we can't get what we specifically want we are told that they cannot mount them as they fall outside "funding" rules...

As a nation, we are missing a very important trick and that people like me, at 67 and one of those 3 Directors who want IT courses, do not want more pieces of paper - we have all we need. We want business specific training to help us create more jobs in our sector - because if we are more successful through training we will do that very thing - for we already have done so. But we do not want to follow a 10 week NVQ course to get a 3 week element simply because the college has to wrap that course up in the usual academic padding to get funding."

Sub-contract Engineering
Machining & Light Fabrication

"Computers need to be used carefully to avoid creating extra work that is of no use."

BUSINESS SERVICES

Accountancy, Audit, Tax &
Management Consultancy

"IT is essential for modern businesses to survive. They should use it to move forward and not cut corners with regard to the cost of choosing the equipment necessary for the business."

Implementation & Audit of
Quality Standards

"There are still people unfamiliar with computer literacy and IT benefits, even in their twenties. Much more training is needed."

Insolvency Services & Advice

"IT is extremely informative and competitive business activities are made available throughout all business industries/activities. Also, IT is extremely expensive (reducing gradually) and thus more accessible to larger businesses than smaller businesses - therefore providing larger businesses with advantages and competitive information over smaller firms."

International Freight
Forwarding Services

"IT should be used to assist you to control and not to multiply the amount of paperwork etc. within one's company."

Management Systems
Consultancy

"Most companies seriously under-exploit their existing IT facilities through not understanding what IT could do for them."

Microfilming Bureau Service

"To my knowledge, there is no government training incentives or financial help, to encourage small businesses to go IT."

Telephone Marketing and
Telephone Sales Company

"[I] Feel more support, especially financially, is required to either install [a] computer system or expand/upgrade existing system. If there is support at the moment, I am not aware of it."

RETAIL AND DISTRIBUTION

Computer Environmental Services	<i>"IT is now essential to business and therefore needs to be properly maintained."</i>
Hardware and Pet Store	<i>"When a computer can 'play it by ear', react to weather, sweep the floor or stack stock, then we may consider one ! Not before."</i>
Suppliers of Woodscrews, Adhesives, Fixings &c.	<i>"As your computer is 'obsolete' before the bin-men have removed the packaging from your premises, could the Inland Revenue look at special short 'write-down' periods !"</i>
Tool Plant & Equipment Hire, Sales & Repair Service	<i>"[We] Had computer 5 years ago; program not very helpful. Use home computer for word-processing only. Gone back to handwriting."</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 into manufacturing, business services, retail/distribution. From 1996 onwards, firms falling outside these 3 bands - previously classified as 'other' - are now allocated to the foregoing sector which offers the closest match.

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). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the sectoral and regional analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

DISTRIBUTION OF FIRMS

The highest concentration is in manufacturing (40%), closely followed by business services, see **Figure 16**.

Fig 16 - INDUSTRIAL SECTOR: BY REGION

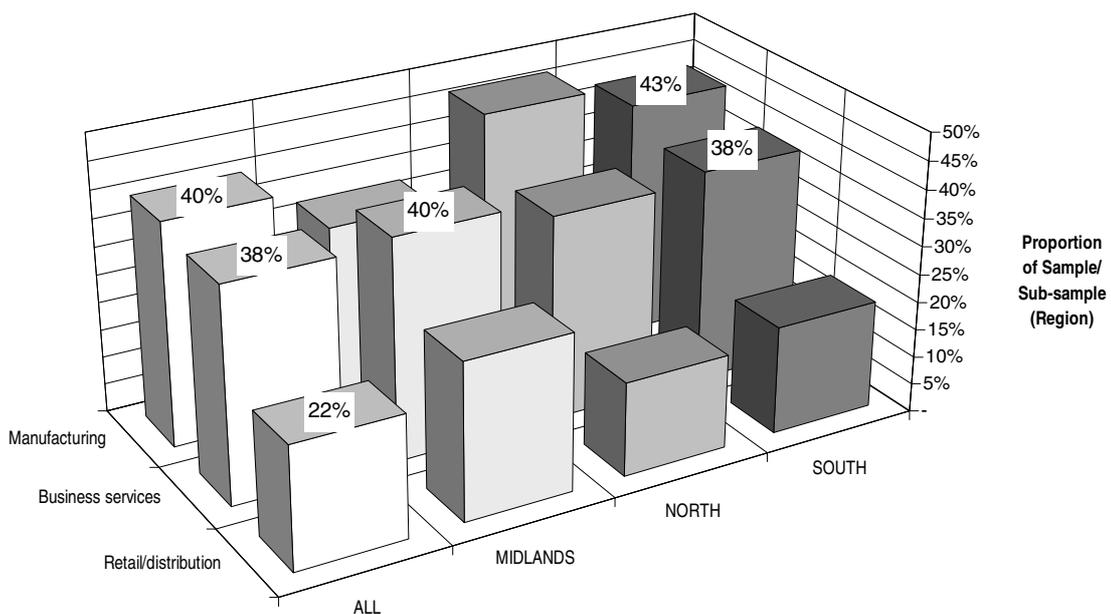
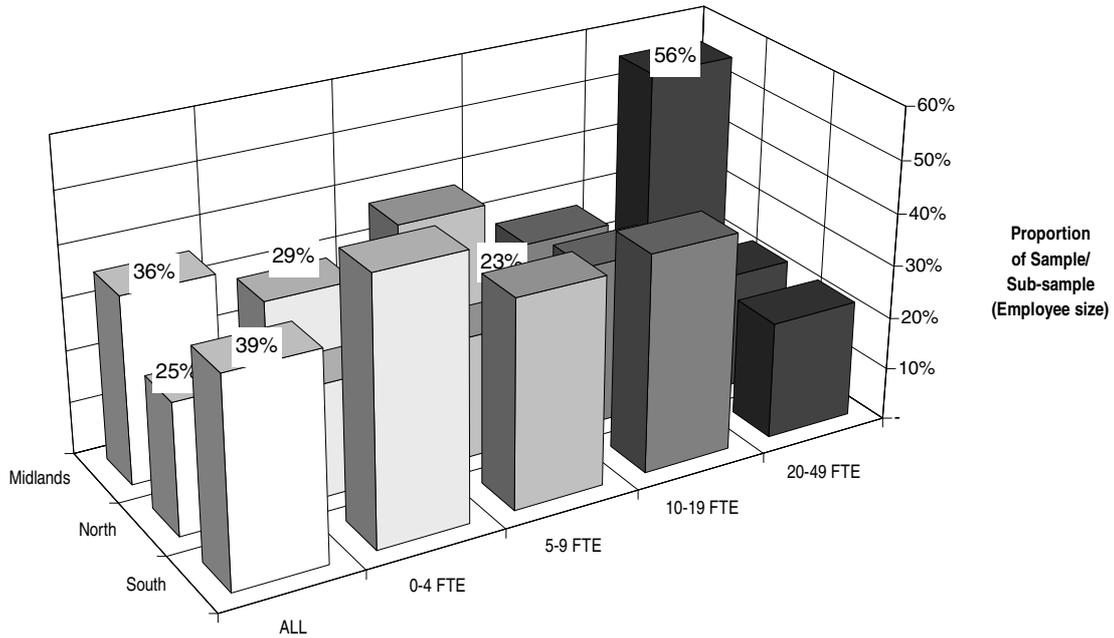


Fig 17 - REGION: BY EMPLOYEE SIZE

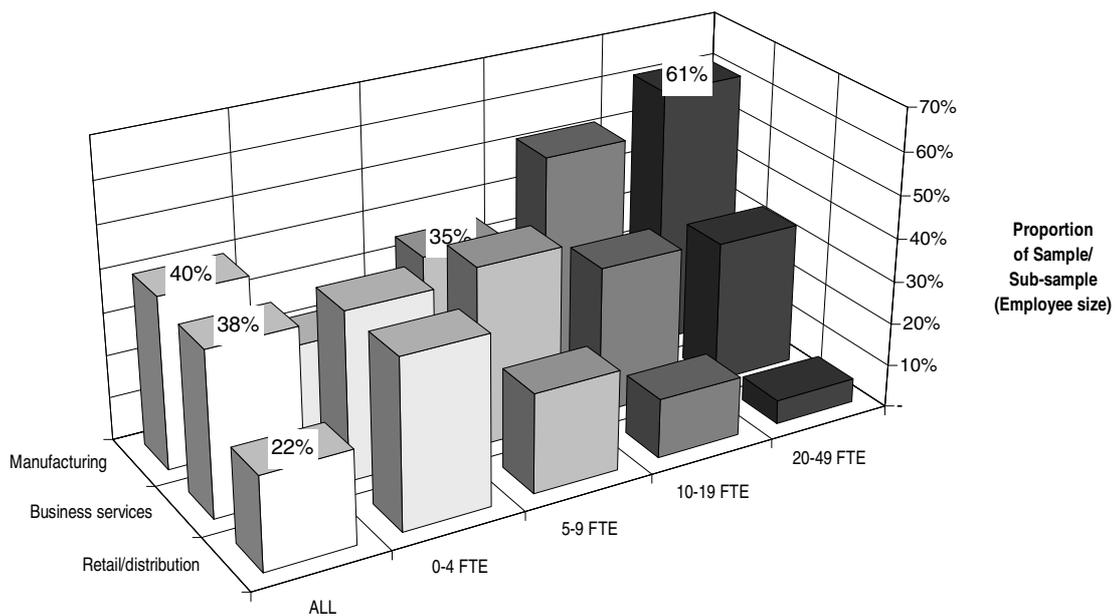


The sub-sample in the **Midlands** for this survey has 29% of the smallest businesses, compared to 44% in Vol.5 No.1, two surveys ago (see **Figure 17**).

larger, in terms of employees, whereas the firms in **retailing/distribution** tend to have **fewer full-time equivalent employees (Figure 18)**.

The **Manufacturing** and **business services** firms in the sample tend to be

Fig 18 - INDUSTRIAL SECTOR: BY EMPLOYEE SIZE





Lloyds Bank

Lloyds Bank/Small Business Research Trust Quarterly Small Business Management Report - No.19

This questionnaire will take approximately 5-10 minutes to complete - most answers require only a single tick. All information received will be treated in complete confidence. **PLEASE DESPATCH AS SOON AS POSSIBLE.**

MANAGEMENT ISSUE: Information Technology (IT)

1 Please indicate the number of people working in your business (including yourself):

Full-time : _____ A

Part-time (16 hours/wk or less)..... : _____ B

2 Equipment - Which of these items are used in your business:

✓ Against all which apply

Answering machine A

Computer B

Fax machine C

Mobile phone D

Modem (or ISDN terminal adapter)..... E

Pager F

Telex G

None - e.g. question not applicable H

Other (please state): _____ I

3 Computer problems - Which of the following, if any, has your business experienced with your computer system over the past 24 months:

✓ Against all which apply

Lack of adequate external training facilities A

Software not user-friendly enough B

Hardware problems (disk or network failures, etc) . C

Inadequate external technical support..... D

None - no major problems E

Not applicable - we have no computer system.. F

Other (please state): _____ G

4 Computer use - How much time do you personally spend using a computer each day ?

Just ONE ✓ only

None A

OR Less than 2 hours a day B

OR 2-5 hours/day C

OR More than 5 hours/day D

5 Tasks/applications - If your business uses one or more computers, for what purpose(s) are they used ?

✓ Against all which apply

- Payroll..... A
- Invoicing and credit control B
- Other accounting purposes..... C
- Planning - spreadsheets etc. D
- Stock control E
- Databases and mailing lists F
- Computer-aided design/mfg. (CAD/CAM)..... G
- Desktop publishing H
- Word-processing..... I
- None - e.g. question not applicable** J
- Other (please state): _____ K

6 The Internet - Which of the following benefits do you expect it to bring to your business over the next 5 years:

✓ Against all which apply

- Electronic mail A
- World Wide Web as a source of information (official documents, supplier information, etc.) B
- Better access to computer support C
- Own Internet site for advertising D
- Video conferencing E
- No benefits anticipated F
- Other (please state): _____ G

7 'Millenium Bug' - Some business computers have problems handling date/year data beyond '1999'. What is the effect of your system for your firm ?

Just ONE ✓ only

- We have investigated it and have major problems A
- OR** We have investigated it and have minor problems B
- OR** We have investigated it and have no problems C
- OR** We are aware of the issue, but have yet to investigate it..... D
- OR** We haven't really given it any thought E
- OR** **None - we don't use computers internally** F

8 'IT' - If you have any strong views about the topic, 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 sector), then please comment

ISSN 0968 6444

Cover design • Simon Head