



MOORE

LIGHT AT THE END OF THE TUNNEL FOR OWNER MANAGED BUSINESSES?

The Owner Managed Business view in July 2021



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Our latest Owner Managed Business (OMB) survey looked at the impact of the pandemic on businesses across the UK. Although business confidence remains low, we are starting to see positive signs of improvement and recovery amongst Owner Managed Businesses, with many optimistic about a better performance in 2021, and a growing number looking to increase their headcount in the coming months.

“It’s heartening to see OMB confidence beginning to increase, and recruitment and expansion starting up again, however it is clear that the recovery is extremely fragile and any change to the government’s roadmap out of the pandemic will have a significant impact on OMBs ability to meet their revenue and growth targets for this year.

“The pandemic has transformed the way OMBs operate, and many of these changes are likely to be permanent, with an increase in both hybrid and flexible working meaning fewer workers in offices and on site, and a subsequent reduction in office and other workspaces.

“There will be challenges for OMBs in the year ahead, and they’ll need support and guidance as they adapt to new, more flexible ways of working, whilst dealing with the lasting impact of the pandemic on the wellbeing of staff.”

Maureen Penfold
Chair of Moore UK

To gather the data for this report we surveyed 455 businesses with turnover between £85k and £30m and up to 249 employees in July 2021. Businesses were selected from across all sectors throughout the UK.

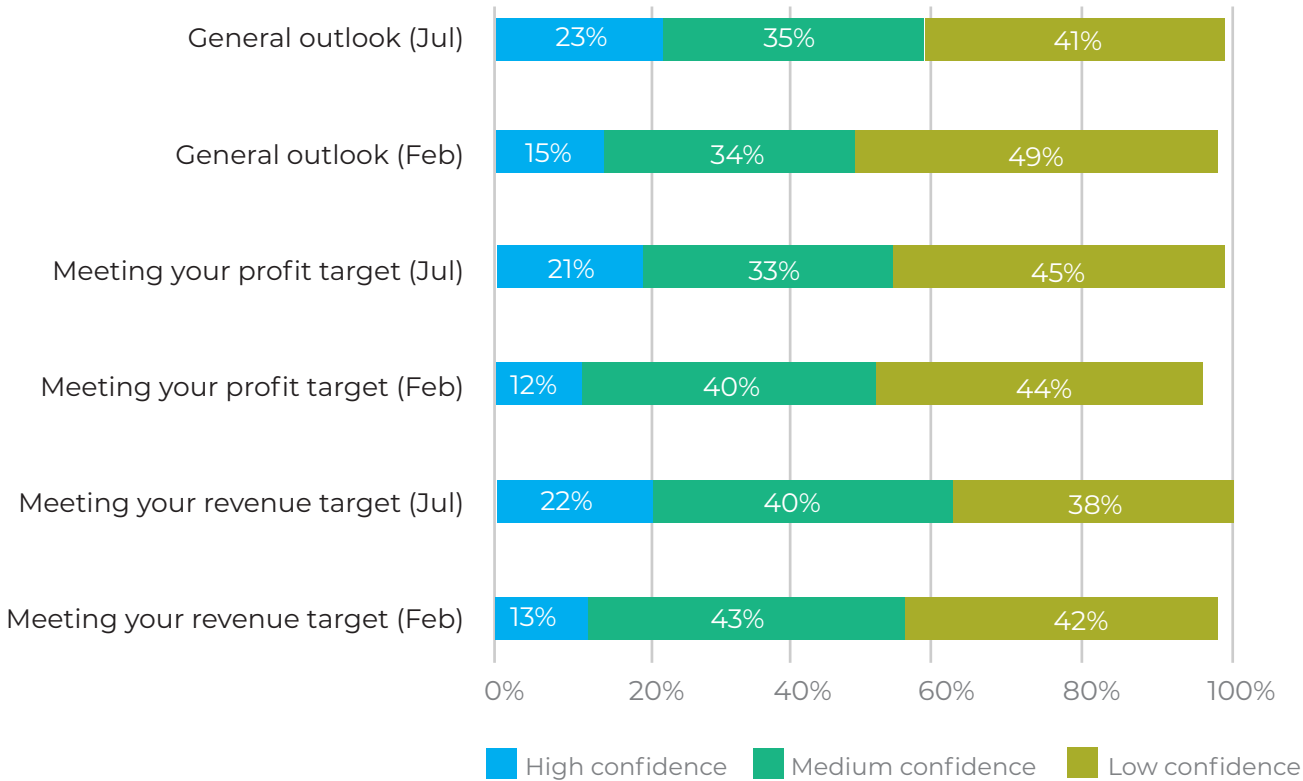
“OMBs will need support and guidance as they adapt to new, more flexible ways of working, whilst dealing with the lasting impact of the pandemic on the wellbeing of staff.”



CONFIDENCE REMAINS LOW, BUT IS IMPROVING

Overall, business confidence remains low, with only 1 in 5 business owners feeling highly confident about meeting their profit and revenue targets this year. On a positive note, there has been an improvement in business confidence following on from February's nadir, when just over 10% of respondents felt highly confident about meeting targets.

Business confidence



As in our previous survey (carried out in February 2021), smaller businesses (those with turnover up to £1m) remain noticeably less confident than larger ones. 43% of businesses with turnover of less than £1m reported low confidence, compared to 33% of businesses with turnover between £1m and £30m.



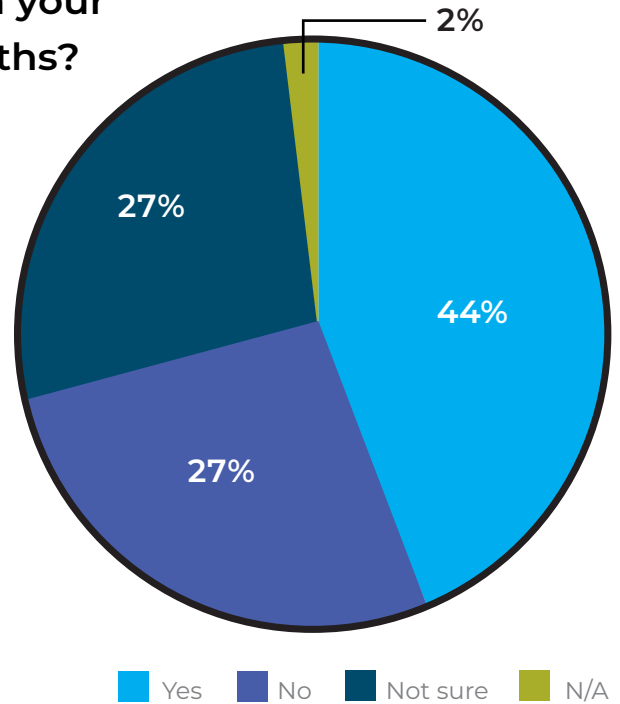
“For the coming year I am feeling optimistic about the new normal. My staff have returned to work and we are now able to trade at full capacity which of course should mean we can achieve our targets.”

LITTLE CONFIDENCE IN GOVERNMENT ROADMAP

There is still considerable uncertainty about the future and it is clear that any change to the Government's roadmap out of the pandemic would have a detrimental impact on OMBs.

Fewer than half of businesses (44%) feel that the current government roadmap for easing COVID restrictions gives them the confidence needed to plan their business effectively over the next 12 months, and almost 4 out 5 business owners said that a 4th national lockdown would have a significant negative impact on their business.

Does the current government roadmap for easing COVID restrictions give you the confidence you need to plan your business effectively over the next 12 months?

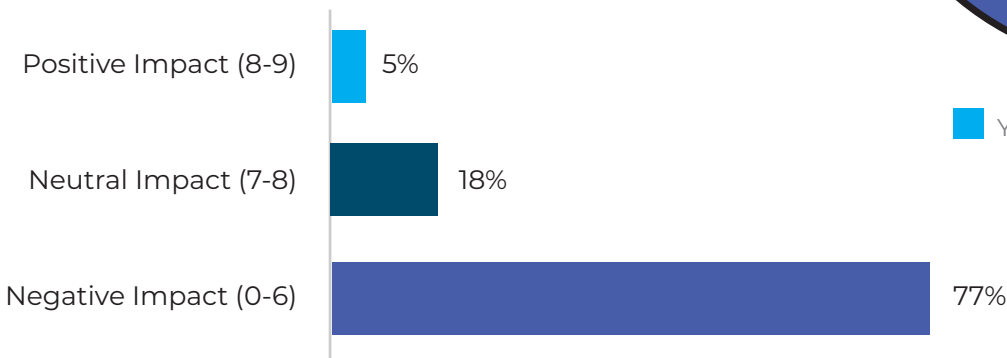


Aspirations for the coming year:

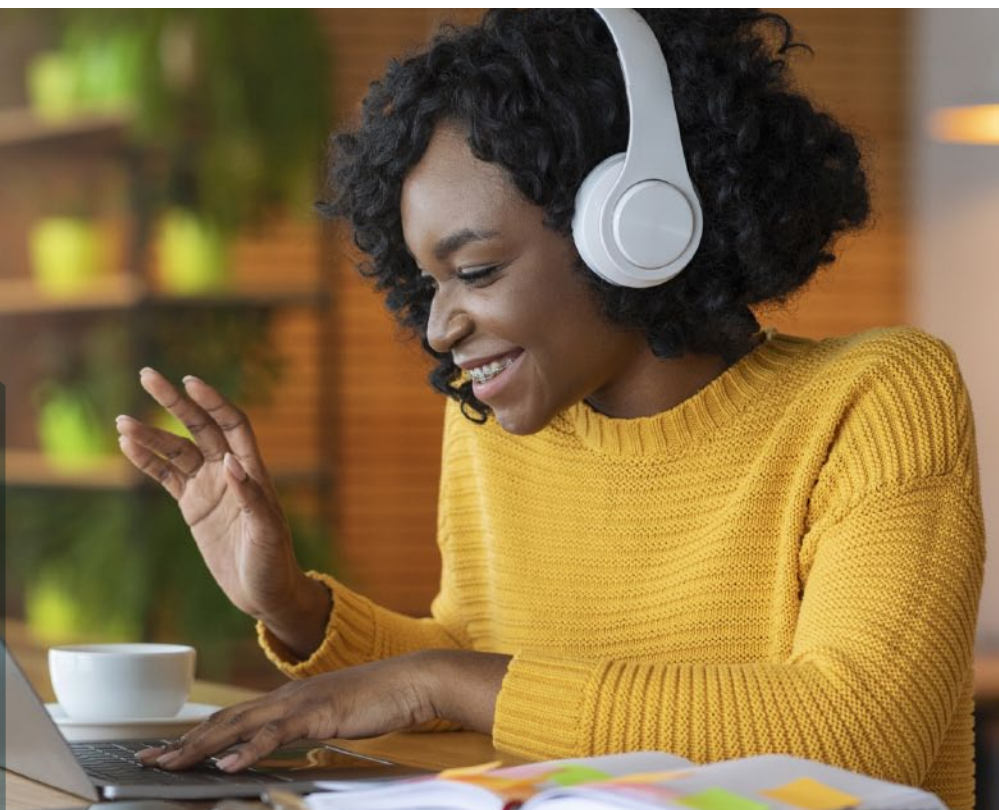
“Just to get through it without too many job losses.”

“Just to stay afloat and not get into trouble with Brexit and Covid.”

Impact of 4th lockdown



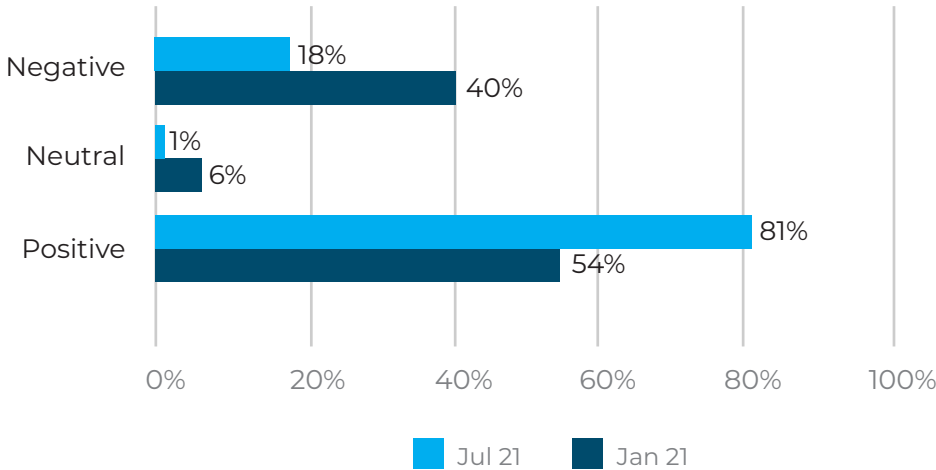
“We are desperately hoping there will not be a 4th lockdown, giving us the chance to stabilise the business and recruit new staff to help with our new product launches.”



OMBS HOPEFUL OF REVENUE AND HEADCOUNT GROWTH IN 2021 AFTER A DISMAL 2020

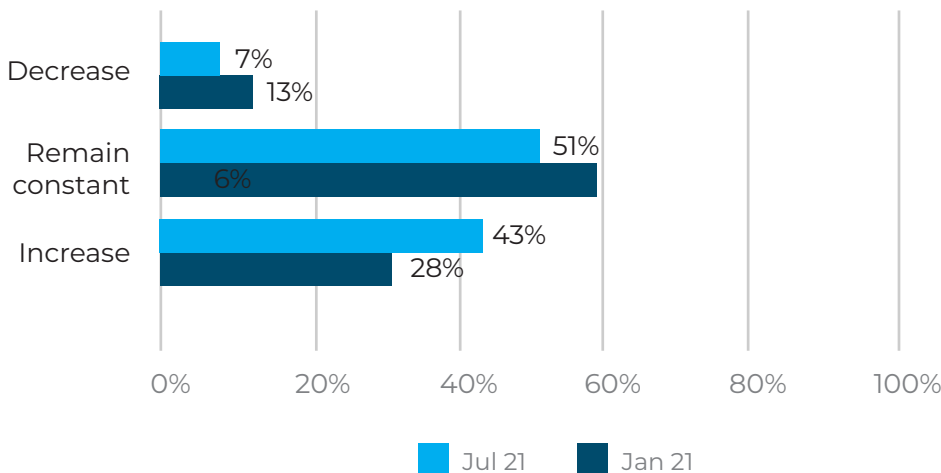
After the uncertainty of 2020, it is heartening to see that 8 out of 10 businesses are anticipating their revenue to grow in 2021/22 compared to just over half (54%) in February 2021.

Anticipated revenue change +/-



OMBs are also starting to expand their teams, with twice as many businesses (41%) saying they've increased their headcount in the past three months as had in February, and 43% expecting to do so in the next three months (compared to just 28% in February) – bringing a much-needed boost to the jobs market.

Expected changes to workforce over the next three months



“We lost 80 staff and 40% of our turnover since March 2020. Our aspirations for the coming year are to add to our staffing levels as required as we gradually increase our turnover.”

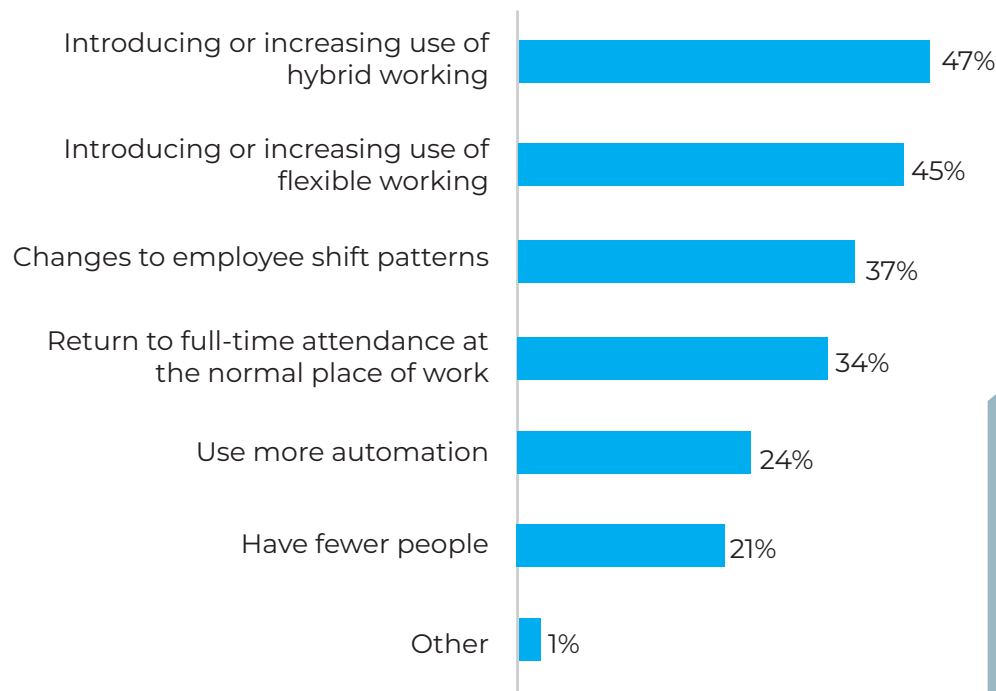
“Hopefully we will be able to increase staff levels and start to increase revenue to get back to where we were before the pandemic.”



CHANGES TO WORKING PATTERNS LIKELY TO BE PERMANENT POST PANDEMIC

Most OMBs (80%) said they anticipate changes to the way their team works as a direct result of the pandemic, with increases in hybrid working (a mixture of working from home and from business premises) and flexible working patterns being the most likely changes. Only a third said they were likely to return to full time attendance at their normal place of work.

The pandemic has also accelerated businesses use of technology, with almost a quarter (24%) saying they were planning to use more automation over the next 12 months.



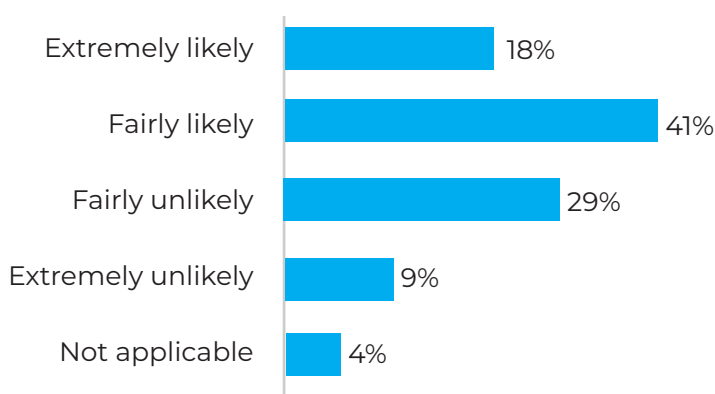
"We will continue to work from home, but not as many days during the week."

"We will be introducing a hybrid working model if desired for employees."

"[We will be] scaling down the office presence as this has proved we can function without the need for high street office space."

OMBS ARE EXPECTING TO REDUCE THEIR OFFICE SPACE

The changes to working patterns are having an impact on the need for business premises. 60% of owner managed businesses surveyed said they were likely to reduce their office space over the next 12 months. While this can be a positive move for businesses by enabling them to reduce their overheads, there will be a knock-on effect on commercial landlords and companies who rely on office workers and industrial parks for business.

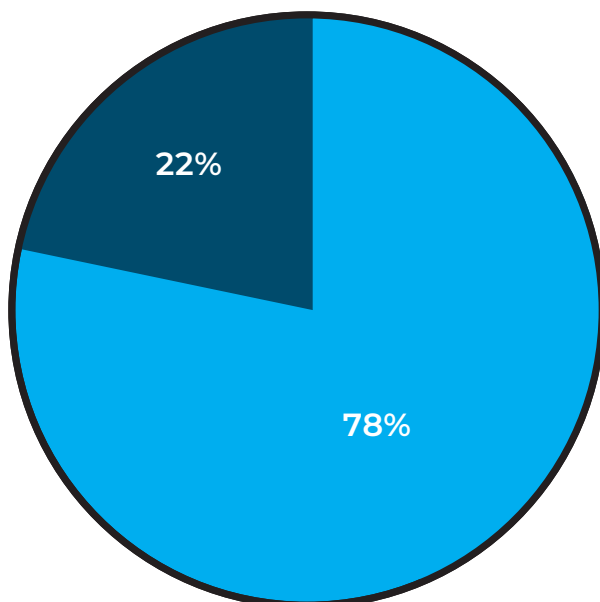




BUSINESSES FOCUSED ON MENTAL WELLBEING OF TEAMS

78% of OMBs said they were **particularly** concerned about the mental wellbeing of their teams post COVID. Reassuringly, 83% said they already had measures in place to deal with mental wellbeing issues for their teams. The challenge for OMBs will be in looking after employees whilst implementing new flexible and hybrid working policies.

Are you particularly concerned about the mental wellbeing of your team post COVID?



■ Yes ■ No

“Our business is looking to improve the working situation of our staff and make sure everyone is happy and positive.”



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