



MOORE

A LONG ROAD TO RECOVERY FOR UK BUSINESSES?

The Owner Managed Business view in November 2021





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Every quarter, we ask business leaders across the country to share their aspirations for the next six months and track business confidence. Our latest Owner Managed Business (OMB) survey carried out in November 2021 looks at these consistent measures and new issues affecting UK businesses today.

“Our latest Owner Managed Business (OMB) survey is a tale of contrasts. Many businesses are still struggling with the effects of the pandemic while others are thriving. Only 1 in 5 businesses is confident about the general outlook for the next year and meeting their revenue targets for this year, but positively, eight out of 10 anticipate revenue growth on last year.

“With the UK Government’s Coronavirus Job Retention scheme having now ended, 1 in 3 businesses say redundancies are likely. But a crisis for some brings opportunities for others with 42% of businesses planning to increase their headcount over the next three months (up from just 28% in February 2021). This dichotomy means that we’re likely to see a major reshaping of the workforce in 2022.

“Aside from COVID, new challenges are arising. For those increasing their headcount, recruitment is a real challenge – businesses are having to adapt their approach to recruitment and retention in order to win the war for talent.

“Supply chain issues are a headache for many businesses, and these, coupled with increasing energy and fuel prices means that price increases to end users are extremely likely for half of businesses. And with COP26 having taken place recently, reducing carbon emissions is at the forefront of many business leaders’ minds, with more than 20% citing this as a priority for the next six months.

“Clearly, economic recovery is fragile, and there are significant challenges ahead for owner managed businesses. The road to recovery is likely to be a difficult one for many.”

Maureen Penfold , Chair of Moore UK

To gather the data for this report we surveyed 442 businesses with turnover between £85k and £30m and up to 249 employees in November 2021. Businesses were selected from across all sectors throughout the UK.

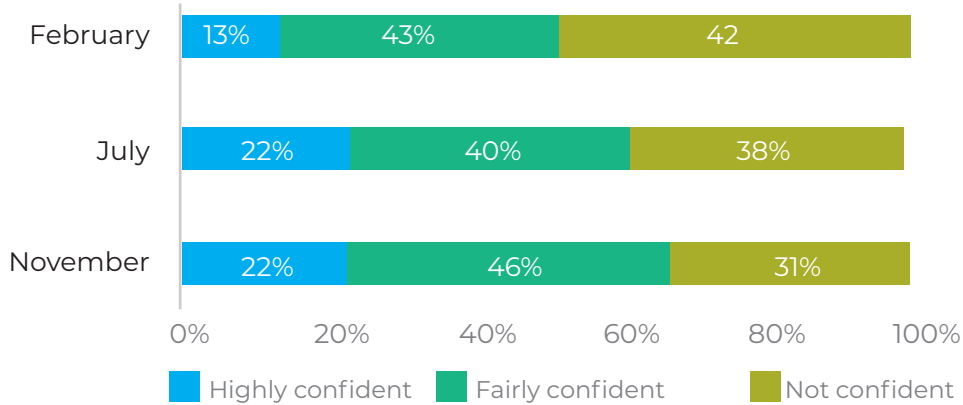
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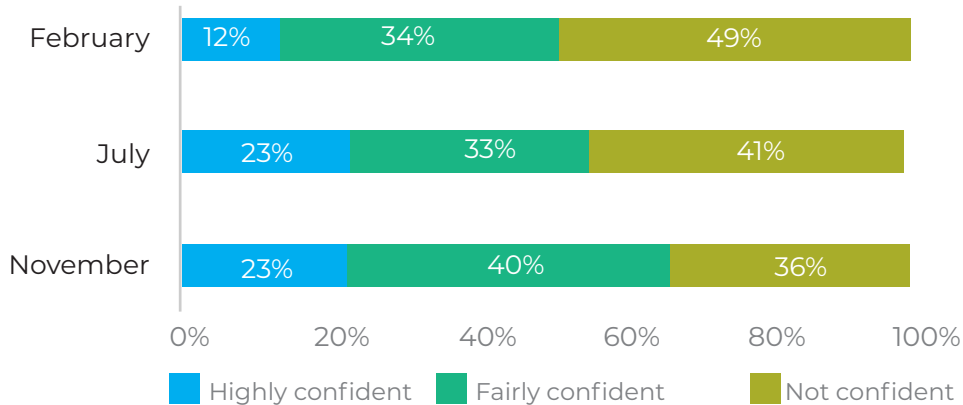
CONFIDENCE REMAINS LOW, BUT IS IMPROVING, ALBEIT SLOWLY

Many businesses are still feeling the negative effects of both the COVID-19 pandemic and Brexit. Overall, business confidence remains low, with, as we saw in our July survey, only 1 in 5 feeling highly confident of meeting profit and revenue targets this year. More than a third (36%) are pessimistic about the general outlook for the next 12 months. This is a slight improvement on July 2021 when 41% had low confidence in the general outlook.

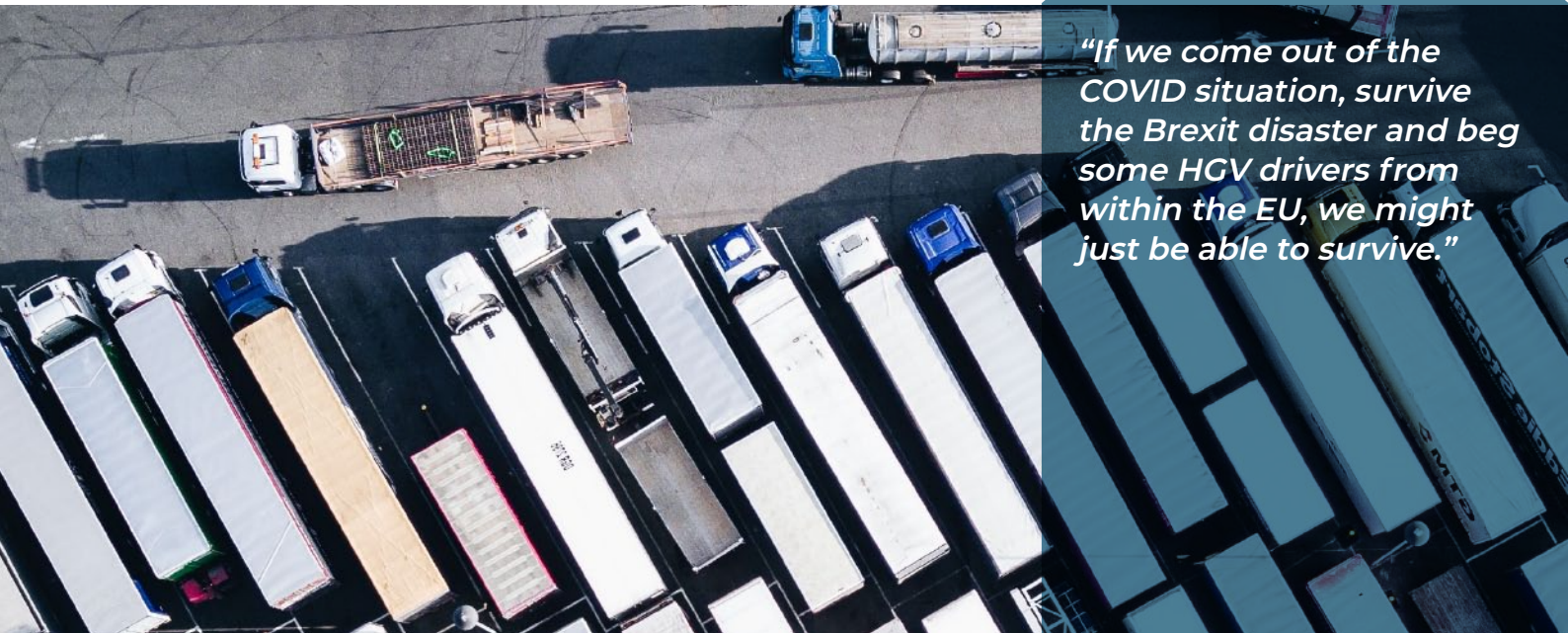
Confidence in meeting revenue targets



Confidence in general outlook



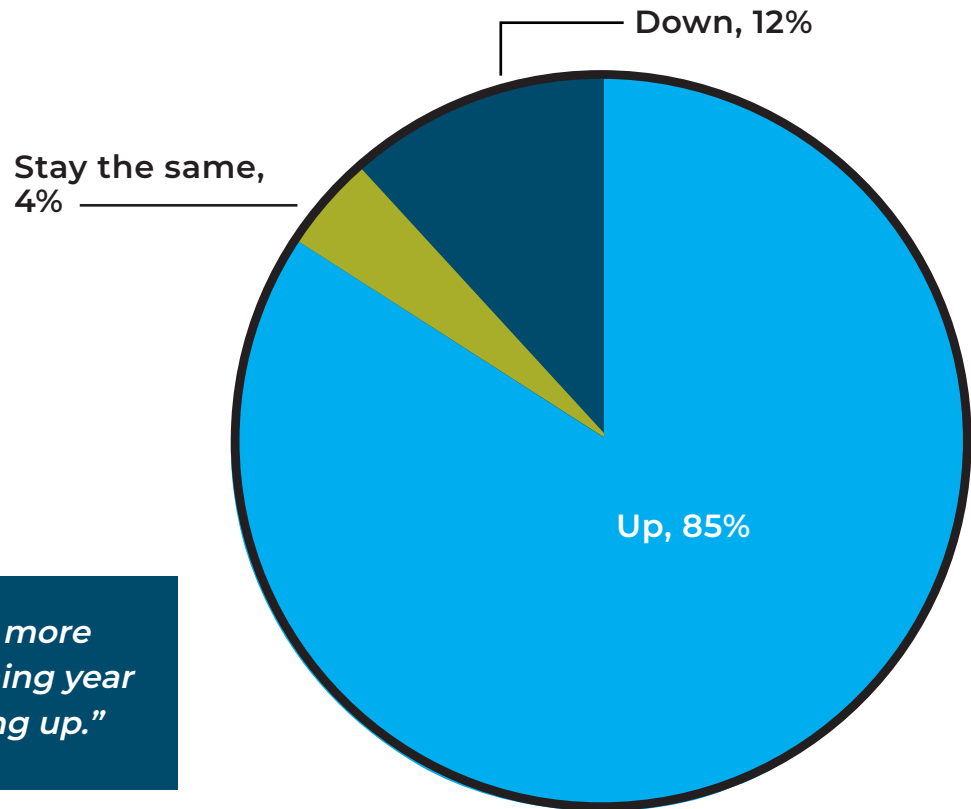
"If we come out of the COVID situation, survive the Brexit disaster and beg some HGV drivers from within the EU, we might just be able to survive."



SOME SIGNS OF CAUTIOUS OPTIMISM

More than 8 out of 10 anticipate revenue growth on the previous period (this is up 5% on our July survey results), and many are looking towards a hopefully brighter future with a better performance in 2022.

Do you think revenue will be up or down in 2021/22 compared to 2020/21?



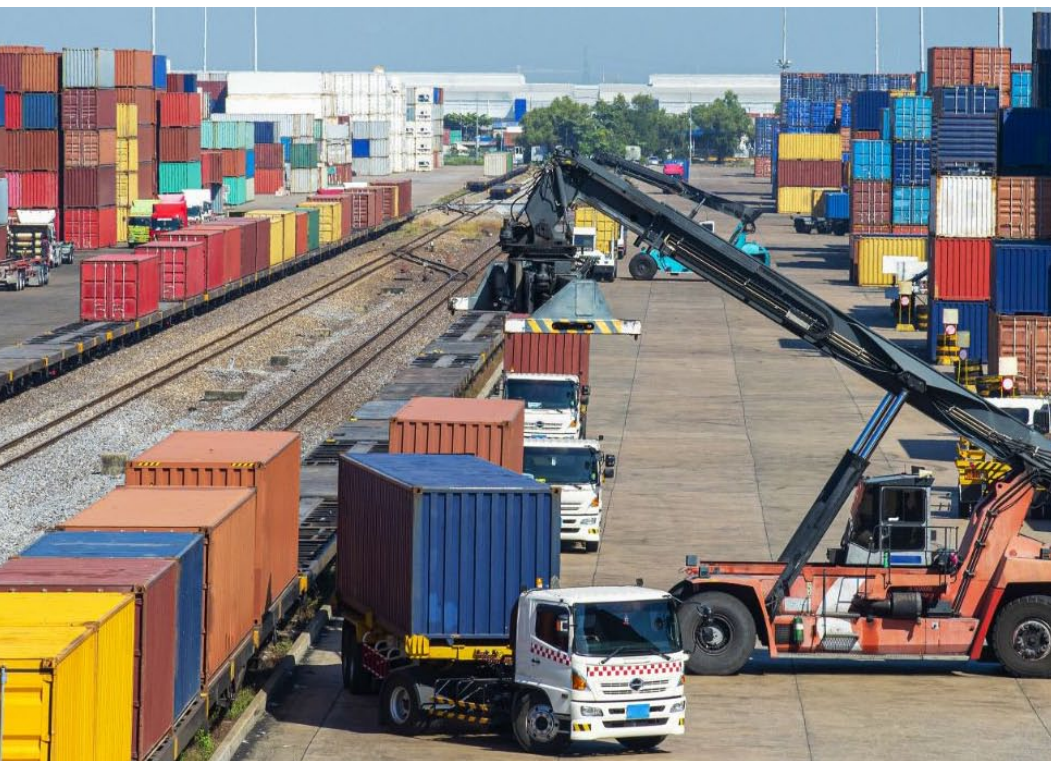
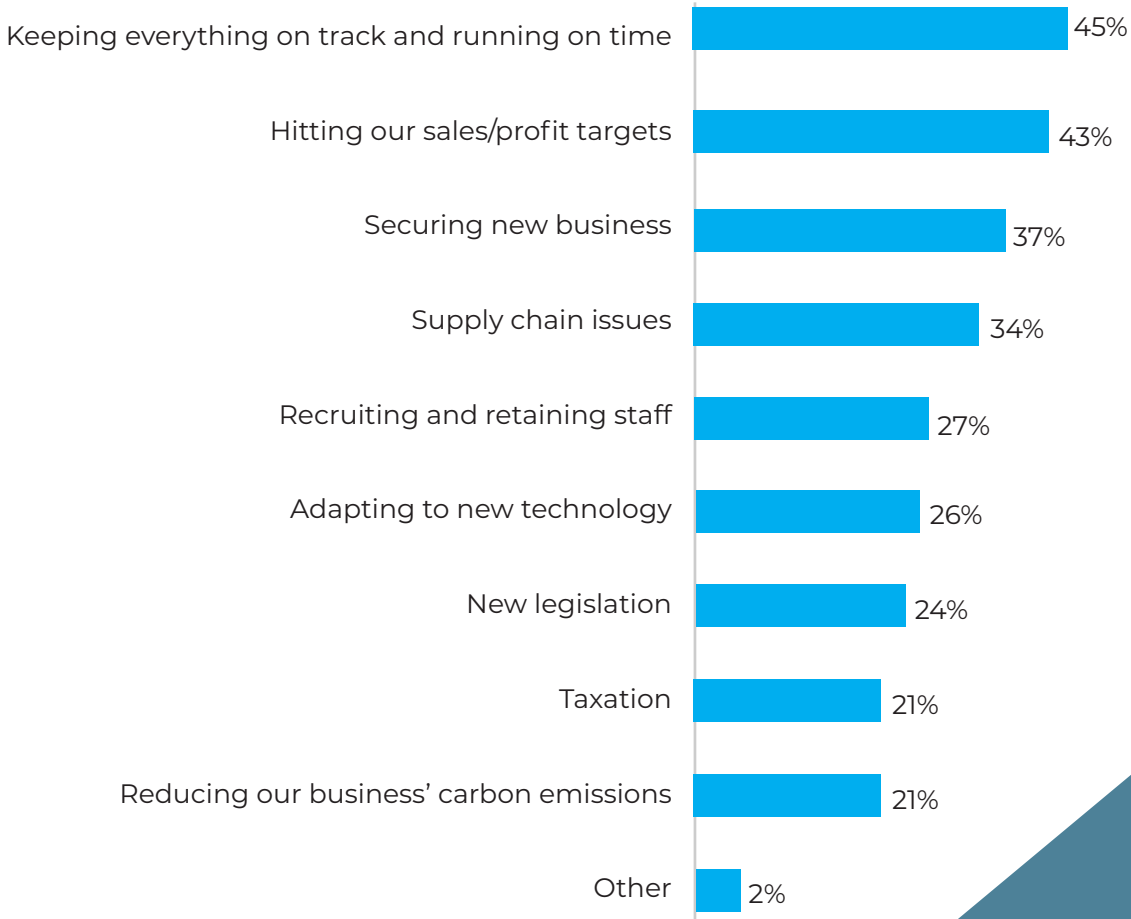
"We will be recruiting more employees in the coming year as the business is going up."

"Coming out of the worst of the pandemic our aim is make the business stable whilst building for the future with an expansion of products and hiring more staff."

BUSINESS CHALLENGES

We asked business owners about the three biggest challenges for their business over the next six months. Just keeping everything on track and running on time was a key challenge for almost half of all businesses (45%). Around 4 in 10 businesses said that hitting sales/profit targets or securing new business (43% and 37% respectively) were other key challenges.

What are the biggest challenges for your business over the next six months?



"We have to be realistic and Covid has had a tremendous impact on our business - our aim is to get back to the point that we are stable and are back to where we were before Covid."

"We want to increase profit to offset the issues of the past 18 months."

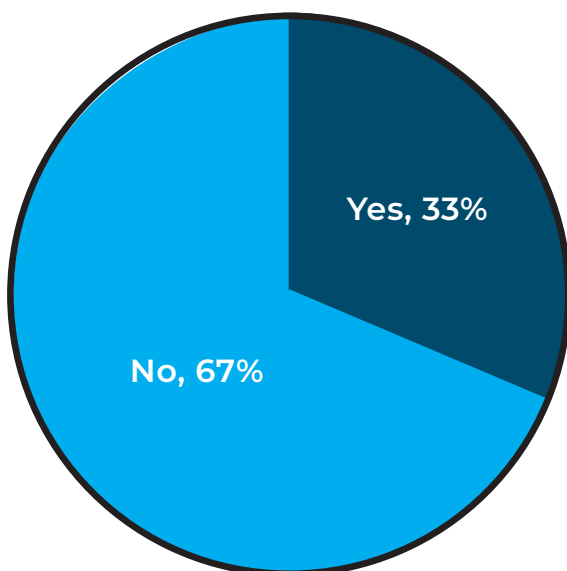


RESHAPING THE WORKFORCE – REDUNCANCIES HIGHLY LIKELY

A significant number of businesses are still feeling the effects of the pandemic, with 1/3 saying that they were planning to make redundancies now that the support provided by the Coronavirus Job Retention Scheme has ended. Larger businesses were more likely to be making redundancies (40% compared to 26% of smaller businesses).

On average, these businesses said they expected to make 45% of their workforce redundant.

Now that the coronavirus job retention scheme has ended are you planning to make any redundancies?



“The priority is to get enough work to be able to keep all my staff employed after a tough 18 months due to the pandemic.”

“The focus is on retaining customers and getting new business without the loss of any more staff.”

“We’re hoping to increase sales, so we do not have to make any redundancies.”

“Trying to keep the business afloat and stay profitable without having to make any job cuts.”



RESHAPING THE WORKFORCE – THE CHALLENGE TO RECRUIT

There was some positive news on the people front. Almost a third of businesses (27%) said that recruiting and retaining staff was one of their top priorities for the next six months and 42% say they are planning to increase their headcount. Larger businesses were more likely to be planning to recruit than smaller ones.

More than half of the businesses surveyed (53%) said they had recruited staff in the past three months. Again, larger businesses (annual revenue of more than £1million) were more likely to have been recruiting than smaller businesses.

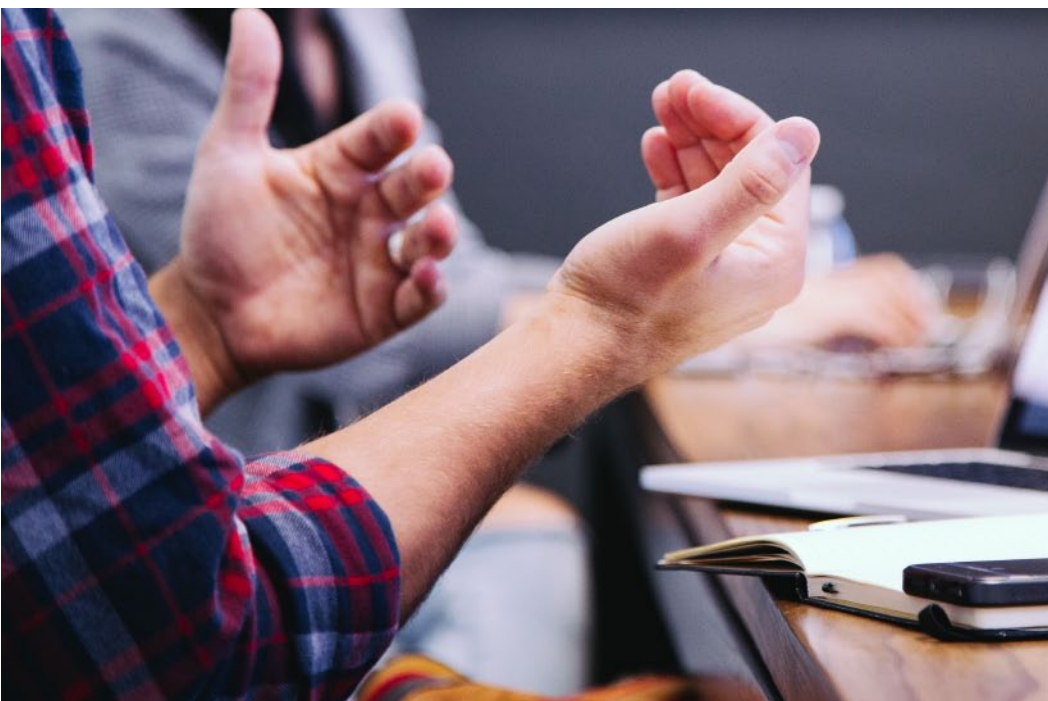
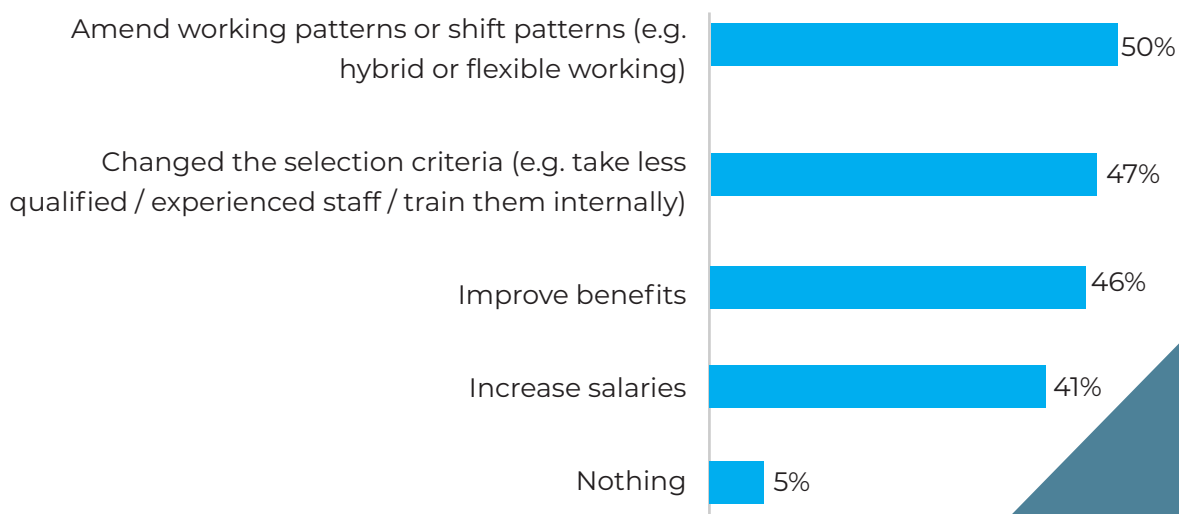
For those looking to attract new talent, recruitment has often been a challenge. Of those actively recruiting, 63% (147 businesses) said they found it challenging to recruit.

Businesses are increasingly having to adapt their approach to recruitment to attract talent.

Almost half 47% said they had to change the selection criteria for the staff they were looking for, i.e. by taking on less qualified or less experienced staff and training them internally. 4 in 10 had enhanced the package they offer, either by increasing salaries or improving benefits. Only 5% said they hadn't done anything differently to improve recruitment.

Larger businesses (those with annual turnover between £1m and £30m) were more likely to have amended working patterns or shift patterns or introduced flexible or hybrid working (62% compared to 28%).

What have you done to improve recruitment?



"It is becoming increasingly difficult to recruit highly skilled workers."

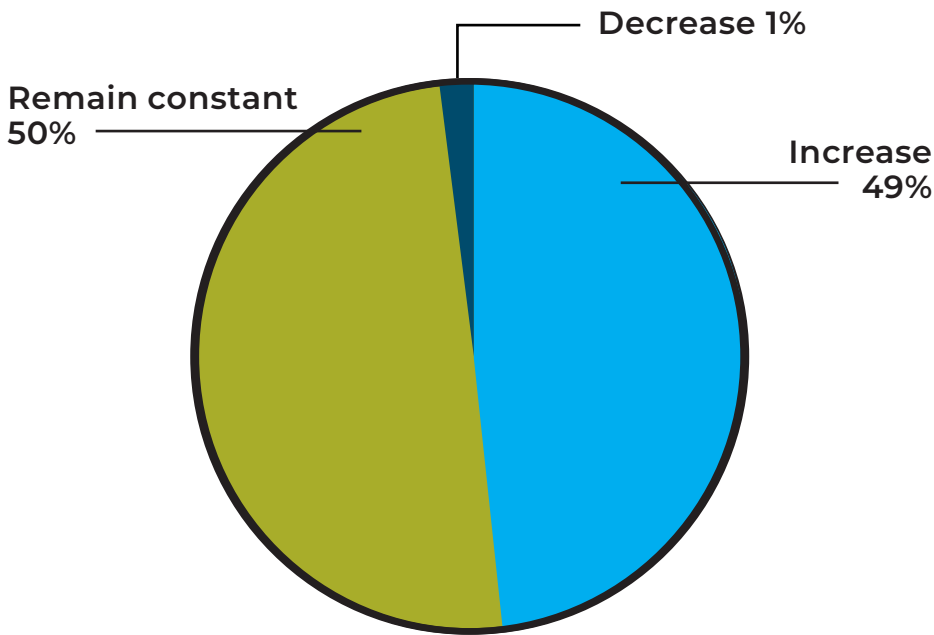
"Ensuring staffing remains stable and upskilling our existing workforce."

"We hope to recruit some new apprentices."

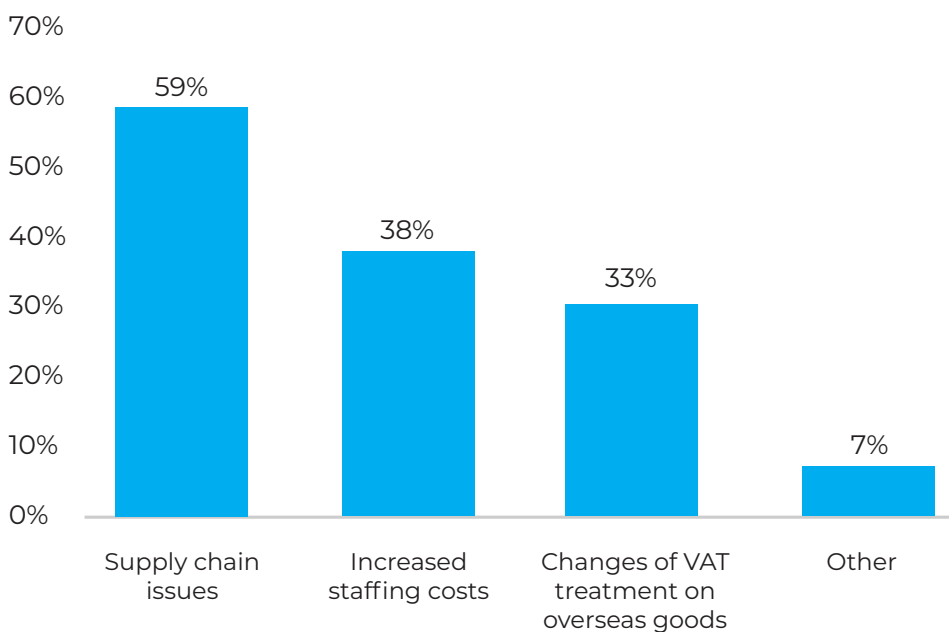
"We're focusing on becoming more efficient due to lack of new staff."

SUPPLY CHAIN ISSUES MEAN PRICES WILL RISE

Just under half of businesses (49%) said they were expecting to have to increase their prices over the next six months.



Businesses cited supply chain issues as the primary reason for needing to increase prices. Increased staffing costs and the changes to the VAT treatment of overseas goods were also factors. Many also cited increased energy and fuel costs as a driver of price increases.



"We hope to expand our business but need to increase our prices to keep everything flowing."

"We want to maintain our reputation for quality and realistic delivery times, even if we have to hold more raw materials."

"We want to maintain a solid customer base and keep our primary customers. Hopefully the restrictions and difficulties in getting the right essential materials due to Brexit will become more manageable."

"We're having to find new suppliers since lockdown ended as some have closed down."

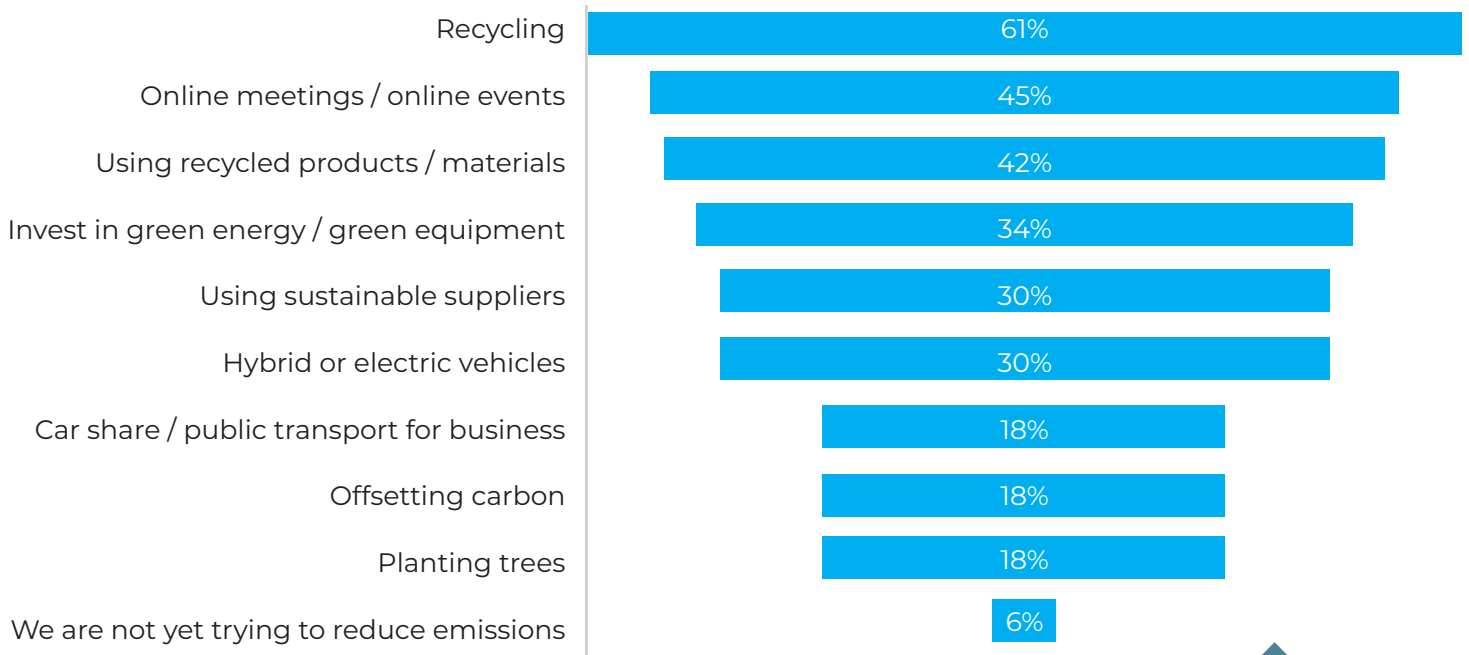


REDUCING CARBON EMISSIONS BECOMING A PRIORITY

With COP26 taking place last month, it's good to see that Owner Managed Businesses are taking climate change seriously and are committed to reducing their carbon footprint. 94% say there are doing something towards reducing emissions (only 6% are not.)

Just over half of businesses surveyed (53%) say they publish an annual report about what the company is committed to, and does, to help reduce emissions. This was more likely in larger businesses (62%) compared to smaller businesses (under £1m revenue) 43%.

What steps is your business already undertaking to reduce emissions?



A small minority of OMBs not yet trying to reduce emissions

Of those not yet actively trying to reduce emissions, 42% said reducing emissions wasn't relevant to their business. 35% said they were too busy to focus on reducing emissions and almost a third (27%) said it was too expensive.

"Our office is now equipped with a heatpump and underfloor heating."

"We are committed to reducing carbon emissions by 60 percent in the next eight years."

"Trying to go as green as possible."

"We want to become a company with a zero-carbon footprint."

MOORE UK

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