



**REVENUE CONFIDENCE SURGES,
BUT CASH FLOW AND TECH
ADOPTION REMAIN KEY
CONCERNS**

The Owner Managed Business view in 2024



THE BUSINESS OUTLOOK ON THE YEAR AHEAD

Twice a year 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 December 2023 looks at these consistent measures as well as new issues affecting UK businesses today.

Our latest survey findings show that, out of the 500 OMBs that took part, 80% are highly or fairly confident about the general outlook for the year ahead, with 88% feeling confident of hitting their revenue target over the next 12 months. When it comes to profitability targets, businesses are more confident than they've been at any point since our surveys began in 2021, with 80% feeling fairly or highly confident about hitting their profit target in the next 12 months.

Challenges with recruiting and retaining staff have certainly not gone away, but it is encouraging to see higher levels of recruitment than we have recorded since the end of the COVID-19 lockdowns in 2021, with 43% saying they have increased their workforce in the past three months, and 49% planning to take on more staff.

Whilst it is great to deliver our most optimistic report to date, there are still a number of challenges facing OMBs in 2024. Nearly half of OMBs see rising interest rates as a challenge, followed by business costs, and adopting and implementing new technology.

OMBs have become more strategically focused on their business plans in 2024, using financial data to make key decisions and protect their businesses.

It is apparent that whilst there is a lot more optimistic outlook than in previous reports, OMBs are exercising prudent restraint in the aftermath of COVID-19, prioritising stability over rapid growth in their strategic approach.

While achieving profitability targets in 2024 appears promising, OMBs will need to be proactive in addressing key concerns, including cash flow and investment risks, to ensure current positivity is realised over the coming year.

Maureen Penfold, Chair of Moore UK



To gather the data for this report we surveyed 500 businesses with turnover between £1m and £30m in December 2023.

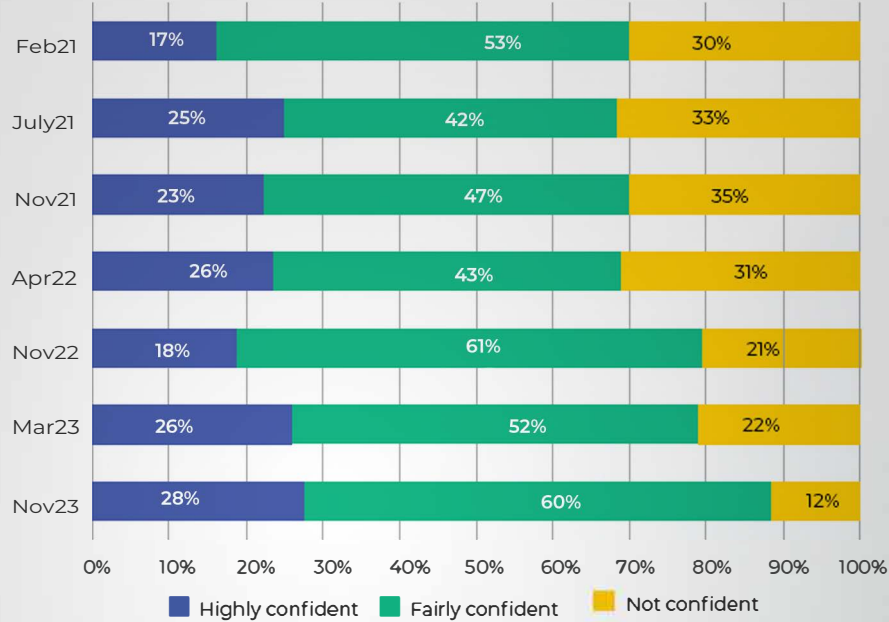
Businesses were selected from across all sectors throughout the UK and in proportion regionally in line with ONS statistics for VAT registered and PAYE companies under 249 employees.

CONFIDENCE IN MEETING REVENUE TARGETS

Our latest survey shows that OMBs are more confident in being able to meet their revenue targets than at any time since the COVID-19 pandemic and subsequent national lockdowns.

More than a quarter (28%) are highly confident about meeting targets over the next 12 months and a further 60% are fairly confident they will meet their targets.

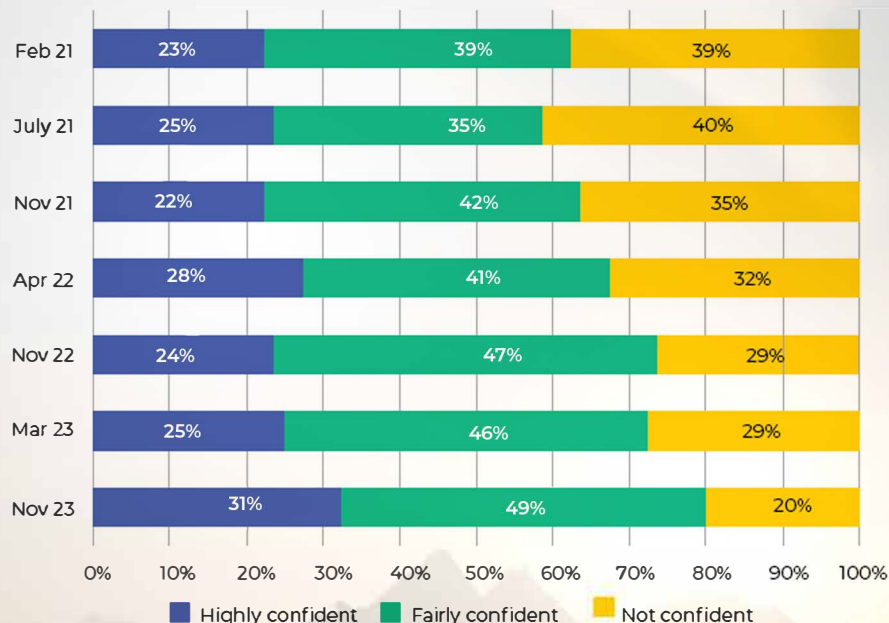
CONFIDENCE IN MEETING REVENUE TARGETS



CONFIDENCE IN MEETING PROFITABILITY TARGETS

There were more signs of a continued recovery here too, with almost a third (37%) highly confident about meeting profitability targets in 2024, up 6% from our last survey carried out in March 2023. Positively, the majority expect profits to increase in 2024.

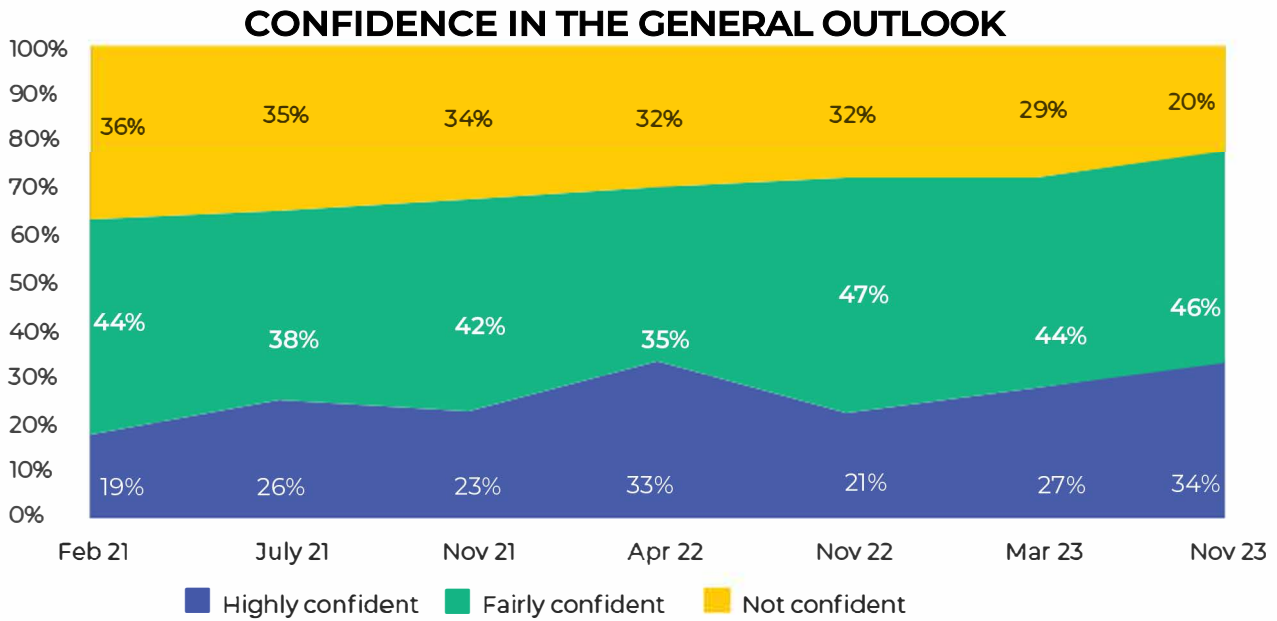
CONFIDENCE IN MEETING PROFIT TARGETS



CONFIDENCE IN THE GENERAL OUTLOOK

The overall confidence in the outlook for the next 12 months is currently at its peak since the onset of the pandemic, surpassing the rebound in confidence that we first witnessed in our previous report in Spring 2022 after the COVID lockdowns ended at the end of 2021.

A notable 34% of business owners express high confidence in the coming year, while only 20% are not confident in the general outlook for 2024. This contrasts with the situation in February 2021 during the peak of the pandemic when our survey revealed that 36% of business owners were not confident about the future.



WE ASKED BUSINESS OWNERS ABOUT THEIR ASPIRATIONS FOR THE YEAR AHEAD

“The business aims to achieve sustainable growth and innovation in the coming year. Focusing on customer satisfaction, it plans to expand its market presence, leverage emerging technologies, and enhance operational efficiency. The goal is to strengthen partnerships, deliver exceptional value, and foster a dynamic and adaptive organisational culture.”

“We aim to create a more fluid immersing technology space, increase job functions to keep up to date with new technology. More training offerings and increase head count.”

“Our business wants to increase profits by at least 10%, employ new more reliable employees, and improve overall cyber security.”

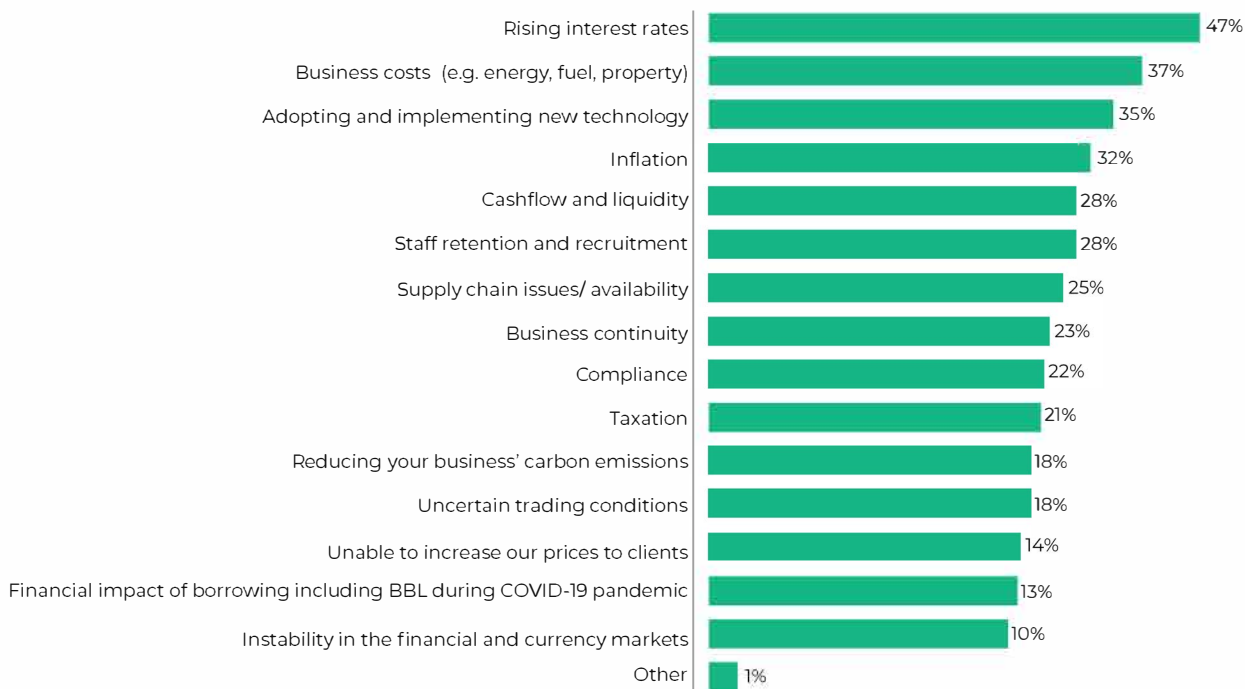




KEY CHALLENGES IN 2024

Rising interest rates are likely to be a challenge facing business owners as we move into 2024. Almost half (47%) said rising interest rates were likely to be a challenge in the coming months, up from 38% in our March 2023 survey.

BIGGEST CHALLENGES IN THE NEXT THREE MONTHS



There was a notable rise into third place for 'adopting and implementing new technology', with 35% of business owners citing this as a key challenge (up 27% from our March 2023 survey).

Business costs (energy, fuel, property) remain a top area of concern, closely followed by inflation and cash flow and liquidity. If businesses are to continue to remain optimistic and positive in 2024 and achieve their financial targets then it is prudent to tackle these key issues pre-emptively to safeguard against any potential setbacks to their goals.

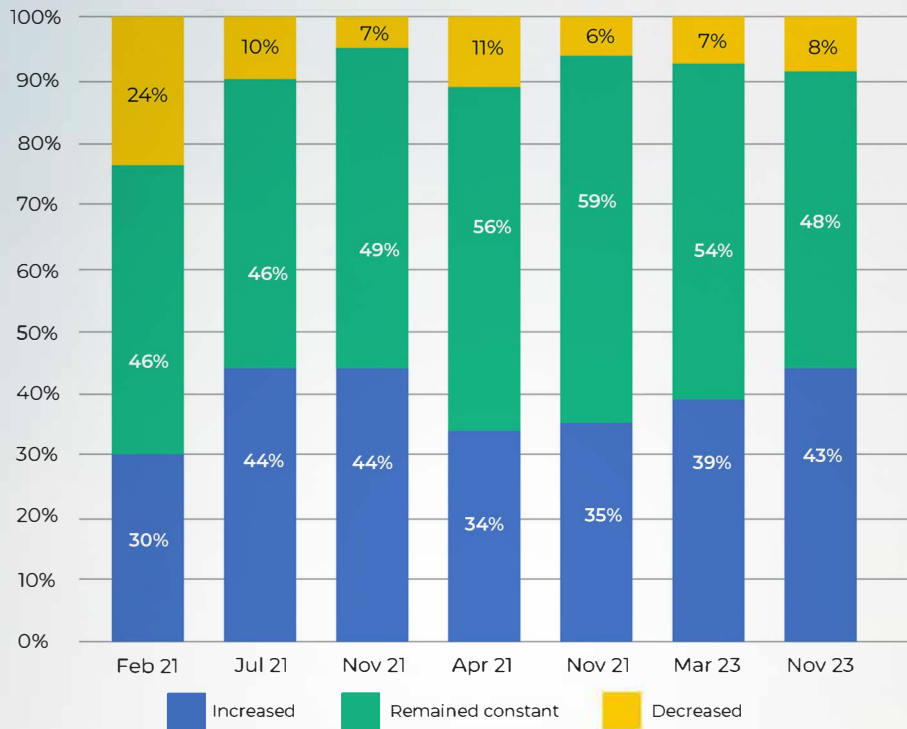
Inflation is becoming less of a worry for OMBs as UK inflation rates fall, with 5% fewer business owners citing this as key challenge compared to our March 23 survey.

Almost a third (28%), say that staff retention and recruitment is a challenge for their business - up from 22% in March 2023.

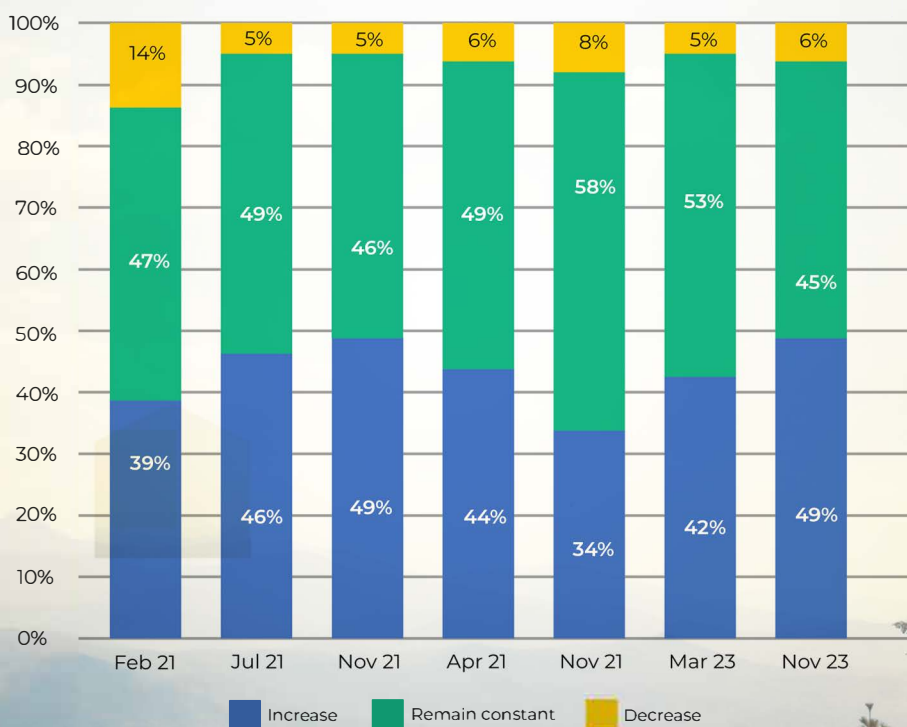
RECRUITMENT AND RETENTION

Four in ten OMBs have increased their workforce in the past three months, and almost half (49%) plan to do so in the next three months, suggesting a buoyant UK job market.

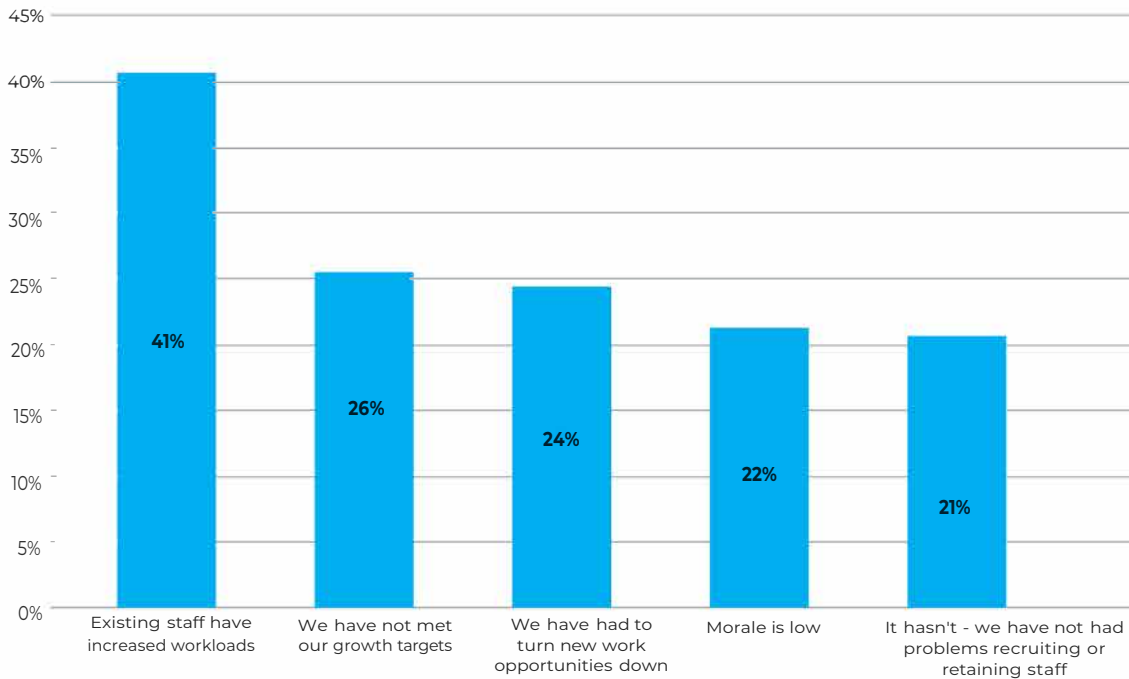
HOW HAS YOUR WORKFORCE CHANGED OVER THE PAST THREE MONTHS?



HOW DO YOU EXPECT YOUR WORKFORCE TO CHANGE OVER THE NEXT THREE MONTHS?



TO WHAT EXTENT HAVE CHALLENGES RECRUITING AND RETAINING STAFF IMPACTED YOUR BUSINESS?



Retention and recruitment of staff pose a formidable challenge for nearly 80% of business owners, with only 21% saying that they have encountered no issues in attracting or retaining staff. These difficulties threaten to hinder business expansion, as almost a quarter (24%) have had to decline new work opportunities and a similar number (26%) have not achieved growth targets as a consequence.

There's a knock-on effect on existing staff too, 47% say their existing teams have increased workloads, placing additional strain on their workforce, and 22% say morale is low as a result, indicating potential implications for employee well-being and overall workplace satisfaction.

“Staff retention and development, increased productivity, new ways of increasing revenue, implementing new technologies.”

“Our goal is focusing on profitability and retaining current staff as we are happy with them.”

“This year we aim to invest in new plant and machinery, including advanced robotics in order to increase productivity, enhance growth prospects and counter recruitment challenges.”



DATA-DRIVEN DECISION MAKING

In each survey, we take a closer look at some of the biggest trends affecting owner managed businesses today. In this survey, we asked business owners about how they're using data-driven decision making to drive their strategic plans in 2024.

"Our plan is to continue to grow, get more clients and remain in profit as well as keeping up to date with technology and trends."

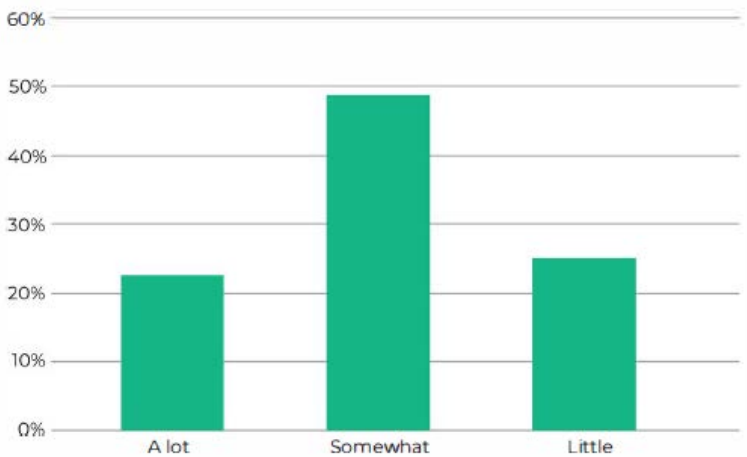
"The first goal for us is to incorporate latest technologies and train the staff to use that technology. We are exploring AI to make our work quicker and accurate."

Data-driven decision making is the process of using metrics from the business's key performance indicators (KPIs) and transforming that data into actionable insights.

Positively, a significant majority of businesses (72%) are leveraging data to formulate their strategic plans for 2024. However, a quarter of OMBs fall into the category of either not utilising data or not having concrete plans in place for the upcoming year. This suggests a potential divide in the adoption of data driven decision making practices within the business landscape.

Businesses embracing data driven strategies may have a competitive edge in navigating complexities and adapting to evolving trends, whilst those not yet incorporating data into their strategies may face challenges in staying agile and informed in their decision making processes.

TO WHAT EXTENT HAVE YOU BEEN USING KPI DATA TO CREATE YOUR STRATEGIC PLAN FOR 2024?



HOW BUSINESS OWNERS ARE USING DATA

Our research shows that IT & cyber security, and financial management are areas that show a higher frequency of data usage, with 36% and 32% respectively using data to focus on these areas daily. This suggests that businesses are relying on real time data for financial decision making and to ensure their business is protected when it comes to their IT systems and cyber security risks.

There is a balanced approach in data protection and HR, with relatively equal percentages across daily, weekly and monthly. Businesses may be incorporating a mix of real time updates and periodic analysis to address data protection and HR concerns effectively.

More than a third (39%) are using data on a weekly basis to assess their business health, including key performance indicators (KPIs), showing that businesses place a significant importance on maintaining a consistent understanding of their overall performance, and are likely incorporating weekly updates to promptly identify trends or emerging issues.

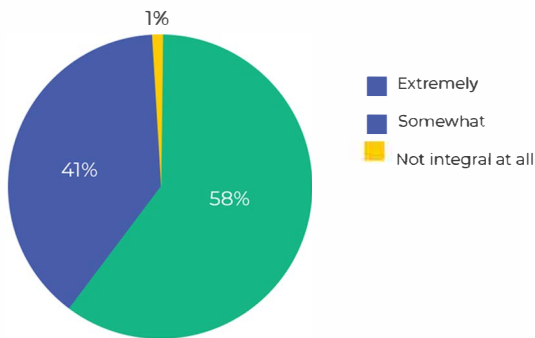
HOW OFTEN DO YOU USE DATA TO GUIDE DECISION MAKING IN THESE KEY BUSINESS AREAS?

	Daily	Weekly	Monthly	Less than monthly	Never
IT & Cyber security	36%	30%	24%	7%	2%
Data Protection	32%	31%	26%	8%	3%
Financial Management	32%	36%	26%	4%	2%
Human Resources (HR)	26%	31%	29%	12%	2%
Business Health (incl. key performance indicators)	23%	39%	31%	7%	0%
Planning and Risk Management	22%	37%	32%	7%	1%
Investment in Technology	18%	33%	28%	19%	2%

FINANCIAL DATA

Financial data analysis is the process of using a company's financial data to assess its performance and gather insights for overall business planning and decision-making.

HOW INTEGRAL IS FINANCIAL DATA TO YOUR BUSINESS STRATEGY IN 2024?



More than half (58%) say that financial data is extremely integral to their business strategy in 2024.

Just over half (52%) are using financial data analysis just to keep steady and stable, but positively, 43% are using financial data to plan growth and scale up.

WHY ARE YOU USING FINANCIAL DATA ANALYSIS?

Keep steady and stable	52%
Plan growth and scale-up	43%
Manage decline	4%
Work out how to survive and continue trading	1%

“We aim to remain solvent, tighten up our cashflow and pay off our debts and loans.”



OMBS ARE INCREASINGLY TURNING TO TECHNOLOGY TO DRIVE BUSINESS EFFICIENCIES

We asked business owners about how they're planning to drive efficiencies in the coming year. Upskilling existing staff was the most popular option, with almost half (46%) of business owners definitely looking at upskilling their existing teams in 2024.

This was closely followed by using artificial intelligence (such as ChatGPT and Chatbots) in their daily operations and introducing automation, to leverage technology and to automate repetitive routine tasks and processes. There seems to be a more cautious approach when it comes to using robotics, but with 69% saying that they will either definitely or possibly be looking into this area in 2024, it's clear that this is still a key area for businesses to explore.

The close alignment of percentages between upskilling existing staff and investing in artificial intelligence (AI) suggests that at this moment in time, businesses recognise the value of both human capital and technological advancements.

In the coming years we may witness a harmonious integration of the use of human skills and AI. This approach emphasises the commitment to enhancing the capabilities of the OMB's workforce, through training and development whilst continuing to explore the potential benefits of AI to streamline and optimise daily business operations. If however, the shift moves even further towards a bigger increased reliance on AI and automation this might lead to a restructuring of job roles, with more demand for individuals skilled in managing, developing and optimising these technologies - potentially altering the composition of the UK workforce.

"We aim to improve and grow our existing offering making use of AI technologies to streamline and automate repetitive tasks thus saving valuable time and money and helping to increase profits."

IN 2024, HOW LIKELY IS YOUR COMPANY TO UTILISE EACH OF THE FOLLOWING TO INCREASE EFFICIENCIES IN YOUR DAILY BUSINESS OPERATIONS?

	Definitely	Possibly	Unlikely
Upskilling existing staff: Hire key individuals with specific skills	46%	48%	5%
Artificial Intelligence - (e.g. ChatGPT and Chatbots in use of daily operations)	44%	39%	17%
Automation - leveraging technology to automate repetitive routine tasks and processes	43%	43%	13%
Outsourcing - utilising external resources to handle specific functions e.g. Finance	34%	49%	17%
Robotics - to streamline and enhance specific operational workflows	28%	42%	31%



TOP BUSINESS CONCERNS IN 2024

We asked business owners to priority rank six concerns for 2024. Though most were confident that profit in 2024 will be positive, profitability is their number one concern, closely followed by cash flow. Liquidity clearly links to the ease of running a business and its operating costs. Mismanagement of these areas has the potential to impede the achievement of growth targets over the coming year.

HOW CONCERNED ARE YOU ABOUT EACH OF THESE AREAS IN 2024?

	Extremely Concerned	Somewhat Concerned	Not at all Concerned
Cashflow	28%	45%	28%
Compliance with financial regulations	27%	45%	34%
Debt management	22%	39%	39%
Investment risk	24%	46%	37%
Profitability	28%	47%	25%
Securing funding	23%	47%	36%

Business owners are adopting a range of strategies to overcome cashflow concerns, including increasing borrowing, amending payment terms and reducing headcount, but worryingly, many have no plans in place to mitigate cashflow issues.

WHAT REMEDIES ARE YOU THINKING ABOUT TO OVERCOME CASHFLOW?

- > *"Making redundancies and using AI."*
- > *"I don't know any remedies to overcome cashflow."*
- > *"I am still thinking about it."*
- > *"Not sure yet."*
- > *"Negotiating better terms with suppliers and clients."*
- > *"Bank loans and private equity."*
- > *"We will apply for funding opportunities."*
- > *"Maximising profits where we can. Cutting back on staff."*

"We are working towards adding AI to our business and it will have a significant impact on our business and ensure we are a step ahead of our competitors."

"We want to upskill and train our staff and implement AI."

"We are looking forward to our recent investment in new technologies paying dividends, which we believe will help us achieve our profitability targets."

"We aim to upgrade to robotic assembling and use AI completely through the company departments."

"We plan to recruit new staff and continue on track with turnover growth in the region of 8 to 11% to have full and clear business planning in place and to ensure staff morale remains high by investing in further perks and incentives."

MOORE UK

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