



Small Business Barometer

Q1 2022



Executive Summary

Despite the challenges of higher energy bills, inflation, higher fuel bills, war in the Ukraine and the broader impact of the cost-of-living crisis, the UK's small businesses are knuckling down and toughing it out, with a positive, but realistic view of the turbulent next few months.

The Enterprise Nation Small Business Barometer, which takes a quarterly look at the views and confidence of more than 1,000 small firms, found over half (55%) of the businesses surveyed were 'quite confident' or 'very confident' their business would survive in 2022.

But that was tempered by the fact that 70 per cent of them said the crisis would 'reduce my profitability' or 'severely reduce the profitability' of their businesses this year. One in ten (12%) went as far as to say they would 'make a loss' or the crisis could 'make their business unviable'.

Business owners are feeling the impact of rising costs. In the second quarter of 2022, they are expecting energy costs to go up by 33 per cent, transport cost by 18 per cent, operational costs (for things such as broadband, phones, insurance etc) by 16 per cent and staff costs by 11 per cent.

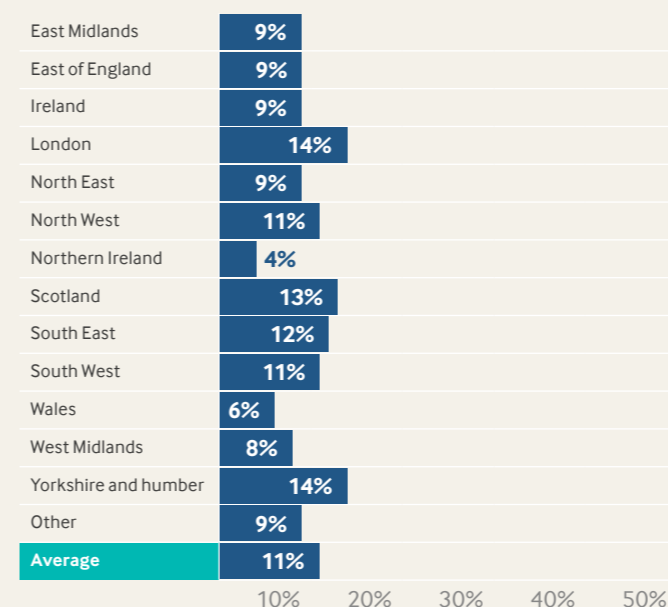
This month, an [Office for National Statistics](#) report found input producer price inflation had risen to record levels, at 19 per cent.

Despite all of that, nearly two-thirds (62%) founders were confident their business would grow in the next quarter of 2022 – but that was a 12 point drop from the last quarter, when 74 per cent thought their business would expand.

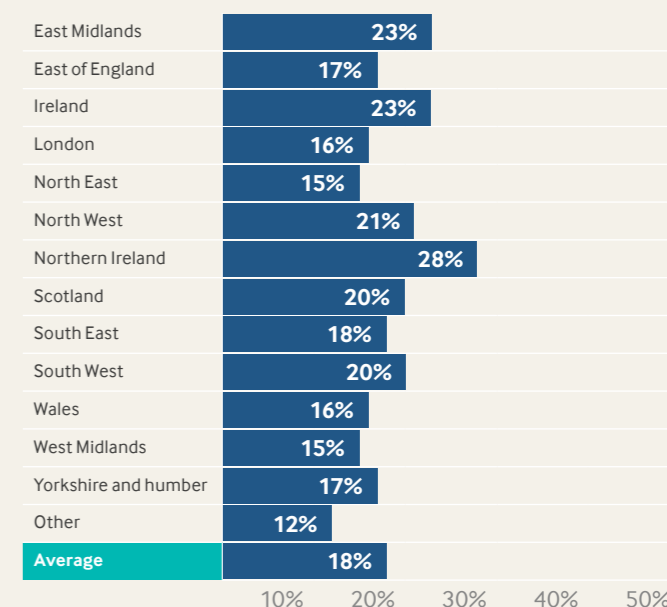
Research findings

Regions

How much do you think your staff costs will go up by this year?



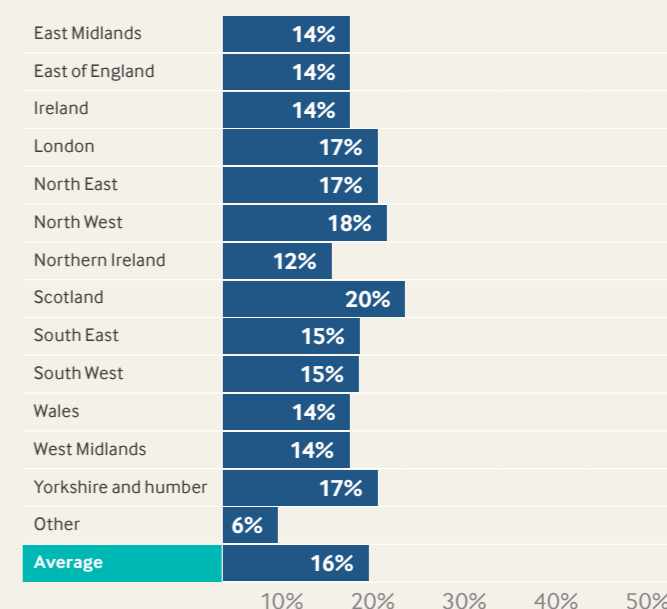
How much do you think your transport costs will go up by this year?



How much do you think your energy costs will go up by this year?

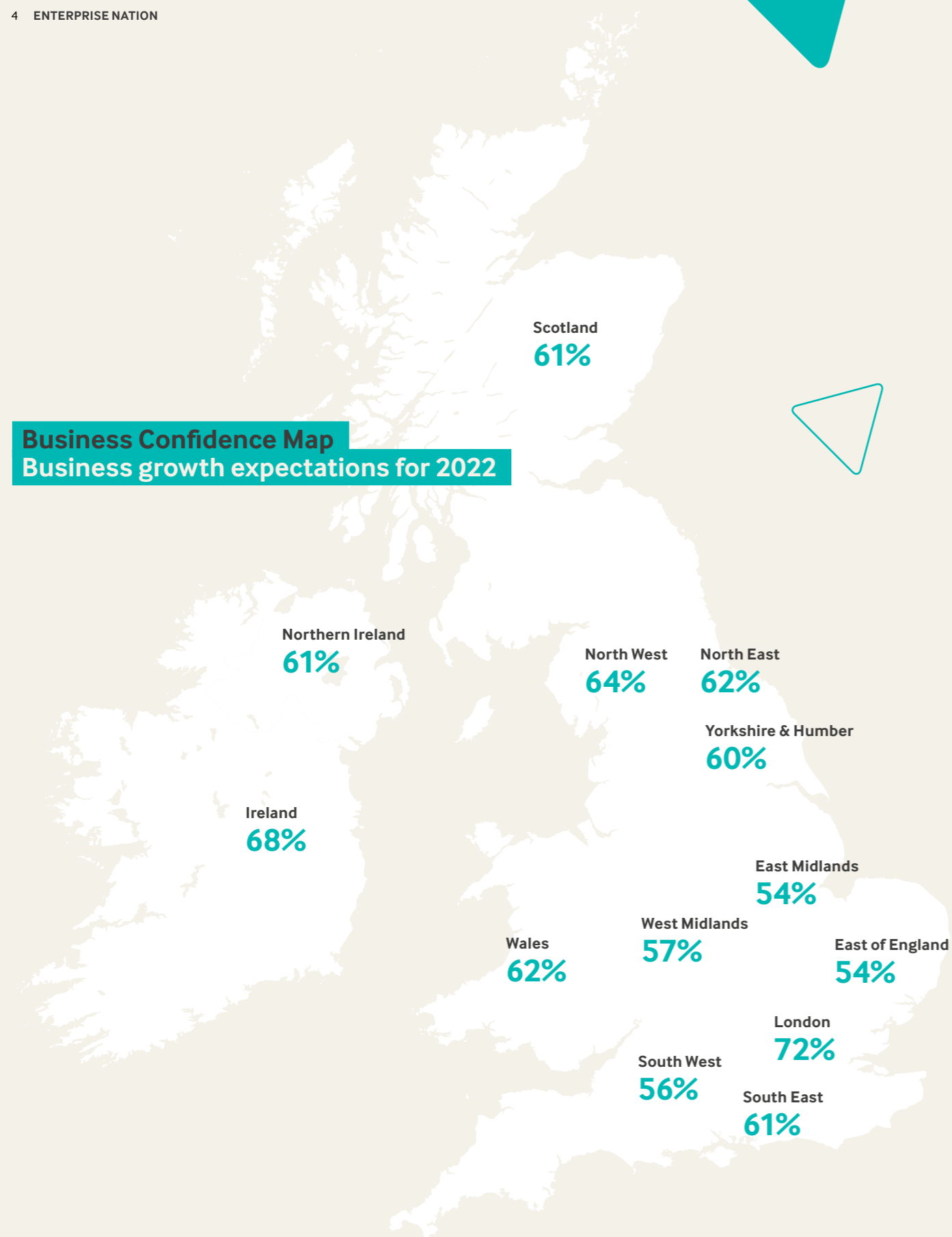


How much do you think your operational costs will go up by this year?



Business Confidence Map

Business growth expectations for 2022



Sentiment

- (55%) of the UK business owners surveyed felt 'quite confident' or 'very confident' their business would survive the increased pressures in 2022.
- 53% male and 52% of female founders were confident their business would survive in 2022.
- Nearly two-thirds (62%) were confident that their business would grow in the next quarter of 2022 – that's down 12 per cent points from 74% in the last quarter of 2021.
- 28% of firms felt their business would stay at the same level.
- 47% of business owners agreed now was a good time to start a business, down 3% from the last barometer.
- 70% of the firms said higher energy bills, inflation, higher fuel bills and the cost-of-living crisis will reduce or severely reduce the profitability of their businesses this year.
- 12% said that they will make a loss or the crisis makes their business unviable.

Operational

- One third (34%) said they were likely to take on more staff, 32% said it was unlikely.
- Businesses expect energy costs to go up by 33%.
- Transport cost by 18%.
- Operational costs (for things such as broadband, phones, insurance etc) by 16%.
- Staff costs by 11%.

Business founder identity

- 67% of the respondents were female-run firms, 29% were founded by men and 2% were run by male and female co-founders.
- Typically trading for under 5 years (65%).
- Top sectors: Nearly a quarter (23%) of the firms were from Business services sector, 10% from Food & Drink sector, 8% from General retail sector and 8% from Fashion sector.
- 62% of the firms were sole traders, 31% between 1 and 5 employees.
- 54% started as a side hustle.

Analysis



Emma Jones CBE
 Founder of business
 support platform and provider,
 Enterprise Nation

Emma Jones, CBE, founder of Enterprise Nation, said: “The small businesses community is bracing itself for a difficult trading environment. They understand they need to prepare for higher costs and for some, lower profits.

“But it’s good to see there are still signs of relative optimism. Small businesses have been through a lot. Even those that are in the early stages have existed through unprecedented times, so they understand that opportunities sometimes spring from adversity.

“Our regional figures show there’s variation in confidence that needs to be addressed. We have long believed that public money could deliver a better return on investment if applied to the areas that need it most and we look forward to offering insight from the Enterprise Nation platform and future barometers on the types of support local businesses are searching for so support gaps can be plugged and the right support directed at the right businesses at the right time.”

Enterprise Nation is a pioneer in small business support.

Discover data insights and research findings captured from quarterly barometers and community forums.

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enterprisenation.com/data-insight

