



Small businesses: the big picture

An in-depth look at the
UK's small and medium
businesses

2021 Report



Small businesses: the big picture	<u>4</u>
--	-----------------

Foreword	<u>6</u>
-----------------	-----------------

Section 1	<u>11</u>
------------------	------------------

The SME landscape leading into COVID-19

Section 2	<u>19</u>
------------------	------------------

The impact of the pandemic on SMEs

Section 3	<u>37</u>
------------------	------------------

Support for SMEs during the pandemic

Section 4	<u>45</u>
------------------	------------------

SME survival and creation: a tentative forecast

Section 5	<u>55</u>
------------------	------------------

What drives the people behind the UK's SMEs?

Section 6	<u>65</u>
------------------	------------------

Looking ahead

Section 7	<u>77</u>
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Appendix

Small businesses: the big picture

An in-depth look at the UK's small and medium businesses

When thinking about how best we can help Small and Medium-Sized Enterprises (SMEs) across the UK it's always important to start with understanding the people at the heart of those businesses. The decision makers behind every SME. It's become even more important in what's been an unprecedented time for all of us.

The COVID-19 pandemic has brought new challenges — and changes — to SMEs across the country. Helping those businesses is right at the heart of what we do here at AXA and that's why understanding the impact on SMEs and the people behind them is so important.

Through a combination of brand-new research, economic modelling, and analysis of both primary and secondary data we've worked closely with the Centre for Economics and Business Research (CEBR) to put together, what we hope, is a comprehensive report on the experience of SMEs during the pandemic — and a guide to supporting them in the future.

Most important to us was the engagement we got from SME decision makers themselves. They've helped guide this report every step of the way. Their diversity, vibrancy, and adaptability are an inspiration — and this shines through in our first SME report.



Foreword

What we've learnt

Helping SMEs starts with hearing what they have to say. It starts with listening.

We're all living through unique times. It's no different for Britain's SMEs – or for the creators and founders behind them. The COVID-19 pandemic has brought new challenges and highlighted old difficulties. It's changed the ways businesses have had to operate in the present and shifted how they look to the future.

SMEs are right at the heart of Britain's economy – and play just as important a role in our society. By listening to the decision makers behind those businesses we've been able to gain a few key insights into how they've experienced the pandemic, what keeps them going at their job, and what their hopes and fears are when thinking about the future.

If one thing has run through all our research, it's been the sheer variety within SMEs. Not only in terms of the businesses themselves and the people behind them but also in what their experiences of the pandemic have been. Region, sector, and demographic factors all work to change the individual experiences each SME has had.

A few broad trends have shone through. Most, but not all, SMEs have faced a reduction in turnover during the pandemic and many now worry about the long-term financial impact it will have on their business. They've had to adapt – changing the way they do business. Many



have started to offer new goods and services or have expanded how they do business. In the process they've found new customers, helped the people around them, and built new links with their local communities.

Many have had to look for support during the pandemic. Most found it. It's come from government, from banks, insurers, and other businesses and experts, and from their family and friends. It's almost always been appreciated – even when it's been hard to find.

Yet there were sometimes differences between SMEs in how support was used. Nearly half of female-run businesses turned to friends and family for support during the pandemic, compared to only around 40% of male-run SMEs. Meanwhile, younger business creators were less likely than those aged over 35 to highly rate the effectiveness of the furlough scheme – even if seven out of 10 of them still found it useful. No two SME experiences were the same, whether in relation to the support they received or their experience of the pandemic itself.

We also spent time asking why the decision makers behind Britain's SMEs do what they do. Flexibility and self-determination shone through – even when different generations of decision makers found themselves driven by different things. Yet concerns over burnout and work-life balance were also common amongst all SME decision makers. For business creators across the UK, finding balance is key.

Looking ahead, those same decision makers spoke about what they saw as the main challenges and opportunities facing SMEs. Debt, rising costs, and the legacy of the pandemic were common concerns. Despite their worries, they looked forward to welcoming customers back and to making the most of new opportunities from technology and new ways of working.

Some SMEs will be better equipped to take advantage of new opportunities than others. All of them though have a chance. Their flexibility, variety, and adaptability are their strengths. Giving them support, whether through continued government backing or expert help and advice from institutions like us here at AXA, will be so important and it will build on the foundations they've already built.

Helping SMEs starts with hearing what they have to say. It starts with listening.

DEEPAK SONI
DIRECTOR OF COMMERCIAL
AXA UK



A close-up photograph of a person's hand inserting a key into a silver door lock. The hand is holding a large set of keys, including a car key with a circular fob and several other keys. The background is a blurred view through a glass door or window, showing a blue-tinted outdoor scene. The overall mood is one of access and transition.

SECTION ONE

The SME landscape leading into COVID-19

The SME landscape leading into COVID-19

The COVID-19 pandemic may have brought unique challenges to the UK's SMEs but that diversity and strength hasn't gone anywhere.

Small and medium-sized enterprises (SMEs) are incredibly important to both the British economy and to British society.

At the start of 2020 some six million of them operated within the United Kingdom. Six million enterprises full of business owners, employers, and the people working to make Britain and their local communities tick.

What they bring to the United Kingdom simply can't be overstated.

- SMEs make up 99.9% of all UK businesses and together they contributed £2,273 billion towards our economy in 2020 — over half the country's total turnover.
- Over the last decade they've gone from strength to strength. Since 2010, total turnover amongst SMEs rose by £712 billion, whilst over 1.5 million new small-to-medium sized businesses have been created.

It's not just their contribution to the UK economy that's so important.

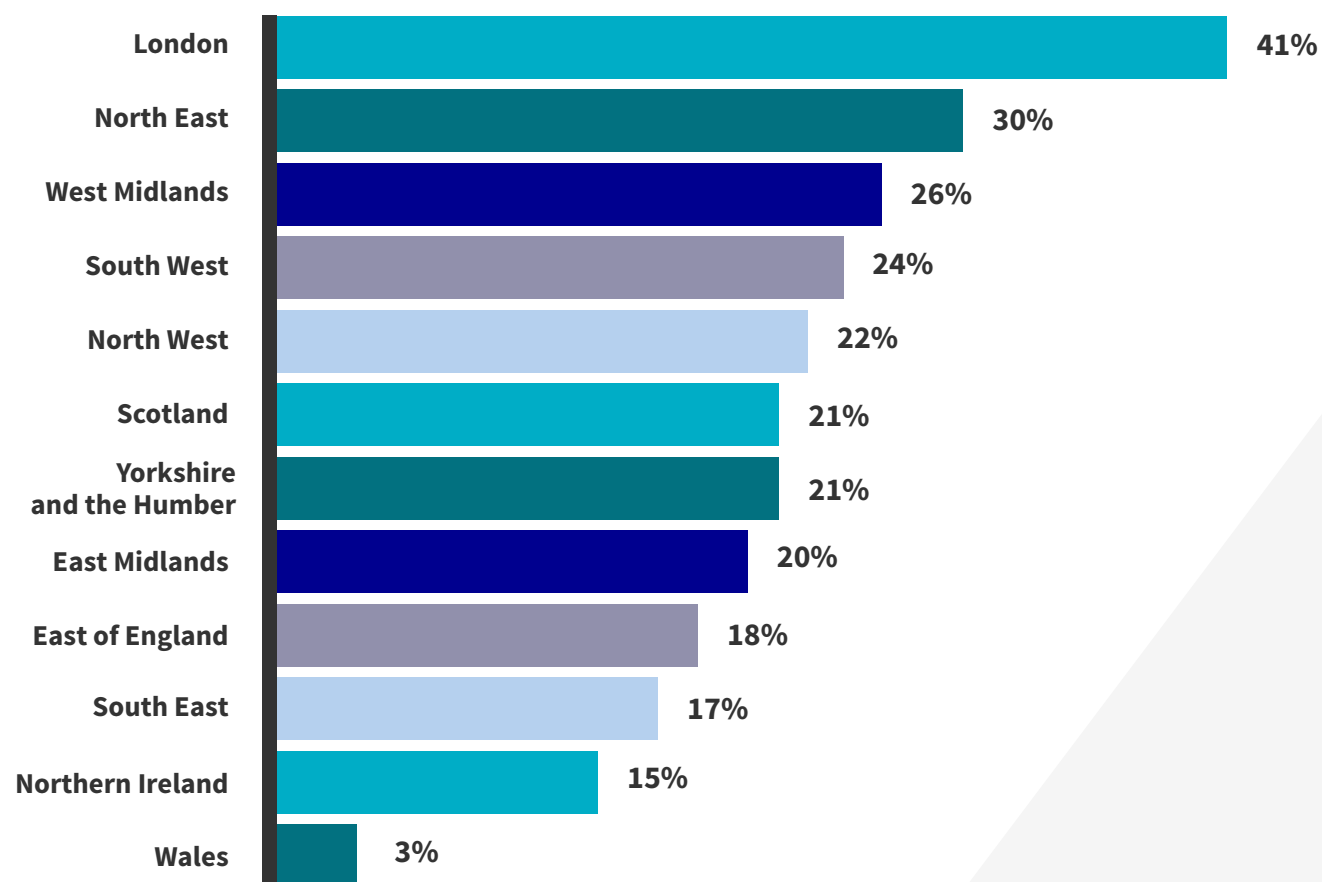


SMEs, alongside their owners, their employees, and their customers are tied to British society. They provide support for their local communities, jobs for the millions of people who help run them every day, and purpose and fulfilment to their owners.

That's why understanding SMEs, their experiences of the COVID-19 pandemic, and their hopes for what might come after is so important. It starts with understanding that not all SMEs are the same. Just like the people who make up each individual business, each small and medium-sized enterprise is different.

SMES MAKE UP
99.9%
OF ALL UK BUSINESSES

1.1 Growth in SMEs per region 2010–2020, percentage increase (using businesses per 10,000 adults)



The challenges an SME might face and the successes it can achieve will be different for each and every business. Beyond their individual differences, location, size, and sector, they will also all have their own issues:

- An SME based in London faces competition from over a million other businesses and the lowest regional six-year business survival rate (39%) in the country — but if it succeeds it can thrive in a city that has seen 41% growth in total SME numbers since 2010 ([Graph 1.3 — Appendix](#)).
- At the same time, an SME set up in the South West of England may face less opportunities for new business, with only 24% growth in the SME population since 2010. But reduced competition and lower costs means that six-year business survival rates (46%) are the strongest in the country ([Graph 1.1](#)).
- Only 36,100 SMEs employ over 50 staff — whilst at the other end of the scale some 4.6 million of them employ just themselves as owner. Across all regions of the UK these microbusinesses, which each have between 0-9 employees, make up over 95% of the SME population ([Graph 1.2 — Appendix](#)).

- In some sectors SMEs dominate. In Agriculture they represented 90% of total turnover in 2020, in Real Estate some 74%. Yet in other sectors they are a smaller part — only 33% of UK Manufacturing turnover in 2020 came from small and medium-sized businesses ([Graph 1.4 — Appendix](#)).

This dominance is in line with broader factors and trends that we would expect to see based on the infrastructure of traditionally small business operations like farming. However, it does indicate key areas of opportunity and growth for potential SMEs where the benefits of smaller organisations, such as personal touch, supplier relationships, and bespoke services, could offer a new approach to sectors classically monopolised by larger businesses.

SMEs represent a varied, vibrant part of the United Kingdom's economy and its society. Millions of unique businesses helping people across the country. The COVID-19 pandemic may have brought unique challenges to the UK's SMEs, but that diversity and strength hasn't gone anywhere.

“The findings of this report highlight how pivotal SMEs are for the UK’s economy. Accounting for more than half of all UK business turnover, the economy would not be able to function without them. The strength of SMEs is likely to improve as time goes by, with the growth rate of employment in small and medium businesses outstripping that of large businesses over the last decade. Although larger businesses may be more financially resilient to shocks such as the COVID-19 pandemic, the dynamism of smaller businesses will allow them to bounce back strongly.”

— JOSIE DENT
MANAGING ECONOMIST
CEBR



A person is shown from the waist down, wearing a light-colored apron over a white shirt. They are using a large, light-colored wooden rolling pin to flatten a piece of dark grey clay on a pottery wheel. The pottery wheel is mounted on a wooden stand. The background is a plain, light-colored wall. The overall scene is a close-up of the pottery-making process.

SECTION TWO

The impact of the pandemic on SMEs

The impact of the pandemic on SMEs

Across the board, SMEs have innovated and adapted during the pandemic, building new support networks along the way.

The COVID-19 pandemic has had very real impacts on the SME landscape. Lockdowns and homeworking have forced businesses large and small to change the ways they engage with customers and look after their own employees. At the same time the financial pressures of the pandemic have placed their own stresses on the UK's SMEs.

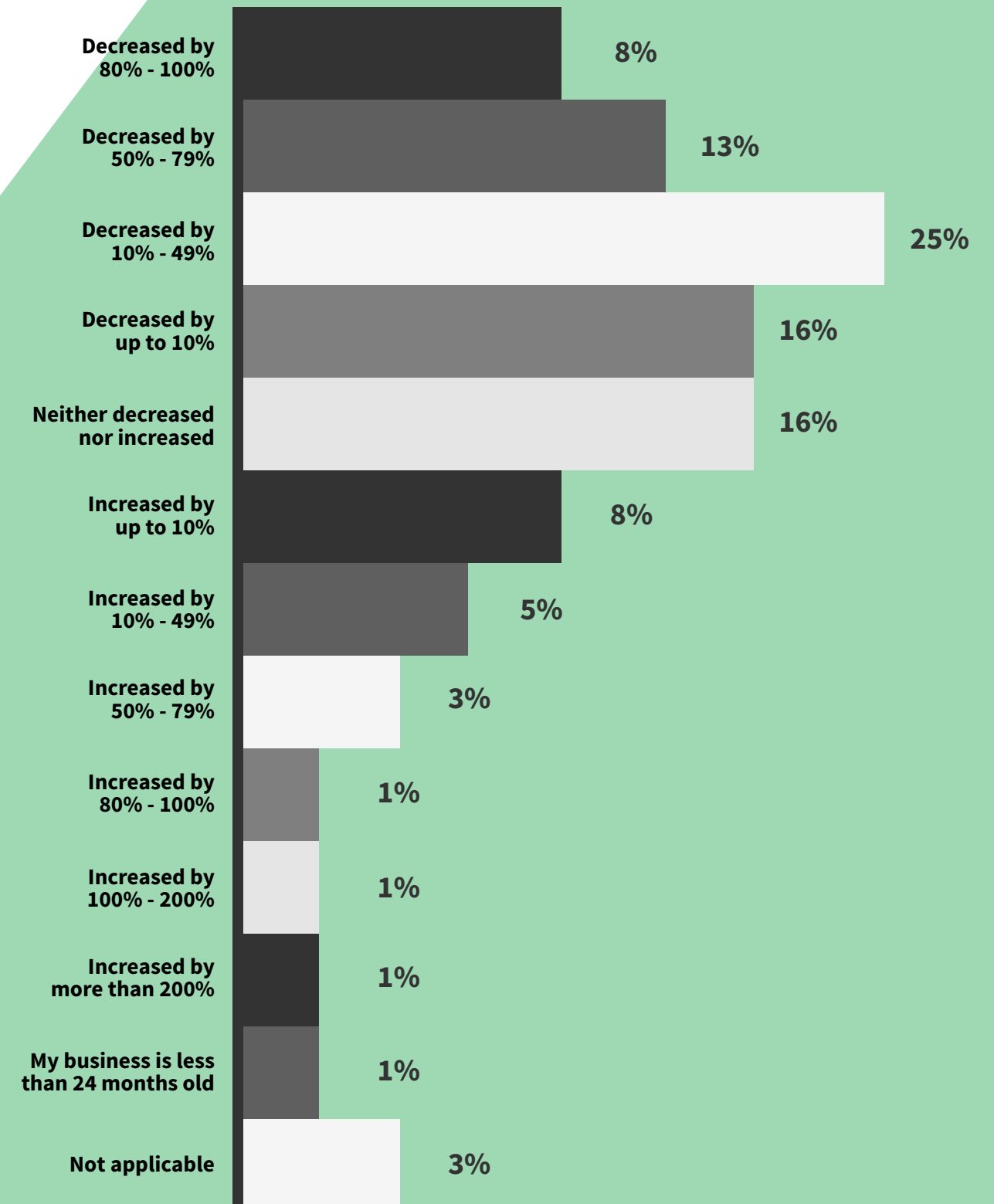
Not all SME experiences have been the same. The impact of the pandemic will have been different from business to business — whilst there have also been broader trends in SME experiences emerging from the age profiles and gender of business owners and along sector specific lines.

It's also important to note that not all SME experiences of the pandemic have been negative. Businesses have had a chance to reinforce old bridges and build new ones with their local communities. Lasting links have been created with customers, whilst businesses have found new ways to help their local areas.

Falls in turnover have been the most common issue reported by SMEs over the course of the pandemic — with 61% of businesses surveyed reporting a decline in their turnover over the last 12 months. Yet the reality is more nuanced:

- The scale of the impact on turnover differed from business to business. The worst hit 8% of SMEs faced an

2.1 How has the pandemic affected your turnover in the past 12 months compared to the preceding year?



80-100% decline in turnover whilst the most common decrease was of between 10-49% — experienced by 25% of businesses ([Graph 2.1](#)).

- The age of business owners had a major impact on reported turnover reduction. The oldest decision makers (55-64) faced, on average, a 29% decrease, but this fell to 12% amongst 25-34-year-olds and to only 7% in businesses with decision makers aged between 18-24 ([Graph 2.2](#)).
- Major differences can be seen between sectors. SMEs in the Retail & Wholesale sector, which were directly impacted by the UK's lockdowns, saw turnover fall by 25% on average. On the other end of the scale, turnover amongst Financial & Business Services SMEs fell by just 4% ([Graph 2.3](#)).
- Not all SMEs have seen their turnover decrease over the course of the pandemic. One in five of the businesses surveyed reported that turnover had risen — although for the majority of these (40%) this rise was by only 10% or less ([Graph 2.4 — Appendix](#)).

Businesses and business leaders have had to adapt. A significant proportion (43%) began to offer new products and services during the pandemic and many SMEs started working more closely with their local communities:

- 45% of businesses agreed that helping people in need had been an important

SMES THAT INTRODUCED NEW PRODUCTS AND SERVICES DURING THE PANDEMIC

46%

RUN BY UNDER-35s

40%

RUN BY OVER-35s

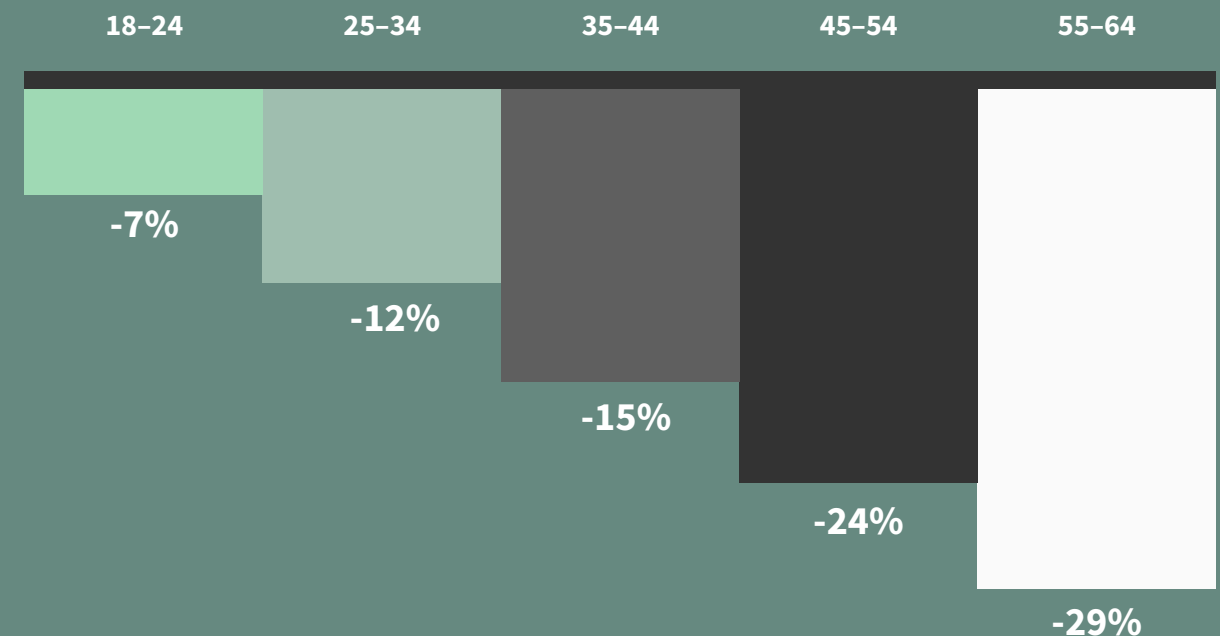
part of their business during the pandemic ([Graph 2.5](#)).

- 43% of SME business owners had a new-found appreciation for their local community and other local businesses ([Graph 2.5](#)).

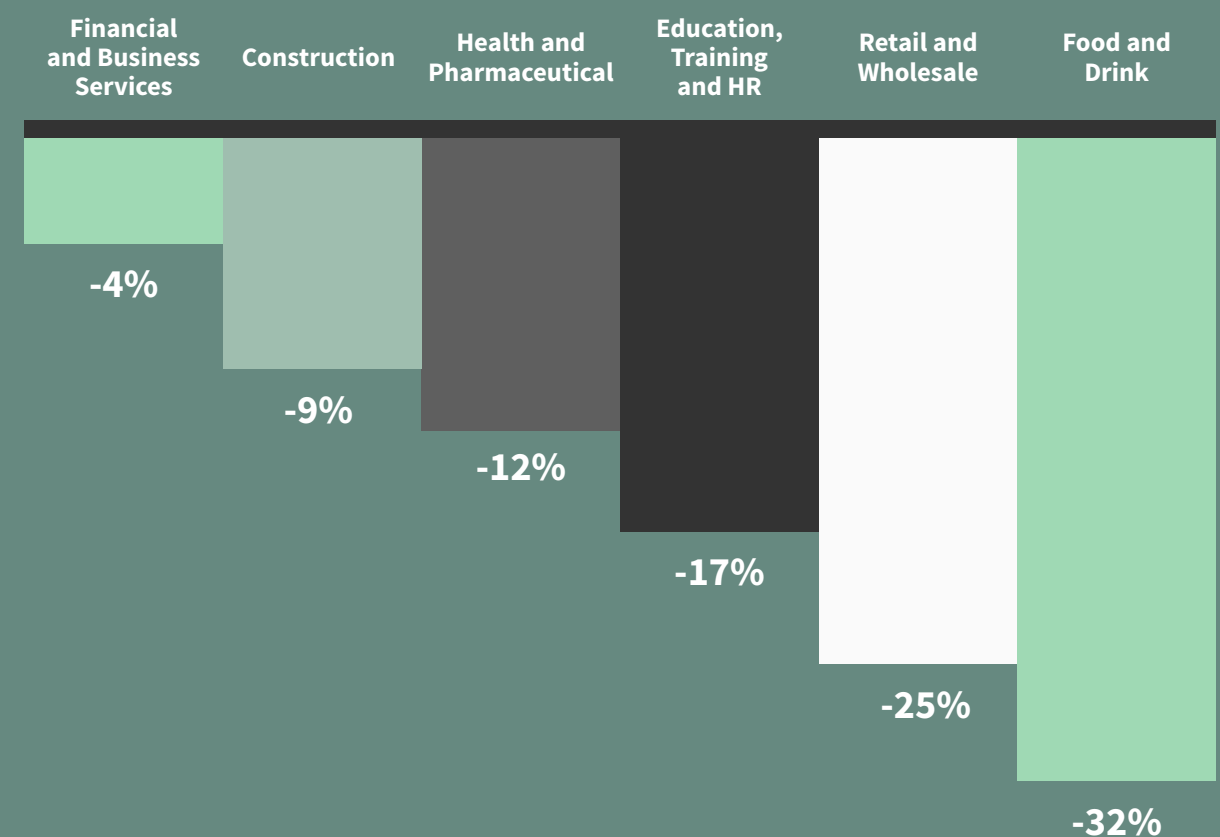
Younger business owners adapted quickly and placed a particular focus on supporting their local communities — going above and beyond to help during the pandemic.

- 46% of SMEs run by under-35s had introduced new products and services

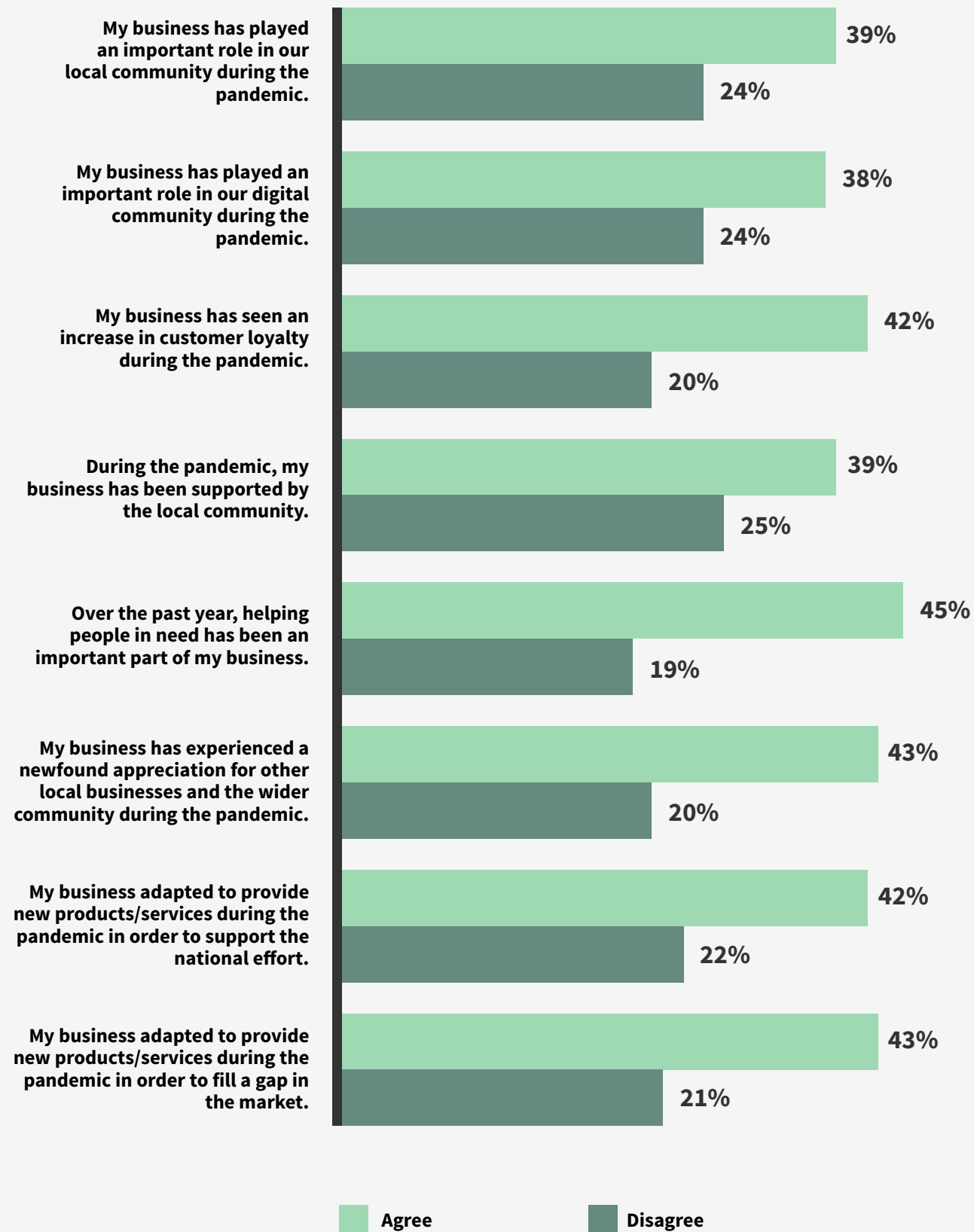
2.2 Impact of pandemic on turnover in past 12 months compared to preceding year, SMEs by age of decision maker



2.3 Impact of pandemic on turnover in past 12 months compared to preceding year, SMEs by sector



2.5 How SME business leaders responded to the following statements



SMES THAT FOCUSED ON HELPING PEOPLE IN NEED DURING THE PANDEMIC

51%

RUN BY UNDER-35s

40%

RUN BY OVER-35s

— with only 40% of over-35s doing the same ([Graph 2.6 — Appendix](#)).

- 51% of business owners under 35 had focused on helping people in need as a driver of their business during COVID-19, compared to 40% of over-35s ([Graph 2.6 — Appendix](#)).

While community-mindedness and new product solutions played a part in the resilience of younger business owners, this can also be linked to the adoption and adaptation of digital solutions as well as different methods, platforms, and approaches. Whilst we do see technological upgrading across the board, this tends to be slower and more considered in relation to both older businesses and older owners, who are also more likely to take an individualistic approach.

Across the board, SMEs have innovated and adapted during the pandemic, building new support networks along the way. The same local communities they've been helping have responded with their own support for their local businesses — resulting in some real positives for British SMEs.

- Consumer loyalty has risen. 57% of SMEs said that more of their customers were repeat customers over the past 12 months ([Graph 2.7](#)).

- This has been driven by a significant rise in local customers — with 49% of SMEs reporting that more of their customers were from within the local community ([Graph 2.7](#)).
- Female-led businesses saw the greatest positive impact, with more local customers and more first-time customers compared to male-led SMEs ([Graph 2.8 — Appendix](#)).

Maintaining these newly found customers will be incredibly important as the recovery process for SMEs gets underway. New sources of income will drive business revenue and will help to fill the holes created by COVID-19. With over 50% of SMEs relying on the furlough scheme at some point during the pandemic, the increased revenue generated from local customers will be particularly important in supporting them when other external support measures are removed.

Greater numbers of local customers visiting the UK's SMEs led to a boost in revenue from local sources.

- 41% of SMEs experienced a rise in revenue from local customers — only 21% saw revenue from these customers fall ([Graph 2.9](#)).
- Businesses in Financial & Business Services (48%) and Construction (45%) were particularly likely to have seen an increase in revenue

25%
OF SMES FACED
A DECLINE OF
10-49%
IN TURNOVER

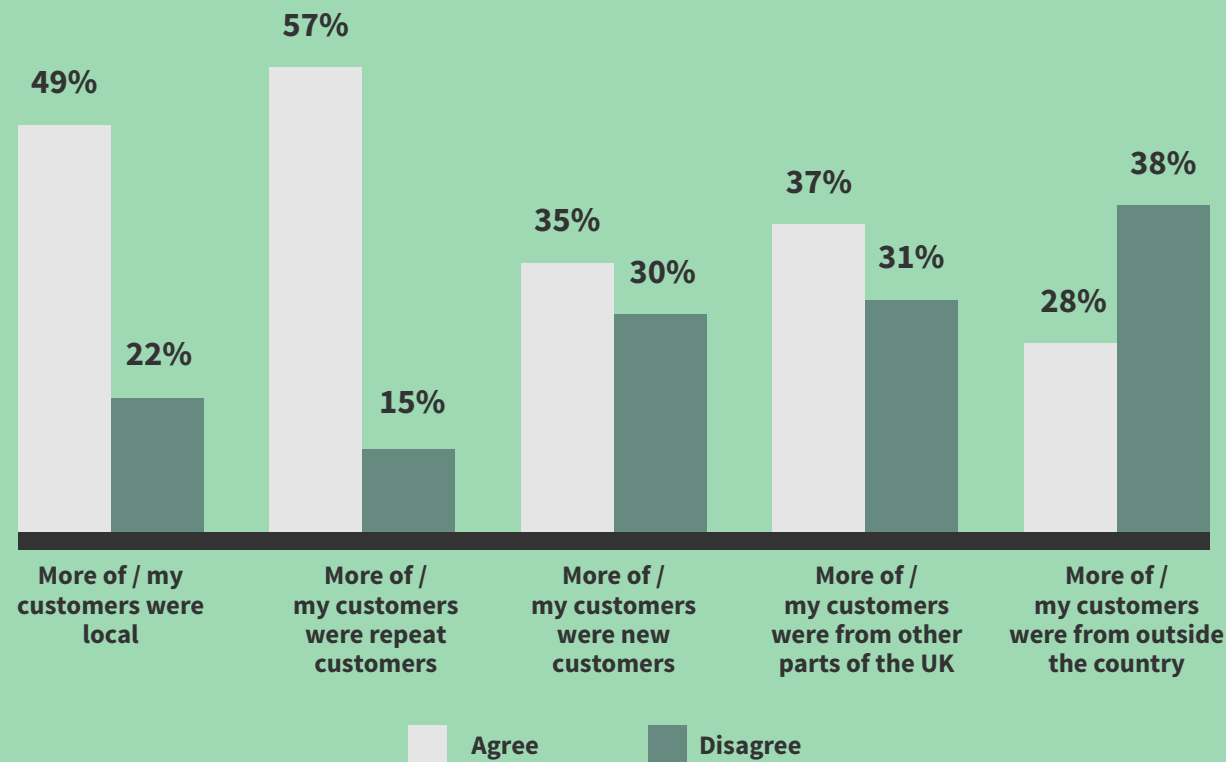
from local customers ([Graph 2.10 — Appendix](#)).

- SMEs in the South West of England saw the greatest rise — with 50% reporting an increase ([Graph 2.11 — Appendix](#)).

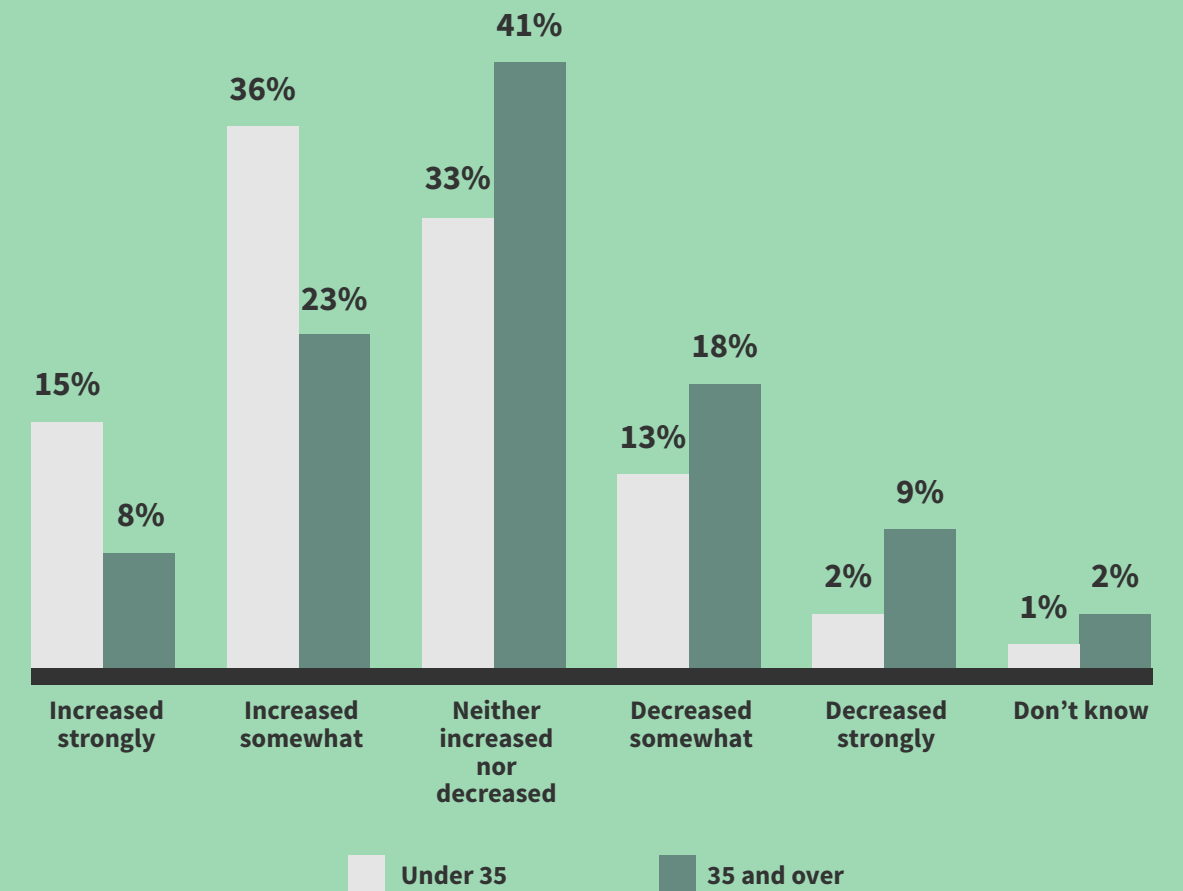
This can be attributed to how people migrated during the pandemic, home improvement trends seen over 2020, and how they adapted to working or operating businesses from these new locations. The South West has long been a go-to location for South East-based second homeowners, and the pandemic saw a number of these people up sticks and move more permanently to their rural retreat.

CEBR's analysis has found that SMEs run by younger individuals were far more resilient to the pandemic's negative impacts on turnover, with 18-24 year olds saying their business saw a 7% decline in turnover, on average, and 25-34 year olds seeing a 12% decline. This is likely to be due to businesses run by younger people focussing more on fostering revenues from people in their local area.

2.7 Over the past 12 months, when the business was able to operate...



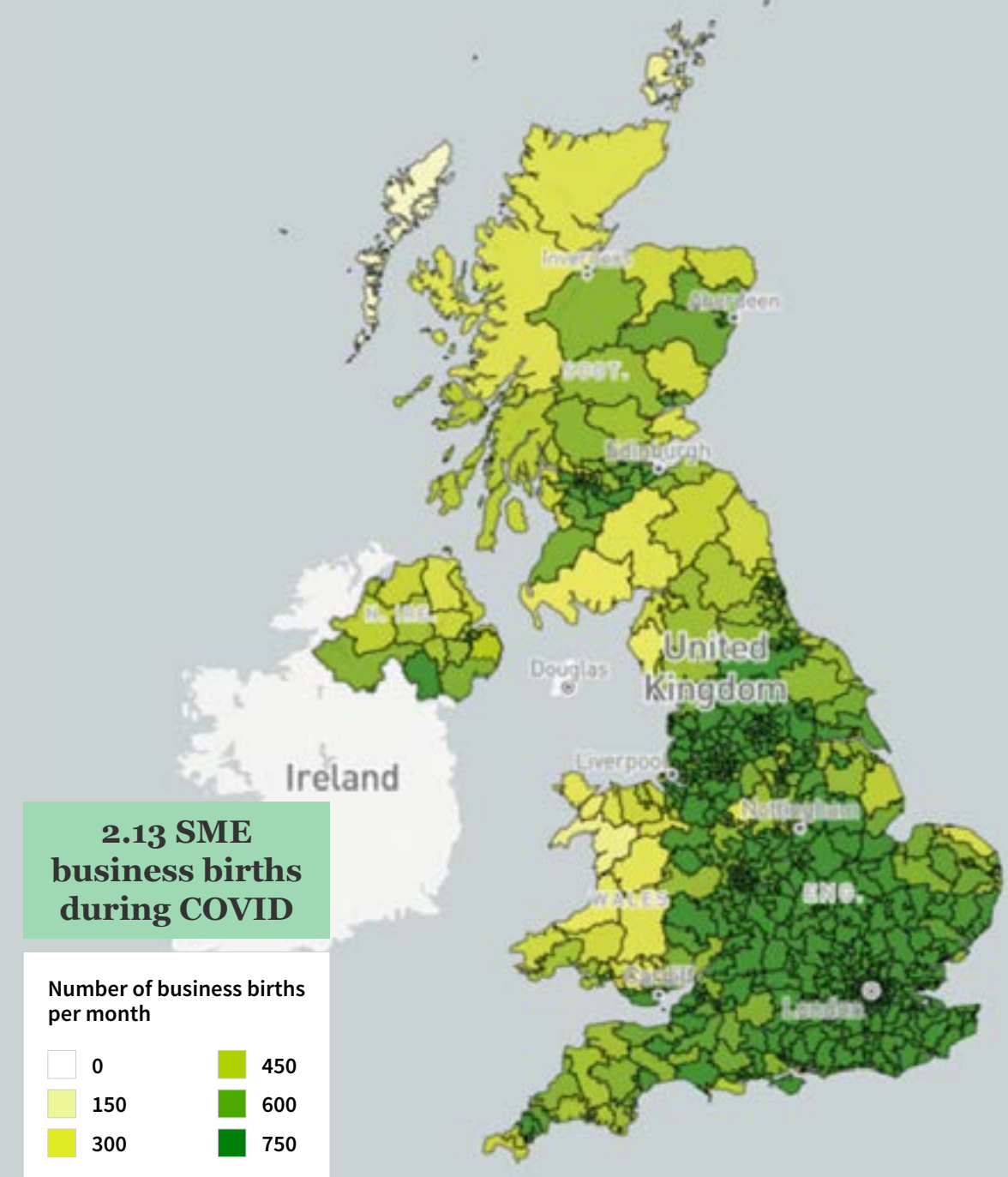
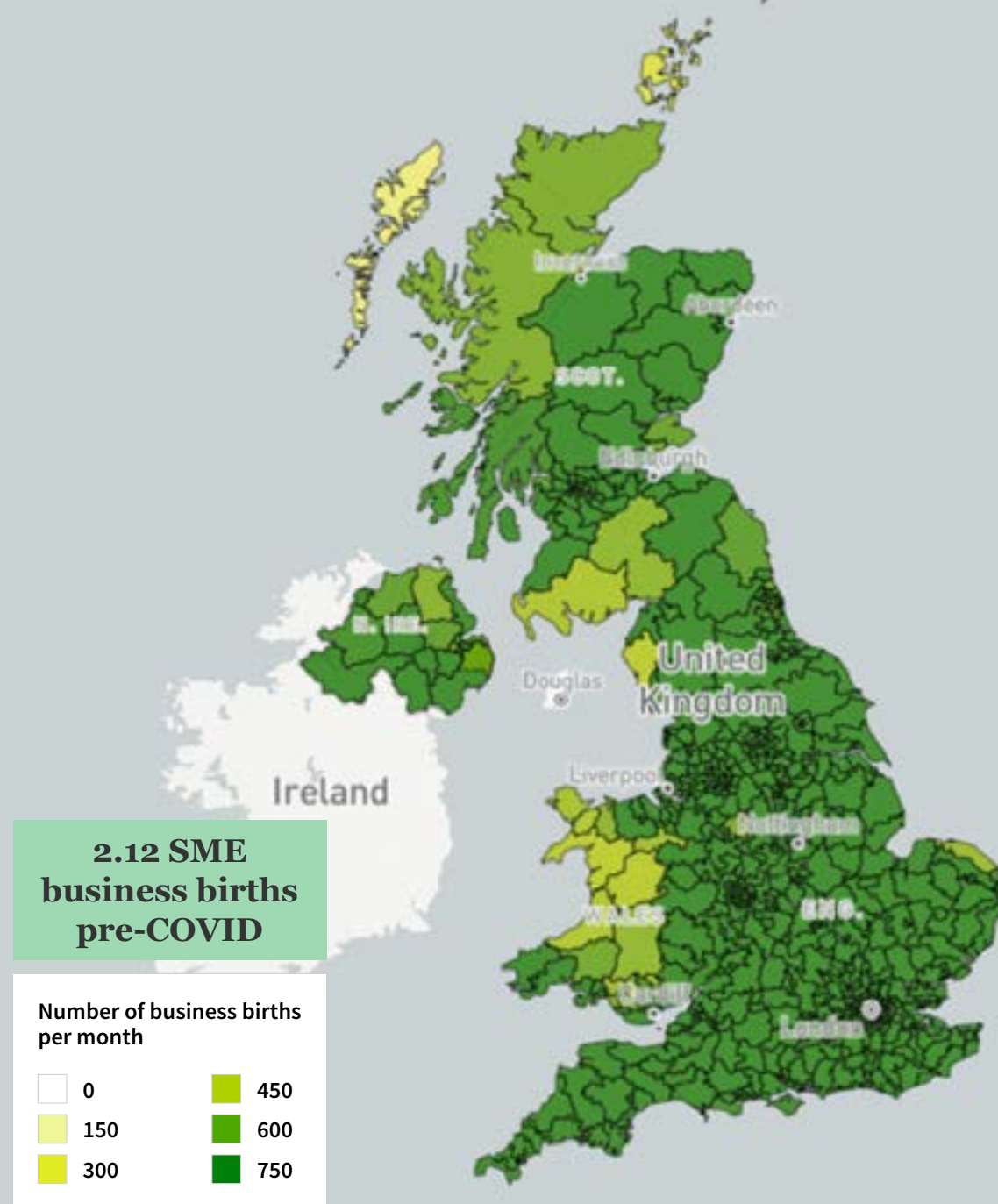
2.9 Change in revenue generated from local customers during the pandemic, share of business leaders, by age of decision maker



Throughout the 2020 lockdowns, we also saw more home renovations ([Source: Rated People Trend Report](#)) and construction projects, and spending more time away from office spaces led to remote workers seeking business services in their local areas. This increased the need for various services in those areas, to the benefit of the SMEs providing them. As the UK

continues to relax its restrictions, those who escaped to places such as the South West will re-evaluate where they spend their time, which could lead to another, albeit smaller, migration away from these regions back toward cities. The prospect of quarantine restrictions easing and international travel once again becoming the norm also has the potential to impact those regional SMEs who are growing to rely on staycations and city breaks.

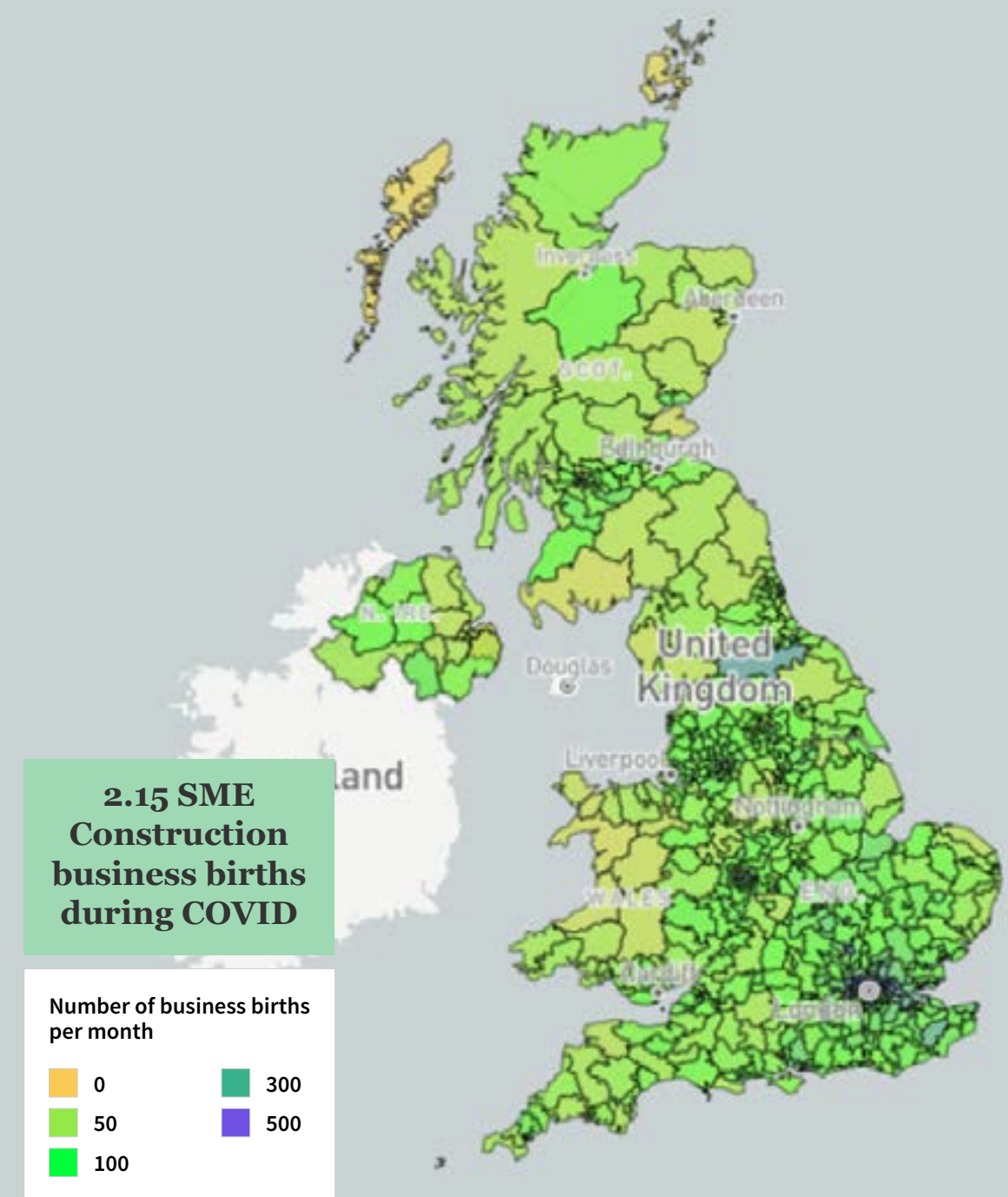
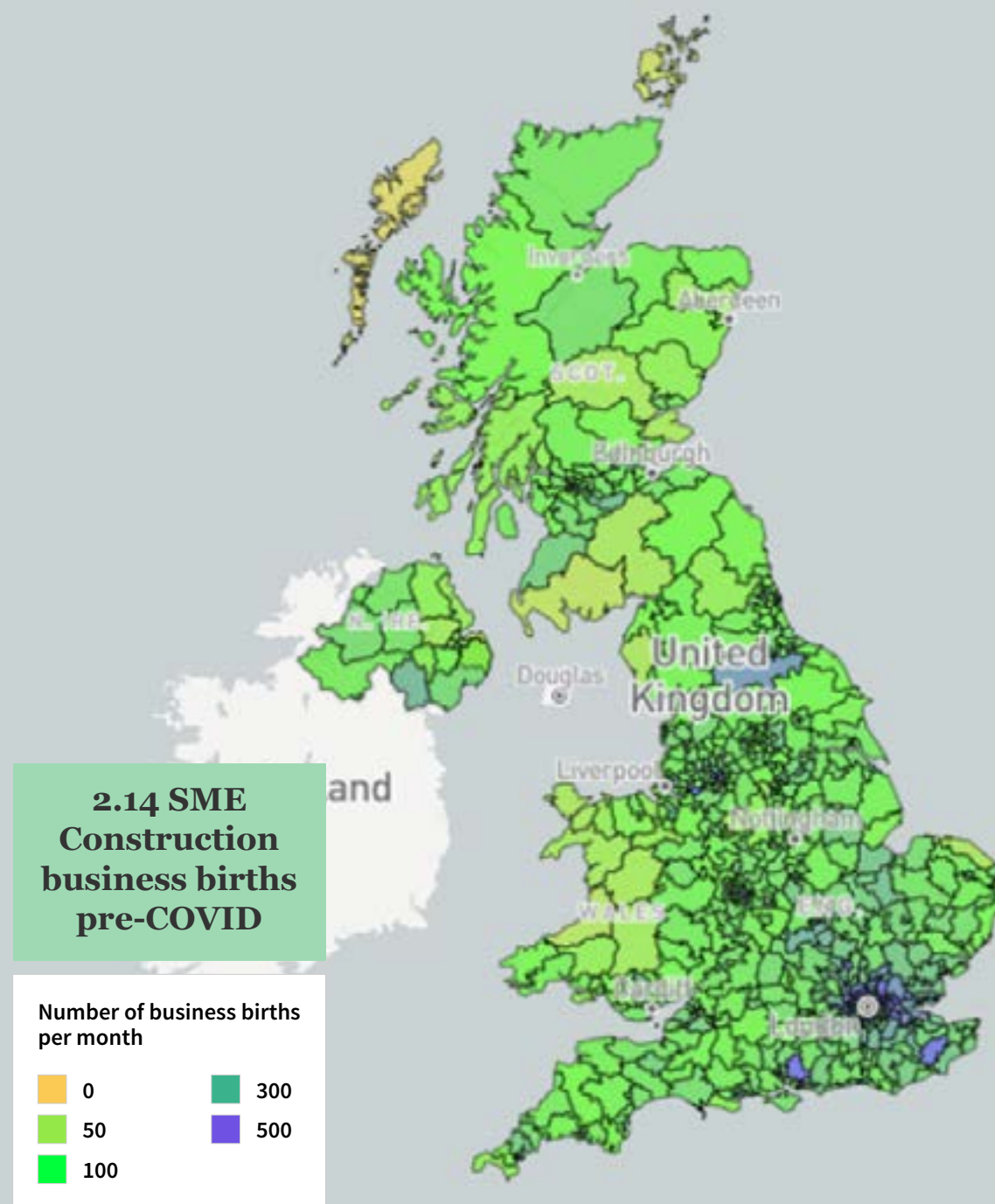
SMEs across the UK haven't been afraid to confront the issues facing them during the COVID-19 pandemic. Hard decisions have been made and businesses have had to adapt to the new reality, with both its upsides and downsides. Thankfully they haven't had to do so without support.



These heat maps show the difference in the number of new businesses started across the UK both before and during the COVID-19 pandemic and are a clear sign of the impact the last 18 months have had on SME start-up rates. More importantly, they show how that impact has been felt differently up and down the UK and across different sectors.

The average monthly number of new businesses starting up has declined across the country during the pandemic ([Map 2.12 – 2.13](#)). But that decline hasn't been equally felt everywhere. Wales, Scotland, and Northern Ireland have all seen business births decline particularly steeply. This is especially noticeable in the areas just outside major cities.

Meanwhile, the heaviest declines in England were seen in the North and the South West of the country — regions that have been especially hard hit by both the health and economic impacts of COVID-19. Specific sectors performed well regionally due to an uptick in trade from local customers, which was partly due to a decline in business births leading to a consolidation of options for customers.



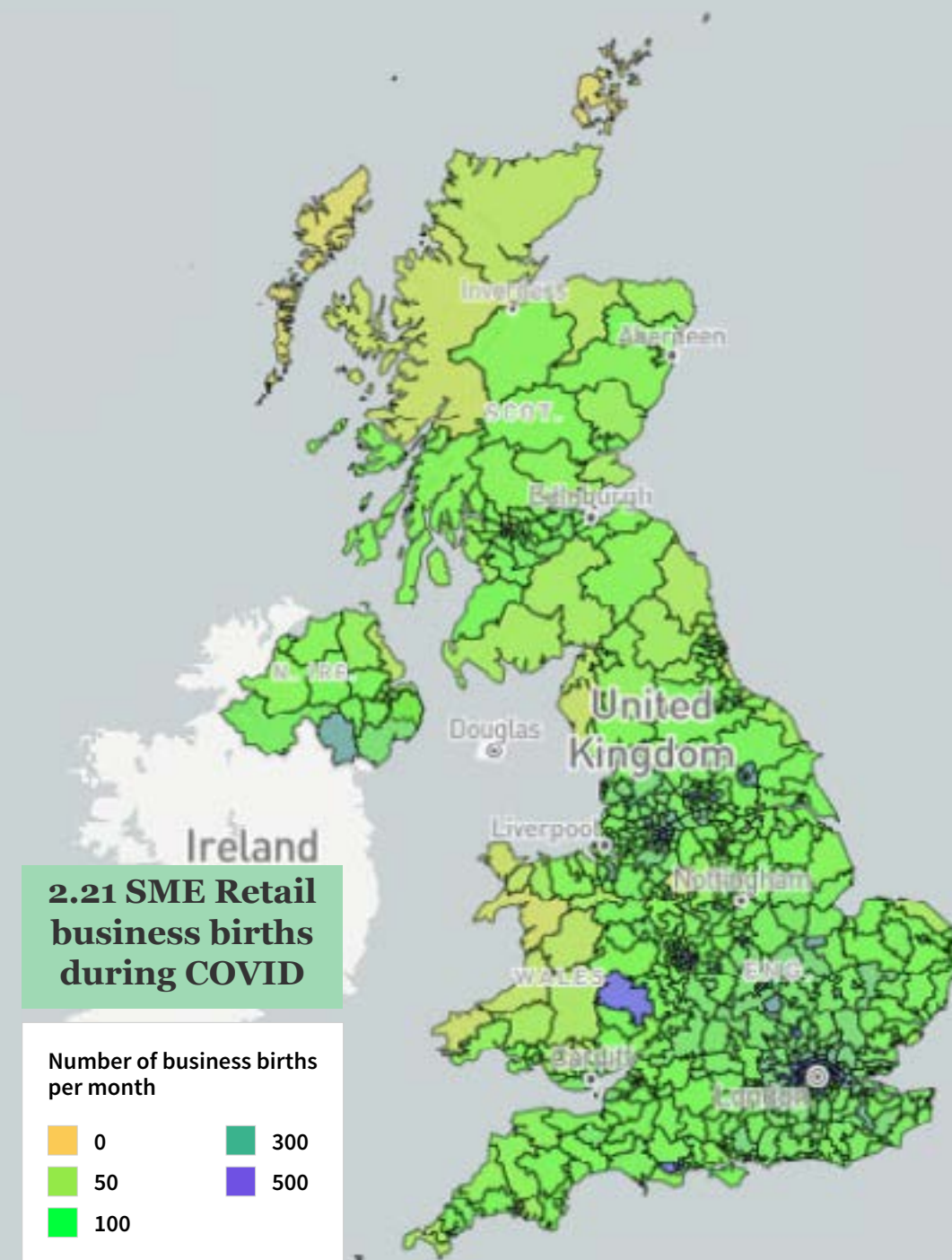
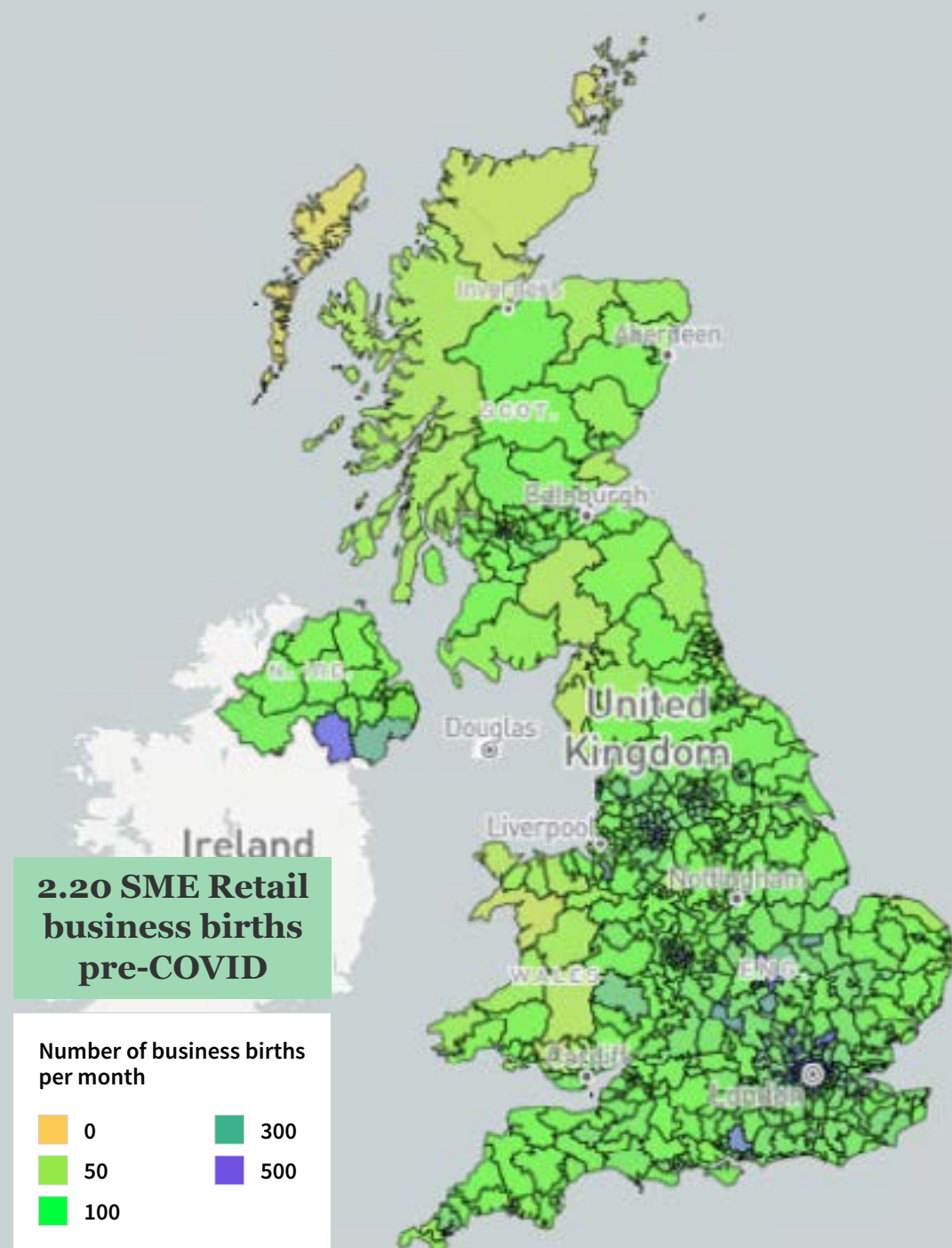
However, to have confidence to take on the financial risk of beginning a new business, entrepreneurs must feel supported, and financial concerns are high on SME owners' list of potential challenges ([Graph 6.2](#)). Declines elsewhere in England are less noticeable, though business births are still below pre-pandemic levels.

The situation differs across Britain's major business sectors, too. Sectors that were hard hit by COVID-19 restrictions tended to see the greatest fall in business creation. Construction saw business births fall by over 45,000 in the first 12 months of the pandemic compared to the 12 months prior ([Map 2.14 – 2.15](#)), even though as previously

mentioned, Construction businesses saw an increase in revenue from local customers. This is likely due to the drop in new business births ultimately leading to less competition and a consolidation of customers over several lockdowns.

Yet it wasn't always the obvious areas that were affected. In Health and

Pharmaceuticals, the fall was around 20,000. This accounts for an almost 40% drop year-on-year — despite the relative protection of businesses in this sector during the pandemic ([Map 2.16 – 2.17 – Appendix](#)). This could be partly due to the reduced hours and closures of pharmacies in city centres, or the reduced capacity of non-emergency health services during the first lockdown.



Not all sectors were as adversely impacted though. Food & Drink in the UK saw only a roughly 10% drop in business births year-on-year ([Map 2.18 – 2.19 – Appendix](#)) – whilst Retail business births actually rose during the pandemic by almost 15,000 compared to the previous 12 months ([Map 2.20 – 2.21](#)).

It's likely the business birth rate in these sectors was kept buoyant by the launch of new online-only SMEs during the pandemic.

The heatmaps show how diverse the experiences of SMEs during the pandemic have been. Overarching trends are important – but so are the regional and sectoral differences that are sometimes harder to spot.

Support for SMEs during the pandemic

A woman with short dark hair, wearing a white long-sleeved shirt and a light green apron, is leaning over a large glass window. She is using a thin white string or cloth to clean the bottom edge of the glass. The window reflects the street outside. Below the window, there is a white sign with black text.

I hate
monday

OPEN

Tue - Fri 8.00 AM - 6.00 PM

Support for SMEs during the pandemic

Talking to SME decision makers has shone an interesting light on which elements of support has been most useful — and which might've slipped through the cracks.

There's been a wide range of support available to SMEs throughout the COVID-19 pandemic.

It's ranged from government support, in the form of grants, loans, and the furlough scheme, to advice and help from financial institutions and insurers. Many SMEs have also had help from their local communities and from their owners' and employees' friends and families.

State support has been broad. At least 12 different grants, loans, and support programmes have been available to businesses over the course of the pandemic.

Some of these have helped SMEs to keep on employees when times are tough, especially through the extraordinarily successful furlough scheme. Others have supported businesses financially through grants and low-interest loans or by offering deferrals and freezes on tax payments.



Over half of all businesses surveyed made use of the government furlough scheme during the pandemic.

76%

OF THOSE WHO USED FURLOUGH FOUND IT USEFUL FOR SUPPORTING THEIR BUSINESS

Outside of state support, many financial services firms and insurers have been on hand to offer expert advice and direct support to SMEs across the UK. At AXA we became the preferred business insurance provider for the Co-Operative Bank to provide tailored insurance offerings to SMEs and we launched the Startup Angel initiative to help new SMEs get off the ground.

Talking to SME decision makers has shone an interesting light on which type of support has been most useful — and which might've slipped through the cracks.

The furlough scheme was far and away the most popular policy intervention amongst SMEs:

- Over half of all businesses surveyed made use of furlough during the pandemic and, of those, 76% found it useful for supporting their business — the highest of any available support ([Graph 3.1](#)).
- SMEs with decision makers aged 35 or older were especially likely to highly rate the scheme. 84% of this group saw it as useful, compared to 70% of under-35s ([Graph 3.2 — Appendix](#)).

More recently established businesses, set up between the last two to 10 years, were particularly reliant on support — being twice as likely to rely on methods

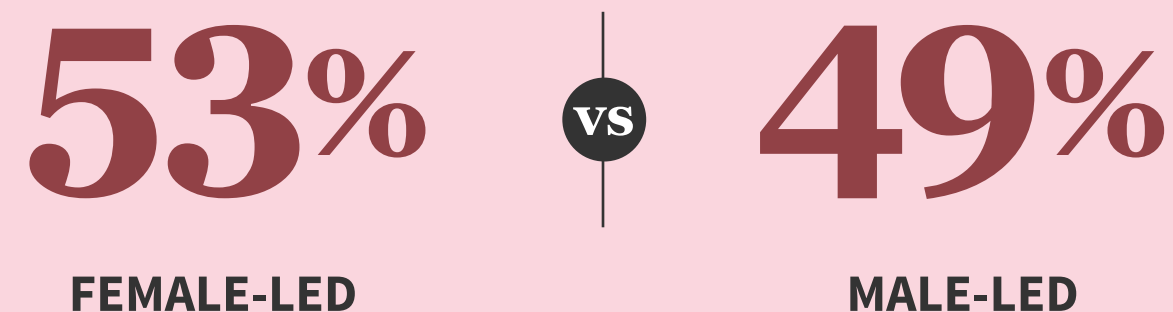
such as borrowing from family and friends, when compared to older SMEs ([Graph 3.3 — Appendix](#)).

This is in large part due to financial stability and the advantage that older SMEs had with regards to retained profit, secure and long-term customer bases, and previous experience navigating uncertain times, like the 2007-08 financial crisis. It's not unsurprising that businesses across sectors and demographics made the most of the furlough scheme given that it was easier to access, open to all employers, and available immediately.

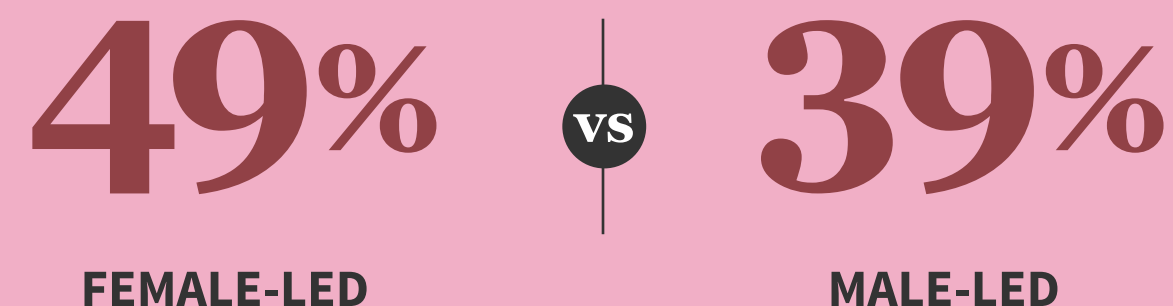
Some SMEs also found themselves relying on other, sometimes riskier, forms of support during the pandemic. This was especially true at female-run SME businesses:

- 53% of female-run businesses turned to credit card loans — higher than the still substantial 49% of male-run businesses that made use of them ([Graph 3.4 — Appendix](#)).
- 49% of female-run SMEs also turned to family and friends as a source of finance, well above the 39% of male-run businesses ([Graph 3.4 — Appendix](#)).

SMEs that turned to credit cards for financial support during the pandemic



SMEs that turned to family and friends for financial support during the pandemic



3.1 Share of SMES which used the following methods to deal with the impacts of the pandemic, that found them useful

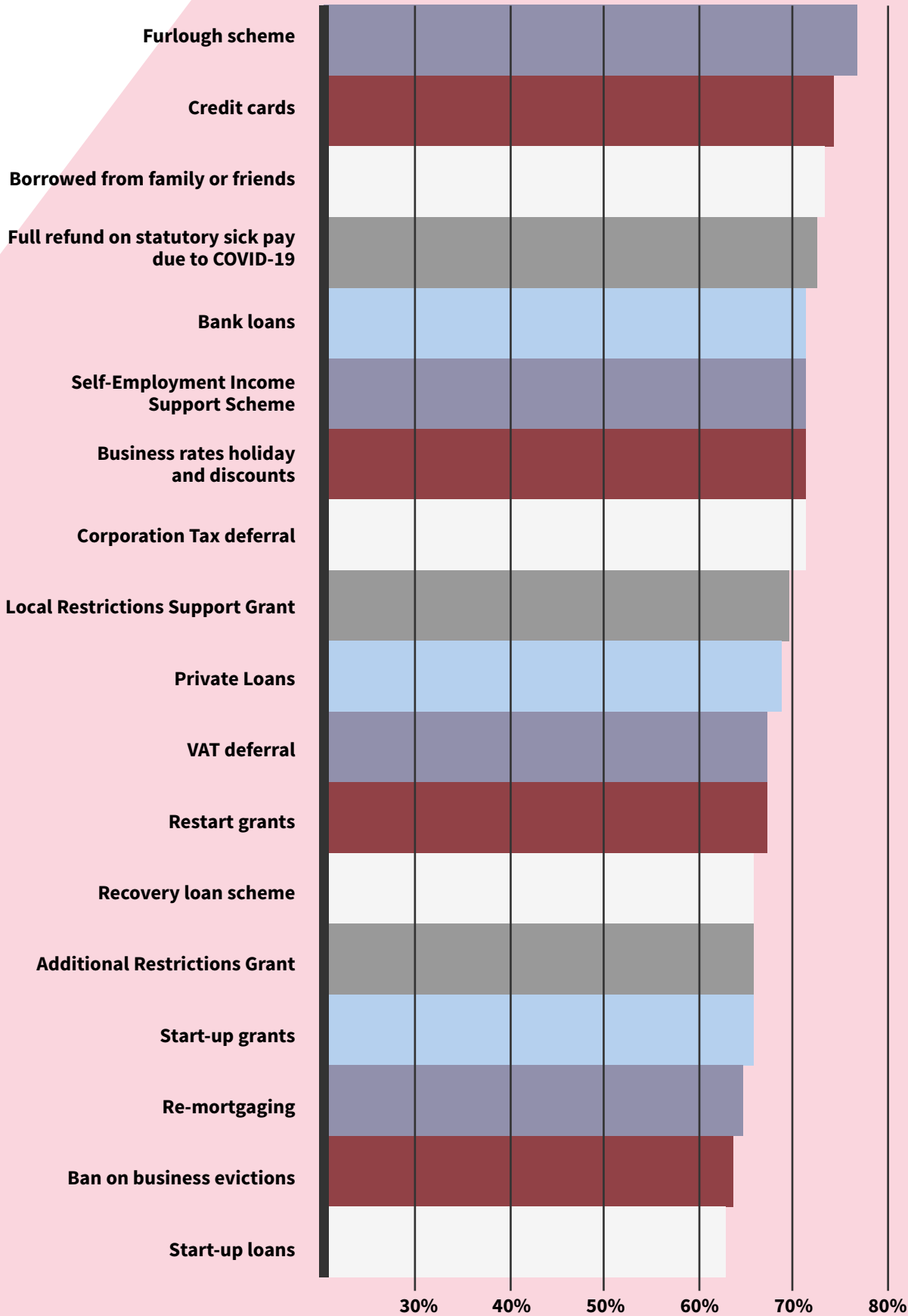
However, across almost all forms of support available, a significant minority of SMEs were unaware of their ability to access it. This generally stood at around one in eight businesses for most forms of support — though it rose as high as 16% for some government grants ([Graph 3.5 — Appendix](#)).

This may be due to the communications around the schemes on offer. The government seems to have done a better job of communicating to larger and more established businesses, whereas newer SMEs were not always clear on questions of eligibility and usage.

Although 84% of small firms received some sort of business support advice during the pandemic according to a [2021 Federation of Small Businesses study](#), it also notes that most sole traders found that business support advice was not helpful for them.

Despite not all businesses gaining access to the support they may have been entitled to, the overwhelming response to support from SME decision makers has been positive. Across the board, all methods of support for SMEs during the pandemic were rated as useful by a majority (60%+) of the businesses that used them ([Graph 3.1](#)).

Support, when accessed, was almost always deeply appreciated by SMEs across Britain.



SME survival and creation: a tentative forecast



SME survival and creation: a tentative forecast

The flexibility of SMEs allowed them to take advantage of new opportunities.

Looking at yearly business births and deaths alongside overall survival rates can help paint a clearer picture of the health of Britain's SMEs. Trying to use this to forecast the future for SMEs isn't quite as simple though.

However, looking at recent trends in SME creation and survival up to and including 2020 offers some insight. As does understanding the impact of the UK's previous major recession, the financial crisis of 2007-08, on business birth and death rates in the years that followed. There are obvious differences — 2020/21 is not 2019 and the recessionary impacts of the COVID-19 pandemic will be different to those we saw in previous crashes, but there are still lessons to be learnt. They can offer a glimpse at the likely direction of travel for SMEs going forward.

Leading into the pandemic, business births were higher than deaths in 2019 across the UK. Nationally, the average business birth rate stood at 13% of the total business population — with business deaths lower at 11.2% ([Graph 4.1](#)).





The reality for SMEs on the ground is more nuanced:

- Business birth rates across the country ranged from lows of 10.4% in Northern Ireland and 10.7% in the South West of England to a high of 15.7% in London ([Graph 4.1](#)).
- Business deaths showed similar regional differences. Highest in London at 13.1%, they fell as low as 9% in Northern Ireland ([Graph 4.1](#)).

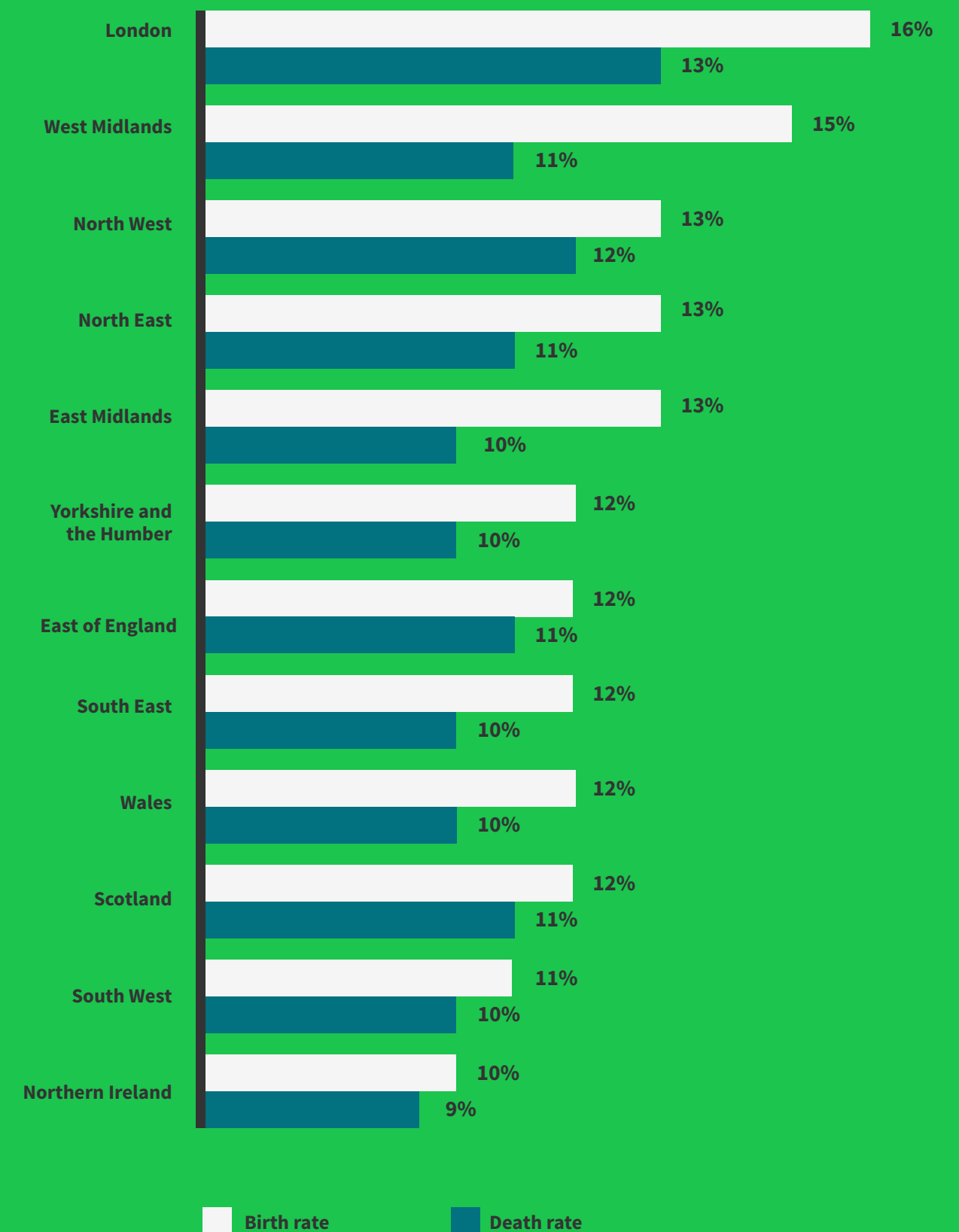
There were major differences between sectors:

- Birth rates were significantly higher than business deaths in some sectors — including both Transportation and Storage and Administrative and Support Services ([Graph 4.2](#)).

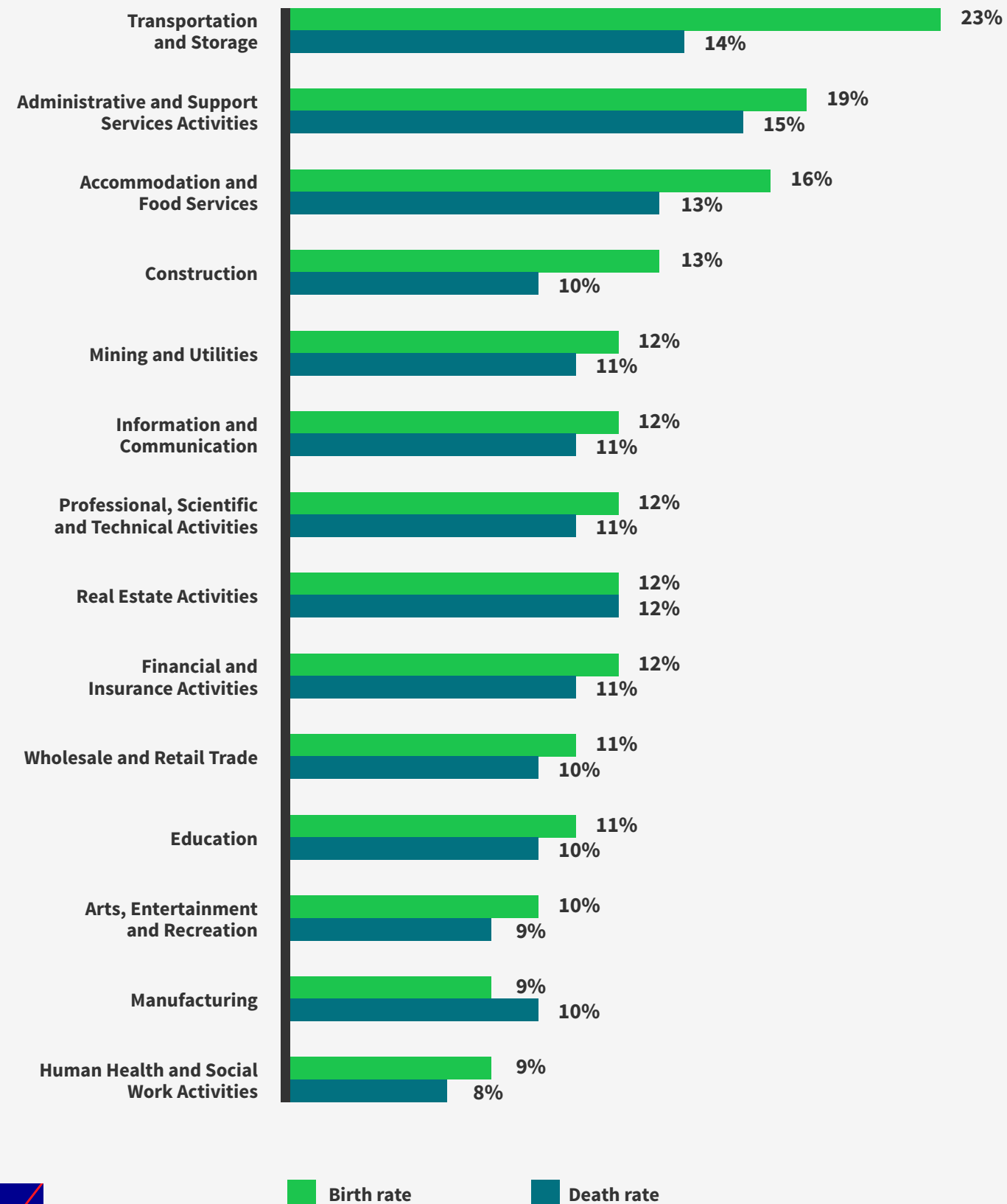
- Other sectors, including both Real Estate and Manufacturing, saw business death rates marginally outstrip births over the course of 2019 and 2020 ([Graph 4.2](#)).

These trends clearly foreshadow the types and nature of businesses that have been either providing crucial services throughout the pandemic or were able to pivot their offerings to pandemic-proof products and services. There were also wider implications for many businesses operating in import-dependent sectors around exiting the European Union, for example Real Estate and Manufacturing largely saw negative growth due to these mitigating circumstances.

4.1 Birth and death rates, by region, 2019–2020



4.2 Birth and death rates, by industry, 2019–2020



Six-year survival rates for businesses show similar diversity:

- The national business survival rate up to and including 2020 stood at 42.5%. Regional differences are clear — survival rates were highest in the South West of England at 45.9% and lowest in London at just 39.2% ([Graph 4.3 — Appendix](#)).

SMEs, especially the microbusinesses that make up the majority of the SME population, already faced lower survival rates than the business average going into the pandemic. As we've seen in previous chapters, the economic impact of the pandemic has hit them hardest.

Their smaller size often makes dealing with shocks harder than with larger or more established businesses. Yet SMEs remain adaptable and flexible. During the pandemic they've created new products and services and built new relationships with customers both local and further afield.

They've also benefited from financial and expert support that simply wasn't available in previous crises. That versatility and support will be a trump card going into the post-pandemic recovery.

13%

AVERAGE BUSINESS DEATH RATE

11.2%

AVERAGE BUSINESS BIRTH RATE

*OF TOTAL BUSINESS POPULATION

NATIONAL BUSINESS SURVIVAL RATE

42.5%

(2014–2020)

Looking at how SMEs recovered from the UK's last recession backs this up. Business death rates rose above birth rates at the height of the Great Recession, but by mid-2010 business creation once again increased above business deaths.

The flexibility of SMEs allowed them to take advantage of new opportunities and the number of SMEs has been rising ever since. We can expect SMEs in the construction industry to enjoy particular success as the UK recovers from the impact of the pandemic. CEBR forecasts that construction industry growth will hit 16.9% and 4.9% in 2021 and 2022, respectively. Given that SMEs contributed to 73% of total business turnover in the industry in 2020, they will clearly be a major driving force behind the expected growth levels in the coming years.

The pandemic has been a huge challenge for SMEs. There's no point pretending otherwise. Yet, with continued support from the government, from expert institutions and partners, and from the employees, family, and friends who have helped so much, SMEs will bounce back.

Opportunities will come and SMEs will be uniquely placed to take them.

“The importance of microbusinesses should not be ignored, making up over 90% of SMEs in almost all industries, they are the backbone of the SME economy. Smaller businesses tend to be more dynamic and adaptable to change.”

— JOSIE DENT
MANAGING ECONOMIST
CEBR



What drives the people behind the UK's SMEs?



What drives the people behind the UK's SMEs?

No one small business is like another. Neither are the people behind them.

The decision makers behind Britain's SMEs are just as varied as Britain itself. Their reasons for starting their business, for running it day-to-day, for helping employees, and finding new customers are as diverse as the decision makers themselves.

If there's one thing that really unifies them it's that they want to be doing it. They want to be there.

And whilst every business has its own story, when we engaged with small business owners across the UK a few broad trends about what drives them emerged.

Starting a business is never an easy task. Despite the difficulties, for almost half of the business owners we spoke to, it was something they'd always wanted to do ([Graph 5.1](#)).

The next most common reason for starting a business, at 43% of people asked, was the flexibility that running your own business can bring for both you and those close to you ([Graph 5.1](#)).

Different generations of business owners had their own distinct reasons for starting their business. Top motivations differed hugely by age ([Graph 5.1A-H](#)):

- 48% of Baby Boomers felt they had unique skillsets to draw from.
- Among Generation X, 58% of them felt it was something they'd always wanted to do.
- 54% of Millennial business owners saw flexibility as their main reason for starting an SME.
- Gen Z were the most likely to have started their own business because of family traditions — but had the most diverse range of answers of any generation.

Younger generations were more than twice as likely to have started their business to support the local community, compared with older decision makers. Supporting causes close to their heart was particularly important to Gen Z — 20% of them had set up their SME to help a cause important to them ([Graph 5.1A](#)).



HOLLY TUCKER MBE

*Co-founder, Not On The High Street and Founder, Holly & Co
AXA Startup Angel*

“I think the wrong way is to never start it. I think we all know many people in our lives that end up talking about it in the pub or at home on the sofa, but never quite get to it. And so I think there is no wrong way to start it, the wrong way is to never start it.”

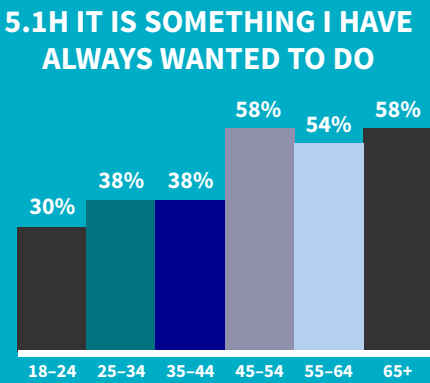
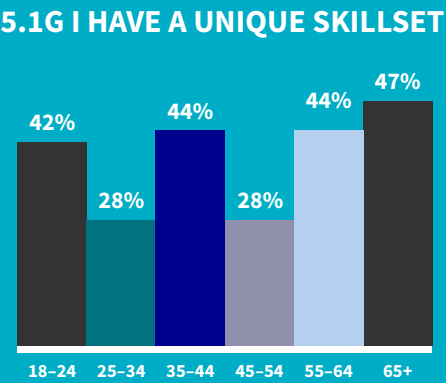
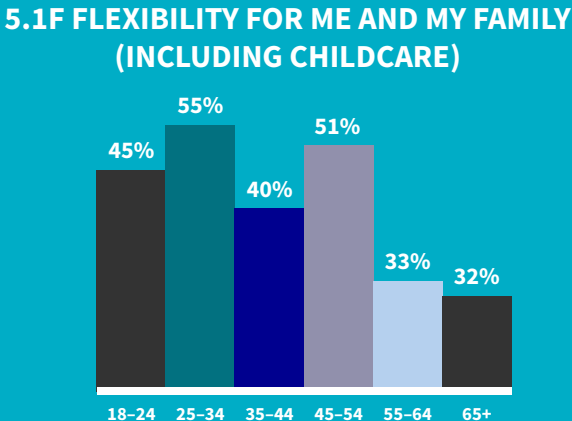
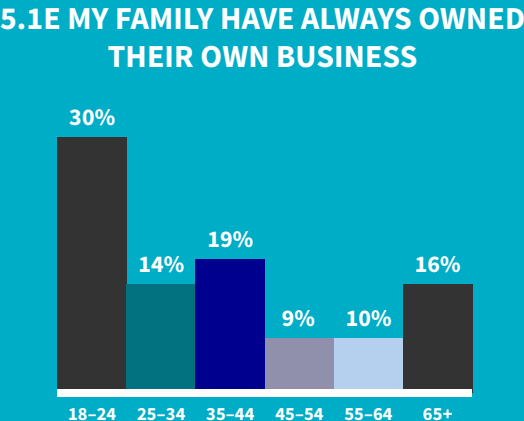
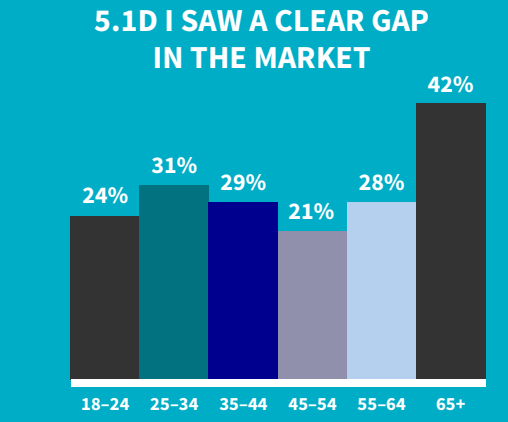
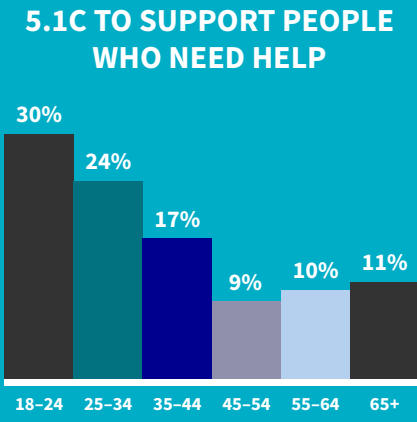
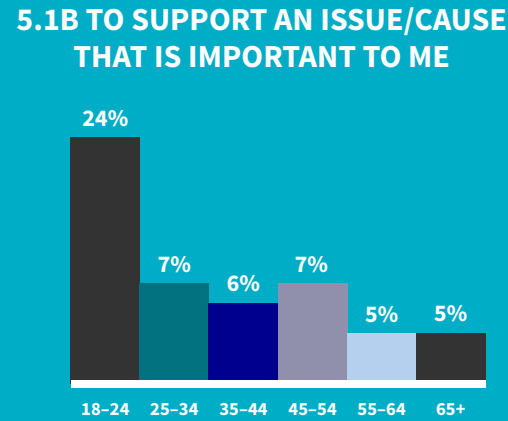
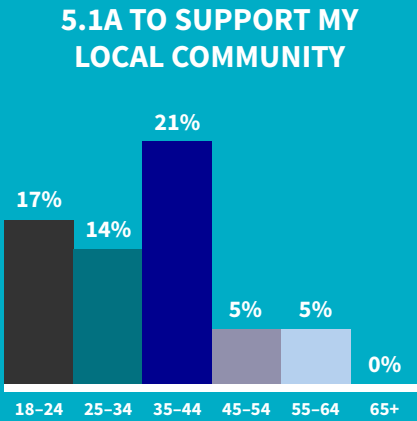
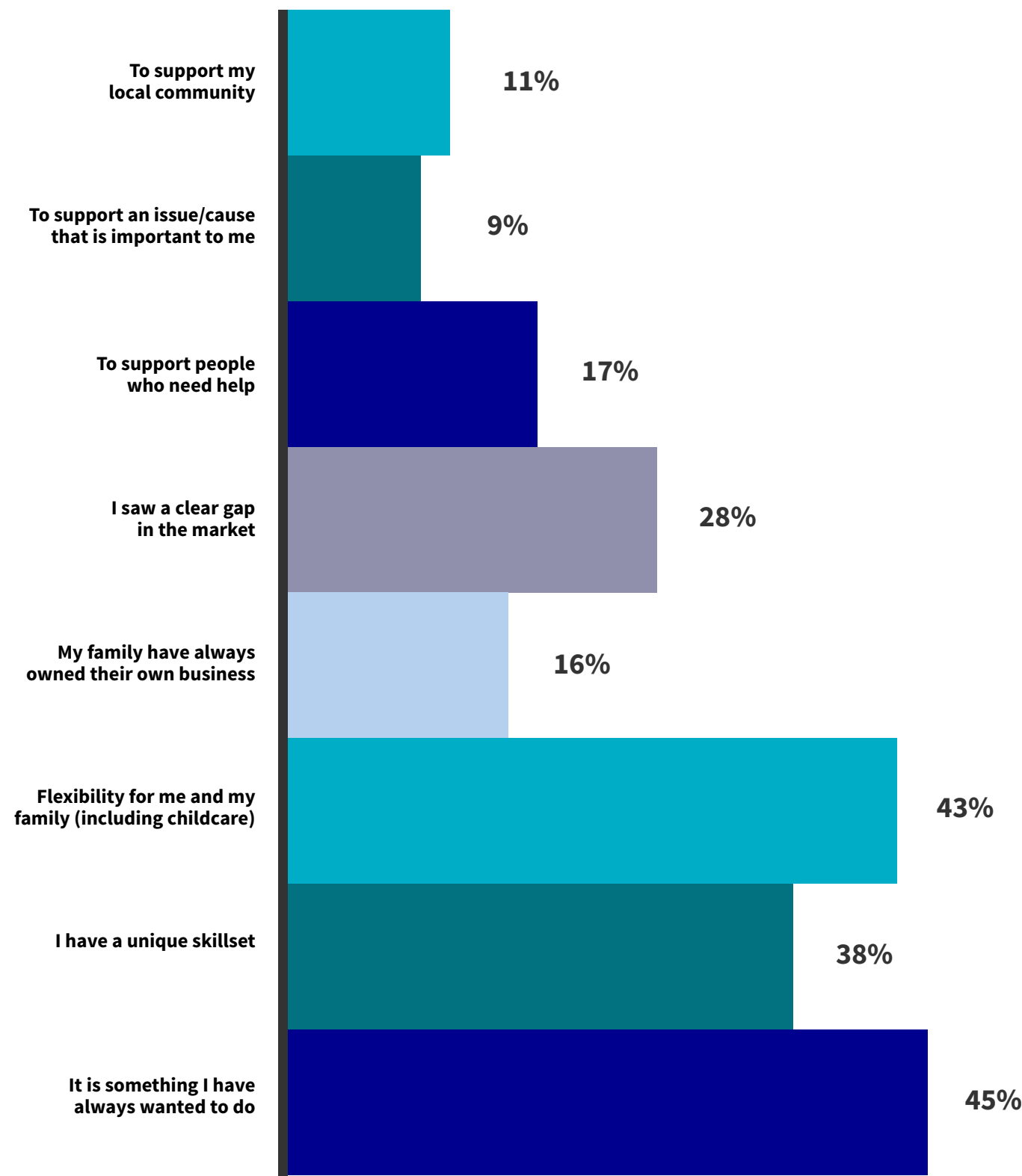


RAPHAEL SOFOLUKE

*Founder, UK Black Business Show
AXA Startup Angel*

“Create that unique business... Everyone takes something away from other successful businesses, and we're all built up from the people around us, but at the end of the day there is still only one you, and you should utilise that when you're creating your business.”

5.1 Which, if any, of the following were reasons why you decided to start your business?





DOMINIC LIVINGSTON

Designer & Creative Director
Small Business Owner

“For me it’s being able to choose to work on projects I care about and to deal with people I enjoy working with and getting to know... Think about who you do it for and why you do it as your main driving force. That’s been the main benefit for me.”

started their business because they saw a clear gap in the market (34%) ([Graph 5.2D — Appendix](#)).

With an older, more affluent demographic dominating those businesses started across London and the South of England, these differences would suggest that those in more stable financial situations started their businesses based on want rather than need, citing that it was something they’d always wanted to do. This also accounts for the Northern weighting towards new products and services operating in market gaps, alongside the density of older businesses sitting outside of the North which indicates a less mature market and thus more opportunities.

When it comes to why SME owners enjoy working at their business instead of at a larger company, many of the same key reasons came up again and again:

There are differences by region too:

- Those in London and the South of England were most likely to have started their business because it is something they have always wanted to do (49%) or because they have a unique skillset (47%) ([Graph 5.2 — Appendix](#)).
- Those in the Midlands were most likely to have started a business for the flexibility it offered them and their family (51%) ([Graph 5.2F — Appendix](#)).
- In the North of England, decision makers were most likely to have
 - Work-life balance was the most common response — one in three decisions makers saw it as a main driver of their decision ([Graph 5.5 — Appendix](#)).
 - Being able to fit their business around their knowledge and skills was the next most common answer at 29% of respondents ([Graph 5.5 — Appendix](#)).
 - In a similar vein, having “greater control” over their work was the next most picked by SME decision makers ([Graph 5.5 — Appendix](#)).

- Higher compensation for their work was also a common response. Business owners under the age of 35 were more than twice as likely to pick this answer compared to older decision makers ([Graph 5.6 — Appendix](#)).

SMEs offer a chance to make your own choices — around what you do, when, and how you do it. For decision makers that’s a key attraction.

They also offer a chance for people at those businesses to build closer relationships — with colleagues, employees, and with their local communities. When we asked SME decision makers what they thought the biggest benefits of running a small business were, closer relationships with customers and colleagues were among the top answers.

Running an SME doesn’t come without its own issues.

The fear of not having anyone to hand over to during sick leave or maternity/ paternity leave was a major concern — with 40% of women and 38% of men sharing this worry ([Graph 5.7 — Appendix](#)).

Struggles with burnout and with separating work and personal lives were also a common answer. Long hours were also reported as a challenge — especially amongst male business owners ([Graph 5.7 — Appendix](#)).

Yet despite the challenges, the people we surveyed were overwhelmingly positive about their experiences setting up and running SMEs. A better work-life balance. Greater control over their job and business. A chance to help their communities or a cause close to their heart.

Whatever their reason, they’d found it, and they did it.



IAN THEASBY

Co-Founder, BOSH!
AXA Startup Angel

“Sometimes you have to approach a pretty serious problem head on and you have to be prepared to get your hands dirty and have sleepless nights and have the bad stuff happen so that good stuff happens. If you’re truly going to put the work in, then the tough decision will reward you with a better, more rewarding outcome.”

54%

OF MILLENNIAL BUSINESS OWNERS SAW FLEXIBILITY AS THEIR MAIN REASON FOR STARTING AN SME



HENRY FIRTH

Co-Founder, BOSH!
AXA Startup Angel

“When building a business, you develop comfort with discomfort. You develop a discomfort zone that you live in... Worrying about bills, taxes, customers, marketing. It’s quite disconcerting at times. So I think if someone wants an easy life, it might not be for them. Because it is tough but the rewards make it worth it.”

SECTION SIX

Looking ahead



Looking ahead

Pandemic fears become less common when asking SME decision makers to look further ahead.

When looking at the challenges and opportunities facing SMEs over the next few years, the best thing to do is to ask the people with first-hand experience of running a business. That's SME decision makers and business owners themselves.

We asked them about the opportunities and challenges they thought SMEs were most likely to face — both during the next 12 months and over the next three years. Their answers give a glimpse into how they're approaching the future.

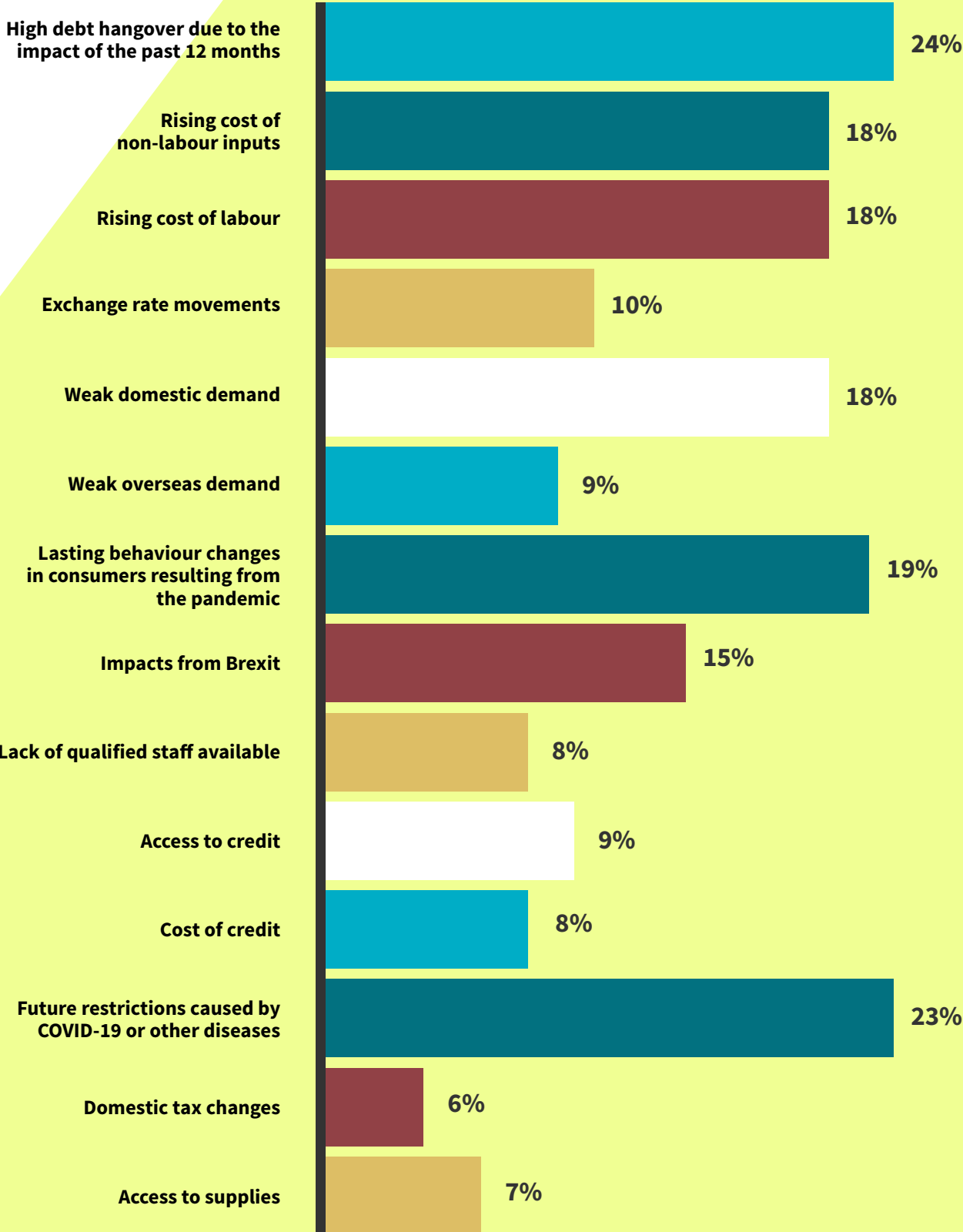
When it comes to the next 12 months, concerns over the impact of the pandemic remain high up in business owners' thoughts ([Graph 6.1](#)):

- Future restrictions due to COVID-19 or other diseases remain a worry for 23% of SMEs.
- High levels of debt accumulated during the pandemic is the most common worry, with 24% of decision makers concerned.
- 19% are concerned that the pandemic will have resulted in lasting changes to consumer behaviour.

There are also broader concerns around business costs and consumer demand:

- 18% of businesses are worried about continued weak domestic demand for their goods or services.
- For 18% of SME decision makers the rising cost of labour was a concern.

6.1 What do you think will be the biggest challenges for your business over the coming 12 months?





This may be due to Brexit, which has had some impact on the ability of smaller businesses to access labour and affected domestic demand as consumers have changed location or become more focused on price and value.

Concerns amongst SMEs aren't always universal.

Regionally there were different stories. Debt was less of a concern in the North West, where only 19% of businesses mentioned it — but fears about changes to consumer behaviour were higher than the national average. This could mean that SME owners in the North West felt confident about the financial support and business adaptations they'd utilised during the pandemic, but don't feel those changes could sustain their business if they had to be implemented long term to account for more permanent behaviour shifts. In Scotland, where restrictions continued to remain in place during the easing of lockdowns in the rest of the UK, concerns over future COVID-19 restrictions were as high as 36% ([Graph 6.2 — Appendix](#)).

One difficulty SMEs holding debt will face as the economy reopens and the government withdraws support and temporary protection from liquidation, is which of their creditors to pay first. Many SMEs affected by lockdown are likely to now owe money to a range

1 in 5

**BUSINESSES
BELIEVE THAT NEW
TECHNOLOGY WILL
BRING EFFICIENCIES
IN THE NEAR FUTURE**

of creditors, including their landlord, suppliers, HMRC, and their banks. Many of those who have been forced to close have seen limited revenues, but they have been legally protected from paying back any due debts. However, as the economy reopens and businesses see revenues return, they will have to prioritise which debts they repay. Increased pressure will also be driven by creditors wanting to get to the front of the queue in the belief that if they are paid immediately, they might be paid in full. Some may think that if they wait till other creditors are paid, there may not be much money left. However, if all creditors take this approach, SMEs might be unable to keep up with all the repayments, thus increasing their risk of insolvency.

Pandemic fears become less common when asking SME decision makers to look further ahead. As restrictions continue to ease and there are fewer uncertainties around living in a post-COVID-19 world, businesses face more permanent changes around consumer behaviour and ways of operating.

Debt remains a concern but rising costs in labour and other business inputs are now also common answers. Younger decision makers are particularly concerned. Over a quarter of the under-35s we surveyed spoke about the rising cost of doing business — compared to less than a fifth of older decision makers ([Graph 6.3 — Appendix](#)).

27%

OF SME BUSINESS LEADERS BELIEVE THAT NEW WAYS OF WORKING, INCLUDING HOMEWORKING, ARE AN OPPORTUNITY FOR GROWTH

But it’s not just challenges that SMEs see on the horizon. There are opportunities too ([Graph 6.4](#)):

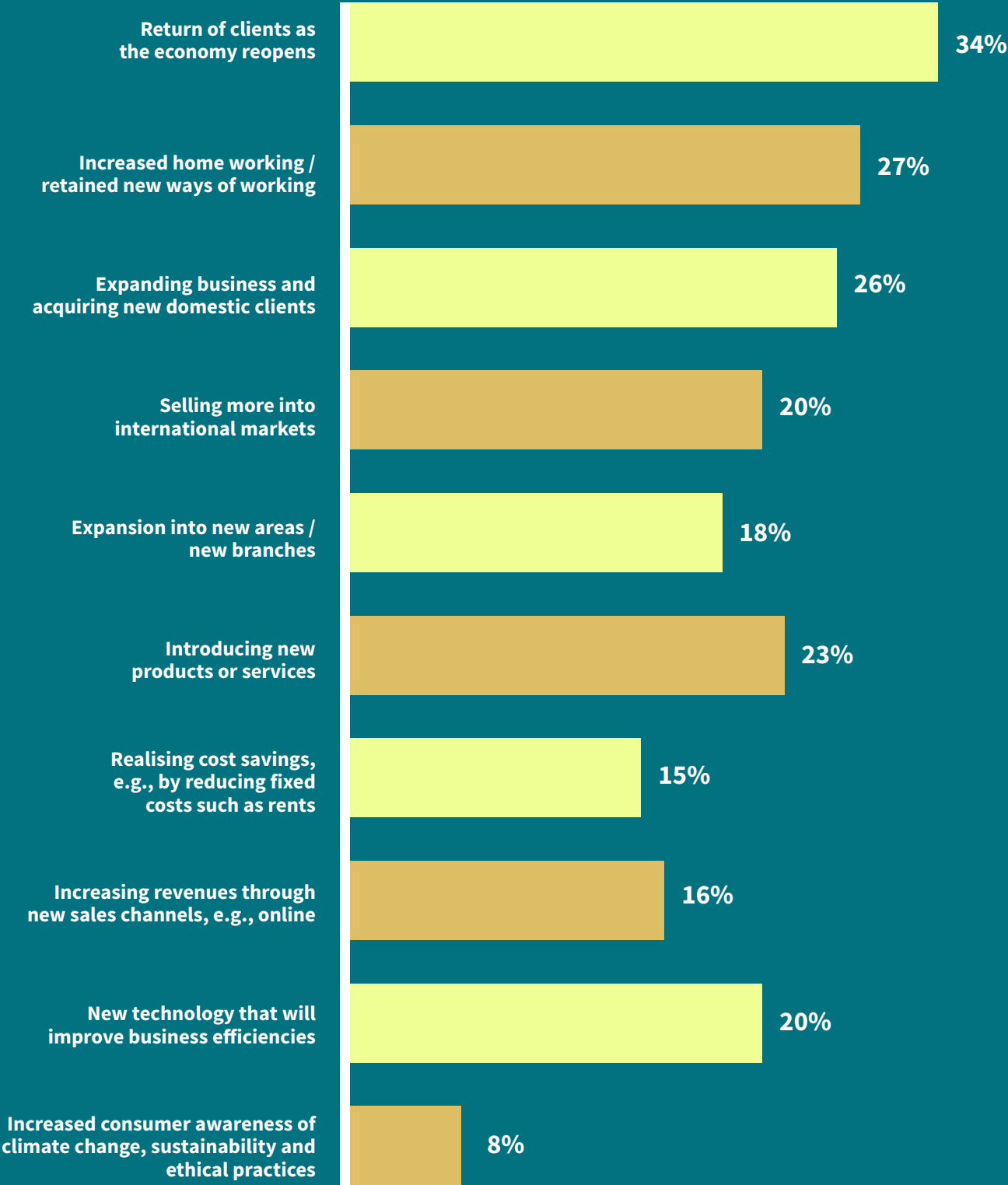
- The return of clients is the main opportunity decision makers are hoping to benefit from over the next three years — with more than a third of those we surveyed picking this answer. More established firms were particularly likely to select this option.
- A fifth of businesses believe that new technology will bring efficiencies in the near future.

The changes businesses have had to make during the pandemic have also opened up new opportunities ([Graph 6.5 — Appendix](#)):

- New ways of working, including homeworking, are seen as an opportunity for growth by 27% of SMEs.
- New domestic clients and the chance for expanded local business figured in 26% of answers.
- The introduction of new types of goods and services were mentioned by 23% of respondents.

SMEs are uniquely placed to take advantage of these opportunities. Their adaptability and flexibility will allow already established businesses to grab chances wherever they turn up. We’re also likely to see a whole new generation of SME decision

6.4 What do you think the biggest opportunities for your business over the coming 3 years will be?



makers crop up — supported by local communities with strong links to their local businesses.

Looking at past trends amongst SMEs, it's possible to make some predictions as to the sectors in which small-to-medium sized businesses might see the best opportunities going forward.

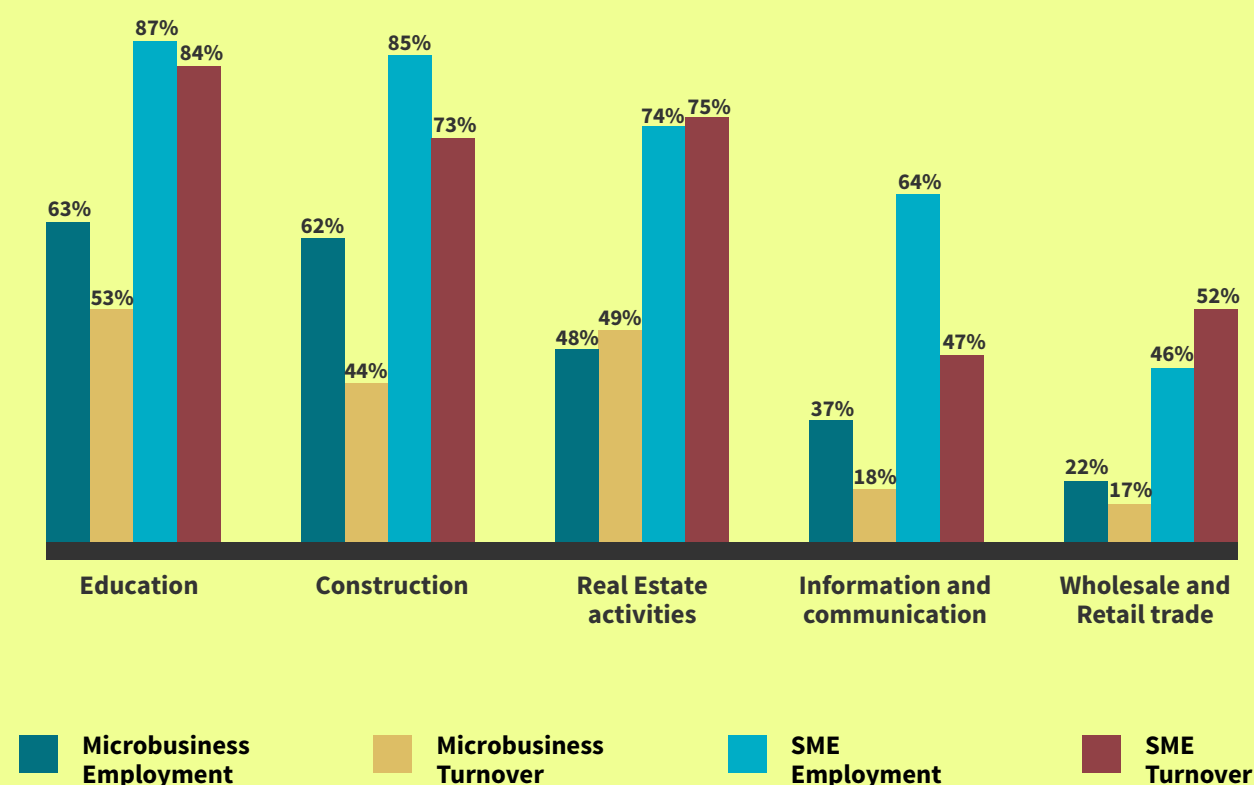
- Microbusinesses in the Information Technology sector are a key example. They saw strong pre-pandemic growth — turnover rose by 79% between 2010 and 2020 ([Graph 6.6 — Appendix](#)). They're now uniquely placed to take advantage of changes in where and the way in which the UK goes to work, helping businesses and employees adjust to new technologies.
- In Retail & Wholesale, larger SMEs have continued to be efficient during the pandemic. Despite making up 46% of total sector employment in 2020, they contributed 52% of turnover, likely due to shifting their focus to online selling ([Graph 6.7](#)). With customers returning to stores they should be in a strong position to make the most of pent-up and new demand.

In previous recessions SMEs have bounced back the strongest in London. It's likely that Britain's largest city will see similar growth in its SMEs in the years ahead — but success might not be so centred around the capital this time.

London's businesses have suffered a lot during the pandemic and may take longer to recover. At the same time SMEs in other regions of the UK, like the South West and East of England, which have historically had higher business survival rates, may have been able to weather the storm. With the government keen to support levelling-up in regions outside the capital, there should be support for businesses in need across the UK.

This increases the likelihood of a more equal recovery, although it won't be plain sailing for Britain's SMEs. Yet despite the difficulties they've faced during the COVID-19 pandemic, opportunities do lie ahead. What's important is making sure every SME has the chance to flourish when those opportunities arrive.

6.7 Share of total industry employment and turnover attributable to microbusinesses and SMEs, 2020



HOW BEST TO HELP

Looking ahead, how should SMEs be supported?

It's about helping businesses with the challenges they face and supporting them in taking the opportunities they come across.

The UK is clearly fuelled by dynamic, versatile, and innovative SMEs, but they've faced unique challenges during the pandemic. These haven't always been felt evenly.

The UK's incredibly diverse SME landscape means the impacts from COVID-19 have been very different depending on sector, region, and due to the individual nature of the businesses themselves. It's important to recognise that the UK is one of the most regionally unbalanced countries in the industrialised world and these regional imbalances have played out in how SMEs have been able to respond to the pandemic.

Government must play a central role in supporting SMEs through the economic recovery. In the short term, it will need to continually assess the immediate needs of SMEs to ensure they can continue to recover and flourish as part of a healthy and diverse economy, particularly around helping SMEs manage their increasing debt burden.

Supporting the wellbeing of SME decision makers also shouldn't be forgotten. The pandemic has been as tough on them as it has been on their businesses. There is now an opportunity for government to reassess the current advice and benefits open to SME owners to ensure they have access to the health and wellbeing support they need to continue driving their businesses forward while managing their work-life balance. Looking further ahead, the UK government will need to recognise the diversity across the SME environment — especially between regions.

`Levelling up` has become central to the UK's long-term economic strategy, and SMEs should play a key role in this. We know SMEs are integral to communities across the UK, particularly in challenging times. Central, devolved, and local government should therefore place the UK's SMEs at the centre of their levelling up strategy — with support tailored especially for each region and sector.

For the businesses and institutions that help support the UK's SMEs it's about continuing to provide the expert advice, support, and services that've been so helpful during the pandemic. Finding and developing new partnerships with SMEs, both new and old. Offering



new opportunities for businesses to make informed decisions about how best to get help — whether through opportunities for cost savings or through products that help make their lives easier. At AXA, we understand the importance of making insurance easy and straightforward so SMEs can focus on growing their business.

It's also about remembering that SMEs aren't a monolith. Each business has its own story. Each decision maker and employee their own unique individuality. The support they need might be different. Remembering this is the key to providing the personalised customer experience SMEs deserve.

Businesses in different parts of the country may need help in different ways and at different times. Younger decision makers, or those of different ethnicities or genders, might have different hopes and fears when they think about their business. Different sectors face different challenges and different opportunities.

There's no one-size-fits-all approach. Instead, it's about listening when asked and helping when needed.

SMEs are the backbone of Britain. Despite the setbacks they've faced, they're as diverse and determined as ever. **Challenges remain, but their future is bright.**

Appendix

All the data from the survey



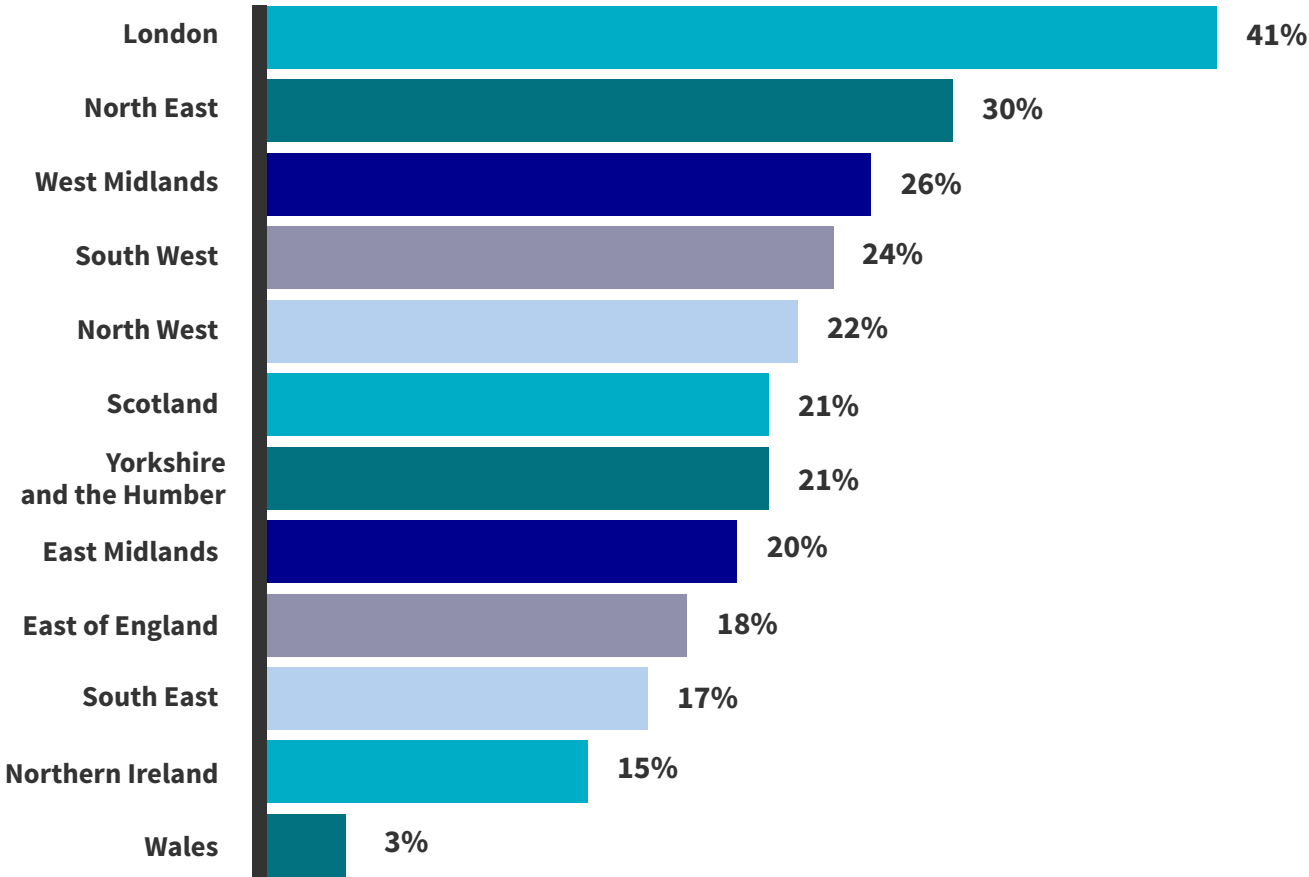
Methodology

Research carried out online by 3Gem on behalf of AXA between 10–17 May 2021, among a nationally representative poll of 1,000 UK SME decision makers aged 18+ in businesses with 1–250 employees. Economic research and modelling carried out by the Centre for Economics and Business Research (CEBR) detailing and analysing existing primary and secondary data focusing on SME businesses pre-COVID-19 and during COVID-19. Visual data mapping conducted by Lumilinks utilising historical and current proprietary data sources focused on UK SME business trading figures.

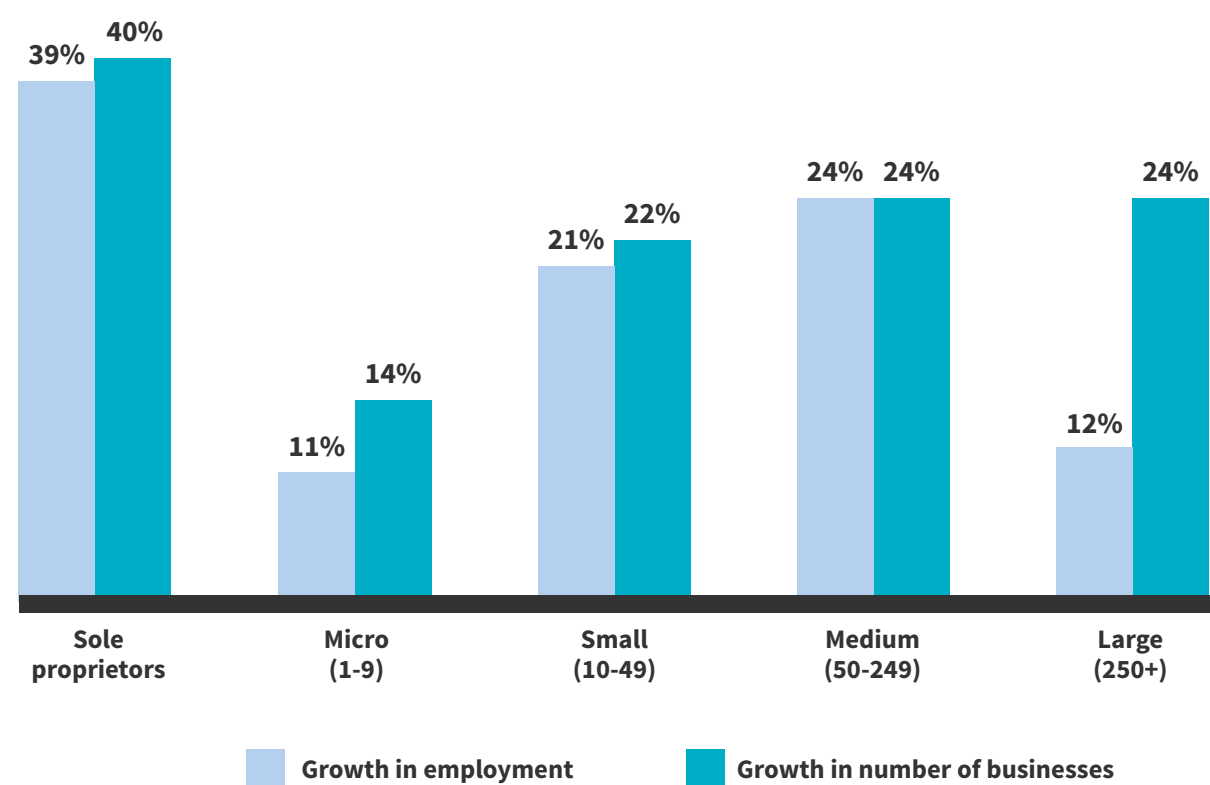
IMPORTANT LEGAL INFORMATION AND CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements contained herein may be forward-looking statements including, but not limited to, statements that are predictions of or indicate future events, trends, plans, expectations or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause AXA’s actual results to differ materially from those expressed or implied in such forward looking statements. Please refer to Part 4 - “Risk Factors and Risk Management” of AXA’s 2018 Registration Document, for a description of certain important factors, risks and uncertainties that may affect AXA’s business and/or results of operations. AXA undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, except as required by applicable laws and regulations.

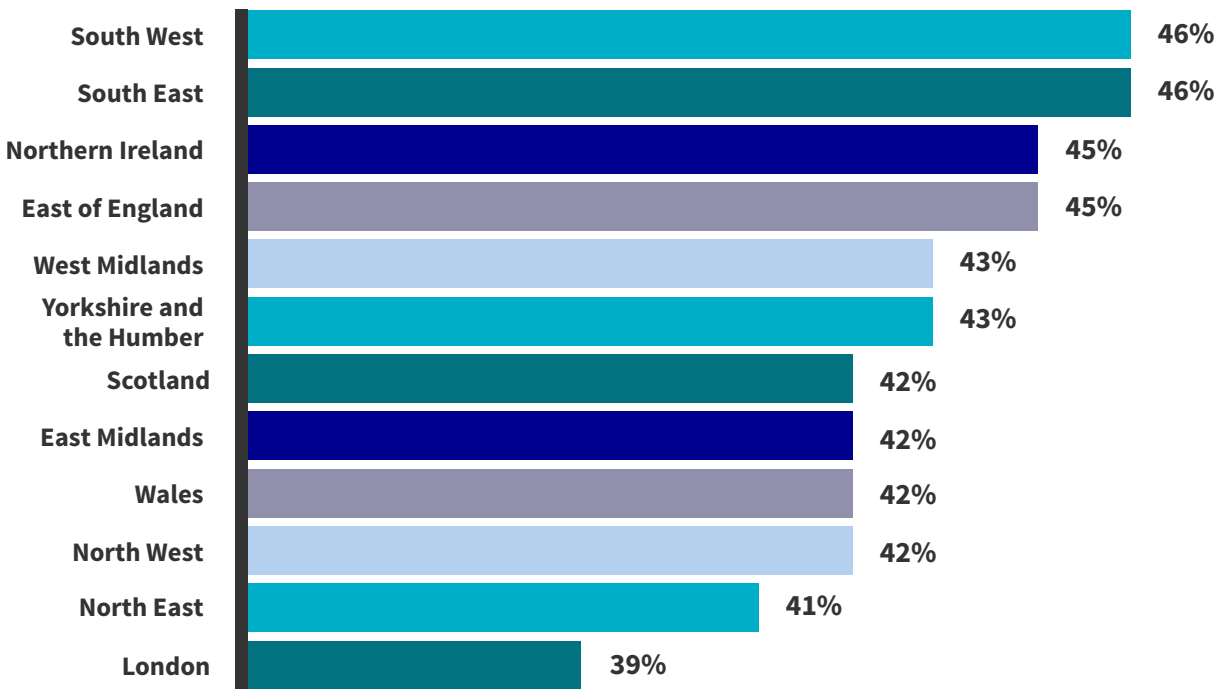
1.1 Growth in SMEs per region 2010–2020,
percentage increase
(using businesses per 10,000 adults)



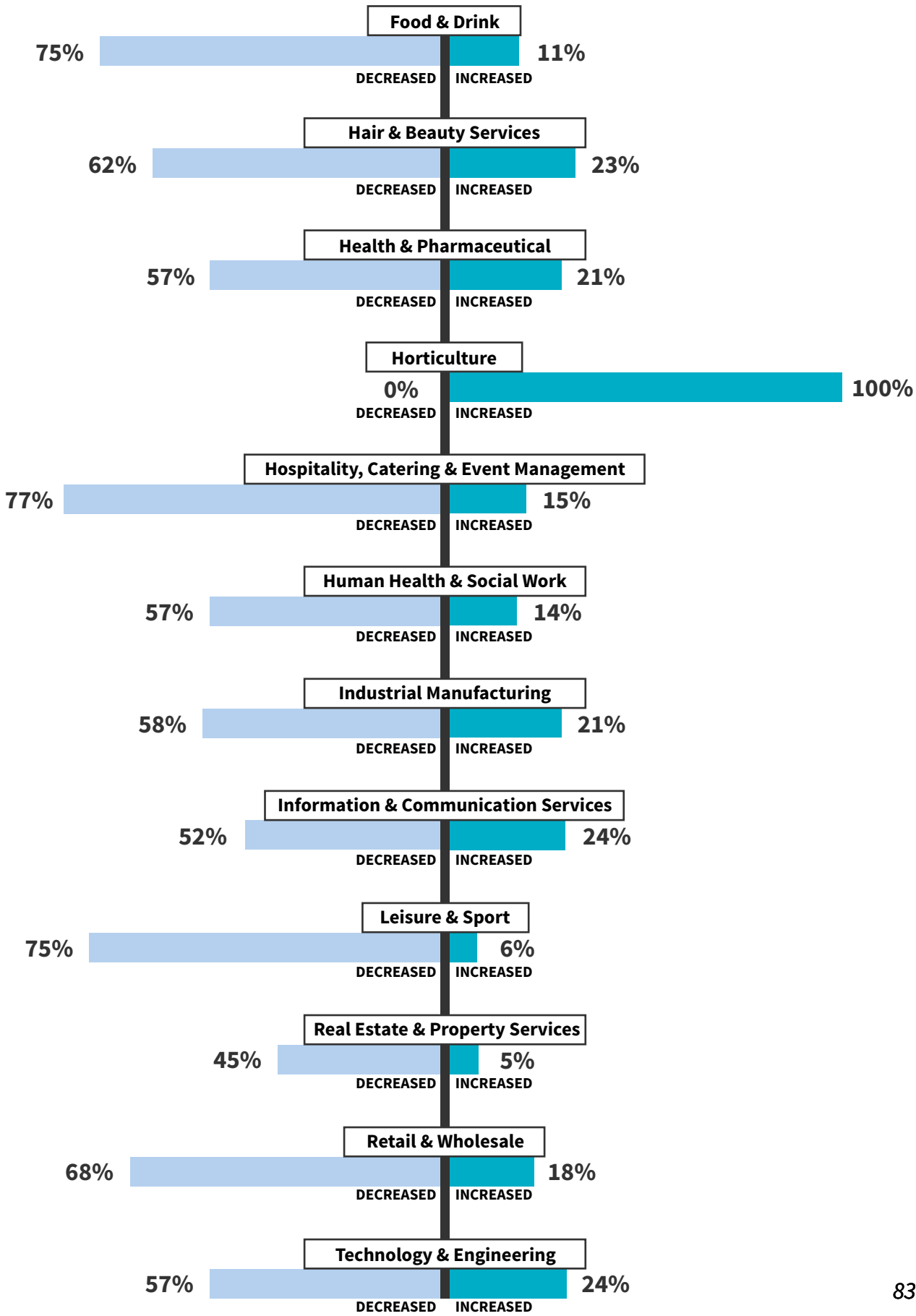
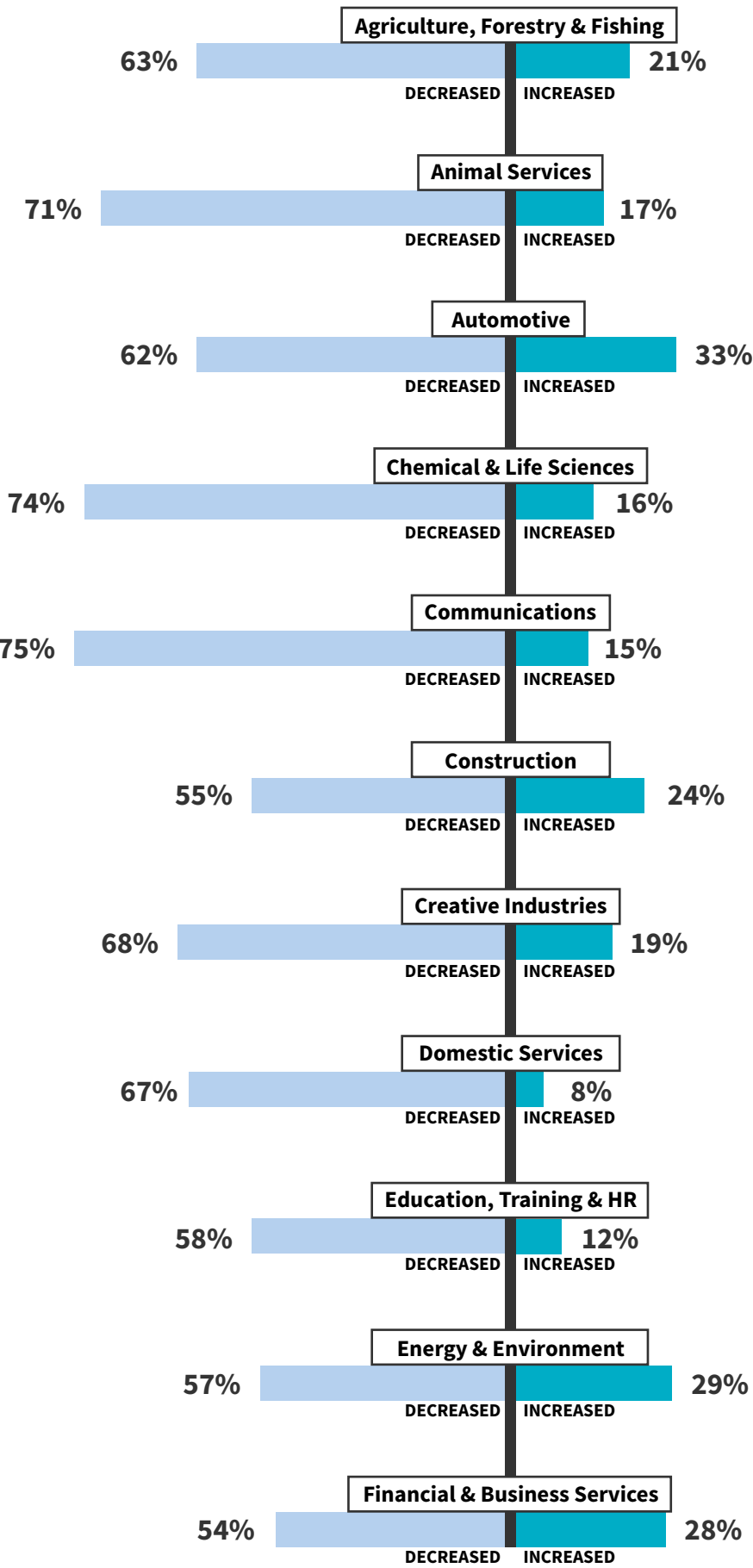
1.2 Growth in employment and number of businesses by size band, 2010-2020



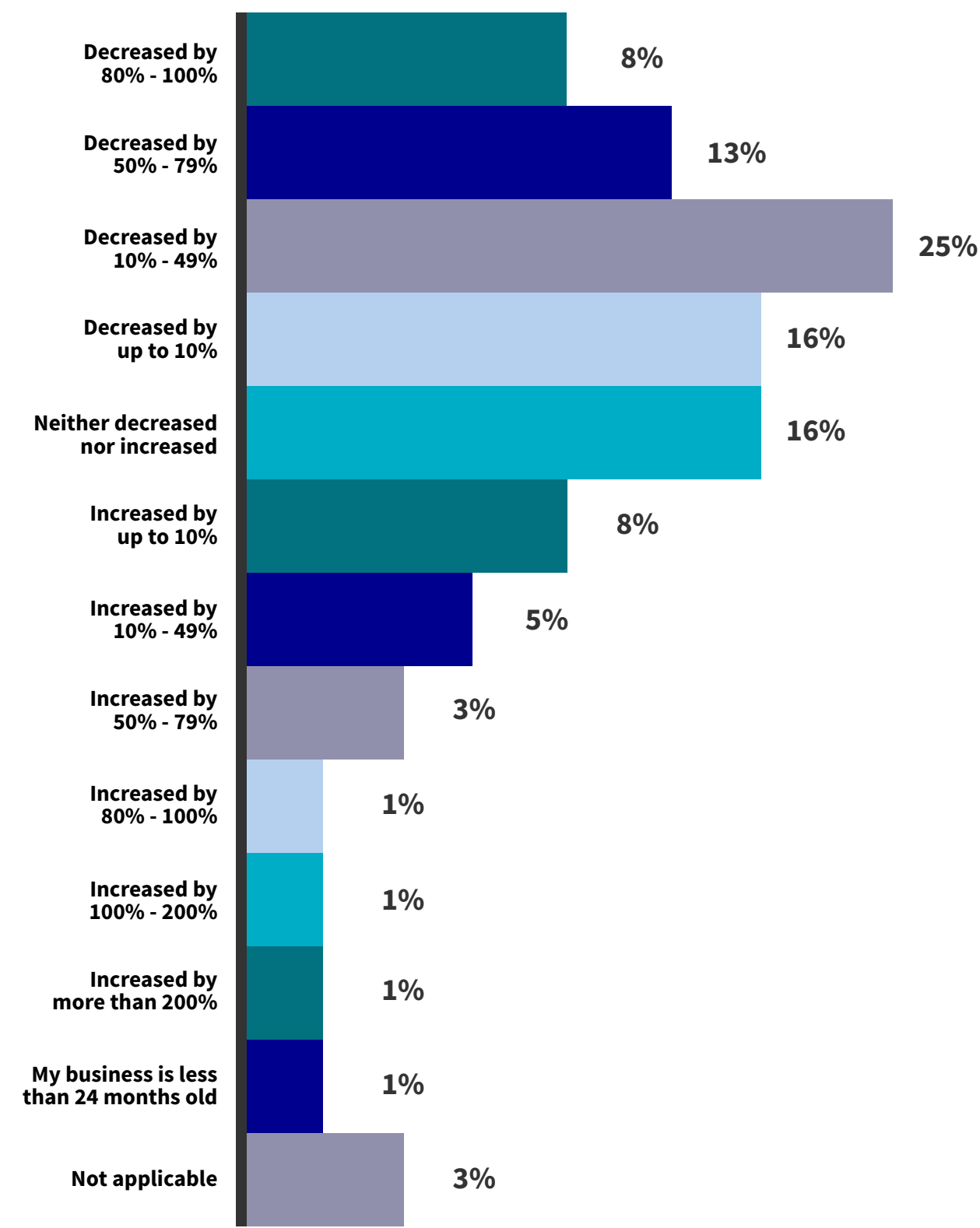
1.3 Business survival rate after 6 years by region (base year 2014)



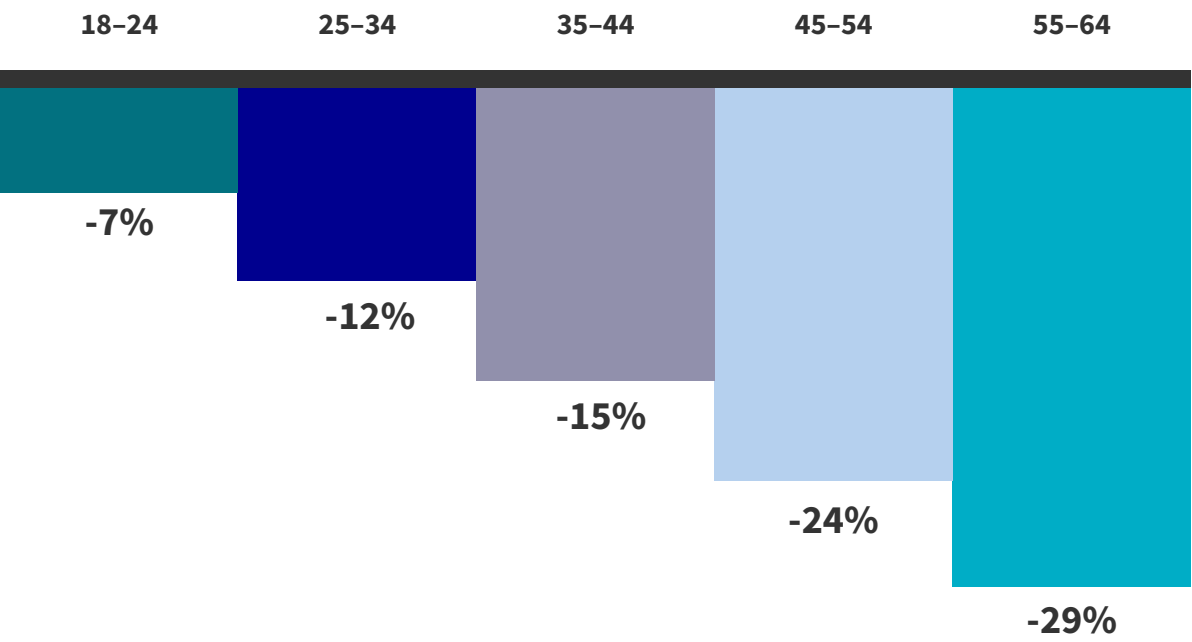
1.4 How has the pandemic affected your turnover in the past 12 months compared to the preceding year?



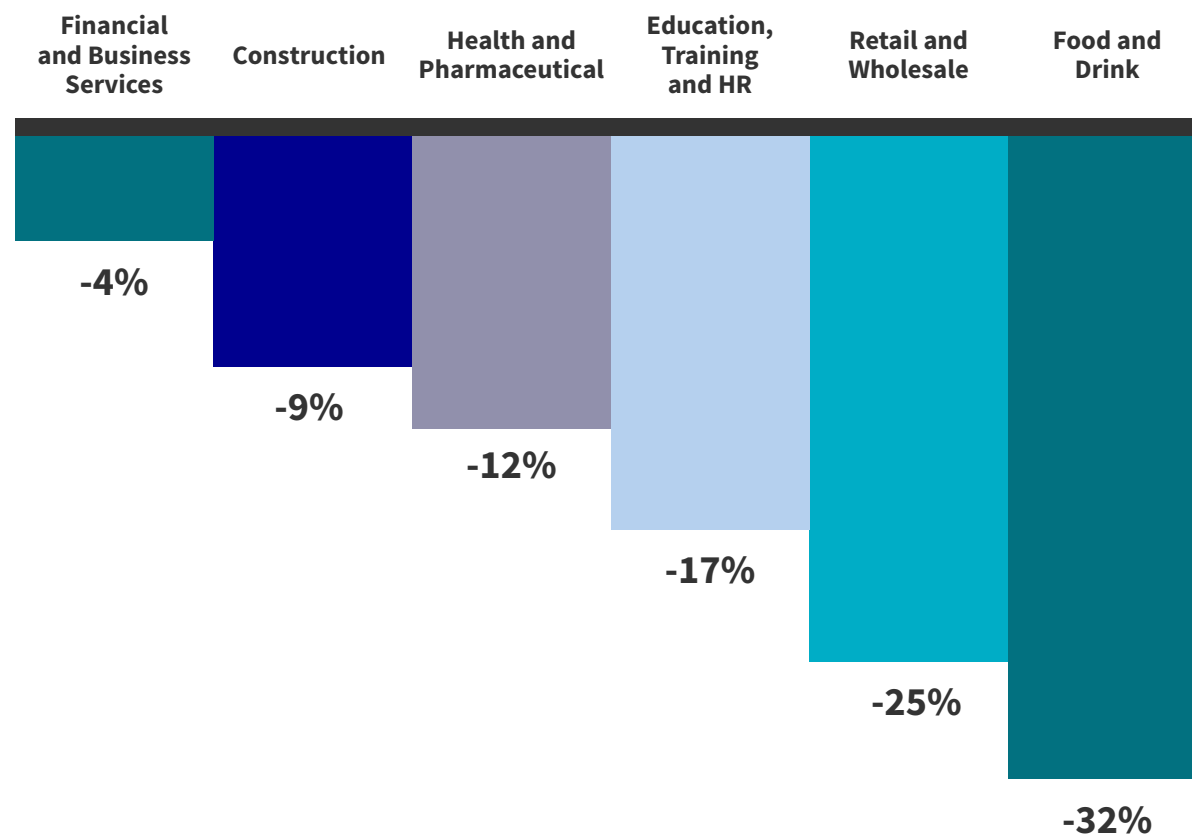
2.1 How has the pandemic affected your turnover in the past 12 months compared to the preceding year?



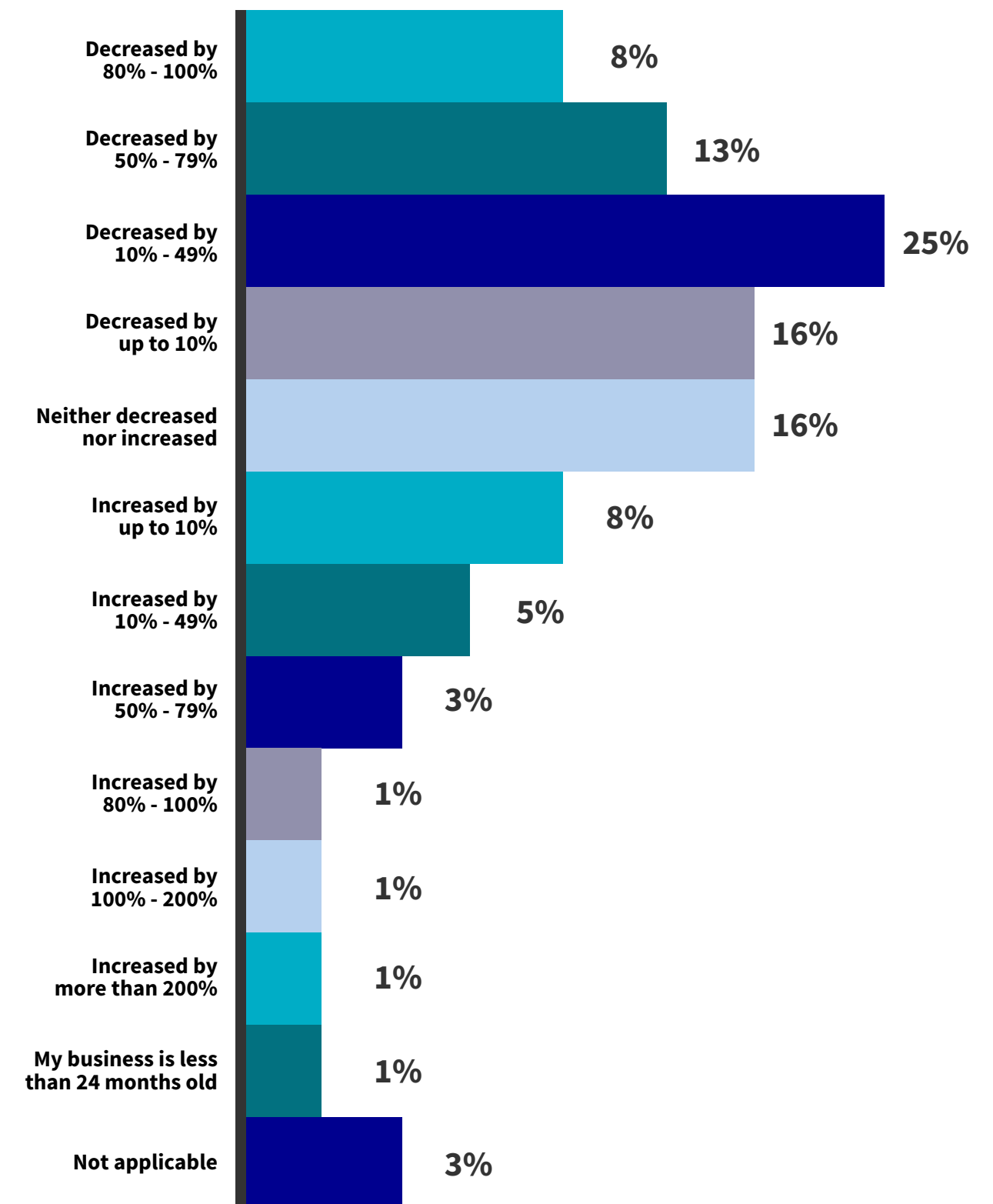
2.2 Impact of pandemic on turnover in past 12 months compared to preceding year, SMEs by age of decision maker



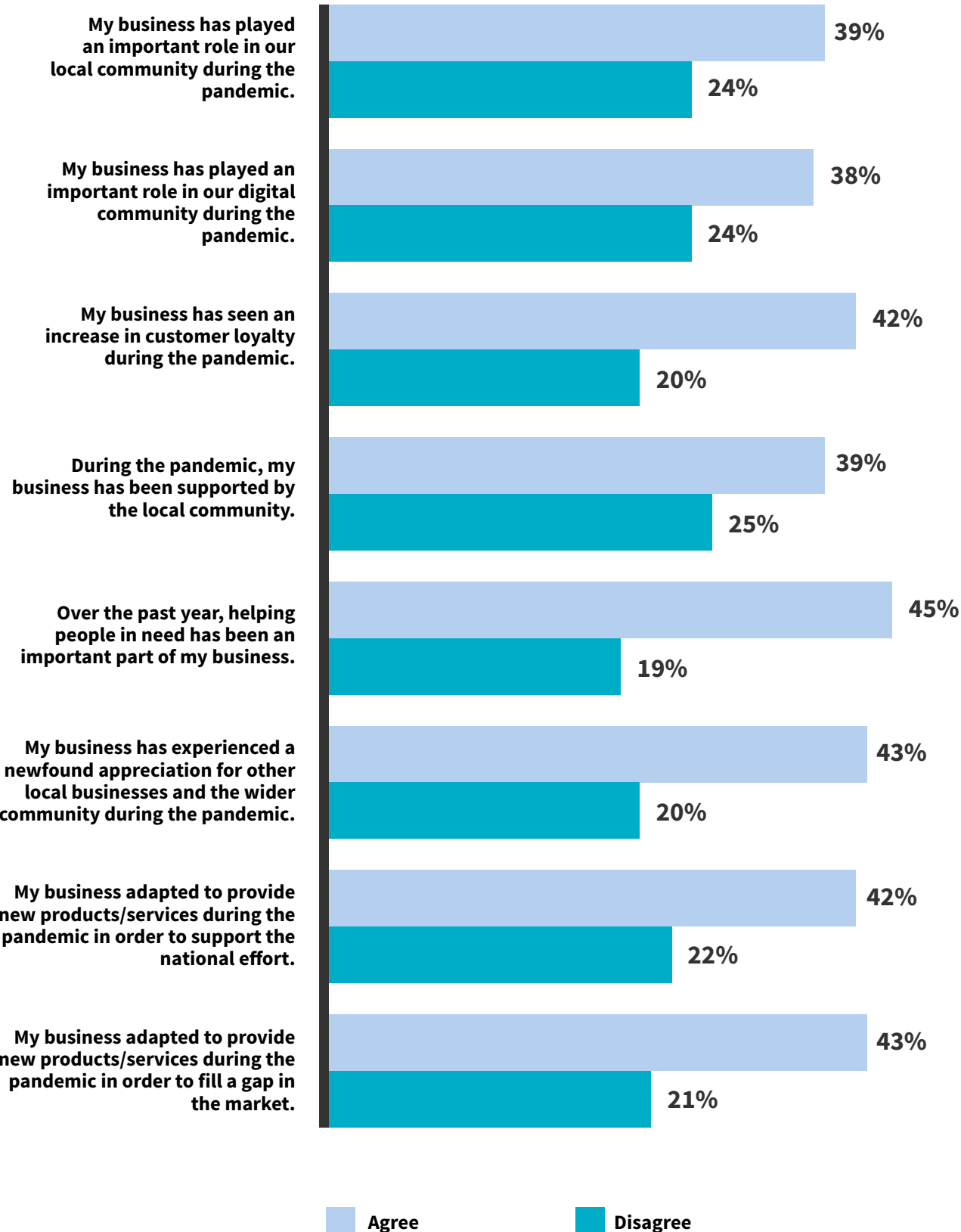
2.3 Impact of pandemic on turnover in past 12 months compared to preceding year, SMEs by sector



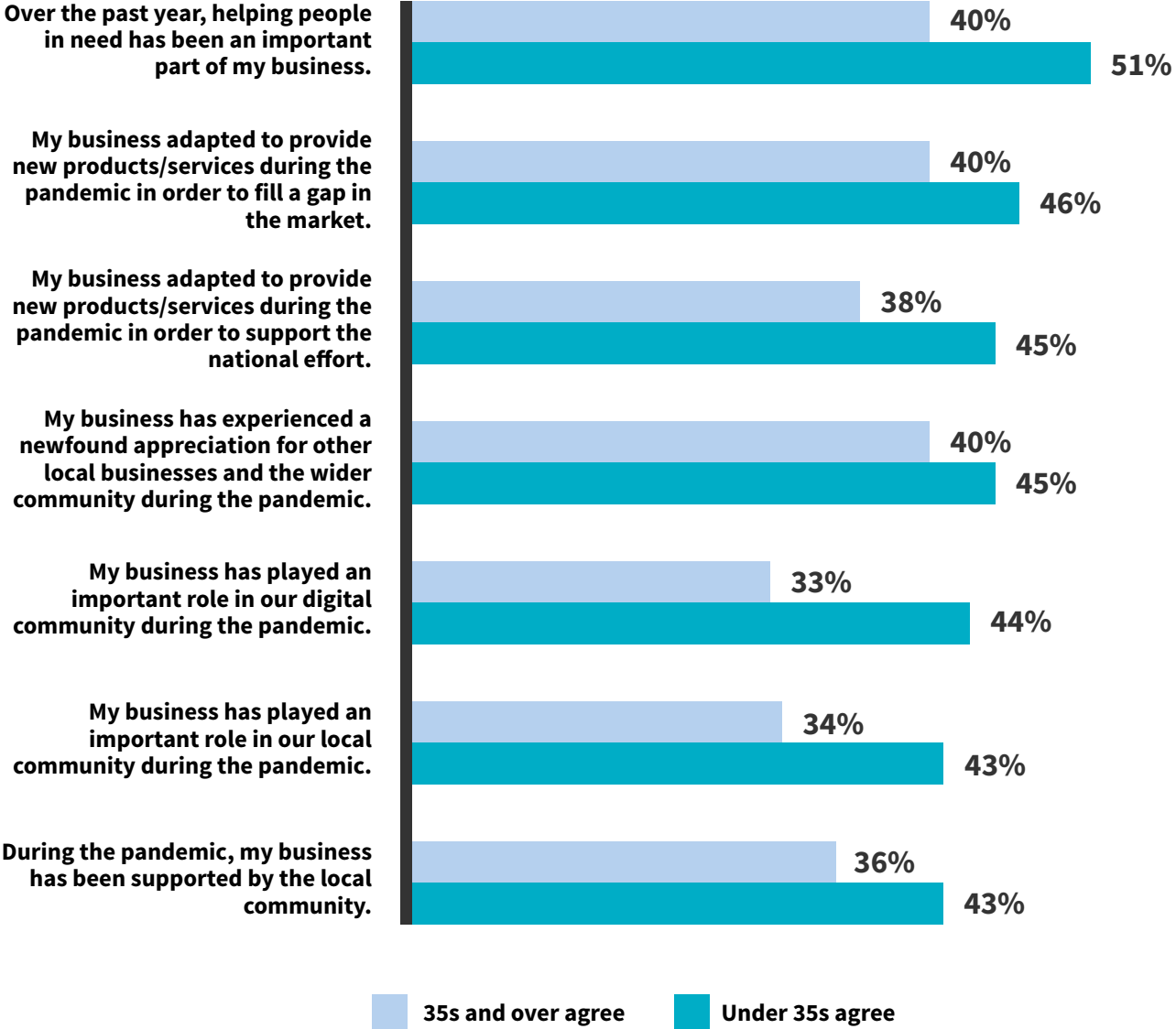
2.4 How has the pandemic affected your turnover in the past 12 months compared to the preceding year?



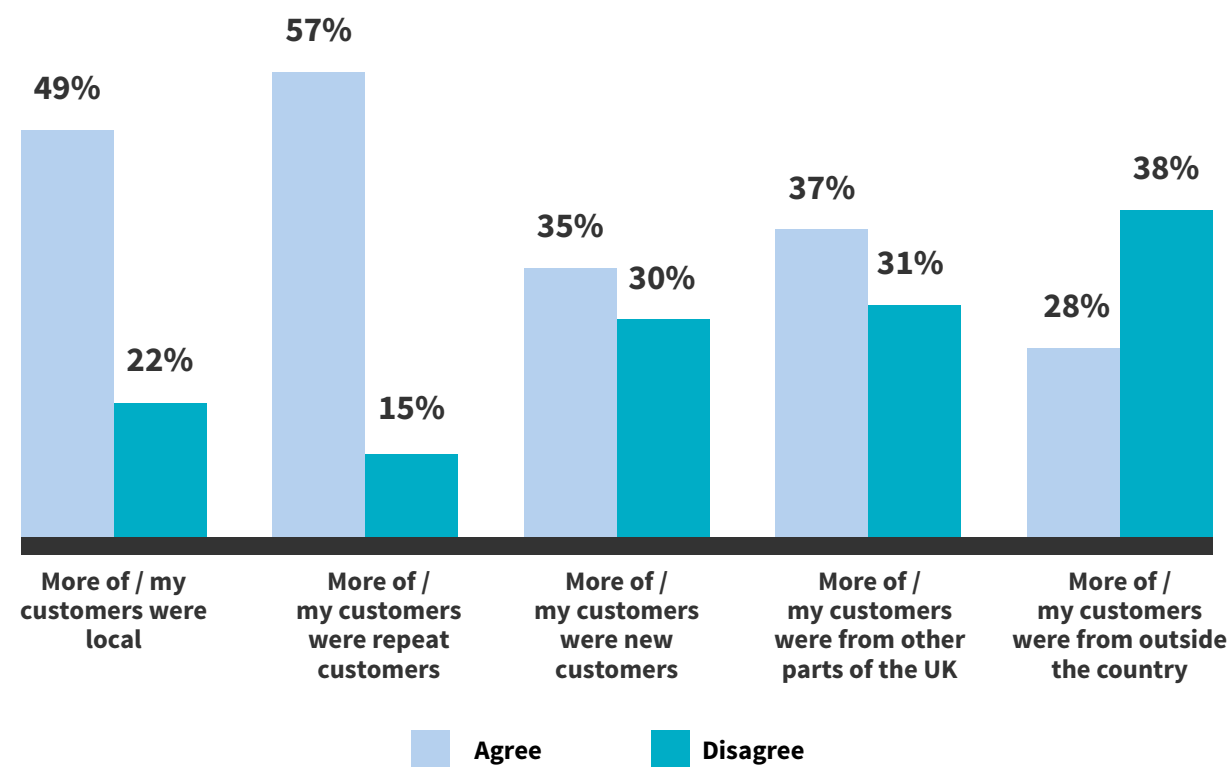
2.5 How SME business leaders responded to the following statements



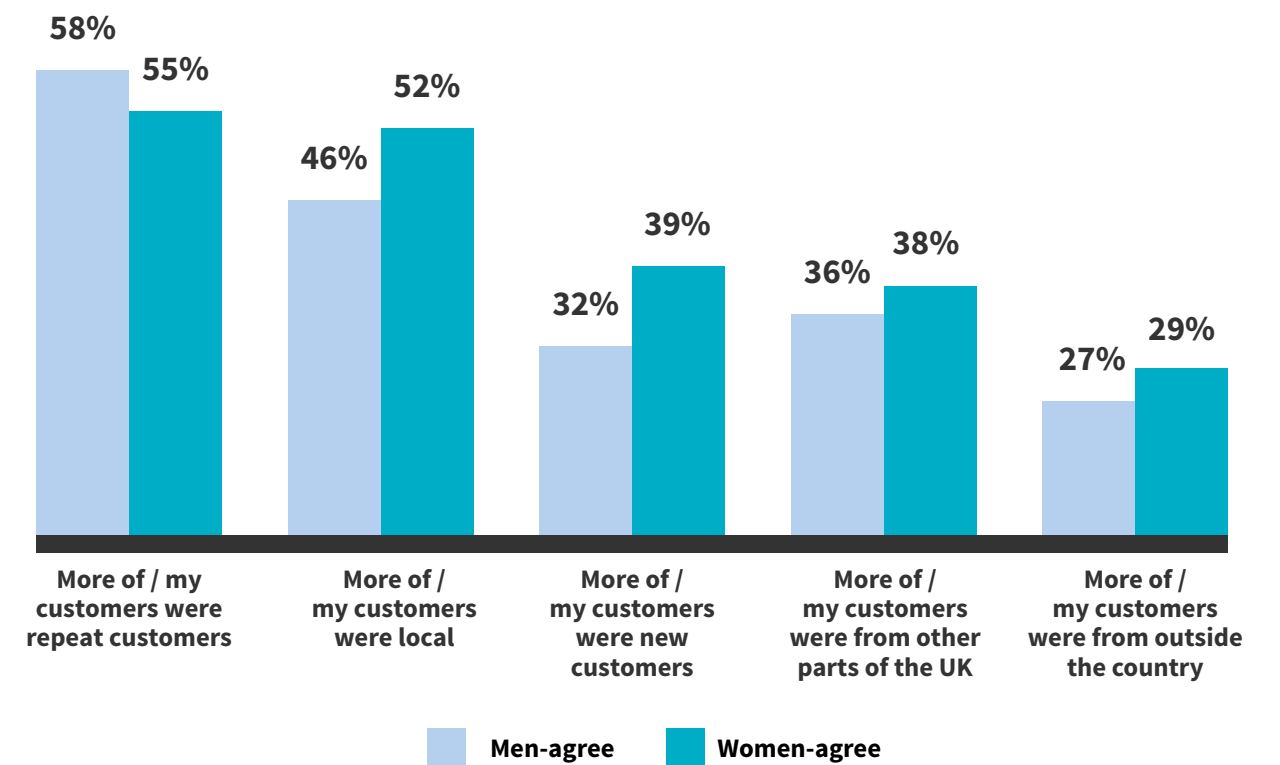
2.6 Share of business leaders who agree with the following statements, by age



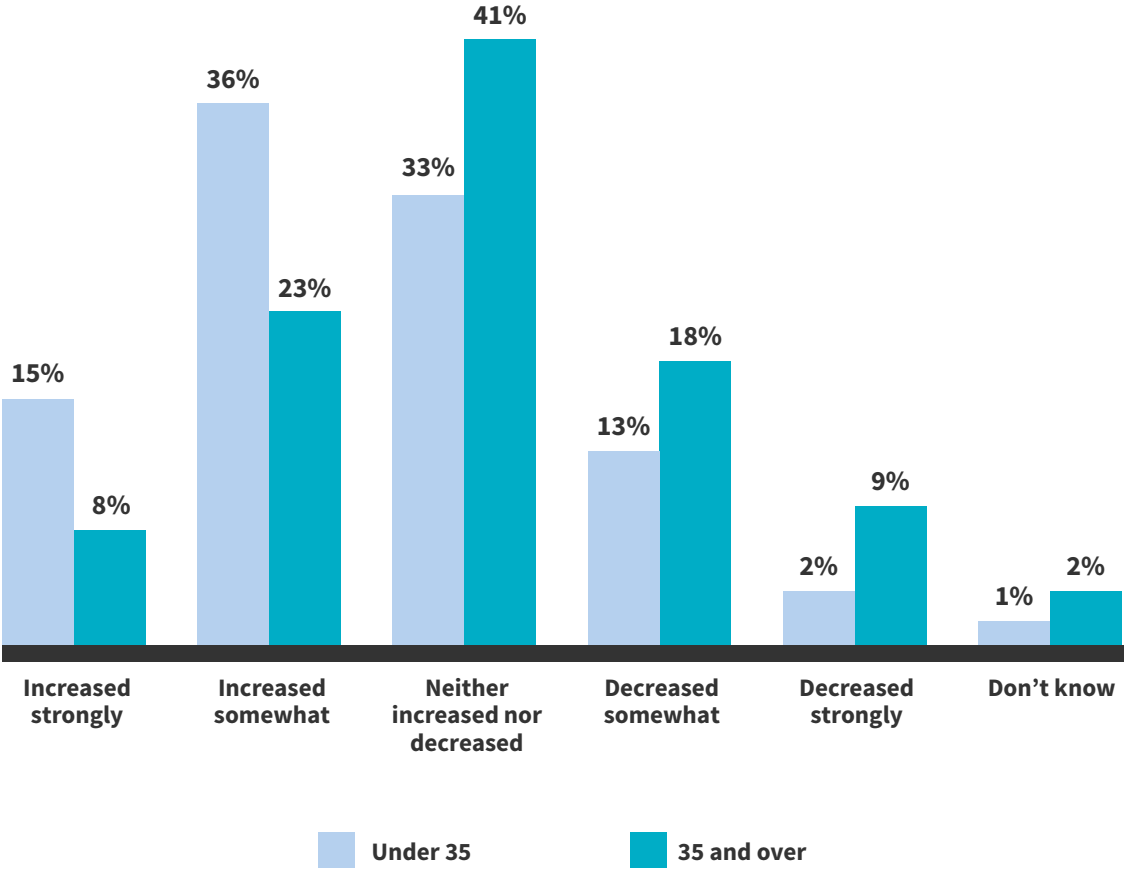
2.7 Over the past 12 months, when the business was able to operate...



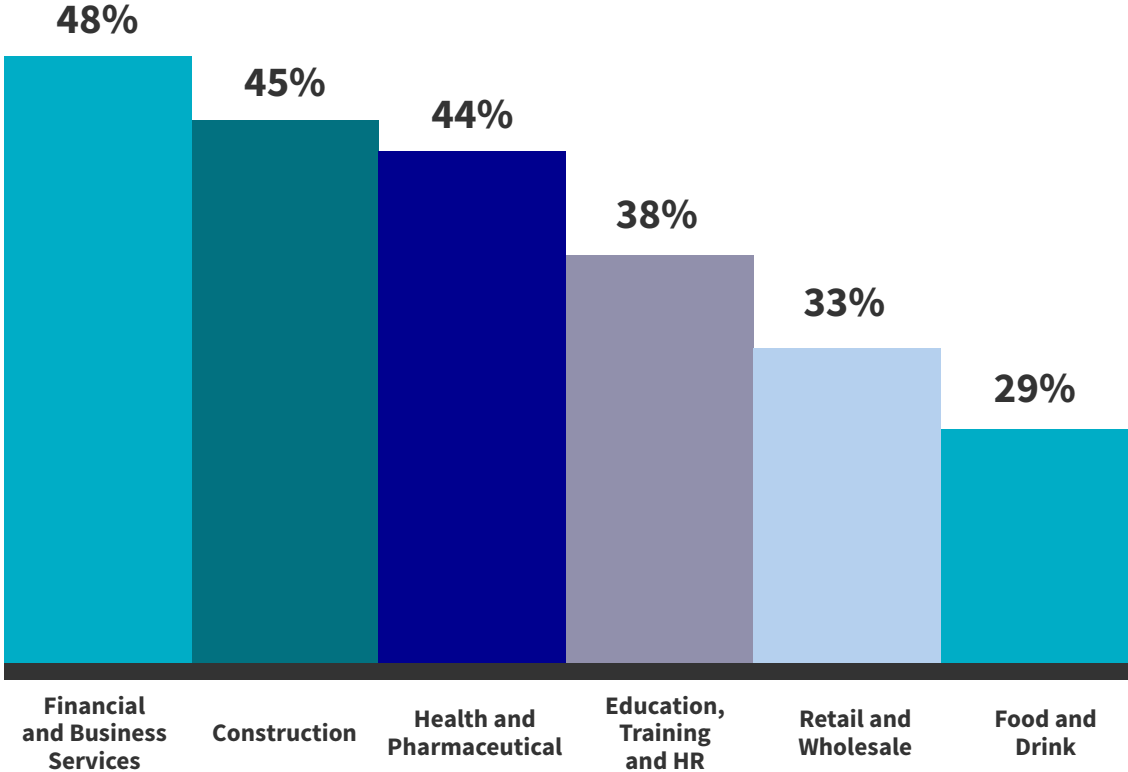
2.8 Share of SME leaders who agree with the following statements regarding the past 12 months, by gender



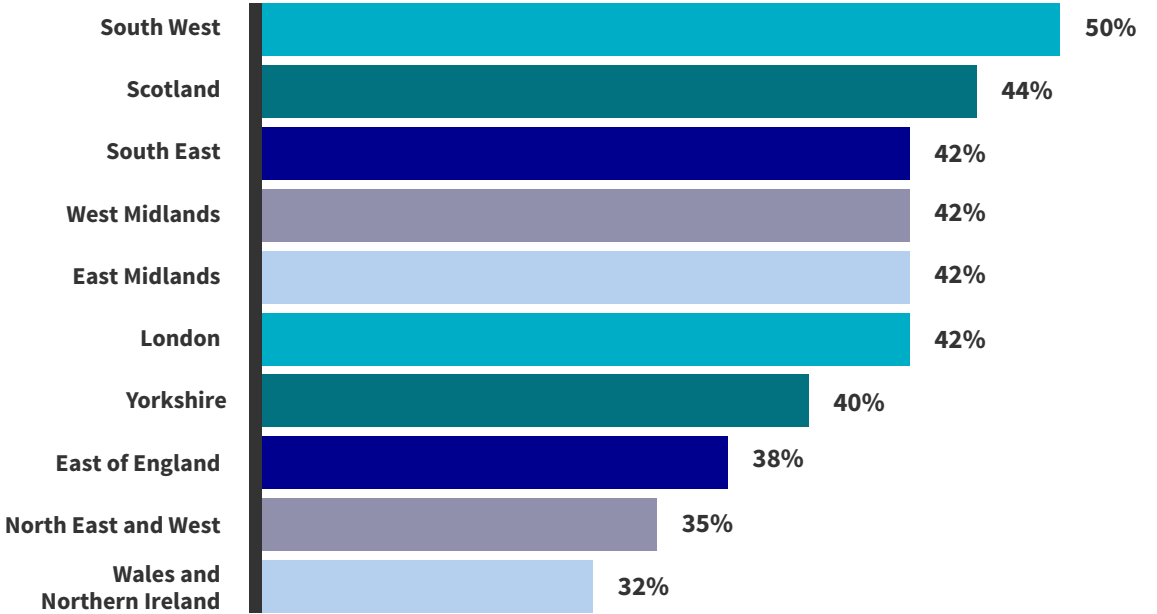
2.9 Change in revenue generated from local customers during the pandemic, share of business leaders selecting the following options, by age of decision maker

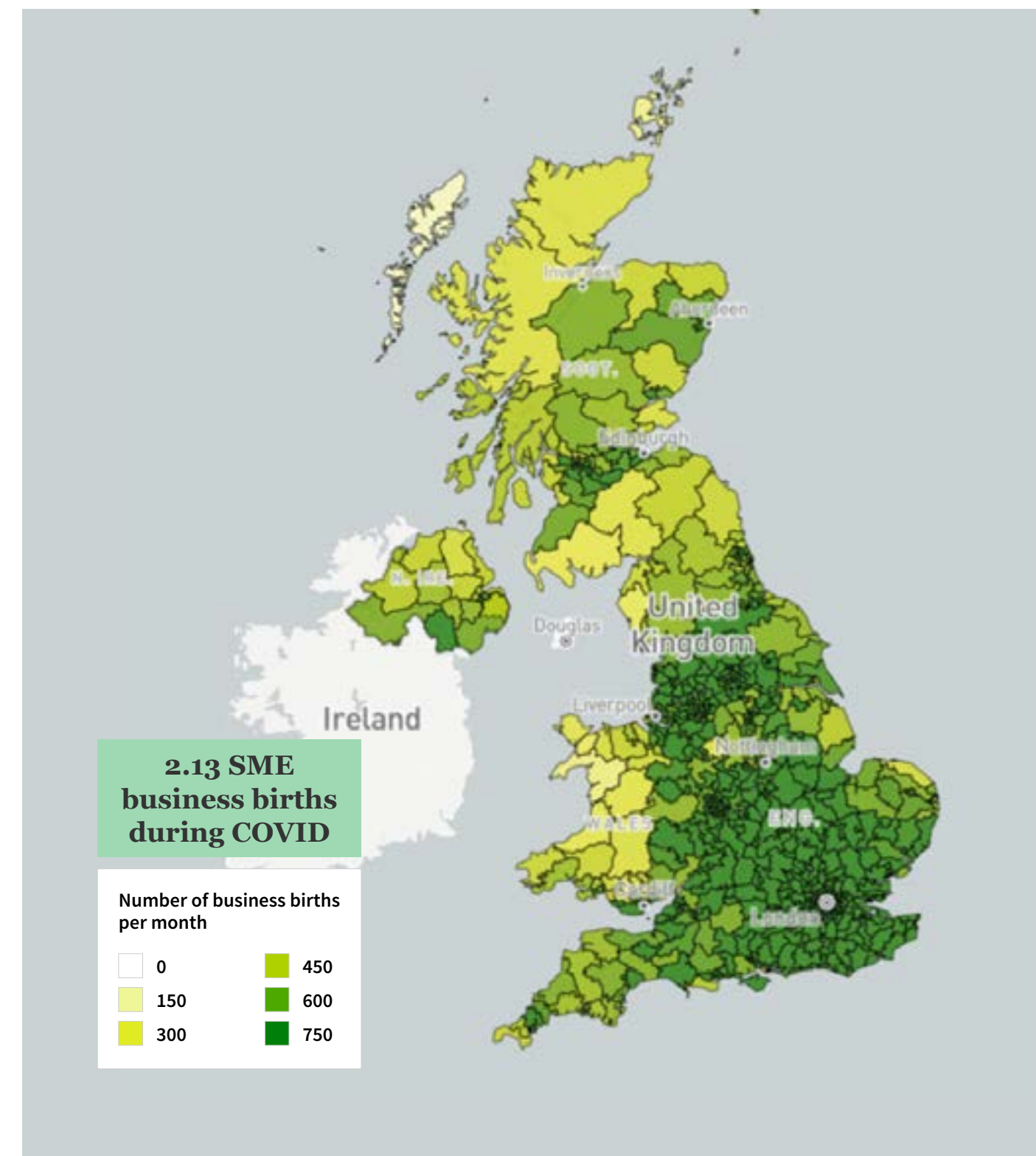
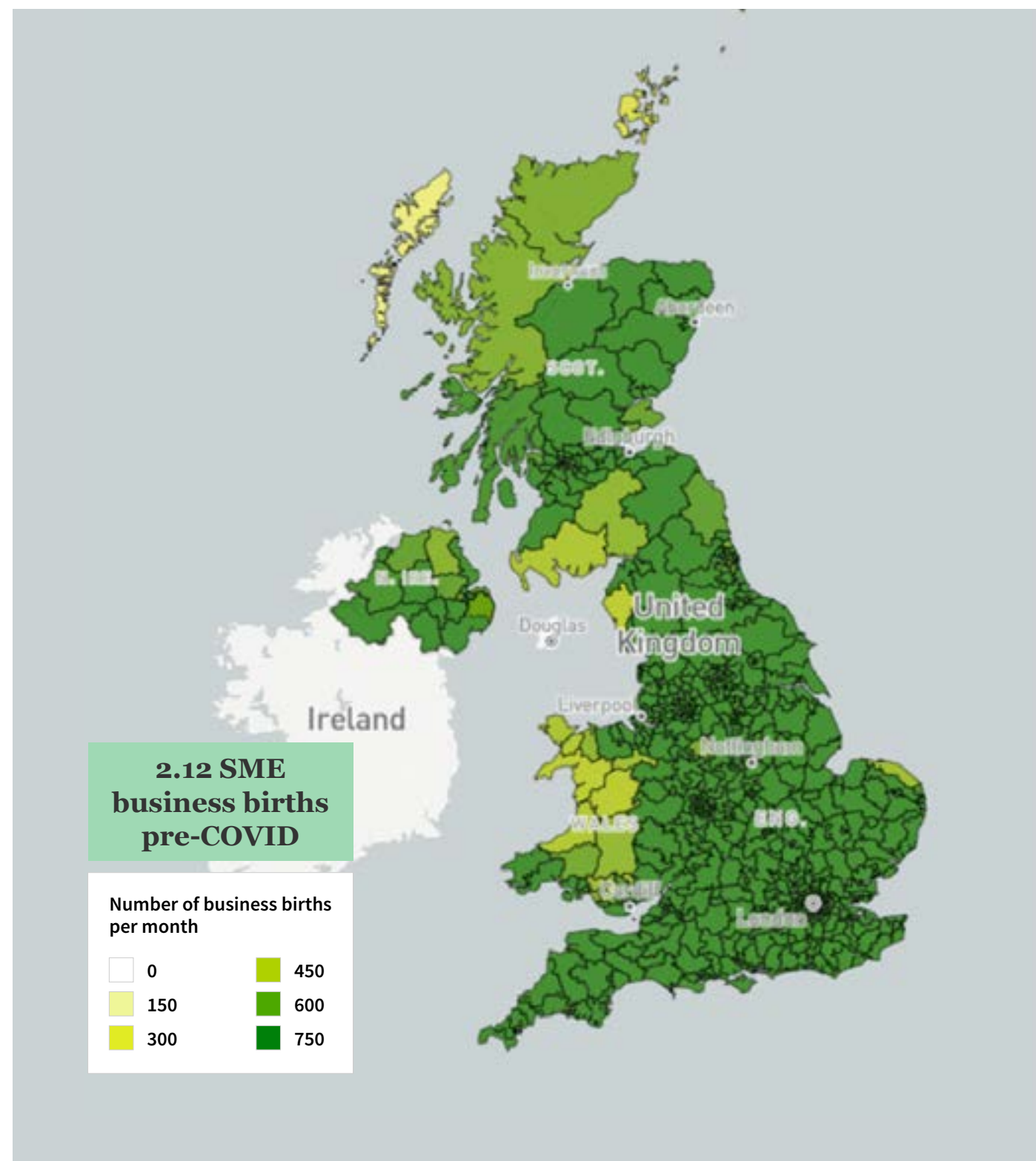


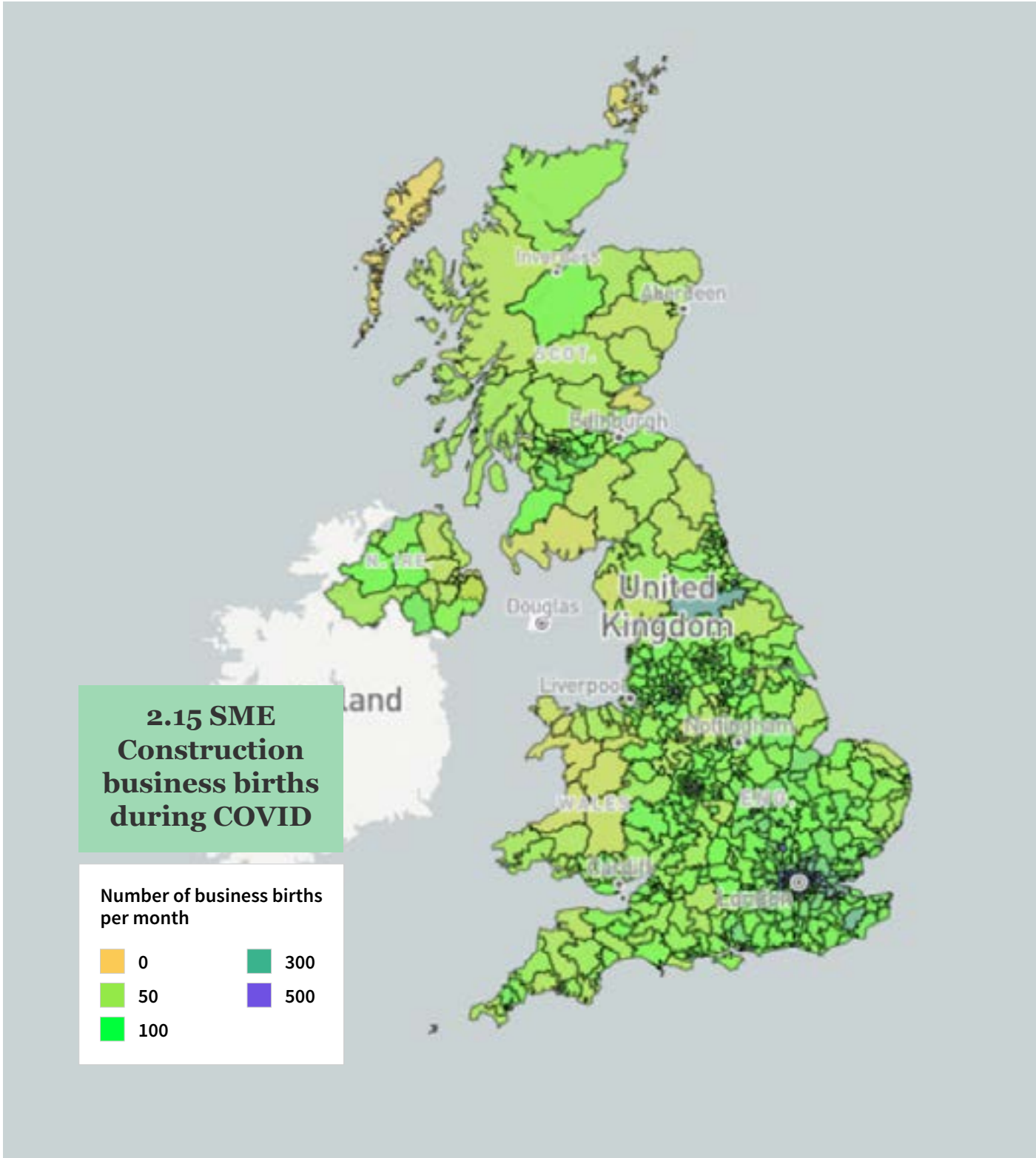
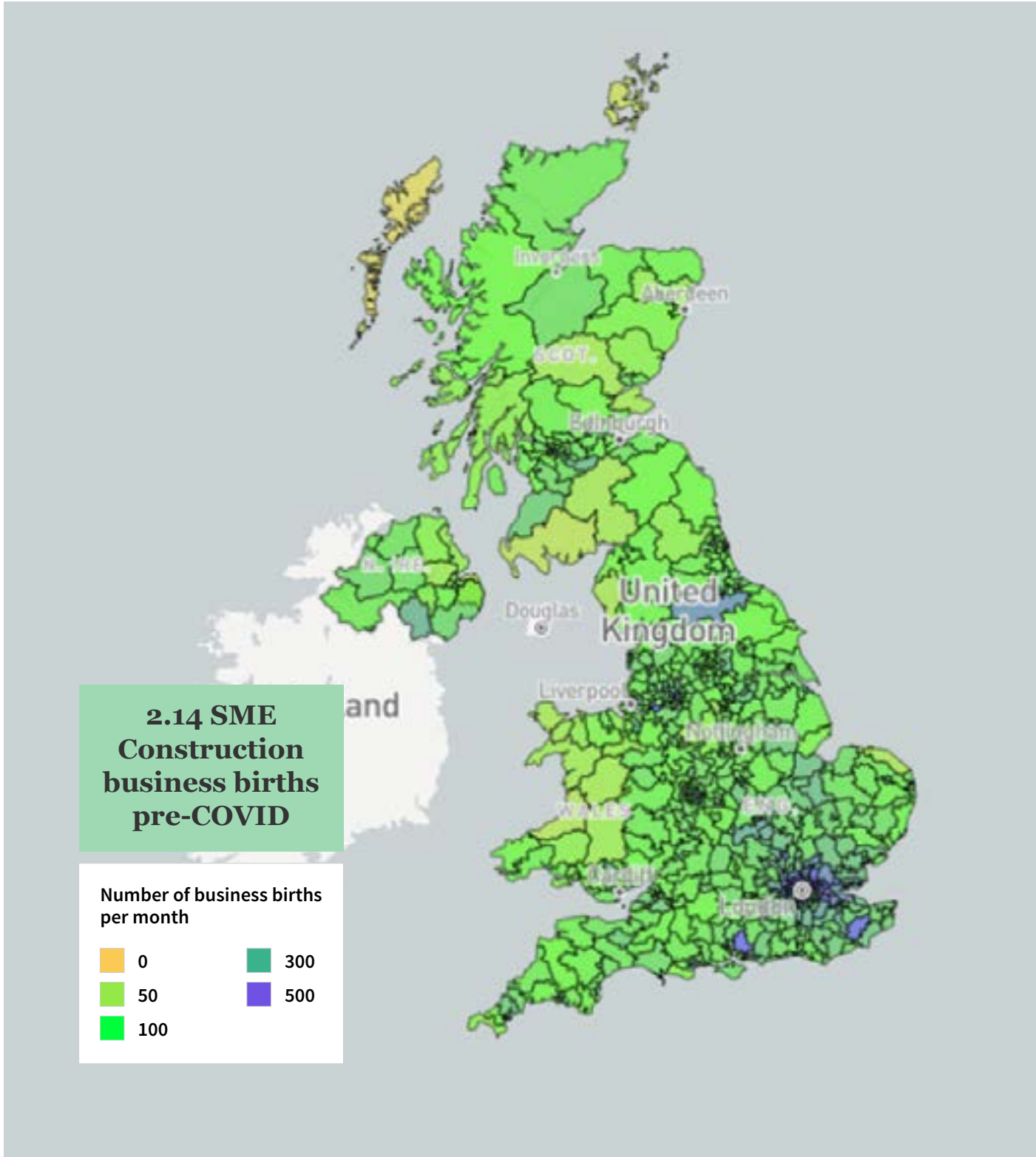
2.10 Share of SMEs saying revenue they generate from local customers has increased during the pandemic, by sector

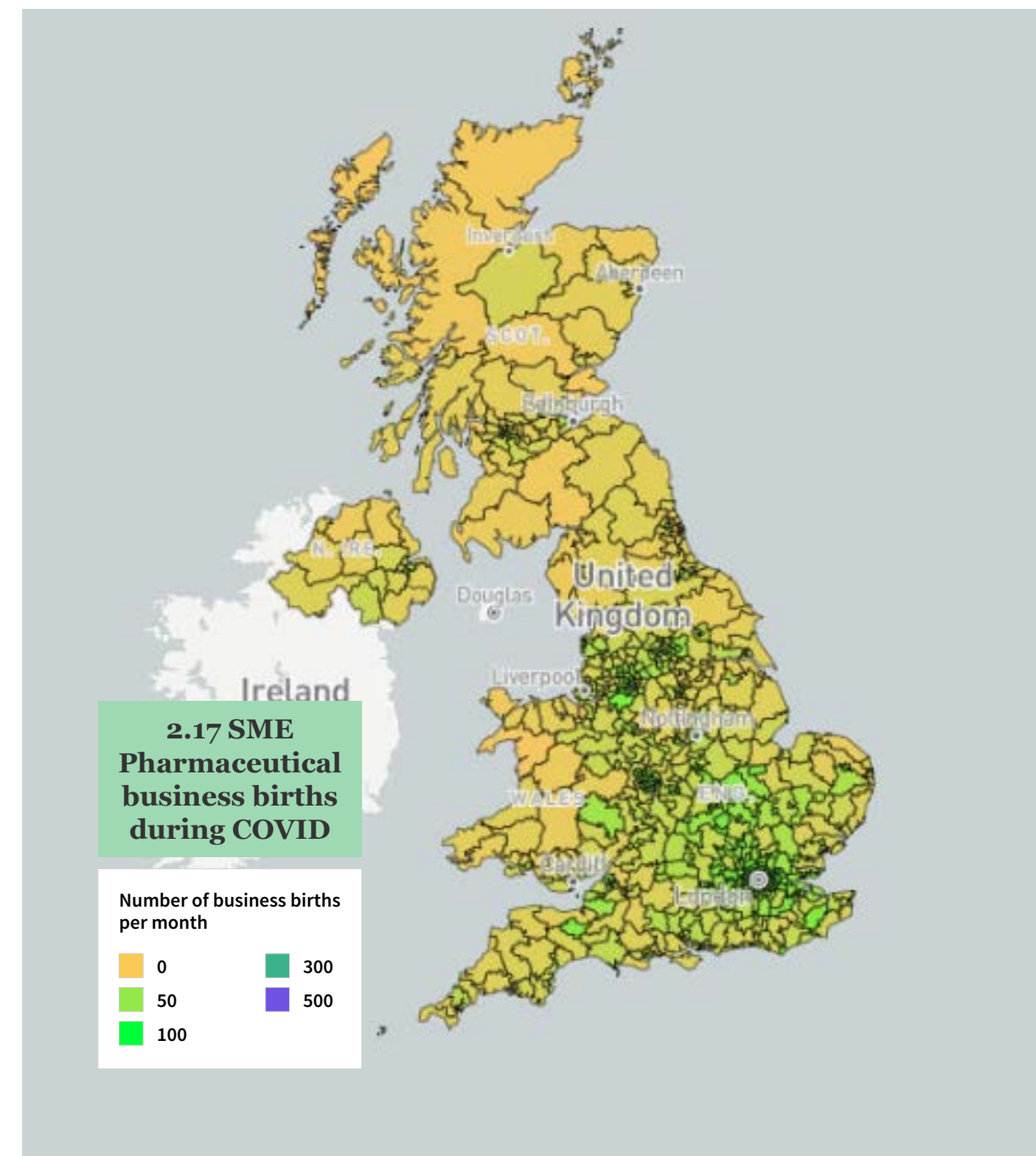
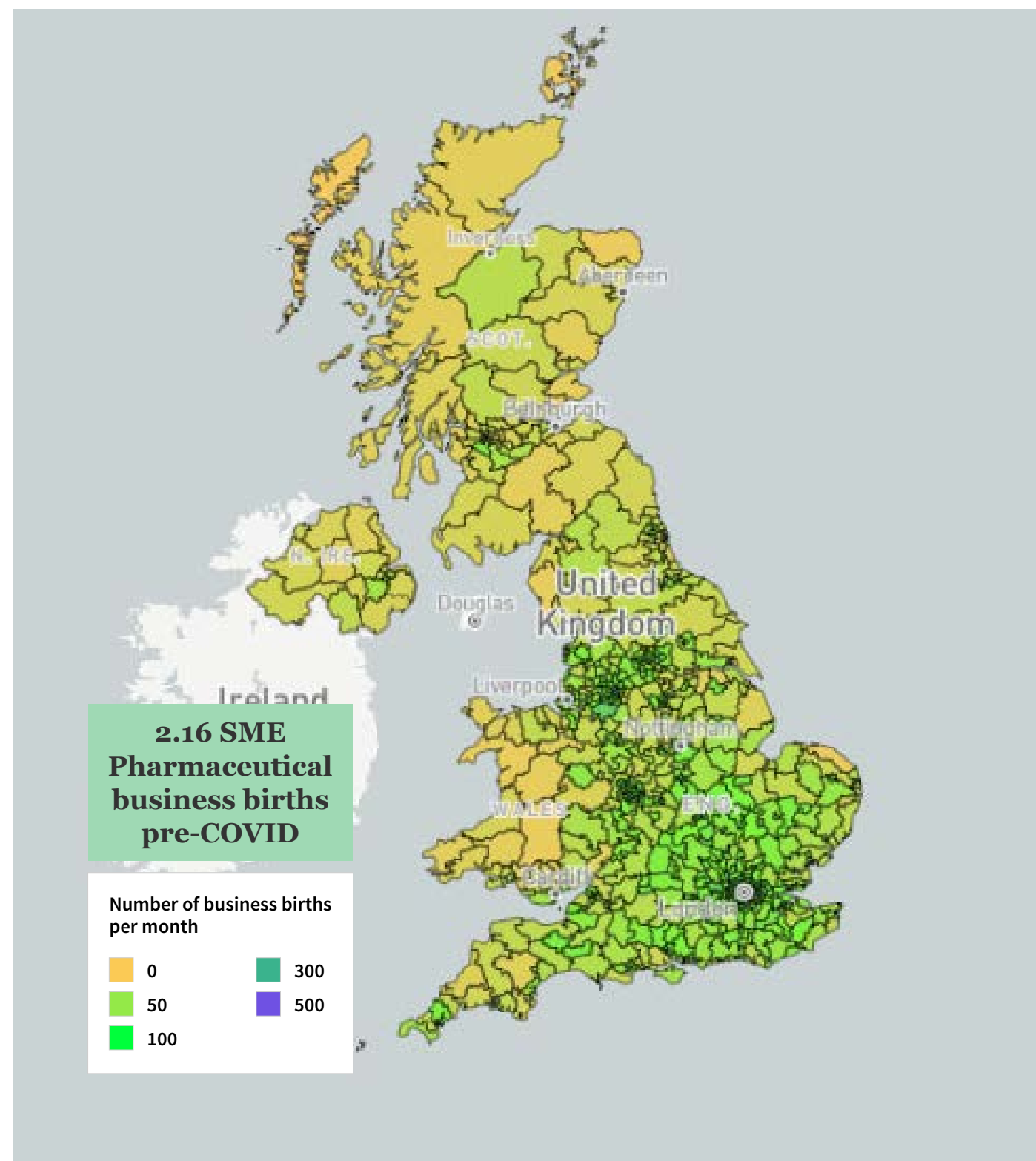


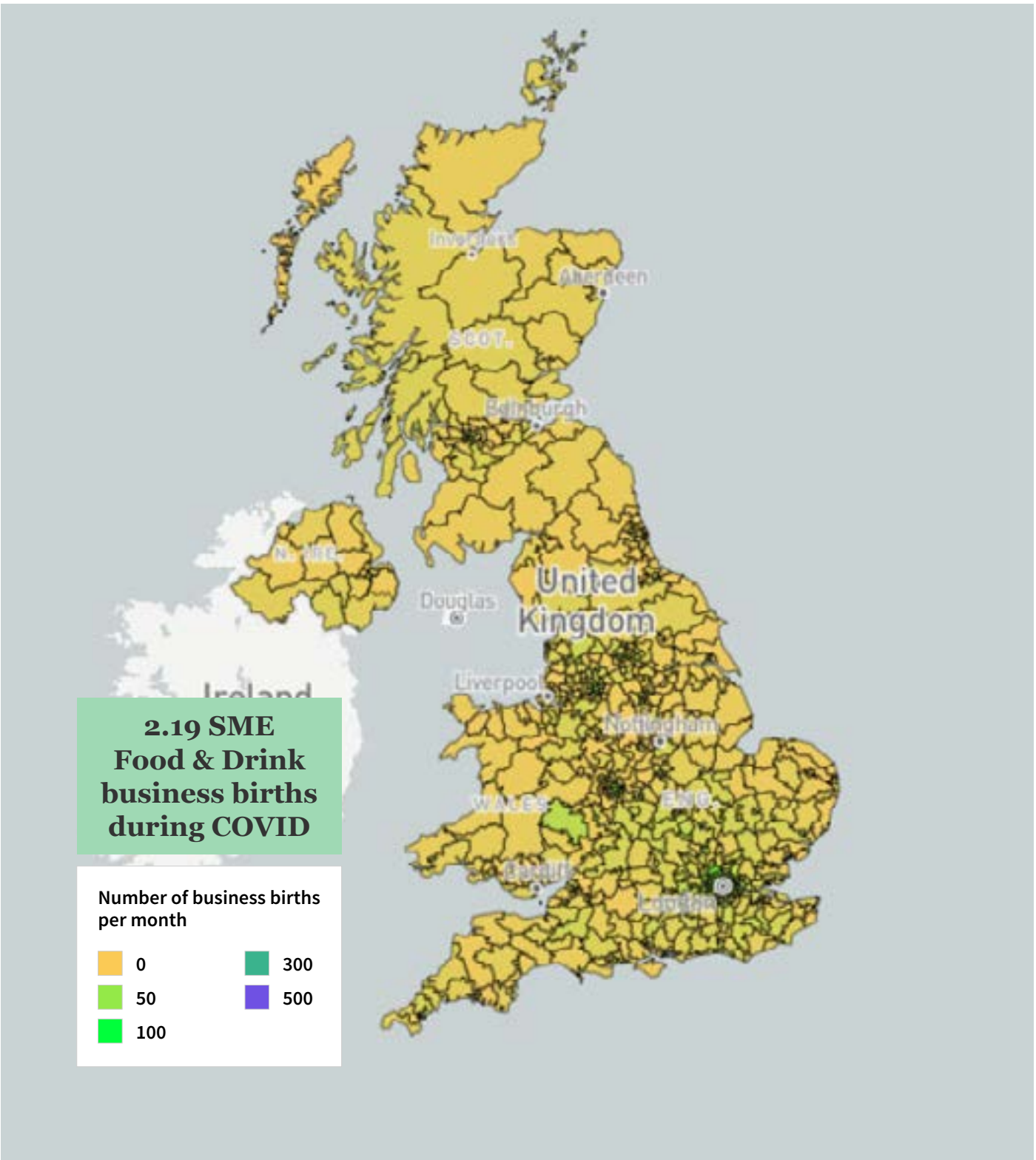
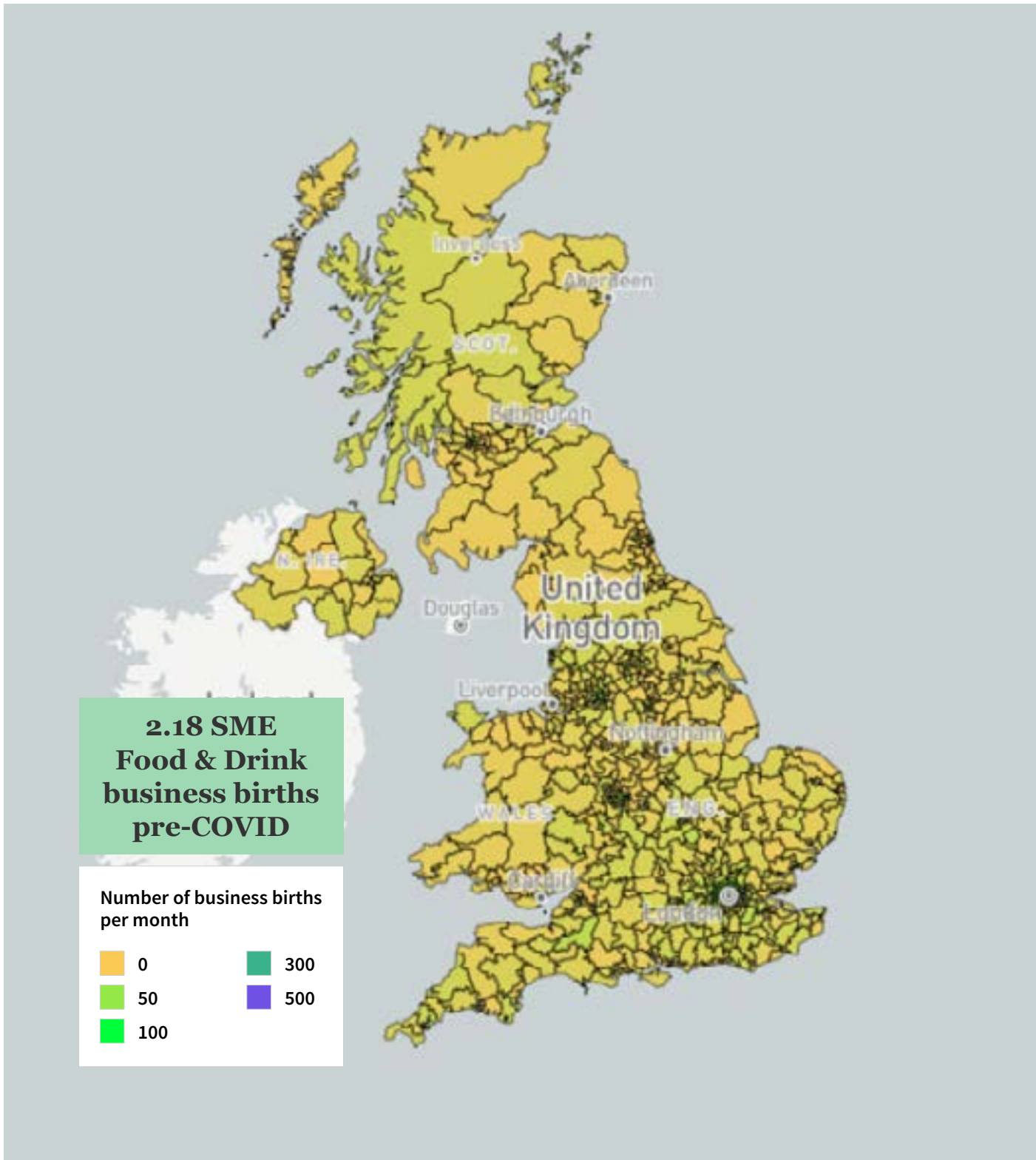
2.11 Share of SMEs saying revenue they generate from local customers has increased during the pandemic, by region

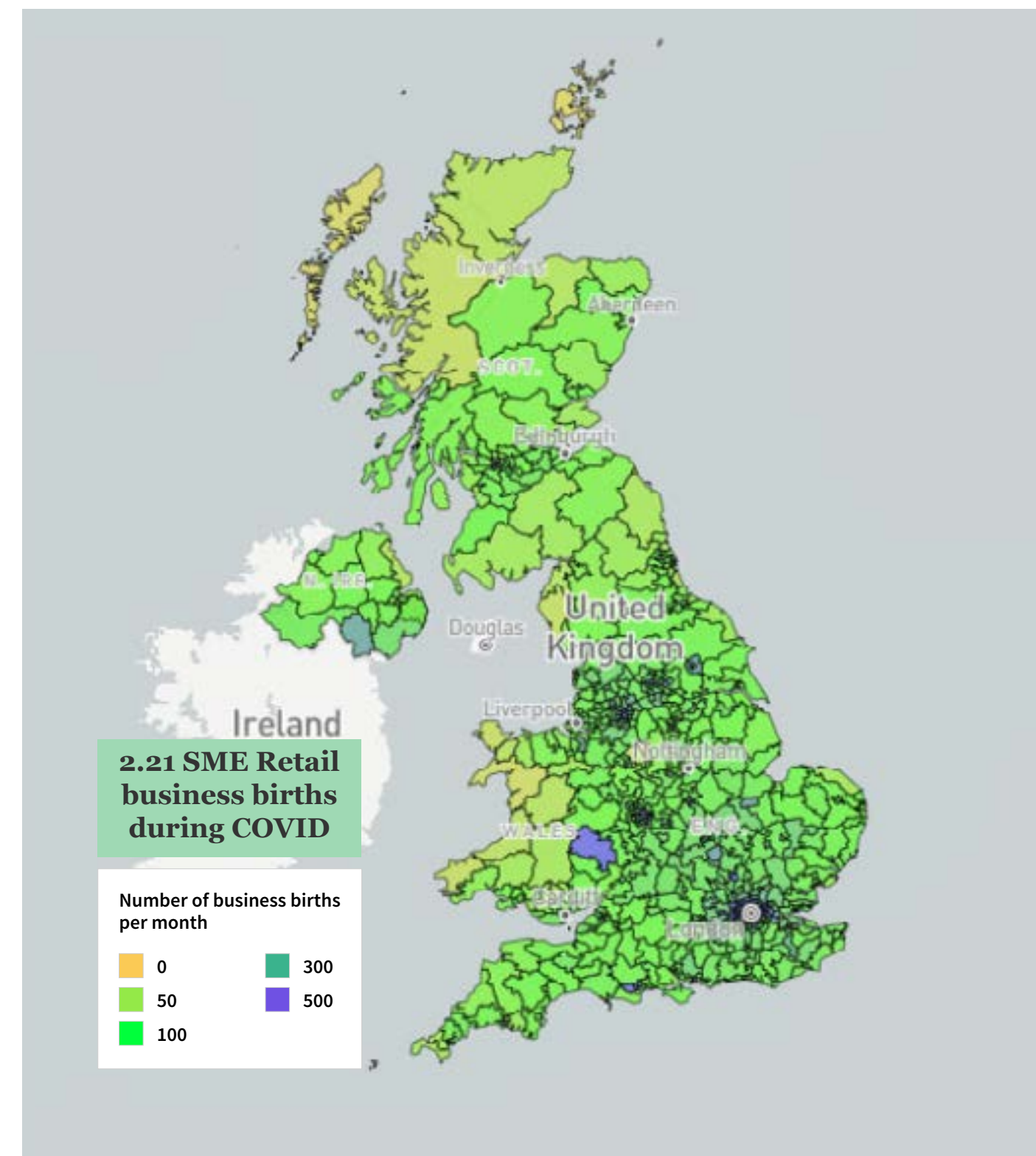
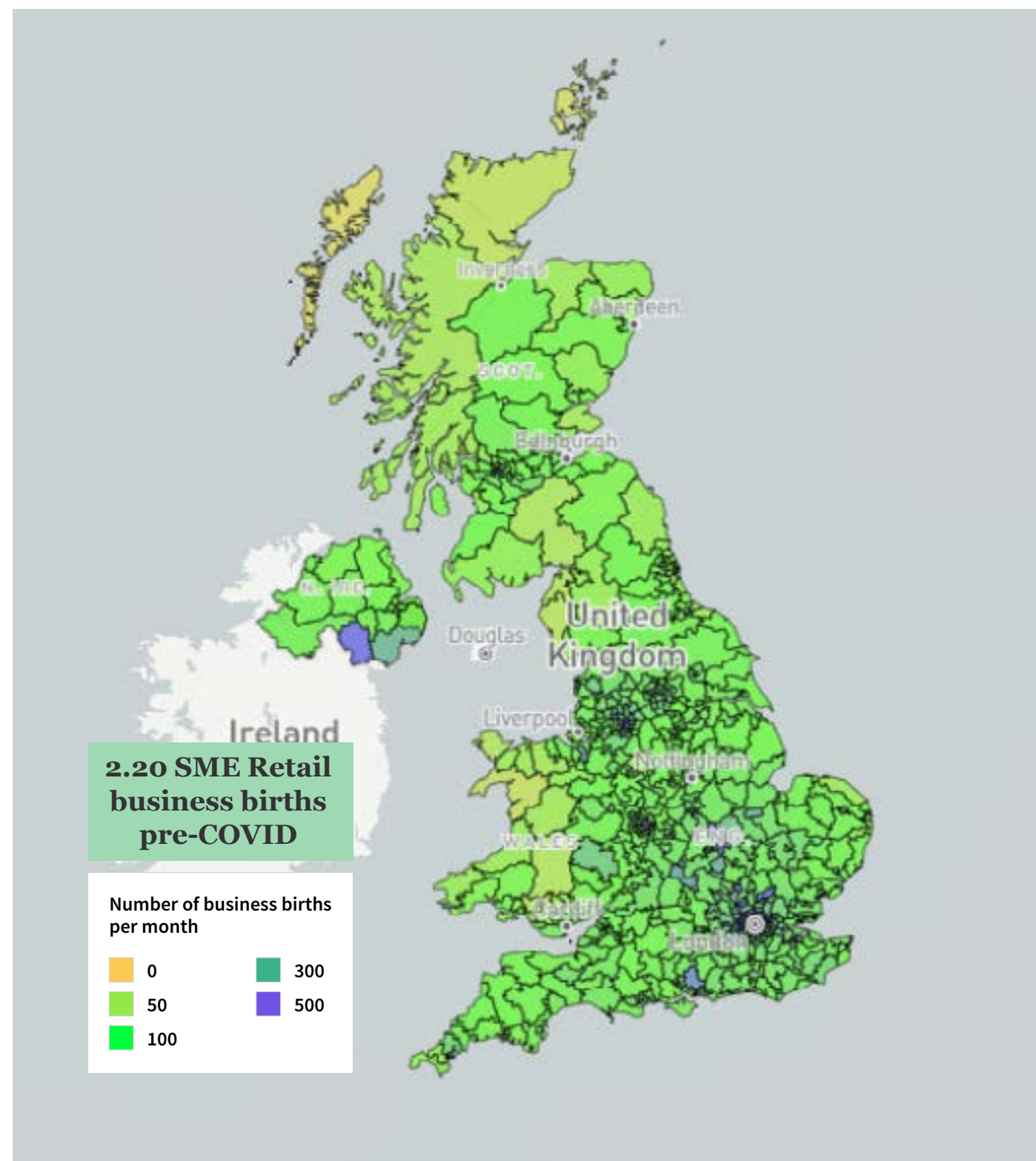




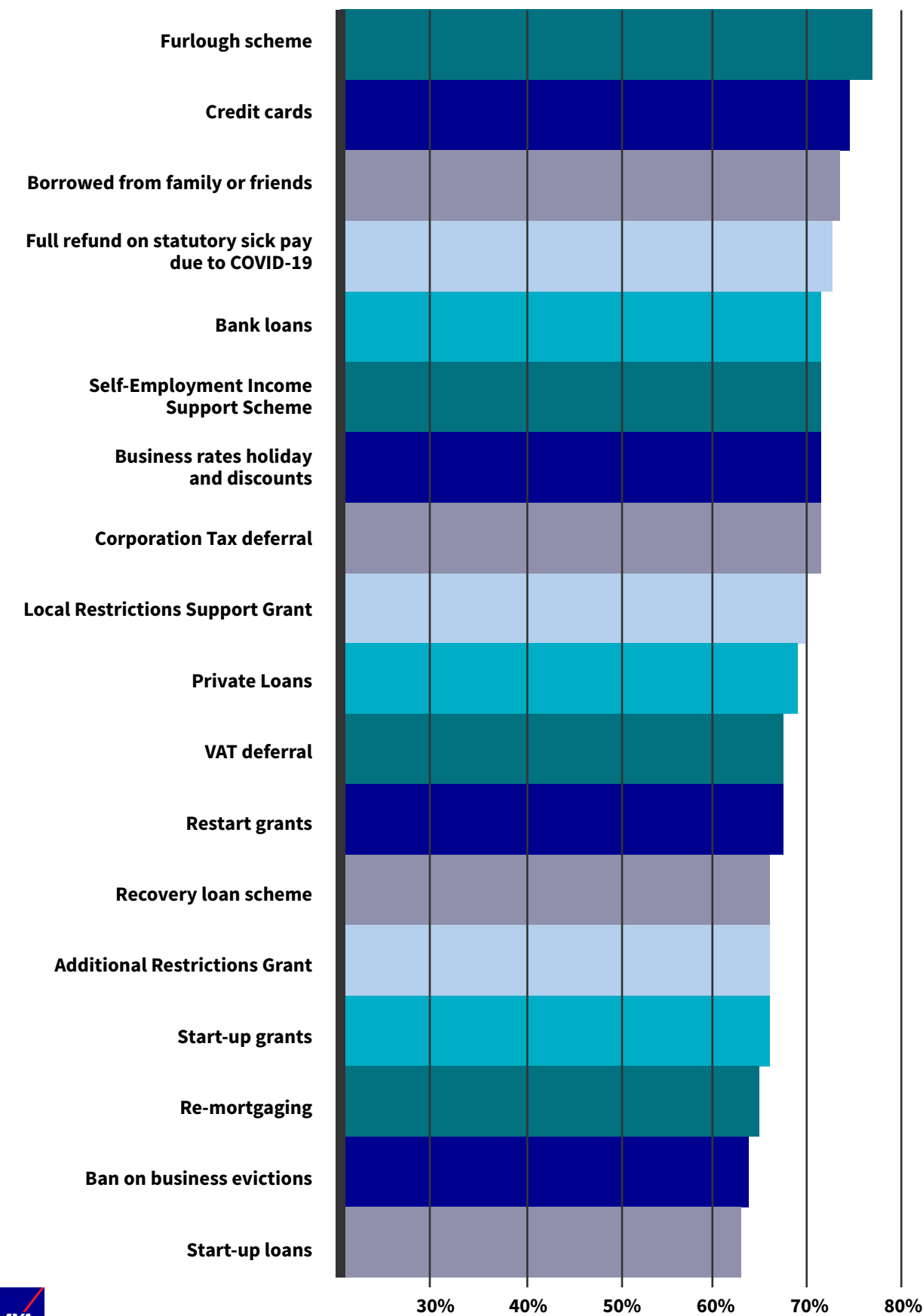




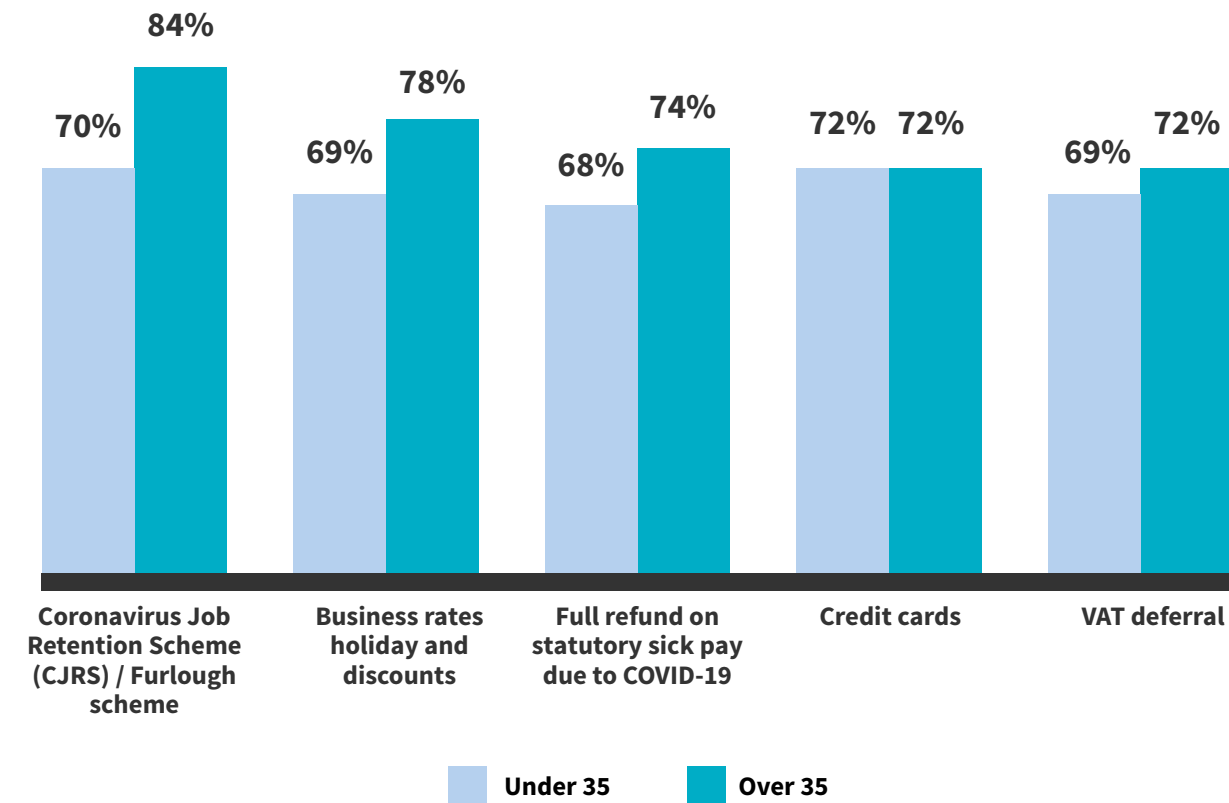




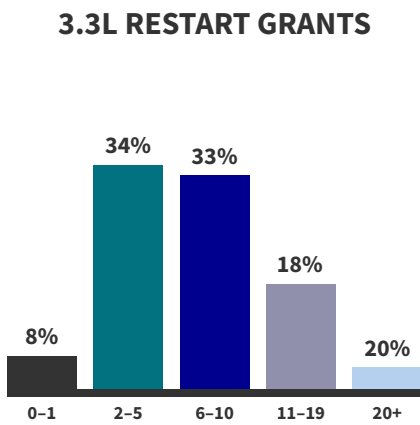
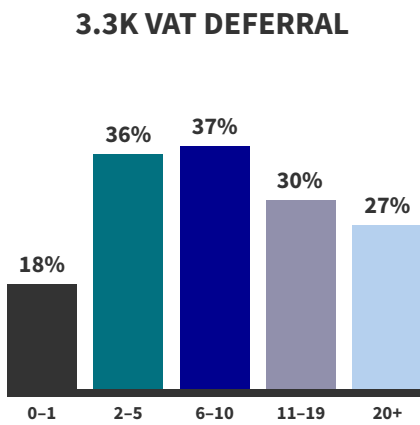
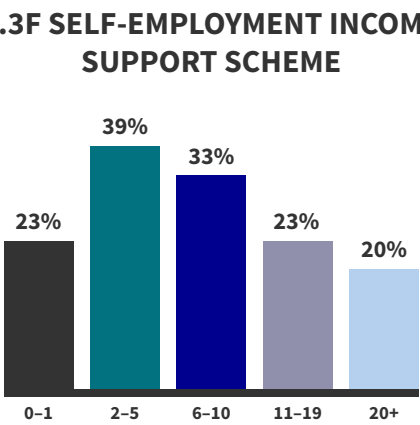
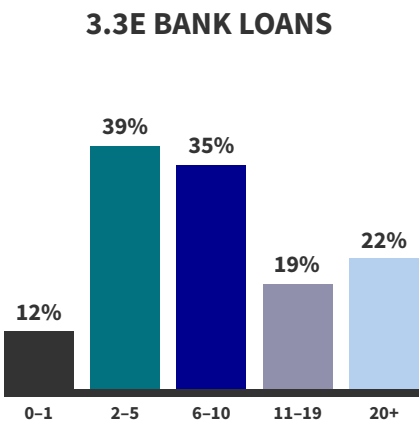
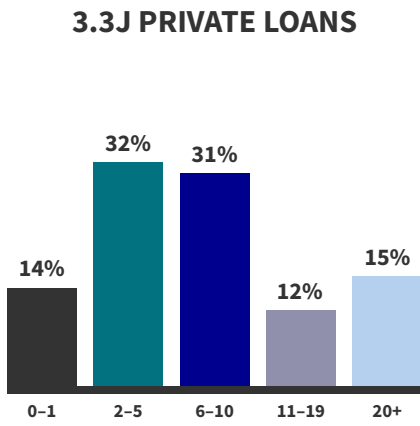
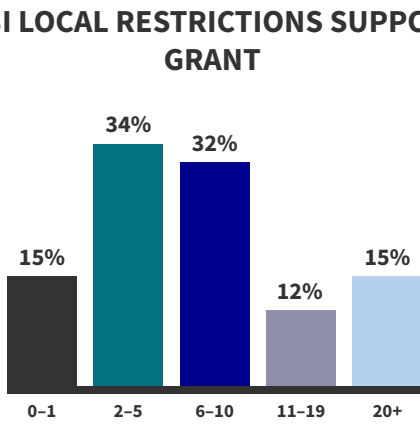
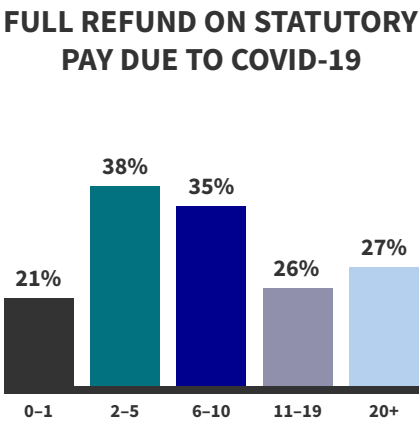
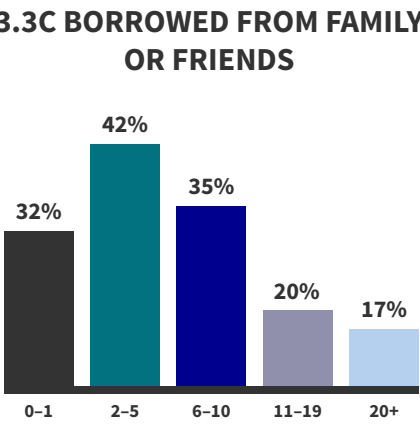
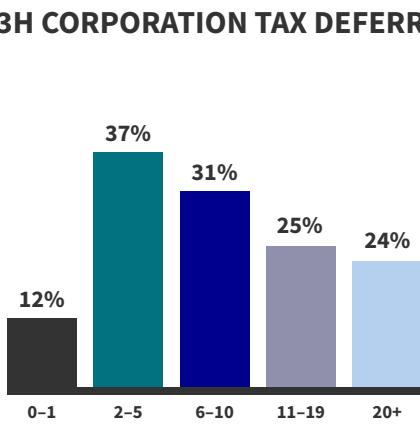
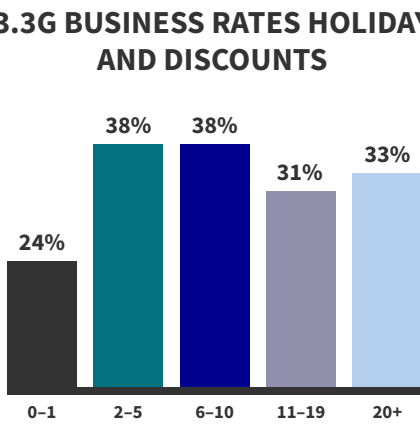
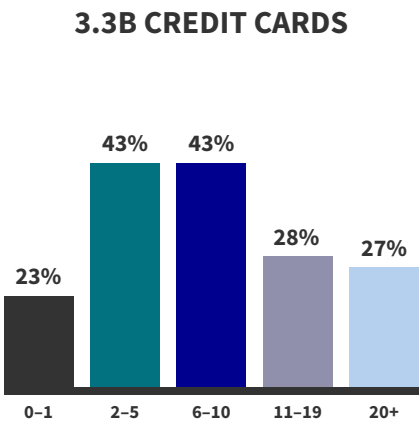
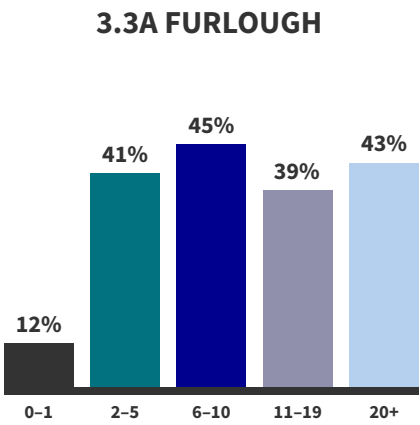
3.1 Share of SMES which used the following methods to deal with the impacts of the pandemic, that found them useful



3.2 Share of businesses which used the following methods to deal with the impacts of the pandemic that found them useful, top five most used methods split for under 35s and 35 and overs

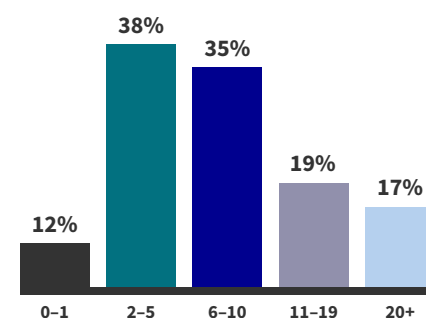


3.3 Share SMEs which used the following methods to deal with the impacts of the pandemic, by business age

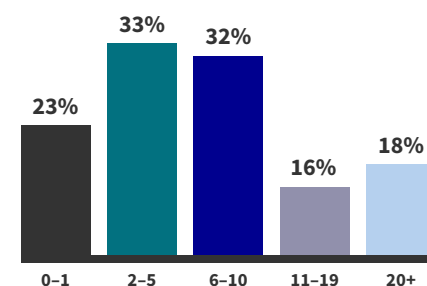


3.4 Share of male- and female-led SMEs which used the following methods to deal with the impacts of the pandemic

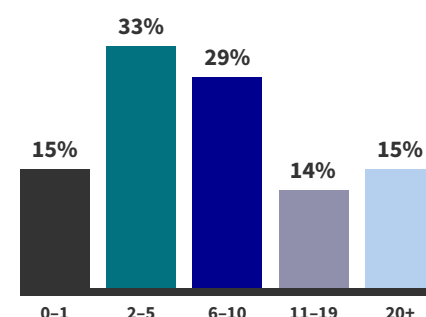
3.3M RECOVERY LOAN SCHEME



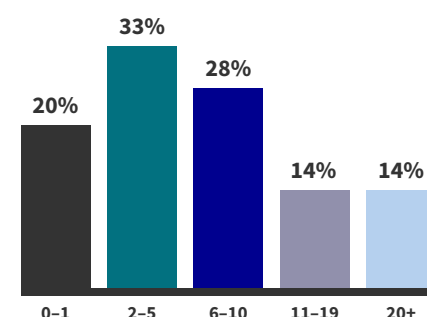
3.3N ADDITIONAL RESTRICTIONS GRANT



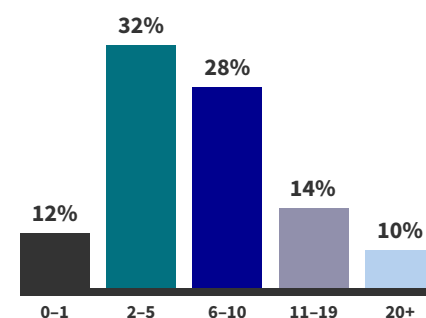
3.3O START-UP GRANTS



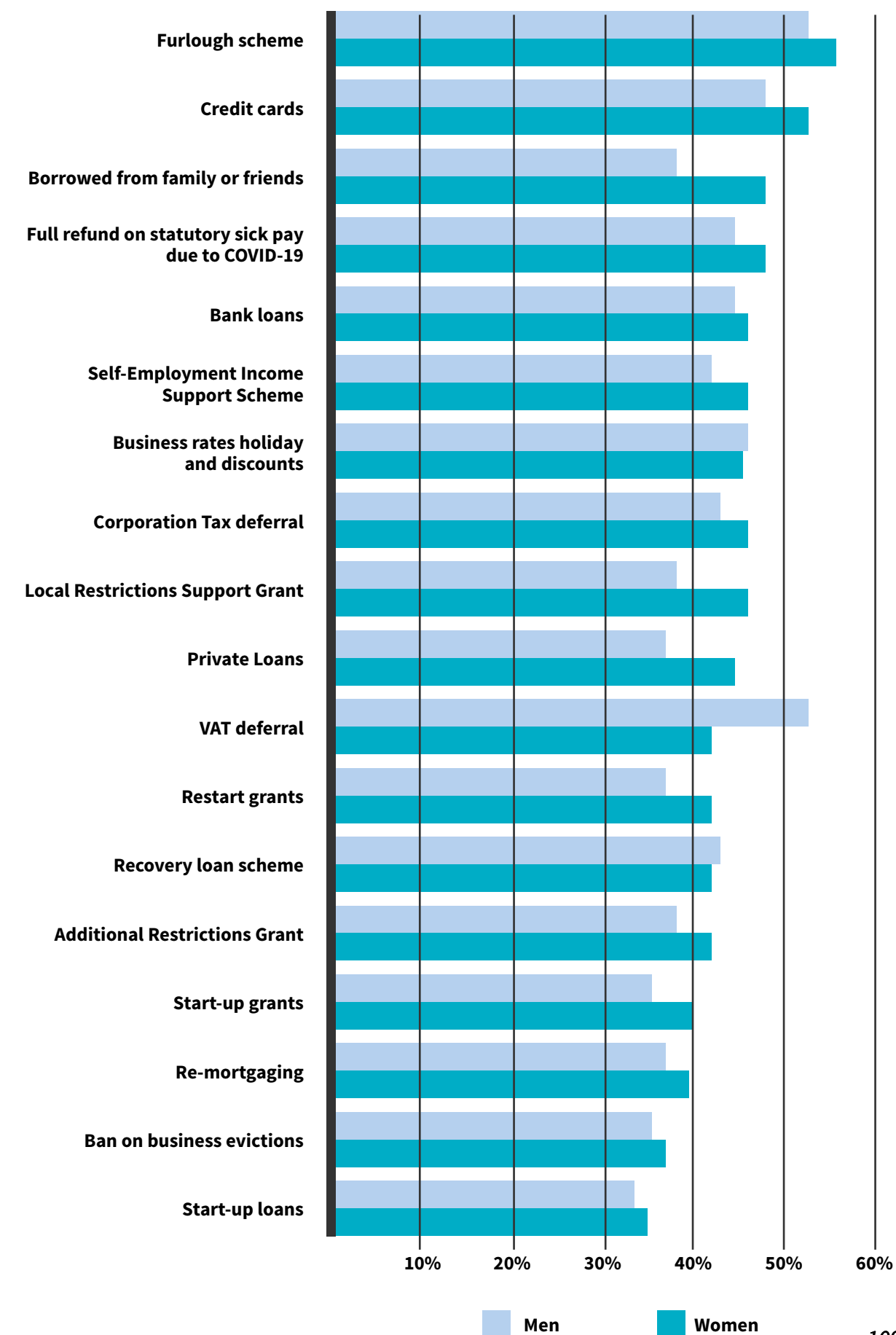
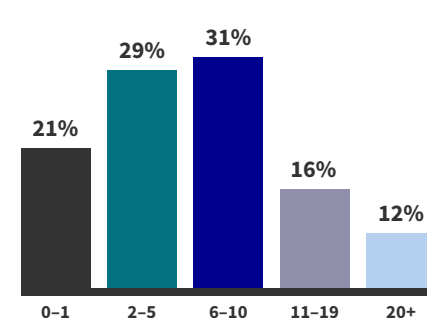
3.3P RE-MORTGAGING



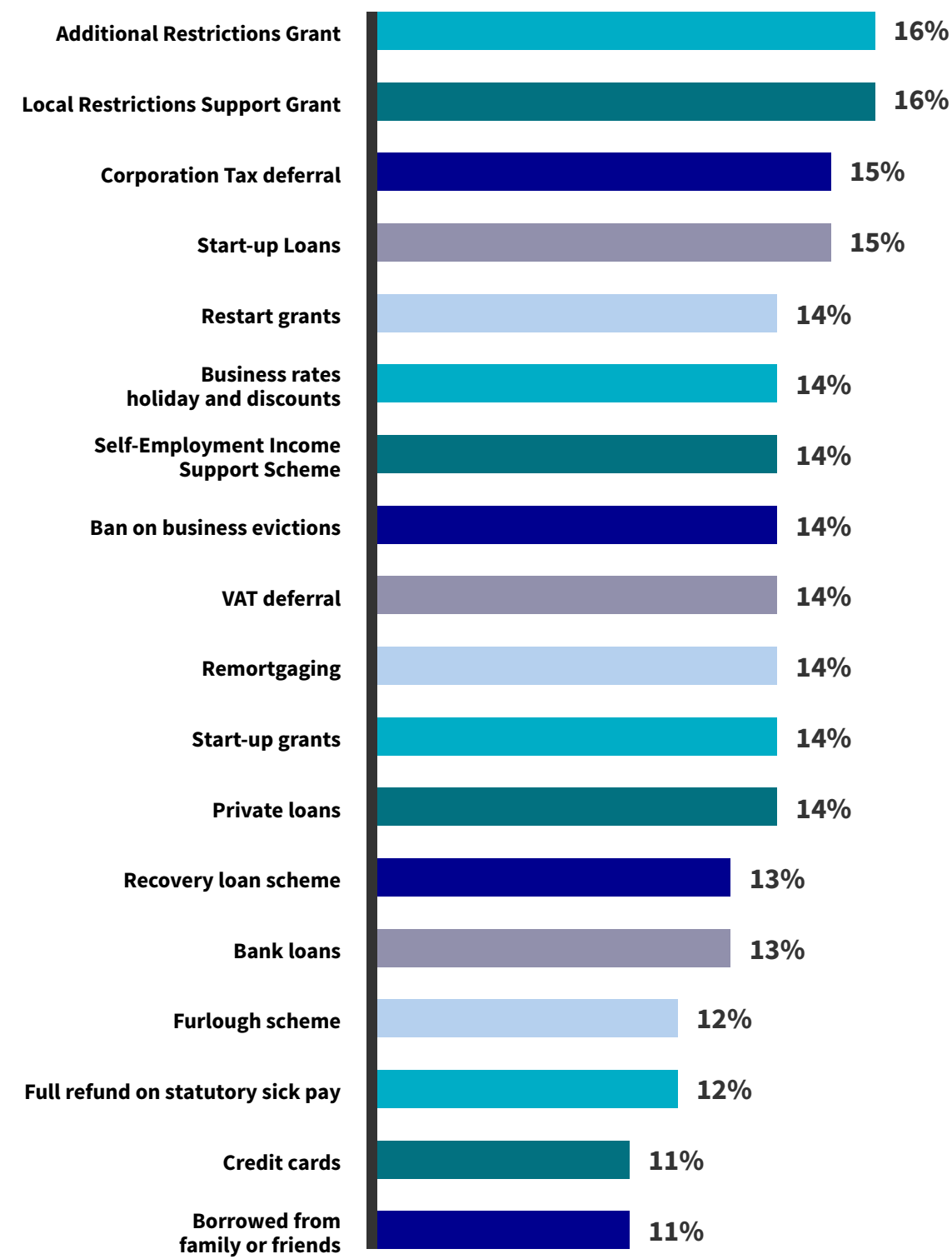
3.3Q BAN ON BUSINESS EVICTIONS



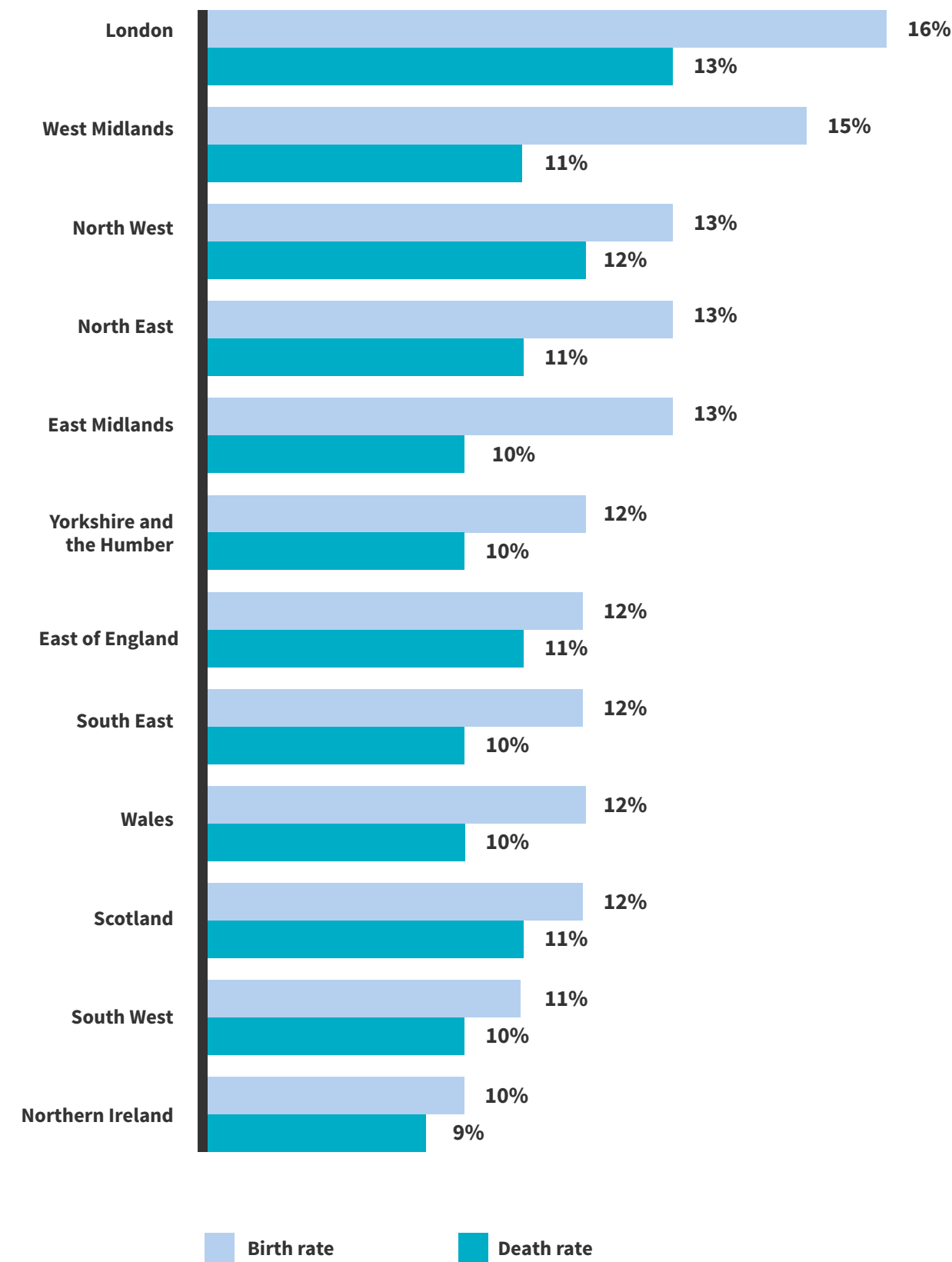
3.3R START-UP LOANS



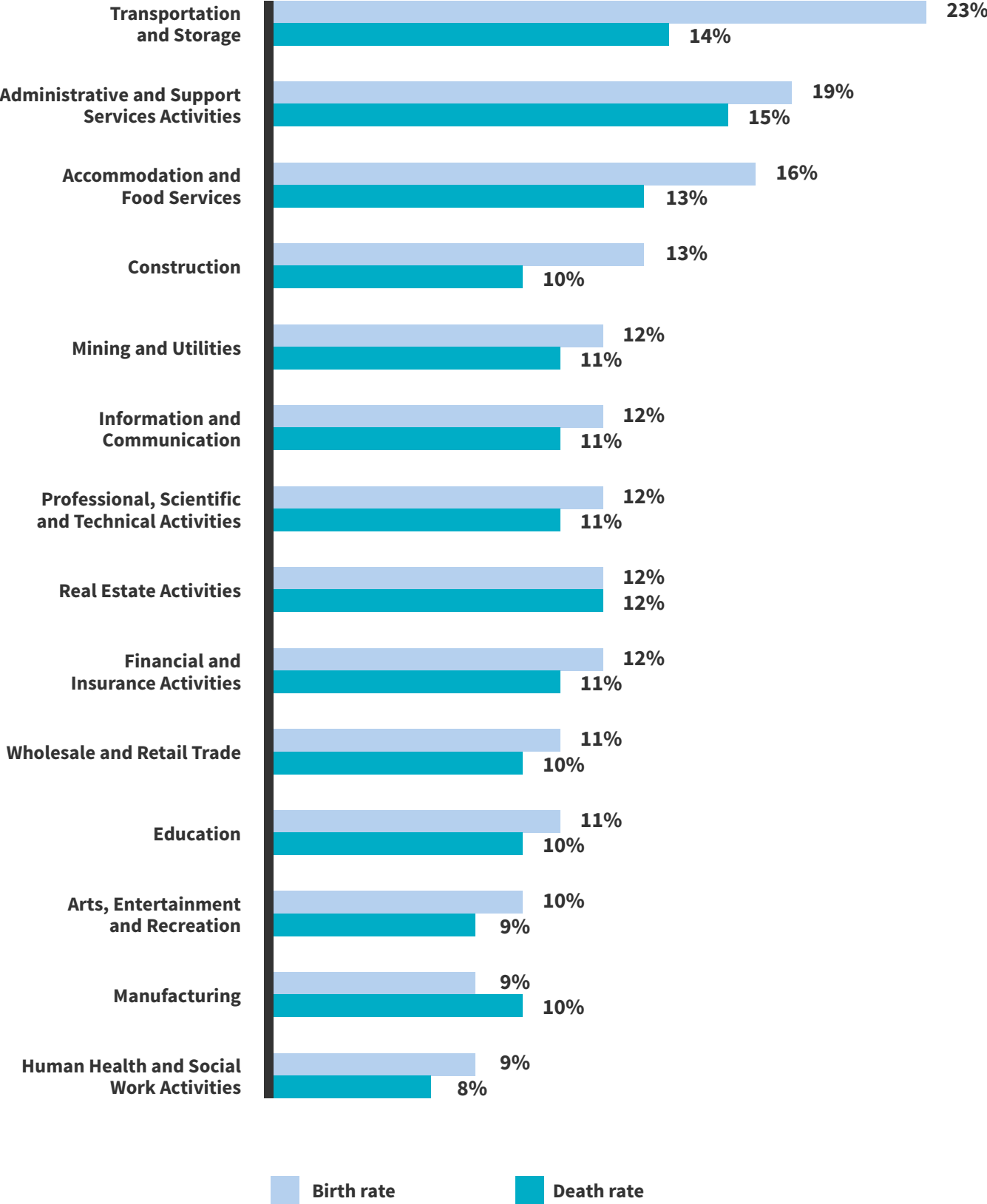
3.5 Share of SMEs which were/are eligible for the following methods to deal with the impacts of the pandemic, but weren't aware of them



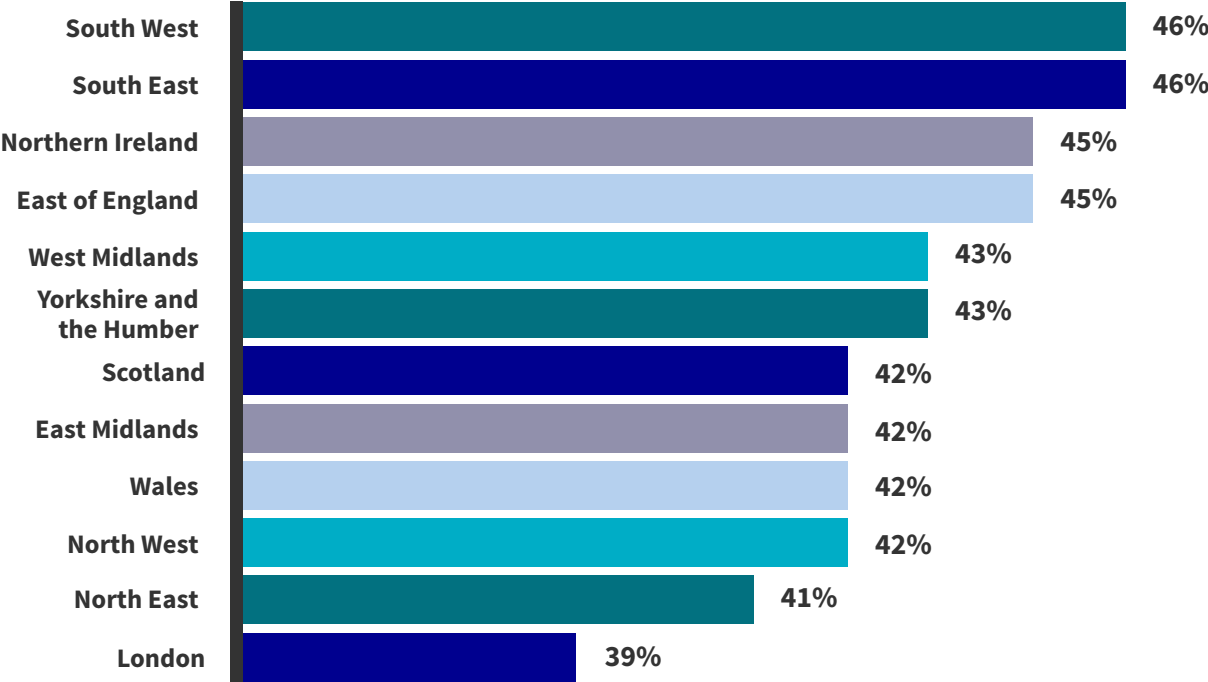
4.1 Birth and death rates, by region, 2019–2020



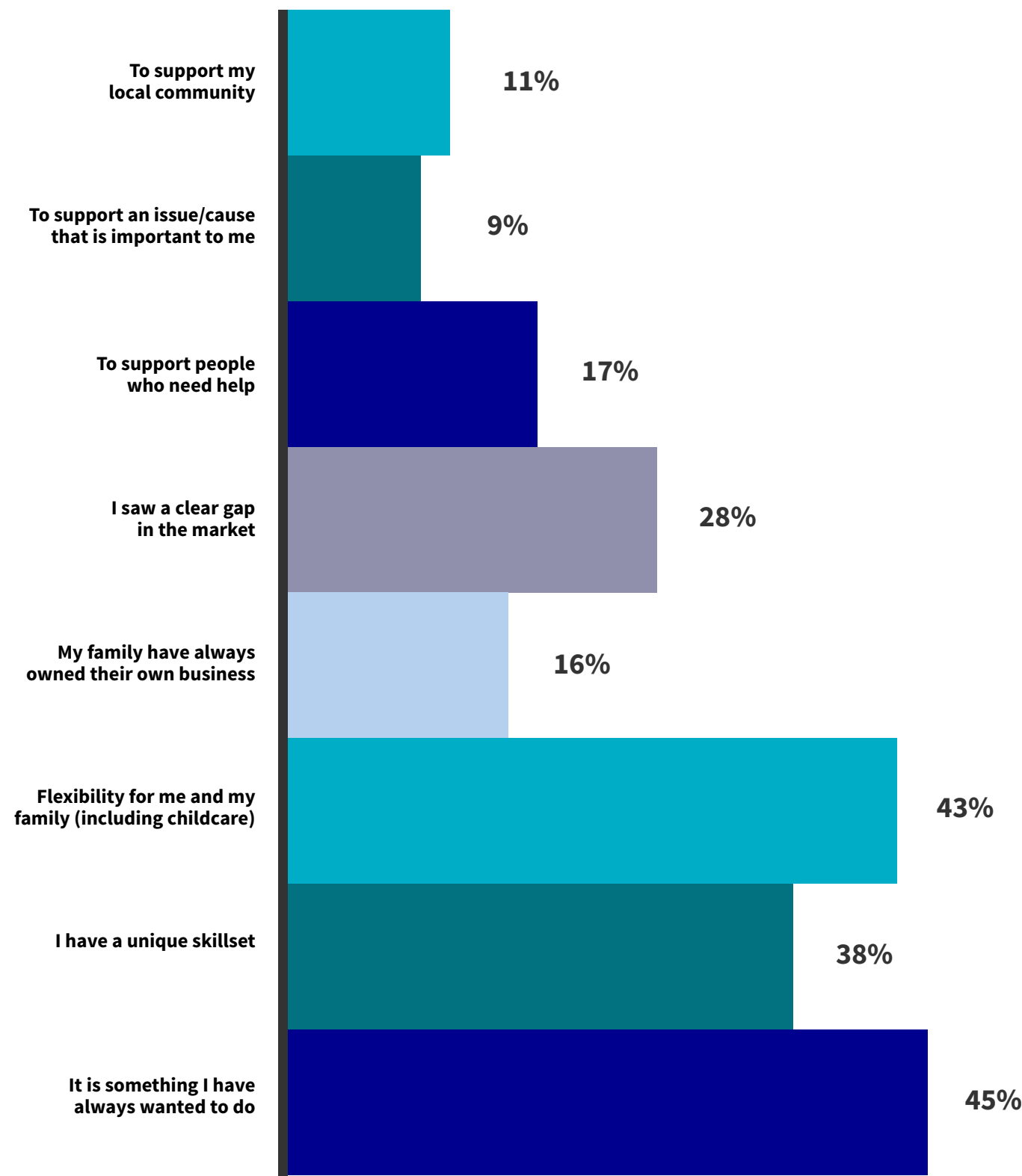
4.2 Birth and death rates, by industry, 2019–2020



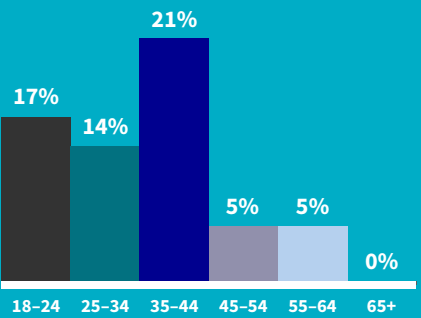
4.3 Business survival rate after 6 years by region (2014–2020)



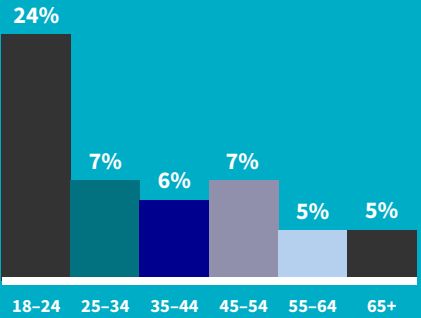
5.1 Which, if any, of the following were reasons why you decided to start your business?



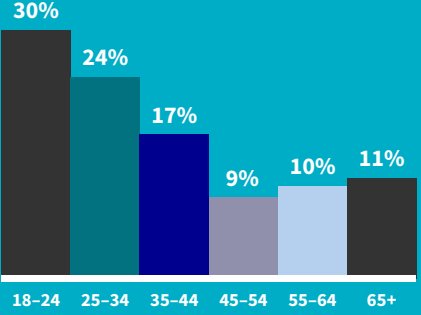
5.1A TO SUPPORT MY LOCAL COMMUNITY



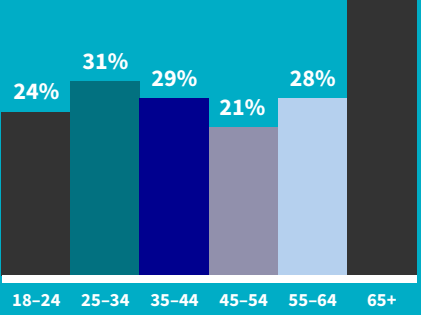
5.1B TO SUPPORT AN ISSUE/CAUSE THAT IS IMPORTANT TO ME



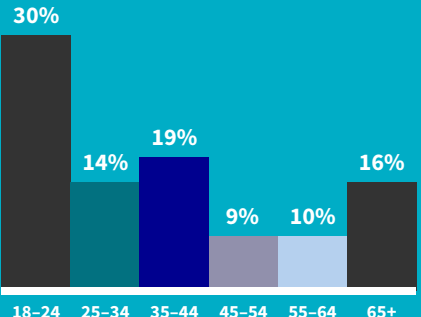
5.1C TO SUPPORT PEOPLE WHO NEED HELP



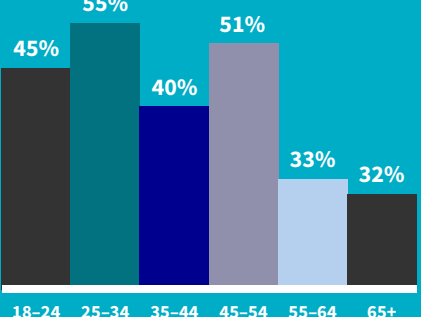
5.1D I SAW A CLEAR GAP IN THE MARKET



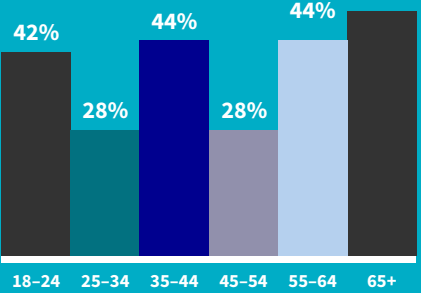
5.1E MY FAMILY HAVE ALWAYS OWNED THEIR OWN BUSINESS



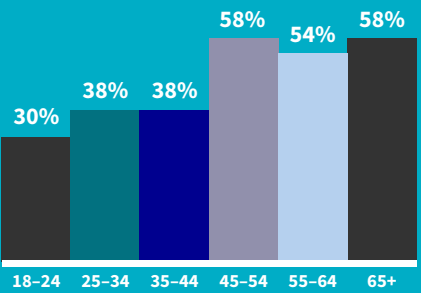
5.1F FLEXIBILITY FOR ME AND MY FAMILY (INCLUDING CHILDCARE)



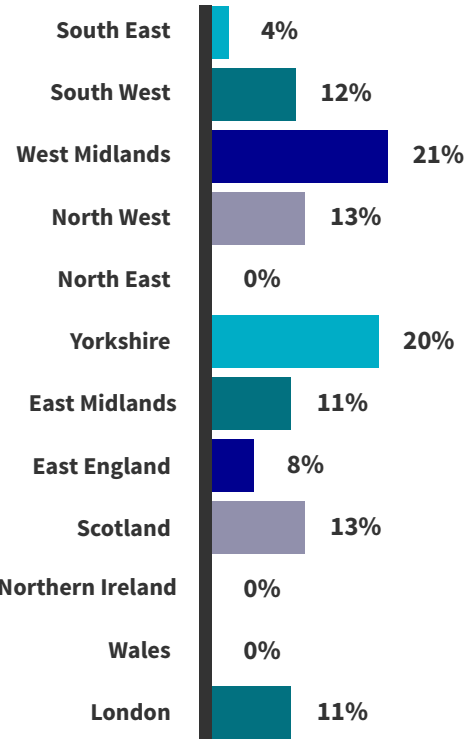
5.1G I HAVE A UNIQUE SKILLSET



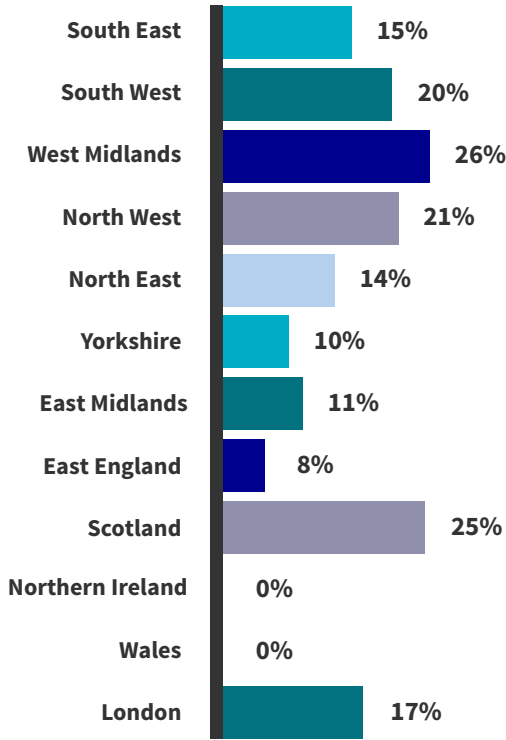
5.1H IT IS SOMETHING I HAVE ALWAYS WANTED TO DO



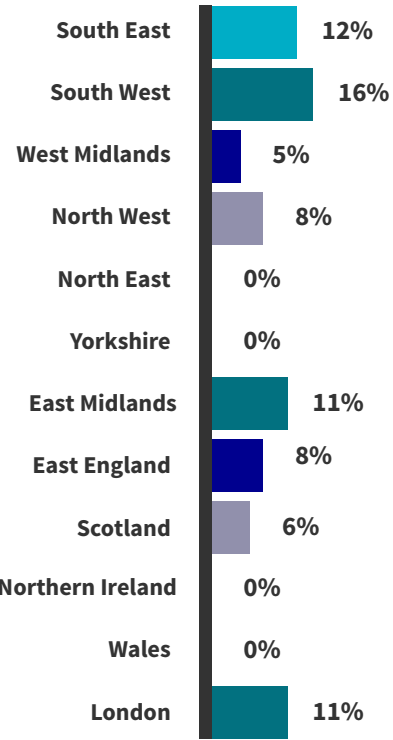
5.2A Share of SME owners who have chosen to start their small business to support my local community, by region



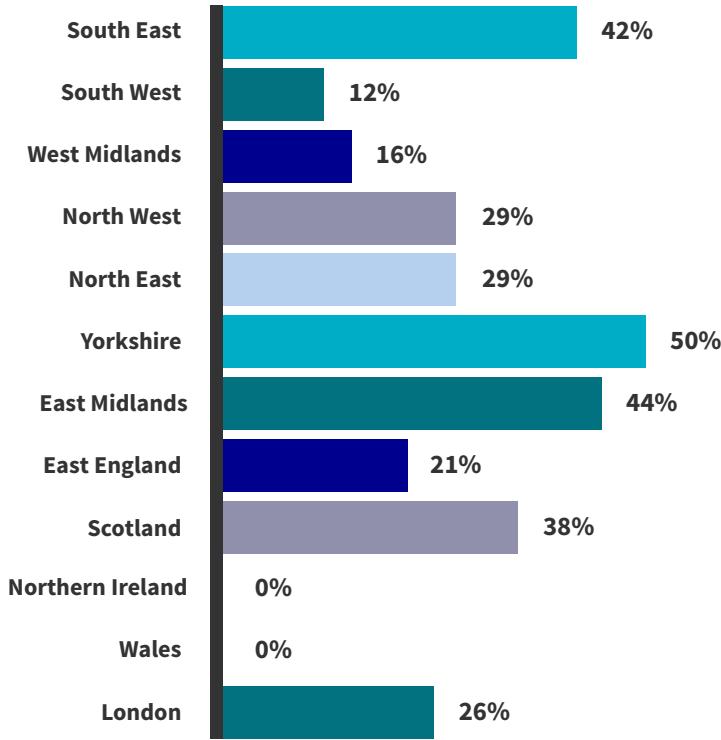
5.2C Share of SME owners who have chosen to start their small business to support people who need help, by region



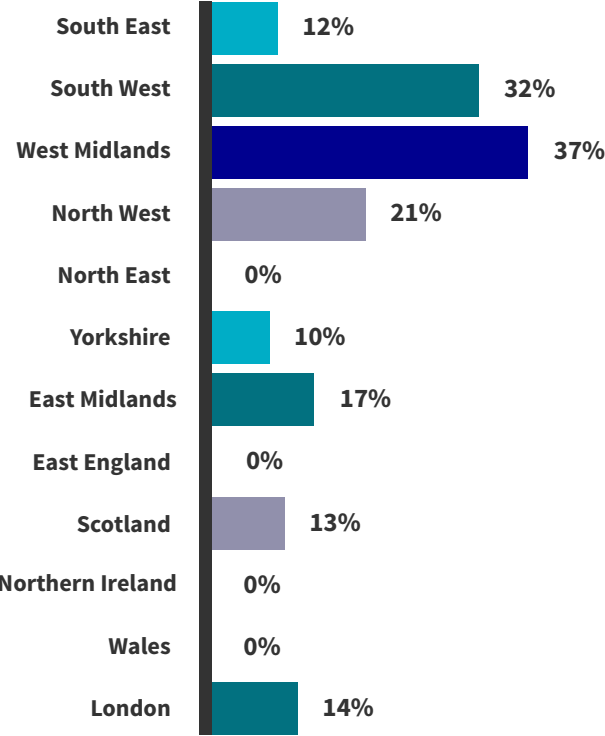
5.2B Share of SME owners who have chosen to start their small business to support an issue/cause that is important to them, by region



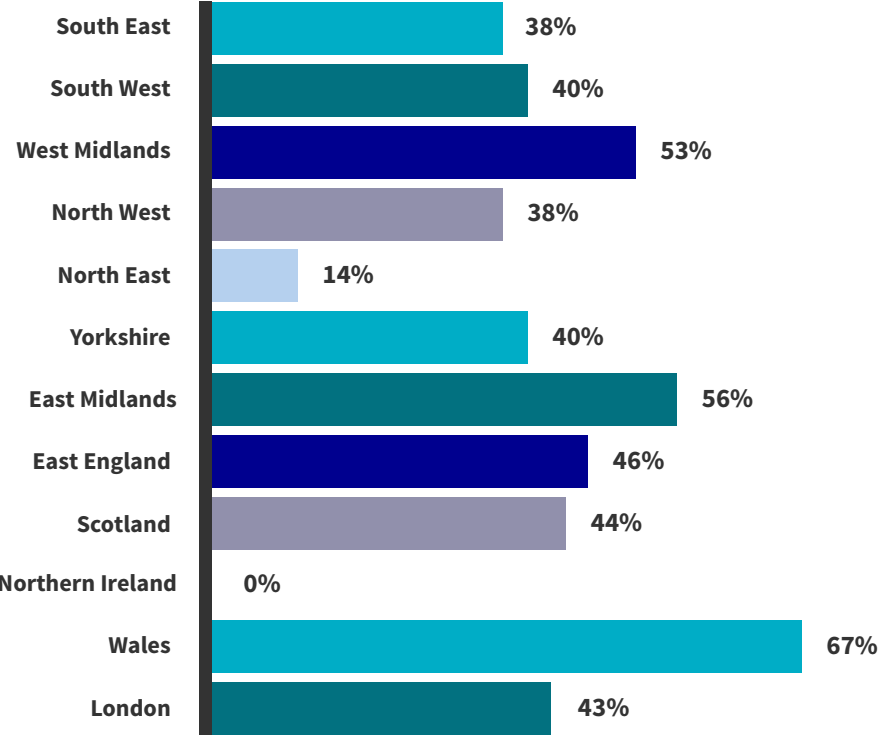
5.2D Share of SME owners who have chosen to start their small business for because they saw a clear gap in the market, by region



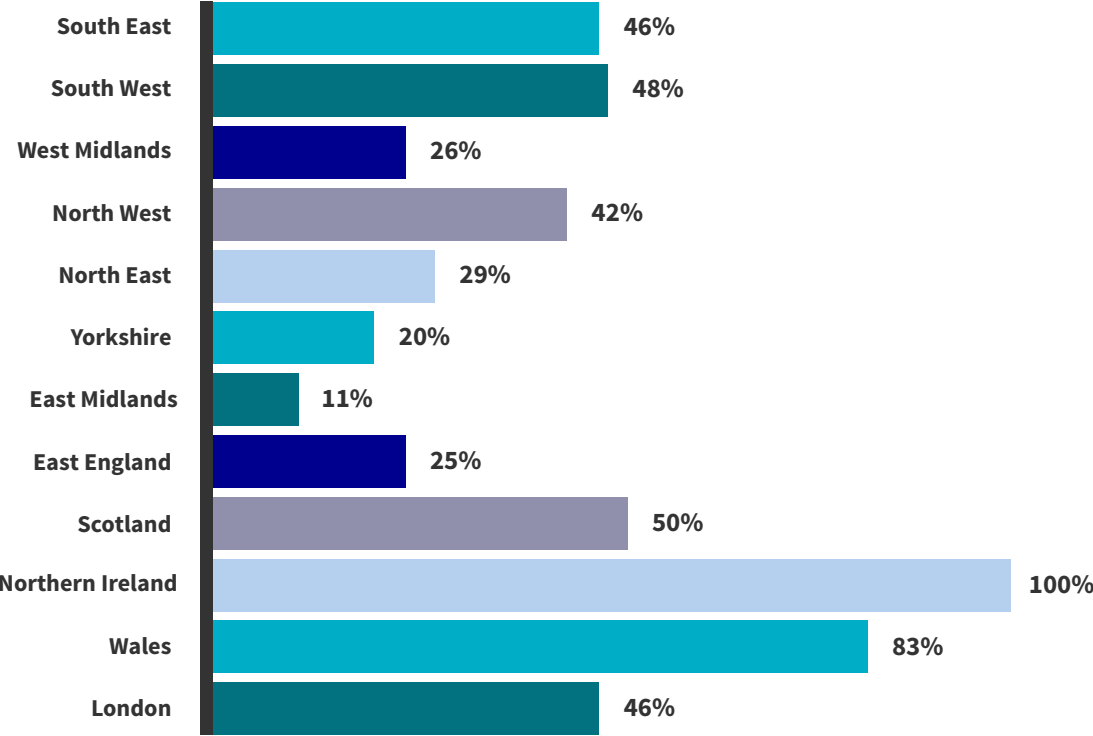
5.2E Share of SME owners who have chosen to start their small business because their family have always owned their own business, by region



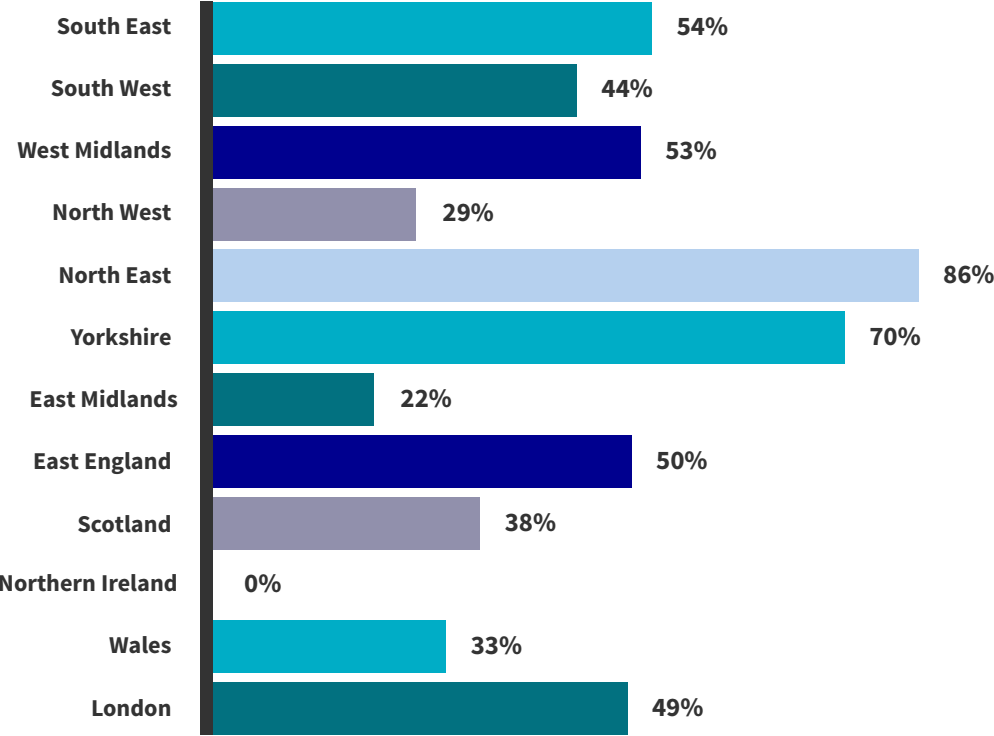
5.2F Share of SME owners who have chosen to start their small business for flexibility for me and my family (including childcare), by region



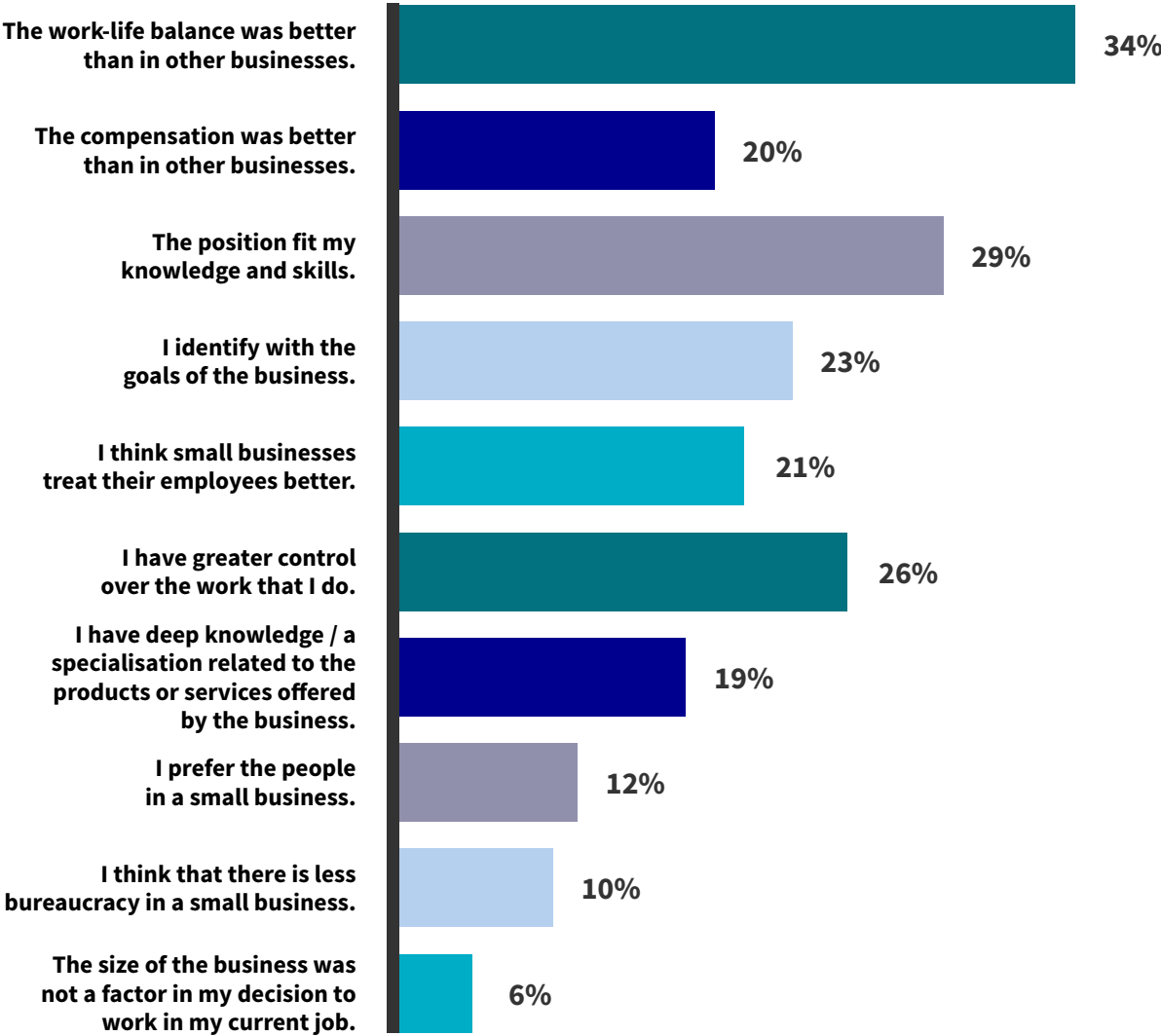
5.2G Share of SME owners who have chosen to start their small business because they have a unique skillset, by region



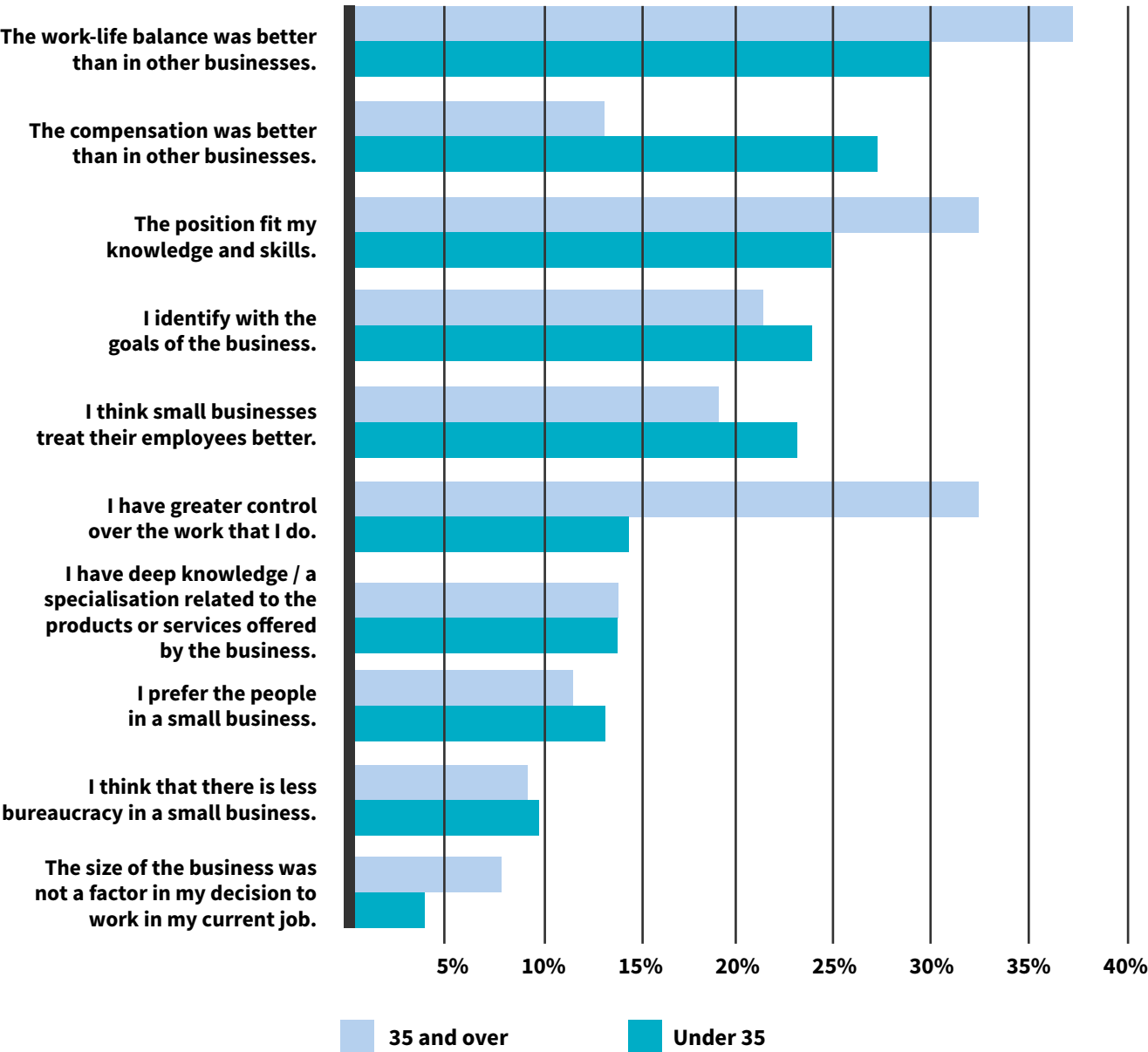
5.2H Share of SME owners who have chosen to start their small business because it is something they have always wanted to do, by region



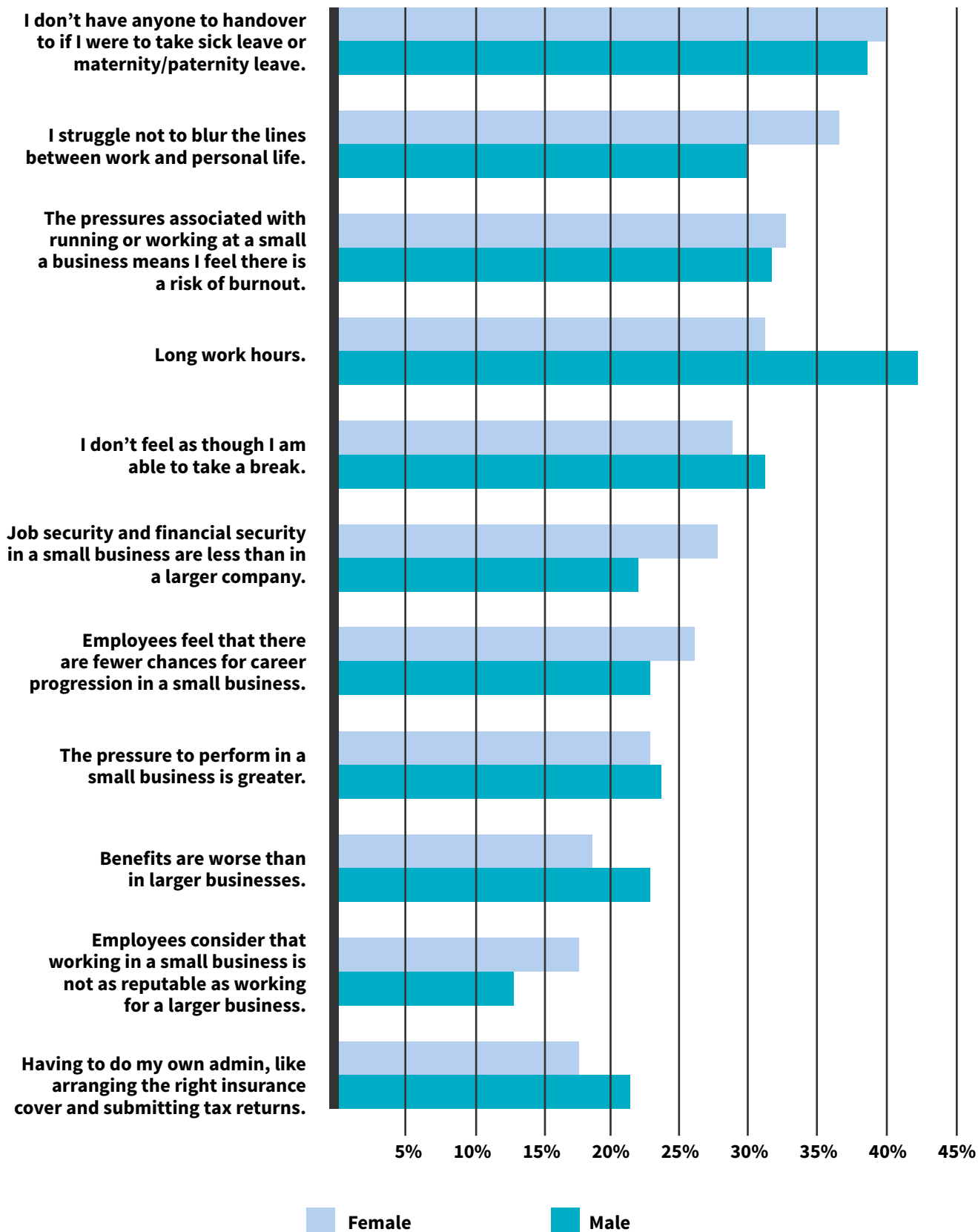
5.5 Why respondents chose to work at a small business compared to a large business, share of business leaders selecting the following options



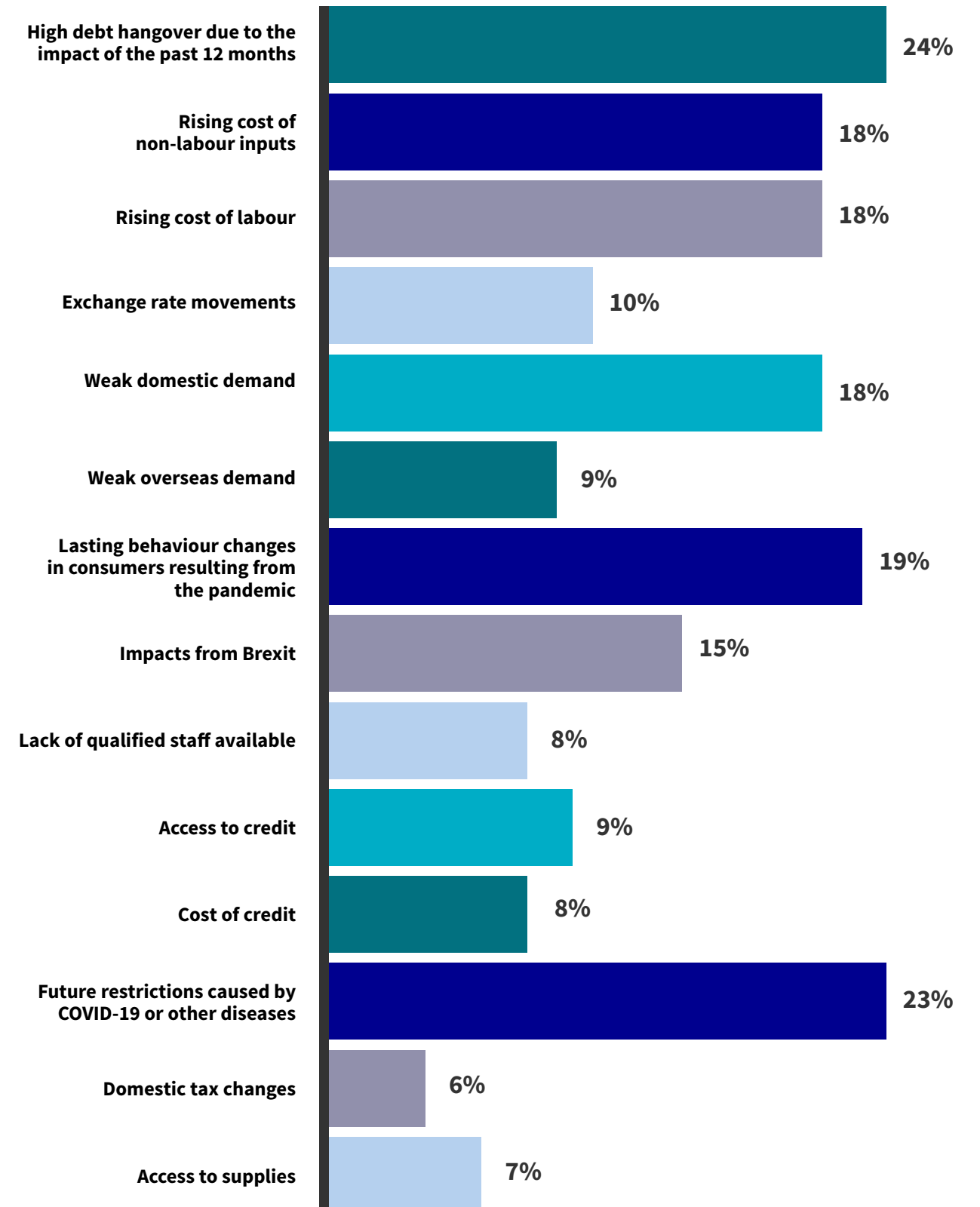
5.6 Why respondents chose to work at a small business compared to a large business, share of business leaders selecting the following options, by age of decision maker



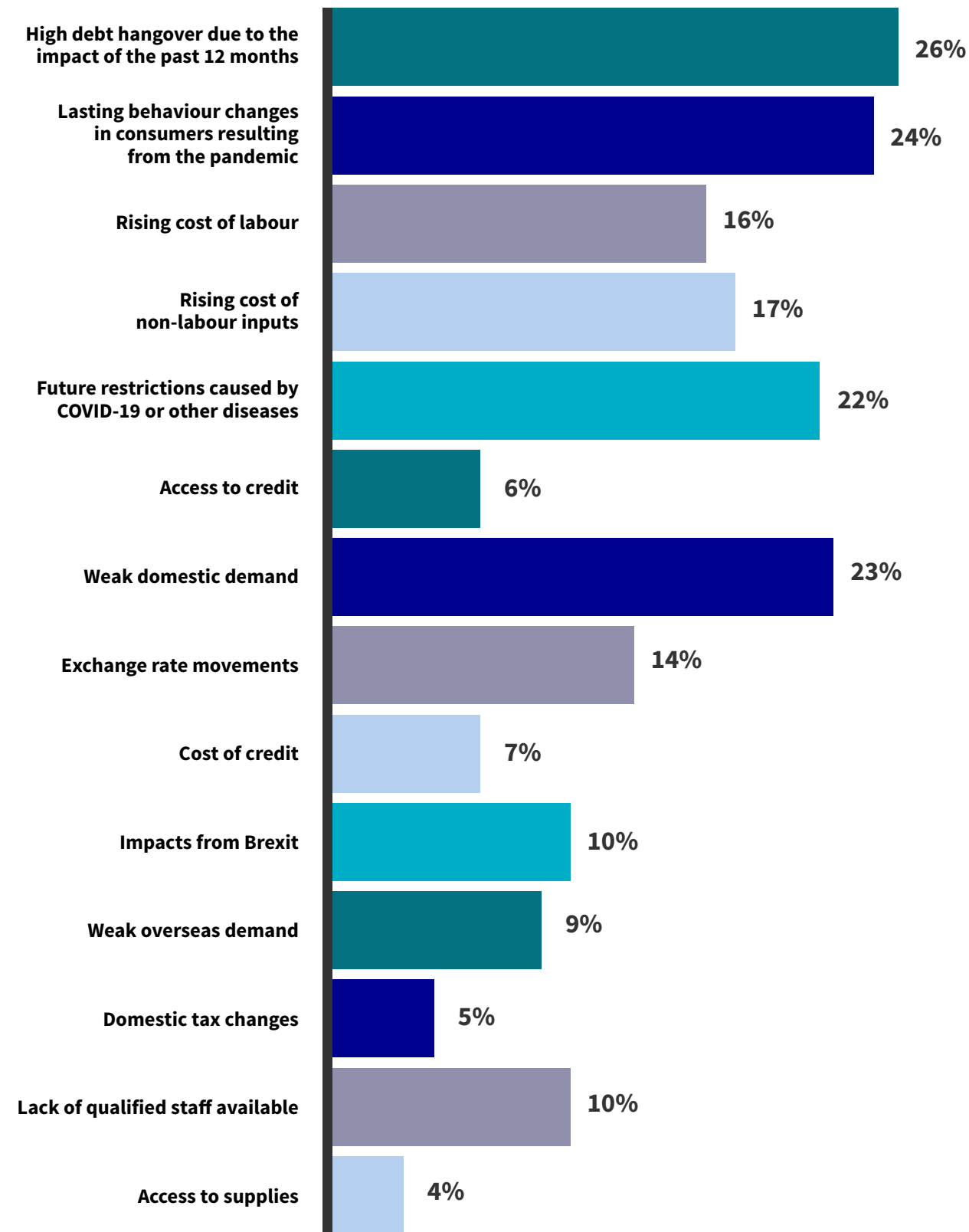
5.7 What respondents think are the biggest challenges associated with working at or running a small business, share of business leaders selecting the following options, by gender



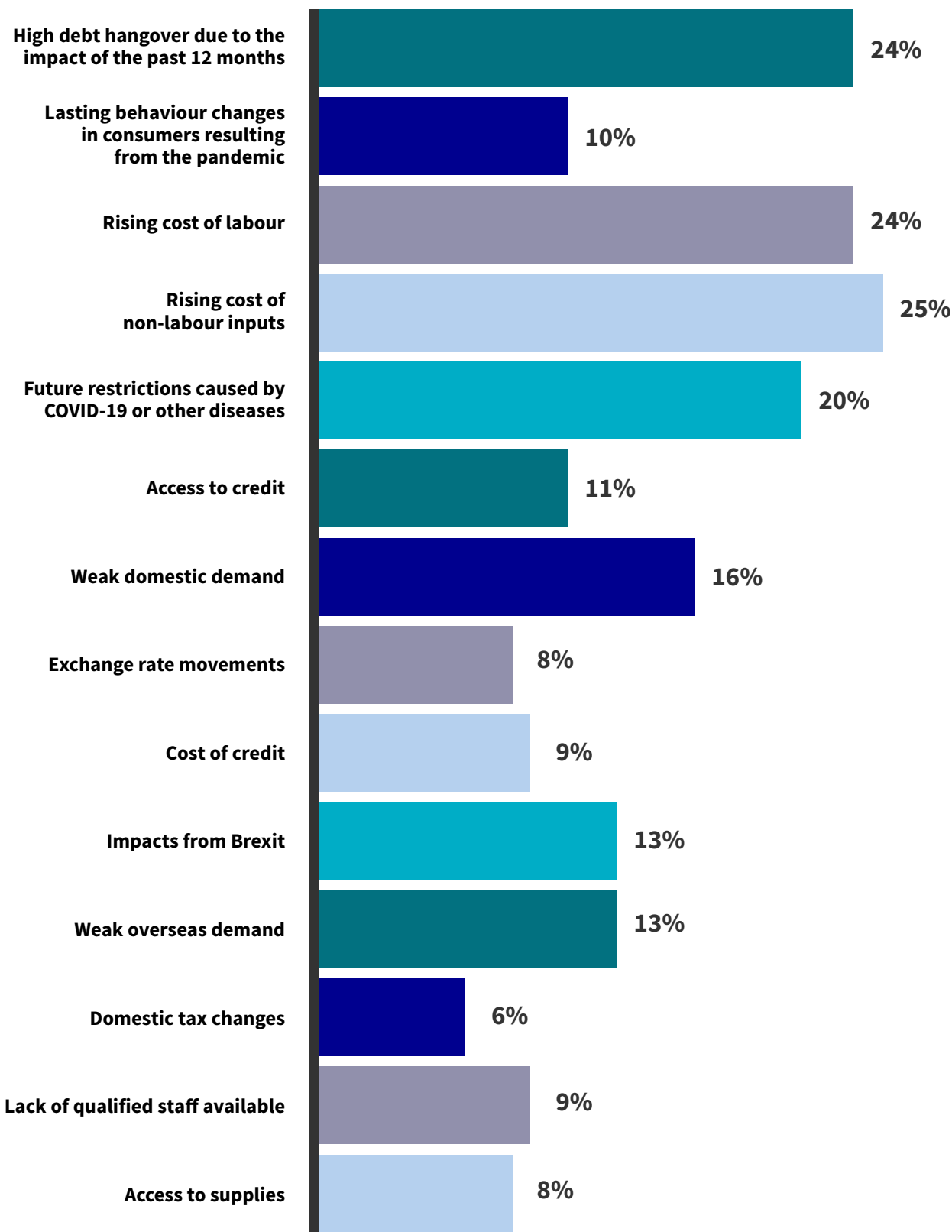
6.1 What do you think will be the biggest challenges for your business over the coming 12 months?



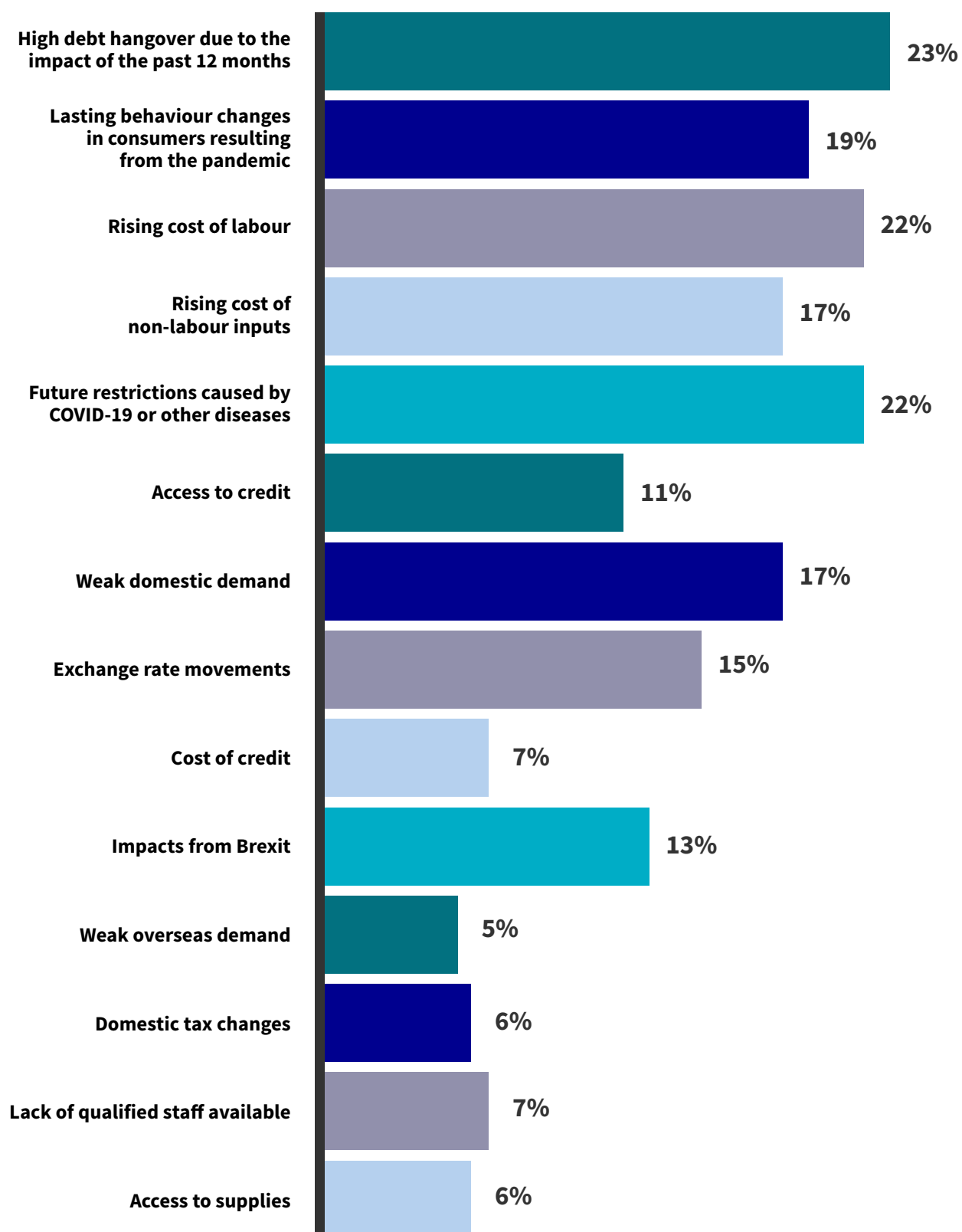
6.2A What do you think will be the biggest challenges for your business over the coming 12 months? (South East)



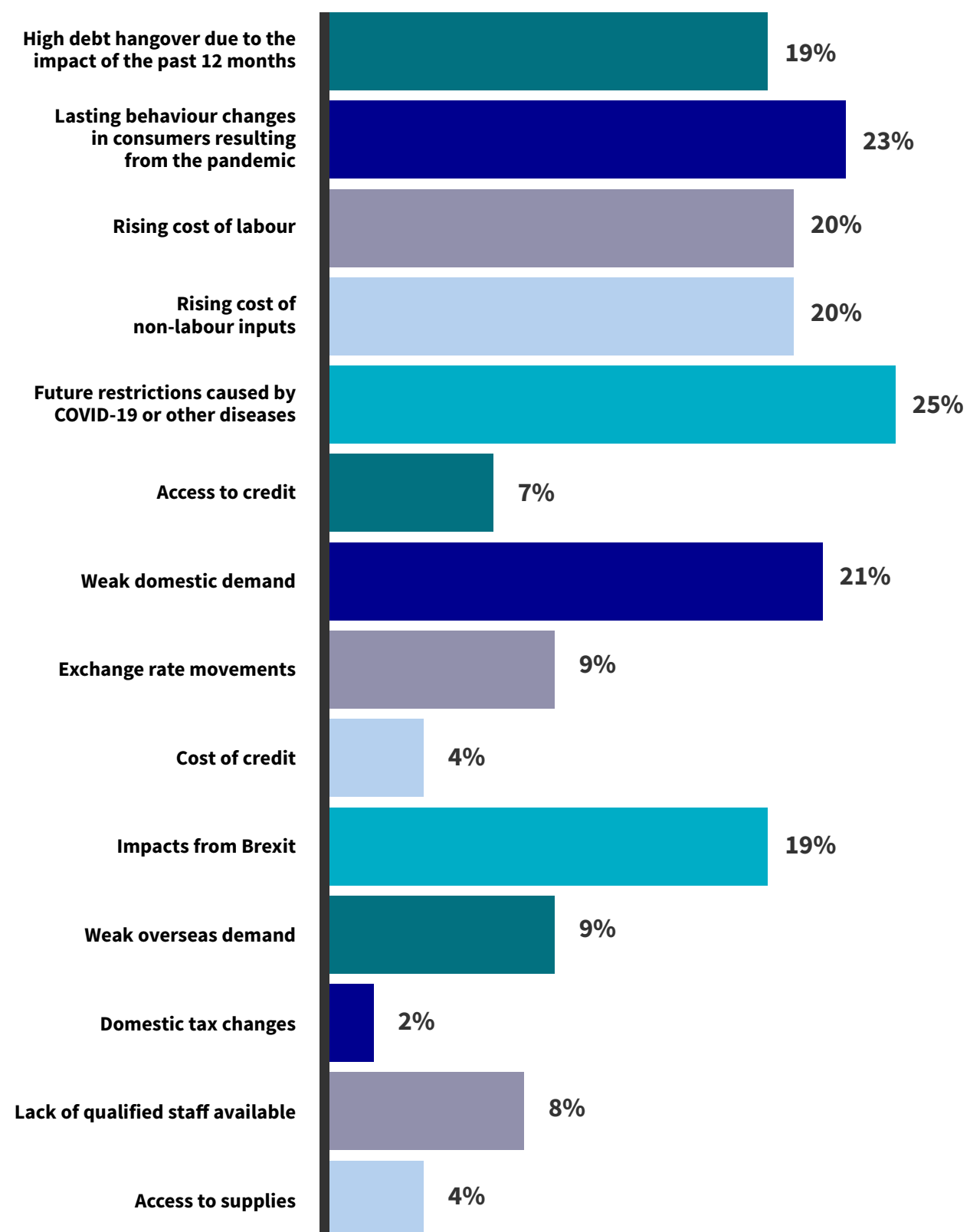
6.2B What do you think will be the biggest challenges for your business over the coming 12 months? (South West)



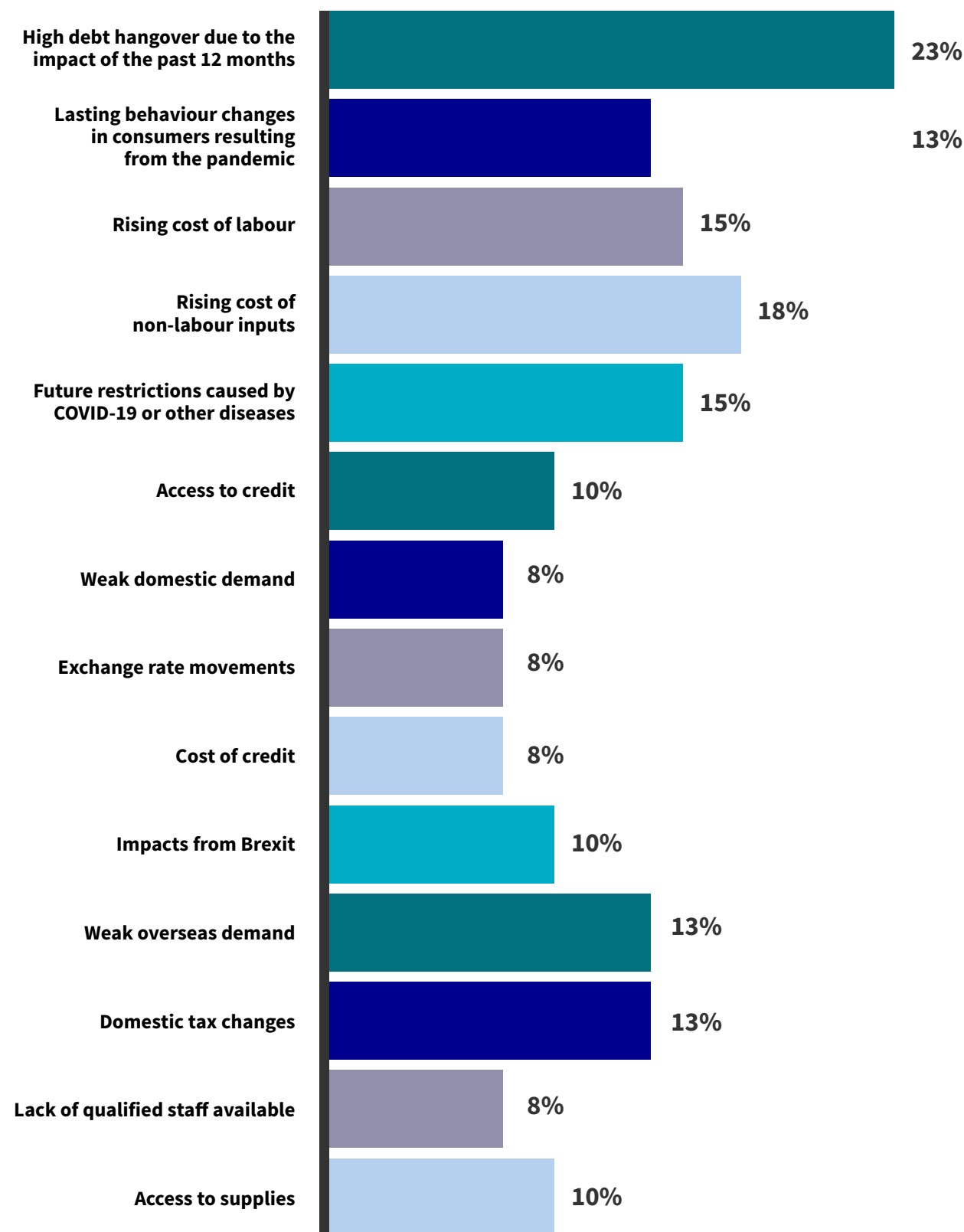
6.2C What do you think will be the biggest challenges for your business over the coming 12 months? (West Midlands)



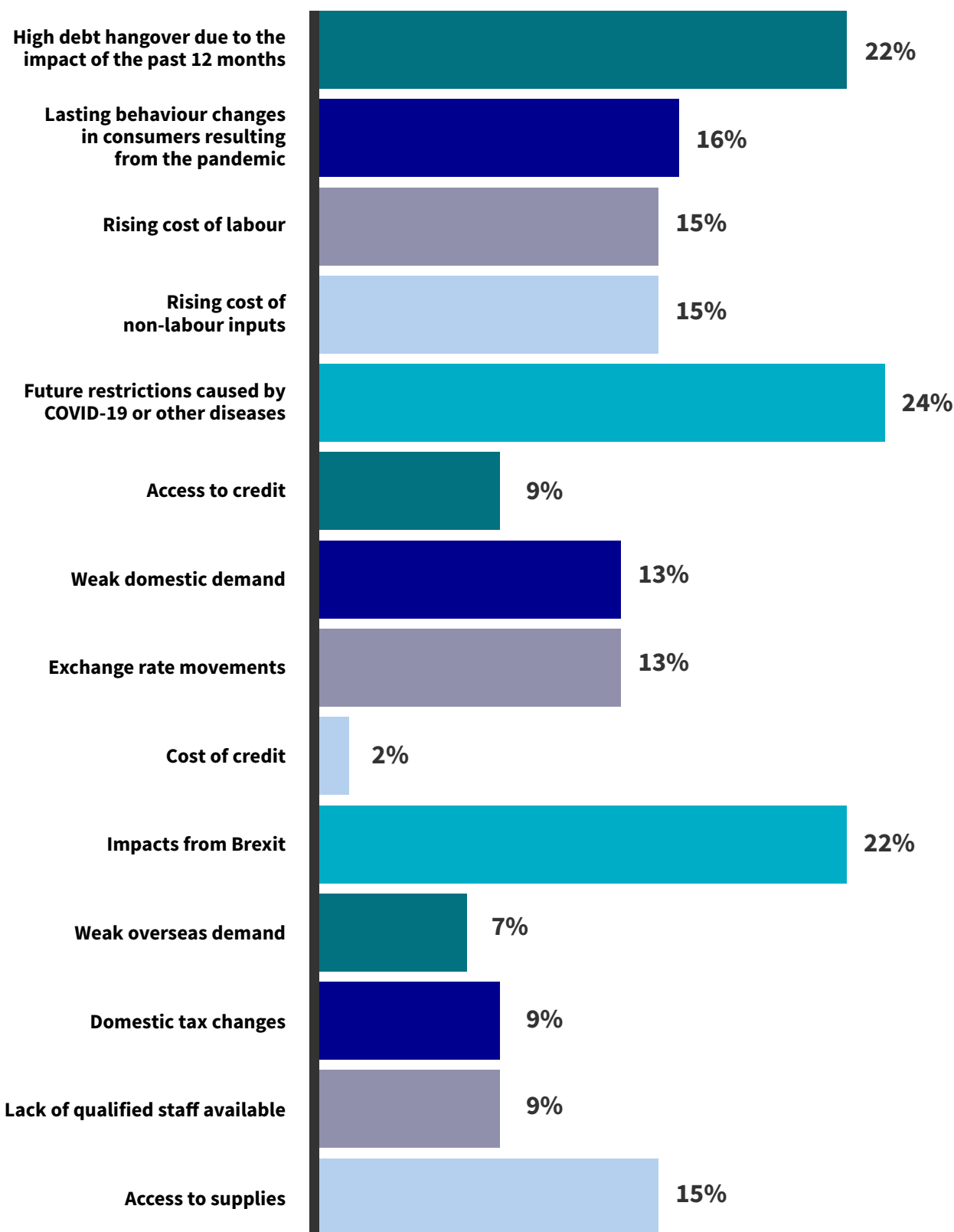
6.2D What do you think will be the biggest challenges for your business over the coming 12 months? (North West)



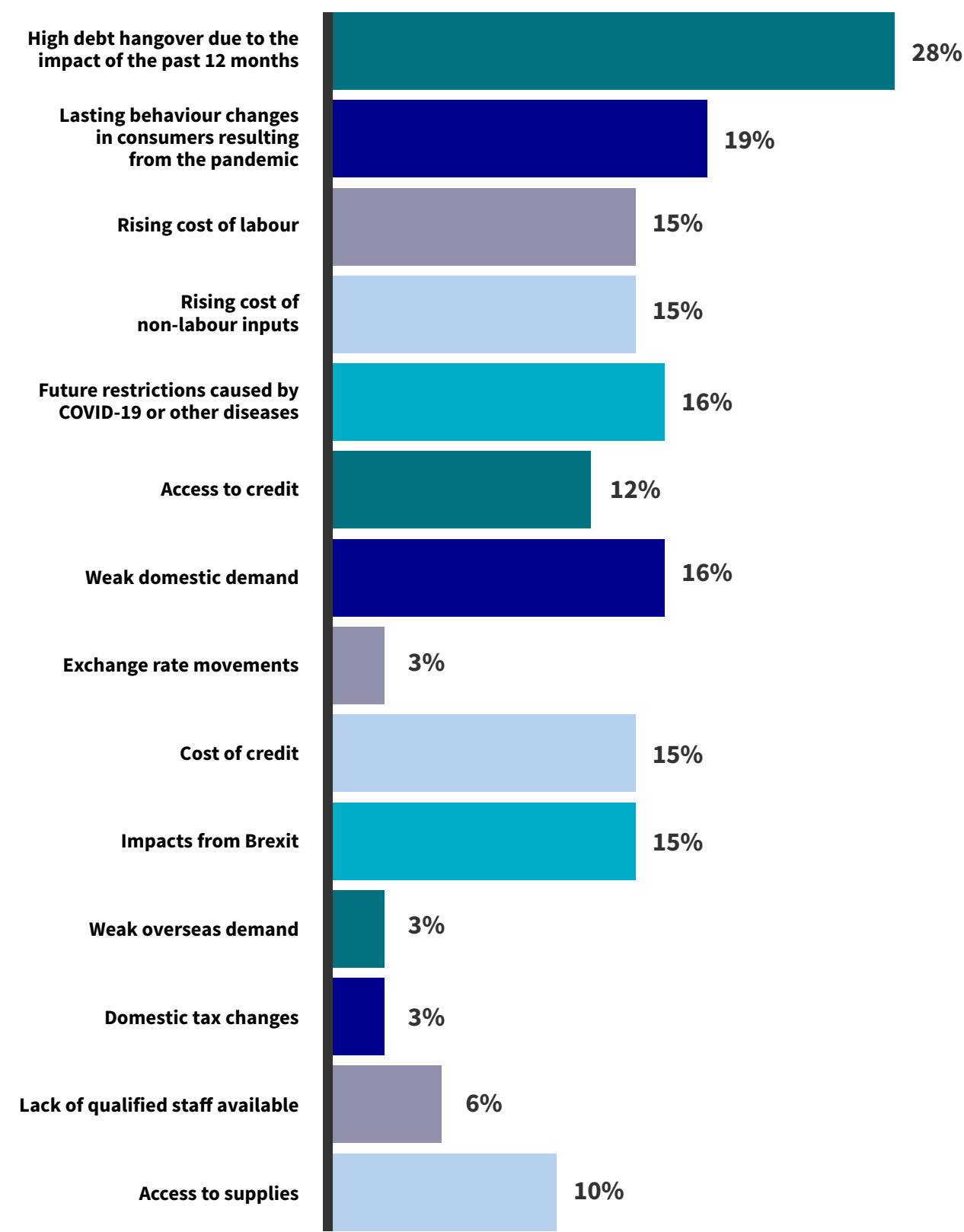
6.2E What do you think will be the biggest challenges for your business over the coming 12 months? (North East)



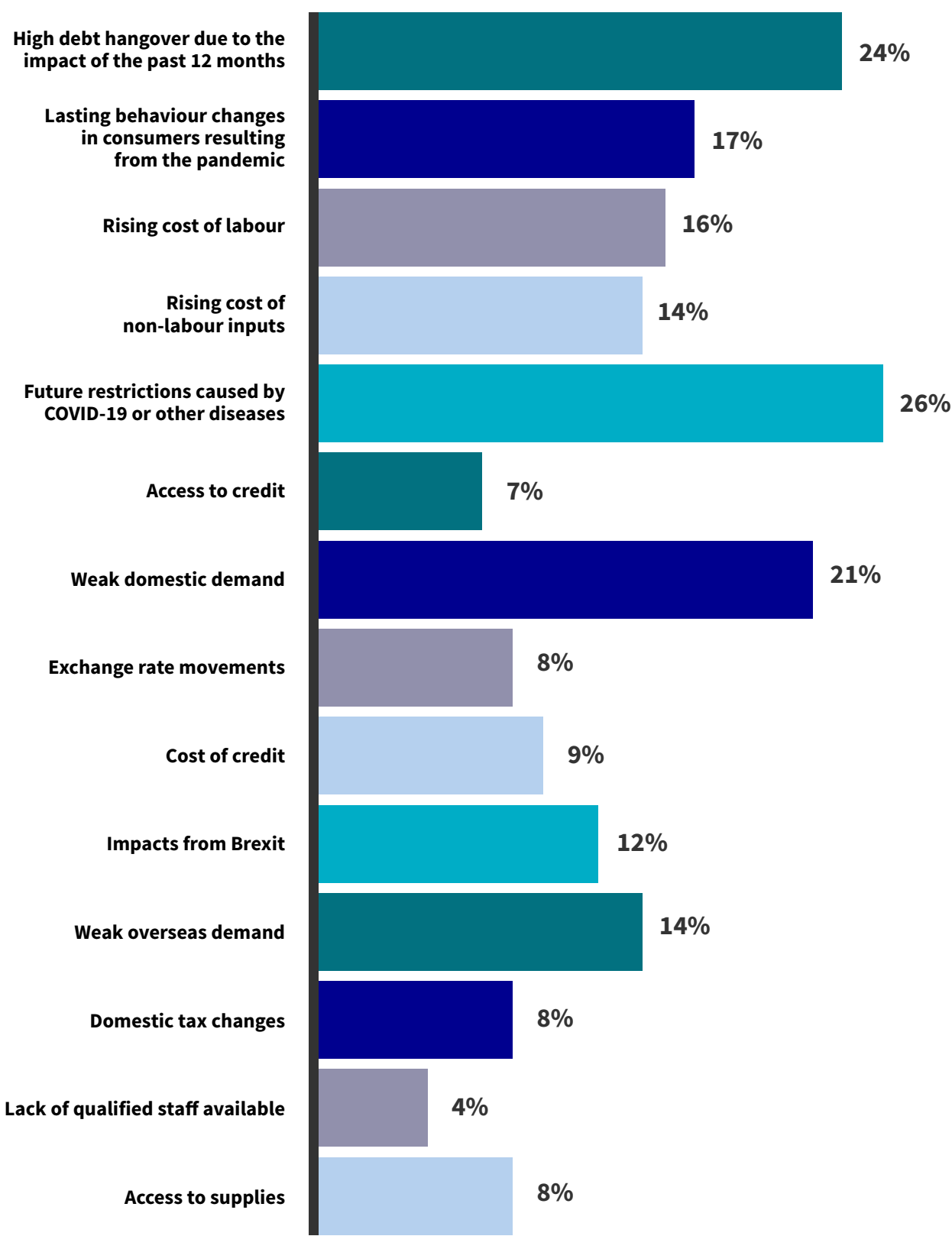
6.2F What do you think will be the biggest challenges for your business over the coming 12 months? (Yorkshire)



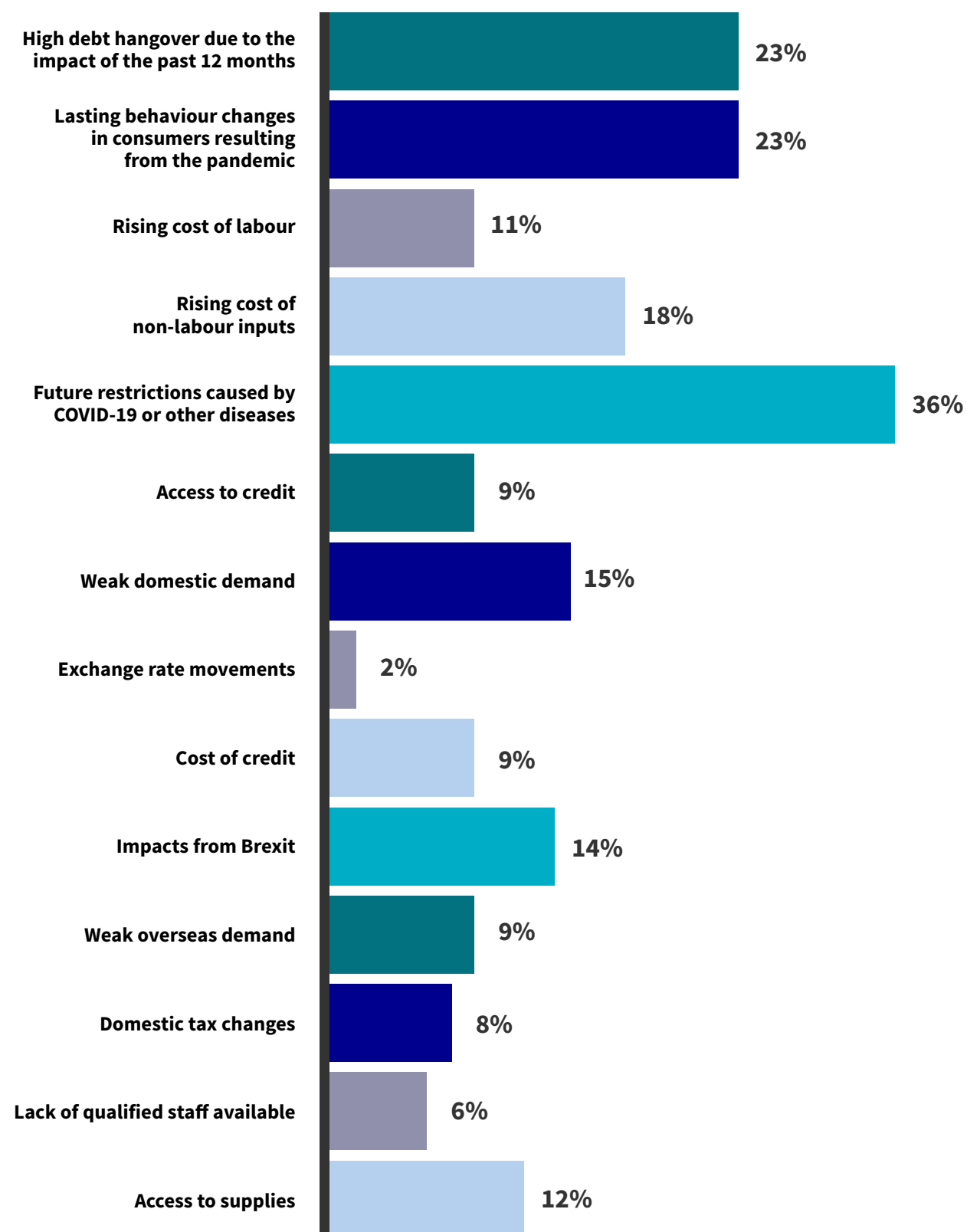
6.2G What do you think will be the biggest challenges for your business over the coming 12 months? (East Midlands)



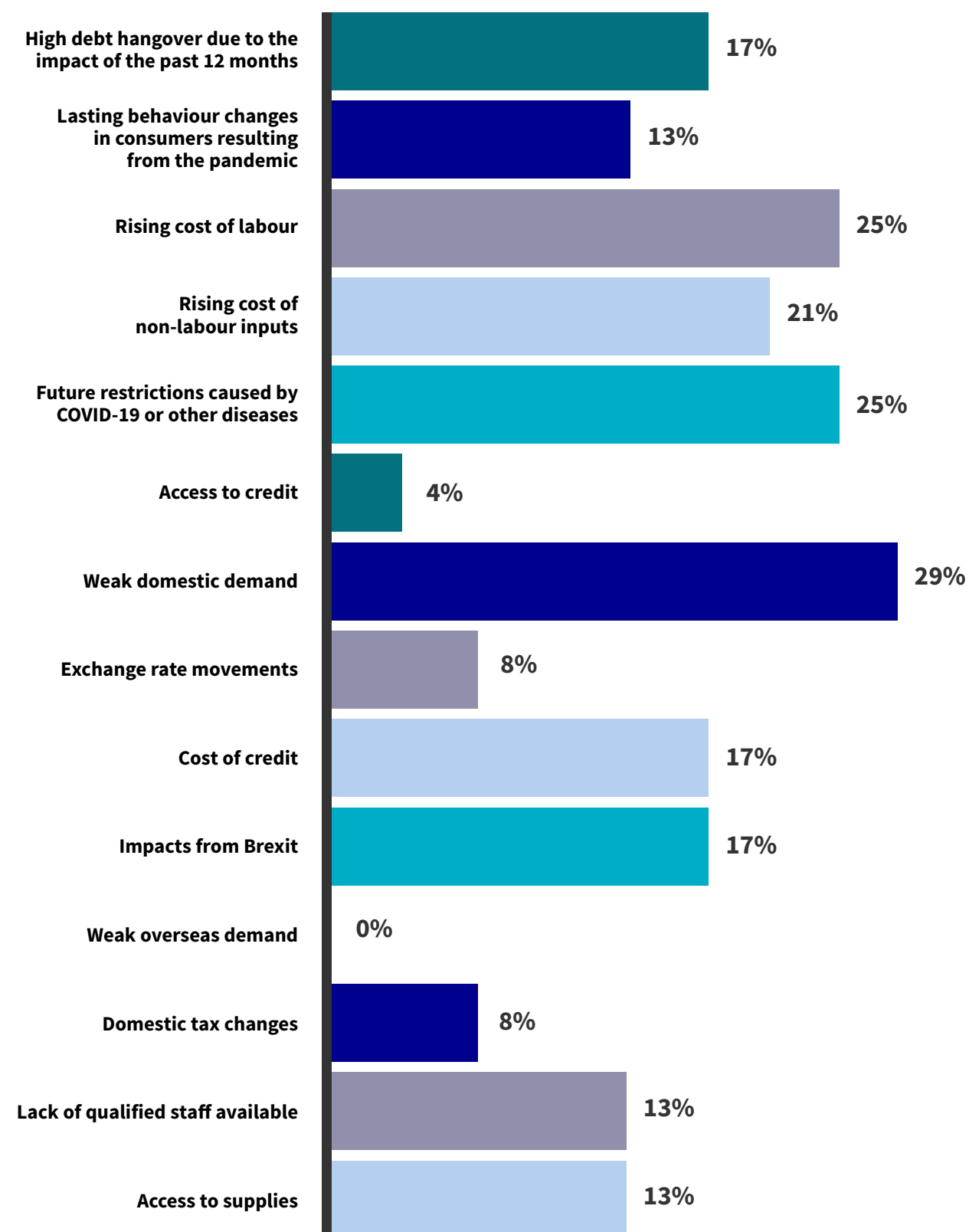
6.2H What do you think will be the biggest challenges for your business over the coming 12 months? (East England)



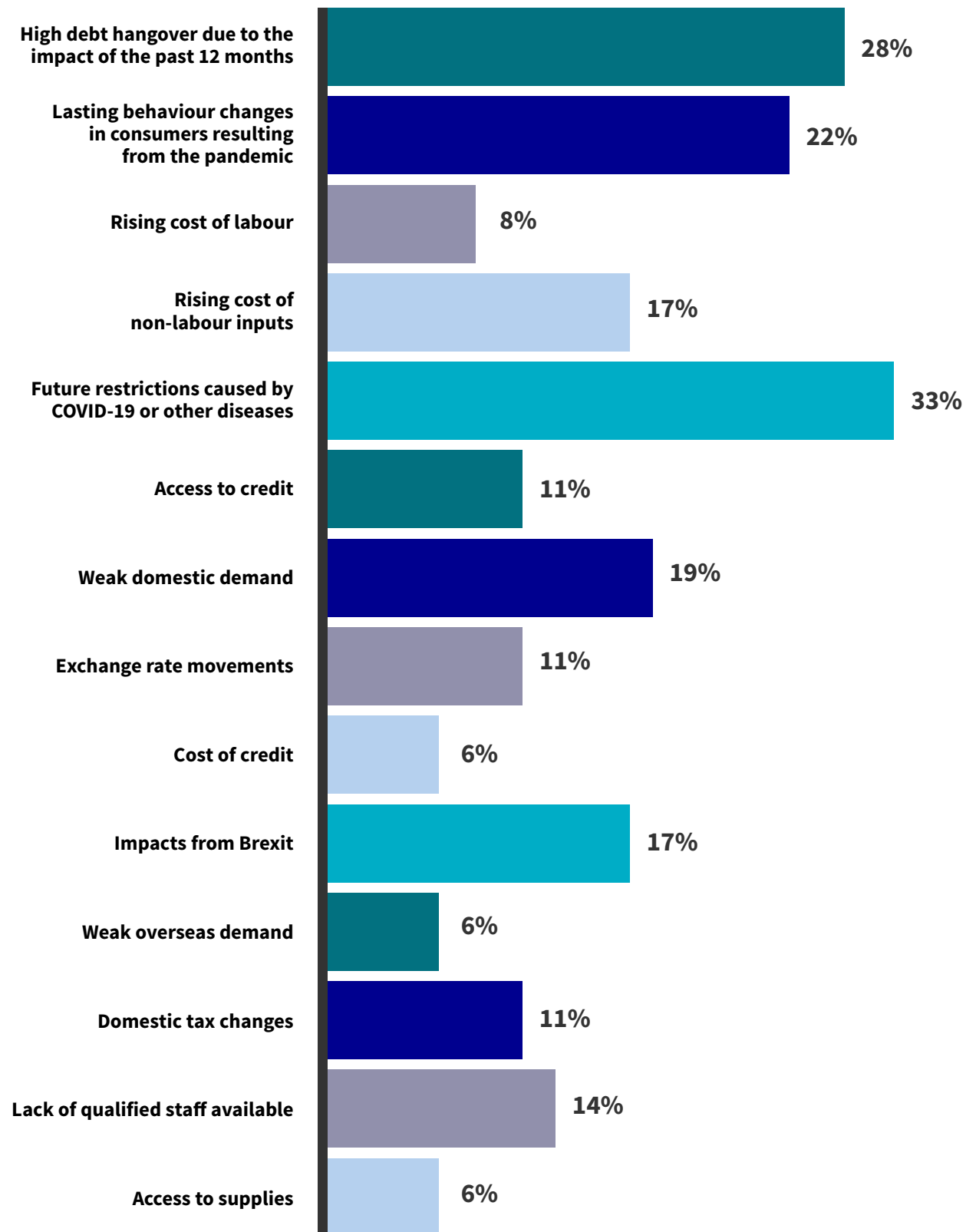
6.2I What do you think will be the biggest challenges for your business over the coming 12 months? (Scotland)



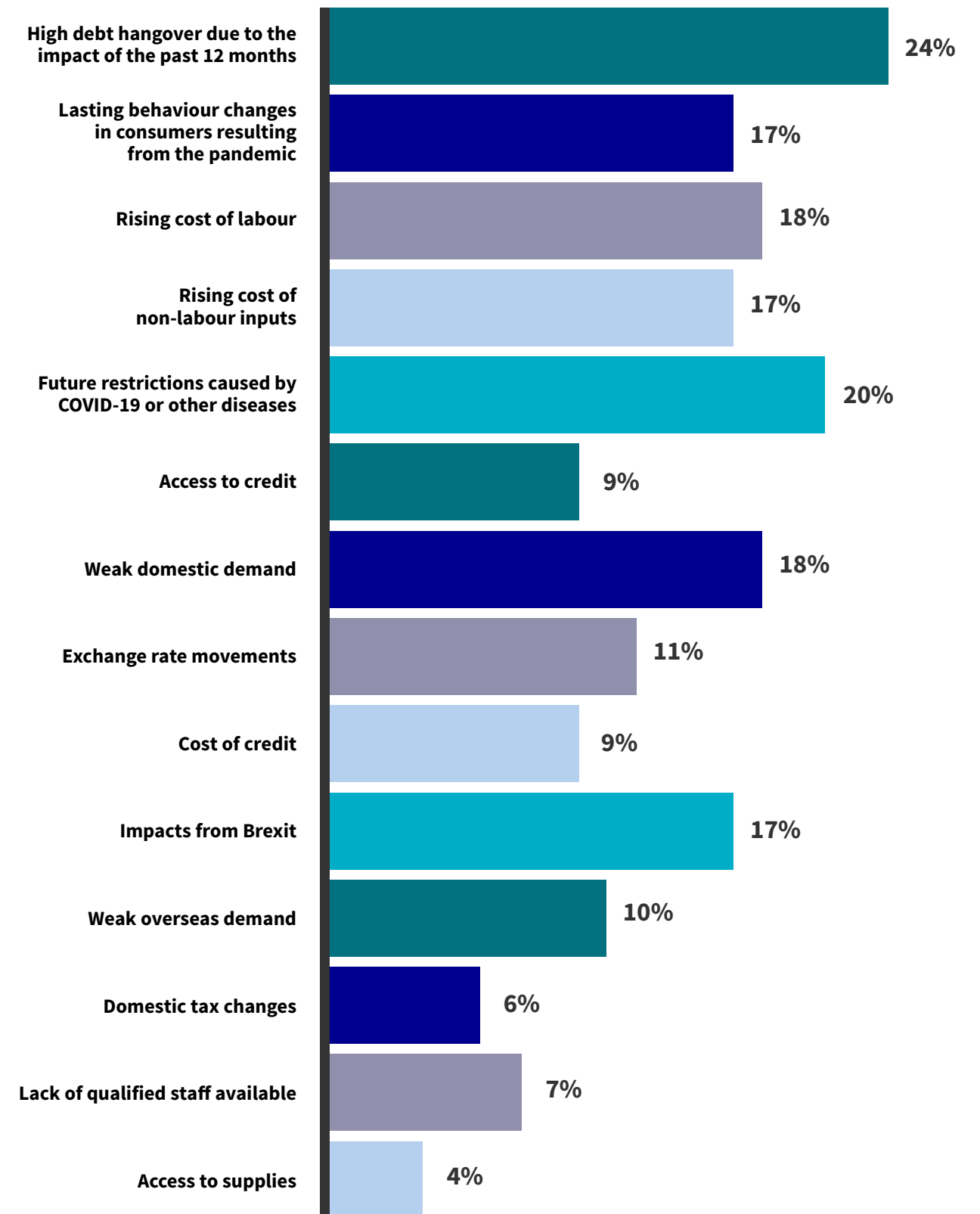
6.2J What do you think will be the biggest challenges for your business over the coming 12 months? (Northern Ireland)



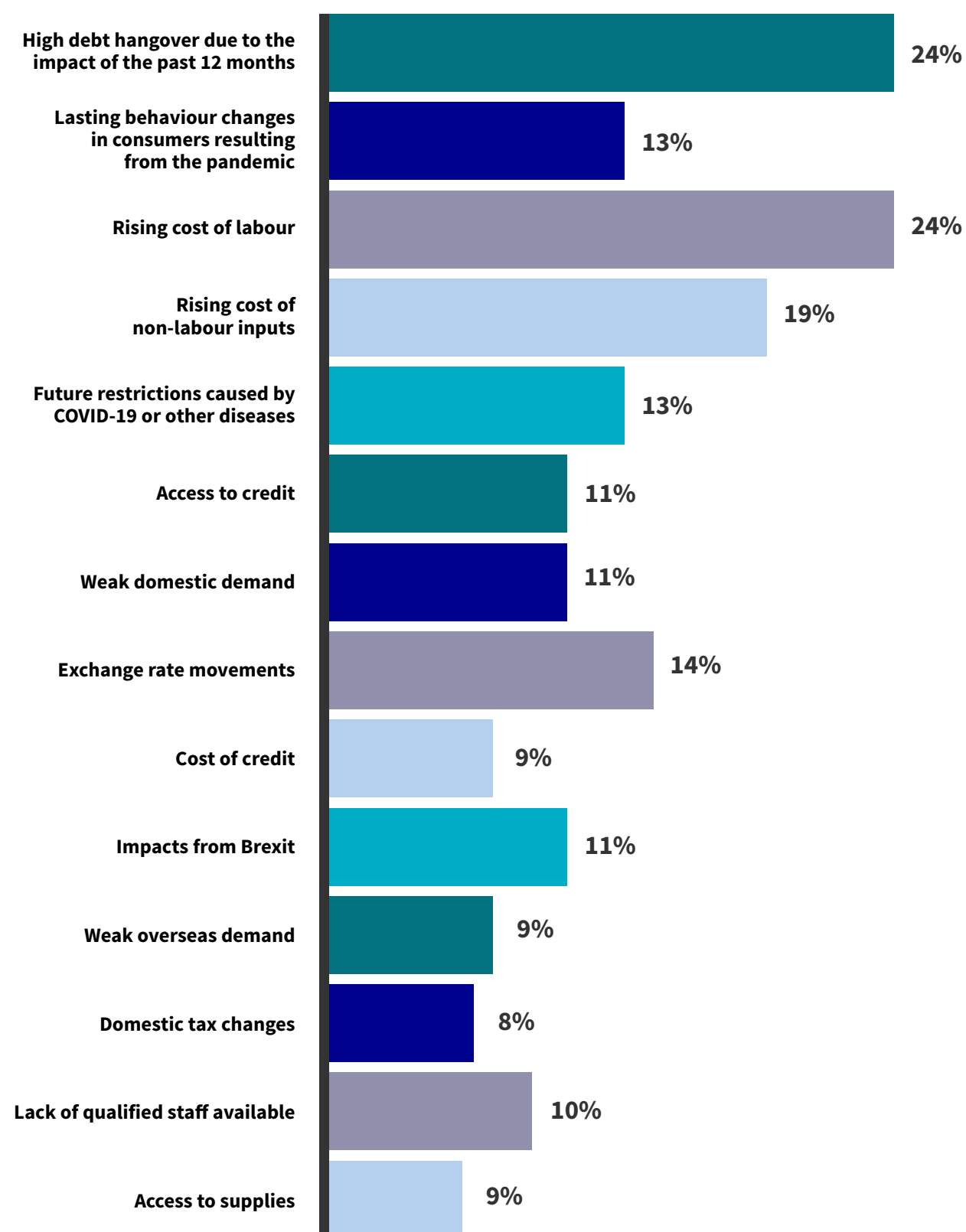
6.2K What do you think will be the biggest challenges for your business over the coming 12 months? (Wales)



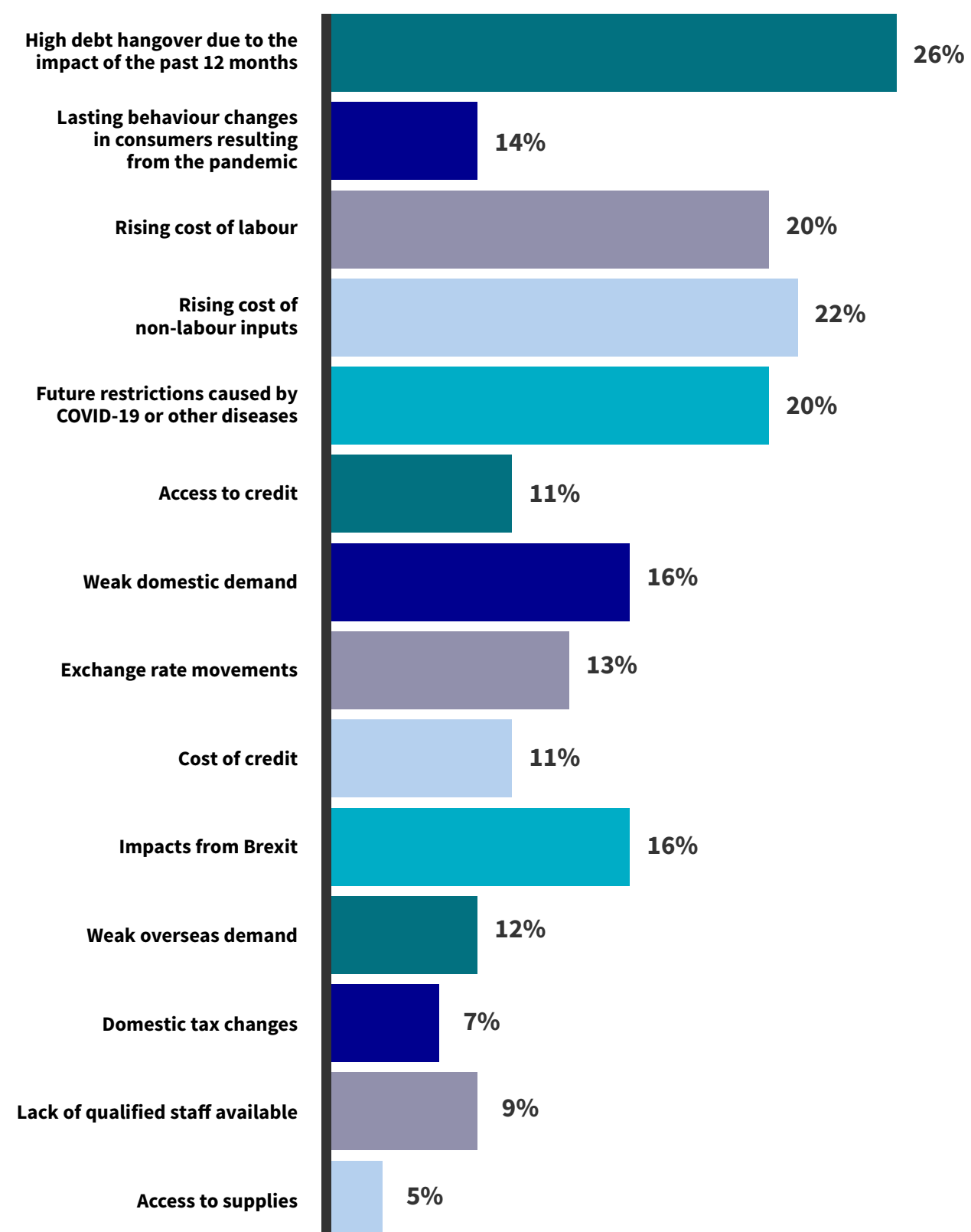
6.2B What do you think will be the biggest challenges for your business over the coming 12 months? (London)



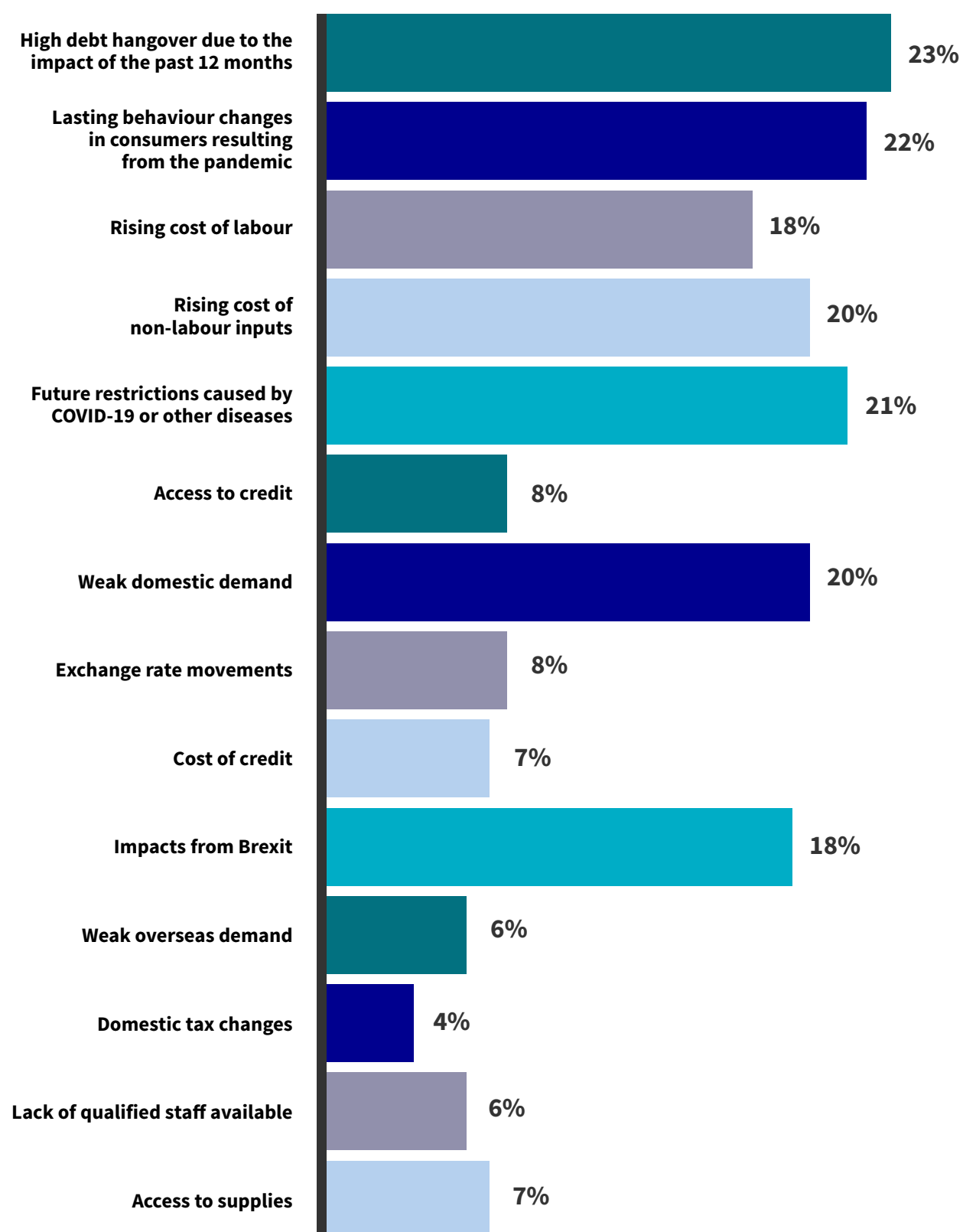
**6.3A What do you think will be the biggest challenges for
your business over the coming 12 months?
(Owner age 18–24)**



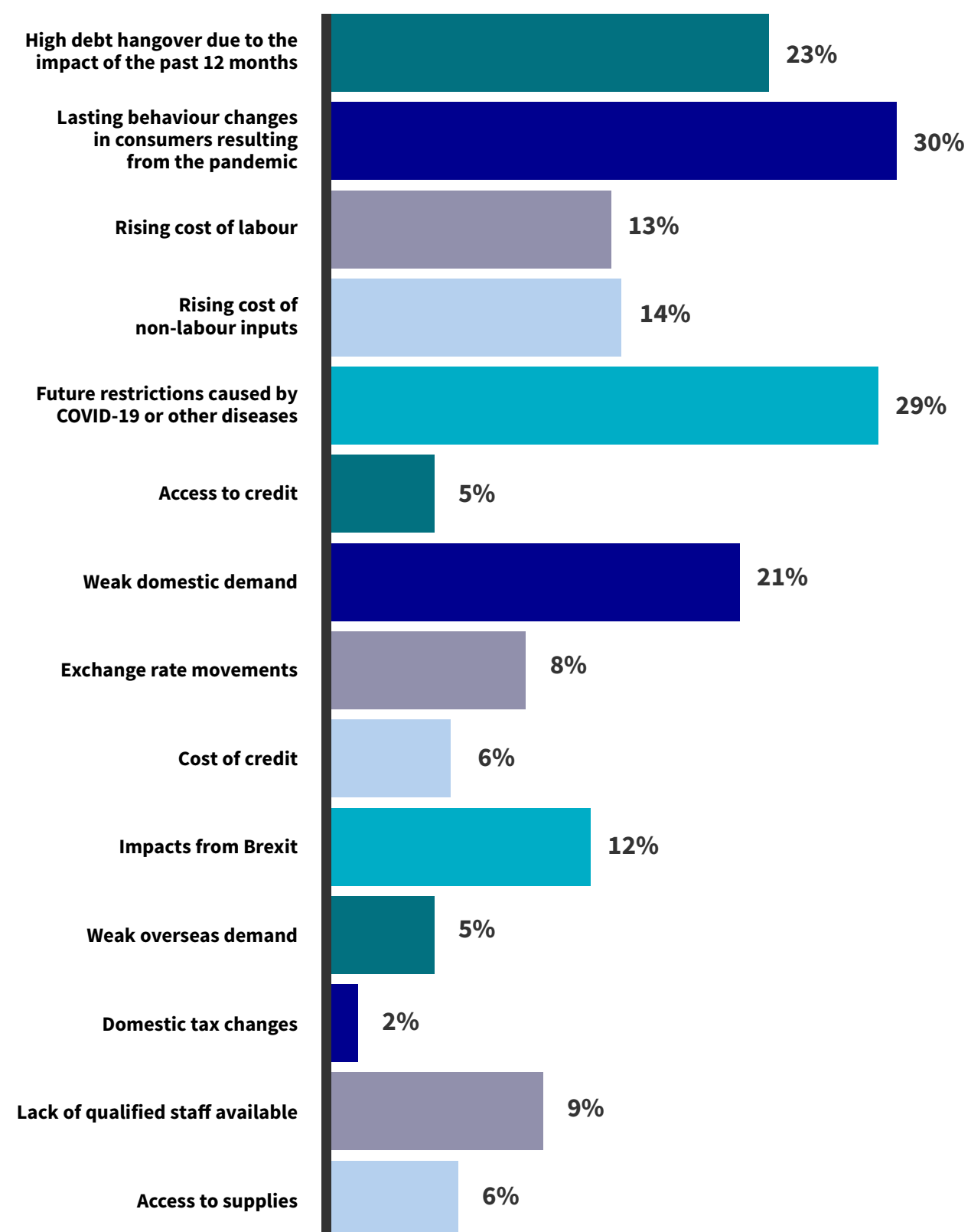
**6.3B What do you think will be the biggest challenges for
your business over the coming 12 months?
(Owner age 25–34)**



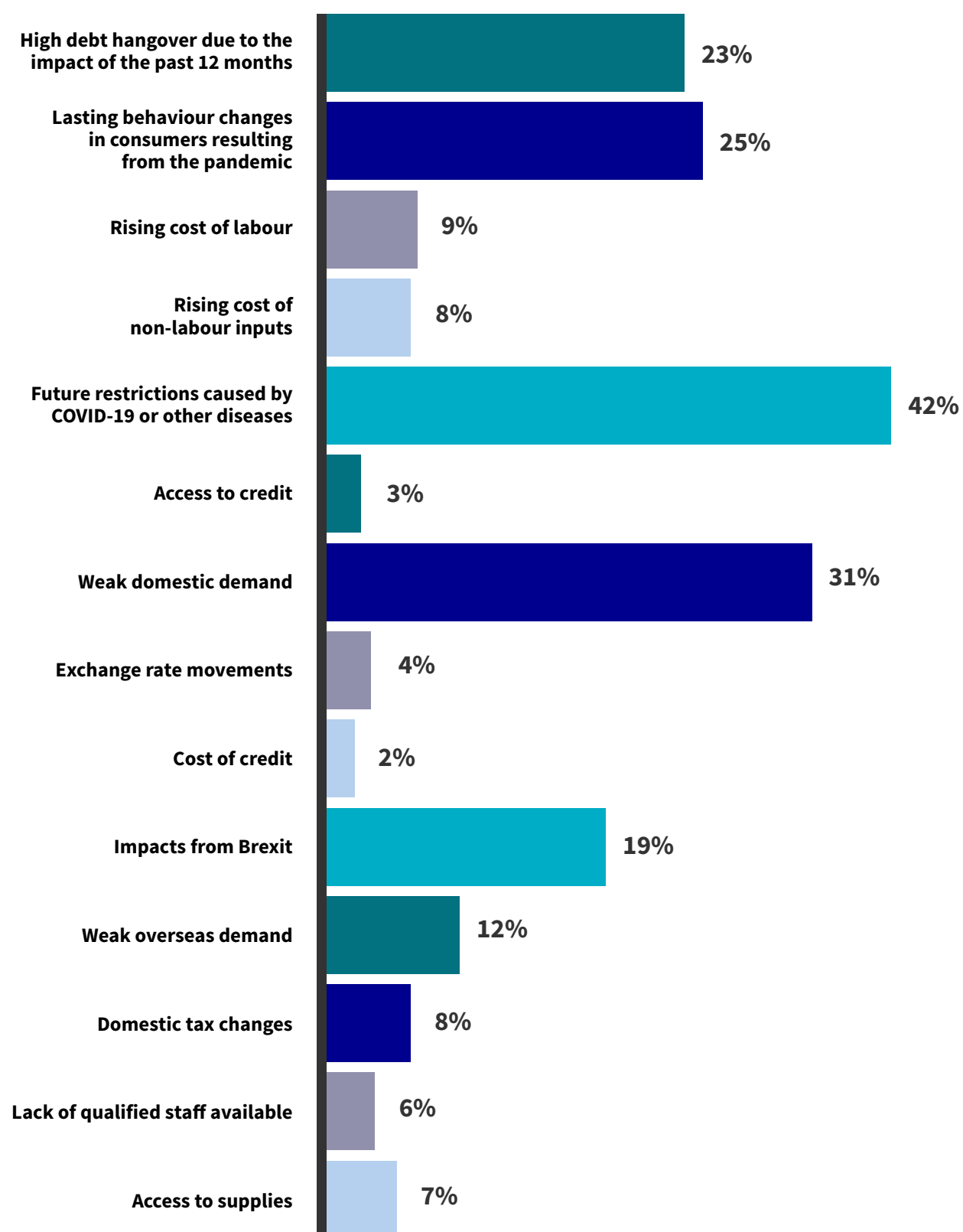
**6.3C What do you think will be the biggest challenges for
your business over the coming 12 months?
(Owner age 35–44)**



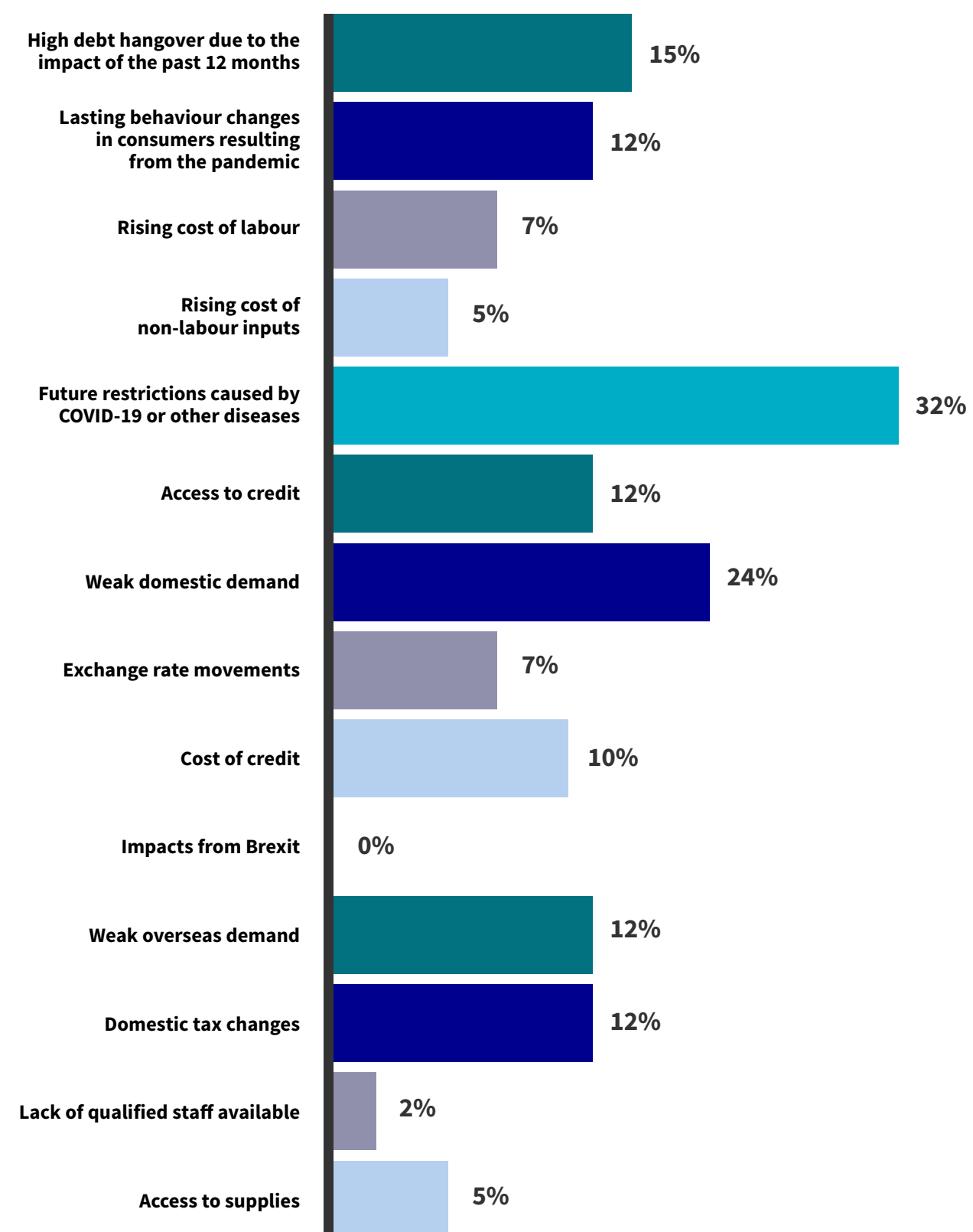
**6.3D What do you think will be the biggest challenges for
your business over the coming 12 months?
(Owner age 45–54)**



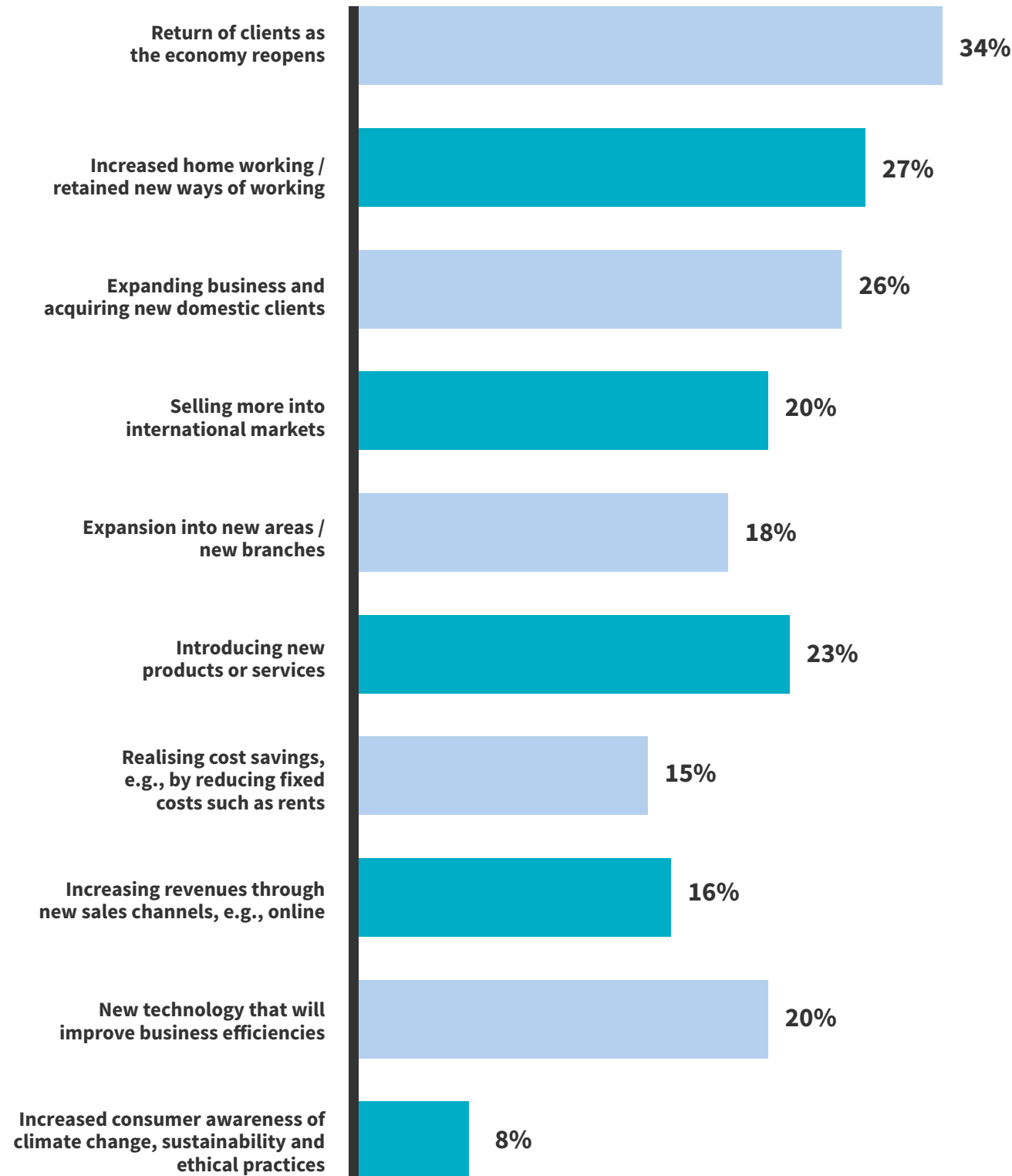
**6.3E What do you think will be the biggest challenges for
your business over the coming 12 months?
(Owner age 55–64)**



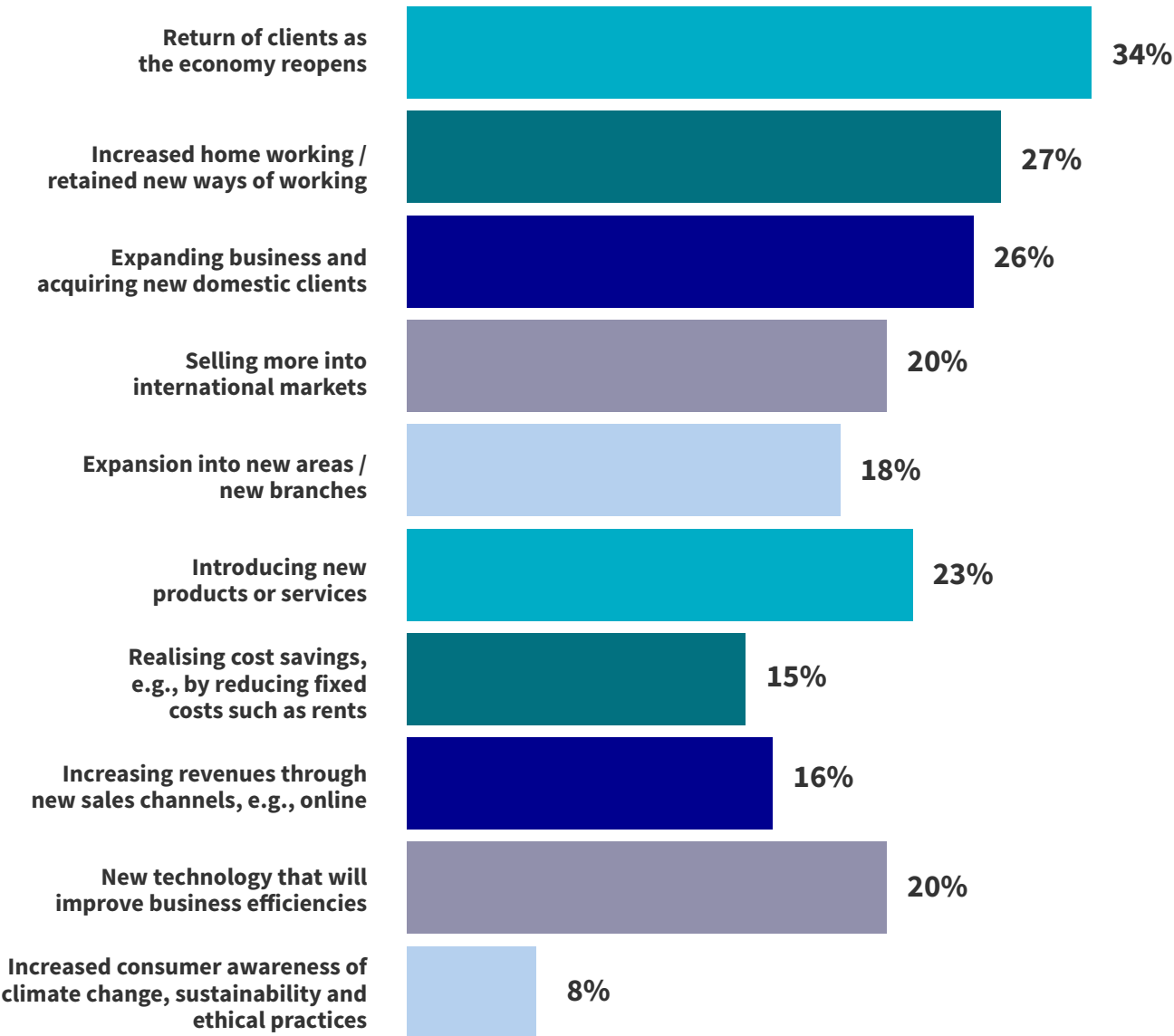
**6.3F What do you think will be the biggest challenges for
your business over the coming 12 months?
(Owner age 65+)**



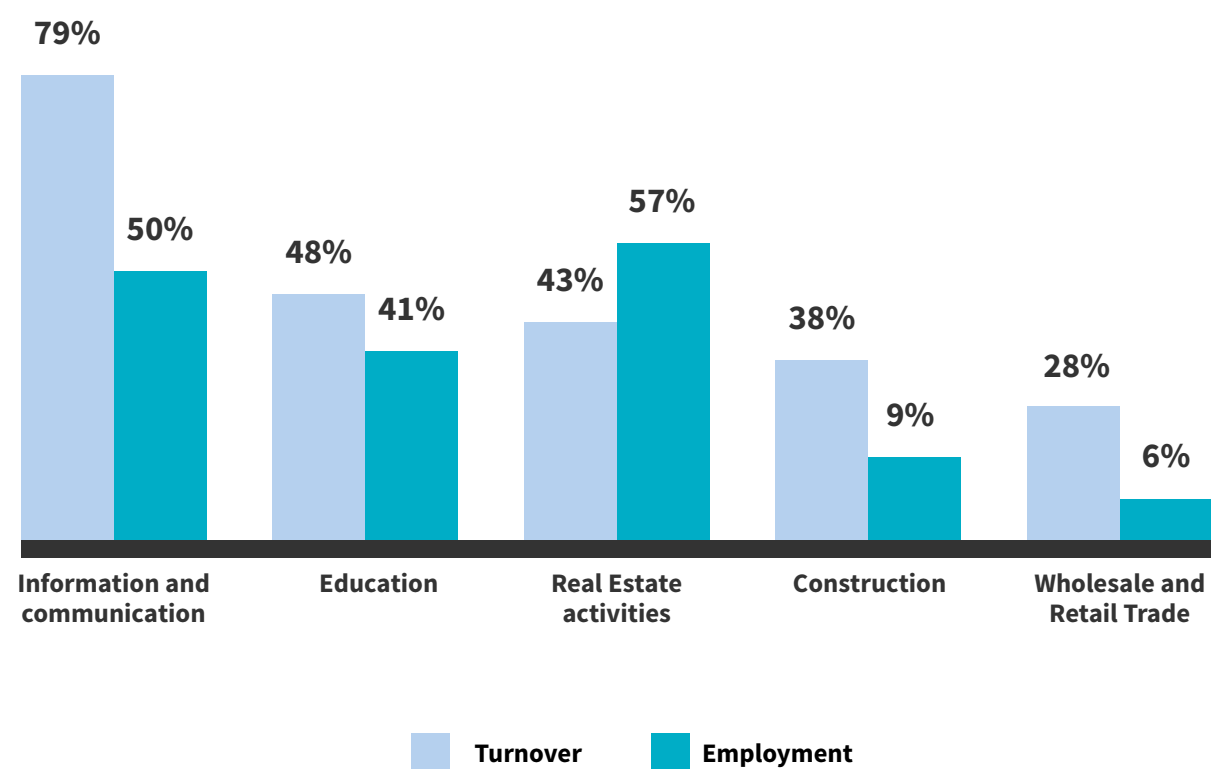
6.4 What do you think the biggest opportunities for your business over the coming 3 years will be?



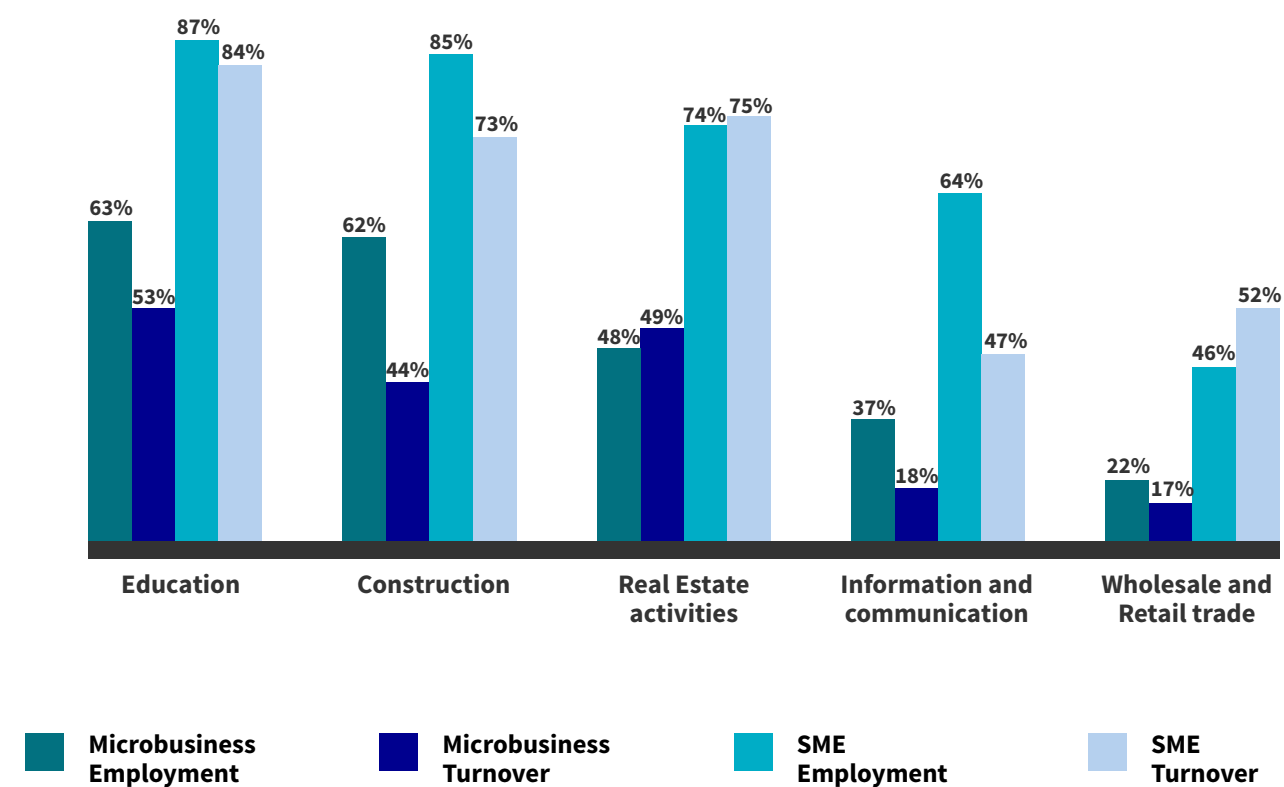
6.5 What do you think the biggest opportunities for your business over the coming 3 years will be?



6.6 Microbusinesses turnover and employment growth, 2010–2020



6.7 Share of total industry employment and turnover attributable to microbusinesses and SMEs, 2020



Additional sources

Federation of Small Businesses (FSB)

Open for Business Report — 2021

<https://www.fsb.org.uk/resources-page/small-firms-call-for-better-access-to-support-and-advice.html>

Real People

Annual Trends Report — 2021

<https://probuildermag.co.uk/features/more-time-indoors-leads-to-boom-in-home-renovations>

