

Challenges and
opportunities
for UK owner
managed
businesses
in 2022

April 2022

Challenges and opportunities for UK owner managed businesses in 2022

A survey from the Association
of Practising Accountants

Date launched

Monday, 14 February 2022

Date closed

Monday, 14 March 2022

Total responses

335

The Association of Practising Accountants (APA)

The Association of Practising Accountants (APA) is a Managing Partner led network of 19 leading business and professional advisory firms meeting the needs of owner managed businesses and the real economy. APA member firms collectively advise and support well over 14,000 businesses with turnover up to the hundreds of millions. Our clients produce goods and services which help drive and jobs and growth across the UK and internationally.

Introduction

In the two years since the first lockdown, the owner managed business sector has had to cope with an unprecedented amount of uncertainty as it dealt with the pandemic. While the full economic impact of COVID has yet to be quantified two things are clear from the analysis in our latest survey of this sector:

1. Significant uncertainty remains,
2. Those businesses who have survived are generally now more resilient and more optimistic about the future.



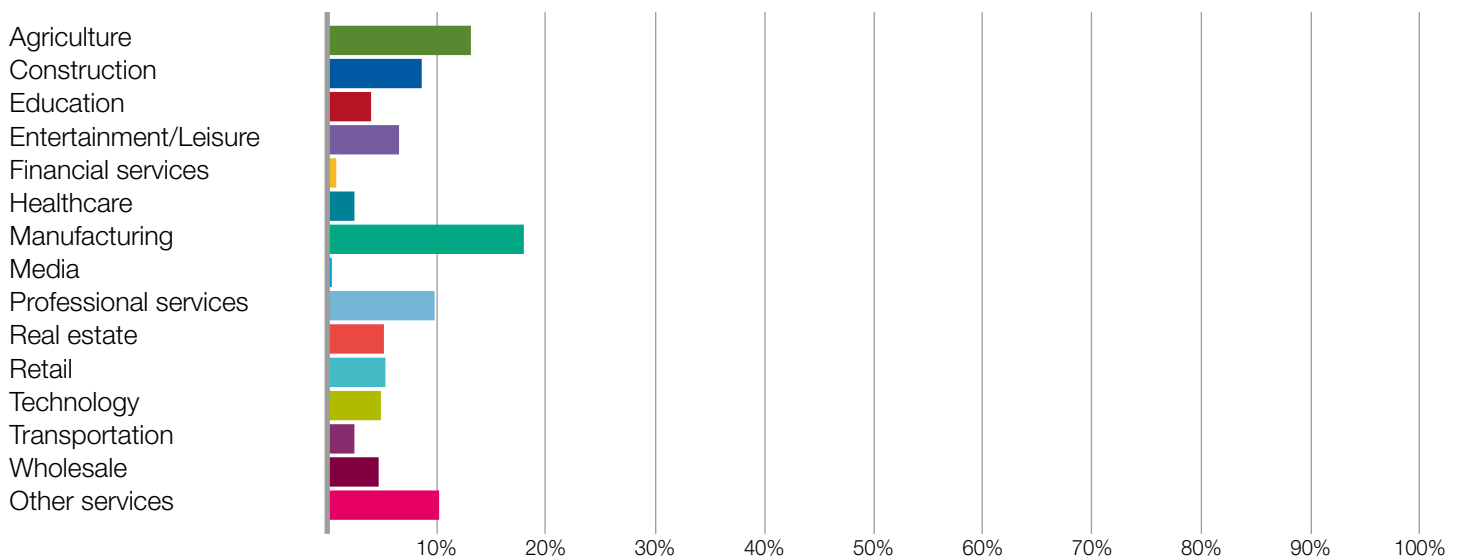
As we noted in our last survey, there is no ‘one picture’ of the impact of the pandemic on these businesses. For every restaurant that has closed there is a facilities management company that has thrived. For every high street that has been impacted there are cloud based retail start-ups that have gone from strength to strength.

Nonetheless, it is clear that across all economic sectors there remains huge uncertainty as the continued impact of the pandemic and Brexit together with raising inflation and cost of living compounded by the economic impact of the war in Ukraine present new challenges for this vital economic sector. We are not yet out of the woods.

Owner managed businesses form the backbone of the UK economy accounting for the vast majority of all businesses by number. They are also vital to economic recovery. This research report is an assessment of the challenges they now face. It captures a representative sample of the aspirations and concerns of these entities as they seek to navigate a post-Brexit/post-pandemic landscape.

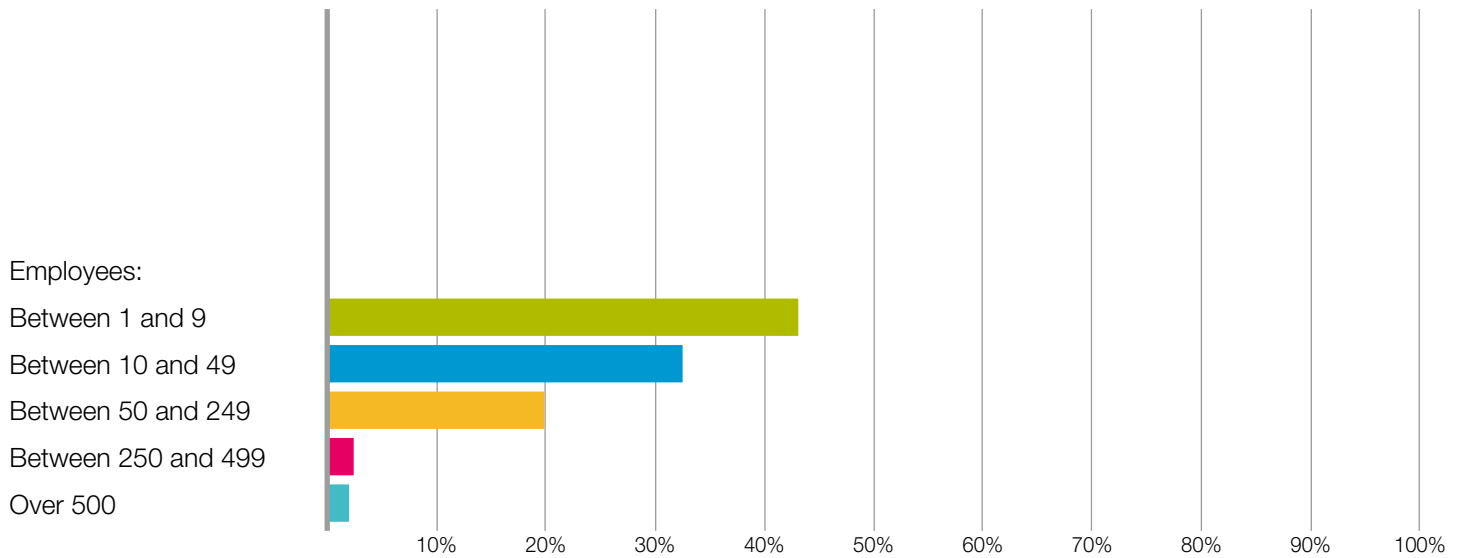
Our findings should help inform Government thinking on where business support should be prioritised. British businesses face huge challenge and also opportunity in the coming months. This report is provides a snap shot of the current landscape.

Q1: How would you classify your business by sector? Answered: 335 | Skipped: 0



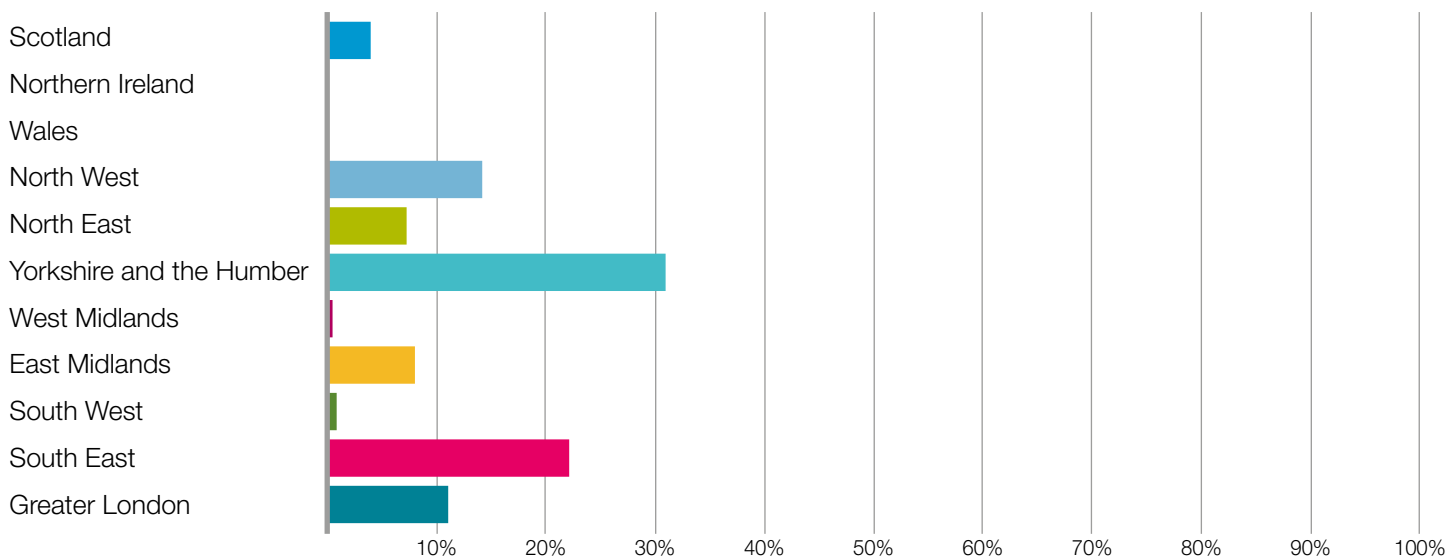
Answer choices	Responses	
Agriculture	13.43%	45
Construction	8.06%	27
Education	3.58%	12
Entertainment/Leisure	6.57%	22
Financial services	1.49%	5
Healthcare	3.28%	11
Manufacturing	17.91%	60
Media	0.90%	3
Professional services	9.85%	33
Real estate	5.97%	20
Retail	6.27%	21
Technology	5.37%	18
Transportation	2.39%	8
Wholesale	4.48%	15
Other services	10.45%	35
Total		335

Q2: What size is your business? Answered: 334 | Skipped: 1



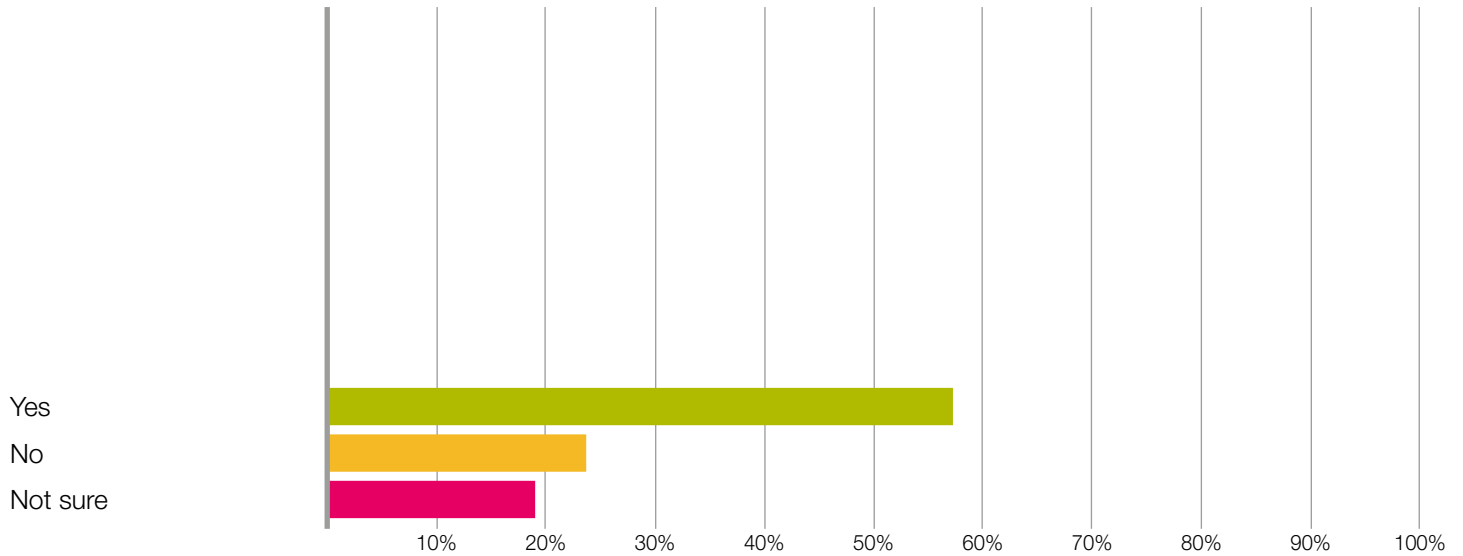
Answer choices	Responses	
Between 1 and 9 employees	43.11%	144
Between 10 and 49 employees	32.34%	108
Between 50 and 249 employees	19.76%	66
Between 250 and 499 employees	2.69%	9
Over 500 employees	2.10%	7
Total		334

Q3: In which region of the UK are you headquartered? Answered: 335 | Skipped: 0



Answer choices	Responses	
Scotland	3.88%	13
Northern Ireland	0.00%	0
Wales	0.30%	1
North West	14.03%	47
North East	6.87%	23
Yorkshire and the Humber	31.34%	105
West Midlands	0.60%	2
East Midlands	7.46%	25
South West	1.49%	5
South East	22.39%	75
Greater London	11.64%	39
Total		335

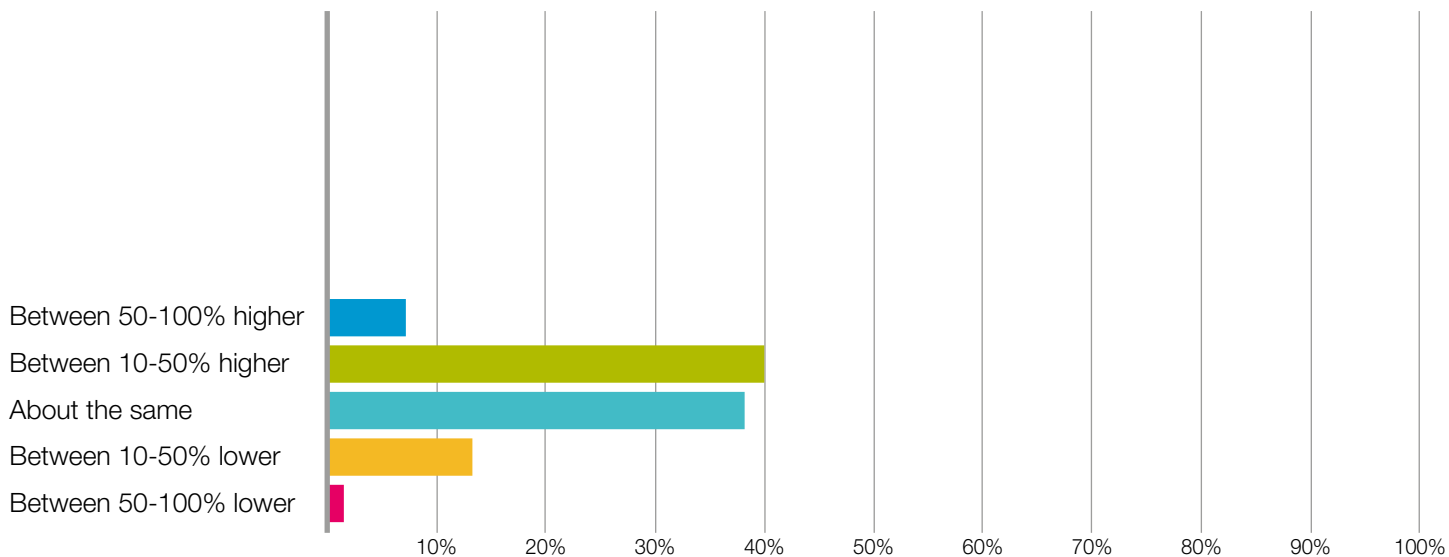
Q4: Do you feel your business is fundamentally in better shape for the challenges of the future now compared to three years ago? Answered: 335 | Skipped: 0



Answer choices	Responses	
Yes	57.01%	191
No	23.88%	80
Not sure	19.10%	64
Total		335

Q5: What do you anticipate your turnover to be in 2022 relative to last year?

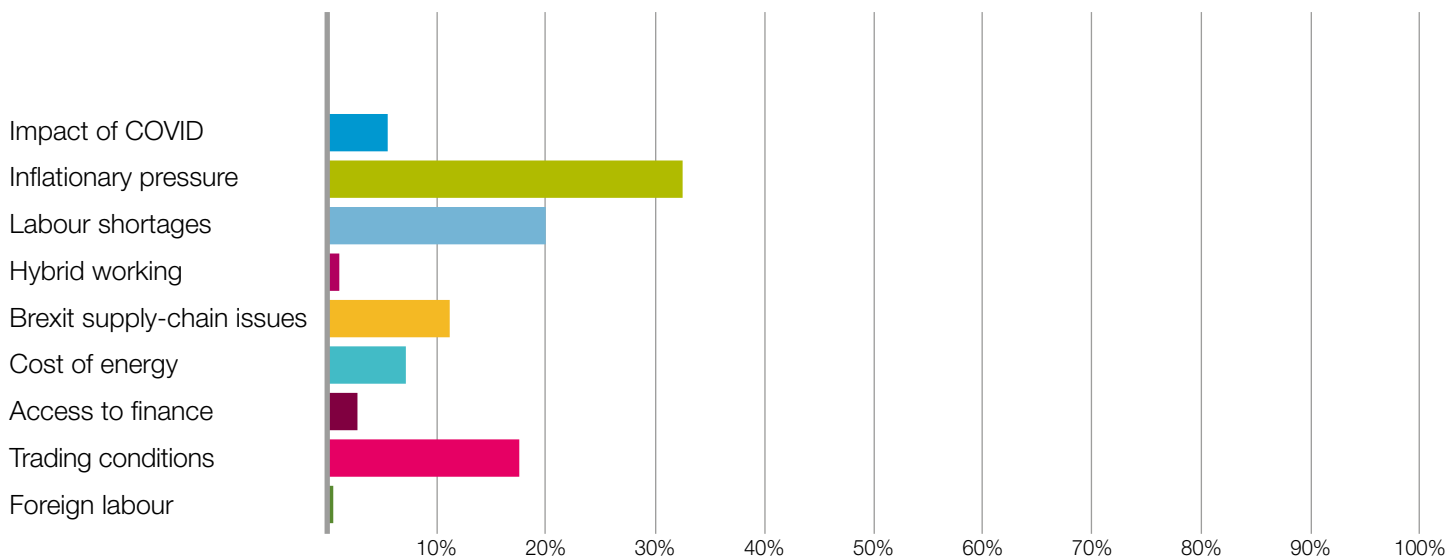
Answered: 335 | Skipped: 0



Answer choices	Responses	
Between 50%-100% higher	7.16%	24
Between 10%-50% higher	39.40%	132
About the same	38.51%	129
Between 10-50% lower	13.13%	44
Between 50-100% lower	1.79%	6
Total		335

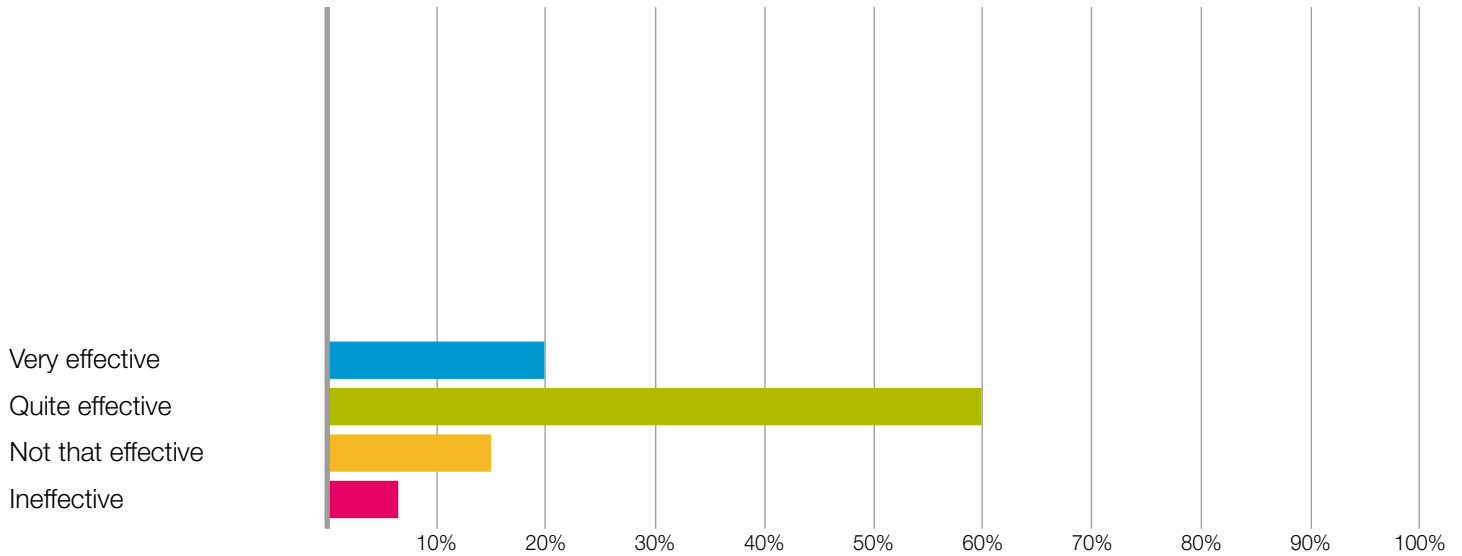
Q6: What is the biggest challenge you face as the economy gets back on its feet?

Answered: 310 | Skipped: 25



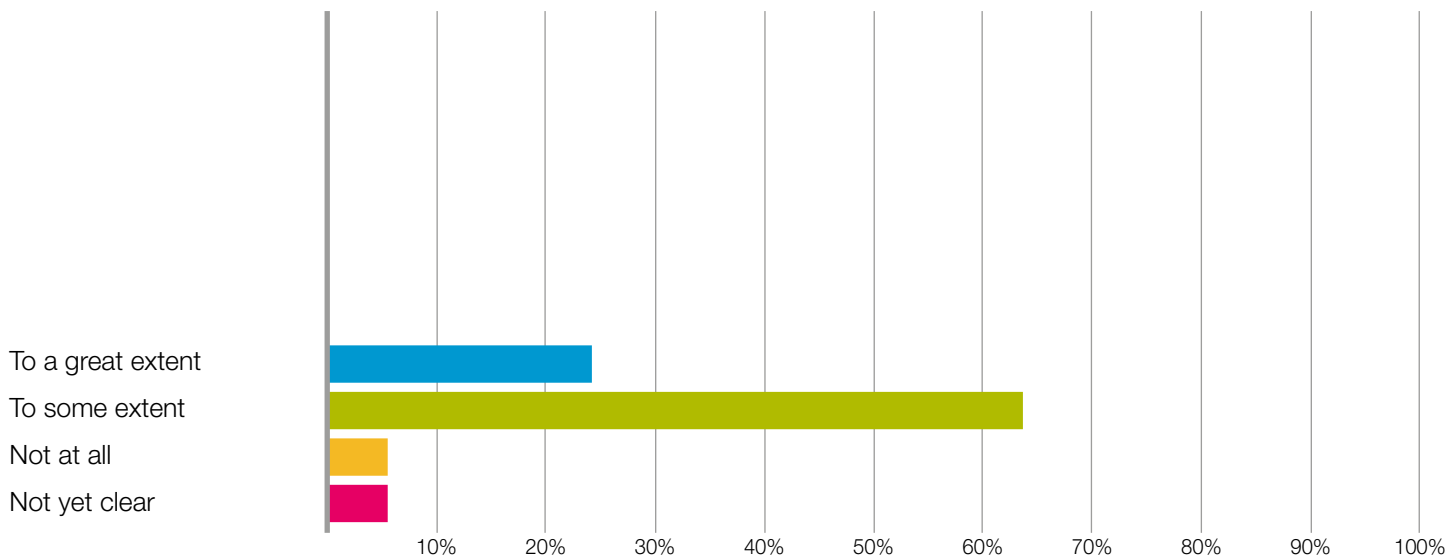
Answer choices	Responses	
Impact of COVID on your business	5.81%	18
Inflationary pressures	31.94%	99
Labour shortages	20.00%	62
Hybrid working	1.61%	5
Brexit driven supply-chain issues	11.29%	35
Cost of energy	7.74%	24
Access to finance	3.23%	10
Uncertain trading conditions	17.74%	55
Inability to attract foreign labour	0.65%	2
Total		310

Q7: Looked at in the round how effective do you think the UK Government response to COVID has been? Answered: 333 | Skipped: 2



Answer choices	Responses	
Very effective	19.82%	66
Quite effective	59.46%	198
Not that effective	14.41%	48
Ineffective	6.31%	21
Total		333

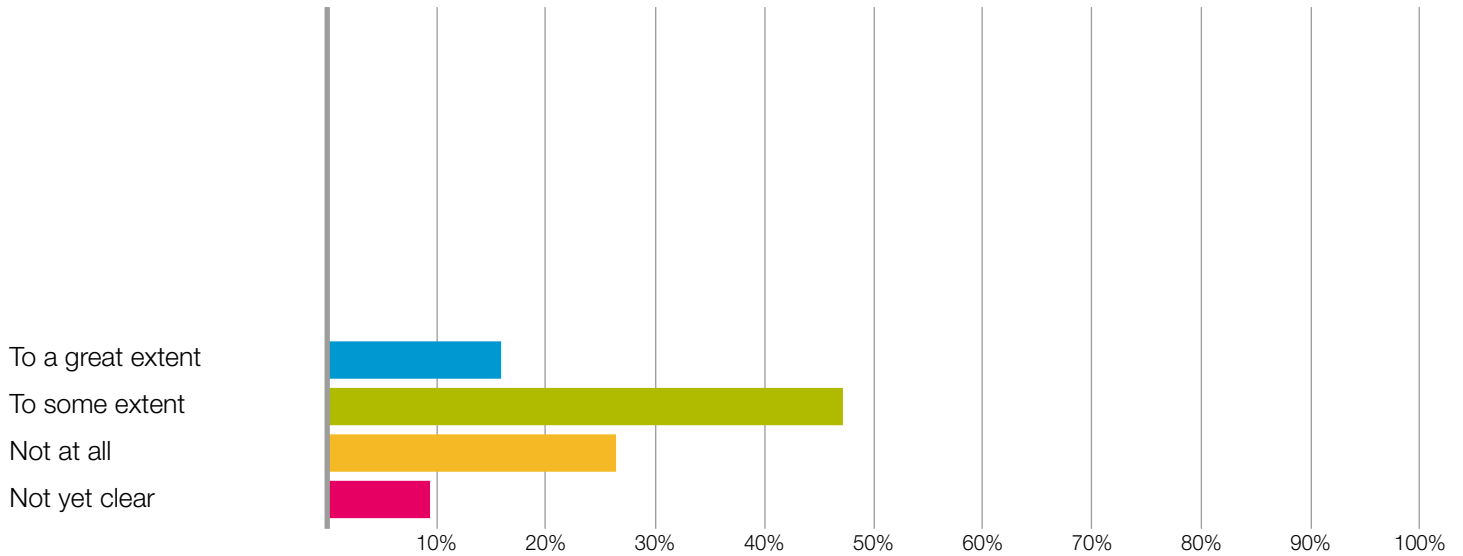
Q8: To what extent are inflationary pressures over the next 12 months likely to impede your business growth? Answered: 335 | Skipped: 0



Answer choices	Responses	
To a great extent	23.88%	80
To some extent	63.28%	212
Not at all	6.27%	21
Not yet clear	6.57%	22
Total		335

Q9: To what extent are rising energy costs impeding your ability to deliver?

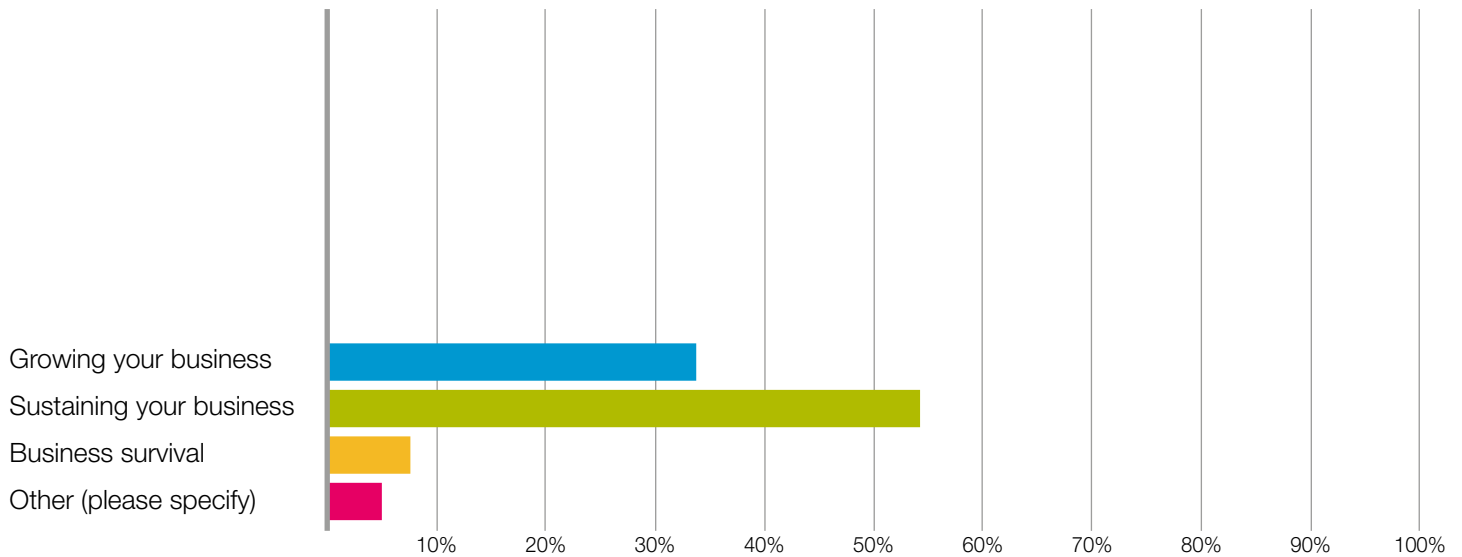
Answered: 334 | Skipped: 1



Answer choices	Responses	
To a great extent	16.77%	56
To some extent	47.01%	157
Not at all	26.65%	89
Not yet clear	9.58%	32
Total		334

Q10: What is likely to be your main priority over the next three to six months?

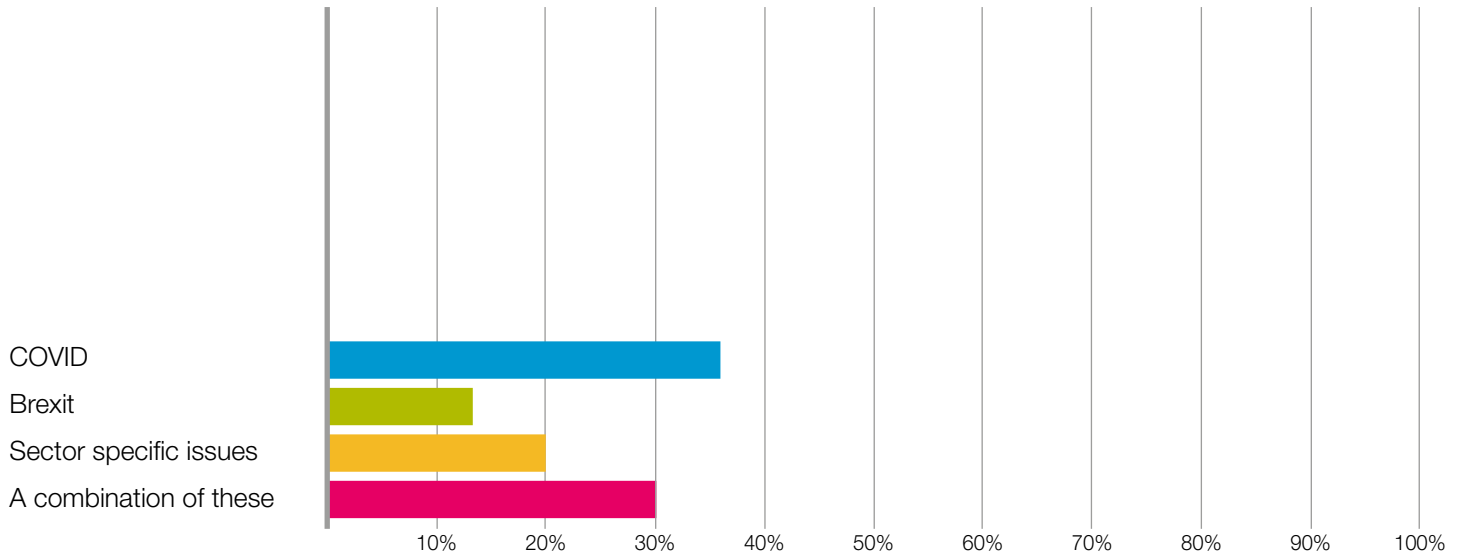
Answered: 334 | Skipped: 1



Answer choices	Responses	
Growing your business	33.23%	111
Sustaining your business	53.89%	180
Business survival	7.78%	26
Other (please specify)	5.09%	17
Total		334

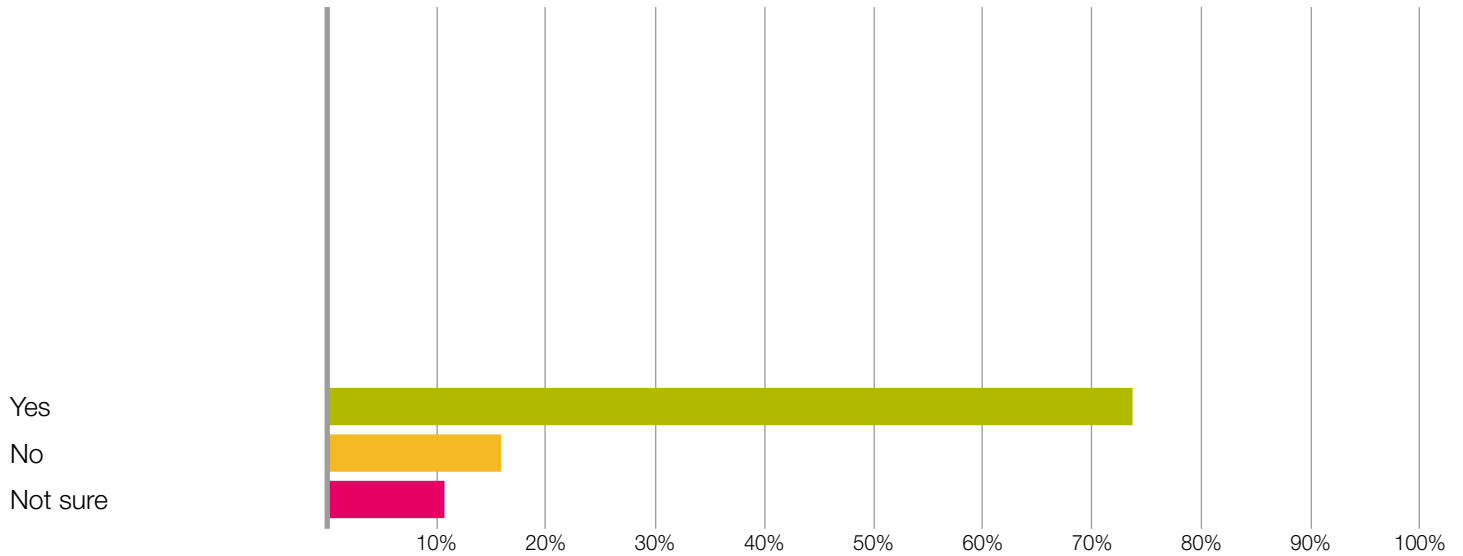
Q11: What has caused the most challenge to your business over the last 18 months?

Answered: 334 | Skipped: 1



Answer choices	Responses	
COVID	36.53%	122
Brexit	12.28%	41
Sector specific issues	20.66%	69
A combination of these	30.54%	102
Total		334

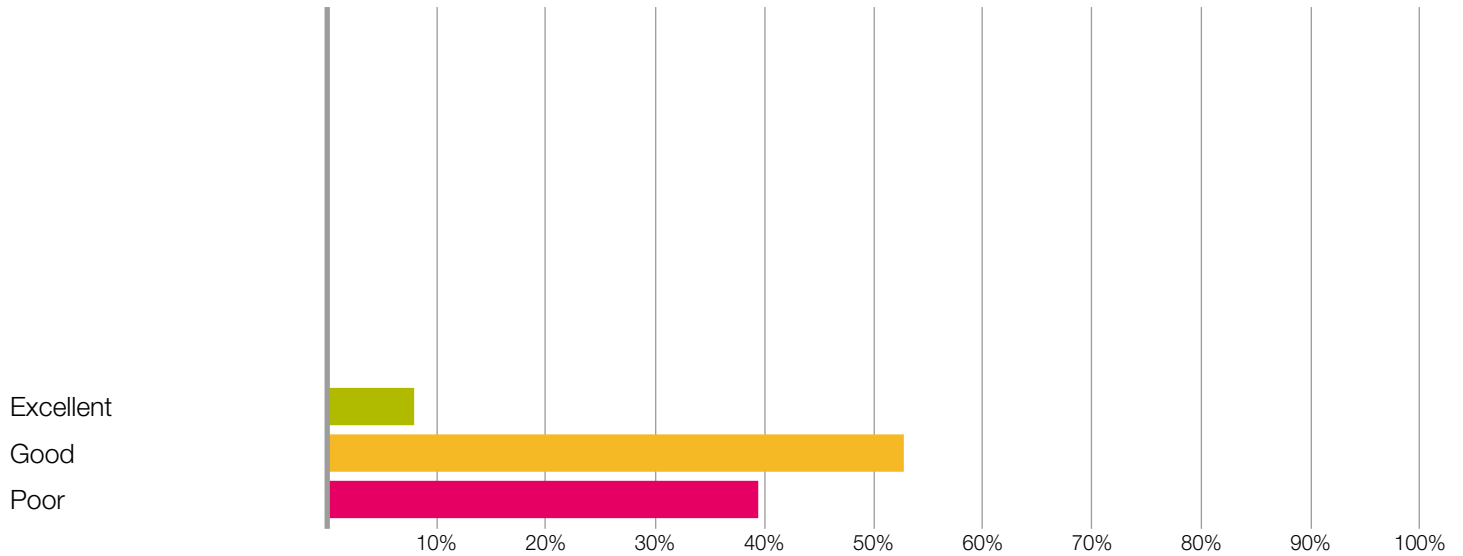
Q12: Would your business have survived the last two years without the Government backed support that was made available? Answered: 333 | Skipped: 2



Answer choices	Responses	
Yes	73.27%	244
No	15.92%	53
Not sure	10.81%	36
Total		333

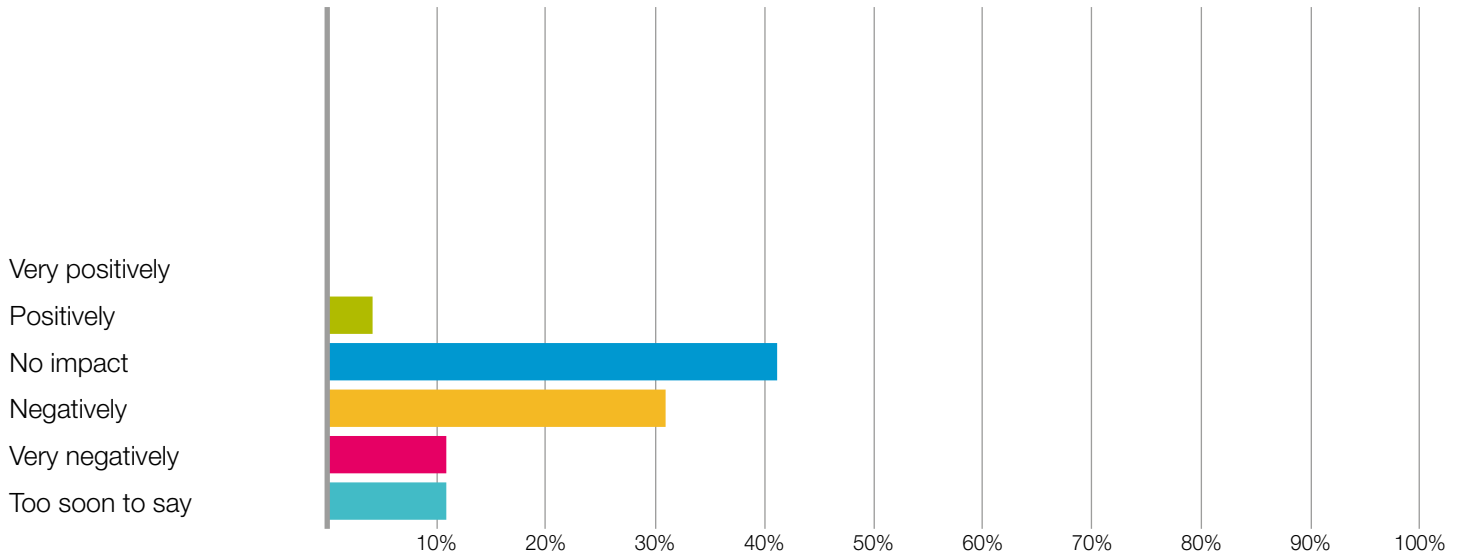
Q13: How would you rate current government support to the owner managed sector?

Answered: 332 | Skipped: 3



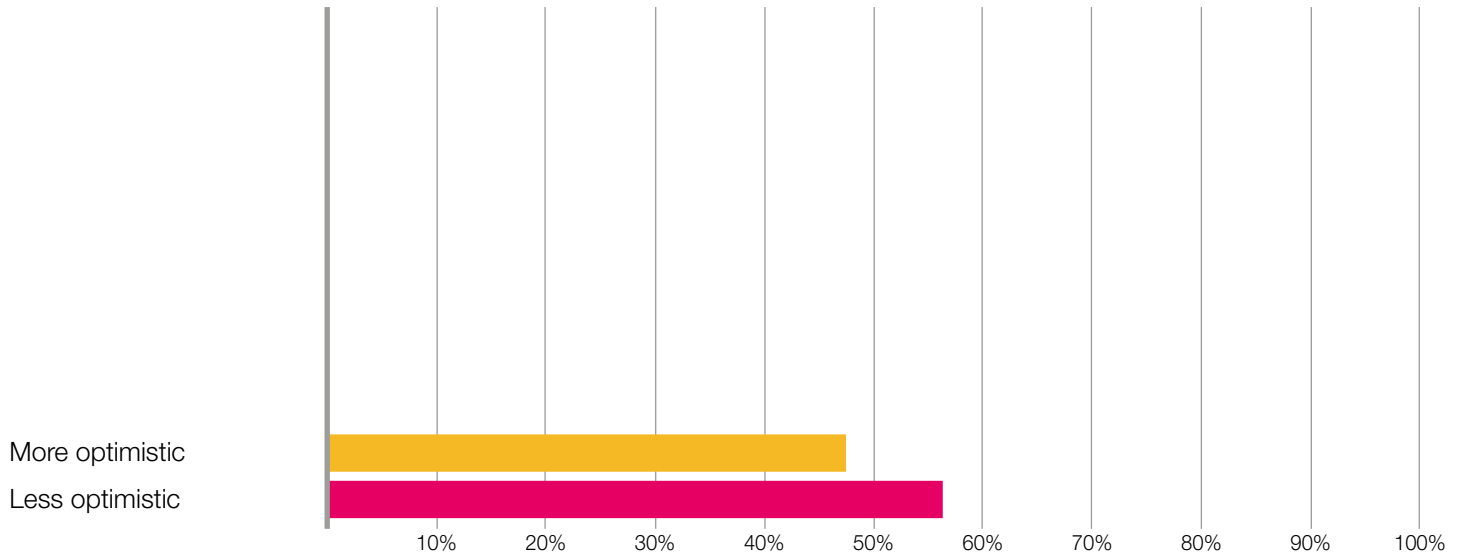
Answer choices	Responses	
Excellent	8.13%	27
Good	52.41%	174
Poor	39.46%	131
Total		332

Q14: How has the UK departure from the EU impacted on your business in the 12 months since the formal transition period ended? Answered: 335 | Skipped: 0



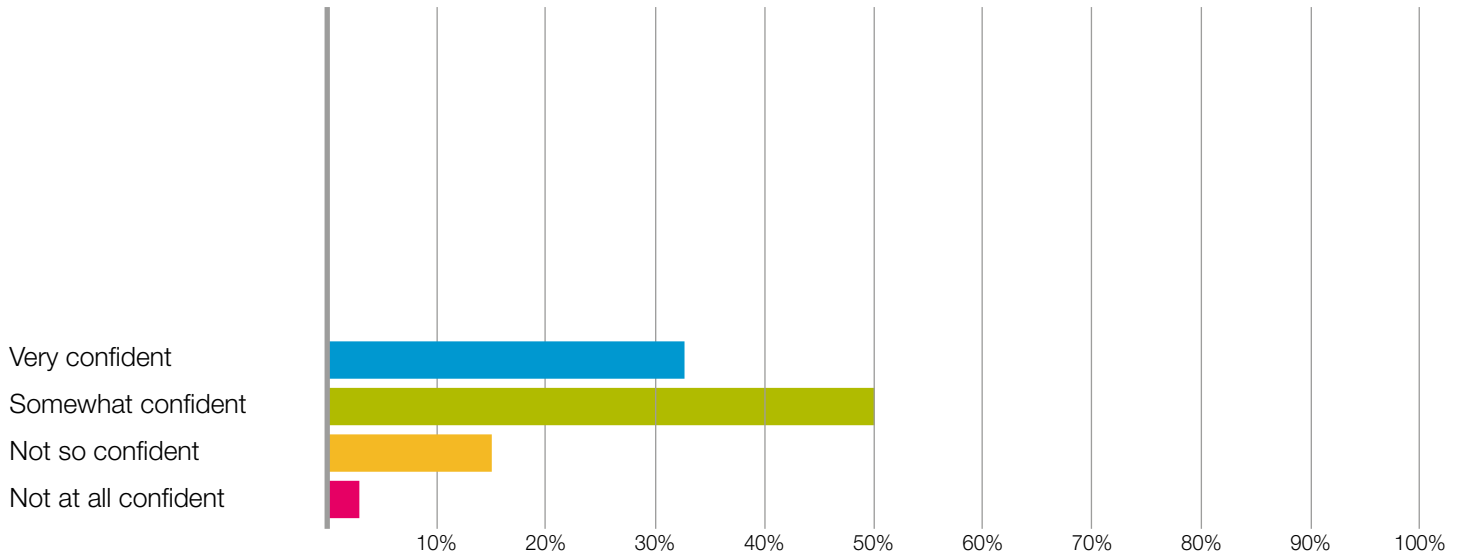
Answer choices	Responses	
Very positively	0.30%	1
Positively	4.18%	14
No impact	41.49%	139
Negatively	31.34%	105
Very negatively	11.34%	38
Too soon to say	11.34%	38
Total		335

Q15: On balance are you more or less optimistic about our long-term economic prospects now that we have left the EU? Answered: 332 | Skipped: 3



Answer choices	Responses	
More optimistic	46.99%	156
Less optimistic	53.01%	176
Total		332

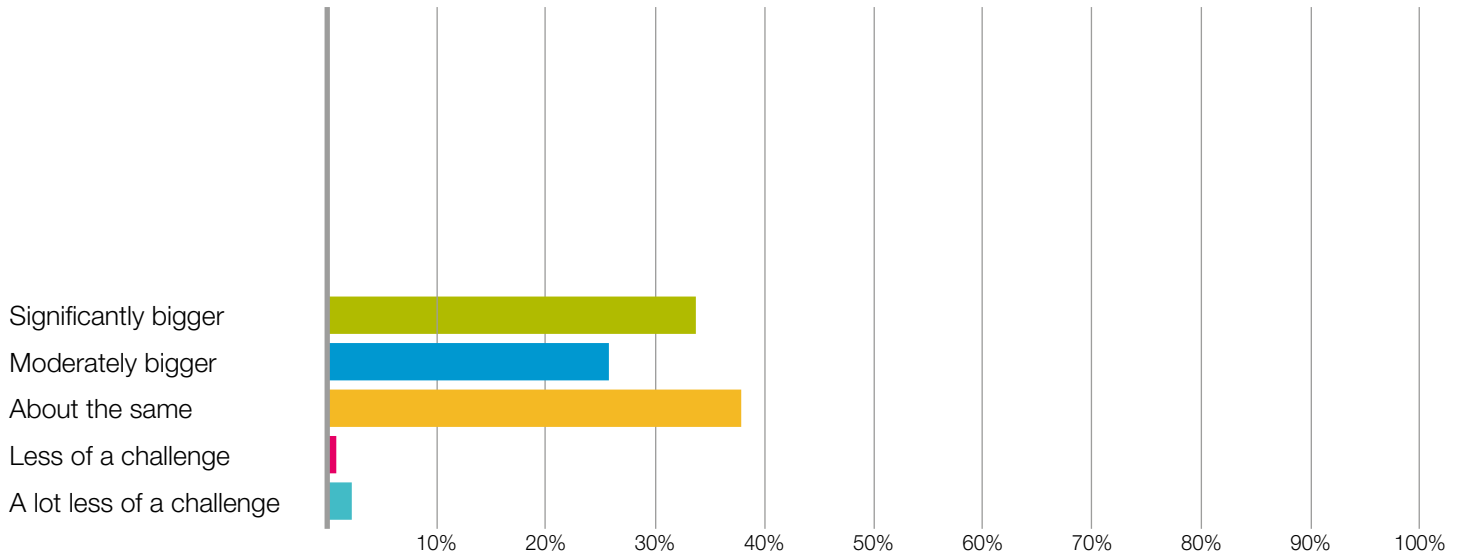
Q16: How confident are you that you will be able to access the finance you need over the next six months? Answered: 334 | Skipped: 1



Answer choices	Responses	
Very confident	32.34%	108
Somewhat confident	50.00%	167
Not so confident	14.67%	49
Not at all confident	2.99%	10
Total		334

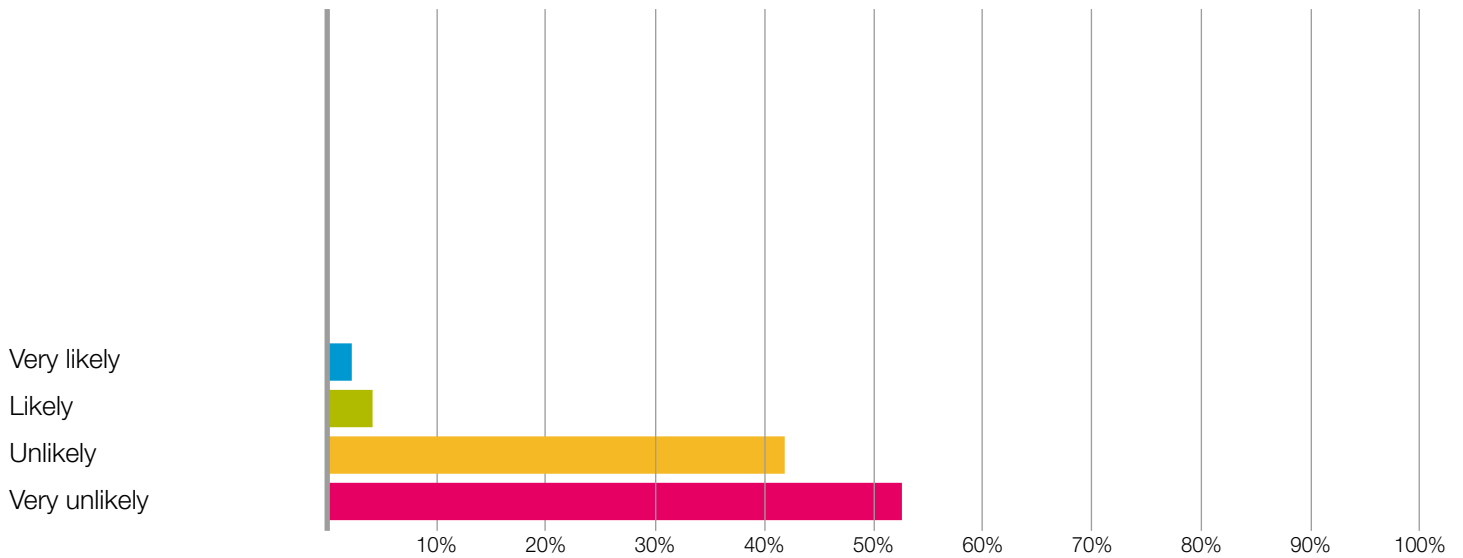
Q17: How big a challenge is staff recruitment and retention compared to 12 months ago?

Answered: 331 | Skipped: 4



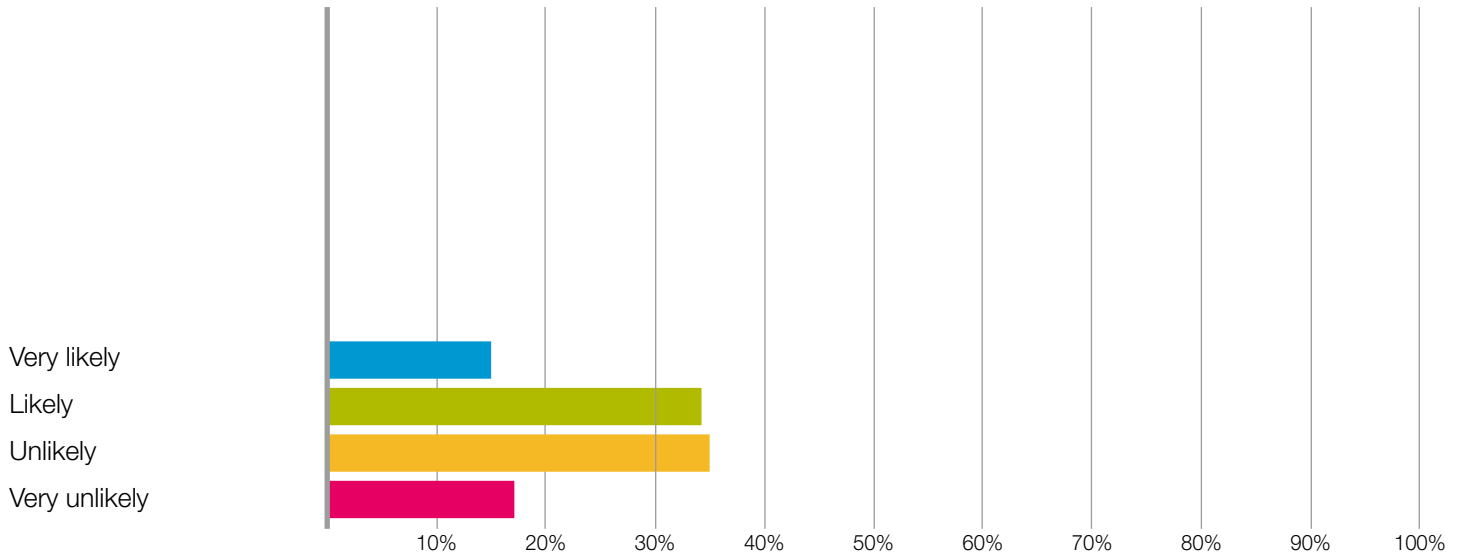
Answer choices	Responses	
A significantly bigger challenge	32.93%	109
A moderately bigger challenge	25.98%	86
About the same	38.37%	127
Now less of a challenge	0.60%	2
Now a lot less of a challenge	2.11%	7
Total		331

Q18: How likely is it that you will have to make redundancies in the next three to six months? Answered: 333 | Skipped: 2



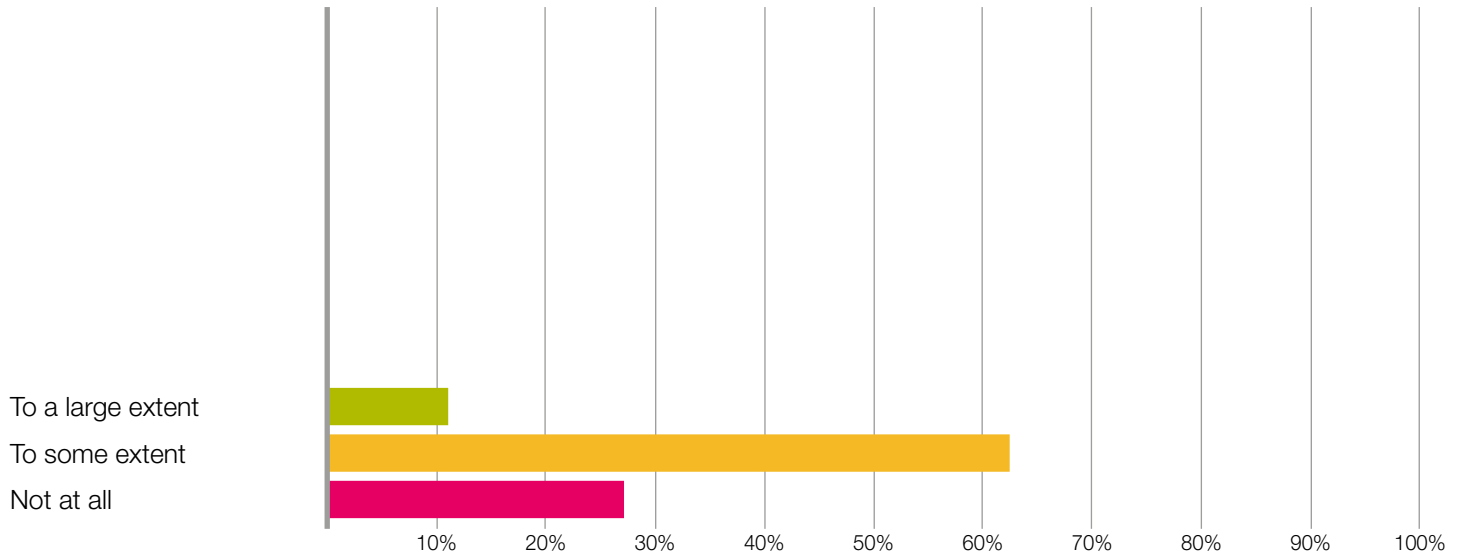
Answer choices	Responses	
Very likely	2.10%	7
Likely	4.20%	14
Unlikely	41.74%	139
Very unlikely	51.95%	173
Total		333

Q19: How likely are you to make significant capital investment in your business over the next 12 months? Answered: 335 | Skipped: 0



Answer choices	Responses	
Very likely	14.93%	50
Likely	33.13%	111
Unlikely	34.63%	116
Very unlikely	17.31%	58
Total		335

Q20: To what extent do you rely on your auditor to provide you with additional business advice and support? Answered: 296 | Skipped: 39



Answer choices	Responses	
To a large extent	11.15%	33
To some extent	62.16%	184
Not at all	26.69%	79
Total		296

How can we help?

Accountancy | Audit | HR | IT Services | Legal
Marketing | Outsourced Finance | Payroll | Tax | VAT