

UK Business Growth Aspirations

But should we be worried . . .

The Federation of Small Business document ‘**Barriers to Growth 2006**’ highlighted the growth aspirations of UK businesses over the next two years.

Two Year Business Growth Objectives		
	Count	%
To grow rapidly	1971	10.4
To expand moderately	9356	49.4
To remain about the same size	4545	24.0
To downsize/ consolidate the business	820	4.3
To sell the business	1074	5.7
To close it down	266	1.4
To hand on the business/succession	388	2.0
Not answered	519	2.7
Total	18939	100.0

With almost 60% of businesses looking to grow moderately or rapidly in the next two years it is perhaps wise to have a look at how these companies intend to achieve their objectives, and whether there may be problems brewing for the future.

Methods of Achieving Business Growth Objectives		
	Count	%
Improve sales & marketing	8552	45.2
Seek to reduce costs	7337	38.7
Seek out new types of customer	7330	38.7
Invest in new equipment/machinery	6184	32.7
Invest in I.T	4923	26.0
Expansion in range of products/ services	4742	25.0
Move to new premises	3379	17.8
Increase expenditure on staff training	3320	17.5
Seek out new geographical markets	2628	13.9
Greater collaboration with suppliers	2355	12.4
Reduce environmental impact	1695	8.9
Open additional branches/premises	1689	8.9
Increase exporting	1189	6.3
Focus on narrower range of products/services	1155	6.1
Increase R&D spending	1014	5.4
Greater collaboration with competitors	945	5.0
Start Exporting	528	2.8
Shift activities to lower cost overseas location	260	1.4
Shift out of manufacturing and into service	132	.7
Total Respondent	15723	
Multiple Response - Total 18939		

Improved sales and marketing initiatives, new customer acquisitions, new machinery and reducing costs understandably head the list – because that’s what people understand best.

But, consider more closely those activities which represent the much needed business investment for the future, and those which are for the ‘short term’. Should we be worried?