



ACCOUNTING / TAX / AUDIT
ADVISORY / TECHNOLOGY

Time to assess the current & future business climate

SME BAROMETER REPORT
SUMMER 2021



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Our thanks to the following SME leaders for sharing their personal business stories as part of the Barometer:



[Safe Bemanning >](#)



[LVI-Numero Oy >](#)



[AML Bemanning >](#)



[Comfi Group Denmark >](#)



[Teepee Electrical Ltd >](#)



[Fox Group Moving & Storage Ltd >](#)



[Claygate Distribution Ltd >](#)

Foreword by Chris Horne Azets Group CEO

I am pleased to introduce our first Azets SME Barometer - a report detailing the shape of the current and future business climate, from the perspective of the small and medium-sized enterprises that are on the front lines.

SMEs account for 99% of businesses across Europe and are the beating heart of the economy. Azets plays a massive part in improving the businesses and lives of our clients and it's time to raise the voice of the SME so that their needs are truly heard and addressed.

This first SME barometer was conducted against an unusual backdrop. After a year of deep crisis and upheaval; with the vaccination programme accelerating across Europe and lockdown restrictions beginning to ease, the prospects of an economic recovery feels within our grasp. At the same time, plenty of uncertainty remains, not least in view of the spread of the delta variant.

We interacted with over 700 SME business leaders (with a business turnover up to £50m to €60m) across our Nordic and UK client base and this outlined a stubborn optimism about the prospects of recovery, coupled with a pragmatic awareness of the need to adapt to the 'new normal' post-covid. Our clients will need our help with the move to a post Covid world.

The biggest opportunity and biggest threat for SMEs is adapting their post Covid business model using technology and flexible working. The 'new normal' for all businesses will involve keeping much of the aspect of the Covid changes even as the threat of the pandemic weakens. Those who get this transition right will be in a better position to survive and thrive.

Given the importance of ensuring that the SME sector continues to adapt and prosper as the economy recovers, these findings point to areas where further government policies and expert guidance are vital in delivering the support businesses and society need post Covid and post-Brexit.

Clearly, there is work to be done to support our clients, as they kick start our economy. With thanks to all our SME leaders and participants, we hope this has been informative and look forward to working ever more closely with our clients to help improve their lives.



Chris Horne
Azets Group CEO

99%

of businesses in Europe are SMEs and are the beating heart of the economy

760

760 leaders of small and medium businesses across the Nordics and UK outlined a stubborn optimism about the prospects of recovery

Summary of findings

At a pivotal moment across Europe, as the vaccination programme kicks in, lockdown restrictions ease and the prospects of economic recovery appear more tangible at last, the financial health and sentiment of SMEs is a vital indicator for the economic and business recovery.

[Our survey of over 700 SMEs in the Nordics and the UK](#)

finds promising optimism for economic recovery and business growth.

However, plenty of uncertainty and challenges remain. It is hard to pursue the opportunity of digitalisation and automation, for example, when the priority must be simply to secure the financial health of the business and employee wellbeing, all the while adapting to a ‘new normal’.

“

Financial health, adapting the business model and employee wellbeing are the top priorities for SMEs

Zooming in more closely, these are our key findings:

SMEs are generally optimistic about the economic recovery: nearly **two-thirds of all businesses expect their turnover to increase** this year. SMEs in Finland, Sweden and Denmark are most optimistic, while businesses in the UK and Norway are less so.

Businesses in the **professional services and technology sectors are also more bullish** than those in retail, hospitality and leisure.

SMEs across the board retain **confidence in their business model, seeing it as their greatest opportunity** in the year ahead.

Notably, SMEs in the Nordics recognise AI and digitalisation as a key opportunity – more so than those in the UK.

However, concerns remain. Adapting to a post-Covid world is SMEs' biggest opportunity and threat: businesses consider **Covid, competition and the economy still to be the three biggest threats they face** in the coming 12 months. And for UK SMEs outside London and the South East, **Brexit remains a major threat.**

Financial health, adapting the business model and employee wellbeing are the top priorities for SMEs: top priorities overall for SMEs are all about making sure the basics are in place to secure the financial health of the business.

This focus on the essentials means that, for many SMEs, **digitalisation, cybersecurity, and sustainability come further down the list** of priorities.

Positive signs for SME business growth and jobs: despite these worries, looking ahead, **60% plan to recruit more staff** in the next 12 months and **over half (56%) will invest.**

SMEs in general felt well supported by governments during the pandemic. SMEs across Europe **call for continued support from government to help them adapt post-Covid**, in particular through lowering the tax burden and simplifying the regulatory and administrative demands.

Majority of UK SMEs trading with Europe have been impacted by Brexit: **international trading ambition is down for all.** Among UK SMEs trading internationally, **half have experienced difficulties since Brexit** and 13% have ceased trading with Europe, either temporarily or for good.

30% of SME business leaders say they have a poor work-life balance.



June Mejlgaard Jensen
Azets Denmark and Sweden, MD

Even though Covid-19 is still considered a great threat, it is such a joy to see from the report, that there is an optimistic attitude towards the economy and the business climate in general.

The results of the SME Barometer show us that technology has moved further up on the agenda – and that's positive! At Azets we assist companies every day with the digitalisation of their business processes, and of course there is no doubt in our mind that a company that prioritizes and utilizes the benefits of technology and digitalisation stands much stronger!

The past years have been tough on most SMEs, but now the outlook is much more positive. We sense the same emerging positive and optimistic attitude when talking to our customers – and it's so good to see that the results from the SME Barometer are confirming this!

Summary of findings - Key extracts

2/3

Businesses expect their turnover to increase



Professional services and technology sectors are also more bullish

56%

of our SMEs will invest in their business in the next 12 months

AI & digitalisation

key opportunity for SMEs in the Nordics

60%

Plan to recruit more staff



Employee wellbeing also ranks high in importance.

60%

of UK businesses trading internationally have experienced difficulties or ceased trading with Europe since Brexit



International trading ambition is well down for all



Call for continued support from government to help them adapt post-Covid

30%

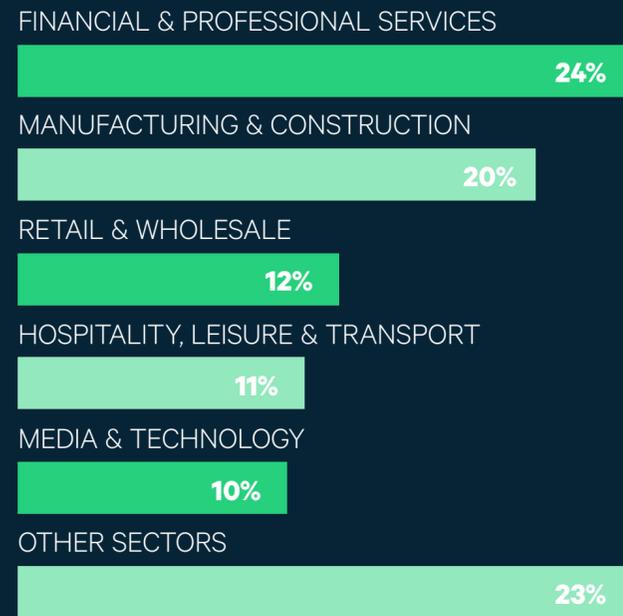
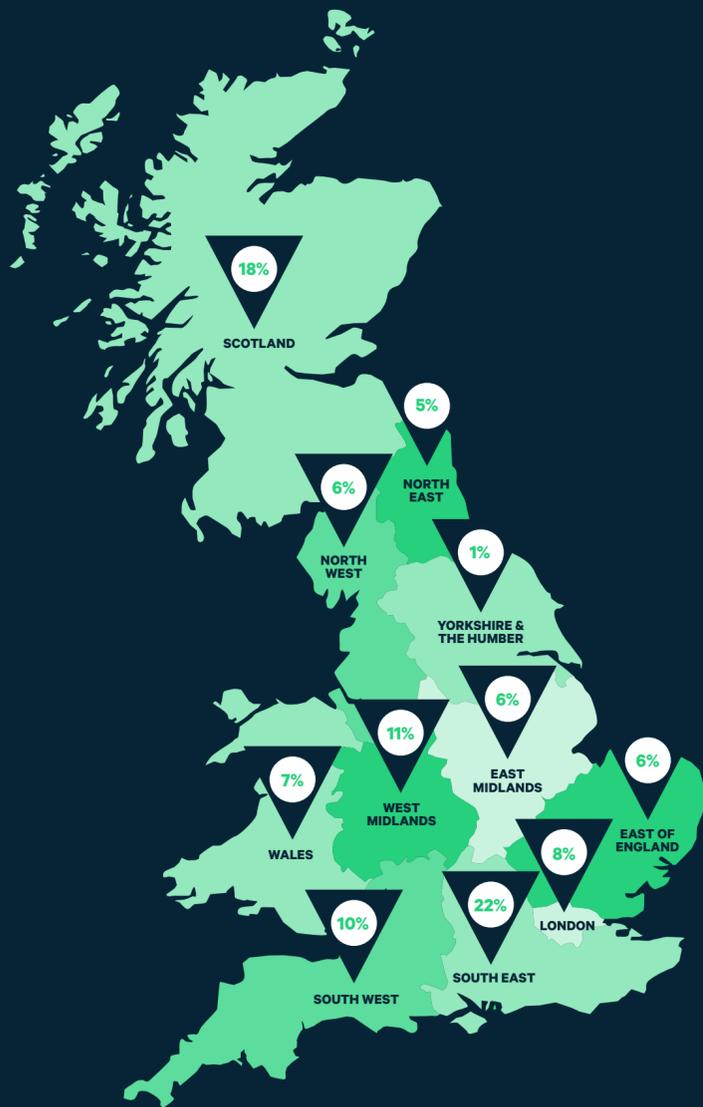
of SME business leaders have a poor work-life balance



Covid, competition and the economy are viewed as the 3 biggest threats to SMEs over the next year

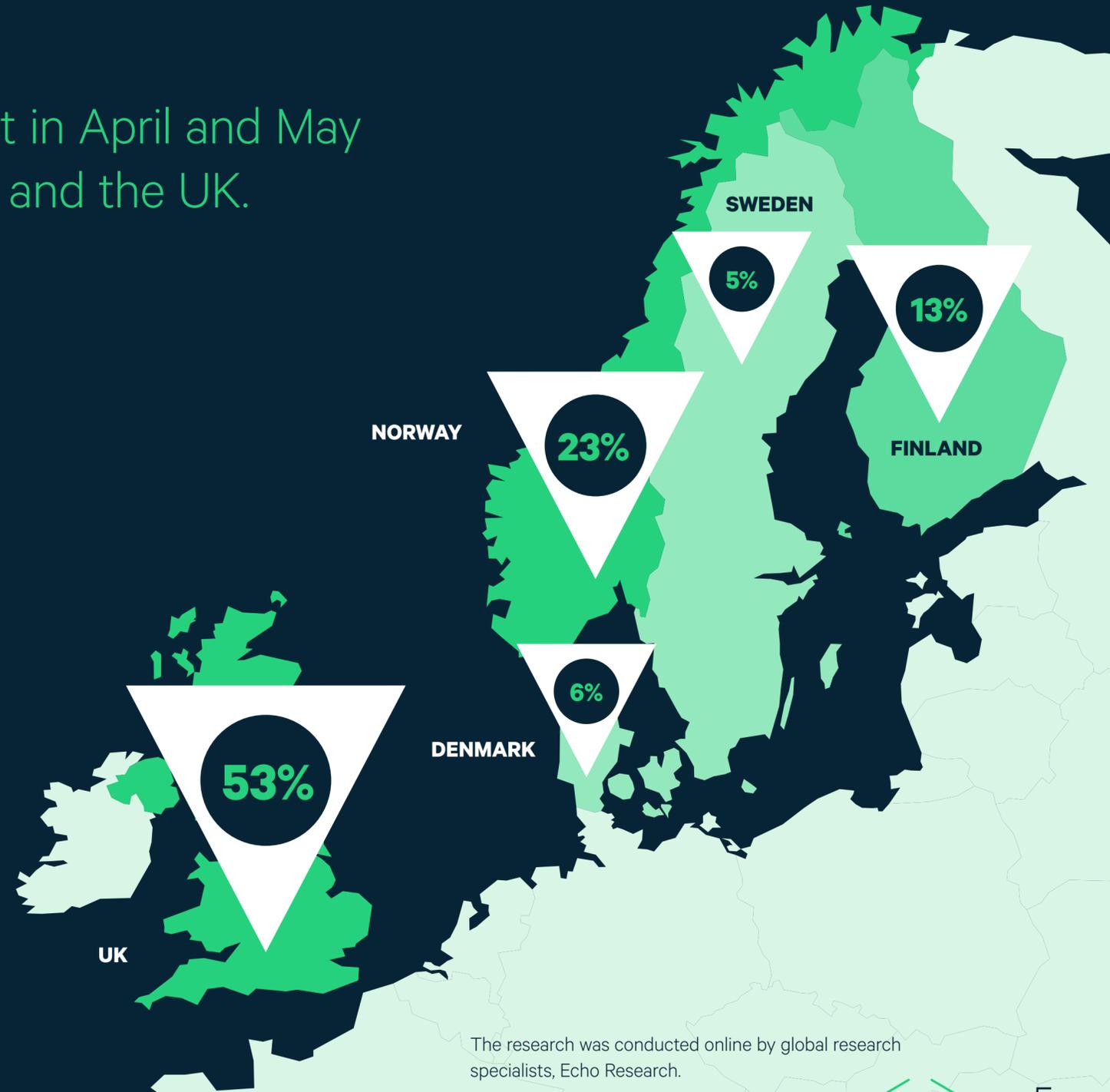
About the study

The first wave of the Azets SME Barometer was carried out in April and May 2021 with 760 SMEs in Denmark, Finland, Norway, Sweden and the UK.



For the purposes of this study, a business qualifies as an SME if it has fewer than 250 employees and/or less than £50m annual turnover (or local equivalent).

The research was conducted online by global research specialists, Echo Research.



The research was conducted online by global research specialists, Echo Research.

SME BAROMETER REPORT

Key findings

Key findings | **Economic outlook**

SMEs are generally optimistic about the economic recovery

Sentiment among SMEs, is a valuable indicator of economic confidence. So, as we emerge from the worst of the pandemic and lockdown restrictions, it is encouraging to see that they are overall positive about the prospects for economic recovery.

More than two-thirds (68%) of the businesses that responded to our survey say they expect the economy to improve in the next 12 months.

SMEs in Finland, Denmark and Sweden are particularly optimistic; their counterparts in the UK and Norway slightly less so.

Zooming in further, we found some variations in attitudes by industry, too. Businesses in the professional services and technology sectors, which have been relatively resilient, are more positive about the outlook than those in retail, hospitality, leisure and transport, which were hit harder.

Size is also a factor and we take careful note that micro-businesses generally are feeling slightly less confident. Nearly a quarter of them (24%) expect the economy to do worse, compared to just 11% of medium-sized businesses.



Ulla Nikkanen
Azets Finland, MD

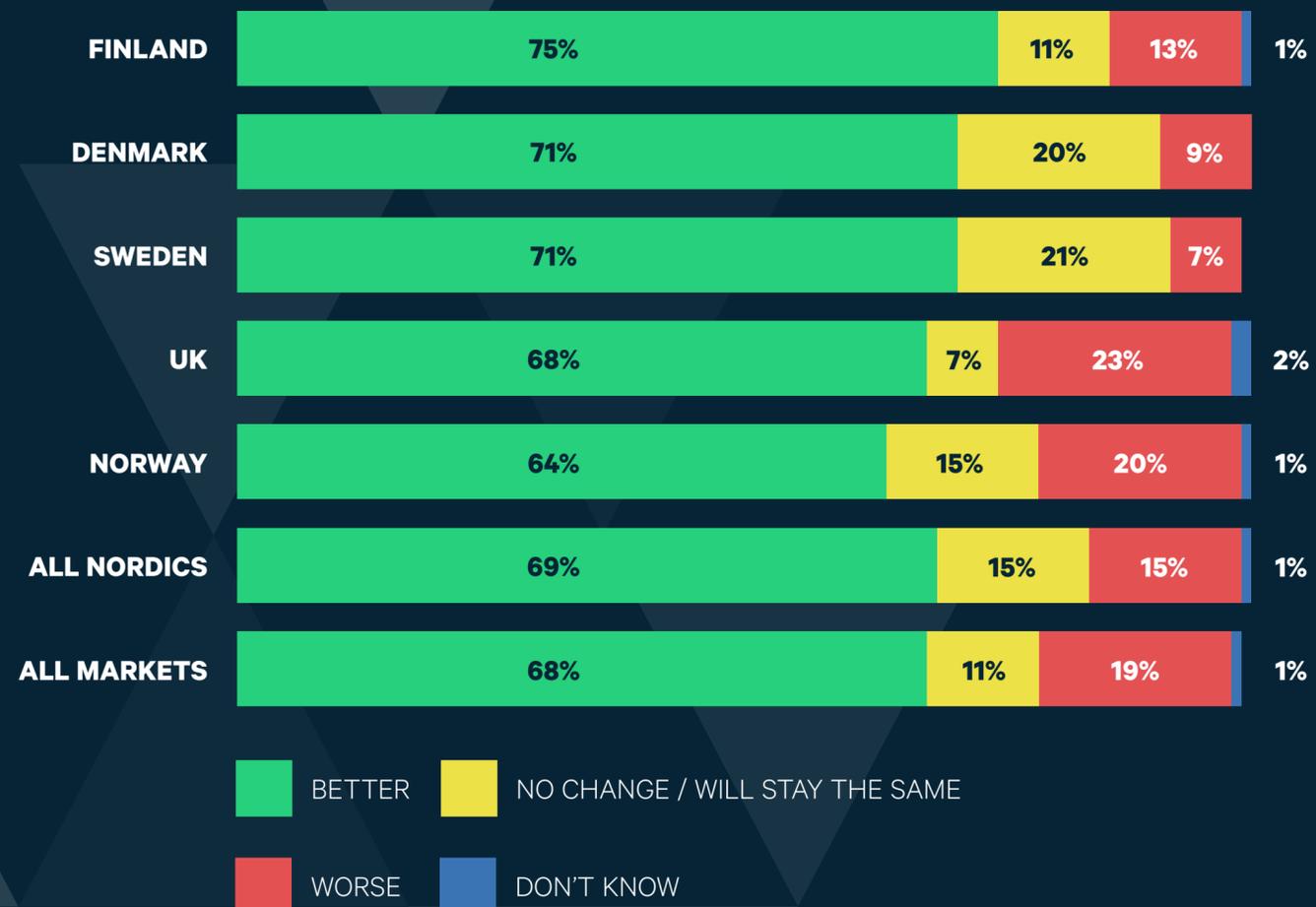
It's great to see that despite the tough times, SMEs in Finland are the most optimistic with 75% of them think that the economic climate will improve during the next 12 months. This optimism varies between industries and size of businesses as 10% of respondents, mainly from the micro segment, have doubts about being in business going forward. The short-term focus for SMEs seems to be on putting the basics in place again: achieving financial stability, taking care of the wellbeing of employees and adapting their business model.

As the way of doing business has permanently changed for lots of companies, the respondents see further potential in digitalisation and feel that they would also need to invest in sales and marketing in order to grow. Despite the optimism and future plans, implementation might be challenging: 38% of the SMEs have no plans to invest in the business and only a third of Finnish SMEs feel well supported by the government.

Key findings | Economic outlook

We asked SMEs how they expected the general economic climate in their country to change over the next 12 months?

BASE: n=760 businesses all markets.
SOURCE: Echo



William Payne
Azets UK, Regional CEO, South

With over 2.5 million SMEs located in London and the South of England alone, I am delighted we can use this Barometer to give them – and all SMEs a voice.

SMEs are key to the economic recovery in the UK and are navigating a range of issues; embracing digitalisation, a change in employee work and life balance, a need to address business planning for the “new normal” and a hard look at their financial robustness. I am pleased that we have been able to discuss these issues and more in our SME barometer and look at the particular issues and circumstances faced by SMEs in the South of England. I hope you find this an interesting read.

Key findings | **Business outlook**

Positive signs for SME business growth and jobs

Equally positive, SMEs are mostly upbeat about their own growth prospects as the economy starts to recover.

Nearly two-thirds (64%) expect turnover to increase in the next year and over half (54%) expect profits to improve. Nearly half (45%) of businesses expect to invest more in the next 12 months. Again, SMEs in Sweden, Denmark and Finland are the most optimistic.

Promising also for employment, three-quarters of SMEs with furloughed staff are looking to bring them all back and 60% of all businesses plan to hire more still.

Less positively, 6% of all businesses surveyed think they will be unlikely to be trading in a year's time. That proportion varies by country, from 10% in Finland down to zero in Denmark.

Meanwhile, slicing by sector, the most striking finding is the strong optimism among retail businesses, despite the impact this past year: only 1% thought they would not be trading in 12 months' time. Some retail businesses indicate they have been successful in pivoting online, others are anticipating a short-term surge in pent-up demand as the economy opens up.

89%

Expect to be trading in 12 months time.

6%

Do not expect to be trading in 12 months time.

20%

Currently have staff on furlough.

76%

Of those businesses with furloughed staff intend to bring them all back.

5%

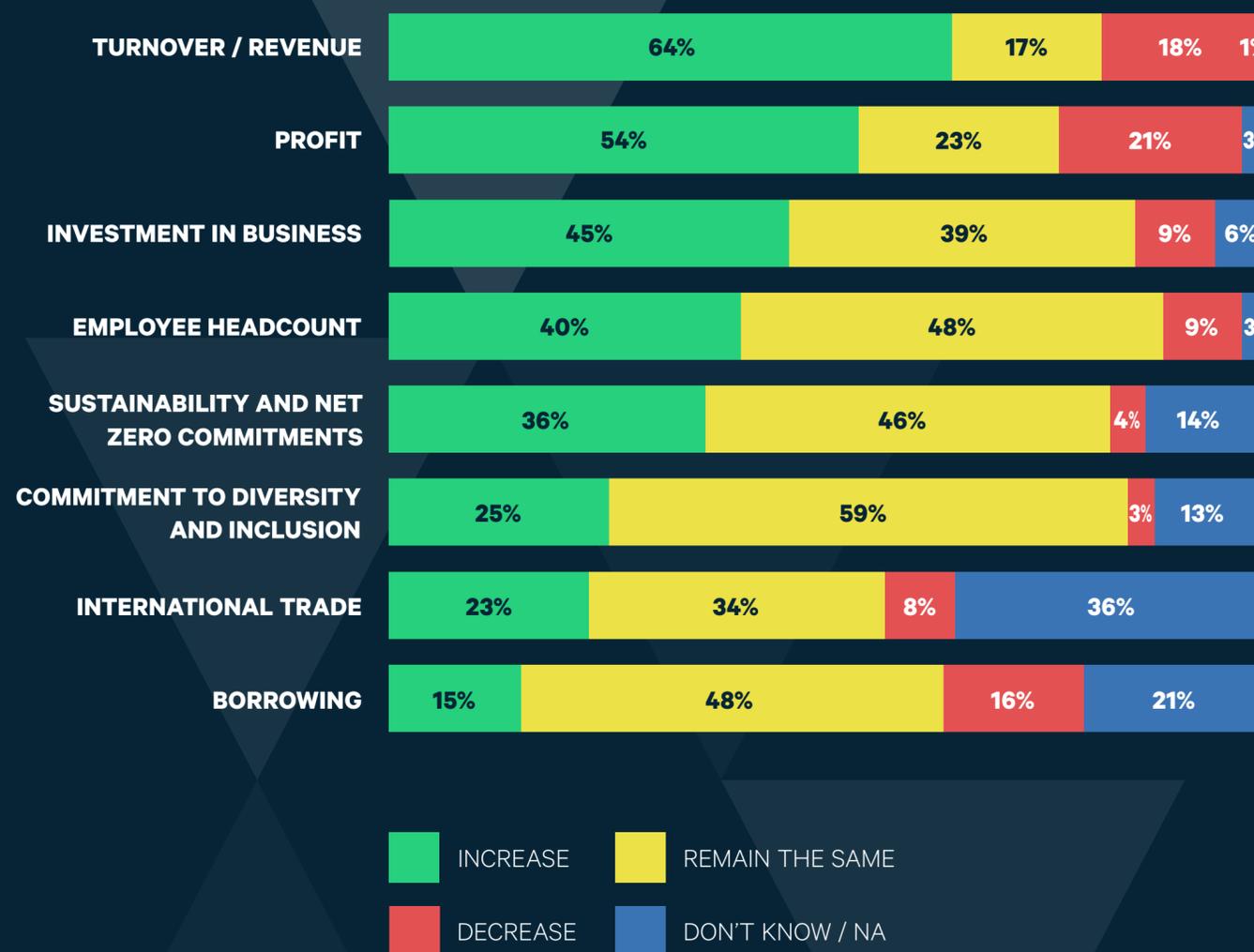
Of those businesses with furloughed staff will not bring them back.

Key findings | Business outlook

Positive signs for SME business growth and jobs

Thinking of your business specifically, we asked; do you expect the following to increase, decrease or remain the same in the next 12 months?

BASE: n=760 businesses all markets.
SOURCE: Echo



David Owens
Azets UK, Regional CEO, West

Our client and businesses that have taken part in our first barometer have shown amazing resilience and taken a hard look at how to run their businesses.

Many of our clients in our region over the last year have been forced to completely transform the way they do business and connect with their customers, with technology playing a crucial role. I wasn't surprised to see the desire to adapt their business model as one of the highest priorities. Digital infrastructure is now central to our way of working across all sectors, particularly for our economic recovery post Covid 19, and businesses are making plans for longer term investment and implementation.

Case study | **Safe Bemanning, Norway**

Safe Bemanning has used the pandemic to help the unemployed enter the labour market

Interview with General Manager, Peter Ødemark



When the pandemic shut down large parts of the world, Safe Bemanning had to look for opportunities in new areas. They decided to focus on helping unemployed Norwegians return to work and looked at new areas that could contribute to more jobs.

It has been a challenging year for working immigrants. For Safe Bemanning, which has mainly recruited into the construction industry - and where 70% of the employees come from Poland – it was demanding to manage and follow up infection control measures.

The company, which has growth ambitions, therefore chose to see the crisis as an opportunity. Through a newly established department within warehousing and logistics, they now want to create new jobs for the unemployed in Norway – realizing that helping people into work is what really provides value for the company.

Safe Bemanning has managed a healthy level of activity during the pandemic, and despite the fall in turnover, the company has had the best year in terms of results despite all the challenges.

This is thanks to the employees who chose to stay in Norway during periods when they would normally go home to Poland. They have played an important part in this and our hope is therefore that they get the opportunity to go home this summer, says Petter Ødemark, who is the general manager of the company.

Through the pandemic, they have built up good expertise in adjustment and change that makes them well equipped for the future.

“

A crisis always provides opportunities

“

We have built good competencies in areas of adjustment and change, and are well equipped for the future!

Key findings | Opportunities and threats

Adapting to a post-Covid world is SMEs' biggest opportunity and threat

In many ways the biggest opportunity and biggest threat for SMEs is adapting their business model to the 'new normal' that is an uncertain, post-Covid world. SMEs across the board recognise that getting this transition right will be key to compete, survive and thrive going forward.

As for how, that is another matter. SMEs in the Nordics notably appear much more alert to the opportunity – and necessity – of digitalisation and automation than those in the UK.

UK SMEs, caught up in the turmoil of Brexit, are more inclined to focus on a potential improvement in international trade as a bigger opportunity, as well as the economic recovery generally with UK businesses outside London and South East see Brexit as one of their top three threats.

Overall, it is clear that SMEs are realistic and see the threat of the pandemic and its impact on the economy as not over yet.

“

There is a rapid development in digitalisation - and we just have to follow it otherwise we will not get the profit we want.”

SME Norway

“

The digital routines must also be better structured in relation to servicing our customer companies remotely.”

SME Denmark

“

Getting our supplies into the country in a speedy and assured manner is continuing to be problematic. It is also preventing any thoughts of international expansion for a small, new start-up.”

SME UK

Key findings | Opportunities and threats

We asked our SMEs to rank the three biggest opportunities and threats for their business in the next 12 months

BASE: n=760 businesses all markets.
SOURCE: Echo



Rune Norbakk
Azets Norway, Country Manager

A significant proportion of the business community belongs to the SME market. It is always of great interest to capture signals in their everyday life and what opportunities and challenges they have to deal with.

The Azets SME Barometer captures some signals and views across several markets and I'm very excited that we at Azets can contribute to being a voice for the SME market in the future!

Case study | LVI-Numero Oy, Finland

Technology enables a smoother service

Interview with CEO, Magnus Sirén

Risk analyses help identify changing threats and increase confidence to invest in the development of digital solutions

LVI-INFO manages a register covering the information of 170,000 HVAC and Plumbing products. The company serves 400 manufacturers, importers, and wholesalers.

“Our service is fully digital, and we expect the same from our partners. Supported by Azets’ digital financial management service, the global pandemic did not affect us,” says Magnus Sirén, the CEO of LVI-INFO.

The company continues to invest in digital. This year, the company introduced an interface that allows data to be updated directly by the customer.

“We use AI already. Still, we see a potential for verifying the product data with automation. We aim to streamline our customers’ work. Another benefit of automation is reducing errors,” Sirén says, justifying continued investment in technology.

Continuous development requires high-quality data. Financial analyses and calculations are necessary for leading the company and, if needed, for funding.

In addition to Azets, an important partner is their IT partner that maintains the platform. Even though LVI-INFO has carefully reviewed risk analyses, minimised physical threats, and ensured quick access to backups, the biggest threat is cybersecurity. The vulnerable part of a browser-based business is hijacking.

LVI-INFO

SMEs should do a regular risk analysis with their own insurance company as threats change over time.

“The more the world digitalises, the more important cybersecurity becomes. An incident in France can affect business in another country. Cybersecurity has been a well-featured topic in Finland. Still, the most important is not to forget the issue behind the laws,” Sirén reminds decision-makers.

HVAC is a critical part of the construction industry, which is a local business. While international cooperation is essential, each country must analyse its internal ecosystems and maintain well-functioning structures.

“

Our service is fully digital, and we expect the same from our partners

“

Financial analyses and calculations are necessary

Key findings | **Priorities ahead**

SMEs are generally optimistic about the economic recovery

Financial health, adapting the business model and employee wellbeing are the top priorities for SMEs.

After all the turmoil of the pandemic, it's clear that the first priority among SMEs over the next 12 months is to secure the business. Ensuring financial health comes top, as one UK micro-business said: "if we don't have the money in the bank, then all other priorities become worthless."

In fact, all of the priorities ranked top five by SMEs are about making sure the basics are in place for the company to survive and grow. Strikingly, employee wellbeing appears among those essentials since Covid: it is either the second, third or fourth priority of SMEs in all countries, and third overall.

Beyond those top five – and arguably improving all of them – is digitalisation / automation / IT technology, followed by the related challenge of cybersecurity. Many SMEs identified it as key to adapting post-Covid.

“

Areas where we need to focus are better staff engagement and wellbeing both during and post Covid.

SME UK

“

[We anticipate] More digital delivery... blended with the return of some face to face work for those clients who want to do this. This means sourcing digital platforms that provide reliability and innovative ways to engage clients. Reliability and affordability of high speed broadband is also a significant dependency

SME UK

Key findings | **Priorities ahead**

Top priorities for the next 12 months: All markets

1. Financial Health



3. Employee wellbeing



5. Talent / skills acquisition



2. Adapting business model



4. Innovation / product development



BASE: n=760 businesses all markets.
SOURCE: Echo

Key findings | **Priorities ahead**

Looking ahead, how will your business adapt and respond to the Covid-19 pandemic and post-Covid business environment?

BASE: n=760 businesses all markets.
SOURCE: Echo



Runar Leite
Azets Norway, MD

Covid-19 has undoubtedly created some contrasts in the SME market as some industries have been hit hard, while others are flourishing.

It is fair to say that the pandemic has been an accelerator for technology, efficiency and not least, management, and the figures from the Norwegian SME market show a clear direction ahead.

We expect increased growth and a greater willingness to invest - Norway is ready to build on the lessons learned over the past year, streamlining and digitalisation being key to this course.

Case study | **AML Bemanning, Sweden**

Making the right decisions with help from professional advisors is essential

Interview with CEO and owner, Micael Larsson



AML Bemanning is a Swedish interim company in the medical sector delivering healthcare personnel including nurses, physiotherapists, medical leaders, etc. to Swedish healthcare institutions, such as elderly care.

The CEO at AML Bemanning, Micael Larsson, is a formerly trained physiotherapist and has extensive experience of being a CEO in different companies within the SME market.

“My wife and I have developed the company step by step, year by year at a controlled rate”, says Micael. “We started in 2010 and so have a lot of experience in establishing companies.

Being the head of an SME company demands experience and understanding of what to handle internally and when to get external expertise giving us the possibility to focus on developing our business. We are relying on getting expertise on digitalization of services and professional financial advisory services. Having the right professional suppliers, being proactive, and giving us good advice at the right time is essential to us”.

The pandemic situation has had an impact on many SME companies - have you experienced a direct impact on your companies?

“The pandemic has not given us any direct challenges but, rather, there are other factors that have had a greater impact on our success and activities”.

“Finding the right people with the requisite personality, competence and qualifications is our main challenge going forward. Having the right people on board and putting their wellbeing as a top priority is important to be able to succeed”, says Micael and continues “We are experiencing tougher competition within our market. Looking at the general development in society and looking at the age pyramid, the future looks bright, provided that the right choices are made.”



“

Having the right professional suppliers is essential

“

The pandemic itself has not given us any challenges

“

Having the right people on board and putting their wellbeing as a top priority is important to be able to succeed

Key findings | Investment and borrowing

Investment signals confirm positive outlook

Another positive indicator of SMEs optimism on the recovery is their willingness to invest. Over half (56%) of all businesses surveyed said they intend to invest in the next 12 months.

UK SMEs are more inclined to invest (60%), and Finnish ones least (48%).

Only a fifth (21%) of businesses plan to borrow in that time. Norwegian SMEs most often indicated that they would borrow (28%), while Danish and Swedish businesses are least likely to (12%).

A third of SMEs have received government-sponsored liquidity assistance. Of these, 14% are concerned about repayment.

SMEs in the hospitality, leisure, transport, manufacturing and construction sectors are those most likely to have received assistance.

56%

of all businesses surveyed said they intend to invest in the next 12 months

21%

of businesses plan to borrow in that time



Colin Haig
Azets UK, Head of Restructuring and Insolvency and President, R3 - trade association for the UK Restructuring and Insolvency Profession

It's likely that SMEs propensity to invest will be funded by borrowing already taken and therefore it seems SMEs have got their heads round the need to carry more headline debt.

Winning SMEs will make sure they are monitoring the right KPIs, that their financial modelling is kept real time and is capable of identifying liquidity spikes.

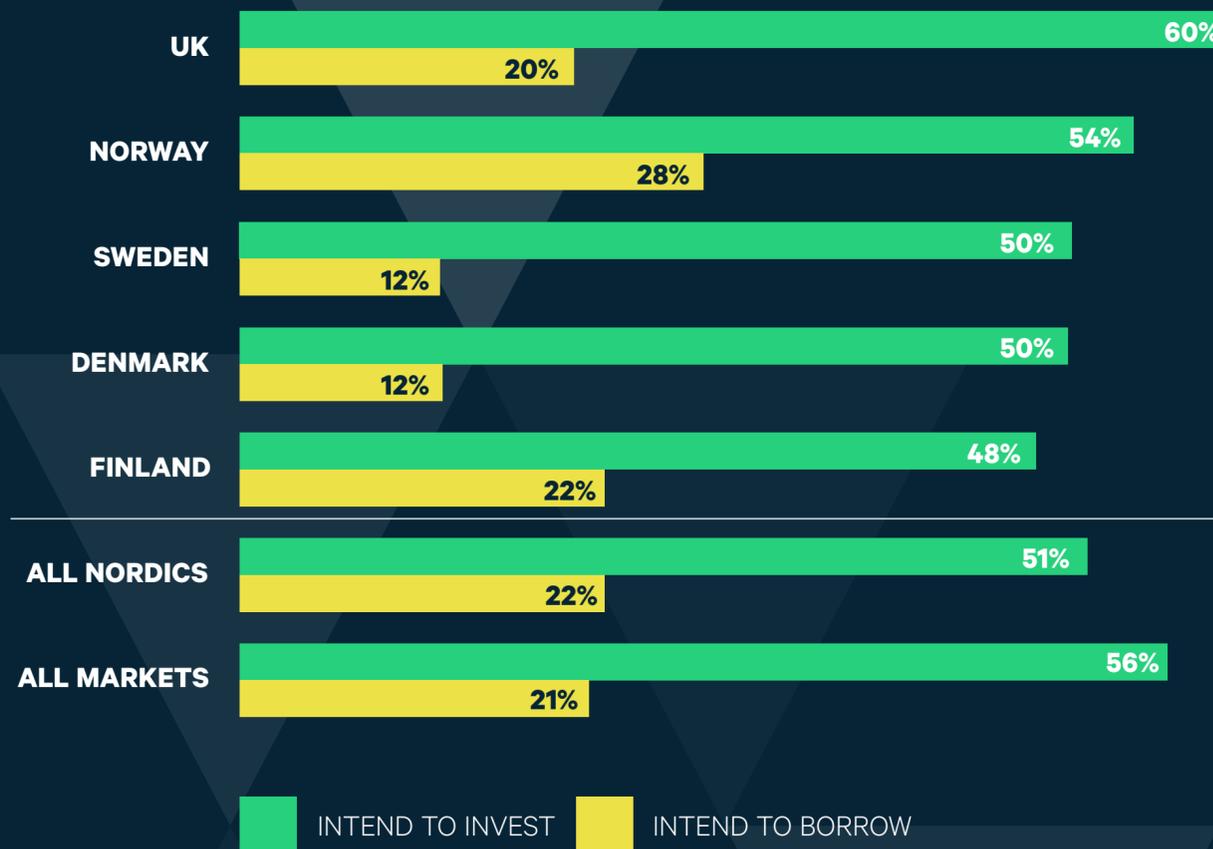
Key findings | Investment and borrowing

Investment signals confirm positive outlook

How much are you likely to invest and borrow in the next 12 months?

BASE: n=760 businesses all markets.

SOURCE: Echo



33%

A third of SMEs have received government-sponsored liquidity assistance.

Case study | **Comfi Group Denmark**

When due diligence and good business acumen become crucial

Interview with CEO and owner, Jesper Witte

For Comfi Group Denmark, cash management became a crucial factor during the Covid crisis.

As for many other Danish and European SMEs, recent years have been a roller coaster ride for Danish SME Comfi Group Denmark, which sells and leases, both short and long-term, machines and products for professional production of soft ice cream, slushies, popcorn, etc.

As part of the company's growth strategy, a new large warehouse and production building was started back in 2019. In connection with this, Comfi took out a significant loan in the form of a bridging loan – Repayment is now a key priority for the business as we catch up with production from a lengthy stand still period.

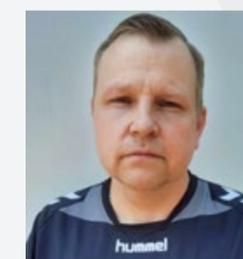
Comfi's products are closely linked to parties, larger gatherings and the like, which is why the company's turnover fell almost to zero overnight. Comfi received compensation from the Danish government in two increments, but the main reason why the company survived the crisis was due to good cash management.

Moreover, that very much benefitted the company during the Covid crisis.

Comfi Group Danmark ApS



It may be a bit old-fashioned, but it has always been important for me to have good control of liquidity and keep our reserves in order.



Case study | **Comfi Group Denmark**

When due diligence and good business acumen become crucial

Interview with CEO and owner, Jesper Witte



Today, prospects are positive and we are profitable again. Since Denmark opened up society at the end of May, revenue has been gaining momentum at Comfi.

There is no longer as much gloom to be found, only optimism and joy and that makes it possible to enjoy a cold slushy in good company once again!

Comfi Group Danmark ApS

About Azets SME Barometer

CEO Jesper Witte praises Azets' initiative with the SME Barometer and generally likes this type of survey, as it gives him an opportunity to reflect on his business and the decisions made. If he is to point to one message he wants Azets to convey on behalf of SMEs; it has to be that legislators must make an effort to listen openly and constructively to the various trade and industry organizations when it comes to adjusting existing or preparing new legislation. "It is important that we, who are affected by the legislation in our daily lives, have a seat at the table when decisions are made."

“

We can clearly feel see that the Danes have a pent-up need for partying and spending time with each other. When this 'bulge of deprivation' has subsided, our turnover will return to a more natural level.

Key findings | **Government support**

SMEs in general felt well supported by governments during the pandemic

As Europe went into lockdown last year, governments everywhere stepped in to support businesses during the pandemic.

On balance across the UK and our Nordic locations, SMEs in general felt well supported (53%). Despite the UK government's levelling up agenda, those in the Midlands (76%), London and the South East (71%) feel rather more supported than those in the North (66%).

What more can governments do? SMEs have plenty of ideas, which mostly come down to reducing the tax and regulatory burden on small businesses:

“ Recognize the good work with infection control and safety, and open up more
SME Norway

“ Simplify legislation, reduce taxes and fees, generational change without tax, faster case processing
SME Denmark

“ Compensate for lost turnover and profit e.g. tax deductions
SME Finland

“ Reduce Corporation Tax and increase help with investment in R&D and energy saving investments to reduce our carbon footprint
SME UK

“ Help the economy recover. Ensure it's still attractive for people to invest in small businesses
SME UK



Praveen Gupta
Azets UK, Head of Tax

The UK has one of the most complex tax legislation in the world and this was made even more complex as a result of the Covid measures which included the valuable Coronavirus Job Retention Scheme.

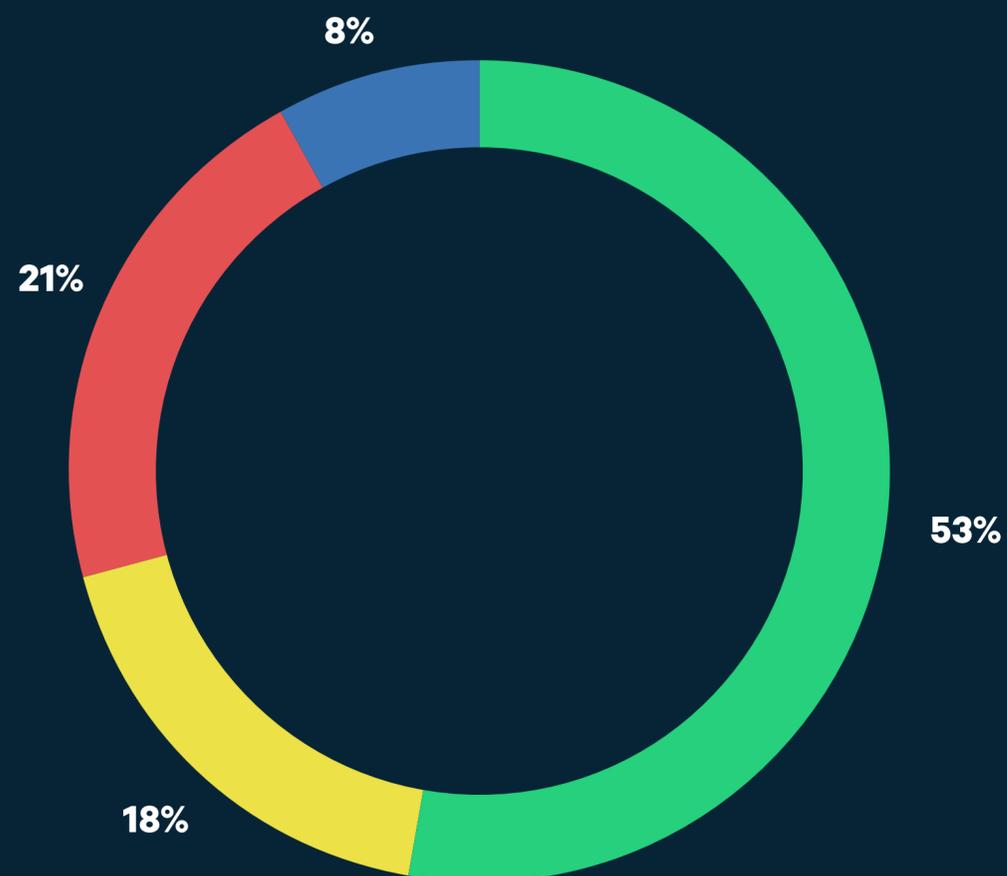
So even though UK SME's feel more supported, they have also had to deal with a raft of new tax rules recently as a result of Covid and the end of the transition period. What we need now is a period of tax certainty so that businesses can plan with confidence as they pivot and rebuild their businesses.

Key findings | **Government support**

How well or poorly has your government supported businesses during the Covid-19 pandemic?

BASE: n=760 businesses all markets.

SOURCE: Echo



WELL

POORLY

NEITHER WELL NOR POORLY

DON'T KNOW



Colin Haig

Azets UK, Head of Restructuring and Insolvency and President, R3 - trade association for the UK Restructuring and Insolvency Profession

In addition to a block on winding up proceedings in the UK which has been extended to 30 September, the UK Government has pushed through radical reforms in governance and insolvency process.

As a jurisdiction the UK has historically been quite cautious in this area. However, the new procedures for Moratorium, Pre pack evaluators and the Restructuring Plan mean that management of troubled SMEs have more options in terms of what to do when the going gets tough. Azets embraces these reforms, it will be key that SME management take specialist advice as soon as they become aware of any potential financial distress in the business.

Case study | Teepee Electrical Ltd

Harnessing today's business challenges to enable growth and job opportunities for the future

Interview with Managing Director, Steve Clarke



Teepee Electrical was founded as a private business around thirty years ago originally as a B2B manufacturer and supplier of harnessing, cabling systems and panel assembly to a thriving bus and coach building industry in the UK at the time.

The business diversified into other growth sectors such as the rail sector, ultimately selling the business to a private company within that sector in the late 80's.

The business was brought back into private ownership in 2002 and now boasts a skilled workforce of over 50 staff supporting a diverse spread across their customer base in the aviation, renewable energy, travel, rail, emergency services and automotive sectors with customers including Jaguar Land Rover.

Diversification in the products they focus on as well as sectors has been key to growth so as not to be dependent on any one sector or large customer. This also benefits the business through client reassurance in relation to IP, design and confidentiality and so have tended to grow out by targeting one major customer and their market rather than a number of customers in any given sector.

Covid effect:

Because manufacturing could not work from home, initial shutdown was tough. However, early on the business was identified as having key workers due to work in the blue light sector and expertise was drawn upon to support indirectly the NHS by being involved in the Ventilator Challenge just before Easter 2020. The Challenge involved multiple manufacturing businesses to scale up fast and offer Wiring assemblies as part of package – which saw Teepee produce in excess 5000 assemblies.



It was a sobering, once in a generation operation and I am proud of all my colleagues who dug deep, worked hard over holiday weekends and became an integral part of a literally, life-saving project at the height of the crisis. I will never forget briefing 50 people in a car park, socially distanced, masked up on regular occasions to ensure we primarily best protected one another to stay safe! and at the same time serving the critical sectors we work within – how best we would continue to deliver there requirements?

Steve Clarke

Case study | Teepee Electrical Ltd

Harnessing today's business challenges to enable growth and job opportunities for the future

Interview with Managing Director, Steve Clarke



Future challenges:

Inflationary pressures on component supplies is an issue, shortage of raw materials such as copper and increases in material costs is a challenge in a competitive market and sectors. But Teepee see bigger and better projects ahead. The gap between them and their cheaper competitors outside of UK is closing and dual supplier source will be key to mitigating any supply chain weaknesses. Sectors they operate in look positive and the business will continue to invest to grow and grab more market share.

They plan to also invest further in marketing and promoting their brand and reputation and recognized manufacturing expertise in their various sectors. Opportunities, investments and possible acquisitions are potentially on the horizon.

Government support:

The Furlough scheme has been excellent support, particularly in early days when Teepee did draw on this scheme for a short period, meaning they could retain key skilled staff. Grant support for capital investment is key for future certainty and Steve would like to see more incentives here from the government and in job creation schemes. Growth means local jobs in the area and if government can help these align it means making longer term decisions is easier to plan ahead for future, expected growth.



What has helped me build a strong business is being focused, thinking ahead, and dealing with the things I can control, weaving in flexibility and the ability to be agile in our business plans, direction and execution has been critical to success. I have surrounded myself with skilled, talented people, with a can-do attitude, who can help us get where we need to be, quickly!

Steve's message to other SMEs via the Barometer

Key findings | **International trade and Brexit**

Majority of UK SMEs trading with Europe have been impacted by Brexit

Brexit has had a worrying impact on UK SMEs in particular. For a start, half of businesses trading with Europe were not ready to deal with Brexit.

Subsequently, nearly half (47%) say they have experienced difficulties. And 13% have ceased trading with Europe, either temporarily or altogether.

This compares with just 29% of Nordic SMEs trading with the UK who have been impacted by Brexit.

Looking ahead, considerable uncertainty remains. While UK SMEs ranked international trade third among their top three opportunities in the next 12 months, Brexit still looms large among their top three threats.

The challenges appear to be denting international trading ambition. Over half of UK SMEs surveyed (55%) ranked international trade in the bottom three of their top 12 priorities over the next 12 months.

60%

of UK SMEs trading with Europe have been impacted by Brexit.

55%

of UK SMEs surveyed ranked international trade in the bottom three of their top 12 priorities over the next 12 months.

29%

of Nordic SMEs trading with the UK have been impacted by Brexit.

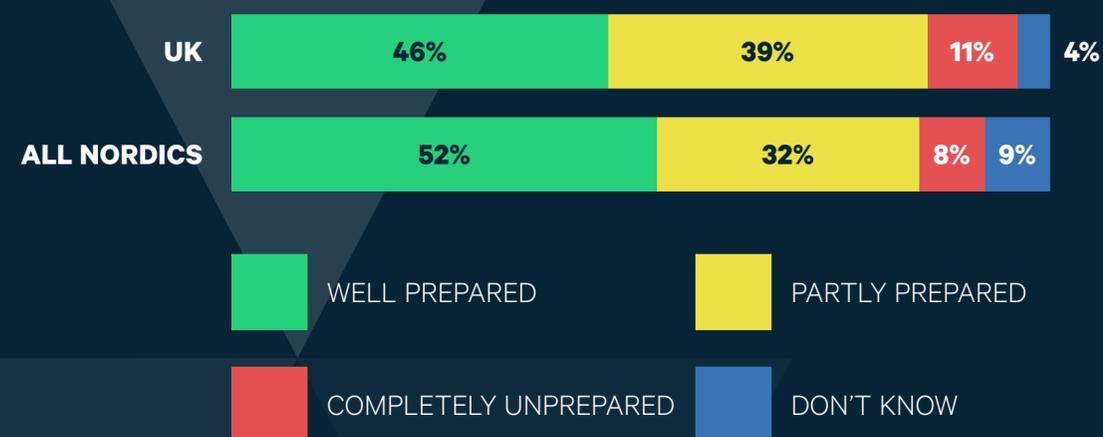
Key findings | International trade and Brexit

Majority of UK SMEs trading with Europe have been impacted by Brexit

How well prepared was your business for Brexit, if at all?

BASE: n=220 businesses who traded with Europe / UK in 2019-20.

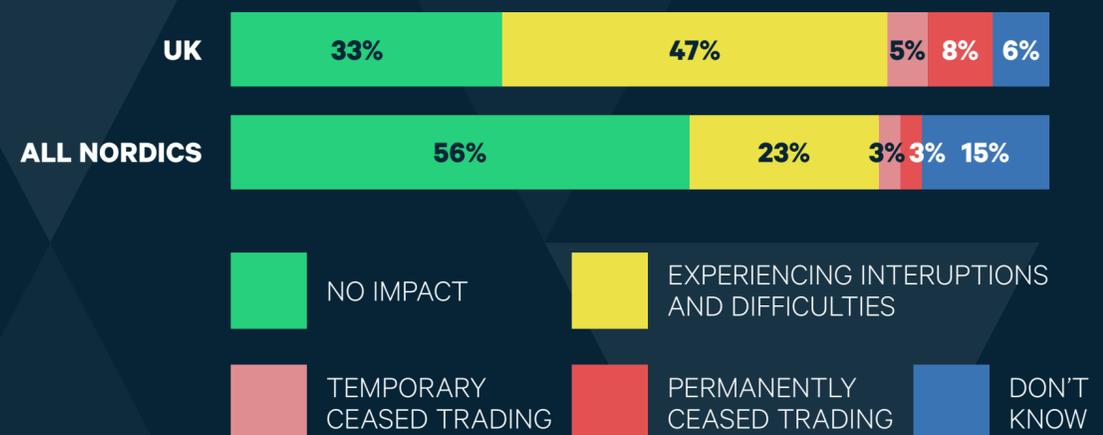
SOURCE: Echo



Has Brexit had an impact on your business? And (if yes), how has Brexit affected your trade with Europe / the UK?

BASE: n=220 businesses who traded with Europe / UK in 2019-20.

SOURCE: Echo



Fraser Campbell
Azets UK, Head of Accounts & Business Advisory

Larger businesses have been able to deploy their greater capital and resources to deal with the substantially increased complexities and costs of trading with the EU.

SMEs with more limited capital and resource will take longer to adapt their businesses to the Brexit impacts and to regain lost ground in international trade and opportunities.

Case study | **Claygate Distribution Ltd**

Shrewd early stock piling and Brexit planning were key to Claygate's pandemic revival

Interview with Joint MD and owner, Andrew Streek



Joint Managing Directors and brothers Andrew and Mel Streek set up Claygate Distribution in 1990 and enjoyed healthy growth opening a new 115,000 sq ft building warehouse in 2008, stocking 11,000 bathroom product lines from over 40 manufacturers.

However, the impact of the pandemic was a very personal one, tragically losing both their father and uncle in the early months of Covid.

As well as being a life changing moment, Andrew learnt early on, the influence that technology would have over the coming months. "In normal times I would have had to make a personal face to face appointment to register my father's details, but the whole world closed down and it was all done over the phone".

The business also shut its doors as they worked out their strategy which included protecting the welfare of their loyal workforce.

It was only after reading the government's guidance, they realised they were deemed to be an essential business – supplying toilets and hygiene related products and so they were opened for business again.

With large warehouse facilities and prudent cash planning, the early decision to purchase additional stock was a defining moment and a year later business performance is up by 40%.

Early decision making and planning (two years before Brexit) also cushioned the potential blow of Brexit with the smart move of changing traditional suppliers based in Germany and Spain to those located in Turkey and Egypt.



“

Hindsight is a wonderful thing, but we have witnessed price increases, stock issues caused by the Suez event and Brexit, we made the right decision to increase stock supplies early

Case study | Claygate Distribution Ltd

Shrewd early stock piling and Brexit planning were key to Claygate’s pandemic revival

Interview with Joint MD and owner, Andrew Streek



The biggest ongoing challenge they face is recruitment and staffing. In particular lorry drivers. “Competing with the rates paid by Amazon makes it really challenging to find staff” said Andrew.

Historical business was bricks and mortar only, however transitioning into blending in bricks and mortar clients to engage online with a new web platform so they can check stock, order and view their account using an encrypted login. That as well as increasing their delivery areas and improving selling to the trade also helped drive efficiencies up.

They also took the risk of development their OEM products which again helped improve margins.

On a personal level, Andrew like many business leaders has worried a lot over the last 14 months and feels a huge responsibility to his staff and their families. “I had a lot of time to myself, time to reflect and whilst we put in place every measure possible to protect the business and our staff, it wasn’t all about money. I had time to spend with my children which I wouldn’t have ordinarily had time for and that was a gift”.



“

If I had one wish, it would be to see a clear government plan showing the financial roadmap out of this crisis. In many ways the government have been reactive, and the various financial schemes will ultimately have to be paid for

Andrew’s message via the SME Barometer

Key findings | **Personal impact**

30% of SME business leaders say they have a poor work-life balance

While employee wellbeing has moved up the list of priorities for SMEs over this past year, what about the wellbeing of business leaders?

Not so easy. Well over a quarter of SME business leaders we surveyed (30%) feel they have poor work-life balance and, in the UK, that figure rises to 34%: a full third of all SME business leaders.

And no wonder, when 30% of UK SME business leaders surveyed say they spend 13+ hours a day working or thinking about their business.

SME business leaders in Finland, Sweden and Norway seem to be finding a better balance: fewer of them consider their work-life balance poor and, in Sweden in particular, they spend fewer hours per day preoccupied by the business.

Leaders of SMEs in manufacturing and construction and in hospitality, leisure and transport tend to spend the most time on their business (12 on average), while those in retail and in financial services spend less (10).

34%

Of UK SME business leaders surveyed feel they have a poor work-life balance

30%

Of UK SME business leaders surveyed say they spend 13+ hours a day working or thinking about their business.

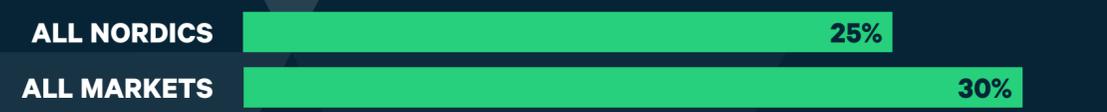
Key findings | Personal impact

30% of SME business leaders say they have a poor work-life balance

Do you consider yourself to have a poor work-life balance?

BASE: n=760 businesses all markets.

SOURCE: Echo

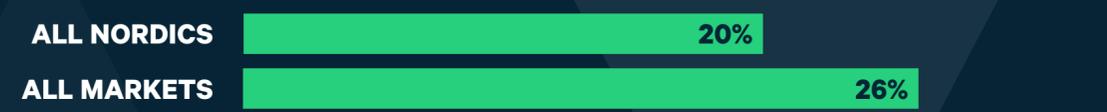
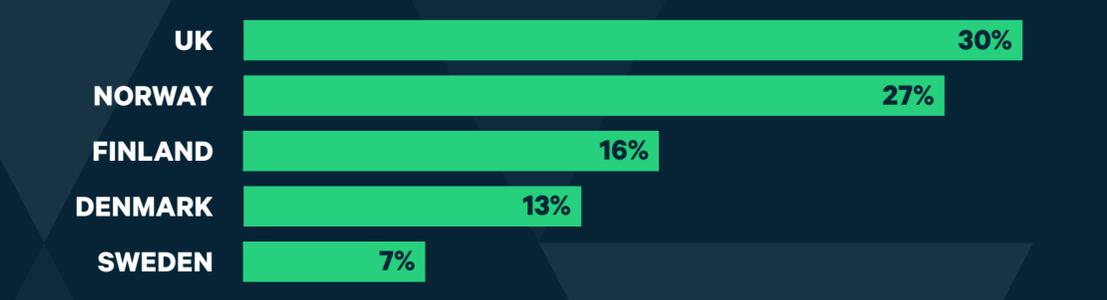


AGREE

Thinking about your average working day, approximately how many hours in total do you spend working or thinking about your business?

BASE: n=760 businesses all markets.

SOURCE: Echo



13+ HOURS



Paul Clifford
Azets UK, Regional CEO, Midlands

As the UK's largest regional SME accountancy and business advisory firm, Azets is delighted that its new SME Barometer gives Midlands SMEs a voice.

There are c.1 million SMEs across the Midlands, representing a significant proportion of the business community, and this number has been steadily increasing over the past decade, in line with data for the rest of the UK. The SME market is vital to our regional economy, creating hundreds of thousands of jobs and contributing billions of pounds, and will become even more important in the recovery phase of the Covid-19 pandemic.

Azets' SME Barometer offers great insight into the challenges and opportunities ahead for our regional SMEs, in particular manufacturing and advanced engineering business, many of which provided a critical service during the pandemic and were forced to adapt to fast-moving circumstances. These businesses represent the Midlands nationally and the SME Barometer captures signals and views across these and several other markets.

Case study | Fox Group Moving & Storage Ltd



Like the Subprime crisis in 2008, we were expecting something similar but on steroids!

Interview with MD and owner, Paul Fox

Founded in 1971 Fox Group are a proud family business celebrating its 50th Anniversary this year.

Current MD Paul Fox joined his father's business straight from school and along with his two sons Daniel and Michael has continued to forge ahead growing organically and through acquisition to become an international storage and removal company.

“As Boris was making his announcements, we literally had to pull vehicles off the road while he was speaking. We managed to keep the storage part of our business open with skeleton staff available to support householders and small businesses”.

Paul is also a director of the British Association of Removers and daily Zoom meetings with other members as well conveyancers and estate agents meant they could anticipate and react to what this would mean for their industry, putting protocols in place to make sure they were ready and able to get back to work (masks, social distancing, temperature checking etc).

Looking back over the past 14 months, as a business and trade, things have been surprisingly positive. Despite two months of losing operations, last year was a better year than normal and the first six months of trading this year have also been flat out in what is normally a seasonal business.

The government's stimulus package - for example stamp duty relief, people spending more time at home and remote working has certainly helped the housing market make a buoyant leap forward.

Housing removal surveys are now completed remotely, and people accept this is the norm to complete day to day surveys via Teams and Zoom.

“

We managed to keep the storage part of our business open with skeleton staff available to support householders and small businesses



Case study | Fox Group Moving & Storage Ltd



Like the Subprime crisis in 2008, we were expecting something similar but on steroids!

Interview with MD and owner, Paul Fox

“This has changed our business model, every home removal survey was physically carried out with a clipboard and driving to our customers locations and now we are driving a laptop instead!”

They have also seen an increase in the self-storage part of the business with 10% increase last year and 15% increase in the first six months of this year. “Through acquisition and investment, we are expanding our warehouse facilities to keep up with demand.”

“We have also been prudent with borrowing and investment and have always kept our gearing modest to manage the peaks and troughs.



The furlough scheme definitely helped and was a real crutch and building block to help retain jobs.”

Concerns over the impact of Brexit on the international part of the business was also put on hold with Covid shutting down travel. It has meant allot more red tape, paperwork and administrative tasks but Paul believes it will even out and be rationalised in the fullness of time.

On a personal level, Paul believes it’s been the most intense period of leading the business, from the initial corporate shock of being closed down and then working out how to get back to work again. With both Brexit and Covid, the amount of information to disseminate and interpret has been extraordinary and doubly hard to keep things going. “Workload is heavy with constant contact and access via email and other technology, means it is difficult to switch off!”



Keep On Keeping On – we didn’t panic or close our doors. We adhered to sensible rules and kept the business running and jobs open for our workforce. It’s got to be a better strategy to negotiate your way out of these situations than shut up shop.

Paul’s message via the SME Barometer to other SME’s

About Azets

Working together to improve the lives of our clients, our people and our communities



Thank you for the updates issued. In 12 months' time, each firm will be judged by what they did for their clients. Keep up the good work.

Director, SME Client

We prefer our clients to do the talking and pride ourselves on offering a high quality, personal service for all their accounting, tax, audit, advisory and business services needs.

We achieve this either digitally via our market-leading workplace technology Azets Cozone or at their door through our 160 offices located across the UK and Europe.

We are a top 10 UK firm and one of the largest and fastest growing regional accountancy and business advisors - supporting over 120,000 SME clients as well as large scale businesses, public sector organisations and private clients.



As part of Azets, our Blick Rothenberg brand have provided premium accountancy, tax, audit, and advisory services to entrepreneurial business and high net worth individual clients for 75 years.

Our award-winning, London-based firm are particularly known for the strength of their International, Tax, and Private Client teams.

We attract some of the smartest talent in the industry who share our core values. In every interaction, you will experience someone who is collaborative, respectful, authentic and dynamic, to drive the right results for our clients.



We are also members of Allinial Global – an award winning international association providing access to expertise and insights of high quality dedicated regional firms in key economic centres all over the world. This ensures we can find the very best solutions for our clients both locally and internationally.

Important information

This publication is for general information only and is not intended to be advice to any specific person. You are recommended to seek professional advice before taking or refraining from taking action on the basis of the contents of this publication.

