

Enterprise Barometer 2021

Enterprise
NORTHERN IRELAND



The largest annual survey of Northern Ireland Enterprises

Almost

600

respondents

Covering largely micro, small and self-employed businesses – sole traders, company directors and partnerships.



2,500

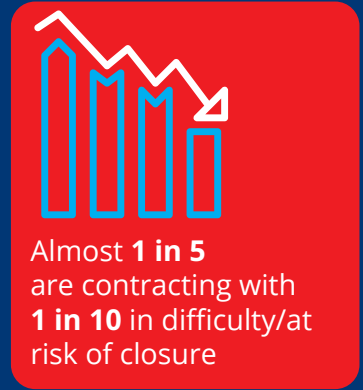
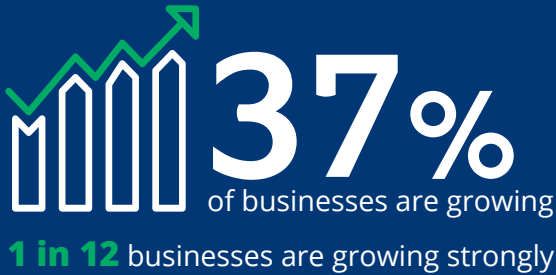
respondents
over 24-months



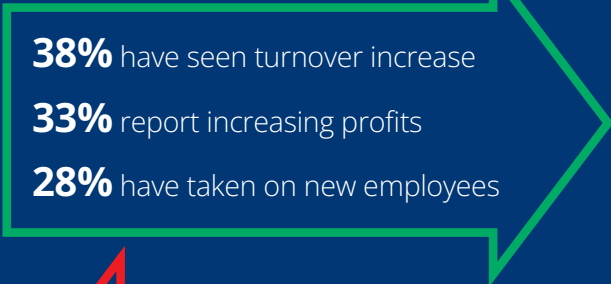
Respondents location	
Council Area	(%)
Antrim & Newtownabbey	8%
Ards & North Down	9%
Armagh City, Banbridge & Craigavon	10%
Belfast City	10%
Causeway Coast & Glens	18%
Derry City & Strabane	7%
Fermanagh & Omagh	5%
Lisburn City & Castlereagh	11%
Mid & East Antrim	13%
Mid Ulster	5%
Newry, Mourne & Down	4%

A significant representation of new start-ups and early-stage business.

Current Business Conditions



Over the last year:

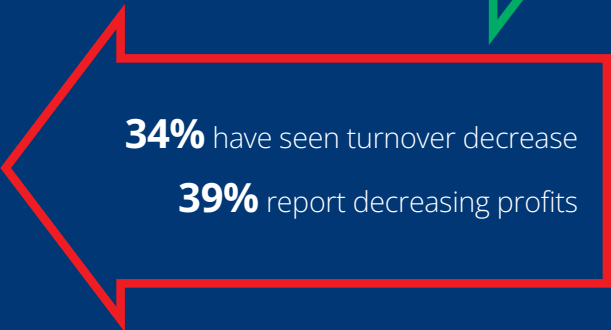


Profitability is being challenged:

83% state raw material costs have risen

85% highlight costs of moving goods to/from NI have risen

71% state that other operating costs have risen



Current Business Finance Conditions



Cashflow:

17% of businesses report a strong cash flow position.

53% report a stable cash flow position.

3 in 10

report cashflow is challenging.

3% report a critical cash flow position.

Loans & Debt

1 in 3 businesses took on a COVID-19 loan.

20% of businesses that took on a COVID-19 loan had no other loan/debt in the business.

60% of respondents operate with some level of debt funding.

Most businesses finding debt manageable.

1 in 10 businesses have concerns around their ability to pay back business debt.



Seeking Additional Finance

35% are expecting to require additional financing over the next 12- months.

Main reasons cited for seeking new finance are:

- Working Capital (61%)
- Capital Purchases (51%)
- **1 in 3** seeking finance for investment
- **1 in 10** seeking finance to restructure existing debt.

Only 24% are confident they will be able to access required finance.

Planning for Performance in the Year Ahead



Growth

56% expect business to grow over the next year.

29% see business remaining stable.

10% predict business performance to contract.

8% are concerned they will be in difficulty or at risk of closure.

Businesses are most likely to be putting plans in place to access new markets and invest in marketing and communications.

28% are expecting to take on new staff.

Around **1 in 5** are planning to increase business process digitalisation and a similar % plan to invest in emerging technologies.

Challenging Concerns

Biggest challenges where businesses are concerned or very concerned:

- Inflation **91%**
- Increased energy costs **88%**
- Increased taxation **87%**
- Political Uncertainty **77%**
- Having to increase prices **74%**

Increasing challenges where businesses are concerned or very concerned:

- Cyber Security & Privacy **67%**
- Accessing supplies **66%**
- Talent shortage/vacancies **69%**

Expanding to new markets

Businesses are hoping to expand into:

80% Locally & NI

51% Republic of Ireland

49% Great Britain

20% Rest of EU

20% Other International Markets



People & Business Skills



Vacancies & Labour Market

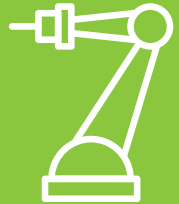
23% currently have job vacancies.

34% of those with vacancies **can't** fill them.

26% state that the end of freedom of movement of EU workers has had a **negative impact** on attracting workers to the business.

Operational Challenges

For those facing challenges accessing workers &/or skills, **39%** are feeling pressure to increase wages.



For **1 in 4** this is reducing the capacity to do business and negatively impacting the financial performance of business.

Skills Development

16% state that they are **severely** in need of skills development around green/sustainable practices.

43% can't get the skills development support they need for their team/themselves.

TOP 4 Skills Development Gaps

selling/exporting

marketing/comms

market/customer research

cyber security

EU Transition & COVID-19 Impact

Sales for the majority of businesses not impacted by EU exit.

-42%

Highest **negative impact** is sales to EU (excluding RoI)

+13%

Highest **positive impact** is on sales to RoI

-74%

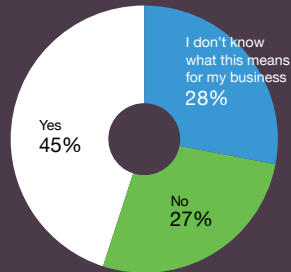
Purchases from GB have experienced most negative impact



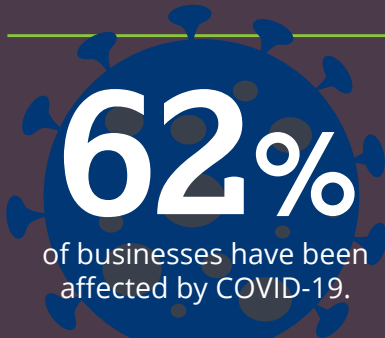
Purchases from EU (excl. Ireland) have also been negatively impacted – **62%**

Around **1 in 2** businesses have experienced **no impact** on purchases from RoI.

Is NI's dual market access an opportunity for your business?



3 in 4 businesses are **negatively** impacted by costs & admin related to movement of goods & services.



Recovery timelines are more positive than last year:

44% expect recovery in 2022.

35% expect recovery in 2023.

18% expect recovery not until 2024.

3% fear they will not recover.

Support for Entrepreneurship & Innovation

Most important factors for businesses are that:

- support is easy to find and access (**71%**).
- it is easy to understand in terms of applicability to the business (**66%**).
- around **3 in 5** businesses would like access to a local trusted advisor/contact who can provide immediate guidance & signposting.

3 in 4 businesses have sought external support in the last year.

Businesses prefer to access their support **locally.**

Businesses highlight that the most important areas for business support include:

- digital marketing & social media trends – how to maximise engagement
- sales/business development and export – how to access and grow new markets
- funding – where and how to access it

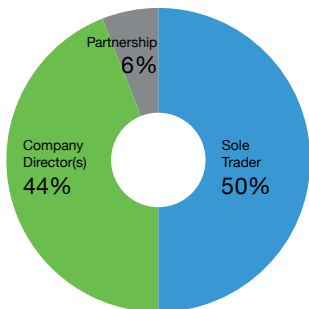
Operations management and people hiring/managing also important areas for support.

Businesses voice concerns around lack of access to & awareness of wider support provision such as:

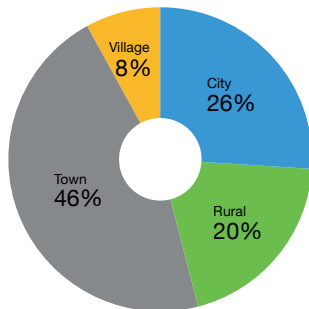
- Access to finance
- Colleges
- Universities
- Export programmes

Some background to the businesses.

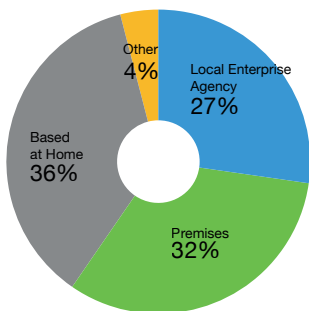
Business Structure



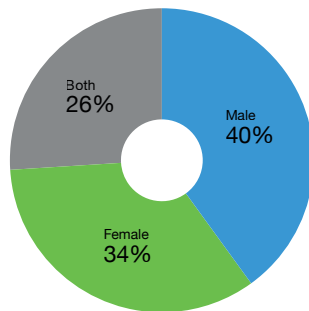
Business Location



Business Environment



Business Ownership



Turnover	(%)
Pre-Revenue	10%
Under £85k	48%
£85k - £200k	15%
£200k - £500k	11%
£500k - £1m	7%
£1m - £2m	4%
£2m - £5m	2%
Over £5m	3%

38% are family businesses

56% of businesses est. pre **2016**

15% of businesses est. since **2020**

Eniplus *for* START-UPS

LAUNCHING DEC 2021

Eniplus for start-ups provides:

Start-up specific advice, savings, resources, signposts, benefits & much more.

Eniplus is a powerful business platform providing services, resources, benefits, substantial cost savings and a voice for self-employed, micro and small businesses in Northern Ireland.



Eniplus start-up learning series

Hear local entrepreneurial journeys and their advice and tips for the start-ups in Northern Ireland.

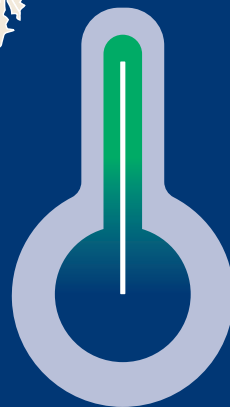
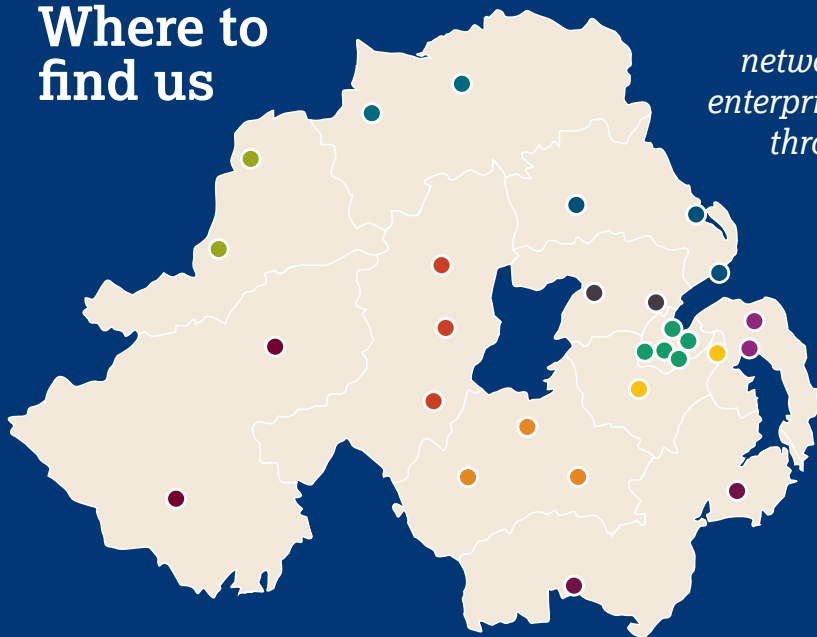


3 CALLS TO COLLABORATIVE ACTION...

- We must harness our collective knowledge and experience to coalesce in supporting our government policy writers in shaping an **impactful entrepreneurship and innovation strategy for NI. NI needs a progressive entrepreneurship and innovation strategy.**
- We should collectively recognise and **grasp the opportunity to act now** in shaping differently how we support start-ups and local micro and small growing businesses. The Enterprise NI network can provide a '**primary care network**' for entrepreneurs and businesses that will ensure they receive the **right support at the right time**, whilst serving to inform, cohere and optimise the effectiveness of all key players in the economic development ecosystem. **NI needs us to act now in partnership to grasp the opportunity to put a foundation block of a 10x future in place.**
- A task & time bound group, with design and decision making authority, should be established to deliver an actionable plan for the future delivery of start-up and local micro business support (DfE, Invest NI, SOLACE, Enterprise NI and other key partners). **NI needs a task & time bound team to design and implement a newly informed way of providing start-up and local micro business support.**

Where to find us

a strong network of local enterprise support throughout NI




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