

Enterprise Barometer 2022



Enterprise
NORTHERN IRELAND

Supported by:



The largest annual survey of Northern Ireland Enterprises

Just over

600

respondents

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

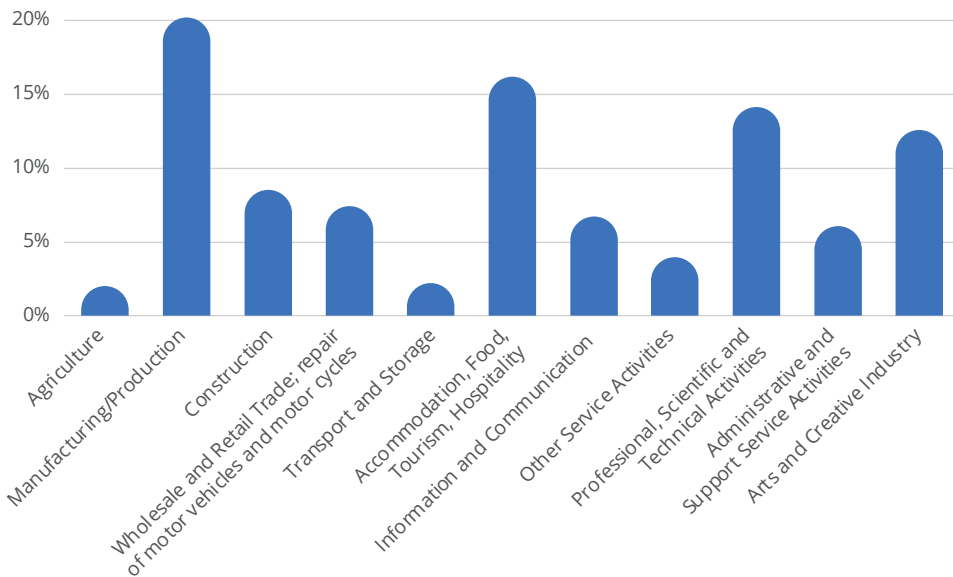


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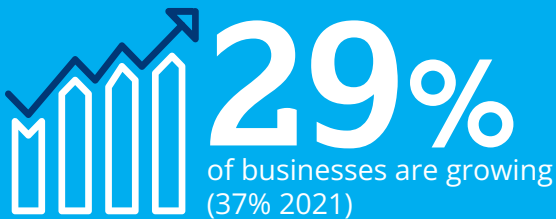
respondents over last 36-months

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

Sector Response



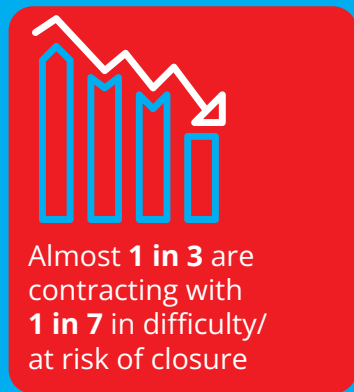
Current Business Conditions



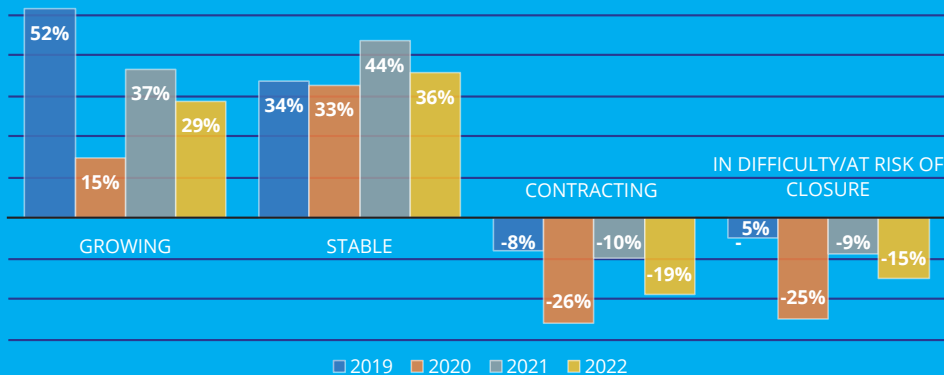
1 in 12 businesses are growing strongly
Over the last year:

- 34%** (38%) have seen turnover increase
- 23%** (28%) have taken on new employees
- 23%** (33%) report increasing profits
- 1 in 3** sole traders have seen earnings fall

2021 figures in brackets



GROWTH IS SLOWING
throughout the last
12 months



Cost of Doing Business

If Cost pressures continue, without necessary support

47% state business will not survive next year without help

1 in 5 are not concerned

Cash Flow



42%

cash flow position is weak (30% 2021)

1 in 10

report cash flow is critical (3% 2021)

Wage Inflation



- **55%** of businesses have increased wages during last 12 months
- **1 in 9** increased wages by more than 10%
- **31%** are very concerned about having to increase wages
- **21%** are very concerned about having to lay off staff

Cost Pressures



90%

state **cost of raw materials** have risen



95%

state **utilities/fuel costs** have risen, **45%** state rise by more than **30%**.

- **94%** state vehicle costs have increased.
- **59%** state the cost of borrowing/financing has increased.

Profitability



31%

have seen turnover **decrease** (34% 2021)

45% report decreasing profits (39% 2021) – **1 in 10** cash flow position is critical

Critical Requests

- **77%** Lower energy cap
- **46%** Business rates holiday
- **45%** Reduction in VAT

Current Business Finance Conditions



Cashflow:

9% of businesses report a strong cash flow position. (17% 2021)

49% report a stable cash flow position. (53% 2021)

42% report cashflow is weak. (30% 2021)

1 in 10 report cash flow is critical. (3% 2021)

Loans & Debt

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

1 in 4 have credit card debt.

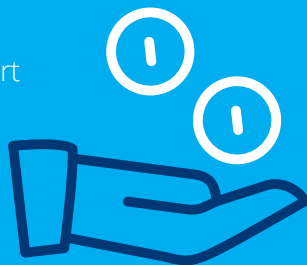
1 in 5 have an overdraft.

Only 4% use any external/equity financing.

69% have some level of debt funding.

Most businesses are finding debt manageable.

17% with debt are finding it unmanageable.



Seeking Additional Finance

1 in 2 are expecting to seek additional finance over the next 12 months. (35% 2021)

72% require a business loan

9% are looking equity investment.

Reasons for new finance:

- **82%** working capital
- **56%** capital purchase

Only 1 in 4 are confident they will be able to access required finance.

People & Business Skills



Vacancies & Labour Market

31% currently have job vacancies. (23% 2021)

69% of those with vacancies **can't** fill them. (34% 2021)

34% have been negatively affected by end of freedom of labour movement (where applicable)

Skills Development

17% state they are severely in need of skills development around green/sustainable practices

59% (with staff) lack skills in recruiting and managing people



TOP 5 Skills Development Gaps

- **Marketing/comms**
- **Sales, exporting and business development**
- **Market/customer research**
- **Green/sustainable practices**
- **Cyber security**



50% don't know where and how to access the right skills support

Planning for Performance in the Year Ahead



Growth



-Confidence waning

36% expect the business to grow in the year ahead (53% 2021)

28% see business remaining stable (29% 2021)

36% predict the business will contract (18% 2021) with **13%** in difficulty/at risk of closure (8% 2021)

Top 3 Concerns

- Increased energy costs
- Increased cost of goods
- Having to put up prices **83%** plan to put up prices in next 12 months

51%



of businesses plan to increase prices by more than 5% in the next 12 months.

"Staying open, if we increase our prices any further our product doesn't become viable for customers to purchase."

"Uncertainty is the killer - Without sustained growth or supports you live day to day. Not sustainable"

"Rising cost of goods, we can't keep putting prices up as people will stop buying or go elsewhere - we will lose staff because not enough income to support them."

Expanding to new markets

Businesses are hoping to expand outside NI:

42% Republic of Ireland

36% Great Britain

18% Rest of EU

15% Other International Markets



Support for Entrepreneurship & Innovation

Most important factors when looking for support:



- Easy to understand how to apply impactfully in your business immediately.
- A single point of access that is easy to find.
- One to one local trusted support to provide guidance/ advice focused solely on your business.

The top 3 learning and development support asks:

- Sales/Business Development /Exporting - how to grow & access new markets
- Financing – How to manage and where and how to access funding
- Digitalising operations, marketing, communications & processes

Support Matters

- **83%** have sought external support over the last year

Top 4 sources of support

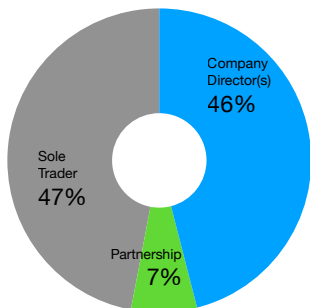
- Local Enterprise Agency
- Accountant/Solicitor
- Trusted Mentor/ Family Member/ Friend
- Local Council

Sources of Support – Last 12 months

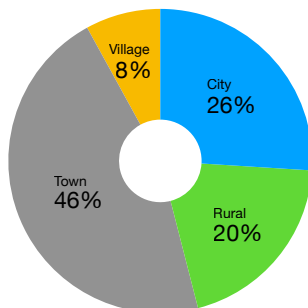


Some background to the businesses.

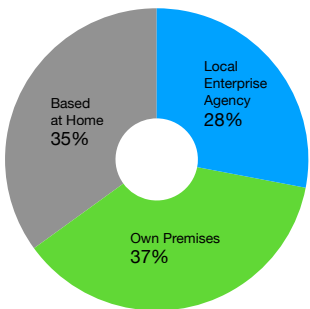
Business Structure



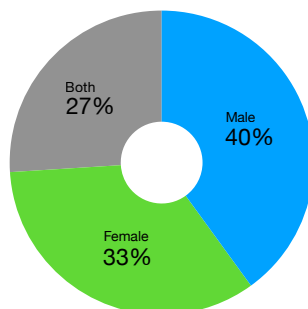
Business Location



Business Environment



Business Ownership



Turnover	(%)
Pre-Revenue Set-up	7%
Under £85k	44%
£85k - £200k	18%
£200k - £500k	13%
£500k - £1m	6%
£1m - £2m	7%
£2m - £5m	2%
Over £5m	2%

38% are family businesses
(2019-2022) Business Barometer

53% of businesses est. pre **2016**

19% of businesses est. since **2020**

In Their Opinion

EU Transition:

- **1 in 4** businesses have seen both positive and negative effects of the NI Protocol.
- On the negative side, **85%** have experienced challenges moving goods from GB to NI – many businesses have mitigated these challenges.
- **53%** see advantages for their business from dual access through the Protocol.
- **25%** don't know what dual access means for their business

"It has increased bureaucratic processes and made doing business more difficult"

"Please don't change the rules, it's taken 2 years to learn them and a lot of investment."

"The majority of customers have adapted how they work and have worked closely with their customers to make things as smooth as possible."

"I think it is a fantastic opportunity to have access to both markets, as the only English speaking region with access to both the UK and the EU market."

"The Protocol clearly needs a few tweaks, but has many positive aspects."

The Protocol is not at the forefront of business owners' minds - their biggest concerns are:



Increased energy costs



Increased cost of goods



Having to put up prices



Survival if supports aren't in place



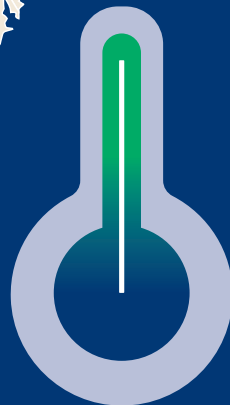
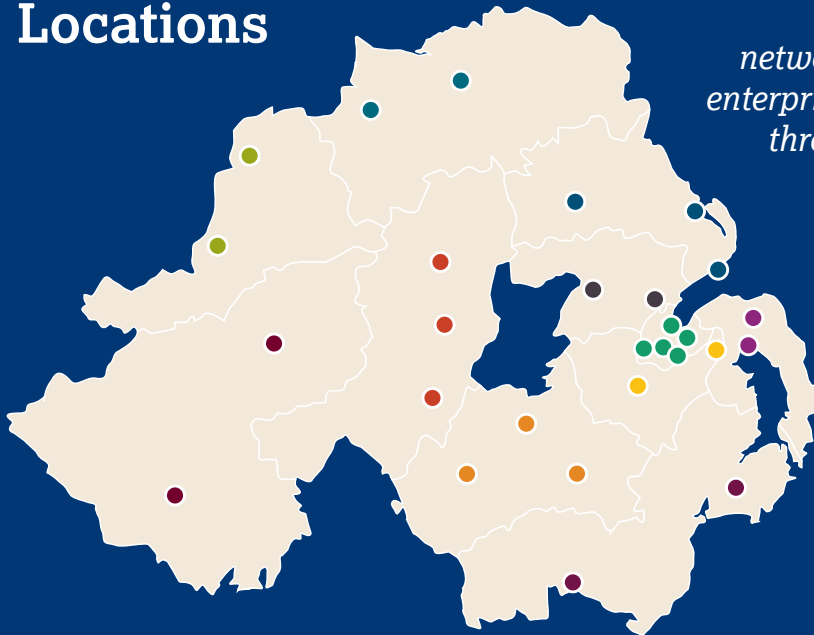
In Their Opinion

Not having a functioning Executive

- Businesses overwhelmingly want the Executive to be up and running with long-term political and governance certainty.
 - *"We need a system that supports services to improve lives and a strategic plan for the economy."*
 - *"We need leadership like we had when the Executive was functioning through Covid. This current crisis is worse..."*
 - *"Targeted decision making around: NI protocol, EU access, energy policy, on business rates, skills policy and new support initiatives for local businesses."*
 - *"The ability and responsibility to manage our country in a time of crisis has been neglected due to party politics"*
 - *"Lack of decision making is hampering investment and slowing the pace of innovation..."*

Locations

*a strong
network of local
enterprise support
throughout NI*




Enterprise
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