

# Enterprise Barometer 2023

Enterprise  
NORTHERN IRELAND



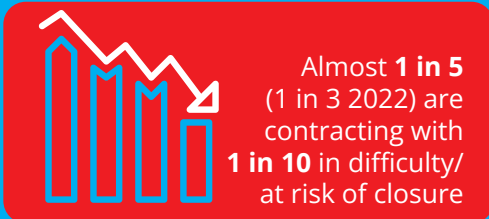
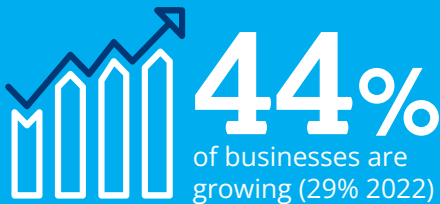
Working with

**British  
Business  
Bank**

# Current Business Conditions

More businesses are growing in 2023

Business growth remains below pre-COVID levels



**1 in 13** businesses are growing significantly

Over the last year:

**43%** (34%) have seen turnover increase

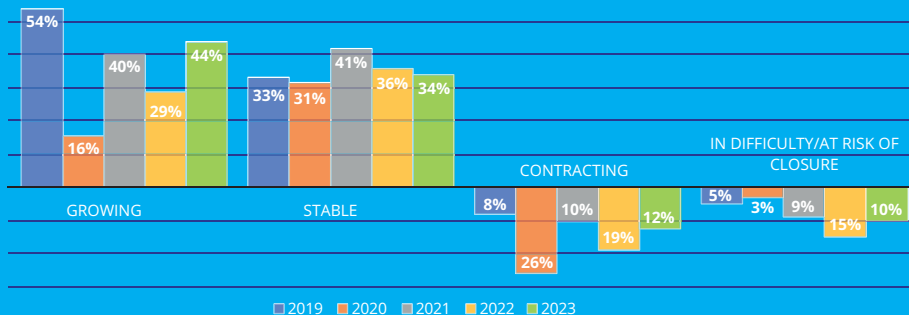
**33%** (22%) have seen profits increase

**23%** (33%) have taken on employees



**3 IN 5 HAVE SEEN WAGES INCREASE OVER THE LAST YEAR**

## 5 YEAR BUSINESS PERFORMANCE



# Cost of Doing Business

## Cost Pressures



**93%**

state **utilities costs** have increased.

- **26%** state rise by over **30%**.



**89%**

state **cost of raw materials** have risen.



**93%**

state **fuel costs** have increased.



**60%**

state **cost of borrowing** has increased.

## Wage Inflation



- **63%** of businesses have **increased wages** during last 12 months (56% 2022)
- **29%** have seen **no change** in average wages (26% 2022)
- **9%** have seen average **wages reduce** (19% 2022)
- **14%** have seen average **wages increase** by 14% (11% 2022)
- **65% concerned** about increased wages

**88%**

concerned about increased costs of **goods and services**

**86%**

concerned about increased **energy costs**

**52%**

state cost pressures affect business sustainability

**1 in 5**

are not concerned

## Business Performance



**30%**

state **cashflow position** is **weak/critical** (45% 2022)

**27%**



have seen **profits fall** (45% 2022)

# Current Business Finance Conditions



## Seeking Additional Finance

**38%** are likely to require additional finance in the next year.

**49%** most likely looking for a loan.

**9%** will be seeking equity finance

Reasons for new finance:

- **89%** working capital
- **50%** capital purchase
- **8%** to refinance/manage existing debt
- **4%** to decarbonise transition to net zero

**51%** are confident they will be able to access additional finance for their business.

## Managing Debt



- Just over **2 in 5** businesses (44%) have no external finance
- Of those with external finance:
  - **28%** have some form of COVID loan
  - **10%** have some other form of loan finance product
  - **19%** use a credit card
  - **14%** an overdraft
- Most businesses are finding **debt manageable**
- **12%** with debt are finding it unmanageable
- **56%** are concerned about the cost of debt
- **26%** want help to manage finances



**26%** report cashflow is weak. (42% 2022)

**1 in 20** report cash flow is critical. (3% 2022)

## Cashflow:

**16%** of businesses report a strong cash flow position. (9% 2022)

**54%** report a stable cash flow position. (49% 2022)

# People & Business Skills



## Vacancies & Labour Market

**27%** currently have vacancies. (31% 2022)

**76%** of those with vacancies **can't** fill them. (69% 2021)  
*A growing problem!*

**20%** want skills development in recruiting and managing people.

## Skills Development

### TOP 5 Skills Development Gaps

- Marketing/comms
- Sales, exporting and business development
- Managing Finances
- Embracing New Technologies
- Understanding & Embracing Artificial Intelligence



**16%** want skills development in cybersecurity.

**14%** want skills development in green/sustainable practices.

**53%** don't know where/how to access skills support (rising from 50% 2022)

## PRODUCTIVITY

- **30%** rate their overall business productivity as Excellent/Very good
- **27%** rate their overall business productivity as Poor/Satisfactory

### Businesses rate themselves highest on:

- The quality of their business offering (**77%** excellent/very good)
- Staff skills (**50%**)
- Staff productivity (**44%**)

### Businesses rate themselves lowest on:

- Operating Efficiency (**40%** Poor/Satisfactory)
- Technology adoption (**28%**)
- Physical business space (**24%**)

# Business Performance & Planning for the Year Ahead



## Growth prospects have strengthened!

**54%** expect the business to grow in the year ahead (38% 2022)

**30%** expect the business to be stable (26% 2022)

**11%** expect the business to contract (22% 2022) with **5%** expect the business to trade with difficulty/possible close (14% 2022)

## Top 3 Concerns

- Increased cost of goods and services
- Increased energy costs
- Having to raise prices

## Increasing Prices

**79%** plan to increase prices in the next 12 months

**41%** plan to increase prices by **more than 5%** in the next 12 months (51% 2022)



## Expanding to new markets

Businesses are hoping to expand outside NI:

**45%** Republic of Ireland

**39%** Great Britain

**18%** Rest of EU

**17%** Other International Markets



**10%** have no plans to grow the business!

# Business Support

The right business support at the right time matters!



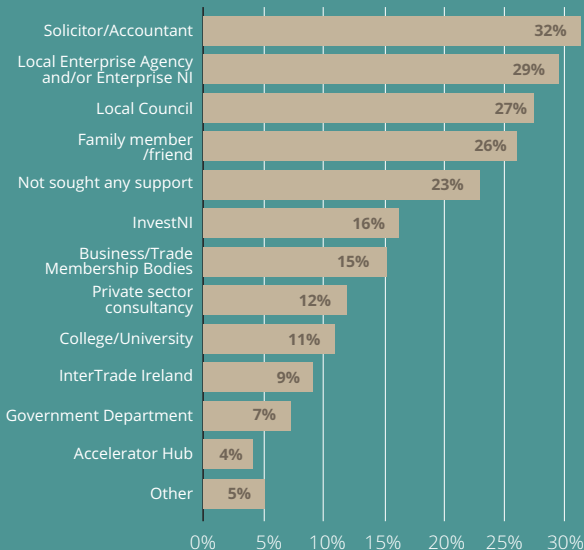
**77%** have sought external support over the last year.

**1 in 4** businesses (23%) have not sought any support.

## Top 3 learning and development support asks:

- **Sales/Business Development / Exporting** - how to grow & access new markets.
- **Digital marketing & social media trends** - how to maximise exposure & usage.
- **Financing** – How to manage and where and how to access funding.

## Sources of Support – Last 12 months



## Top four sources of advice

- Solicitor/Accountant
- Local Enterprise Agency
- Local Council Programme
- Family Member/Friend



## In their Opinion

### Accessing Funding:

- 'Funding is difficult to find.'
- 'Am afraid of getting into debt.'
- 'Banks are hard to get in front of to explain and understand your business.'
- 'Application process complex and time consuming for a small business.'

### Getting Paid by Customers:

- 'Difficult to get paid amount quoted for the job.'
- 'Customers taking longer to pay – especially big business and Government!'



### Timely Support:

- 'It's difficult to know where to go to get support.'
- 'Sometimes support is too prescriptive'

### Dual Market Access:

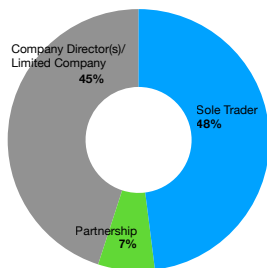
- **49%** see NI's dual market access to GB and EU markets as a business opportunity.
- **24%** do not see NI's dual market access to GB and EU markets as a business opportunity.
- **27%** do not know what dual market access means for their business.



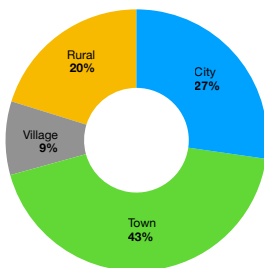


# Some background to the businesses.

## Business Structure

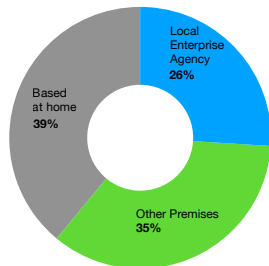


## Business Location

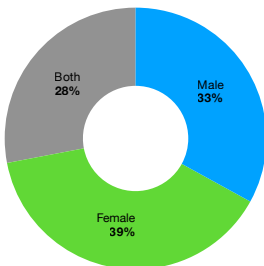


Turnover	(%)
Pre-Revenue Set-up	9%
Under £85k	43%
£85k - £200k	16%
£200k - £500k	14%
£500k - £1m	7%
£1m - £2m	4%
£2m - £5m	4%
More than £5m	2%

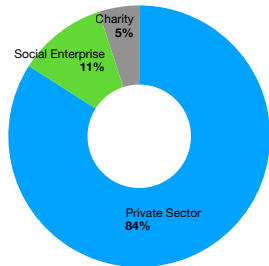
## Business Environment



## Business Ownership



## Business Type



- **46%** are registered for VAT.
- **59%** have employees.
- **56%** are family-owned businesses.
- **36%** are more than 10 years old.
- **21%** are less than 2 years old.

# Survey Overview ~

*The largest annual survey of Northern Ireland enterprises*

Close to

**850**  
responses

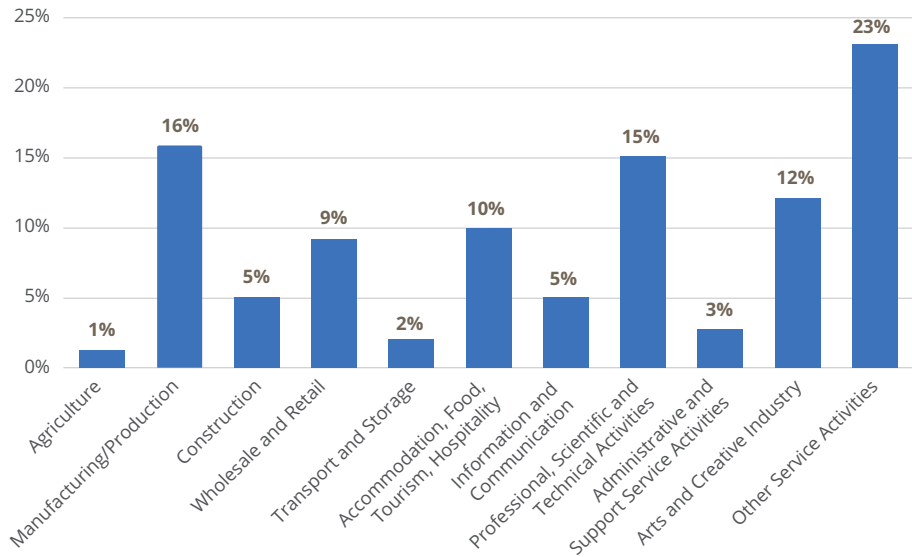
covering largely micro, small and self-employed businesses – sole traders, company directors and partnerships.



A significant representation from early-stage business.

A longitudinal survey now spanning over 5 years.

## Sector Response



# Enterprise Barometer 2023



The Enterprise Barometer, now in its fifth year, provides the clearest assessment of how our small, micro, and self-employed businesses are doing and what, in detail, is required to ensure they get the right support at the right time.

We feel it is important to highlight these four areas that require immediate focussed attention...

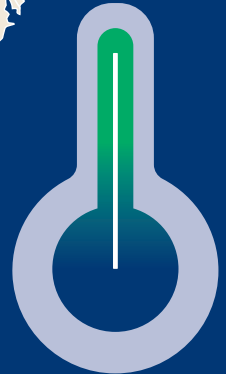
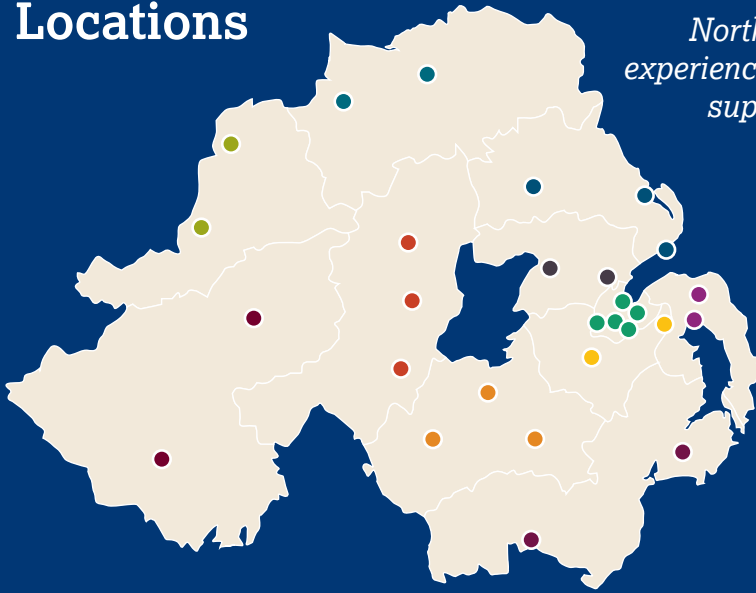
- There is a steadily increasing confidence in opportunities for sales growth, but growing concerns around future profitability and how to navigate the resultant uncertainty.
- As NI's employment rates are at record levels there are growing concerns around filling vacancies and getting the necessary skills mix to enable business growth.
- The onset of inertia and strategic frustration due to increasing productivity skills/development gaps are threatening the competitiveness of many businesses.
- There is a clear need for more awareness (and education) of and then access to the right sensitive finance at the right time, to underpin business growth.

*Maureen O'Reilly*  
**Independent Lead Economist**

*Michael McQuillan*  
**Enterprise Northern Ireland**

# Locations

*Northern Ireland's  
experienced enterprise  
support network*



**Enterprise**  
NORTHERN IRELAND



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