


# Kept awake at night: The issues on the minds of small business leaders

2015-2024

Insights from the  
Business Barometer Study

March 2024

Tomorrow. Together

A woman with long dark hair, wearing glasses and a white short-sleeved shirt, is sitting at a desk. She has her hands pressed against her temples, looking down with a stressed expression. In front of her is a silver laptop. To her right is a black and brown coffee cup. The background is a blurred office setting.

# Introduction

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## Welcome to the new quarterly Business Barometer insight bulletin from Novuna Business Finance.

This report is the fifth in a series of bulletins, each one looking at a particular issue or topic from our research archive.

The latest in our series of insight bulletins deals with the worries that are keeping small business leaders awake in the middle of the night. This is an issue we have tracked every year, in the same quarter, since 2015. Each time we have researched the viewpoints of a representative sample of more than 1,000 small business leaders spanning 13 industry sectors, and 12 UK regions.

Here, we have been able to build up a picture of the overall worry levels of small businesses during what has been one of the most tumultuous periods in British business history. One that has included a global pandemic, the EU referendum, a cost of living crisis, four General elections and what has seemed like countless Chancellors of the Exchequer.

Specifically, it highlights the issues that are the most disruptive – those intense enough to keep business leaders awake in the middle of the night. We want to understand which are the major stressors that stand out from the general noise of day-to-day operations, and those that consume the most energy and emotional resources.

Similar to previous reports, our ongoing tracking has developed a detailed and evolving picture that offers powerful insights into the lives of average small business owners. We are pleased to present our latest findings in this report.

We hope you enjoy this bulletin and if you have any discussion points or requests for further information, we would love to hear from you.

Geoff Maleham  
Managing Director  
Novuna Business Finance





# About Novuna Business Finance

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Novuna Business Finance provides business finance to SMEs and bigger corporations across the UK. This includes asset finance, stocking, block discounting and sustainable project finance provided through brokers, vendor organisations, manufacturers and direct to the business community.

With an asset portfolio of more than £1.7bn, the business is active across multiple sectors from transport and agriculture to construction and manufacturing and was awarded Best Leasing and Asset Finance Provider at the 2023 Business Moneyfacts Awards.

The business' Sustainable Project Finance team is also supporting the development and construction of sustainable energy and transport projects, which are critical to the decarbonisation of the UK's infrastructure.

Novuna Business Finance is a trading style of Mitsubishi HC Capital UK PLC, part of Mitsubishi HC Capital Inc., one of the world's largest and most diversified financial groups, with over £60bn of assets.

## Methodology

The research for this report was conducted by YouGov every Q1 since 2015 (with the exception of Q1'2017)

For each quarterly cycle of research, a nationally representative sample of more than 1,000 small business decision makers and owners of UK small businesses were surveyed.

The research was conducted online.

# Overview

Since 2015, Novuna Business Finance has monitored the proportion of small business owners whose sleep has been disturbed by a range of concerns. These worries span from everyday operational challenges such as managing cash flow, navigating compliance and bureaucratic hurdles, and addressing recruitment issues, to some of the more specific events that took place during this period such as the impact of the Covid pandemic or Brexit on their businesses.

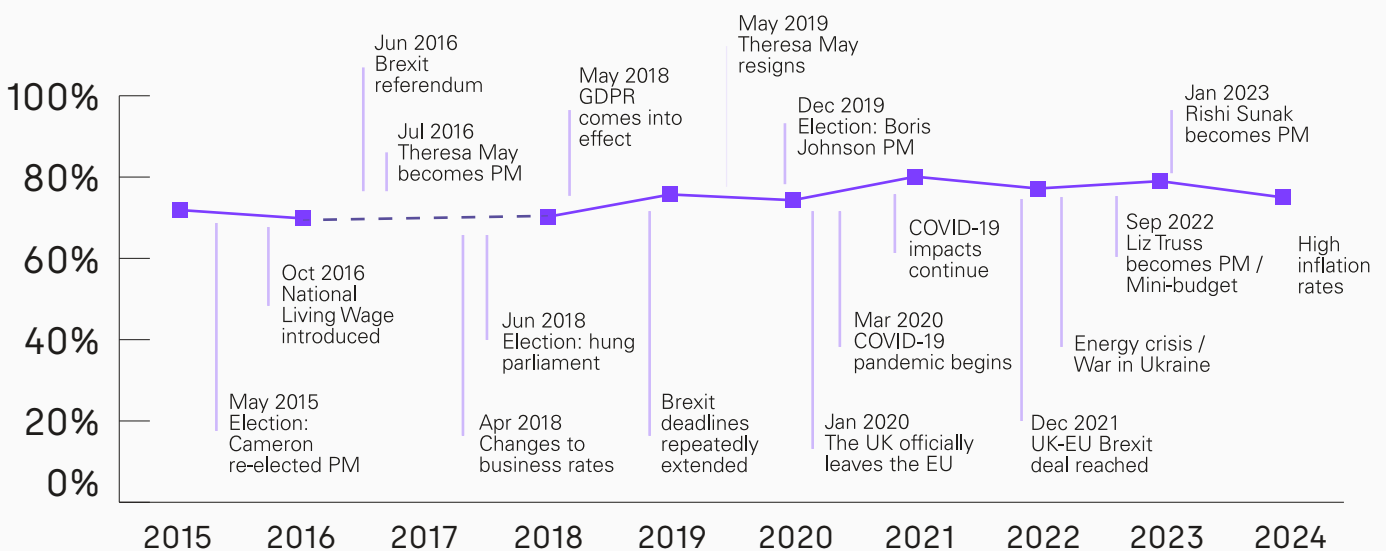
During this period, against one of the most dramatic and unsettled economic landscapes in living memory, the percentage of small-business owners pointing to concerns has ranged from around 70% nine years ago to a peak of 80% in 2021.

This broad overview suggests two things: Firstly, the high proportion of owners experiencing sleepless nights, coupled with the relative consistency of this figure over time, indicates that running a small business is not exactly conducive to getting a good night's sleep,

regardless of the circumstances. Secondly, although the proportion has slightly decreased in the last year, the overall upward trend suggests that business owners are more stressed now than they were a decade ago.

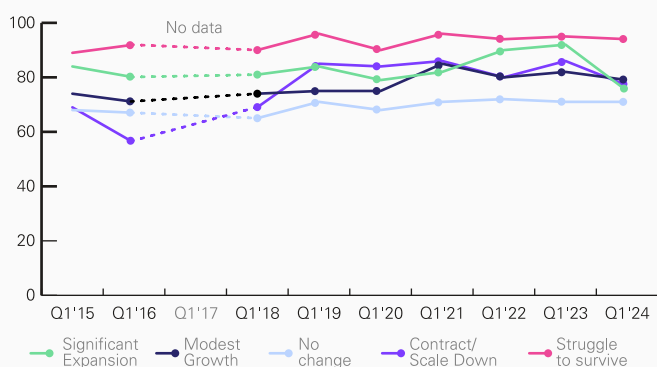
Again, just looking at this broad overview, the cross breaks deliver some interesting insight. Looking at businesses growth outlook, there is a marked difference between businesses who anticipate no change in the coming three months in comparison with both those who are experiencing rapid growth or rapid decline. Despite the various perceived challenges, Welsh small businesses remain undeterred, with two thirds of businesses in 2023 (65%) actively pursuing strategies to achieve future growth. While growth has been muted in recent years, the commitment to growth has been consistent over a decade and is a testament to the fighting spirit of Welsh enterprises - and their tenacity to adapt, innovate and respond to challenges with new strategies to secure future growth.

## Proportion of businesses owners kept awake at night



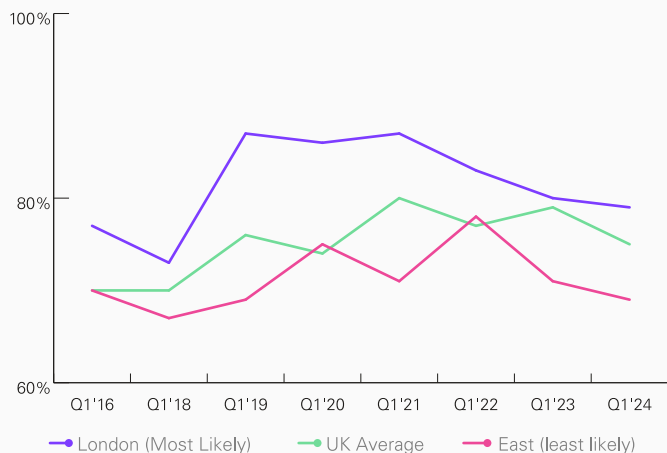
The graph below shows how during this time, perhaps understandably, businesses who said that they were struggling to survive in the next three months were by far the most likely to be awake in the middle of the night worrying (93% over the 9 year average). The next most likely were small business owners whose businesses were significantly expanding (83% average). By contrast, it was business owners who anticipated the least amount of change who were the least stressed (69% average).

**Graph 2: Proportion of businesses kept awake at night, by outlook**



Meanwhile, by region, it was businesses in London that were consistently the most stressed during this time. Going by the average for the last nine years, 82% of small business owners in London admitted to sleepless nights, in comparison to those in the east of England (71%).

**Graph 3: Proportion of businesses kept awake at night, by region**



## Specific concerns over time

Turning now to the specific concerns that were on the minds of different small business leaders during this time, we look to try and understand five of the most commonly cited issues, examining their evolution over time and across diverse sectors and regions. Additionally, we will look to understand the impact on different types of businesses, and the disparities that underscore the unique challenges they faced.



## Different concerns experienced by small business leaders over time

	Q1'15	Q1'16	Q1'18	Q1'19	Q1'20	Q1'21	Q1'22	Q1'23	Q1'24	Range	Mean average (2015-2024)
General economic volatility	18%	17%	20%	28%	24%	31%	27%	40%	35%	23%	27%
Retaining business	24%	23%	25%	23%	24%	25%	20%	21%	22%	5%	23%
Managing cash flow	22%	21%	20%	21%	22%	20%	18%	19%	21%	4%	20%
The longer term economic impact of Covid on my business	N/A	N/A	N/A	N/A	N/A	39%	24%	11%	6%	33%	20%
The impact of Brexit on my business	N/A	N/A	N/A	N/A	26%	21%	20%	18%	12%	14%	19%
Red tape (i.e. excessive bureaucracy and regulation)	20%	20%	20%	19%	19%	19%	21%	16%	15%	6%	19%
Compliance and Regulations	19%	17%	20%	16%	18%	16%	17%	15%	17%	5%	17%
Tax and interest rates	14%	14%	14%	16%	16%	15%	20%	22%	21%	8%	17%
The current public health impact of Covid on my business (i.e. restrictions & social distancing rules & government advise for people to work from home)	N/A	N/A	N/A	N/A	N/A	35%	22%	6%	4%	31%	17%
Employee skill gaps and shortages	11%	11%	11%	13%	11%	8%	12%	11%	11%	5%	11%
Recruitment	7%	7%	9%	10%	8%	6%	13%	10%	9%	6%	9%
The effects of unpredictable/ extreme weather	7%	11%	9%	9%	10%	7%	6%	9%	9%	5%	9%
Bad debts	9%	8%	8%	9%	9%	9%	8%	7%	8%	2%	8%
Business rates	8%	7%	8%	7%	8%	8%	8%	9%	10%	3%	8%
Borrowing and lending	6%	4%	5%	4%	6%	6%	5%	5%	5%	2%	5%
Considering better finance options	2%	2%	3%	2%	4%	3%	3%	2%	3%	2%	3%
Other	9%	6%	7%	13%	3%	3%	4%	5%	4%	11%	6%
Don't know	2%	1%	1%	2%	1%	1%	2%	2%	1%	1%	1%
Not applicable – Nothing about my business is currently keeping me awake at night	28%	30%	30%	24%	26%	20%	23%	21%	25%	10%	25%

## General economic volatility

Overall, the most commonly cited concern in our timeseries during this time has been general economic volatility (average of 27% have pointed to this over the last nine years). However, this has gone from being a relatively minor concern, with just 18% saying they worried about this in 2015, doubling to 40% last year amid the turmoil of the then Government's mini budget. Interestingly, there was also a rise in those concerns over interest rates mirroring this trend, rising from 16% in 2015 to 21% now.

**Graph 4: Overall proportion citing 'General economic volatility' as a reason for their sleepless nights**



A clear upward trend could be seen in the number of businesses expressing concerns about this across a number of sectors. It was particularly noticeable in the construction sector, where the proportion grew from 15% in 2015 to 50% in 2022. In the manufacturing sector too, it went from 22% to 43% during the same timeframe.

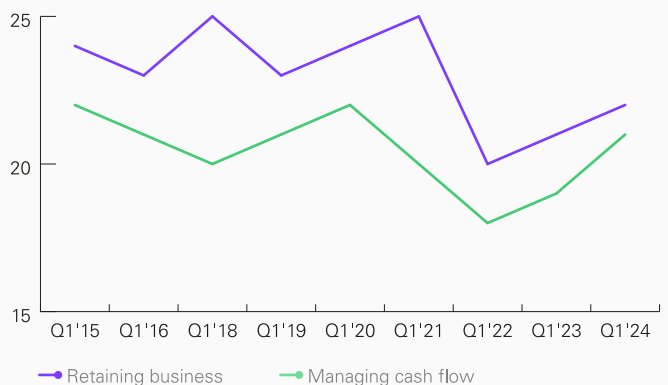
Businesses that said they were struggling to survive were most likely to cite general market volatility as the reason for their sleepless nights in 2024 (59%). Moreover, smaller businesses showed slightly less concern about this than larger ones on this issue: 32% of businesses with fewer than 10 employees, compared with 39% of businesses with 10 or more employees.

## Retaining business and managing cash flow

Retaining business has been the second most cited concern (with an average of 23% pointing to this over the last nine years). This has also been one of the most consistent issues throughout this period, with the proportion citing it hovering narrowly between 20% and 25%.

Similarly consistent was the proportion worrying about how to best manage their cash flow – the next most commonly cited issue. Again, the proportion here has remained within a tight range of 18% and 22% throughout our data series.

**Graph 5: Persistent concerns: Proportion kept up by worries about retaining business and managing their cash flow**



Looking more closely, there was a significant rise in the proportion of businesses citing these issues when it came to business outlook. Among the businesses that were struggling to survive in the next three months, this proportion doubled to around 40% each quarter worrying about cash flow, and 36% worrying about retaining business.

## Brexit and Red Tape

Beyond the day-to-day challenges of running a business, Brexit emerged as one of the major standalone worries for small business owners in the last decade. With data collected from Q1 2020 onwards, shortly after Boris Johnson's government was elected with the promise to 'Get Brexit Done,' concerns have gradually and steadily eased from 26% (Q1'20) to 12% now (Q1'24).

This trend spans the majority of sectors with some notable exceptions. In manufacturing, the proportion of businesses worrying about Brexit peaked at 37%—and, at times, was nearly three times higher than the national average. Similarly, in the agriculture sector, the range of businesses concerned about this issue has also been well above average, peaking at 32%.

Linked to this, red tape has also been a major concern for some businesses. Again, while the national average of businesses affected by excessive bureaucracy and regulation has remained relatively consistent over our nine-year dataset (between 15% and 21%), there were considerable fluctuations in the agriculture (from 22%-52%), construction (10-25%) and manufacturing sectors (14-28%).

One area where Brexit has remained more of a concern, particularly in comparison to other parts of the UK, is Scotland, perhaps a reflection of the strong remain vote here in 2016 (62% remain vs. 38% leave). Here, the proportion

citing this as the reason for sleep deprivation has always been higher than the rest of the UK, peaking at 35% in 2020 (vs 26% UK average).

## Impact of COVID

The 'other' major standalone event during this timeframe for small business owners was, of course, the COVID pandemic. However, unlike Brexit, as our data shows it was both shorter and sharper in the minds of small business owners. The proportion who admitted they were kept awake by the immediate impact of Covid on their business at its peak reached 35% (vs Brexit's peak of 26%). This proportion stayed high for two years, then dropped to 11% by Q1'23. Meanwhile, concerns related to Brexit stayed higher for far longer.

The study also examined how worried business owners were about the long-term economic effects of COVID on their operations. This proportion also peaked in 2021 at 39%, and gradually descended reaching just 6% this year.

Again, the strength of concern varied by sector. Leaders in the agriculture sector were easily the least worried about the impact of COVID, with only 20% reporting sleepless nights due to this issue in 2021, a figure that rapidly decreased afterwards, perhaps indicative of the sector's support schemes, outdoor work, and essential role in the UK's food supply, which may have eased economic worries.

### Proportion kept up with concerns about the impact of Brexit on their businesses: Scotland vs UK Average

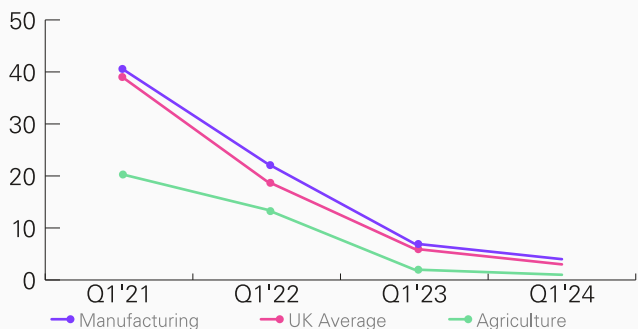
	Q1'20	Q1'21	Q1'22	Q1'23	Q1'24
Scotland	35%	25%	26%	20%	19%
UK Average	26%	21%	20%	18%	12%

<sup>1</sup> <https://www.electoralcommission.org.uk/research-reports-and-data/our-reports-and-data-past-elections-and-referendums/results-and-turnout-eu-referendum/eu-referendum-results-region-scotland>



Conversely, concern was higher in the manufacturing sector, reaching a peak worry level of 41%, perhaps attributed to the significant supply chain disruptions, dependence on physical presence, labour shortages, and shifts in consumer demand during this period.

**Graph 6: Proportion worried about the long-term impact of COVID on their business**



By region, businesses in both Scotland and Wales were more likely to have been stressed about the impact of Covid on their business in the 2021 peak than their counterparts in England. Almost half of Welsh bosses (49%) and a 35% of leaders in Scotland admitted to having sleepless nights during this time, in comparison to 32% in England during the same quarter.



# Assessment

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## A reflection on the research

By Jo Morris, Head of Insight, Novuna Business Finance

“The correlation between business outlook and sleep patterns suggests an important reality: growth and survival, though generally seen as the objectives of every business, bring their own challenges and concerns. The varying worries about economic volatility, managing cash flow, and dealing with regulatory requirements highlight the everyday challenges that impact businesses, each significant in its own way.

However, the last decade has been defined by additional factors that small business leaders have had to cope with, manage, adapt to, and eventually thrive within. External factors such as Brexit and the COVID-19 pandemic emerged almost without warning, significantly impacting the operations of small businesses. In light of this, it might seem surprising that businesses have remained optimistic about their growth outlook, yet this is exactly what happened.

The trend we can see is that those running a small business today are more stressed than 10 years ago. While this may be disheartening, it's hardly surprising. In normal conditions, generating profit margins comes with its challenges. Yet, dealing with unforeseen difficulties, as seen recently, represents an additional layer of complexity for business leaders.

Our findings serve as a crucial reminder of the resilience and adaptability required from small businesses to navigate these tumultuous times. However, it also acts as a clarion call for leaders to engage with organisations like Novuna Business Finance, who can help finance the next step in their journey. Such collaboration can help businesses navigate the long term, positioning them to thrive amid challenges.”