**SME owners facing retirement struggle**

More than a third (39%) of SME owners aged over 65 still do not know when they will retire, according to the Quarterly Survey of Small Business in Britain(\*), produced by The Open University (www.open.ac.uk/quarterly-survey) with support from ACCA (The Association of Chartered Certified Accountants) and Barclays business banking.

Half the UK’s SME owners report that they have changed their retirement and succession plans as a result of the economic downturn. 42% of owners are expecting to carry on running their businesses for longer, delaying their retirement, while 7% expect to close or sell their business sooner. More than half (59%) of those which expect to close early report that their turnover was down over the past year. Despite the financial crisis, almost half (47%) of owners are still confident they will be able to retire by the age of 65, but 18% expect to retire between the ages of 66 and 70 and 11% believe they will be running their business beyond their 70th birthday.

Pensions have been highlighted as a concern, with 28% of SME owners expecting to struggle in retirement. This proportion increases to 35% for the smallest businesses and drops to 20% for medium-sized firms.

When asked what their plans would be should they be unable to work due to illness or injury, 16% of respondents said that a lack of continuity arrangements would mean they would have to close their business. This increased to 48% among business owners who work alone. Three quarters (44%) of owners felt they could rely on fellow owners or staff in such circumstances. More than half (53%) admitted they had no insurance protection against illness or injury that would make them unable to work.

Professor Rebecca Taylor, Dean of The Open University Business School said: “The economic downturn has created a number of serious challenges for Britain’s SME owners.  Our latest survey findings suggest that many owners, particularly those with smaller businesses, are having to make significant changes as they plan for retirement and succession.  While some owners may never have intended to give up the business, many now expect to work for much longer than they had envisaged.”

Sue Hayes, Barclays business banking, said: “It is never too early for business owners to start planning their retirement. These research figures show that, especially in the current economic environment, the need for retirement planning advice is even greater, particularly for those who are nearing or beyond retirement age. Our business relationship managers are available to provide support and advice to older entrepreneurs so that their businesses can continue to thrive when the time comes to hand over the reins.”

The survey also examined SME performance and prospects, and asked owners and managers about the major problems they were facing. While some SMEs remain optimistic, the picture is mixed with large variations by sector and region. SMEs in the East Midlands reported the best sales performance (+24%) for the sixth time in the last seven surveys. It was a different story for their neighbours in the West Midlands, which saw significant deterioration in the sales balance (from +20% to just +4%), and were the only region to report a negative sales expectation balance (-1%) for the first quarter of 2012. Scotland’s SMEs were the most optimistic, with a balance of +19% expecting an increase in sales. Yorkshire and the Humber’s SME owners reported a marked sales improvement from -7% to +14%, and they rated themselves as the most entrepreneurial region in the country. The East of England rated itself as the least entrepreneurial region.

As in every survey in the past year, retailers reported the worst sales performance (-16% compared with -6%), cutting jobs far more often in this survey. Manufacturers, wholesalers and agricultural firms saw the best sales performance. SMEs once again cited ‘economic climate and demand’ as their top problem (59%), as per the last four years, followed by ‘cashflow, payment or debtors’ (31%) and competition (31%).

-ENDS-

 **(\*) The full survey is available as a free PDF download at: www.open.ac.uk/quarterly-survey.**

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Notes to Editors

**Open University Business School**

The enterprise research team at the Open University Business School publishes the *Quarterly Survey of Small Business*, which was founded in 1984 as the first national, regular survey of small firms in the UK. It is edited by Dr Richard Blundel and Emeritus Professor Colin Gray; the researcher and writer is Andy McCann. This report is the 109th in the series. Single printed issues of the report can be purchased for £55, or £200 for an annual subscription. A PDF version of the report is available to download free from The Open University website. For more information, please contact Julie Sullivan at**:** **oubs-enterprise@open.ac.uk** or visit [**www.open.ac.uk/quarterly-survey**](file:///C%3A%5CDocuments%20and%20Settings%5Crkb7%5CLocal%20Settings%5CTemporary%20Internet%20Files%5CContent.Outlook%5CL4H23ZK1%5Cwww.open.ac.uk%5Cquarterly-survey)

**About the research**

The findings have been published in *The Quarterly Survey of Small Business in Britain*, conducted by the Open University Business School and supported by ACCA (the Association of Chartered Certified Accountants) and Barclays Bank. The report is now in its 28th year. The **1,082 firms** that responded to the survey are drawn from two sources – 208 members of the OUBS small enterprise database of *Quarterly Survey* respondents who respond to an online questionnaire plus 874 firms recruited and interviewed by telephone by [**BDRC Continental**](http://www.bdrc-continental.com/)**.** The telephone sample comprises small and medium-sized businesses with up to 250 employees, drawn from a structured database that reflects the sectoral and regional distribution of industries in Britain. Further details are provided in the report. The online questionnaires were completed during January and February 2012. Telephone interviews were carried out in two waves. Between the 9th and 20th January, 434 telephone interviews were carried out. Between the 6th and 17th February 2012, a further 440 firms were interviewed. Sectors covered include: health & education, transport & travel, retail, hotels & restaurants, agriculture & forestry & fisheries, business services, wholesale, construction and manufacturing. The firm-size definition used in the survey is employee-based: owner-only = 0 (just the owner); 1-9 = microfirms; 10-49 = small; 50-249 = medium. Following the well‑established practice of the CBI in its Industrial Trends Survey, a summary statistic, the balance, is used to monitor the responses to key questions. The balance is the percentage of respondents replying ‘up’ minus the percentage replying ‘down’ (we ignore, for this purpose, the percentage replying ‘same’).

**About The Open University**

The Open University (OU) is the UK’s largest university and the world leader in distance education.  More than two million people, including thousands of small business owners and employees, have studied with the OU since it began in 1969.  The OU has more than 250,000 students studying for a variety of degrees and vocational qualifications ranging from short courses to PhDs.  Independent authorities have consistently ranked the OU in the top five UK universities for teaching quality and virtually all of the University’s research areas have received ratings of national or international excellence. For course enquiries call: +44 (0)845 300 60 90 or visit [**www.open.ac.uk**](file:///C%3A%5CDocuments%20and%20Settings%5Crkb7%5CLocal%20Settings%5CTemporary%20Internet%20Files%5CContent.Outlook%5CL4H23ZK1%5Cwww.open.ac.uk)

**About Barclays business banking**

Barclays business banking has over 770,000 customers with a turnover up to £5m that are a mixture of start ups, sole traders, partnerships and limited companies. We supported a record number of business start ups – over 100,000 new businesses in 2010.

Barclays services to SMEs include:

* A choice of business accounts that they can tailor to their needs and the provision of up to two years free banking to start-ups, subject to remaining in credit.
* Day-to-day business banking support through a team of Business Managers who are available over the telephone for everyday and urgent banking needs.
* Free consultations for businesses with a local accountant, marketing expert and solicitor to advise on topics such as the best legal status, how to advertise or draft supply contracts.
* A free nationwide business seminar and workshop programme. This is designed to help business owners network and gain practical help on relevant challenges such as marketing, trading online or how to generate more business profits. We expect around 12,000 delegates to attend our business seminars this year.
* Business management software that helps business customers complete their account work quickly and efficiently; support their hiring efforts; help back up their business data securely; and avoid late payment and bad debts.

**About ACCA**

ACCA is the global body for professional accountants. ACCA aims to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. We have 147,000 members and 424,000 students in 170 countries,worldwide.  ACCA believes that globalisation of business means that one set of reporting standards is essential. We favour the principles-based IFRS. ACCA understands the real issues facing small businesses as 63,000 of our members work in SMEs or small partnerships worldwide. [**www.accaglobal.com**](file:///C%3A%5CDocuments%20and%20Settings%5Crkb7%5CLocal%20Settings%5CTemporary%20Internet%20Files%5CContent.Outlook%5CL4H23ZK1%5Cwww.accaglobal.com)