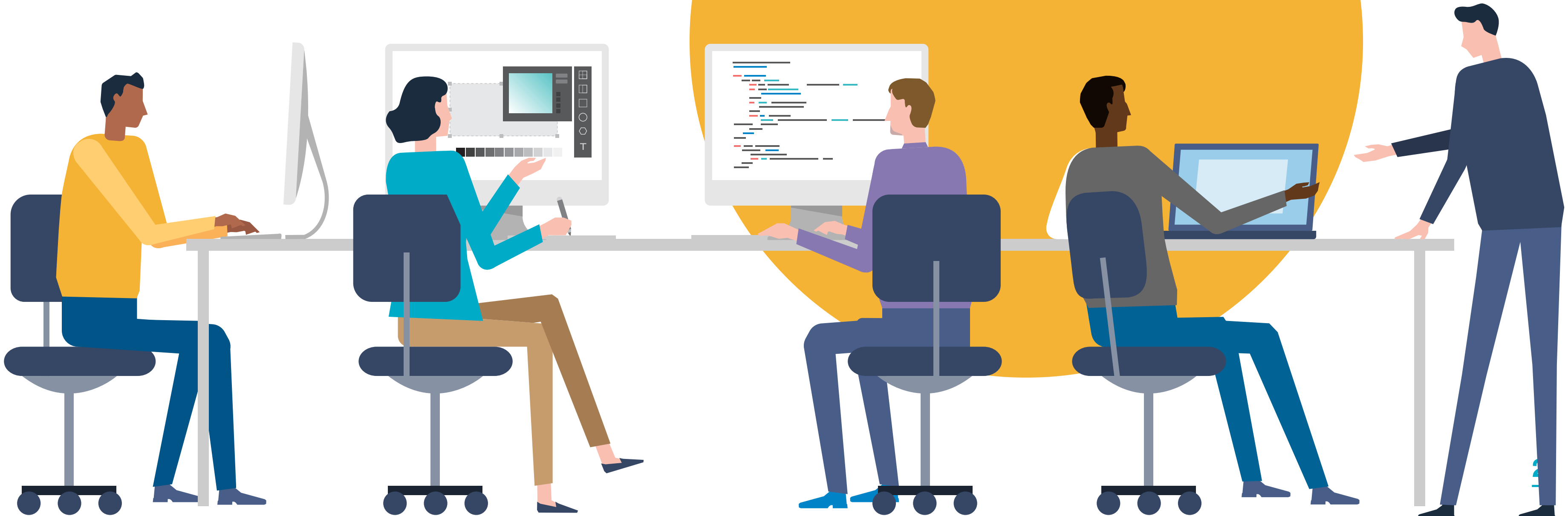
wilson partners.

The search for stability. The outlook for SMEs in the South East in 2023.

This latest piece of business research was conducted by Wilson Partners canvassing a broad range of businesses across the South East of England. We opened up the survey to our own client base, consisting of approx. 1000 owner managed businesses, predominantly SMEs with 5-150 employees as well as a select few businesses of a similar DNA.

This is our seventh survey since Summer 2020, and as we continue in the most erratic financial period in recent history we are learning that predictability continues to be the most impossible task for many. Helping our clients make informed decisions with clearly articulated information is at the heart of what we do and we continue to be here for those clients who need us. We hope that the data in our latest research is a useful addition to your planning for the future.

Make informed **decisions**



Making hay or holding on

Much like our survey from 12 months ago, we are seeing further anomalies with clients experiencing both ends of the spectrum in their businesses. Confidence is at 64pts and is down from 72 in January but up marginally from 62pts a year ago – although it has been within 10pts for some time. But this doesn't tell the whole story with the lowest confidence level at 10pts and the highest at 100, it is evident the post covid fallout and inflation crisis are taking their toll for some whilst providing opportunities in abundance for others. There was also disparity among respondents around the impact of interest rates on their business with answers at both ends of the spectrum 0-100. But it is evident that for many businesses that their clients are delaying decisions and holding up committing to work making it increasingly difficult to forecast.

Encouraging signs

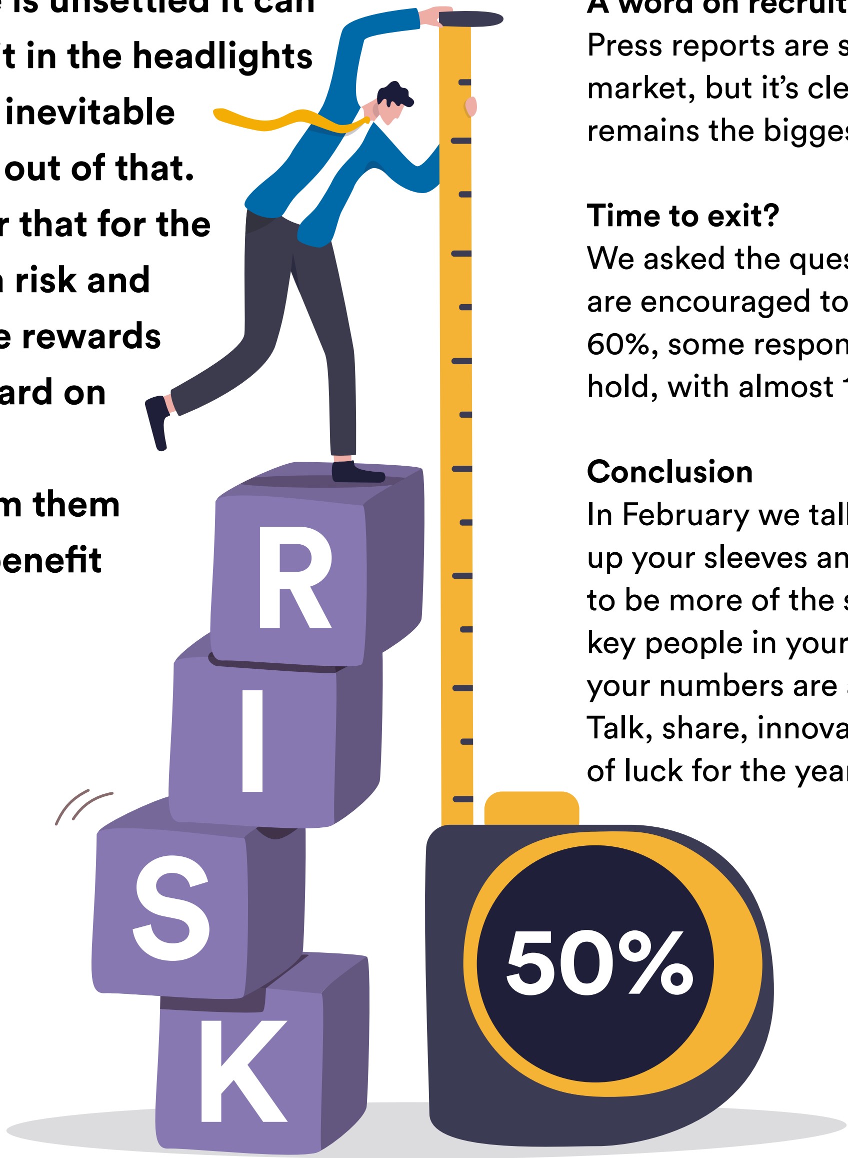
68% of businesses have seen turnover increase whilst almost that many (58%) are seeing a rise in profits as well. And they must be congratulated for managing this feat at such a tricky time. It's not easy to put prices up at the best of times and so combining this with other cost saving measures is having a positive impact. However, it is a very different story for some respondents with 25% seeing profits being eroded. We also see that 56% are not increasing prices, which would suggest, for some at least, that a big focus has been on cost reduction.

Cash flow split

We're encouraged to see 44% of respondents reporting an improvement in cash flow, however a further 28% said it is worse which can be attributed to a fall in profit and slower payments.

Opportunity continues to knock

When the business landscape is unsettled it can be easy to behave like a rabbit in the headlights and stand still waiting for the inevitable and it can be difficult to snap out of that. However the evidence is clear that for the businesses prepared to take a risk and take decisive action, there are rewards to be had. 50% are working hard on their existing client base and expecting to realise more from them whilst 28% are expecting to benefit from failing competition.



A word on recruitment
Press reports are showing an easing in the recruitment market, but it's clear that finding the right people remains the biggest challenge for many businesses.

Time to exit?
We asked the question around exit plans and whilst we are encouraged to see nothing has changed for almost 60%, some respondents are having to put plans on hold, with almost 10% wanting out.

Conclusion
In February we talked about this being a time to just roll up your sleeves and get stuck in and our conclusion has to be more of the same. Keeping close to your clients, key people in your business and of course being all over your numbers are as important now as they'll ever be. Talk, share, innovate and keep moving forward and best of luck for the year ahead.


Cash flow
72%
same or improving
50%
Selling to existing clients – biggest opportunity
40%
Increasing workforce
Reduction in turnover
20%
Confidence barometer
62% July 22
72% Jan 23
64%
Increase in profits
58%

The results

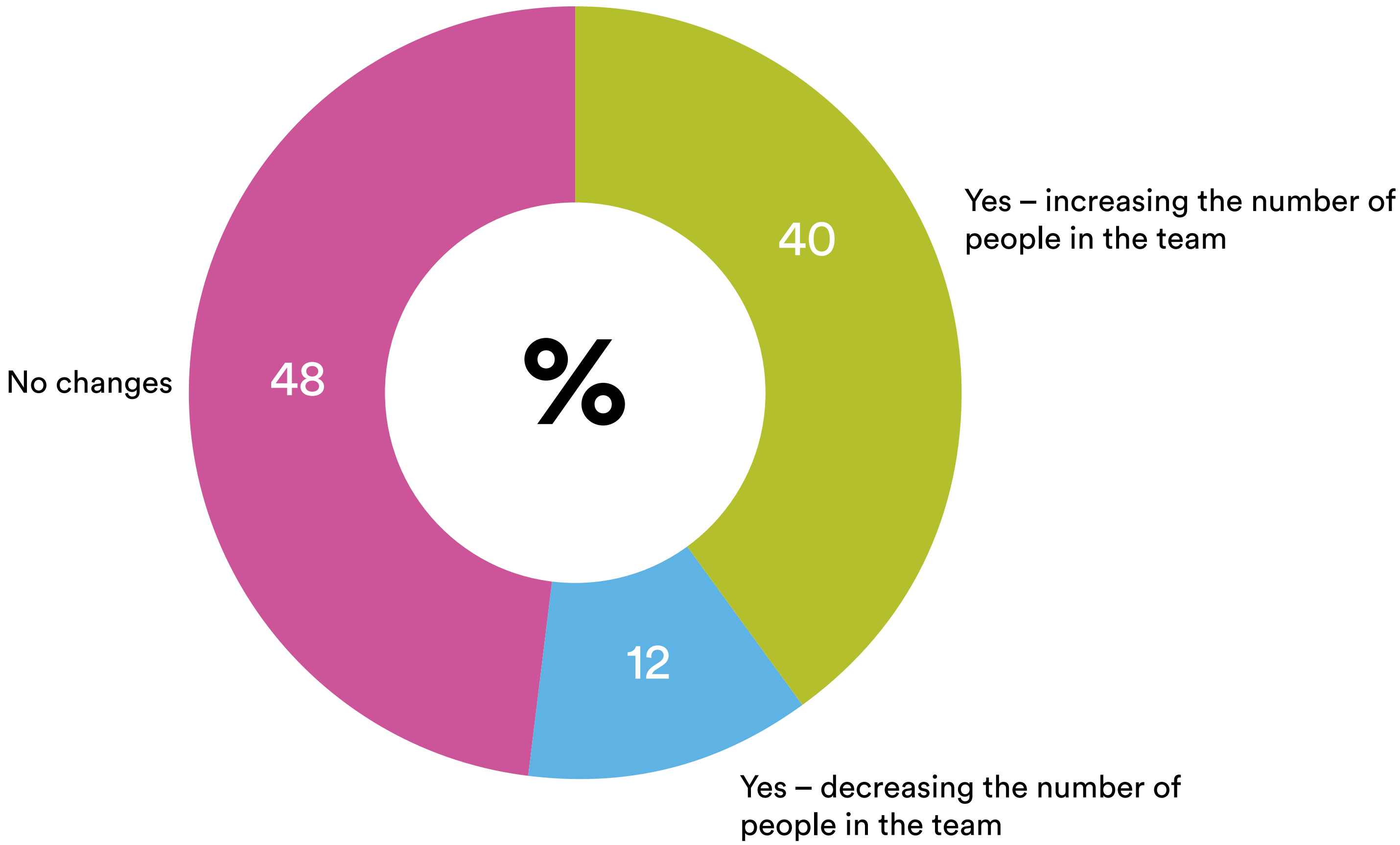
Q1

On a scale of 1-100 (1 being terrible, 100 being fantastic), how are you feeling about the prospects for your business through the rest of 2023?

64%

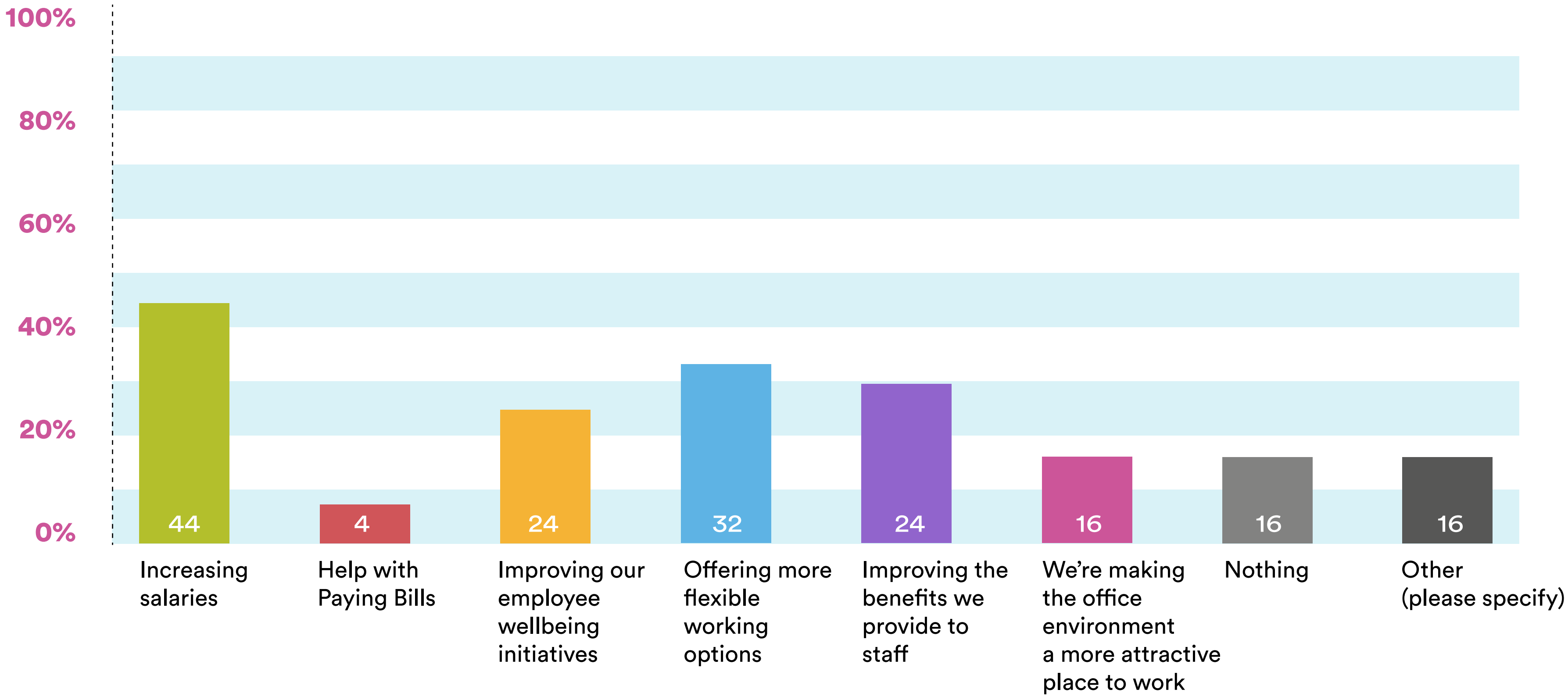
POSITIVE

Q2 Do you plan on making changes to your workforce over the next 6months?

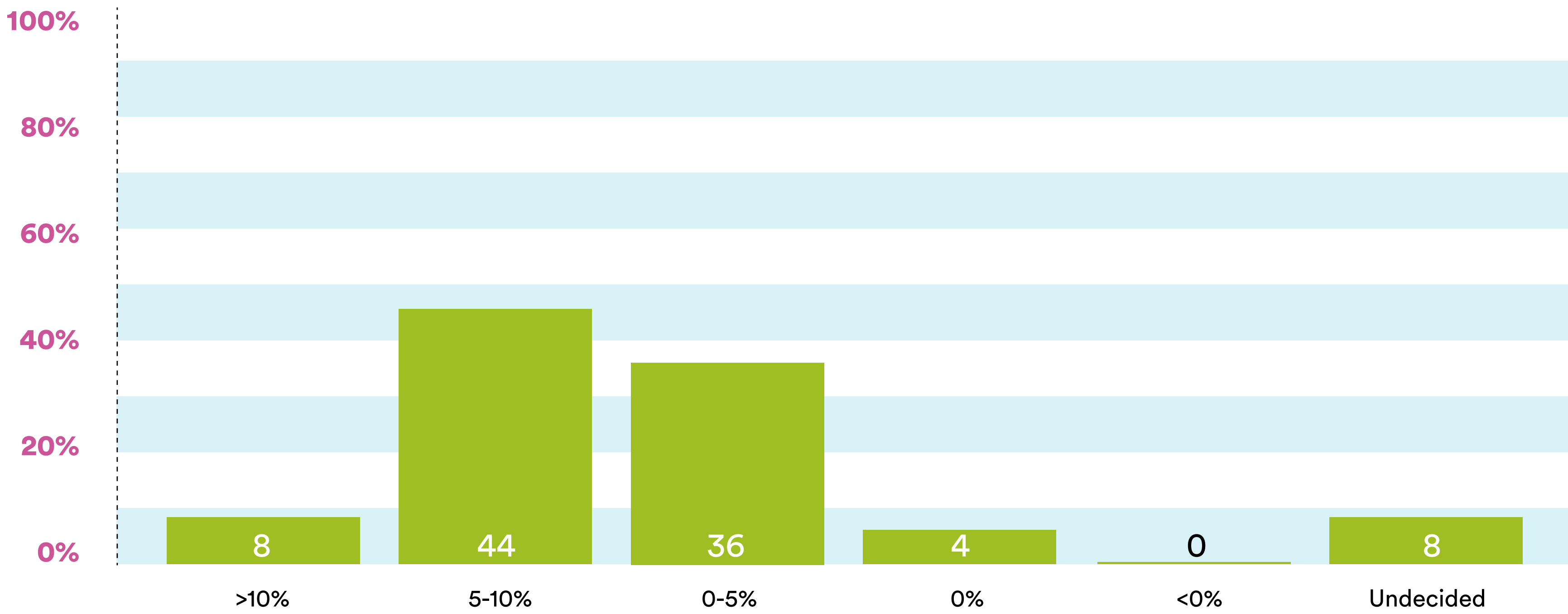


Q3

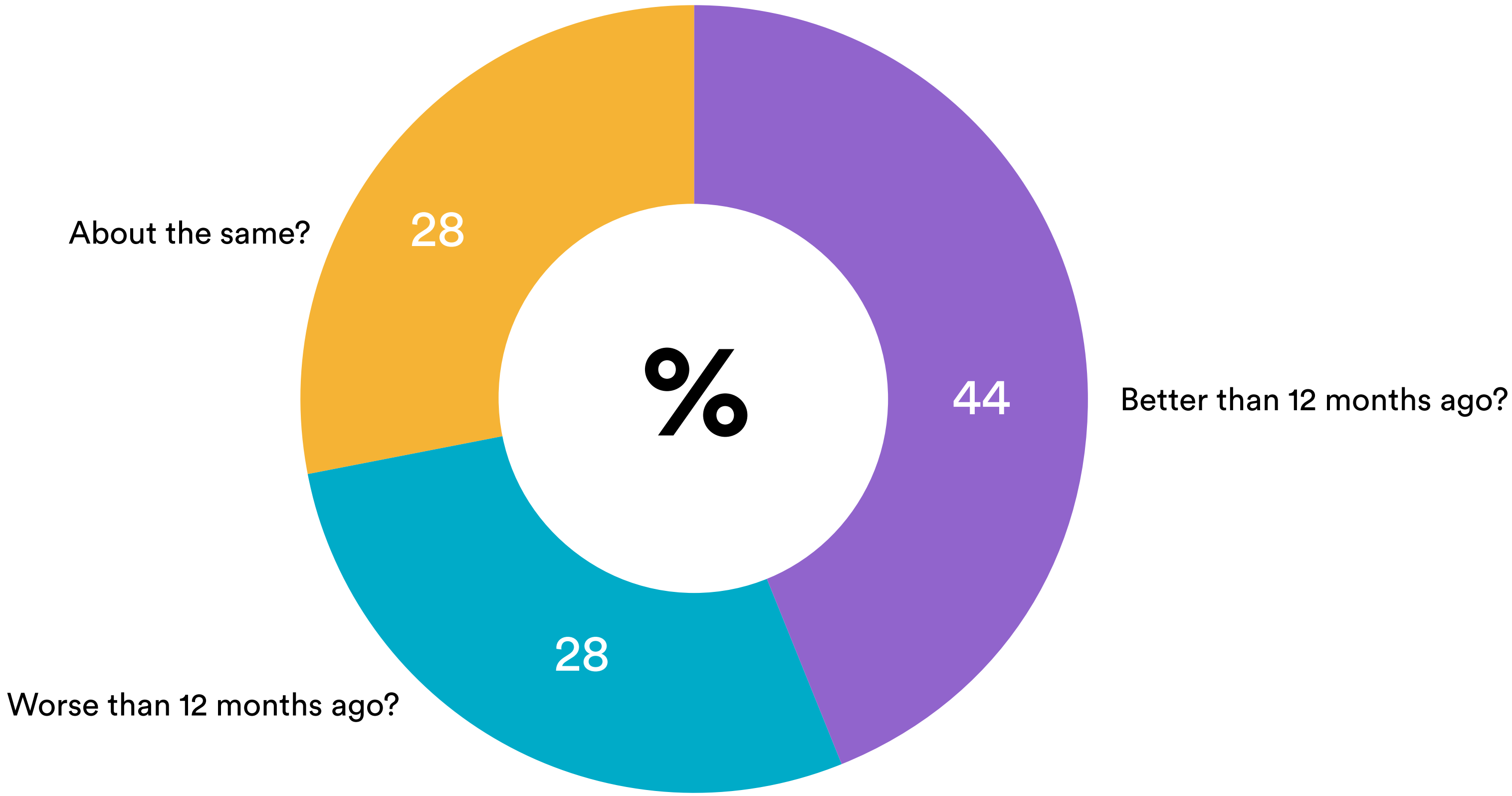
With the recruitment challenge continuing through 2023, what are you doing to attract and retain staff in an increasingly competitive environment?



Q4 What salary increases do you plan to make in your next salary reviews?

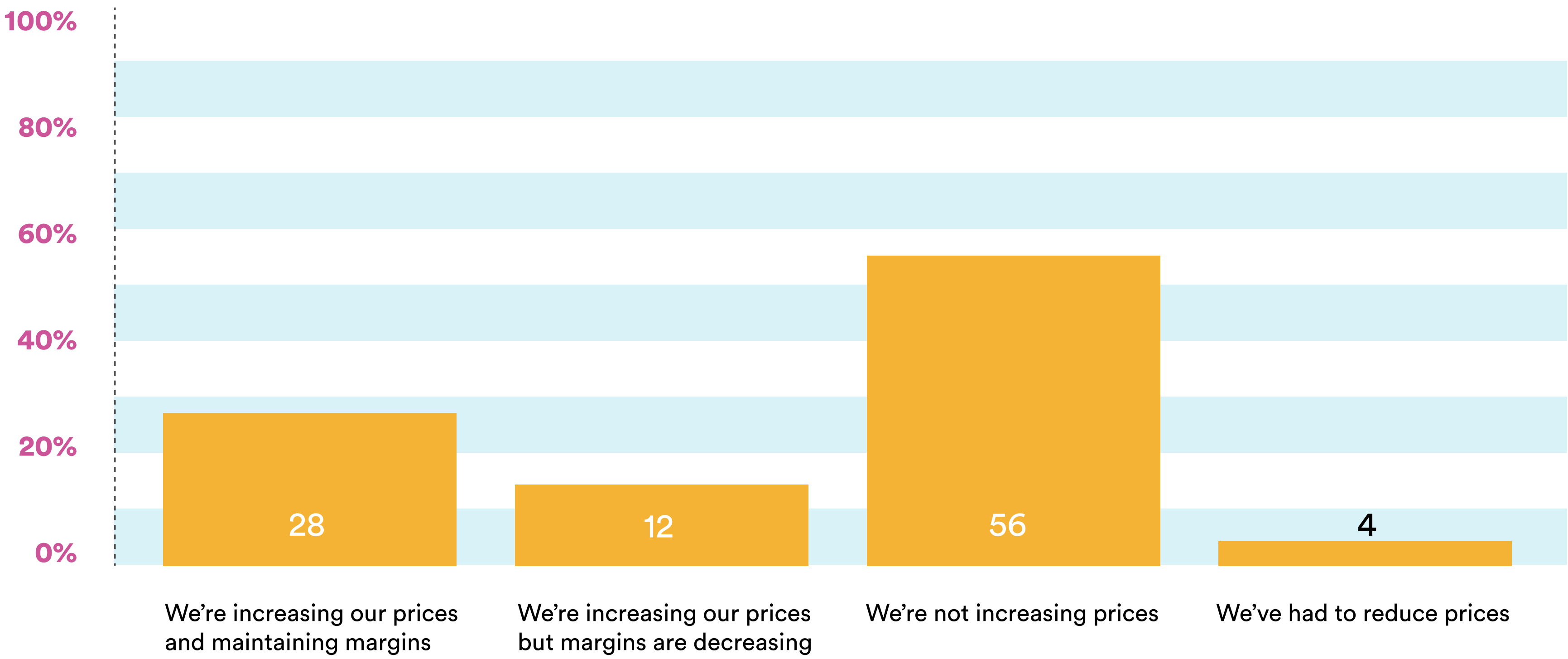


Q5 Is cash flow...



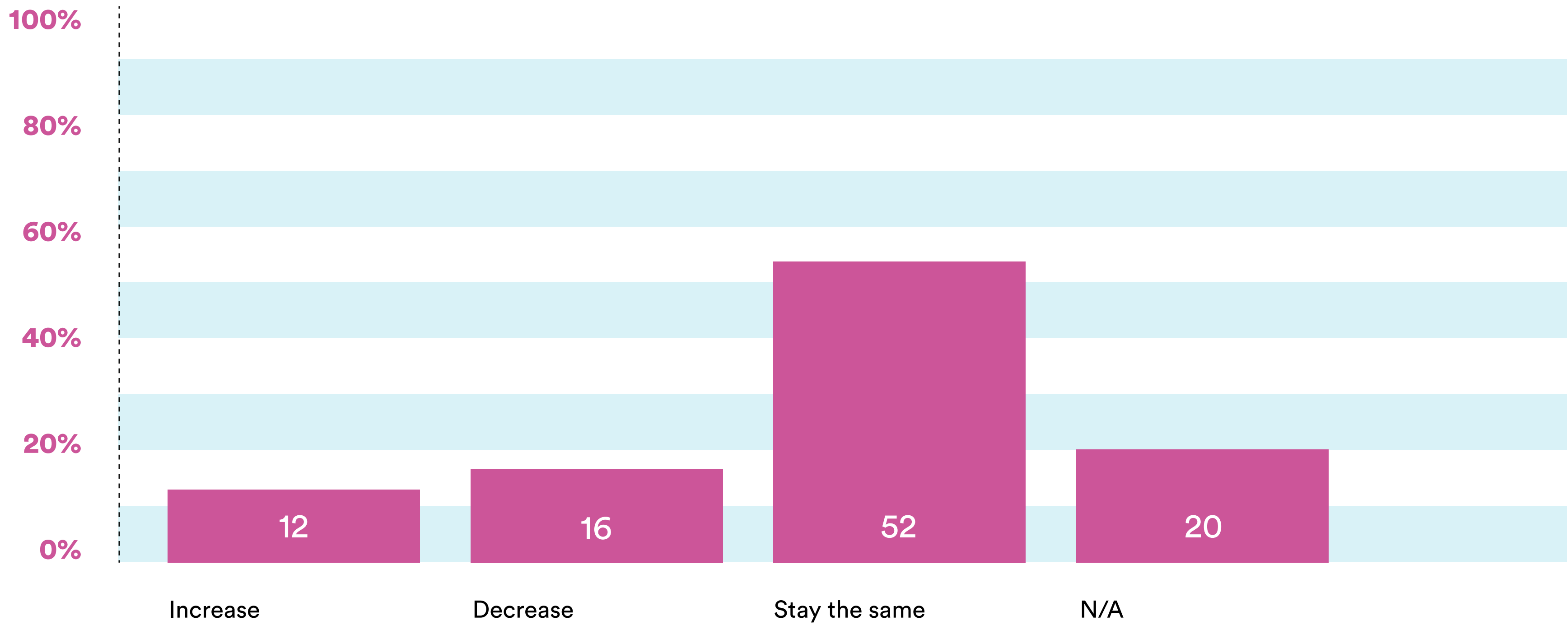
Q6

With inflationary pressures continuing into 2023, how are you managing your pricing policy?



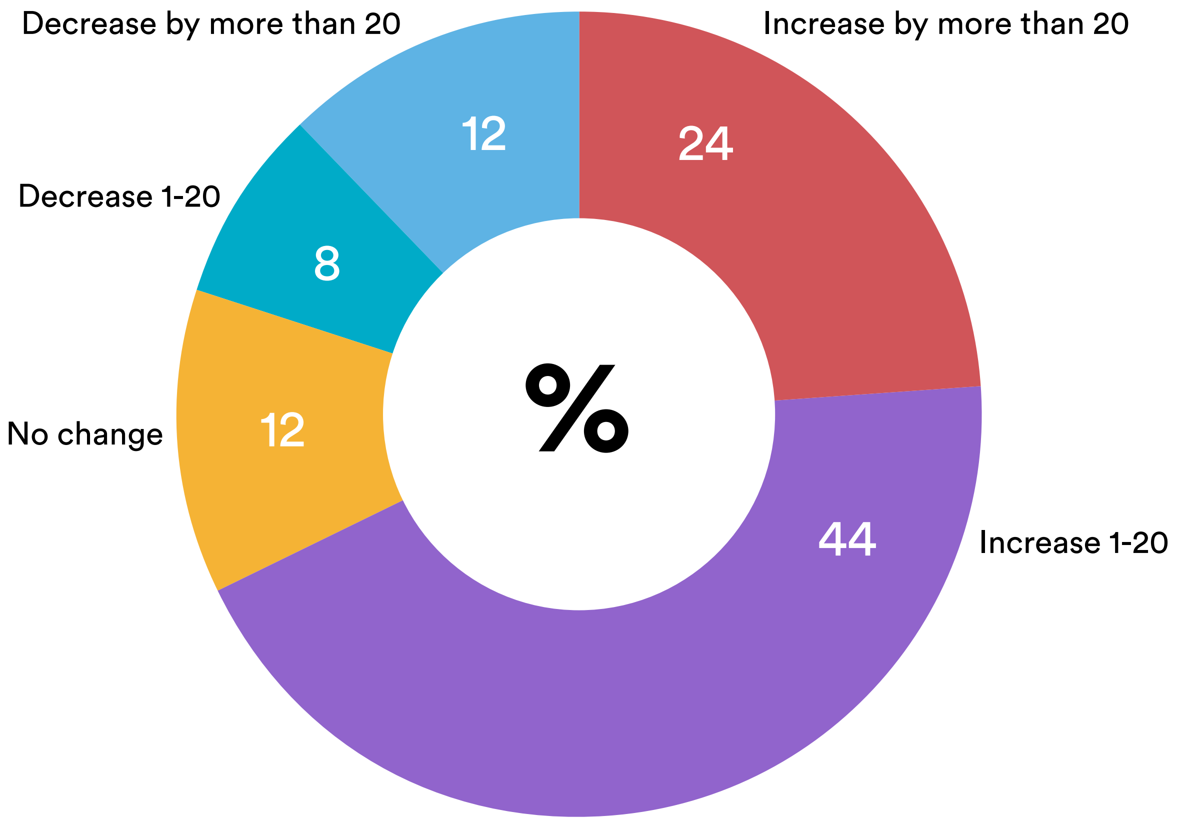
Q7

How have your plans for capital investment changed in the second half of 2023?



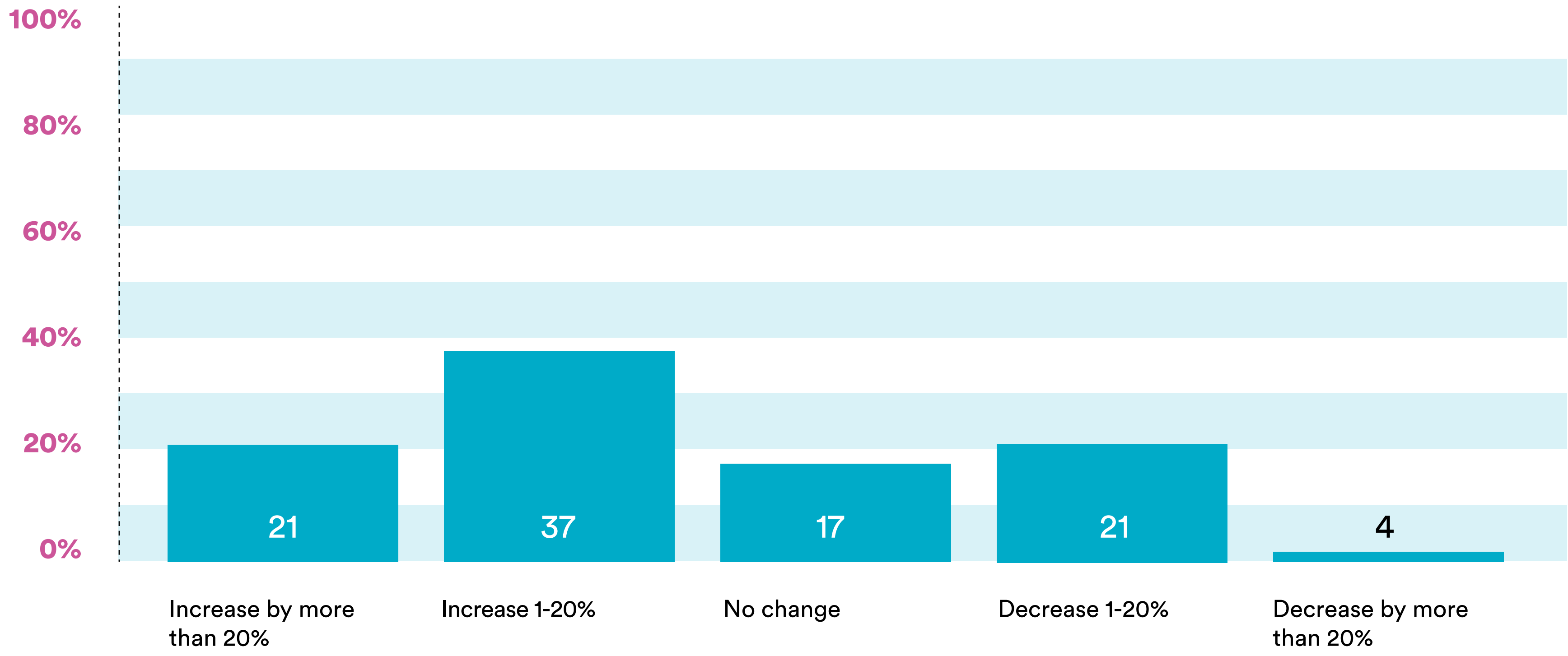
Q8

How do you think turnover in 2023 will compare to 2022?



Q9

How do you think profit in 2023 will compare to 2022?

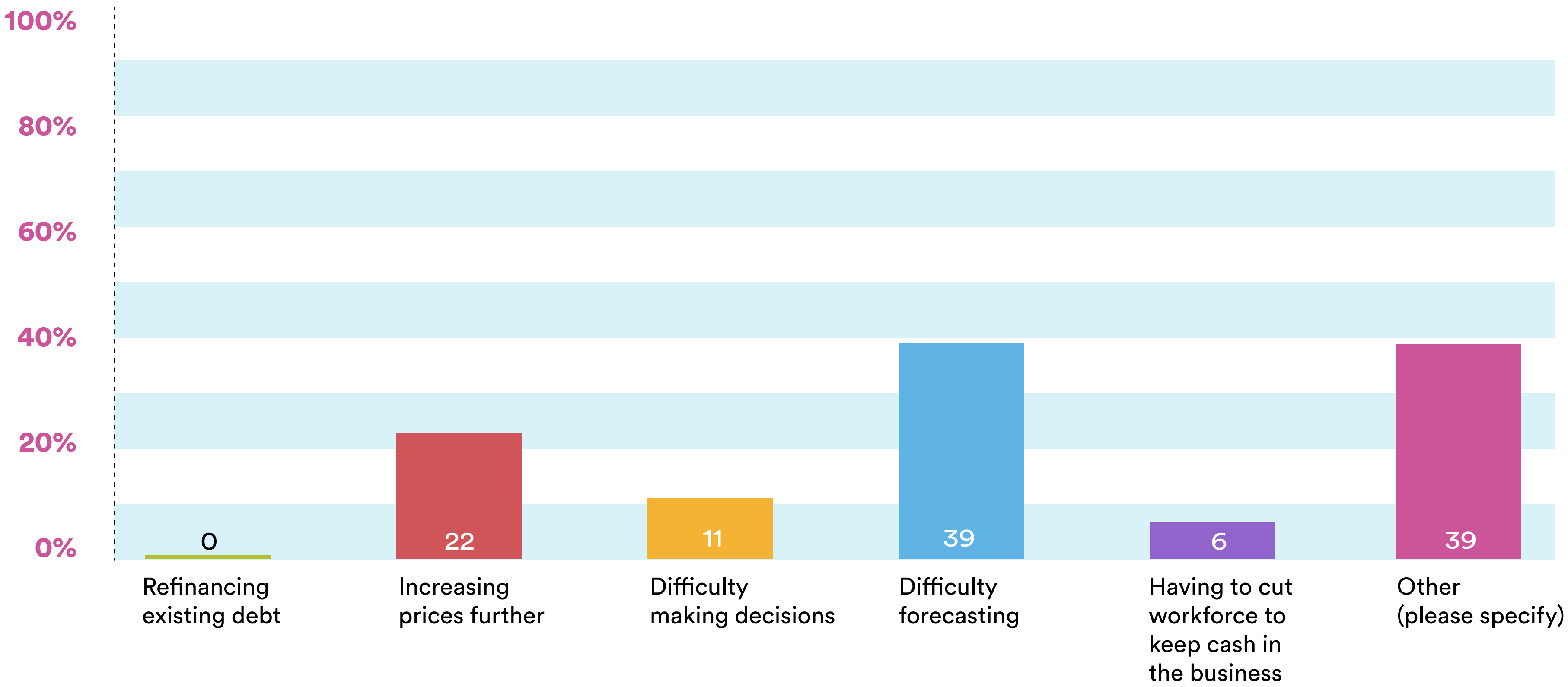


Q10 Since our last survey in Feb 23 there have been 4 interest rate rises taking the BoE base rate from 3.5% to 5%. On a scale of 1-100 (1 being hardly and 100 being hugely), how much are the interest rates affecting your business decision making?

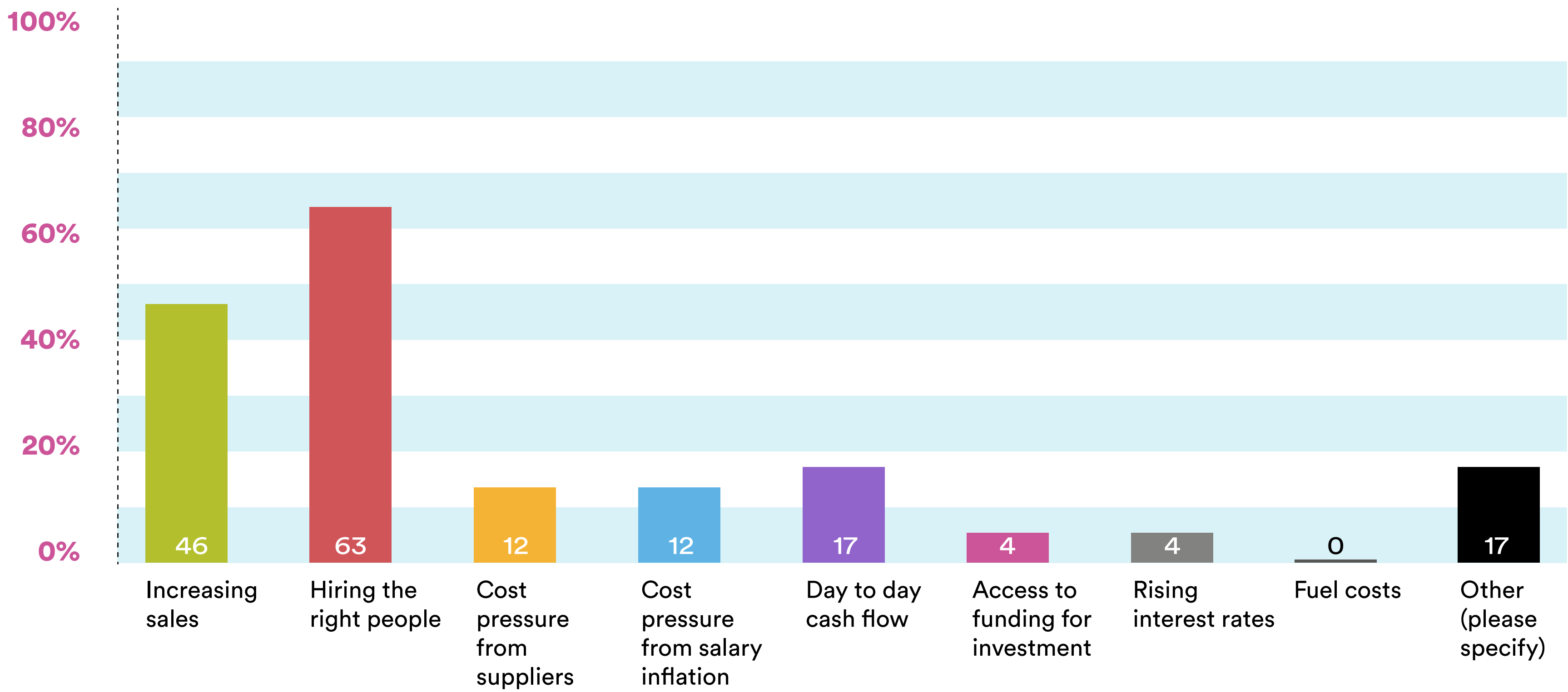
27%

IMPACT

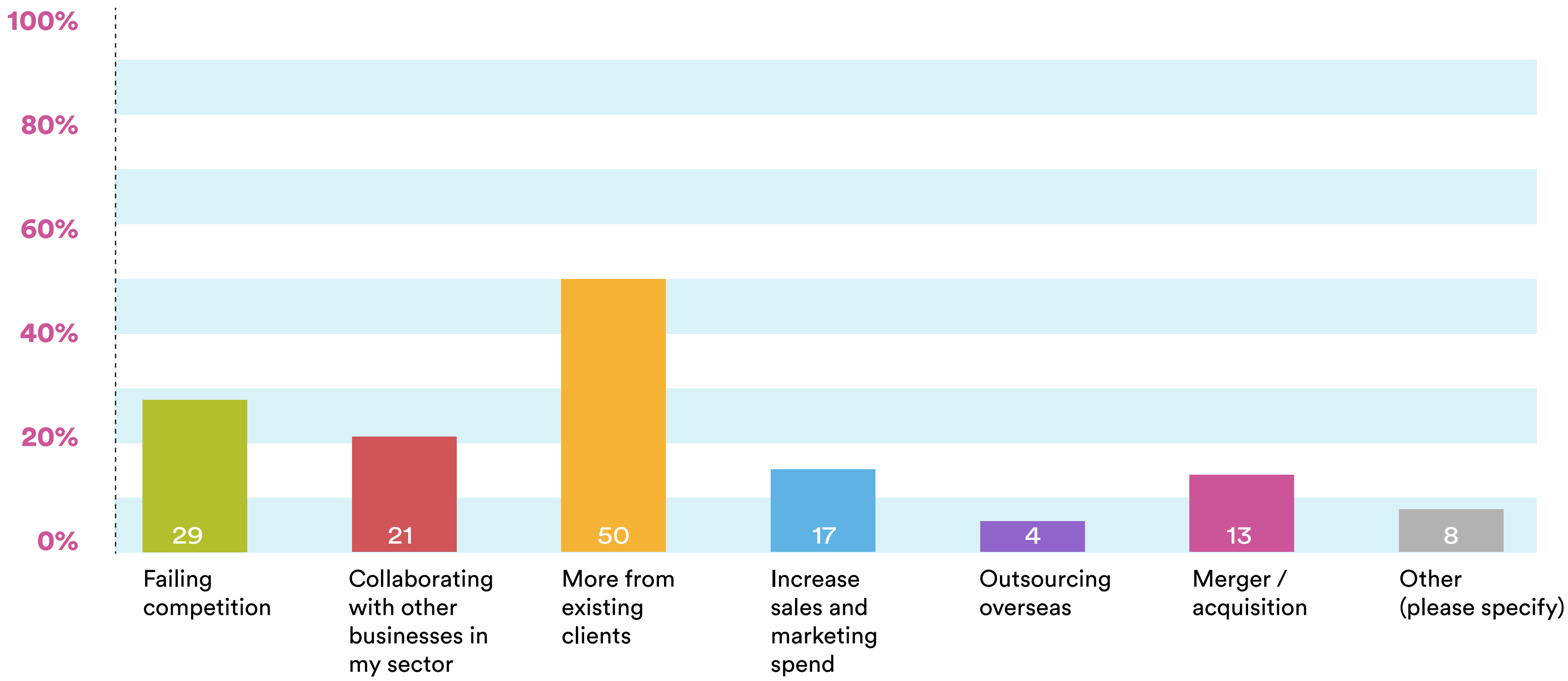
Q11 And please tell us where specifically, interest rates are affecting your business.



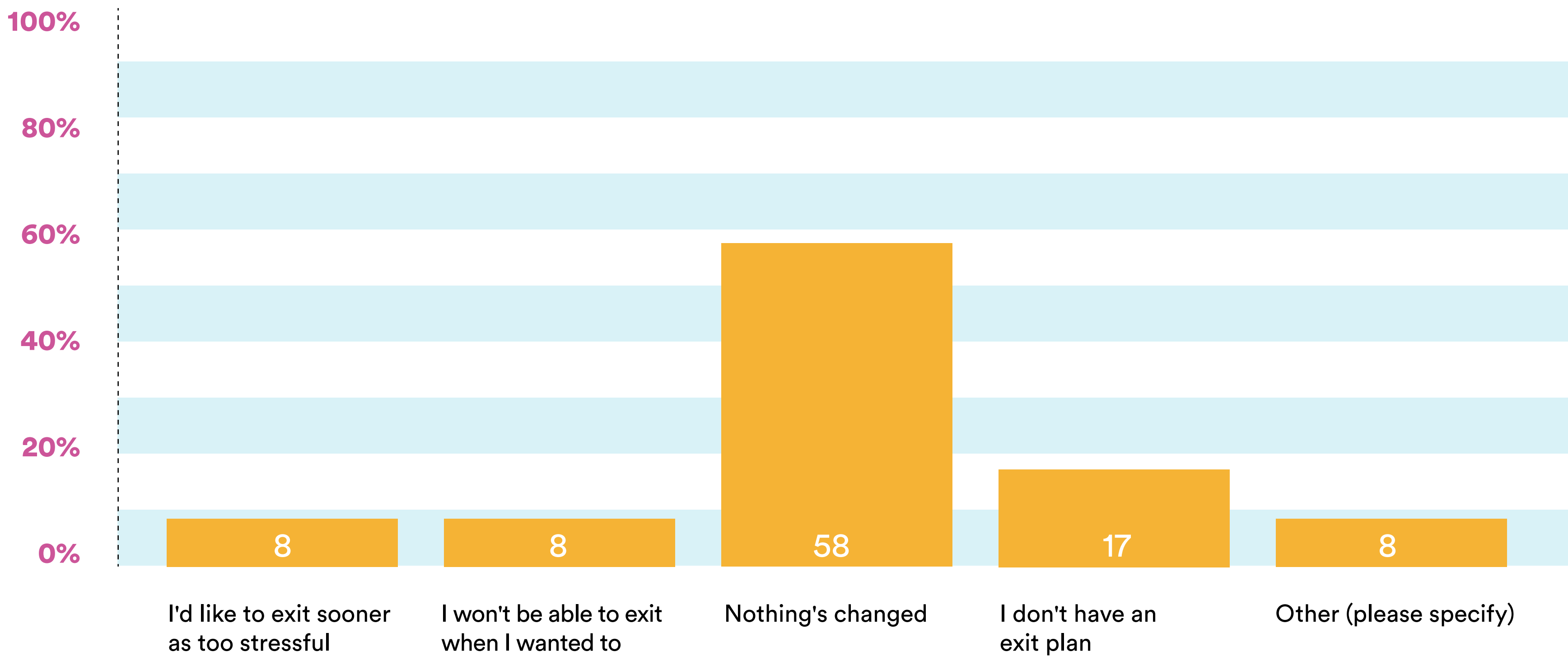
Q12 What are the biggest challenges you're facing right now?



Q13 Where do you see the biggest opportunities for the remainder of 2023?



Q14 How are the current conditions affecting your exit plans?



Q15 What keeps you awake at night?

One of the questions we love to ask our clients is 'what keeps them awake at night'. Aside of the comic answers, there's generally consistency in the answers. The general consensus is around customers satisfaction and quality employees!

- Cash flow
- Being able to forecast more than 2 months ahead
- Closing more sales
- Climate crisis, war in Ukraine
- The volatility of the market place
- Clients stalling decisions
- Poor trading, possible cash flow issues
- Seeing gulf in talent and attitude to working hard between younger and more senior in the workforce

Who **we are**

We are Wilson Partners. We combine the financial expertise, experience and accessibility of our talented team with a deep understanding of our clients to help achieve their goals.

We provide a suite of integrated, innovative and value-added accounting, tax and corporate finance solutions that empower businesses, investors and private clients to make better decisions.

We don't do grey suits, operate in silo's or spend all day counting beans. On the contrary, we operate out of two vibrant open plan offices in the centre of Maidenhead and Cambridge, all our directors are fully engaged in the business and we're passionate about client success, because after all, if you thrive, we thrive.

Life is short, so we don't just want to make up the numbers.

We are a business that makes a real difference to the relationships we build and helps to make life count for our people and our clients.

Each one of us is dedicated to challenging, inspiring and supporting our clients to live the lives they want and enjoy the success that will benefit those they care about and the wider community.

wilson partners.

Maidenhead
TOR
Saint-Cloud Way
Maidenhead
Berkshire
SL6 8BN

01628 770 770

Cambridge
Windsor House
Station Court
Station Road
Great Shelford
Cambridge
CB22 5NE

01223 849 099

Sevenoaks
1st Floor
One Suffolk Way
Sevenoaks
Kent
TN13 1YL

01732 468670

info@wilson-partners.co.uk
wilson-partners.co.uk