

Four in Ten SME'S seeing signs of Economic Recovery



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Industry: [Retail](#)

- Greenshoots: 42% of SMEs are seeing some signs of economic recovery - but only 1% say the signs are strong
- Recovery time: 27% of SME owners predict six months to a year for their business to recover from the recession, but 26% say it will take more than a year to get back on their feet again
- Growing confidence: 81% of SMEs think they will survive the recession - a 5% increase since February this year
- Trading conditions: 58% still finding it tough, but a small increase in the number now saying that the current trading environment is OK
- Recession headache: cutting costs remains the biggest issue for SMES, but cashflow concerns now taking over from worries about falling demand.

Over four in ten SME owners (42%) report seeing some signs of economic recovery, with a further 1% saying that these signs are strong, according to new research from uSwitchforBusiness.com.

And while the Government has been forced to acknowledge that



Britain is still in a recession that is likely to be longer and deeper than originally feared, the findings reveal a small increase in the number of small businesses confident that they will survive. 81% now think that they will get through the downturn, compared with 76% in the first quarter of this year.

However, small business owners expect the recession to have a long lasting impact. Over a quarter (27%) say that it will take their business between six months and a year to get back to normal again, while 26% say that it will take them more than a year. Incredibly though, 32% say it will only take up to six months to recover with 14% of these saying it will take them no time at all to get back on their feet.

The findings come from the latest uSwitchforBusiness.com SME Confidence Survey, which tracks small business confidence over time and highlights current issues and concerns facing Britain's small traders. It shows that, despite increased optimism, 58% of small companies are finding trading conditions difficult (59% in Q1). However, there has been a small increase in those saying that current trading conditions are OK (40% compared with 38% in Q1).

Earlier in the year, cutting costs was the biggest issue for SMEs and this remains the case today with 58% of companies actively looking for ways to cut back. Similarly, the number of small companies reporting a drop in demand remains unchanged from Q1 (34%). However, 35% are now experiencing cashflow concerns (up from 33%) making cashflow the second biggest concern facing SME owners today.

In Q1, 19% said that the recession was having no impact on their business at all. Today this has dropped to 14%. Overall though, 62% of SME owners report that the recession has been tough, but manageable. Only 18% say that it has been very damaging to their business.

Looking forward to 2010, and with many clearly believing that there is light at the end of the tunnel, SMEs say that their biggest challenges will be increasing sales/turnover (39%), getting over the recession (19%), dealing with regulation and red tape (15%) and overcoming issues with late payments and cashflow (12%).

Jake Ridge, small business expert at www.uswitchforbusiness.com, says: "Despite having the odds stacked against them, Britain's SMEs have battled to stay afloat and to survive the recession. It has meant

making tough decisions and inevitably most small businesses have felt some pain, whether having to lay off staff, find ways to cut costs or learning to combat cashflow concerns. In the first quarter of 2009, 59% were looking for ways to cut costs and this strategy seems to have paid off as most small businesses are now feeling confident about surviving this downturn.

"Small business owners are not feeling complacent though - 43% can see signs of recovery but they know they are not out of the woods yet. They are continuing to keep a tight lid on costs and know that the next challenge comes at the end of the recession when they begin the task of building their businesses back up again.

"In this climate, shopping around for your next energy contract makes sense as no business can afford to be paying more for their energy than competitors. Once they are paying the lowest possible price for the energy they use, businesses can then focus on using less of it - these two simple steps will help them reduce costs substantially and will be a good habit to get into for the challenging times ahead."

uSwitchforBusiness can save your business money by helping you make smarter decisions about your [business electricity](#), communications and insurance.

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