

# VISTAGE

## UK SME Confidence Index

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March 2018





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In this latest quarterly measure of the economic confidence and perceptions of SME business leaders here in the UK we show results alongside our December 2017 findings as a comparison for discussion and interest. Roger Martin-Fagg, our Behavioural Economist-in-Residence, also shares his thoughts on these findings in light of the wider UK economic landscape.

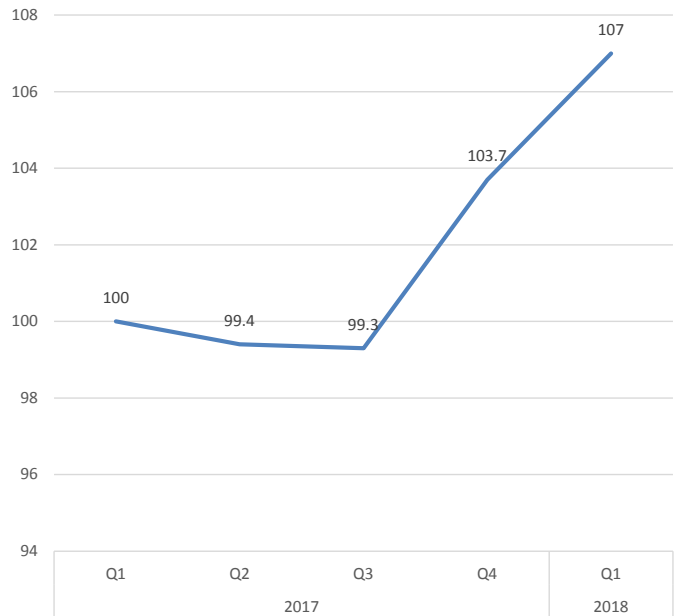
The overall confidence index of UK SMEs has increased considerably by 3.3 points over the last 3 months.

It is interesting to see that SMEs are optimistic of increasing revenue through the next 12 months, with 75% saying that they believe sales revenues will increase.

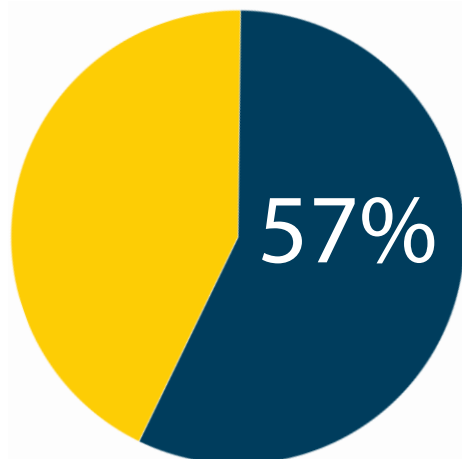
87% of respondents cited that the ongoing Brexit negotiations are impacting their immediate growth or investment plans, with 30% having already started to work through scenario planning.

Only 9% of SMEs are currently fully prepared for GDPR – however a majority (75%) of businesses are conscious of the regulation and are currently working toward becoming compliant in the run up to the regulation's May 25th implementation date.

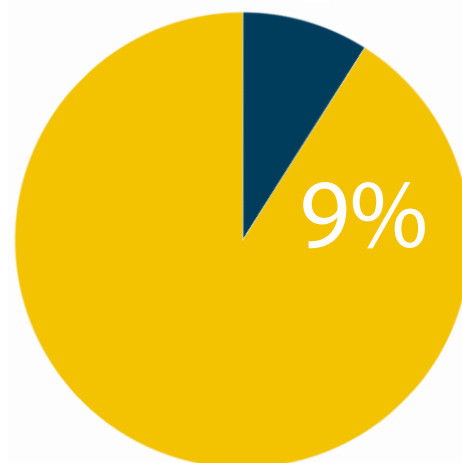
## UK Key Highlights



**The Vistage UK Confidence Index increased 3.3 points across Q1 2018**



**57% expect their firm's profitability to improve, during the next 12 months**



**9% of respondents are not anticipating any issues stemming from Brexit**

**“Vistage members believe conditions are deteriorating but not for them.”**



**Roger Martin-Fagg**

Vistage UK, Economist-in-Residence

For a third of respondents **overall economic conditions have worsened** compared to a year ago, and slightly more expect it to only worsen further. However half of respondents expect to **maintain their investment spending**, 75% expect revenues and 57% expect profitability to increase. Nearly 60% expect to increase their number of employees.

Overall this response suggests that **Vistage members believe conditions are deteriorating**, but not for them. A fifth of respondents are in the Manufacturing sector within the EU (plus the global economy is booming) therefore this is not surprising!

**65% of respondents employ less than 100 people.** They will need to be nimble and able to adapt quickly to changes in market conditions. They also have the key characteristic of small businesses; what will be, will be and we will deal with it as and when it happens!

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**Roger Martin-Fagg** is an economist turned strategist. He has been external examiner to Bath University, worked with the Bank of England, three of the major UK clearing banks, advised a major London recording studio for 15 years, and regularly talks to SME business leaders in the UK and Europe about economic trends. He is a visiting fellow to Ashridge, Warwick and Henley business schools. He also speaks at conferences around the world on the economic outlook and its impact on business.

## About the Survey

Statistics based on 292 UK respondents, all leaders of small and medium sized organisations. Vistage Research curates subject matter from the Vistage community and collaborates with top thought leaders to create unique content. Vistage Research provides the data and expert perspectives to help SME business leaders make better decisions.

Visit [vistage.co.uk](https://vistage.co.uk) to learn more.

	Question	Answer	Mar '18	Dec '17	
Q1	Compared with a year ago, have overall economic conditions improved, remained the same, or worsened?	Improved	14%	8%	↑
		Remained about the same	54%	53%	↑
		Worsened	30%	37%	↓
		Don't Know/No opinion	2%	1%	↑
Q2	During the next 12 months, do you expect overall economic conditions will be better, about the same, or worse than now?	Better	10%	5%	↑
		About the same	51%	48%	↑
		Worse	37%	43%	↓
		Don't Know/No opinion	3%	4%	↓
Q3	Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	47%	48%	↓
		Remain the same	41%	35%	↑
		Decrease	10%	15%	↓
		Don't Know/No opinion	2%	2%	-
Q4	Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?	Increase	75%	75%	-
		Remain the same	21%	20%	↑
		Decrease	4%	5%	↓
		Don't Know/No opinion	0%	0%	-
Q5	Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	57%	54%	↑
		Remain the same	29%	29%	-
		Worsen	14%	17%	↓
		Don't Know/No opinion	0%	0%	-
Q6	Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months?	Increase	46%	43%	↑
		About the same	47%	50%	↓
		Decrease	7%	7%	-
		Don't Know/No opinion	0%	0%	-
Q7	Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?	Increase	57%	61%	↓
		Remain the same	33%	27%	↑
		Decrease	10%	11%	↓
		Don't Know/No opinion	0%	1%	↓
Q8	When do you plan to increase your firm's total number of employees over the next 12 months?	Within the next 1 - 3 months	42%	30%	↑
		In 4 - 6 months time	19%	15%	↑
		In 7 - 9 months time	9%	3%	↑
		In 10 - 12 months time	4%	1%	↑
		Steadily throughout next 12 months	26%	18%	↑
		I do not intend to increase my total number of employees in the next 12 months	33%	33%	-

<b>Q9</b>	Which statement best describes your company's compliance with GDPR regulations? Please tick all that apply.	Our company is 100% compliant	9%
		Our company is working to become 100% compliant	75%
		Our customers require us to provide proof of compliance	6%
		We require supply chain partners to provide proof of compliance	5%
		We are not likely to be ready / compliant as we are not working on GDPR compliance	3%
		Does not apply	2%

<b>Q10</b>	To what extent have the ongoing negotiations around Britain's exit from the EU had an adverse impact on your immediate growth / investment plans?	Heavy impact	28%
		Slight impact	59%
		Negligible impact	13%
		No impact at all	15%

<b>Q11</b>	To what extent have you put plans in place to ensure your business is adequately prepared to manage any issues stemming from Brexit?	We have yet to do any scenario planning for Brexit	10%
		We have started to work through scenario plans for Brexit	30%
		We will not begin scenario planning for Brexit until the outcome of the negotiations becomes clearer	30%
		We do not intend to do any scenario planning as we do not believe our business will be significantly impacted by Brexit	20%
		We are not anticipating any impact from Brexit	9%

# **VISTAGE**

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executives and business owners.

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