

Members Quarterly Pulse Survey

March 2024

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A Note from Our CEO

Our Q1 pulse survey results are in. Thank you to all our members who contributed to our latest quarterly pulse survey which found that entrepreneurial optimism remains high at 83% although there are reports of elongation of the sales cycle.

This is the first report where we've delved deeper into our members equality, diversity and inclusion (EDI) strategies. Whilst an uncharted area for some, a staggering 78% of our respondents already have implemented firmwide EDI policies and 54% have taken action in the last 12 months to educate themselves on EDI.

To everyone who takes the time to complete our surveys, thank you. Your openness and honesty helps us towards tailored events and programmes that directly address your needs. In turn, this supports us to create a brighter future for the region and in making the North East a great place to be an entrepreneur.



A handwritten signature in black ink that reads "Elaine Stroud". The signature is fluid and cursive.

Elaine Stroud
CEO

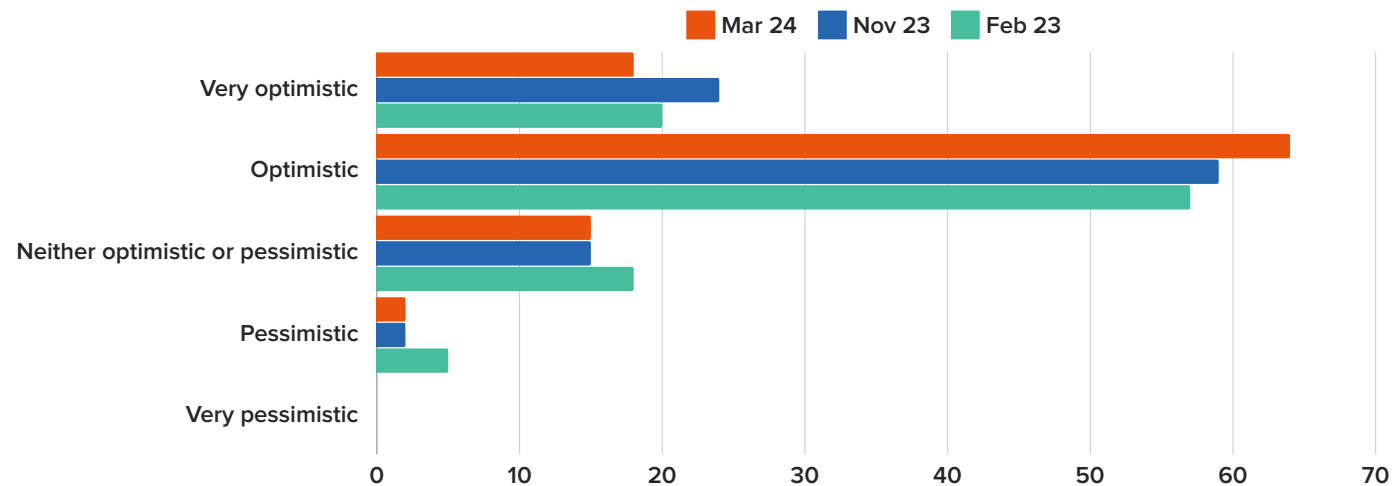
Respondent profile

- 104 members of the Entrepreneurs' Forum took part in this survey which ran from 26th February to 8th March 2024 and was conducted by Explain Market Research.
- Forum members are business owners, based in the North East of England, who have been trading for at least 2 years and turnover at least £250,000.
- Respondents represented a broad range of sectors including technology (17%), consultancy (16%) and marketing (10%).
- Most respondents are aged between 45- 54 years of age (33%) or 35 - 44 years of age (29%).
- The majority of respondents were male (72% compared to 28% female).

Business Confidence

Respondents were asked a series of questions relating to their feelings and expectations of their business for the next 12 months. Overall, members are feeling confident about their business's prospects over the next 12 months with 83% either feeling very optimistic or optimistic about their business's prospects. This details that members' optimism in their business's prospects over the next 12 months has remained largely unchanged, with 84% of members who participated in the last survey in November 2023, stating they were either very optimistic or optimistic.

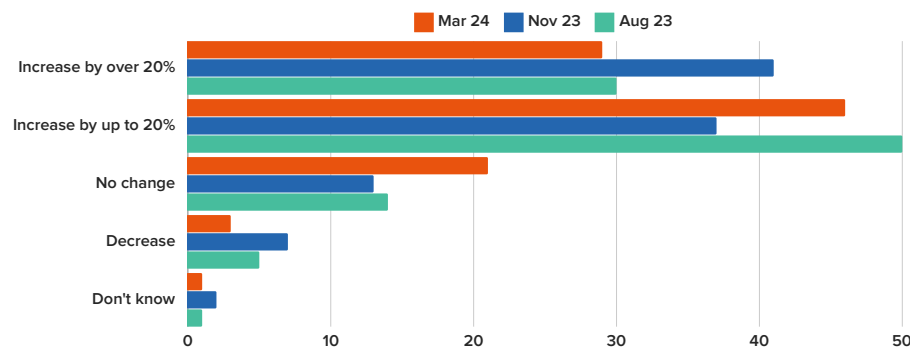
How are you feeling about your business prospects for the next 12 months?



Business Growth

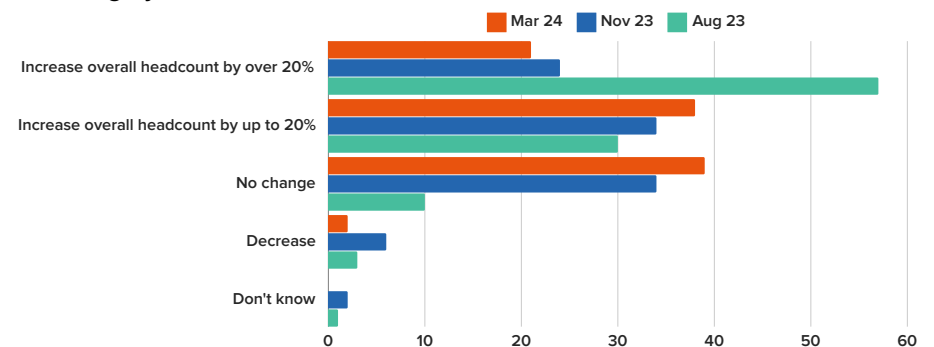
Most members who completed the survey expect their business's turnover to increase by up to 20% over the next 12 months. This represents a decline in expected turnover growth compared to when this survey was last shared to Forum members in November 2023, in which 41% stated they expected their turnover to grow by over 20%. As well as this, only 3% of businesses stated that they expect their turnover to decrease over the next 12 months, a reduction from 7% compared to when this survey was last shared in November.

Compared to the previous 12 months, how do you expect your business turnover to change over the next 12 months?



Members were then asked if they expect to change headcount over the next 12 months. Overall the highest proportion of members stated that they expect to see no change in headcount (39%), narrowly followed by members expecting to increase headcount but up to 20% (38%).

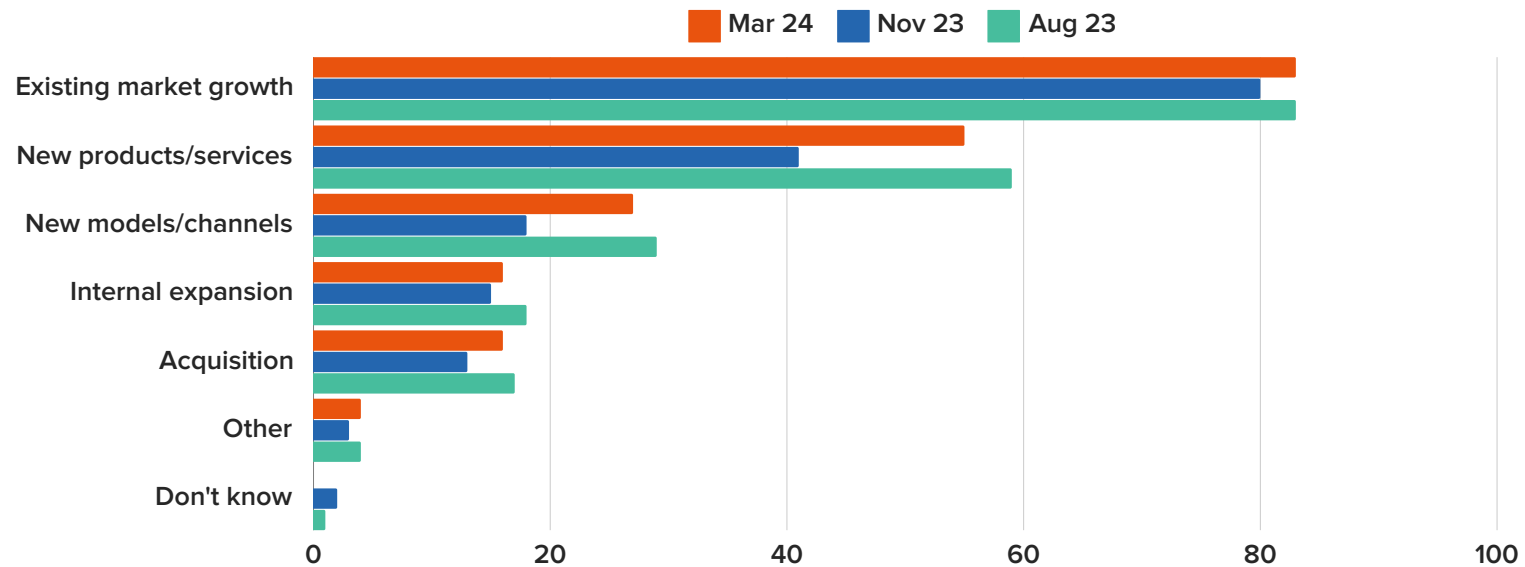
Looking at your staffing plans over the next 12 months, how do you expect to change your headcount over the next 12 months?



Business Growth

Overall, the majority of members (83%) stated that they are looking to grow their business over the next twelve months with existing market growth, which remains consistent to when this survey was last shared with members in November 2023 (80%). Methods of growth including internal expansion and acquisition are the least likely methods to be used for growing businesses in the next twelve months. Looking at the breakdown of responses by business type reveals that all members from the engineering sector are looking to grow through existing market growth. As well as this, all members within the retail and leisure and hospitality sector are looking to grow their business through new products and services.

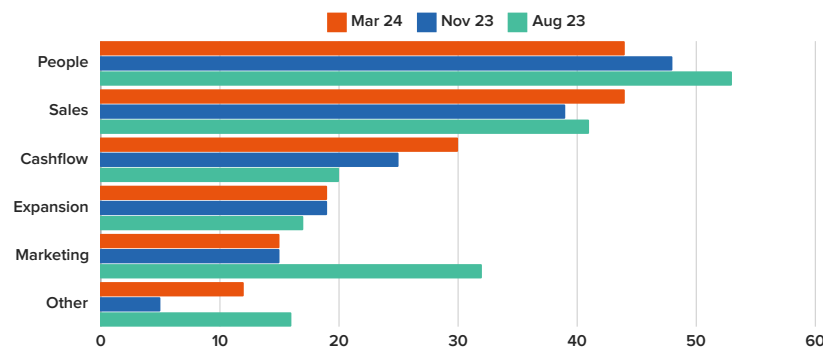
How are you looking to grow over the next 12 months?



Business Challenges

When asked what main challenges members are currently facing, most identified people and sales challenges (44%). This represents a slight increase in members identifying sales as a main challenge for their business compared to when this survey was last shared with members in November 2023.

What are the biggest challenges you are currently facing?



38 members left comments explaining the sales challenges they are currently facing. Most members here agreed with the statement, stating that deals or sales for them are taking longer to close, with often complex processes being cited as a factor. As well as this, some stated that these challenges were self-inflicted, not having an embedded sales culture, or staff who are not properly trained on sales.

“We don’t have an embedded sales culture - our team are too used to being asked to do work by clients rather than winning work competitively.”

— Male entrepreneur in the recruitment sector

“Ours really self-inflicted, as we go for larger, more established clients. They take longer to bring onboard than our old startup market.”

— Male entrepreneur in the financial/insurance sector

“Our clients are busy but the procurement process becomes increasingly complex and slow year on year.”

— Male entrepreneur in the engineering sector

Business Challenges

Other members highlighted increased competition in their sector, especially from companies outside the UK, leading to a squeeze on prices. As well as this, some identified wider economic pressures leading to sales challenges, with companies being reluctant to invest and budgets squeezed.

“Challenging economic environment, clients are reluctant to invest.”

— Female entrepreneur in the consultancy sector

“Budgets in our sector are generally squeezed (learning and development), so people are looking to in-house as much as possible.”

— Male entrepreneur in the consultancy sector

“Winning bids. Pricing has become an issue with large offshore providers low balling prices to win work. We thought Gov had learned what the ultimate result of this tactic will be for them and tax payers. Feels like a return to 12/15 years ago.”

— Male entrepreneur in the technology sector

Business Challenges

Overall, 36 members left comments detailing the challenges they are having with people. Overall, members were finding recruitment a key challenge, particularly for skilled, well experienced and positive people. Within this, some saw this as the result of rising salary expectations meaning it was harder to recruit, attract or retain individuals in the North East with greater salaries in other cities such as London. On the challenge of recruitment, some also noted the challenge of recruiting staff since Brexit.

“Finding people with the work ethic that matches the business aspirations is challenging. Positive people who will solve problems.”

— Male entrepreneur in the consultancy sector

“Retention of staff is difficult, we are finding that since Covid, people are able to fully homework which means London salaries for northern businesses are commanded.”

— Male entrepreneur in the technology sector

“Recruitment for specialist roles is very difficult at the moment and salary expectations have jumped up quite drastically.”

— Male entrepreneur in the health sector

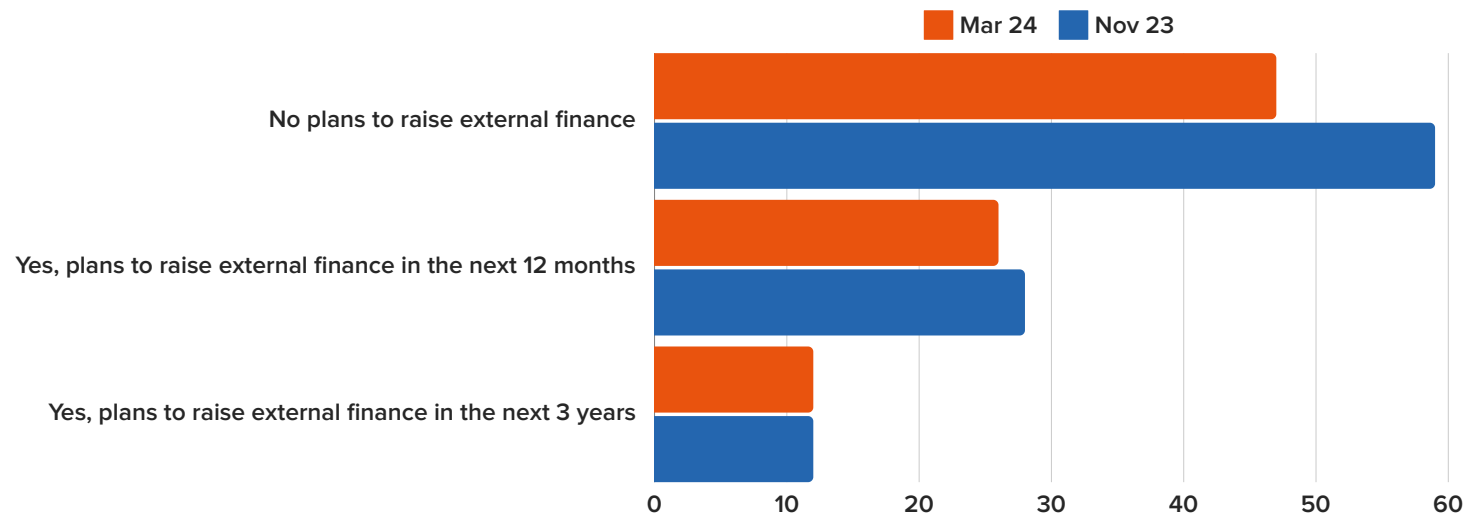
“Difficult to hire the right calibre of staff. Brexit has meant that European staff have gone home and few new replacements.”

— Male entrepreneur in the technology sector

Raising Finance

Most members state that they have no plans to raise external finance (47%), while the second largest proportion of members answering this question stated that they are planning to raise external finance in the next 12 months.

How are you looking to grow over the next 12 months?



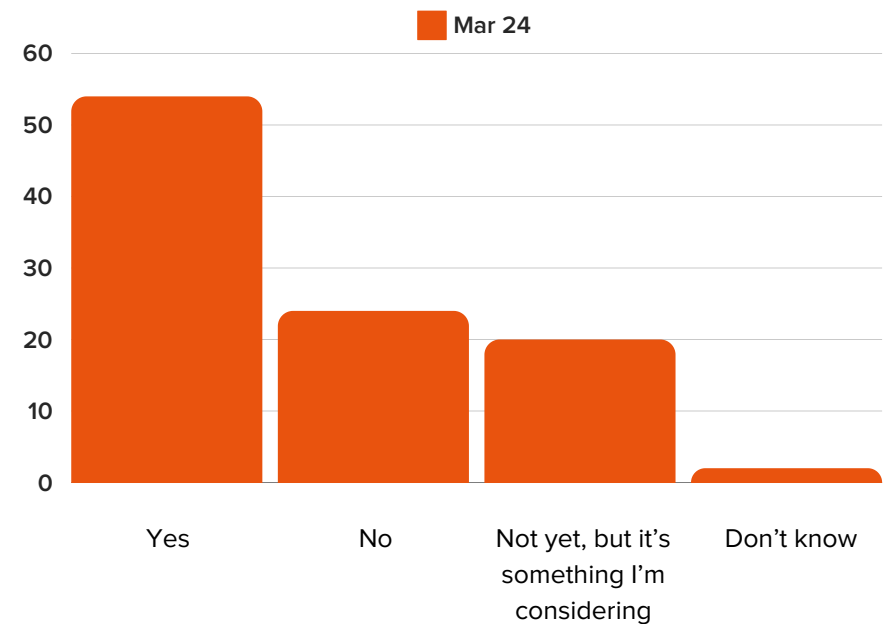
Equality, Diversity and Inclusion

The majority of members stated that they have taken actions to advance their knowledge of equality, diversity and inclusion (EDI) in the past twelve months (54%). While 24% of members answering this question stated that they haven't taken actions to advance their knowledge on EDI, 20% stated that this is something they are considering.

Within this, businesses within the consultancy sector (76%) and financial sector (78%) were most likely to have taken actions to advance their knowledge of EDI in the past twelve months. Members operating in leisure and hospitality (75%) and manufacturing (43%) sectors were the most likely to have taken no actions to advance their knowledge of EDI.

Following on from this, members were then asked if their business has a policy about EDI, of which the majority of members (78%) stated that they do.

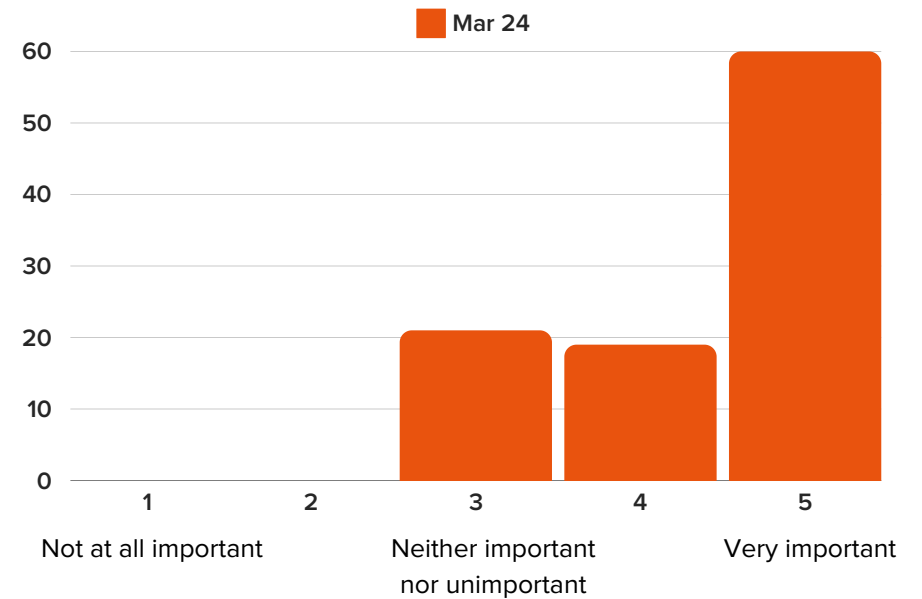
Have you personally taken any actions in the last 12 months to advance your knowledge about equality, diversity and inclusion?



Equality, Diversity and Inclusion

When asked how important they think it is that their business is an inclusive employer, the majority of members (79%) stated that it was important for very important.

On a 1-5 scale where 1 is not at all important and 5 is very important, how important do you think it is for your own business to be a more inclusive employer?



Equality, Diversity and Inclusion

42 members left comments on the actions they have taken over the past twelve months to make their organisation. Here, a range of actions have been used by members to make their organisation more inclusive including working with external partners to implement training and learning on EDI.

As well as this, some mentioned how they have open or blind recruitment policies ensuring they recruit diverse personnel, while others mentioned how they are in the process of becoming a B-Corp certified business.

“Where do I start. Simple answer is having a team who is responsible for this and it's not a nice to have that other people try to fit in to a busy schedule. We are applying to be a B-Corp which means we have to prove a lot of what we are saying we do. That's always a good move in our book. Certification in effect.”

— Male entrepreneur in the technology sector

“Recruitment is carried out blind, we have family and carer friendly policies and are looking at initiatives such as B-Corp.”

— Male entrepreneur in the health sector

“We have worked with an employment legal firm to assist our business and get up to speed. Also increasing our awareness of Neurodiversity.”

— Male entrepreneur in the technology sector

Summary of Findings

To summarise, our March 2024 Member Pulse Survey found that:

- Optimism remains very high amongst members with 83% either optimistic or very optimistic about the next 12 months. This is backed up with 75% saying they expect to grow their turnover and 59% expecting to grow headcount.
- Nearly half (44%) of members are having sales challenges and most commented that they were finding the sales cycle taking longer to complete than they'd expected.
- Although nearly one third of members are still forecasting high growth greater than 20%, this number has fallen by 12% since the last pulse survey in November 2023. More members are saying growth will be in the 0-20% range.
- There's a slowing down in recruitment with 39% of members saying they'll keep headcount steady this year, rather than grow.
- 79% of members believe it is important to be an inclusive employer and 54% have taken action in the past 12 months to educate themselves about equality, diversity and inclusion (EDI). 78% already have an firmwide policy on EDI.

