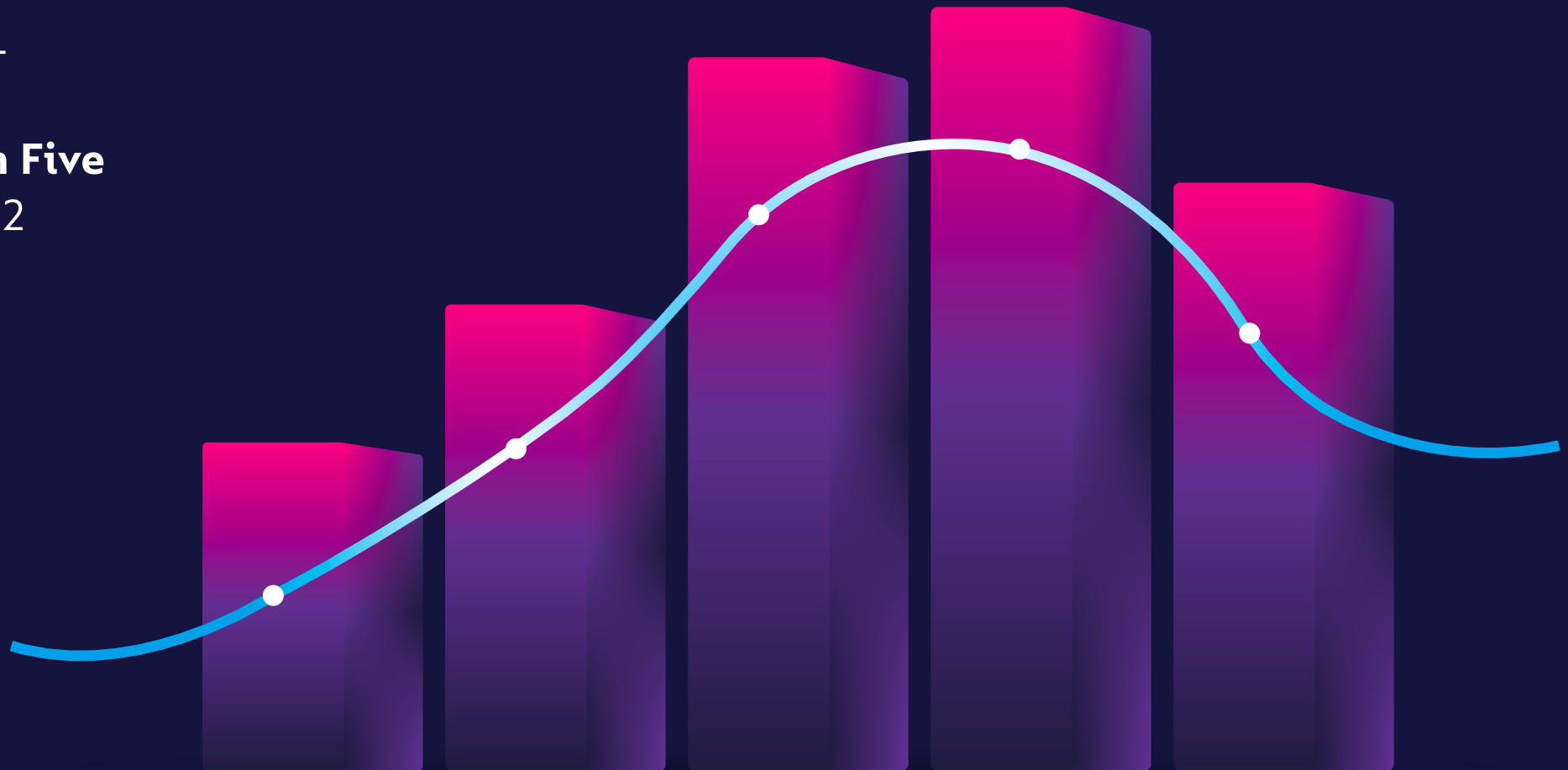


# Productive Business Index

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Edition Five  
Q3 2022



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# 01 Foreword

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# 01 Foreword

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**Anthony Impey MBE**  
CEO, Be the Business

**Our Productive Business Index (PBI) serves a dual purpose: to measure what steps are being taken to improve business capabilities and productivity; and to provide insight for businesses to inform their planning and next steps.**

The latest data is collated in an almost new context. The **UK business community** is responding to the combination of global forces - war in Ukraine, volatile energy prices, supply challenges - and increased pressures at home, from rising inflation to a recent change of political leadership.

And first, I must credit them for doing so - it is clear that confidence in their capabilities has been knocked. However, a clear and overriding take-away from our latest report is the **continued resilience, steadfast planning, and unwavering commitment** to long-term success by business leaders up and down the country.

In the face of a **rapidly shifting business environment** and, in many ways, unprecedented challenges, business leaders continue to demonstrate an adaptability and fortitude that can inspire us all.

However, as in our last report, there can be no complacency about the **immediate future**, and businesses are not only planning accordingly, but planning more urgently.

In our last report, we started to see a canter towards costs impacting on **financial performance, growth, and in some areas, investment**. For some sectors, that canter is now a gallop.

Our previous editions of the PBI have revealed a **change in mindset** among leaders of small businesses. Arguably, this was inevitable during and in the aftermath of the pandemic. However, our latest data tells us two things. First, that the shift is not temporary. For example, **adopting new technology** is no longer short-term adaptation, but rather an embedded strategic move in the name of **boosting productivity**. Crucially, second, it is **creating prime conditions for optimal, sustained and long-term productivity**.

It is our belief that productivity is the foundation for **establishing and maintaining a competitive UK business model**. Note that when 2.5 per cent annual GDP growth was accepted as an expected norm, it was underpinned by 2 per cent steady annual growth in productivity.

This latest edition shows that an leaders are concerned about the near term outlook for their businesses, and the economy, but are **planning to take action** in a number of areas that will drive the **long-term success of their firms**.



## 02 Key statistics at a glance

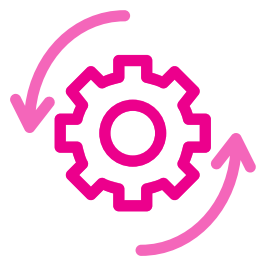
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## 02 Key statistics at a glance



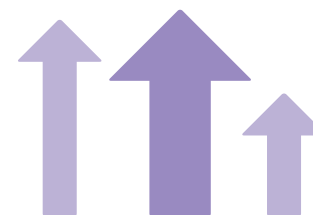
6

6 is the number of points the headline PBI has fallen on the quarter.




2 in 5

Two in five of businesses are seeking efficiencies as a direct result of inflation.



9%

9% is the surge in firms investing in the skills of their management teams, against a backdrop of fewer believing they've got the right mix.



7%

55% of leaders say employees are motivated, down 7%, but more have plans to engage their teams.



10

10 is the number of points that has fallen in those believing they have the right skills and talent to succeed.

At 54% agreement, confidence is the lowest so far across the series.



1/3

Over a third of companies back their innovations as industry-leading, but only 48% say those innovations have produced the expected ROI.



2 in 5

The rise of e-commerce continues, with two in five (42%) of companies planning investment in it over the coming 12 months.



# 03 The approach

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## 03 The approach

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Since 2017, Be the Business has studied the productivity puzzle.

Today, we can say with a high degree of confidence that we understand the key drivers of productivity. In particular, we know that there are five key areas that drive a productive, high performing business:

- 1 Management and Leadership:** does the business have a plan for its future and a strategy to get there?
- 2 Technology Adoption:** is technology, in various guises and even at the simplest levels, embraced?
- 3 Training, Development and HR:** is the environment to learn and improve built into company systems and structures?
- 4 Operational Efficiency:** is there a constant focus on improving elements of everyday performance?
- 5 Innovation and Ideas:** are the conditions fostered to create and test new ideas that will enhance the business?

**The Productive Business Index focuses on micro, small and medium sized businesses in the UK, which we define as employing between 2 and 250 employees.**

We track changes in the five key areas noted above, as well as general operating conditions, barriers to growth and expectations for the future. This is our fifth Index report following an initial publication in January 2021.

**The data we collect is analysed and combined to produce our Index:**

- Business Performance measures trading conditions and company sentiment.
- Business Capabilities assesses activity in the five areas that drive productivity improvements.
- In both Performance and Capabilities, we assess the current situation, as well as asking about future expectations and plans for improvements.
- We then produce a Business Performance Index and a Business Capabilities Index.
- These are combined to produce assessments of the overall Current and Expected situation.
- And finally, these combine to form our overall Productive Business Index figure.





# 04 The UK productivity puzzle

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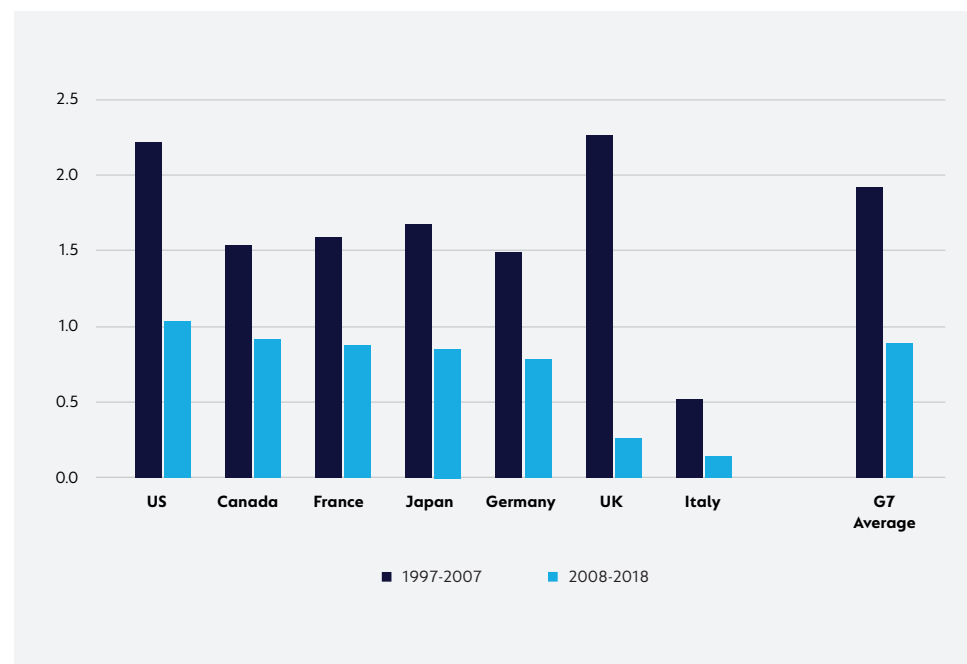
## 04 The UK productivity puzzle

Between 1997 and 2018, the UK went from having one of the highest productivity growth rates in the G7 to one of the lowest. This is despite the fact that the UK is home to some of the world's most productive businesses. This shift is sometimes referred to as 'the productivity puzzle'.

This is because, although we have many highly productive firms, the majority of UK employees work in firms with below average productivity.

Solving this puzzle is not an impossible challenge. McKinsey Global Institute (MGI) research conducted for Be the Business concluded that reinventing the wheel through innovative and creative new practices is not necessarily the answer. Instead, better use of existing technologies and management practices by firms in the 'long tail' has greater potential to increase overall UK productivity.

Our productivity index measures changes in capabilities identified as important to solving this puzzle. If every business can make modest improvements to their management capability, use of technology, approach to innovation, HR practices and operational efficiency, the UK will move from a relative productivity laggard to a leader.



Productivity growth in the G7, 1997-2018



# 05 Headline findings

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## 05.1 Productive Business Index

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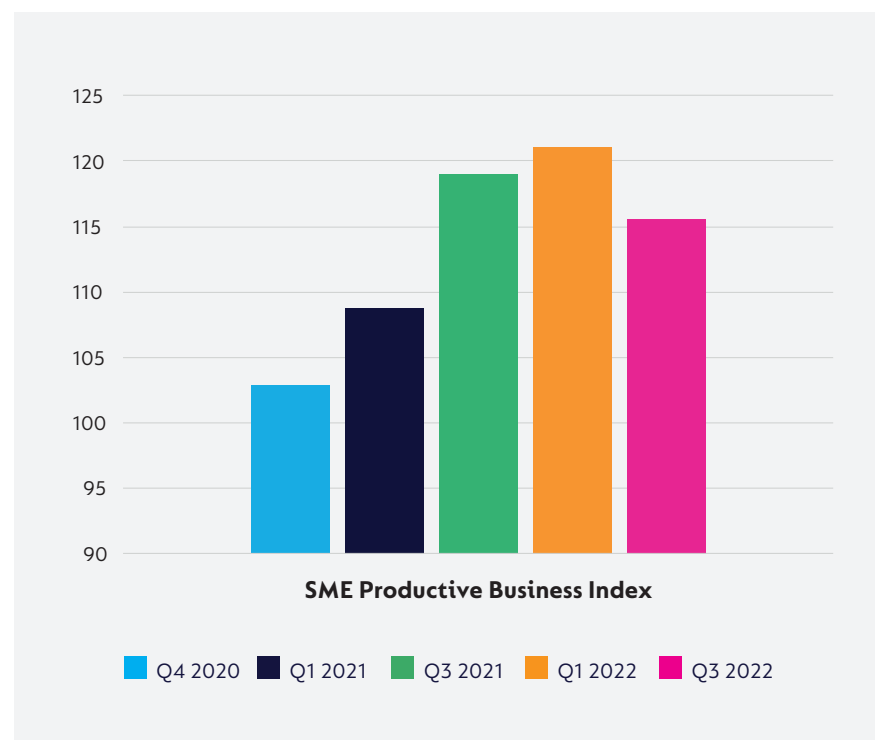
**The struggle is real** - Our Productive Business Index has fallen for the first time, driven by lower business capabilities.

**6** point fall in our headline index

## 05.1 Headline findings: Productive Business Index

**The headline Productive Business Index has decreased by six points from 121.1 in Q1 2022 to 115.6 in Q3.** (From this edition, the PBI is moving from quarterly to biannual cadence)

- Our previous report (PBI 4, Q1 2022) showed the smallest rise recorded between editions (from Q3 2021). This quarter's data shows that this slow growth has come to a stop. The decrease is the first time the index has fallen since our series began in January 2021
- While previous rises were predominantly driven by business capability improvements rather than performance, this trend has now been reversed
- There are two outlying business sizes having a particular impact on the resulting average: those with fewer than 9 employees, and those employing between 50 and 100 people. Both are experiencing Index drops of close to 10 points. This is a marked change from our previous edition, which showed less variation between business sizes



**Figure 1: Productive Business Index**



## 05.2 Business Performance Index

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**Waiting for the storm** - Leaders painted a mixed picture for the past quarter, but firms expect the next three months to be challenging.

**25%** of businesses expect their financial situation to worsen in the final quarter of 2022

## 05.2 Headline findings: Business Performance Index

### The Business Performance Index has fallen from 112.3 to 109.9.

Business leaders painted a slightly improved picture regarding how their business performed in the past three months compared to our previous survey at the beginning of 2022, but reduced expectations for the coming three months kept the Index from rising.

The Business Performance Index showcases quite a volatile picture across a range of indicators. More businesses reported their revenue rising, the number of employees increasing and the volume of new orders rising, but there were also higher numbers of business leaders reporting the opposite. Almost a quarter (24%) of the sample increased the number of people employed in the past three months – an eight-point rise compared to the beginning of the year. But around one in six business leaders reported reductions in headcount, also up on the previous quarter.

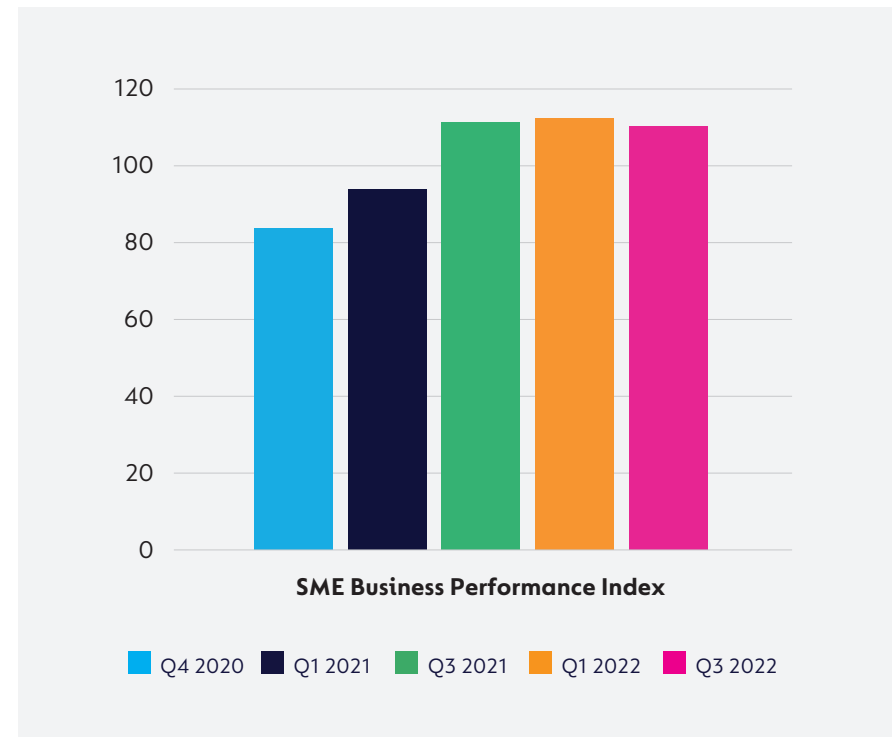


Figure 2: Business Performance Index

## 05.2 Headline findings: Business Performance Index

**Looking back over the past three months, the data indicates growth is in line with previous editions, and continues to head in the right direction, if not moving at pace.**

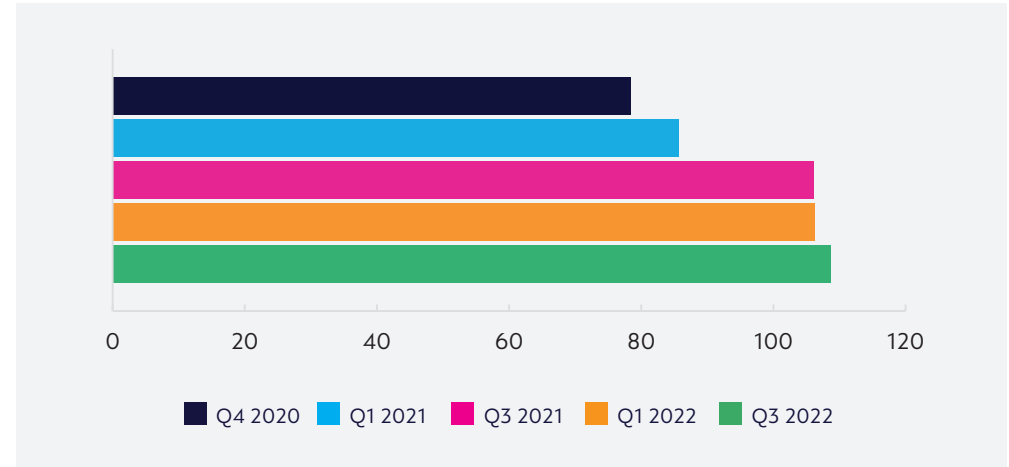
Performance has improved by two points across all businesses, no matter their size.

Looking ahead, the data indicates that businesses expect their performance to falter in the coming three months. Those employing more than ten people predict a 6 per cent loss in performance, with smaller businesses (under 10 employees) feeling particularly negative, with a 12 per cent drop.

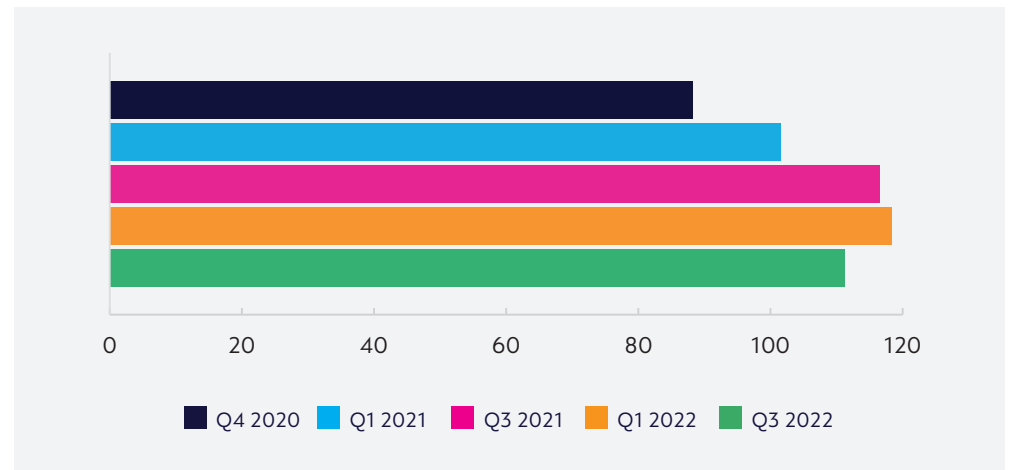
### Sector by sector

There is more discrepancy when taking a closer look at sector comparisons of performance over the last three months.

Accommodation and food business have seen a 10 per cent increase since Q1 2022, explained by the return to consistent opening post COVID-19. Similarly, retail saw a small rise of five per cent, which starts to make up for the previous eight per cent fall in performance at the end of 2021.



**Figure 7: Business performance (past three months)**



**Figure 8: Business Performance (next three months)**





## 05.3 Business Capability Index

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**A crisis of confidence** - This is the first drop in our Capabilities Index driven by management and HR indicators.

**8** point fall in the Business capabilities index since Q1 2022

## 05.3 Headline findings: Business Capability Index

While there was a mixed picture for past performance, business leaders were more aligned when they look to the future, and their expectations are for a difficult end to the year.

A quarter (25%) of businesses expect their financial situation to worsen in the final quarter of 2022, a rise of 9 per cent compared to the beginning of the year. The picture on employment is a little more mixed, with businesses expecting both further hirings and reductions in headcount over the next three months.

The Business Capabilities Index has significantly decreased, down a notable 8 points from 129.9 to 121.3.

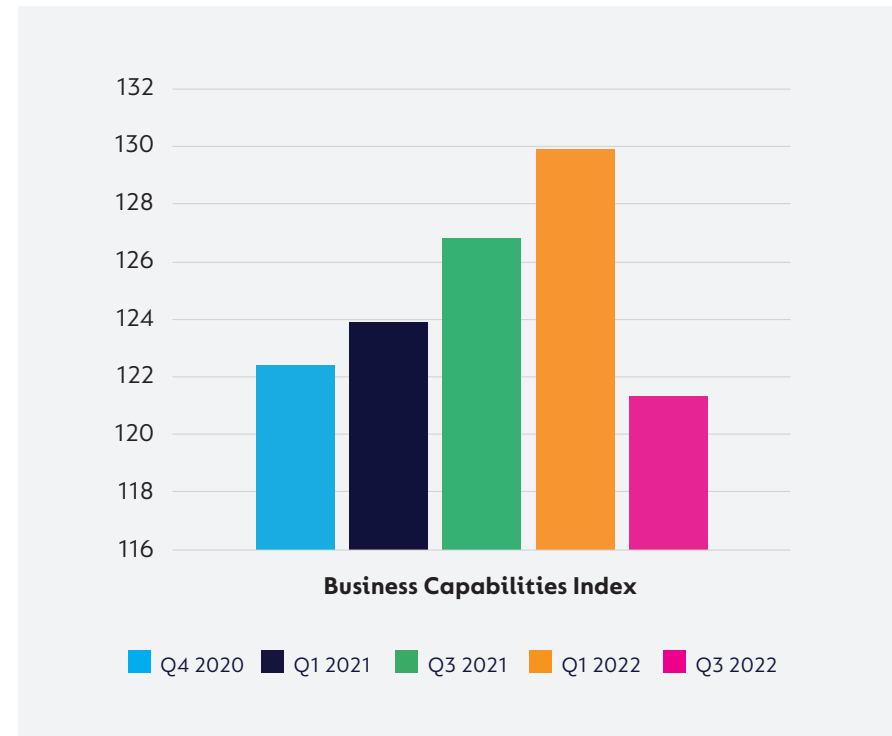


Figure 3: Business Capabilities Index



# 06 Beneath the numbers

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## 06 Beneath the numbers

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### **There are no regional outliers, with a consistent downward trend in the PBI across the country**

- For the first time, we can observe all regions and nations within every part of the country slowing down, bar a small uptick of two points in the South West
- Perhaps surprisingly, given its proximity to the capital and its concentration of financial and professional services businesses – a sector that saw well above average performance in this Index, the East of England saw a stark 12-point fall
- The North West similarly demonstrates a sizeable drop of 13 points, compared to the first quarter of the year

### **Labour costs continue to bite**

- Businesses point to labour costs as an increasing constraint on productivity, cited by more than a quarter (26%) of businesses – a factor that, having held firm through our first three editions, took a leap of six points in Q1 of this year, and another five points in Q3
- However, while businesses are feeling the pinch from staffing and resources, insufficient demand is less of an issue, falling by the greatest margin among factors identified as constraints
- Understandably, the general economic climate remains the biggest constraint on productivity across all five editions of the PBI

### **Rising inflation is driving a change in behaviours**

- A staggering 38 per cent of businesses are seeking efficiencies in the face of rising inflation
- This is most prominent in Wales, Scotland and across the South
- 23 per cent of businesses with more than 50 staff are considering reducing headcount as a direct result of inflationary pressure. Only 15 per cent of the overall sample are considering cuts
- 46 per cent of businesses in public administration are planning to launch a new product or service in direct reaction to inflation. This suggests the appetite for growth is far from stemmed, particularly when compared to an average growth ambition of 25 per cent

### **Confidence in company management is shaken, but leaders are planning to act.**

- There's been a 9 per cent surge in investment in the skills of management teams. This is set against a backdrop of 6 per cent believing that the performance of their management and leadership team has worsened in the last 12 months. While confidence in teams is slightly lower, there is both strong recognition that management and leadership are key, and action is required to address it
- 40 per cent of businesses believe their 'two to five year' strategic planning has improved during the last twelve months, suggesting that businesses are preparing for the long term

## 06 Beneath the numbers

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### **Progress in the use of digital technologies is steady, with increased focus on e-commerce and training.**

- Increasing numbers of businesses are planning investment in e-commerce, though currently fewer than half (48%) of businesses believe they're using this software effectively. This admitted lack of skill may be reflected in the rising number of firms that plan to upskill the digital skills of employees – 44 per cent have plans to do so
- While business leaders are keen to train their staff in digital, this does not extend to leadership teams. Only a third of leaders (31%) plan to improve their digital skills, consistent with previous surveys
- Only 27 per cent of businesses intend to increase investment in data analysis over the next twelve months, compared to 41 per cent which intend to spend on virtual collaboration tools, such as software and management systems. It appears that businesses are becoming organised, but are they getting smarter?

### **There's a mixed picture on revenue forecasts**

- 45 per cent of businesses expect revenues to remain steady over the next three months, and a third (33%) expect them to increase or improve. However, one in five (21%) leaders expect revenues to decrease in the next three months, a seven point rise on Q1 2022
- Almost a third of business leaders expect their financial situation to improve, consistent with our last Index, but a quarter of business leaders predict their financial prediction will worsen in the quarter ahead – up 9 points since the beginning of the year.

### **Bucking the trend**

Five sectors buck the overall downward trend:

**Hospitality and health** maintain levels seen in the last quarter, which amplifies an historic pattern of stability across both sectors.

**Professional services** including **finance, insurance and science**, and the property market have begun to recover from previous falls, against the overall trend.

**Financial and insurance** businesses show a significant 12-point leap, returning to productivity levels enjoyed in early 2021.

**The property market** has traditionally shown steady increases across our series: following a small three-point dip in early 2022, Q3 indicates a return to form.



## 07 A focus on inflation

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## 07 A focus on inflation

### With UK inflation hitting a 40-year high, how are businesses responding?

In short, more pro-actively than in previous months, with nearly 40 per cent of businesses across the board seeking efficiencies as a direct result.

Over 15 per cent of business leaders are considering headcount reduction, and only 17 per cent are contemplating seeking external support to help them meet these challenges. This suggests the business support ecosystem should redouble efforts to make leaders aware of how they can support them through this challenging economic period.

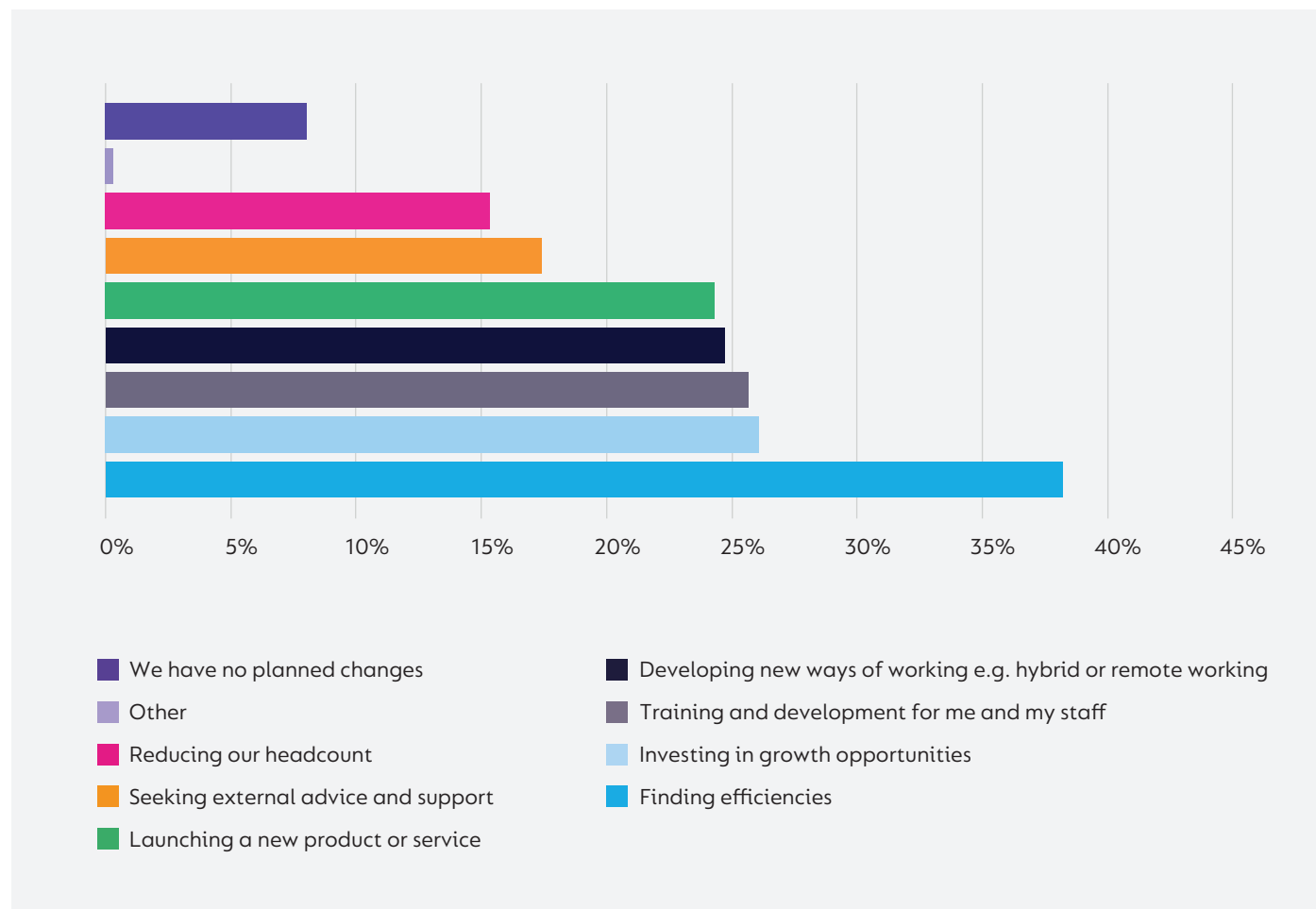


Figure 4: Response to inflation

# 07 A focus on inflation

## A regional analysis

- Across the regions and nations, there's a similarly reflected outcome with businesses in Wales, Scotland, the South East and the South West most likely to be seeking efficiencies
- Over a third of companies in the East of England are exploring new ways of working, either implementing hybrid arrangements or increasing working from home. This may, in part, reflect a now-embedded trend of London-based workers not returning to the capital after the pandemic. The gap between London workers staying at home during the pandemic, compared to the rest of the UK, was almost 20 per cent, and data shows it's an enduring trend. Business appears to be adapting to their workers' needs. The question is, at what cost?

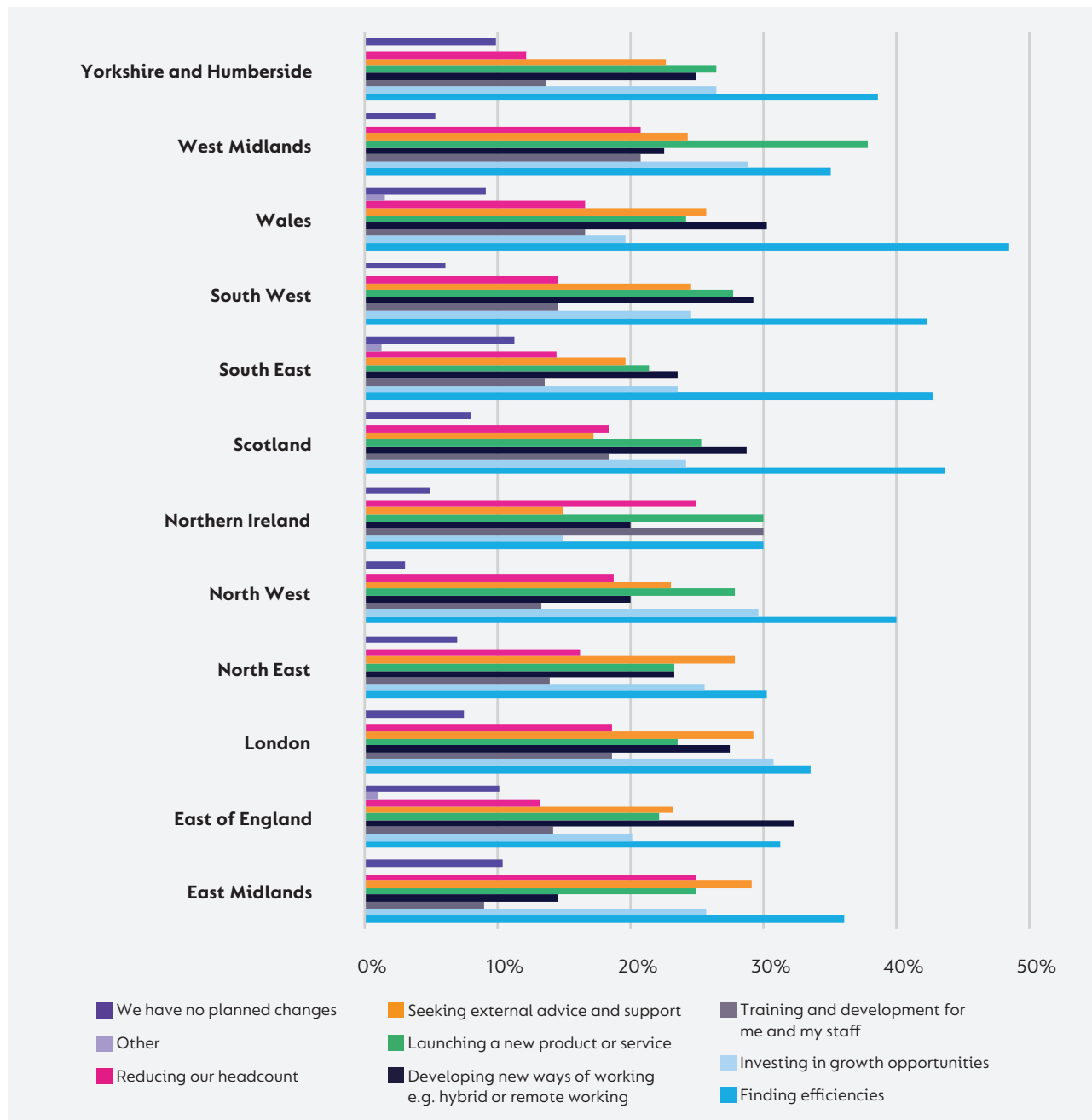


Figure 5: Response to inflation - regional breakdown



# 07 A focus on inflation

## A sector analysis

- Businesses operating within public administration are outliers when it comes to launching and developing new projects, with 46 per cent doing so
- Retail is the sector most likely to be seeking external advice, with a third, (33%) per cent responding by looking for support. However, looking outside of the business for guidance is a general trend across sectors, with 22 per cent intending to do so
- Training and development of staff is the least common response to inflationary pressures, with no sector outside of mining and quarrying hitting 20 per cent

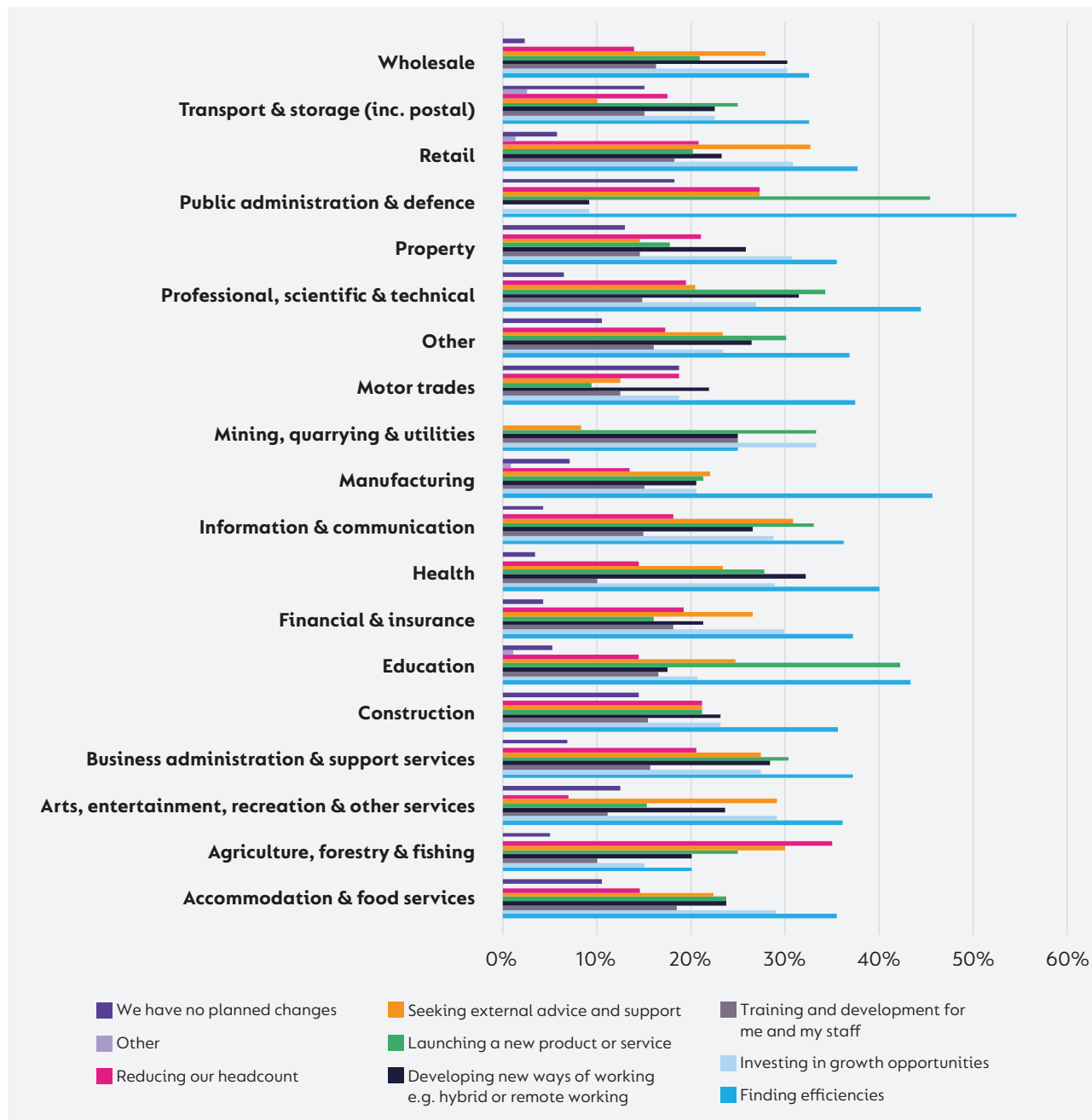


Figure 6: Response to inflation - sectoral breakdown



**08** The five areas businesses are focusing on to improve productivity

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## 08 The five areas businesses are focusing on to improve productivity

For each edition of the PBI, we ask business owners to rank what they believe are the priority areas to focus on to increase productivity.

1 is the most important, 5 is the least. For the fifth Index in a row, Management and Leadership is seen as the most important driver of business performance.

Once again, we see the rankings remain consistent, indicating that businesses are planning for the long term, looking beyond immediate challenges and showing confidence that their applied strategies will see them through.

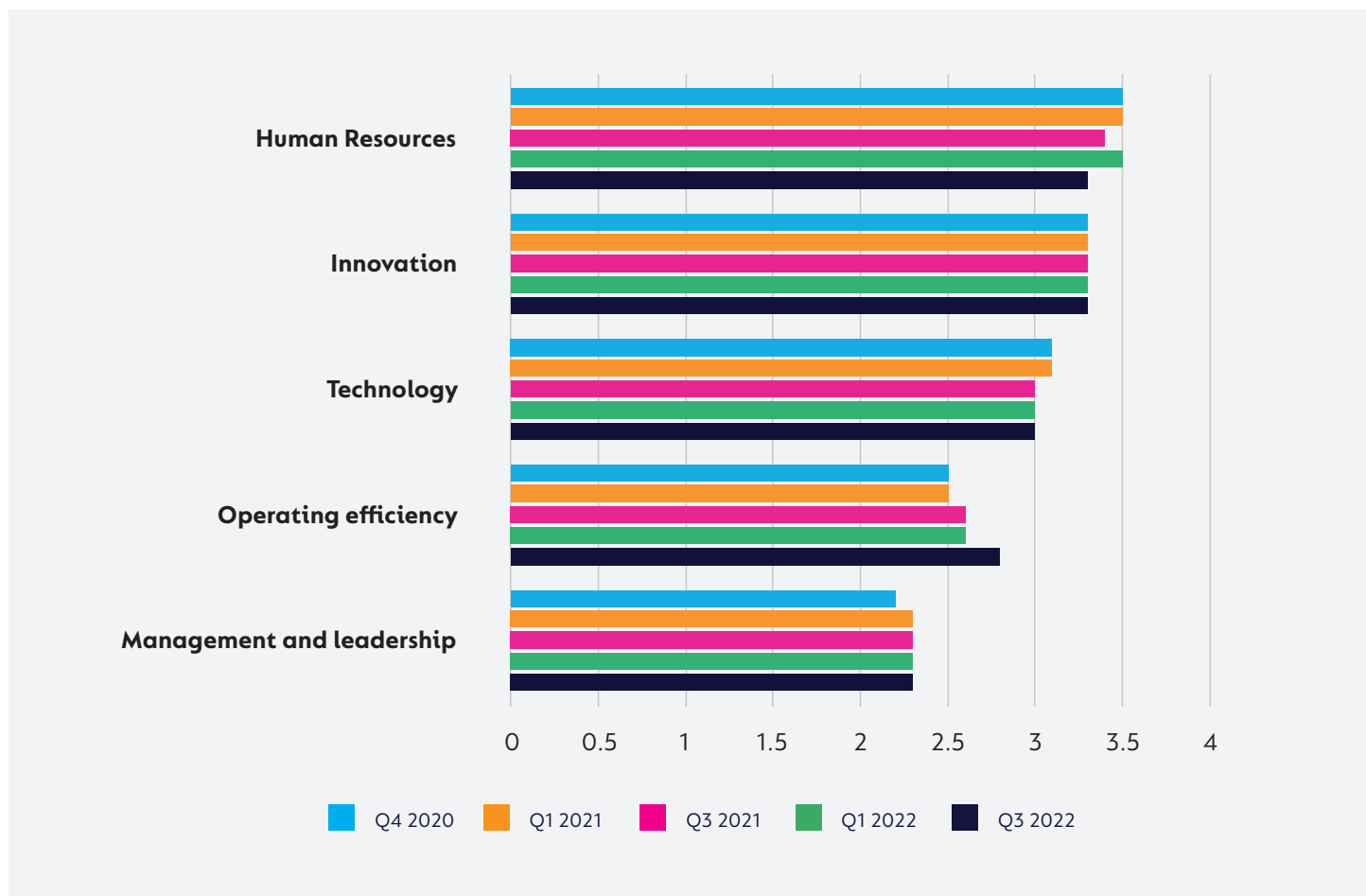


Figure 9: Capabilities ranked



## 08.1 Management & leadership

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**Down, but not out** - Leaders are less confident in their abilities, but they're pulling out all the stops to improve.

8%

decrease in business leaders current assessment of their management team's skills

9%

increase in business leaders planning to invest more in management in the next 12 months

## 08.1 Management & leadership

### Views on management and leadership show some fluctuations this quarter:

for the first time, there is a fall in belief that companies have the right blend of professional management skills, with 56 per cent believing they do.

This represents an eight-point drop in the quarter and could reflect volatile conditions in the labour market.

We also see, for the first time, a marginal drop in the number of businesses confirming they have a strategic plan for the next two to five years, from 53 per cent in Q1 2022 to 51 per cent in this edition.

At the time of our survey (1-8 September), inflation was running at 9.9 per cent and many business leaders were increasingly worried about the cost of energy. This unforeseen challenge, driven primarily by the war in Ukraine, appears to have shaken the confidence of leaders, aligning with a fall in the number of leaders who believe their companies are prepared for unforeseen events, with figures down from 56 per cent to 51 per cent.

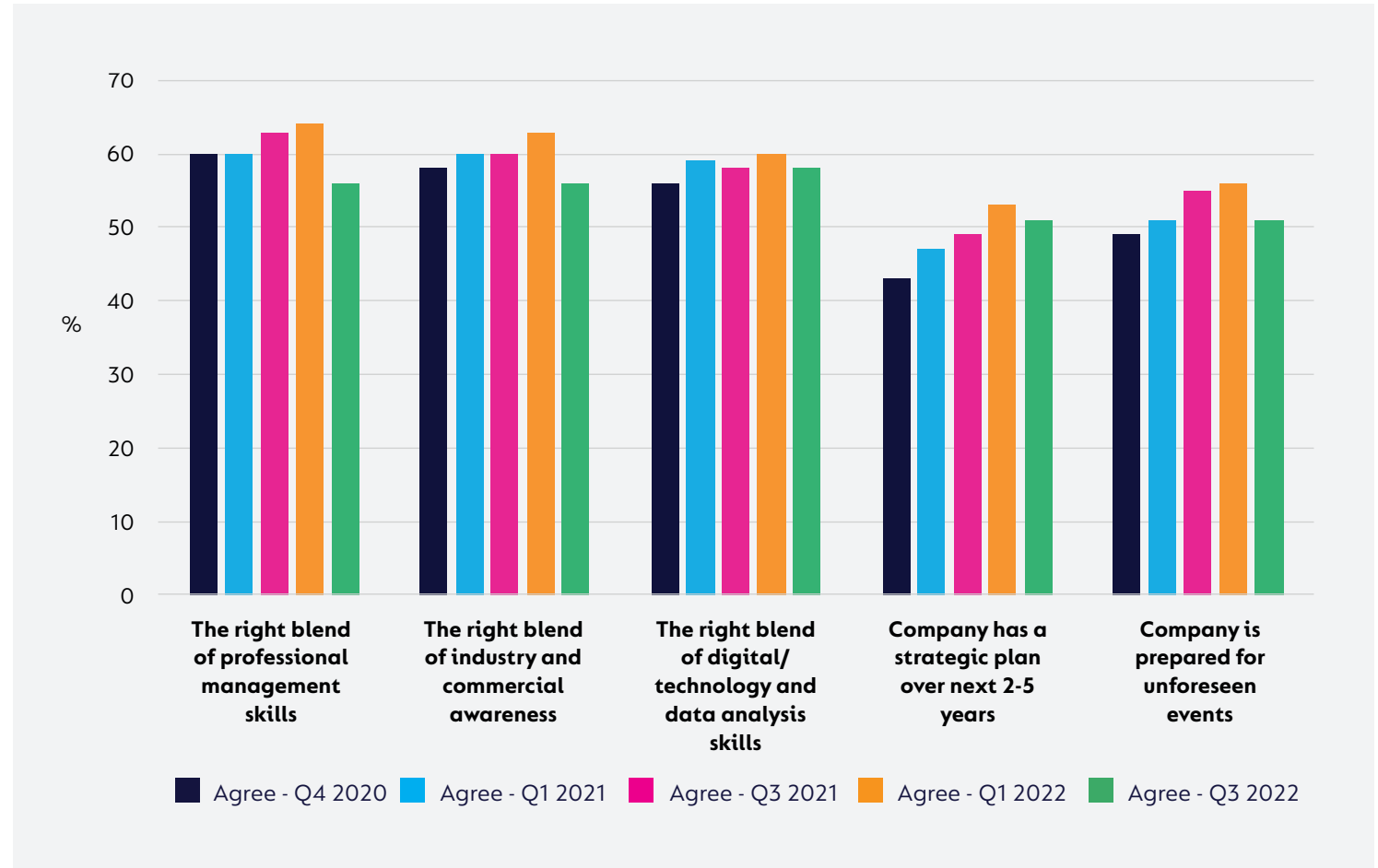


Figure 10: Views on strength of company leadership and management skillset

## 08.1 Management & leadership

The data suggests that businesses are all too aware of the skills gaps within their management teams, with 45 per cent more businesses planning to spend more time developing these skills, an increase of nine points compared to Q1 2022.

From strategic planning to forecasting to engaging with the wider business community, there is an upward turn in business spending time in this area.

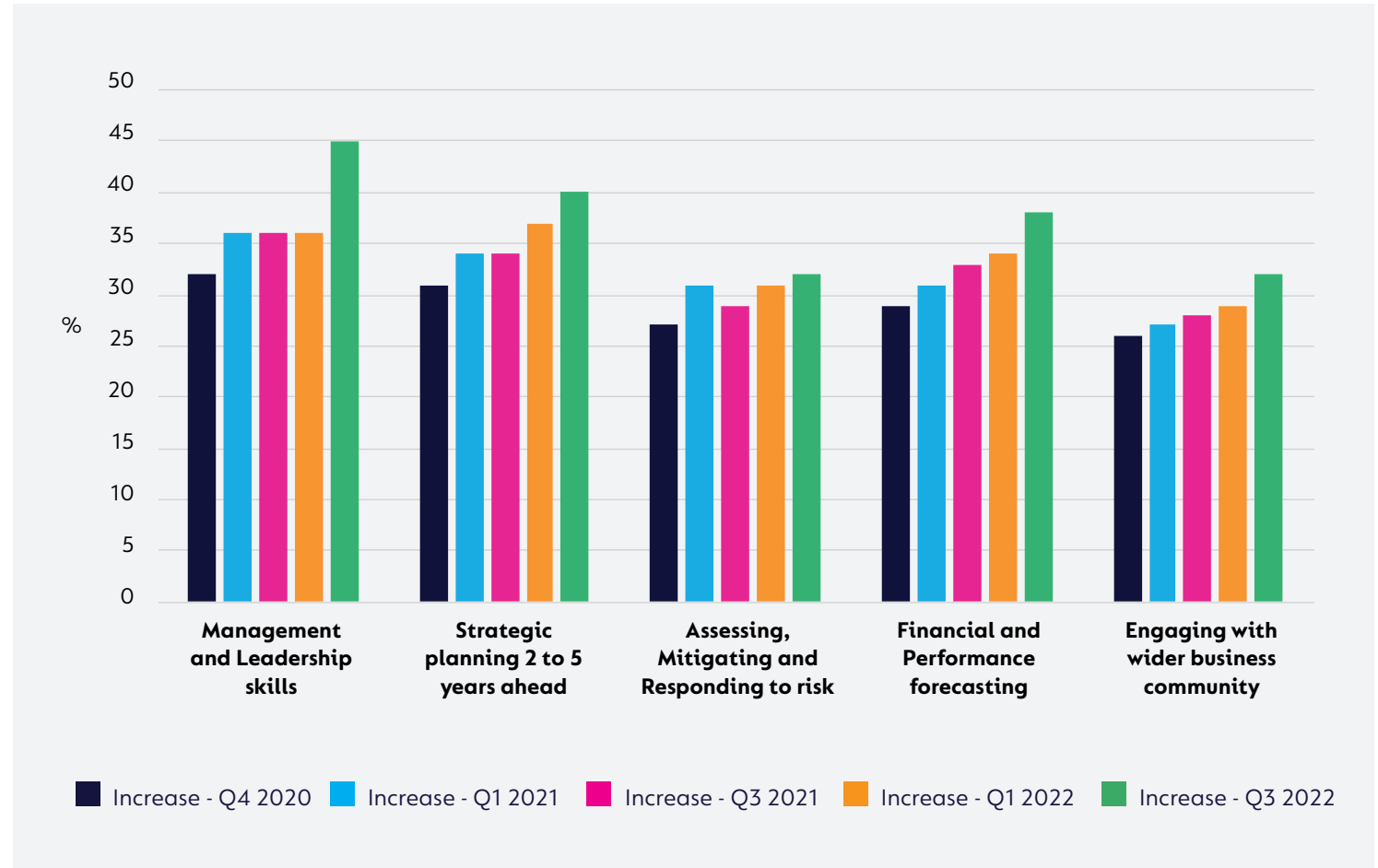


Figure 11: Proportion who will spend more time on management and leadership activities – next 12 months



## 08.2 Technology adoption

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**All hands on tech** - COVID-19 tech trends are embedding.

**7%** increase in planned e-commerce investment

## 08.2 Technology adoption

**Views about the effectiveness of adopting new technologies hold firm across the board, as well as maintaining a stable confidence in their benefits.**

The adoption of e-commerce persists with no change in the 48 per cent of companies effectively using it. This reflects the six-point leap seen in our last edition, which it is reasonable to assume is down to investment in post-pandemic resilience. That 48 per cent has held steady, suggesting that business leaders are attuned to some adaptations made during the pandemic being here to stay.

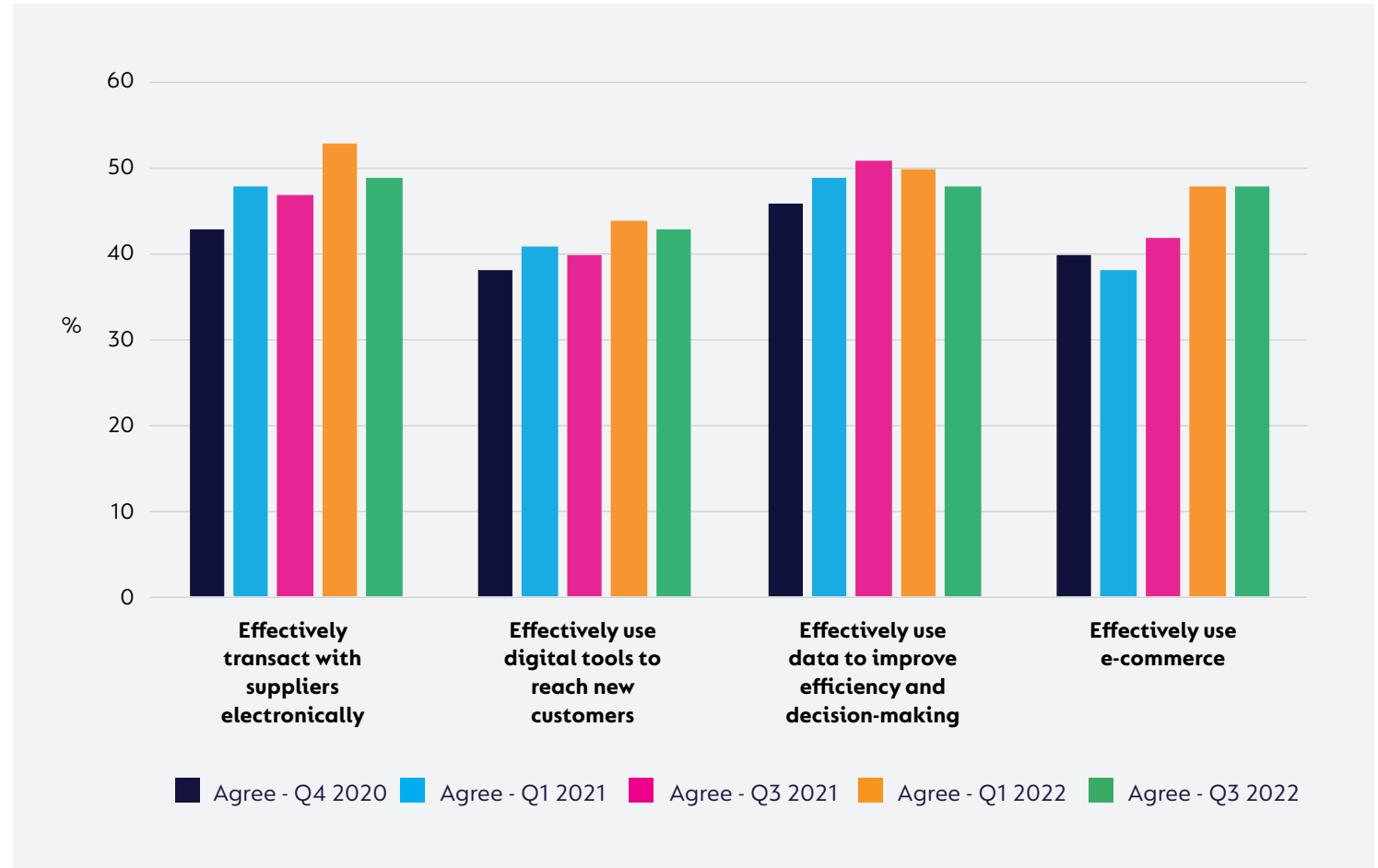


Figure 12: Views on the effective adoption of technology and its benefits



## 08.2 Technology adoption

Over the next 12 months, business intends to keep up planned levels of activity and investment in new technologies. Indeed, there is a small increase in this intention across all measures.

Most notable is an increased focus on e-commerce, with 42 per cent of businesses planning to invest in it over the coming year; a rise of seven points. Alongside this, 44 per cent of companies will spend on training to improve the digital skills of their staff; a rise of four points.

While there is more planned activity against most kinds of technology, the increase is not as large as that recorded for management or innovation activities, suggesting businesses have now moved from rapid adopting during covid to embedding technologies.

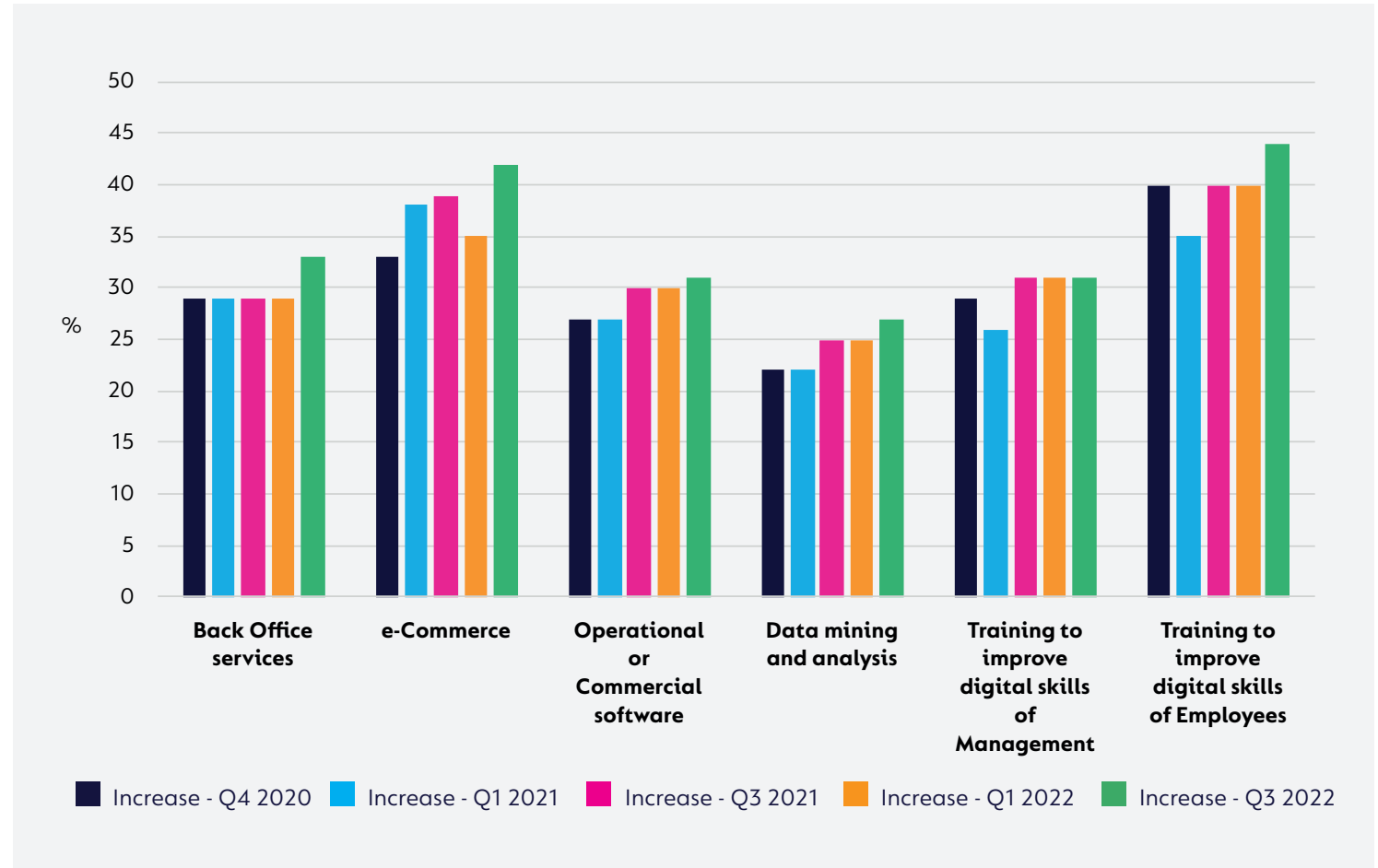


Figure 13: Planned level of activity and/or investment in technology over the next 12 months



## 08.3 Ideas & innovation

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**Take one from the team** - Business leaders are good at coming up with ideas, but they're looking outside their teams.

9%

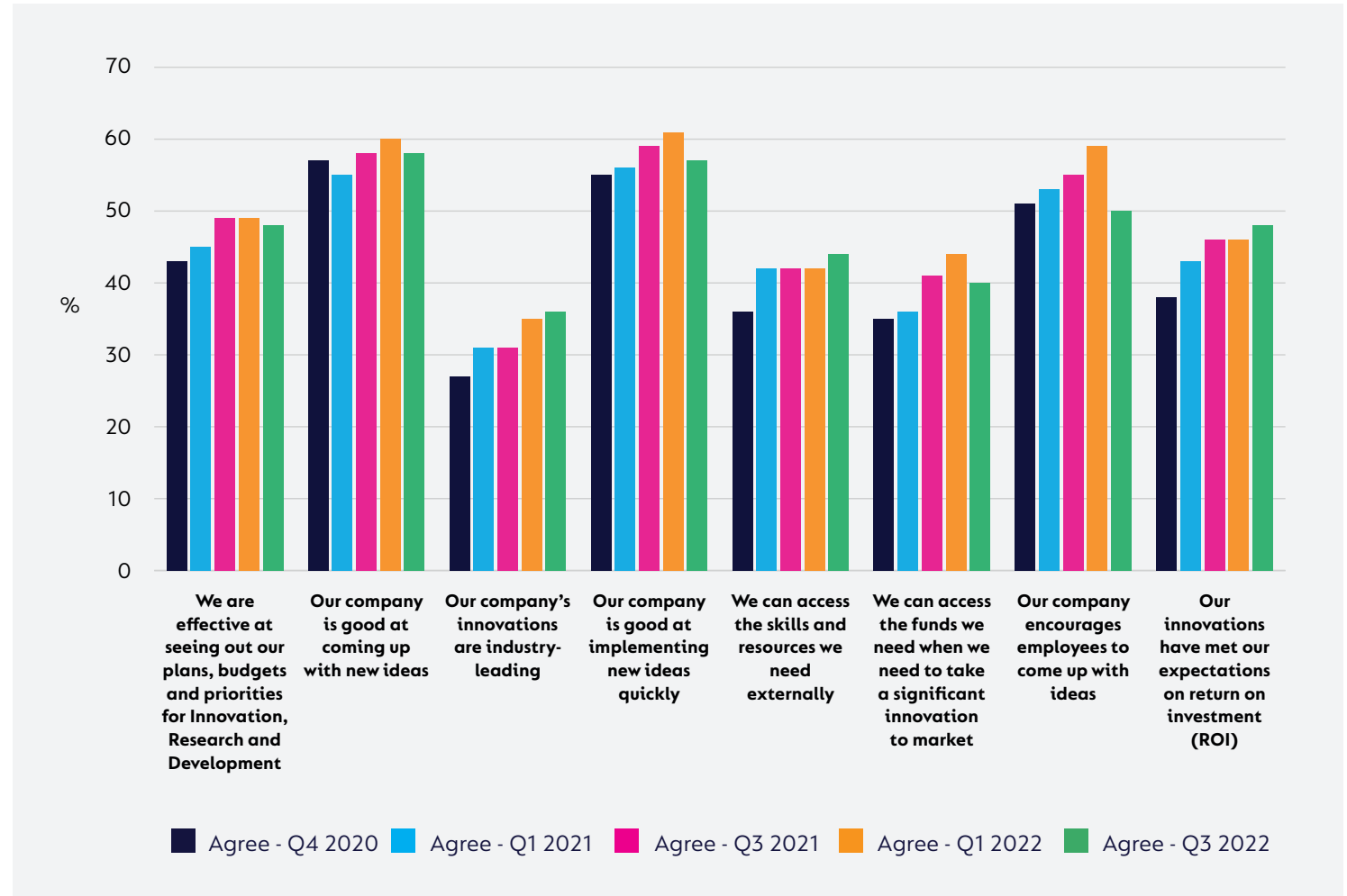
fewer leaders say their employees are good at coming up with ideas for the business

## 08.3 Ideas & innovation

**There is an assured confidence when asking business leaders about their ability to successfully innovate.**

In addition, there's a consistent upward trend throughout our series of companies believing their innovations are industry leading: 36 per cent agree in this edition of the PBI.

Nearly 60 per cent of business leaders believe their company is good at coming up with ideas, with 57 per cent saying their company is then good at implementing them quickly. However, leaders may be over reliant on themselves to generate these ideas – there's a notable drop in the share of business leaders who believe their company actively encourages employees to bring forward new ideas. This could be a significant missed opportunity, as Be the Business' experience of working with high performing firms has shown that some of the most impactful changes to business operations come from existing employees.



**Figure 14: View of companies on their ability to successfully innovate**

## 08.3 Ideas & innovation

When it comes to planning for the period ahead, more than four in ten of business leaders intend to develop new ideas to put forward for commercial assessment, and 46 per cent intend to proceed with launching a new product in the next year.

Over our series, there's been a consistent upward trend in businesses co-creating with customers or suppliers - that trend continues this time, with 38 per cent of business leaders now intending to do so. This appetite for collaboration is a positive development that should be fostered alongside additional emphasis on engaging employees to bring forward ideas.

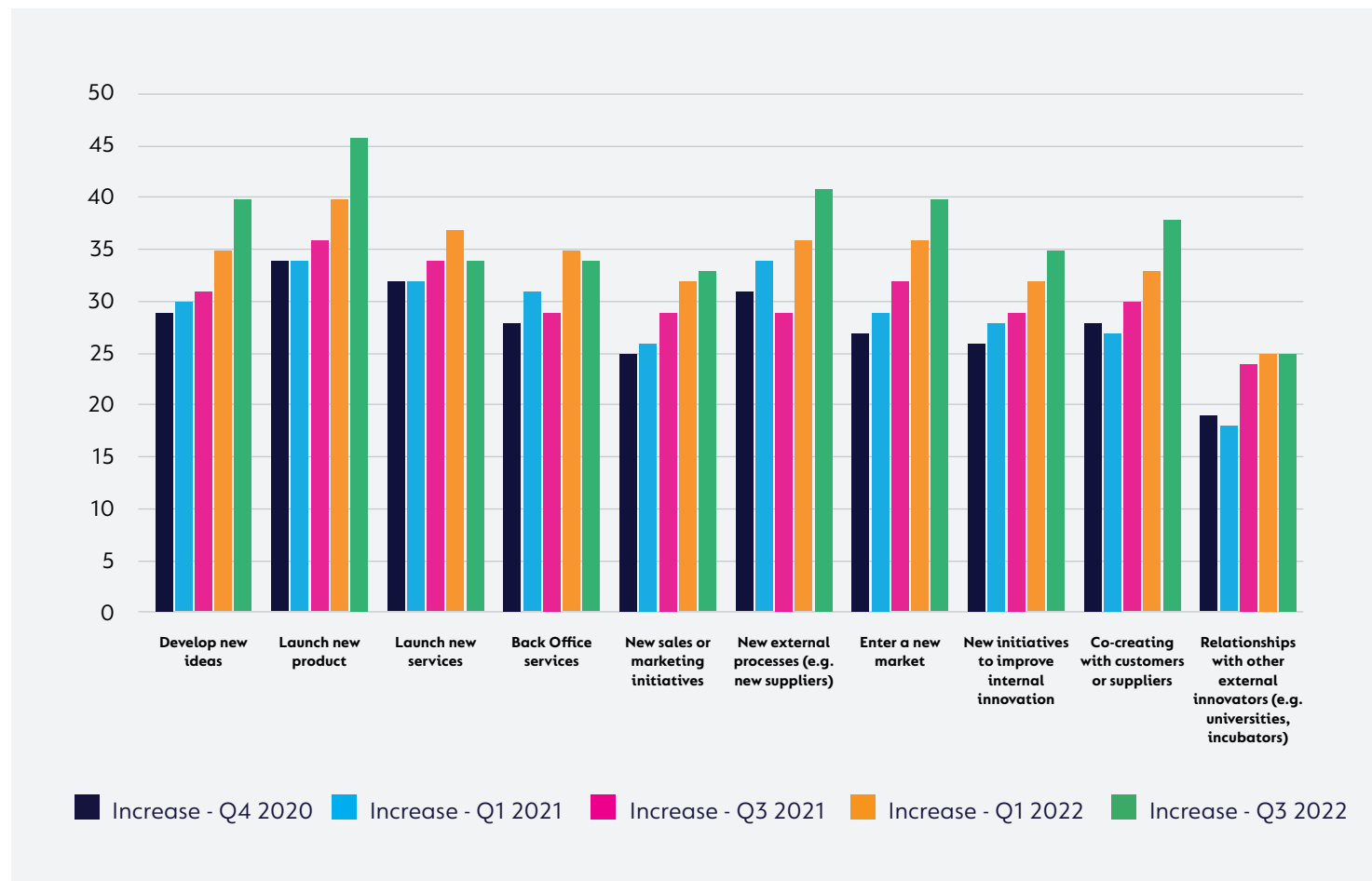


Figure 15: Planned level of activity and/or investment in innovation over the next 12 months



## 08.4 Training, Development & HR

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**Motivation stations** - Business leaders are working hard in response to lower morale.

**7%** increase in initiatives to improve employee motivation

## 08.4 Training, Development & HR

Through the previous editions, we have seen an average of 60 per cent of business leaders confirm they have the skills and talent they need to succeed.

For the first time we see a significant 10-point decrease in this measurement. This appears to coincide with labour costs being of concern. Businesses needing to invest may be necessarily pausing or slowing down those plans due to conditions across the labour market.

This quarter, we also see a drop in the motivation of employees to work for the company in question. Previously held at 60 per cent, this quarter, businesses report only 55 per cent of staff appear driven at work. Again, we'd suggest this is linked to wider labour market conditions - a squeeze on wages, rising cost of living, and less opportunity for business to expand at pace, thereby creating new roles.

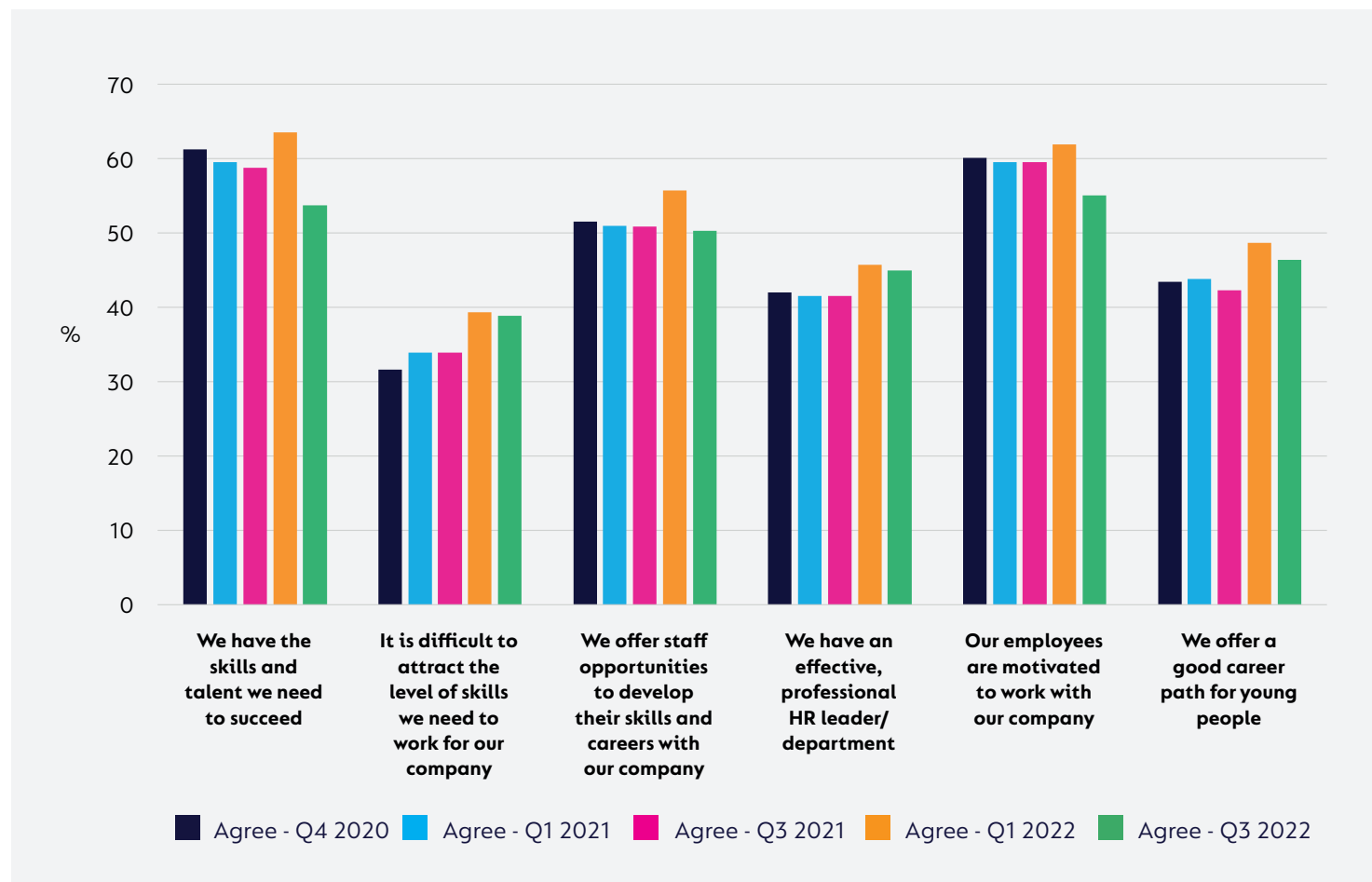


Figure 16: Views on employee recruitment and skills capability

## 08.4 Training, Development & HR

When asked about incentives to improve employee motivation, we see the biggest rise so far across the PBI series, with 40 per cent of business reporting having measures in place, a seven-point increase.

Also on the radar of business leaders is the intention to invest in pay and reward schemes. This has been increasingly slow across sectors since our first report, but in our fifth edition we can observe the biggest leap, eight points up to 41 per cent.

While freelancing used to be an increasingly important feature of the UK workforce, figures from the Office for National Statistics (ONS) suggest the pandemic actually reversed this trend<sup>1</sup>. Our latest Index shows that businesses are returning to outside expertise to solve business problems, with 10 per cent more businesses planning to use contracted staff.

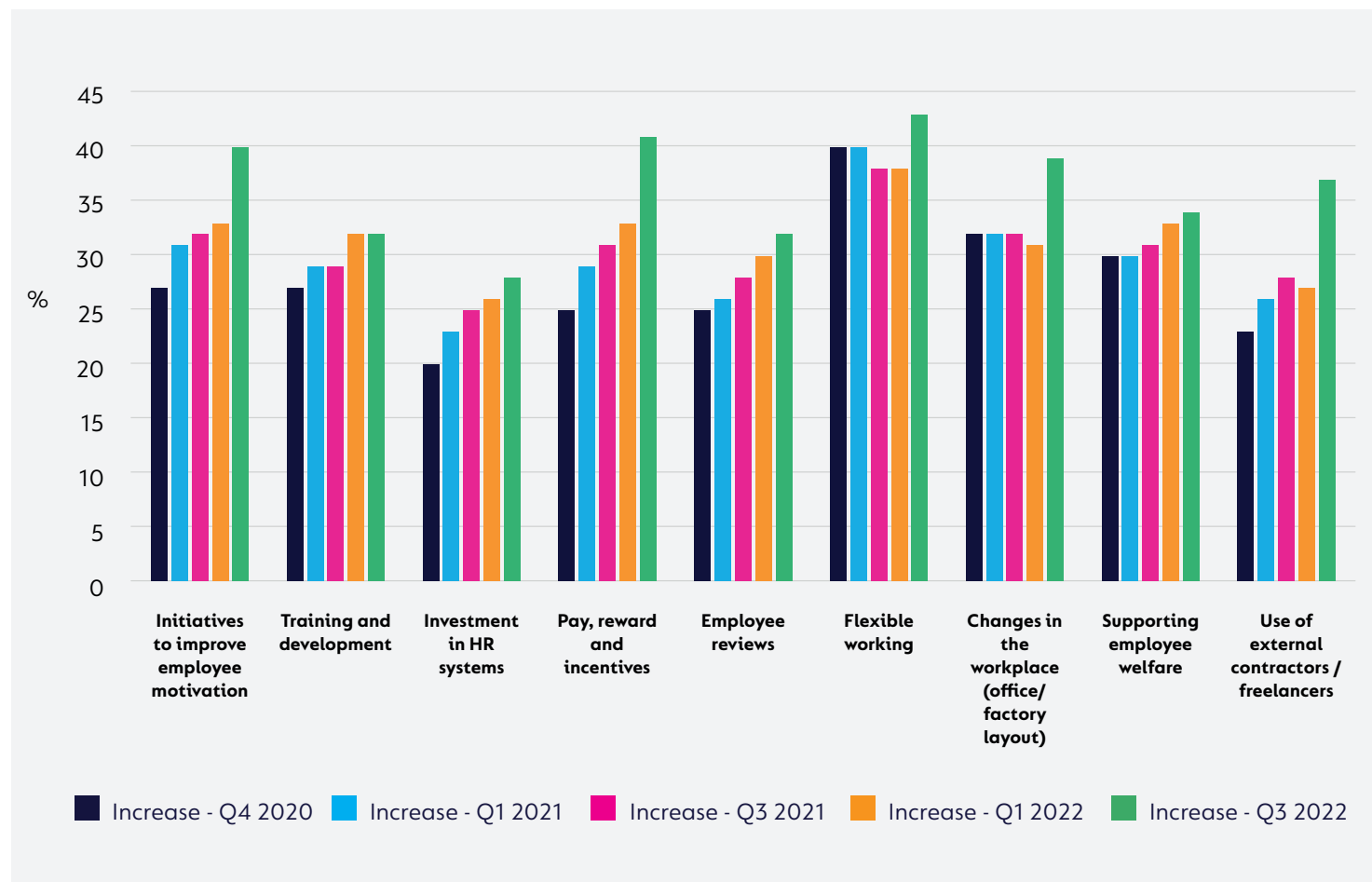


Figure 17: Planned level of activity and/or investment in HR over the next 12 months

<sup>1</sup> Between 2021 and 2022 there were 114,000 fewer non-employing businesses, [Business population estimates for the UK and regions 2022: statistical release \(HTML\) - GOV.UK \(www.gov.uk\)](#)



## 08.5 Operational Efficiency

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**Not measuring up** - Fewer businesses can accurately measure productivity.

**5%**

fall in the number of business leaders who say they can measure productivity to identify areas of improvement



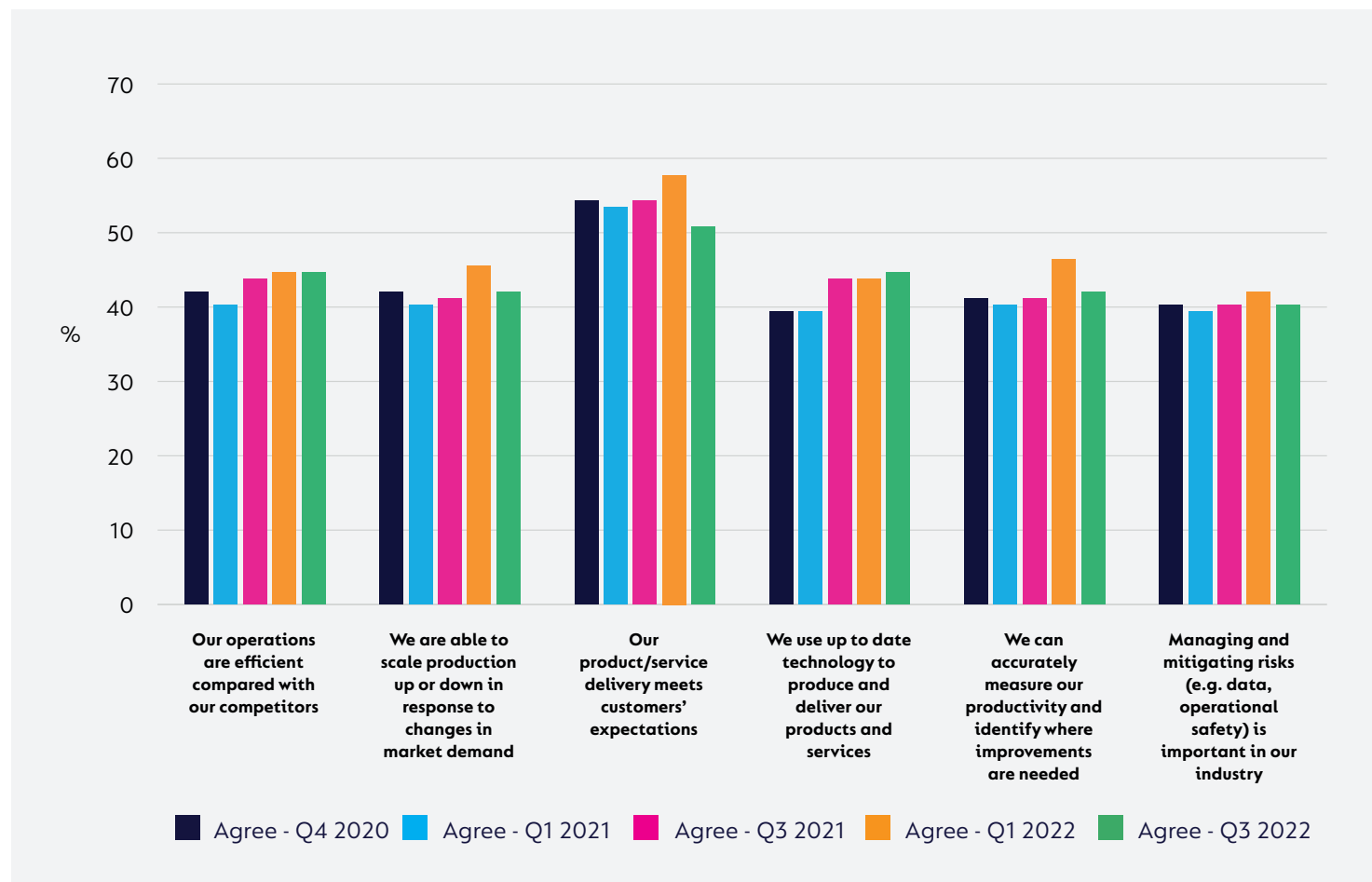
## 08.5 Operational efficiency

**Confidence in overall operating efficiency is maintained through most measures, with very little change this quarter.**

Over half believe they are efficient when compared to competitors and that they are using up to date technology to deliver their products and services.

However, marrying achieving efficiency with customers' expectations has taken a dip this quarter, despite previous relative stability: only 58 per cent of business leaders agree they are meeting expectations, a fall of eight points from our last edition.

We also recorded a small dip in the number of business leaders who say they can accurately measure their business' productivity levels to identify areas of improvement. This is one area where benchmarking via surveys such as the PBI can inspire business leaders to reflect on how they operate and identify points of improvement.



**Figure 18: Business assessment of their capabilities around operational efficiency**

## 08.5 Operational efficiency

Looking ahead to the next 12 months, intentions to invest and accelerate activity to improve efficiency increase across the board. 38 per cent of businesses intend to invest in new plant, machinery or software, up four points from the last quarter.

Business leaders also appear to be acting in response to existing capabilities around measurement. Since our first edition in Q1 2021, there has been a 10-point rise in share of business which intend to increase initiatives to measure their productivity and improve efficiency.

There is an eight-point rise in those looking to health, safety and risk management initiatives to improve operations. 43 per cent of those asked intend to put resources into this area.

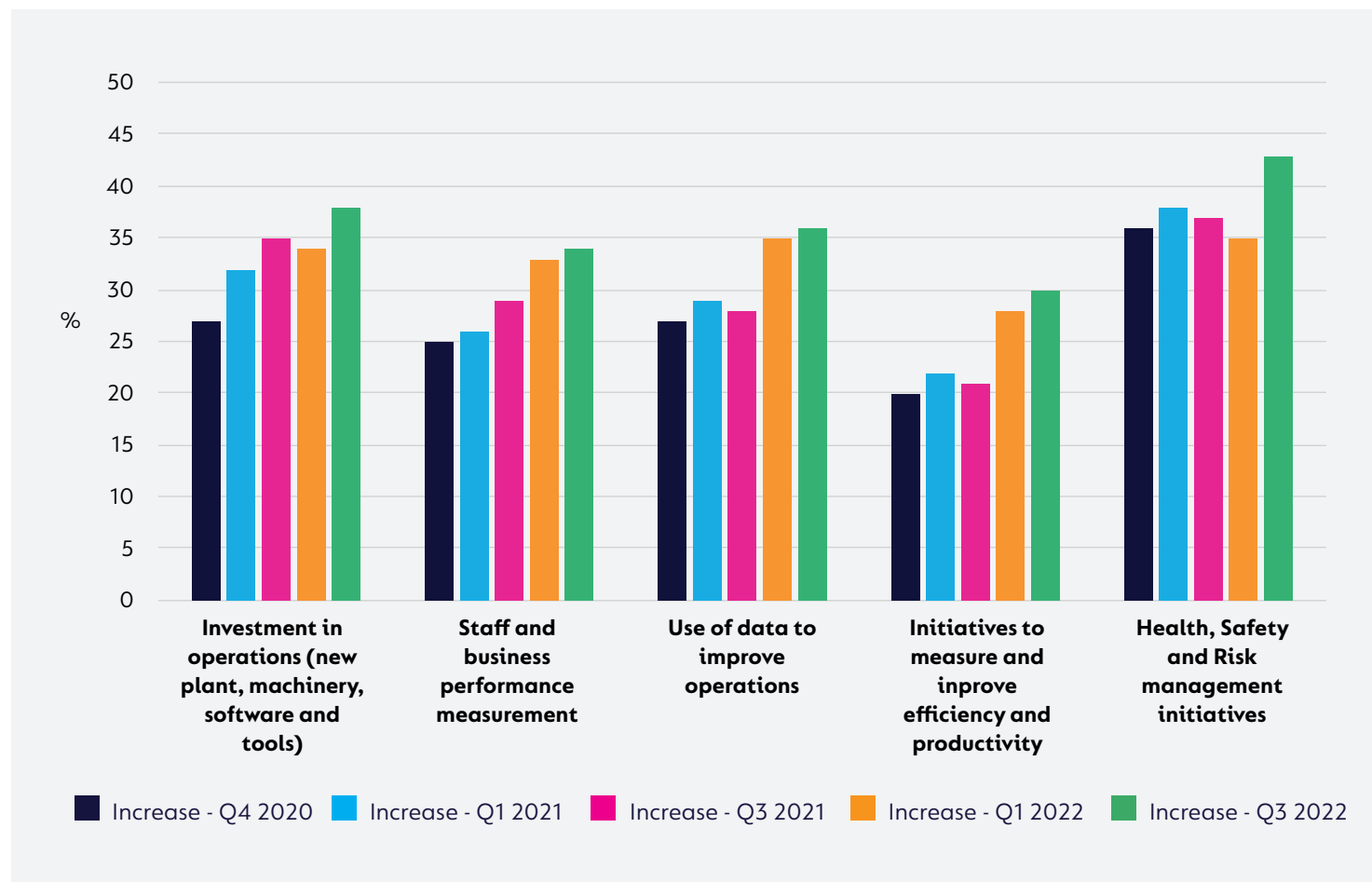


Figure 19: Expectations for activity and/or investment into operational efficiency over the next 12 months



## 09 Business constraints

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**Every penny counts** - Labour costs and rising inflation are beginning to impact SME behaviour.

**38%** of business leaders are seeking efficiency gains in response to rising inflation

## 09 Business constraints

In each edition of the PBI, we ask a series of topical questions to determine the current issues that are keeping small business owners awake at night.

When asked what constraints they foresee on their businesses in the coming period, aligned with inflation dominating concerns, the general economic climate was the primary challenge. 36 per cent of business leaders believe it will have a negative impact on their productivity and consequently growth. However, this is down from 45 per cent in our first edition.

Notably, while most constraints declined from previous editions, there are two exceptions: first, when it comes to the financial health of the business as a challenge, this increased by a percentage point; secondly, and starkly, labour costs as a constraint increased by 5 per cent, affecting over a quarter of businesses.

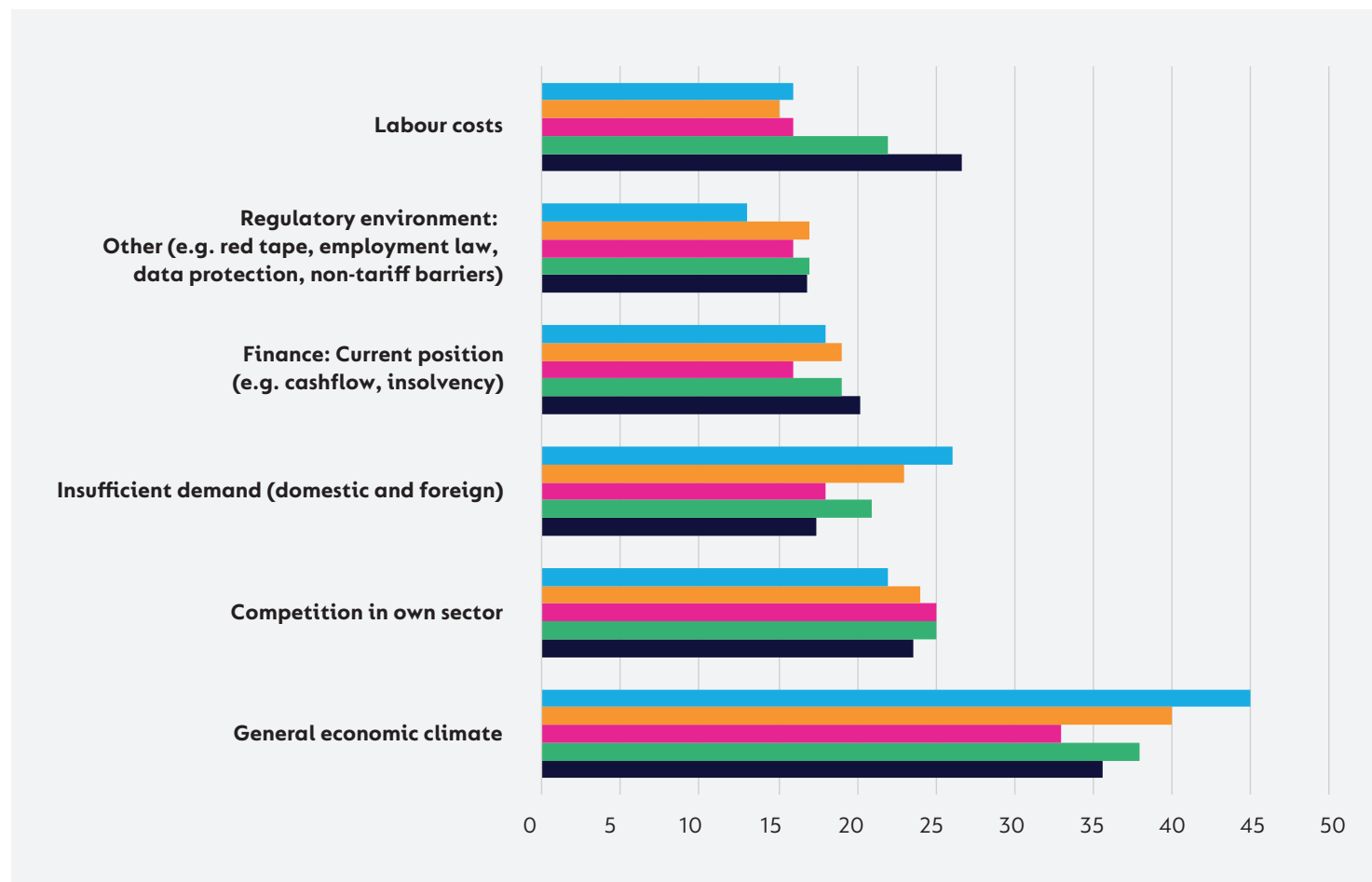


Figure 20: Key constraints to business growth



# 10 Out in the field

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# 10 Out in the field

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**Studying previous editions of the Productive Business Index (PBI), we observe that business leaders would welcome more collaboration, community support, and the time and resources to maximise networks.**

While Be the Business can play a part in meeting these aims, our fifth edition shares some views from existing members on how they overcame common hurdles.

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## Collaborating productively

**Holli Pike had been in her role as general manager at The Victoria Inn for less than a year. A trip to a local business gave her the inspiration to make changes.**

Using days out to show how bigger businesses operate and where fresh produce comes from has been eye-opening for the team at this forward-thinking pub and restaurant.

Leveraging the fact both businesses are part of the same estate, Holli arranged for three of the team to join a larger, more complex hotel and restaurant for six-hour shifts.

Putting learnings into action saw The Victoria Inn trial a new front of house section. Holli isn't worried if these experiments don't result in permanent changes, it's just about giving her team exposure to different ways of working.

Alongside the opportunity to experience how other businesses take orders, communicate with the kitchen and cater to customer needs, Holli and The Victoria Inn have also looked to their supply chain for further learning opportunities.

As someone new to management, Holli has enthusiastically taken up the guidance offered by other managers working within the Inn Cornwall group of three pubs. Equally she sees great value in asking for feedback from the team she manages. It creates an environment where junior members of staff aren't afraid to pitch ideas, challenge how things are done or take on extra responsibility.

[Learn more about collaborating productively](#)

# 10 Out in the field

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## Is hybrid working still valuable?

**Jamie Patterson, founder of events company Ramekins & Wine, needed to quickly adapt as home and virtual working was thrust upon the country in March 2020. The changes he made have become not just a necessity, but a positive learning.**

When online working, working from home and virtual meetings suddenly became the norm, Ramekins & Wine was dealt a double whammy.

The company moved from addressing rooms full of people to Zoom tasting sessions. Redesigning the original product for a virtual world and deciding exactly how it would work online involved some detailed research and planning.

“We knew people were looking for online experiences, that other businesses were hosting online tastings, and that we had a superior offering,” said Jamie. The team adapted the product for a virtual audience and began advertising it – and it didn’t take long for it to take off.”

The company’s virtual meetings have brought with them considerable advantages when it comes to communication and collaboration. “We often used to go out to meet clients,” said Jamie. “This required a lot more time for travel, more expense, often longer meetings, and more planning. With the virtual world, things are quicker, more flexible and it’s easier to have a 15-minute session as there is less of a cost to us of doing so.”

Finding ways to ensure that the company’s virtual meetings were every bit as good as the face-to-face variety was important. Internally, this meant paying attention to the little things, such as social niceties and the usual pleasantries of interactions in person. For external, client-facing meetings the product was front and centre, even though it had to be slightly adapted in some cases to be sent and unwrapped by the client.

Avoiding the temptation to simply switch everything from the usual face-to-face world to online and, instead, rethinking product offerings, practicalities and ways of working has benefited Ramekins & Wine. The company has used the move from in-person to virtual to redesign its product offering as well as rethinking the way in which the business interacted with permanent and temporary staff as they carry out their collaborations.

[Learn more about the value of hybrid working](#)

# 10 Out in the field

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## The art of adaptability

**As a facilities management company specialising in commercial cleaning, Kerryn Jones from Frontline thought that coronavirus and the lockdown would not affect her business. However, within days of the first of the lockdowns, their turnover fell by 85 per cent.**

Aware that in this challenging environment the company's short- and long-term planning would have to change, Kerryn sought the help of a specialist consultancy. The firm helped the business leaders to rethink their short- and long-term goals and how they were going to achieve them.

“We did a complete overhaul of all our systems and processes,” said Kerryn. “We organised, planned and revitalised every nook and cranny of the business. We made sense of the mess we were in and made plans to make sure that we could emerge stronger and more in control than we were before coronavirus.”

With this change of short- and long-term planning, Frontline now has processes, uniformed documents, new online systems and a future plan. As staff have come back to work and contracts with customers have resumed, the team have been able to implement these new arrangements and thereby established strong foundations for the growth of the business.

The takeaway is that small- and medium-sized businesses need to keep reviewing their long-term as well as their short-term planning: strategic thinking should flex with your business environment, with the future constantly being tested for upcoming opportunities and threats so appropriate responses can be made.

[Learn more about the art of adaptability](#)





# 11 UK productivity from here?

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# 11 UK productivity from here?

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**There is a huge amount of growth to unlock if the UK's productivity puzzle can be tackled.**

It is our belief that, with the right policies, harnessing business ideas and doggedness to succeed, jobs in all nations and regions can be not only protected, but created.

The five areas tracked at the core of our Productive Business Index need to be at the heart of any government plan if we are to truly create the best possible environment for enterprise and growth.

Informed by patterns emerging across our Index, and armed with the experience of business leaders across the UK, we are calling for action in these five areas.

We are in no doubt that productivity starts with great leadership. Leadership and management skills are central to this, and the government does have a role in building on and supporting existing measures in place to ensure every business leader who wants to boost their skills has a way of doing so. The UK's skills agenda needs to reflect the modern environment and arm our future leaders with the skills to capitalise on the opportunities of the future.

Britain's most productive firms can play a bigger role in helping other companies drive their performance. The government should support efforts to strengthen partnerships, empower successful businesses of all sizes to share best practice, motivate joint working and build new knowledge transfer systems. Ambitious business leaders should be able to learn from the best.

Linked to this is the ability of driven business leaders to be able to find the right help: time poor leaders need to be able to access resources that already exist. There is a role for the public sector in partnering within business communities to make this a reality.

It would be remiss for us not to point out that UK businesses invest less in themselves than any other G7 nation. We must incentivise more to do so, alongside measures to secure inward international investment. If we don't back British business, why should others?

There is much reason for hope but, the hope is set against a backdrop of immediate and long-term challenges. There is the prospect for change. We trust that British small businesses and the UK economy more broadly will be beneficiaries.



# 12 Model & Methodology

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# 12 Model & Methodology

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The **Be the Business Productive Business Index (“Headline Index”)**: is comprised of four clearly defined elements:

1. Performance of business;
2. Expected performance of business;
3. Actions taken to drive sustainable growth;
4. Planned actions to drive sustainable growth.

Working with Oxford Economics, we have developed a high-level nested structure for the Headline Index around two core themes **(1) Business Tendency** (a ‘PMI’ for SMEs) and **(2) Business Capabilities**, exploring key capabilities, and actions taken, driving sustainable and productive growth.

For each theme, the Headline Index will include **backward and forward-looking components** across the same underlying topics, providing symmetry to the index structure and allowing the user to delve deeper e.g., how does the current index value compare to expectations for the future, which helps to follow and predict turning points in the business cycle.

This framework also facilitates the development of separate indices for each theme e.g., an SME Business Performance Index, which focuses on business performance only, and an SME Business Capabilities Index, which focuses on the actions SMEs have and are taking to drive productivity growth.

The purpose of the Headline Index is to provide an indication of the direction of change, as well the level of conviction in that direction of change. It is composed of responses to questions framed using a

Likert scale i.e., multiple choice scale from one extreme to the other, with clearly defined positive and negative alternatives.

The Headline Index is formed using a ‘diffusion Index’ methodology. A diffusion index aggregates multiple indicators by examining whether they are trending upwards or downwards, allowing the combination of multiple and unrelated time series data into a common indicator, and is often used to present business survey data e.g., PMIs. It is envisaged that the diffusion index will be calculated as follows:

**Index = 2 \* (percentage of respondents reporting an increase) + (percentage of respondents reporting unchanged).**

This means the Headline Index will vary from 0-200, whereby 100=no-change, while values above 100=a rising trend and values below 100=decreasing trend.

In addition, while not incorporated within the Headline Index, our framework includes a third theme on **(3) Business Constraints**, exploring the different external factors that are inhibiting growth in SMEs). This feeds into the SME Business Constraints Index.

## Survey Data

The data inputted to the model is derived from a large-scale survey of 1,506 directors and above, working in companies of 2 - 249 employees, conducted by Opinium between 1st and 8th September 2022.

This is the largest sample size of its kind so far in this series.



# 13 About Be the Business

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## 13 About Be the Business

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**Be the Business is an independent, not-for-profit organisation, with a single goal: to help business owners and leaders improve the performance of their business.**

Our goal is crucial for to the health of the UK's economy. The UK lags behind comparable nations in terms of productivity. But, by improving the performance of small business leaders, we improve the UK's position overall, and everyone benefits. We work with some of the UK's most successful businesses to provide small business leaders with the support, resources, and guidance they need to improve their productivity.

[Learn more](#)

*be the  
business*