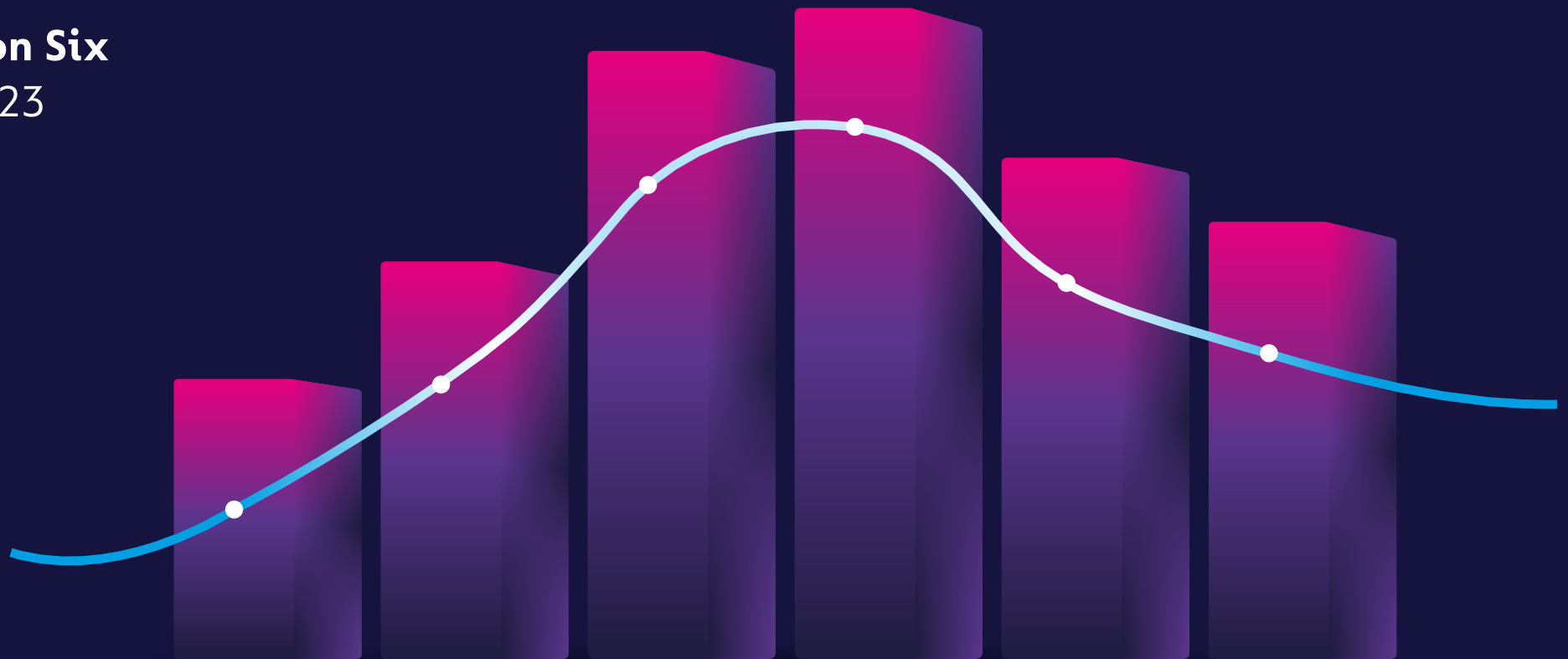


# Productive Business Index

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Edition Six  
Q1 2023





# 01 Foreword

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# 01 Foreword

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

## **“We’ve overcome so much that I’m not worried anymore.”**

I met Matthew, the managing director of a bespoke furniture company, in February 2023. Soaring energy prices had begun to bite, but despite the situation, Matthew was incredibly optimistic.

In the six years since Matthew started his business, he’s faced, in his words, “catastrophe after catastrophe”. Counting them off on his fingers, he recited the Covid pandemic, the invasion of Ukraine, wildfires in California that had decimated stocks of plywood, the huge delays associated with the Ever Given in the Suez Canal and rising inflation. For him, the energy bills were just another obstacle, and one that he knew his business could overcome.

And he’s not alone in his resilience. Up and down the country, small business leaders like Matthew have faced company-crushing upheaval and survived, even – as in Matthew’s case – thrived.

This is Be the Business’ sixth edition of the Productive Business Index (PBI), and it tells the story of a business community stuck at a crossroads. The unrelenting challenges of the UK’s economic landscape is evident, but so too is the characteristic resilience and adaptation in response. Headline PBI figures are as mixed as the economic climate itself: a ten-point year-on-year drop in the PBI itself is countered by the remarkable ability

of business leaders to remain confident in their abilities, something we’ve seen time and time again since the series began in January 2021.

However, leaders have taken less action to boost their capabilities compared to previous periods, which will pose longer-term challenges to productivity levels if not addressed.

And so we come to it – productivity, and Be the Business’ mission to raise the UK’s ailing performance for a stronger, better economy.

As such, our reports have a dual purpose: to take stock of what action is being taken to improve business capabilities and productivity; and to provide insight for business leaders to inform their planning and next steps.

Our last edition saw businesses combating another onslaught of challenges, which have proven to be persistent. The UK business community continues to respond to the combination of global forces and pressures at home, from stubborn inflation to relative political instability. In such an environment, this latest edition of the PBI dives into some of the most topical issues facing business leaders today.

For instance, when canvassing business leaders from across the country, we took a closer look at whether regularly seeking advice makes a difference to business performance and capabilities.

## Business leaders are looking for leadership and action to see whether their challenges are truly understood.

The findings are unequivocal: it does.

While leaders who don't seek advice on running their business report high confidence in their management skills, this isn't carried through to action or business performance.

Matthew's story mirrors our findings: in order to grow his business and his own capabilities, Matthew sought external advice and has reaped the benefits. He credits his development of the operations side of his business, alongside improved communication and the transition from a cottage industry, directly to his mentor. He has also seen his confidence increase as a result.

In contrast, engaging business leaders who are, for whatever reason, reticent to seek out external advice and support will be critical to transforming the UK's growth outlook. For, while confidence is good, it cannot be at the expense of working on your own capabilities.

In the fifth edition of our PBI in October 2022, our data revealed that changes made during and in the immediate aftermath of the pandemic were not only becoming entrenched but were contributing to long-term productivity. When it comes to hybrid working, this trend continues. In this edition, we examined how businesses that operate a hybrid model differ in their actions and planned activity, compared to those who mostly work from a single site or from home.

Again, the findings are striking. Hybrid businesses show higher confidence and performance, as well as increased investment and activity across capability areas.

This edition of the PBI comes against a backdrop of another change of Prime Minister at the end of last year. Newly installed Rishi Sunak's pledge to return the UK to growth comes at a time when business leaders are looking for leadership and action to see whether their challenges are truly understood.

Keir Starmer's Labour Party, meanwhile, has positioned itself as the 'party of business' as it prepares for a General Election likely to arrive within 18 months. Labour has set out five missions they would seek to achieve if they form the next government. First among them is the ambition to be the fastest growing economy in the G7. Meeting this ambition can only be achieved by driving up levels of productivity.

In the absence of certainty and stability, it comes as no surprise that our small business leaders are pushing ahead, but we actively encourage them not to forsake their own development and growth. As Matthew attested, these challenges are nothing small business leaders haven't already dealt with before – but a helping hand along the way may make that journey all the more fruitful.



## 02 Key statistics at a glance

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## The indices

### ↓ 1.2 points

the headline **Productive Business Index** (PBI) decrease compared to the 5th edition six months ago (October 2022)

### ↓ 10 points

the drop in the PBI year-on-year which is largely **driven by a weakening in capabilities**

### ↓ 18 points

the drop in the **Business Capabilities Index**, which is dictated by activity or investment over the last 12 months and intended activity or investment over the next 12 months compared to a year ago

### ↑ 4 points

the rise in the Business Performance Index, **indicative of a mixed but steady picture across the board**

## A tough working environment



### 43%

of business leaders are worried about the **overall economic climate**. With **28%** concerned about interest rates and inflation specifically



### 53%

believe their company is prepared for **unforeseen circumstances**



### 42%

find it challenging to bring the **right skills into their businesses**



### 44%

think that the **affordability of childcare** is a moderate or major concern for their employees returning to work after having children



### 66%

say their **employees are motivated**, but fewer firms have invested or are planning additional activity to support this

## Is the future of business hybrid?



### Hybrid businesses

are **most likely to plan investment** across all the areas linked to firm-level productivity



### Office-based

leaders are **more pessimistic** about having the right skills and commercial awareness



### Remote businesses

have far **fewer plans to improve their performance** across all the capability areas



## 61%

of hybrid businesses have a **2-5 year strategic plan**, 8% more than businesses mainly operating from an office and 13% more than those mostly working from home.

## Advice pays off



## 56%

of leaders who **regularly receive advice** have a 2-5 year strategic plan compared with just 45% of those who don't seek advice



## 2.4 times

Those who regularly seek advice are on average 2.4 times more likely to **undertake activity or investment in management and leadership capabilities** over the next 12 months



## 34%

of leaders receiving advice **report increased revenues** compared to 28% who get no advice

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## 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. 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 Innovation and Ideas:** are the conditions fostered to create and test new ideas that will enhance the business?
- 4 Training, Development and HR:** is the environment to learn and improve built into company systems and structures?
- 5 Operational Efficiency:** is there a constant focus on improving elements of everyday performance?

### The Productive Business Index focuses on micro, small- and medium-sized businesses in the UK, which we define as employing between 2 and 249 employees.

We track changes in the five areas noted above, as well as general operating conditions, barriers to growth and expectations for the future. This is our sixth Productive Business Index (PBI) 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.

For more information, please see the **Methodology** section on page 69.



## 04 The UK's productivity puzzle

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## 04 The UK's productivity puzzle

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**Questions about British productivity are of the political and economic zeitgeist but are situated within a wider international pattern, and align with economic debate arising from the mid 2000s.**

Through the 20th century, UK productivity growth sat steadily around 2.2% a year. However, from the mid 2000s, this slumped to barely a percentage point, with headline figures masking a trend of deep and sustained regional disparity.

In addition to geographical differences, the UK has a 'long tail problem'; the gap between the least and most productive firms in the UK is much bigger compared to other advanced economies. This means the least productive firms inhibit the positive effect and therefore the UK-wide picture.

Several explanations are given for this now-established trend. From inadequate distribution of skills, of workers versus infrastructure, and monetary policies, but the truth is there is no settled view on why the UK's 21st century productivity is so poor.

However, there are indications as to how to counteract it. McKinsey Global Institute (MGI) concludes that reinventing the wheel through innovative and creative new practices is not necessarily the answer. But rather, better use of existing technologies and management practices by firms in the 'long tail' has greater potential to increase overall UK productivity. The key thing is firms recognising that small changes can have a big impact, and the effects of them need to be measured to truly be capitalised on.

Our latest edition of the PBI comes in the aftermath of the Spring Budget, where the UK's persistent lack of productivity growth has been laid bare. Living standards have stagnated, which analysts are blaming on low productivity growth compared to the rest of the G7.

It is Be the Business' view that productivity is the biggest available lever to increase economic growth and improve living standards.

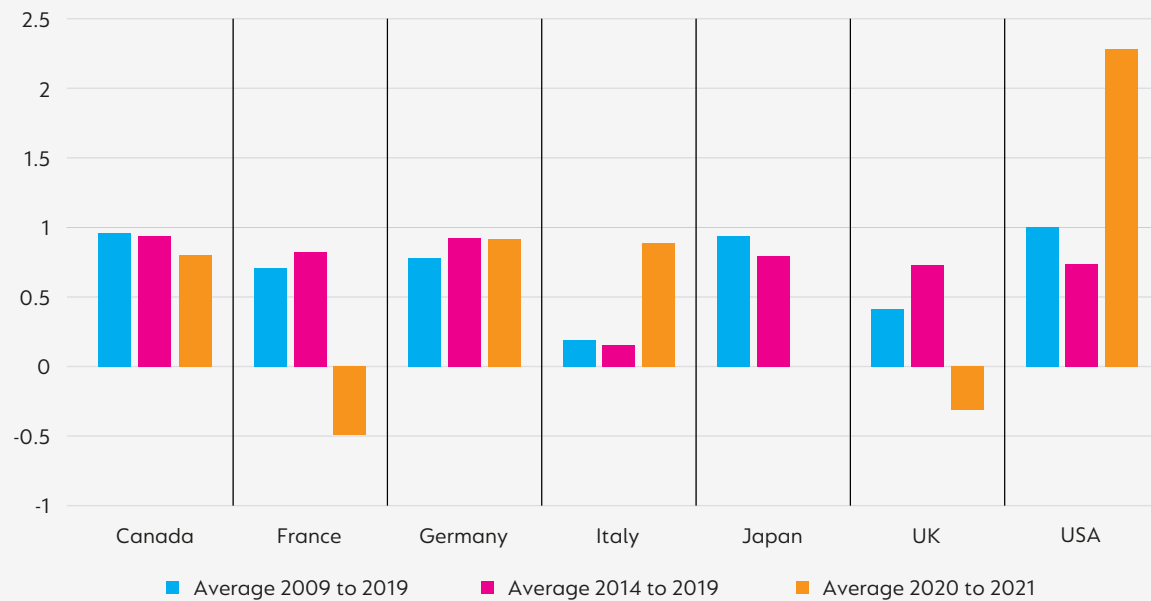
One of the clear and consistent takeaways from our PBI report series is that measurement of productivity should be a given for business leaders.

A new finding from our latest report centres on the value advice plays in planned activity: business leaders who seek external support are significantly more likely to plan additional investment in capabilities linked to higher productivity. This re-emphasises the policy imperative to increase demand for external advice. Achieving this first step will be critical to taking business leaders on the kinds of productivity journeys needed to return the economy to growth.

## 04 The UK's productivity puzzle

**Figure 1: Average output per hour growth for the periods 2009 to 2019, 2014 to 2019 and 2020 to 2021**

All other countries experienced positive average output per hour growth rates for the pandemic period except for France and the UK.



Source: Organisation for Economic Co-operation Development (OECD), Office for National Statistics calculation



# 05 Headline findings



## 05.1 Productive Business Index

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**Stagnation nation** – Our Productive Business Index has fallen for the second time in a row, driven both by uncertainty about current conditions and the future.

1.2

point fall in our headline Index – solidifying the drop recorded in autumn 2022, the index is now down 10 points from a year ago

## 05.1 Headline findings: Productive Business Index

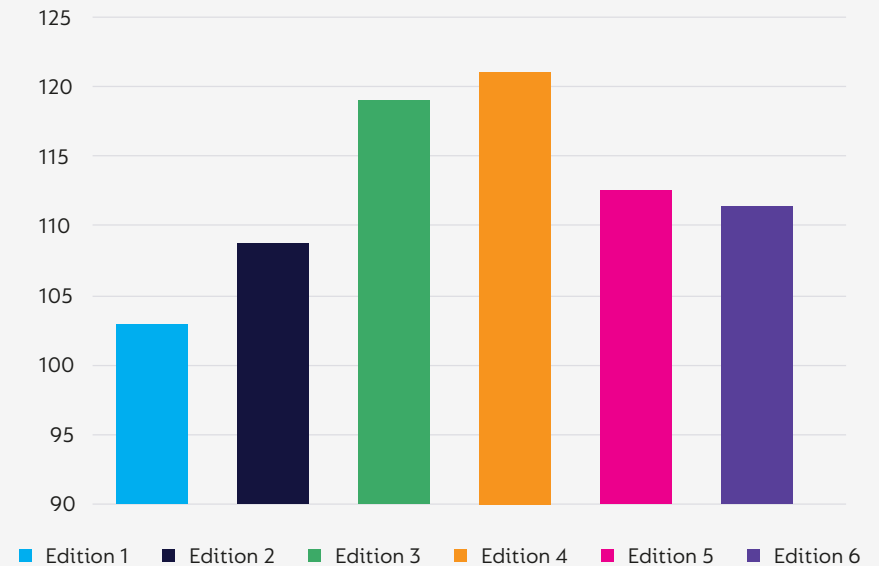
**The headline Productive Business Index has decreased by 1.2 points from 112.6 in Q4 2022 to 111.4 in Q1 2023.**

This quarter's data shows the downward trend in the PBI persisting, albeit slowing. This slowdown is the second decrease in since our series began in January 2021.

In previous editions, slow growth was predominantly driven by a more pessimistic forward outlook. However, business leaders now expect slightly improved performance over the coming quarter.

In contrast, a substantial drop in the Business Capabilities Index is the main constraint on productivity, due to both less action being recorded and fewer plans for additional investment against each of the capability areas on which we focus.

Figure 2: Productive Business Index (%)



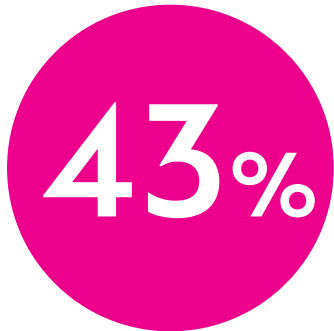




## 05.2 Business Performance Index

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**Weathering the storm** – Business leaders have exceeded their own expectations with improved performance despite an admission of prevailing challenges.



reporting increased  
selling prices

## 05.2 Performance Index

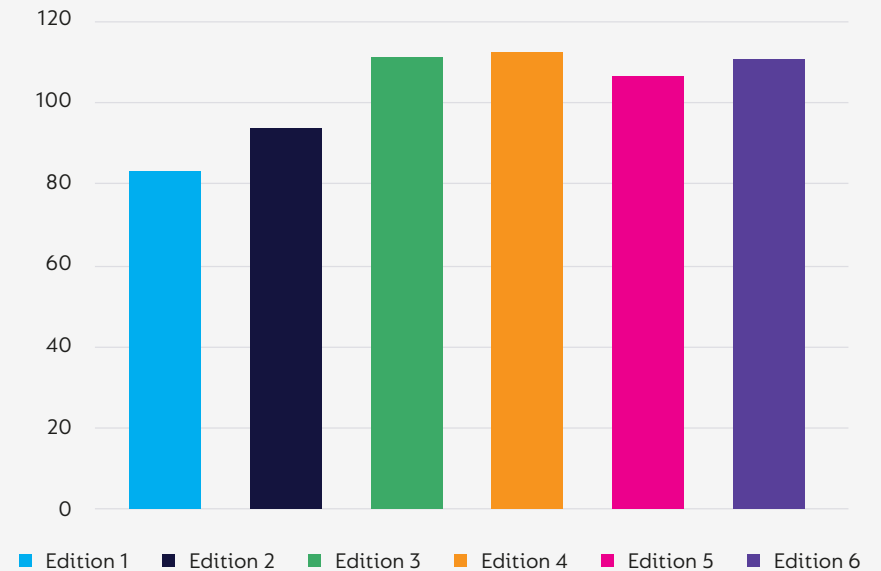
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**The business performance index has risen from 106.8 to 110.8.**

This quarter sees a return to increased confidence in business performance, up 4 points on Q3 2022 – a welcome boost. Also emerging as a strong theme this quarter is the sheer amount of thought being given to the workforce.

Many businesses report their revenue as largely unchanged, at 45%, with almost half, 49%, of businesses reporting the volume of orders staying steady. A quarter of businesses (23%) say that general economic conditions have improved, with 32% reporting increased revenues. However, almost a third (28%) report a worsening financial situation.

**Figure 3: Business Performance Index (%)**



## 05.2 Business Performance Index: the six-month view

**The Business Performance Index shows a steadier picture across a range of indicators. Compared to October 2022, more businesses reported their revenue and volume of new orders rising, and a strong uptick in selling prices. Staff levels have been maintained and backlogs of work are under control.**

Over the past three months, business leaders have reported that, across most measures, there is a steady consistency: 51% say that general business conditions have stayed the same; 45% say the same of revenues; and staff levels are steady for seven in ten (70%). Most buoyantly, more than four in ten (43%) report that selling prices have increased or improved.

Looking to the next three months, the data indicates optimism and ambition on the part of business across most indicators. Business leaders expect their performance to improve in the coming three months. The 6.5 point upward change from the last edition represents the single biggest improvement since our third edition in Q3 2021.

53% of leaders expect business conditions to remain largely unchanged, with just over a quarter (28%) saying they expect them to increase or improve. 35% of those asked said they expect their revenues to rise, mirrored by 39% expecting selling prices to move in the same direction.

Figure 4: Business performance (past three months) (%)

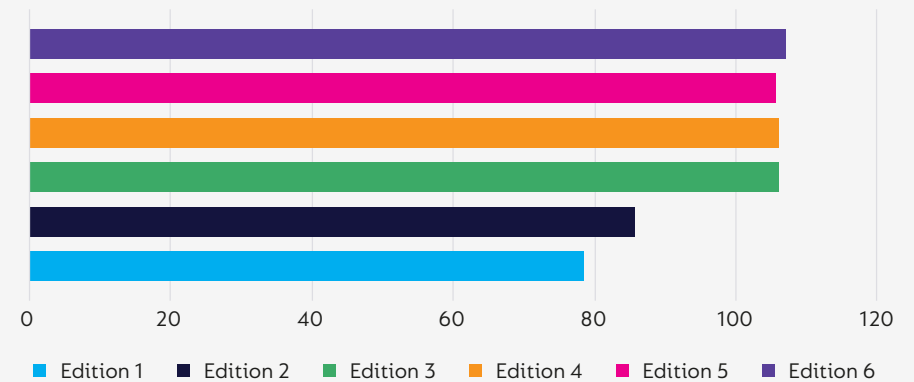
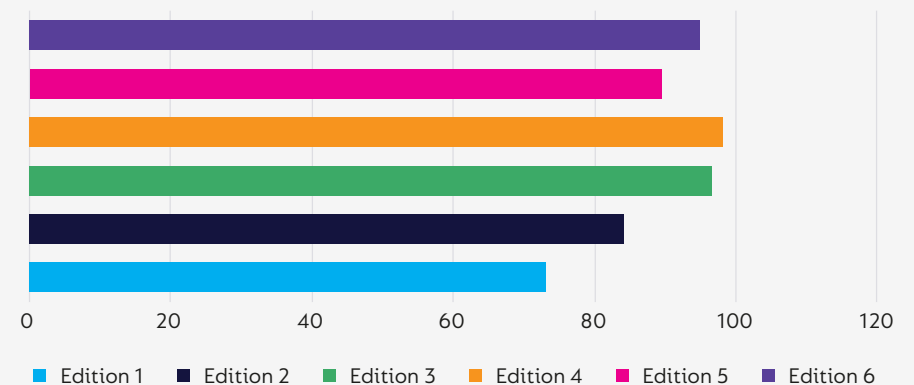


Figure 5: Business performance (next three months) (%)



## 05.2 Business Performance Index: the six-month view

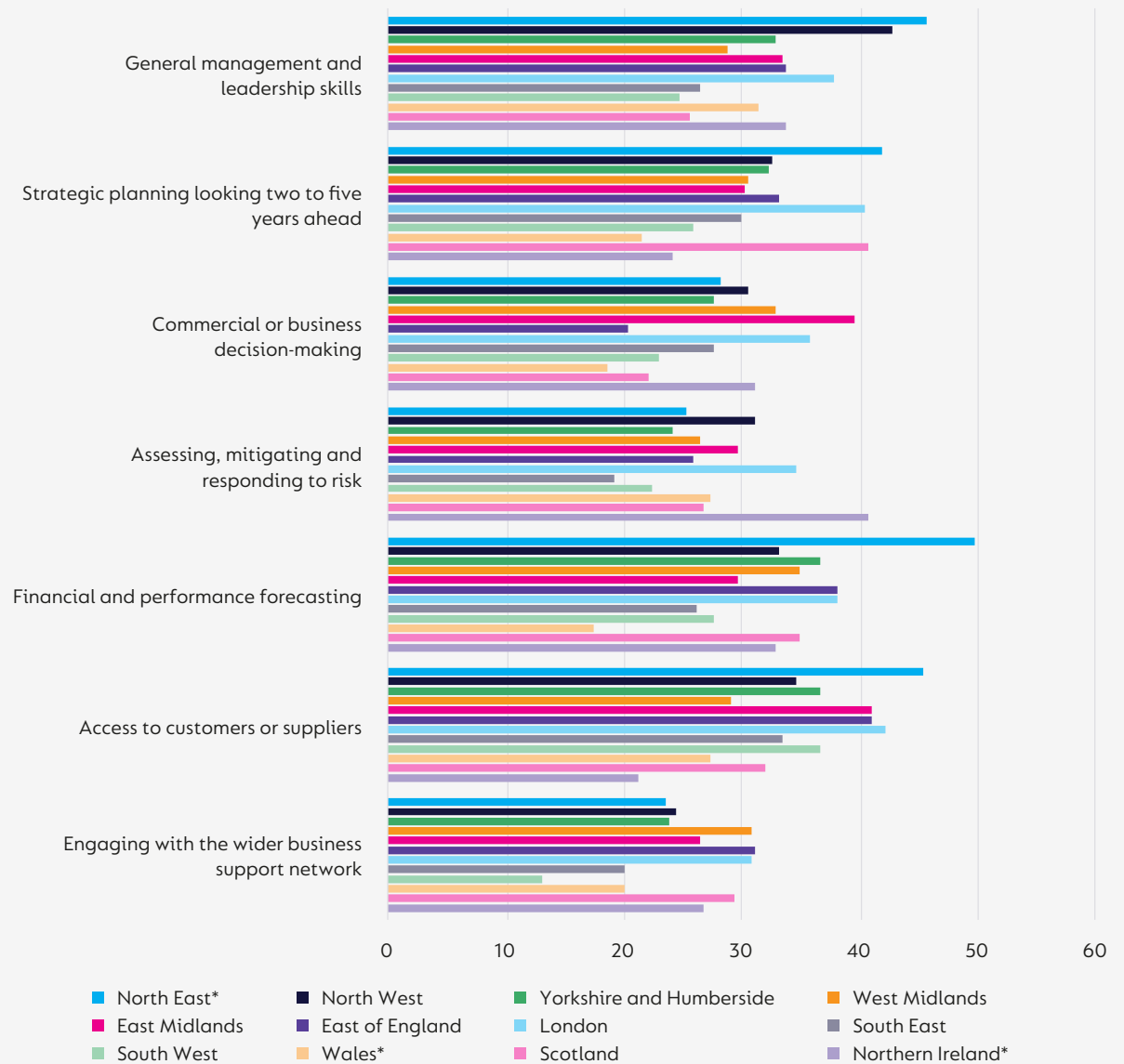
### A bird's eye view

There are entrenched discrepancies in productivity across the regions, and this quarter, as others, further compounds this variation. When asked how general business conditions are holding up, there was a nationwide feeling of optimism, but closer inspection reveals a mismatch.

For example, the East of England, North West and London report improvements in revenues over the past quarter, while East Midlands leaders reported a more challenging picture locally.

Looking at capabilities, businesses based in the North West and London report higher levels of activity across all five capability areas. Notably, 43% of North West leaders improved their management skills in the past quarter compared to 33% of the nation at large. Leaders in London and Scotland had a greater focus on strategic planning with four in ten leaders taking action compared to a third of the nation as a whole.

Figure 6: Response to inflation - regional breakdown (%)

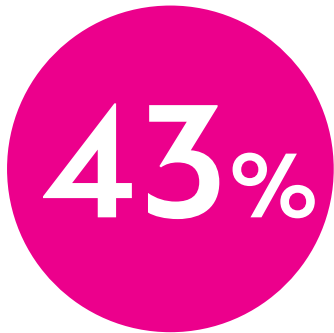




## 05.3 Business Capability Index

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**Capability concerns** - This edition sees a second, but less steep, fall in confidence.



of businesses point to the economic climate as the driving factor

## 05.3 Business Capability Index

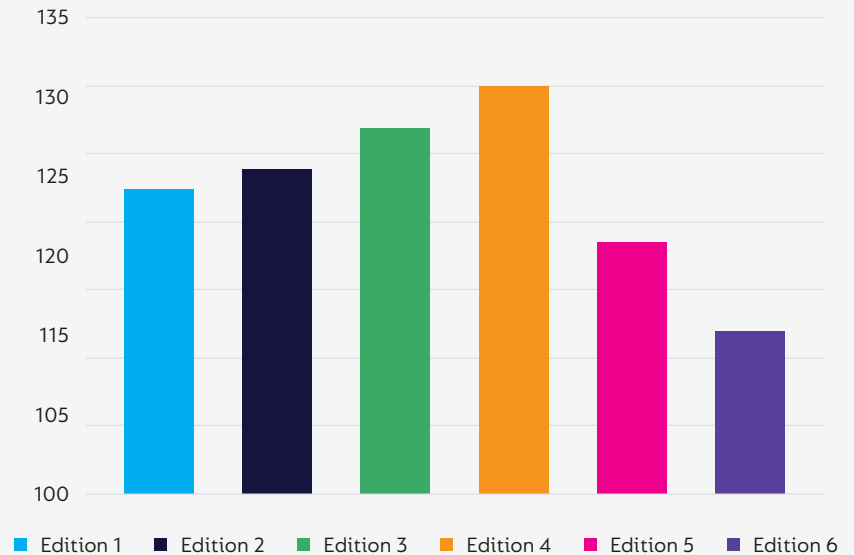
**The Business Capabilities Index has decreased significantly for the second edition in a row. It is down 6.5 more points from 118.5 to 112.0, the lowest since our report series began.**

This edition found both lower levels of action taken, and fewer plans to increase activity across all five components of the Business Capability Index. The largest decline in action taken were found in response to operational efficiency, innovation and HR questions. Worryingly, this carries through to planned activity as well.

In contrast, current confidence levels, which tend to mirror performance levels and do not influence the Capability Index score, were found to be higher in more areas, particularly in relation to management skills and employee motivation.

Expectations remain that the year ahead will be difficult.

Figure 7: Capabilities Index (%)





## 06 Beneath the numbers

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## 06 Beneath the numbers

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### **Fewer actions taken to boost capabilities masked by happier workers**

- Fewer business leaders undertook action in every capability area compared to six months ago. Similarly, fewer business leaders plan to increase activity in every area.
- The largest decrease in action taken is related to operational efficiency, HR and innovation practice, with these areas also forecasting the least additional activity in the next 12 months.
- Despite this, business leaders are more confident about the skills and talent they have, and the effectiveness of their staff: 66% of business say their employees are motivated, with 62% saying they have the skills they need to succeed.
- Two in five (42%) find it difficult to attract new skills, but once in place, 59% offer staff opportunities to develop within the company, indicating recognition of the value of internal hires and longevity of experience.

### **Confidence in company management and leadership remains high but leaders have taken less action in the past six months**

- A third (33%) of business leaders took action to improve their management skills in past 12 months. This is 9% lower than in the last PBI in Q3 2022.
- Falls were also recorded in the number of business leaders who improved their risk mitigation activities and development of new partnerships.
- Despite this, business leaders have greater confidence in their management skills. Two thirds (67%) believe they have the right mix of management skills, up 7% compared to the previous edition.
- The same number (67%) are assured their senior leadership teams have the right blend of industry and commercial awareness, up 8% compared to Q3 2022.
- Looking ahead, only 34% of business leaders are planning additional investment in management skills in the next 12 months, compared to 41% in our previous edition.



## 06 Beneath the numbers

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### Investment in new technology slows

- 33% of business leaders increased training in digital skills for their employees, a sharp decline from 42% in Q3 2022.
- There were also notable falls in the amount of investment in physical production equipment and operational or commercial software compared to the previous edition.
- The lower levels of investment do not appear to have impacted confidence in technology adoption. There is an overall positivity about companies' use and blend of technologies, with 49% saying they use e-commerce effectively for customers and 56% happy with the technology used to transact with suppliers.
- 64% of businesses are content that their employees have access to the technology they need to improve their productivity, indicative of investment during the pandemic period.
- Future investment plans mirror the activity taken picture, with the percentage of leaders planning on investing in additional digital training for employees and physical technology solutions the lowest since the series began at 32% and 26% respectively.

### Innovation stalls with fewer new initiatives

- Just 28% of business leaders introduced new methods of improving internal innovation, six points lower than our last Index.
- Falls were also recorded in the number of businesses introducing new internal processes and co-creating with customers and suppliers.
- This contradicts what business leaders report in their current assessment of their innovation activity: almost two thirds (64%) say they encourage employees to come up with new ideas, an 11% increase on Q3 2022.



**07** Hot topics: Are working models or use of external advice linked to stronger management capabilities?

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## 07 Hot topics: Are working models or use of external advice linked to stronger management capabilities?

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The uneasy economic landscape has led to an increased focus from business leaders on what second-tier levers can be pulled to boost growth, outside of financial or structural changes. The answer? A productive workforce.

The COVID-19 pandemic prompted many businesses to work remotely for the first time. As the country reopened post-lockdowns, many businesses retained this model, or introduced or adopted a hybrid model encompassing a mix of working locations.

We also wanted to understand the impact of external advice on a business. Compared to 2010, we know that significantly fewer business leaders seek external advice to improve their business<sup>1</sup>. We wanted to know whether these business leaders reported different capabilities.

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<sup>1</sup> BEIS Longitudinal Small Business Survey: SME Employers – UK, 2021.  
In 2010, 49% of SMEs sought external support compared to 26% in 2021

## 07.1 Hybrid working

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Two years on from the height of the COVID-19 pandemic, and 18 months since restrictions were lifted, working from home endures. Recent ONS data showed one in ten Londoners now work from home, with four in ten opting for hybrid working. Before the pandemic, only 12% of adults reported working from home.

We asked business leaders the reality of their workforces' habits and how they perceive the impact, positively or negatively, on their productivity, capabilities and decision-making.

Hybrid working, which we define as those saying they and their employees work equally from a dedicated workspace and from home, are more likely to exhibit higher capabilities in almost all areas linked to higher productivity.

In turn, companies adapting to hybrid working are more likely to be planning future investment. Comparatively, those mostly working from home, though confident in many capability areas, are lagging significantly on levels of planned activity and investment.

### Headline findings

- 58% of business leaders surveyed work **mostly from a workspace**, 21% hybrid, and 21% mostly from home.
- There is virtually **no difference** reported across genders.
- Business leaders aged 18-24 are **more likely to work mostly from a dedicated workspace**, with those over 55 more likely to work mainly from home.
- **Business size does affect** the proportion of people working from a dedicated workspace, with 67% of people doing so in companies with fewer than 49 staff.
- The West Midlands **has the most companies requiring staff** mostly to work from business premises, with 66% of those doing so. In contrast, 28% of companies across the East of England have staff working mostly from home, the highest of any geography.

## 07.1 Hybrid working

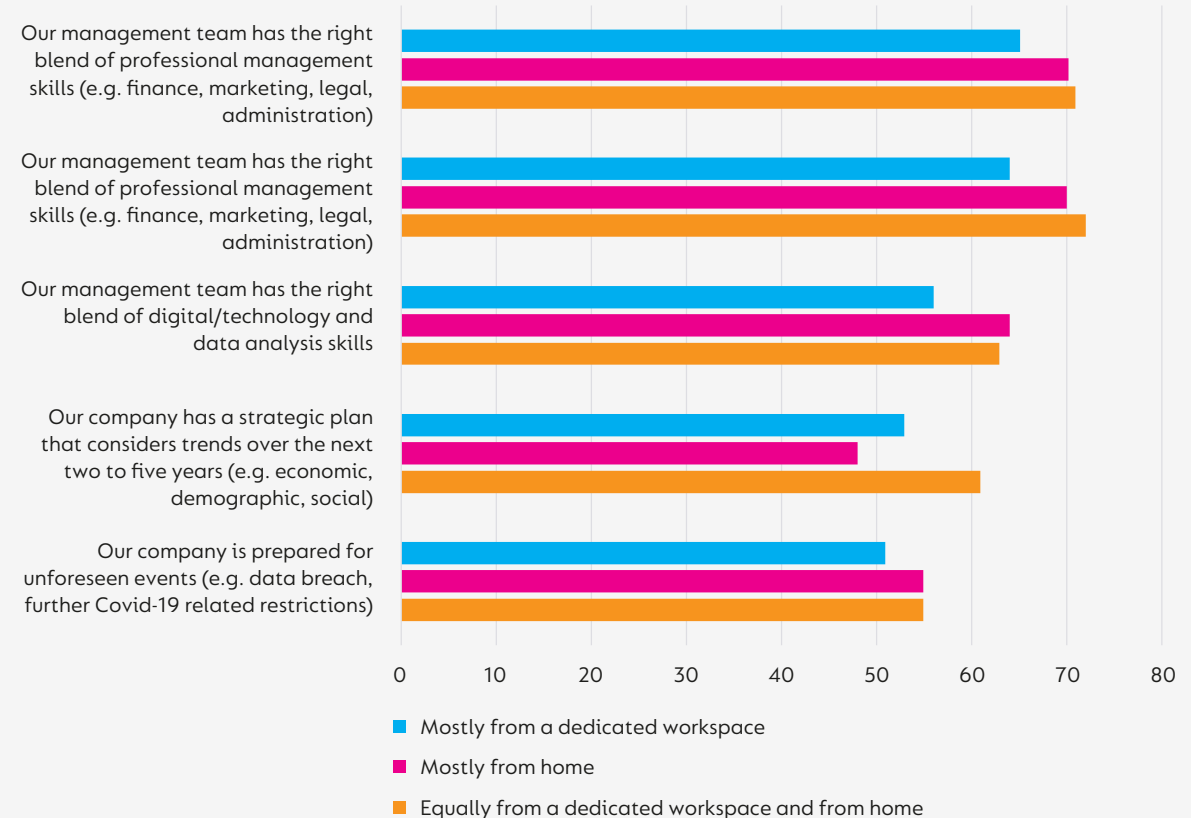
We examined the impact of hybrid working in line with the five areas businesses focus on to improve productivity.

### Management and Leadership

Business leaders operating a hybrid model or mostly working from home tend to report higher levels of confidence in management and leadership capabilities than those working from a dedicated workspace. This holds against most areas, except likelihood to have a 2-5 year strategic plan. Here, those with a hybrid model significantly outscore (61%) both remote (48%) and dedicated workspace (53%) firms.

Looking at planned activity over the next 12 months, business leaders with a remote model have fewer plans to improve their capabilities compared to hybrid or office-based businesses.

**Figure 8: How effective your management team and leadership styles are in driving improved performance in your business (NET: Agree) (%)**



## 07.1 Hybrid working

### Technology

As expected, hybrid and remote working leaders report high levels of confidence in their technology and digital skills. Perhaps unsurprisingly, 72% of business leaders agreed that employees working from home have access to the technology they need, compared to 60% in a dedicated workspace. While hybrid businesses are the strongest performers across most indicators, one notable area of strength is effective use of data: 66% report this capability, 16% higher than office-based businesses and 17% higher than those based mainly from home.

Looking at planned activity, remote businesses have fewer plans to develop tech capabilities than firms adopting other models. Notably, hybrid businesses (30%) and those operating from a dedicated workspace (29%) are twice as likely to plan investment in operational software than remote firms (14%).

**Figure 9: Please rate how strongly you agree or disagree with the following statements about your company's digital technology use and readiness. (NET: Agree) (%)**



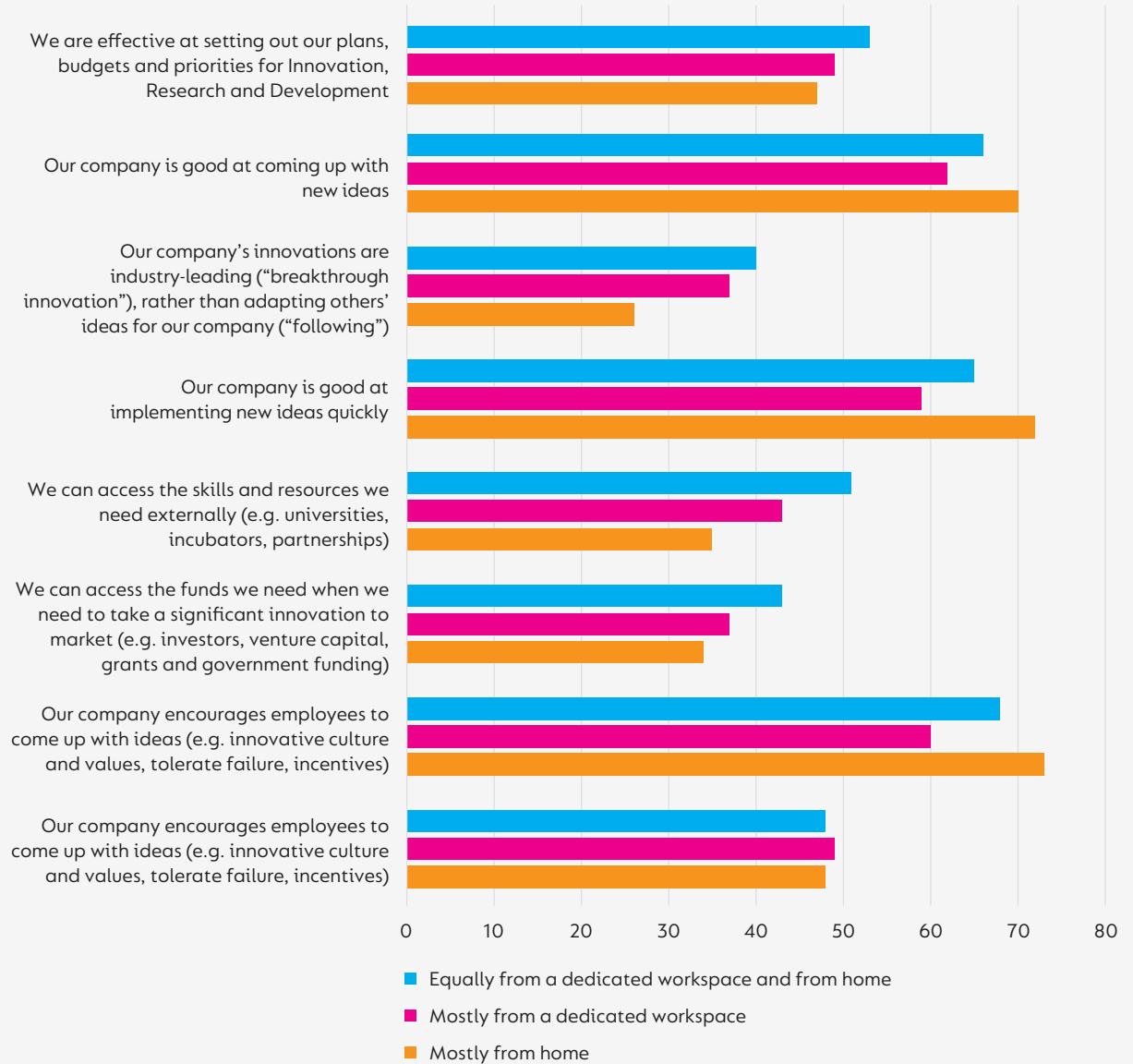
## 07.1 Hybrid working

### Innovation

Where employees mostly work from home, business leaders think their company is good at coming up with new ideas (70%), implementing them quickly (72%) and encouraging employees to come up with new ideas (73%). In contrast, those with predominantly office working, are least likely to agree. Businesses that are primarily home based are more likely to report strong confidence in capabilities linked to creativity and encouraging an innovative culture. However, these appear more likely to be ‘new to firm’, rather than ‘breakthrough innovations’.

Looking at planned activity, businesses with dedicated premises are most likely to be working on new products (42%), developing new internal processes (37%) or hoping to enter a new market (35%). Hybrid businesses and remote businesses are planning the highest level of activity across all other areas. Across almost all capabilities, remote businesses report fewer plans for improvement compared to other models.

**Figure 10: Please rate how strongly you agree or disagree with the following statements about your company’s innovation (NET: Agree) (%)**



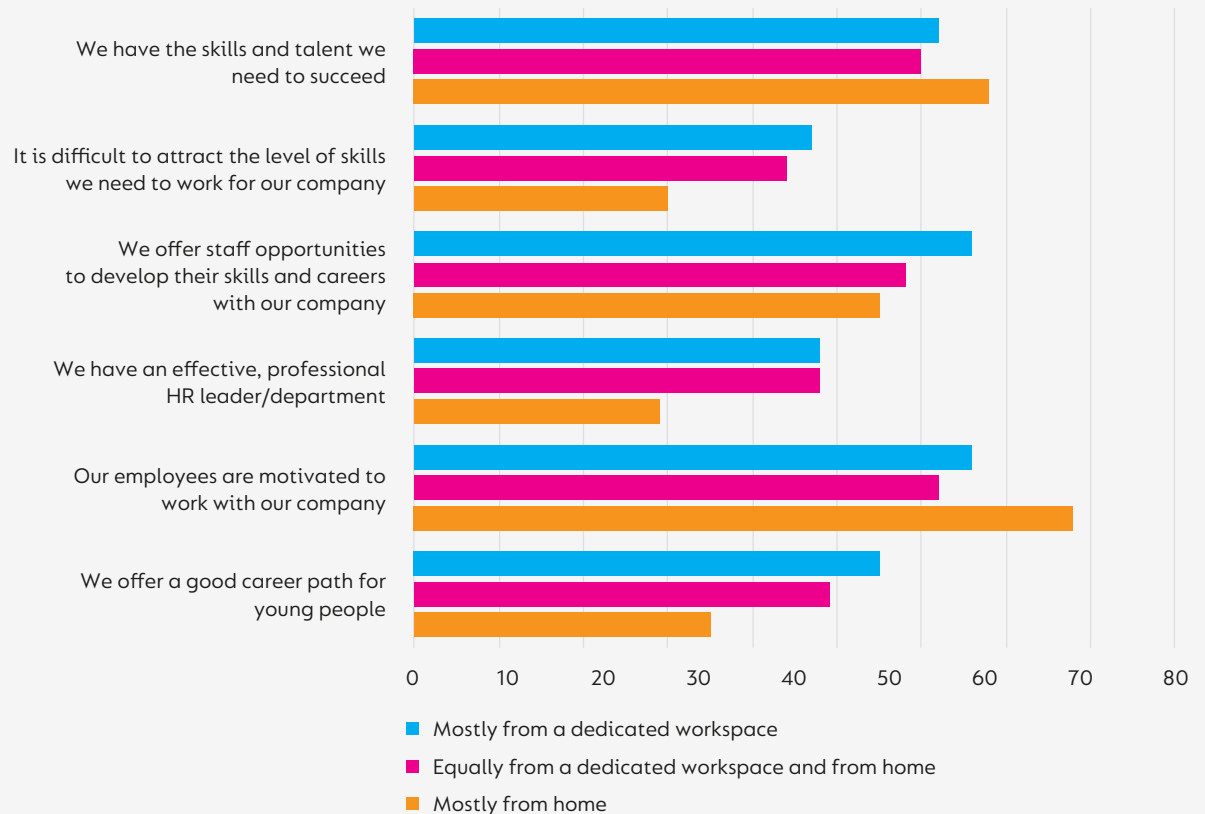
## 07.1 Hybrid working

### HR

Companies with predominantly home working are most optimistic about having the right skills and talent (68%) and having motivated employees (78%), but optimism is high across all working environments, with 6 in 10 companies (62%) across the board believing they have the right talent to succeed. Notably, home working businesses report the fewest challenges in recruiting new employees (30% vs 47% for hybrid), but are significantly less likely (35% vs 55% for hybrid) to say they are able to offer a good career path for young people.

Looking at planned activity, it is unsurprising to see hybrid model businesses planning a greater focus on flexible working than other models, and they are also most likely to increase initiatives that boost employee motivation (39% vs 24% for remote businesses). Again, hybrid models report the highest levels of anticipated activity across almost all capabilities, while mainly remote businesses lag behind.

**Figure 11: Please rate how strongly you agree or disagree with the following statements about your company's human resources (HR) (NET: Agree) (%)**





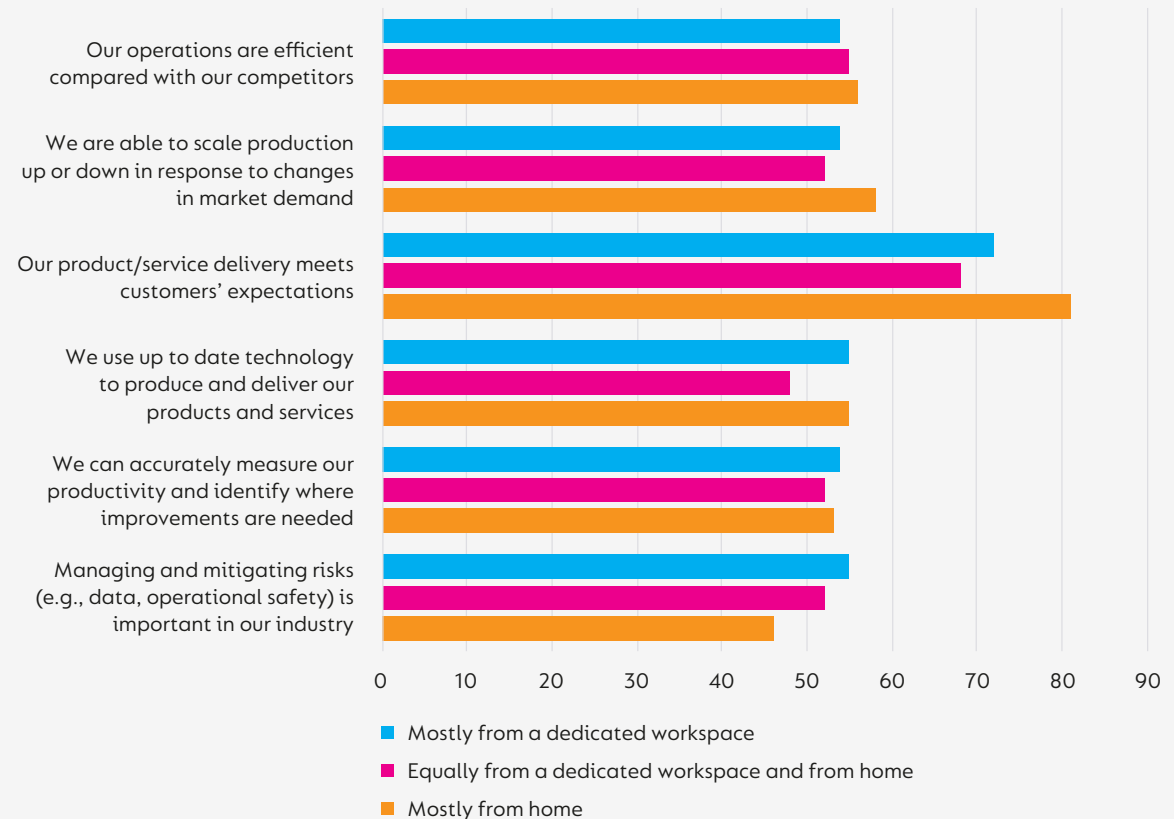
## 07.1 Hybrid working

### Operational efficiency

None of the three working environments stand out as having higher confidence in operational efficiency. However, hybrid businesses are more likely to feel prepared to manage and mitigate risk (55%), with home working somewhat lagging (46%). Conversely, four in five businesses (81%) with mainly remote working report that their products or services meet customer expectations, 9% and 13% higher than hybrid and office-based counterparts respectively.

Looking at planned activity, businesses with dedicated workspaces are most likely to plan capital investment in operations (33%) and activity to improve health and safety (41%). As with other capability areas, remote businesses have fewer plans to improve operational efficiency compared to other models. Notably, they are half as likely to plan action around health and safety than other business models (17%) and significantly less likely to plan for increased use of data to improve forecasting (18%).

**Figure 12: Please rate how strongly you agree or disagree with the following statements about your company's operating efficiency (NET: Agree) (%)**



## 07.2 Advice and support

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We examined the role and impact of advice and support on the five areas businesses focus on to improve productivity. We found that, while business leaders who don't regularly turn to anyone for advice report comparable levels of capability in many areas, they report significantly lower levels of planned activity. This suggests that the day-to-day running of the business consistently takes priority and takes time away from looking forward.

In contrast, business leaders with non-executive board members to offer support and creative direction show confidence about their capabilities, most notably in strategic planning.

### Headline findings

#### Improved strategic planning

- 56% of leaders who receive advice have a 2-5 year strategic plan compared with just 45% of those who don't regularly seek advice.
- 38% of leaders who receive advice are planning to increase activity on their business strategy in the next 12 months, compared to just 17% of those businesses who receive no regular advice.
- 35% of those who receive advice plan to work on their commercial or business decision-making, compared to just one in 10 leaders (10%) who don't receive advice.

#### Improved performance

- 33% of those who receive advice report increasing revenues compared with 26% who don't.
- 28% report an improved financial position versus 16% of those who receive no regular advice.

- 21% of those who receive advice report hiring new employees in the past quarter compared with 8% of those who have not.

#### The demographic perspective

- Approximately one quarter of businesses in the South East (23%), South West (32%) and Scotland (23%) don't turn to anyone regularly for advice.
- Leaders of medium-sized firms are more likely to have a mentor or board member than those in small or micro businesses.
- Younger leaders are more likely to have a mentor or board member than older leaders, reflected in a 9% drop off in mentoring between the first year of business trading and the twentieth year.

These findings make it clear that long-standing demand-side challenges remain ingrained. However, getting more businesses to engage with external advice could be key to unlocking untapped growth potential.

## 07.2 Advice and support

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### Changing fixed mindsets

The Business Productivity Review highlighted fixed mindsets as a key barrier to increasing uptake of business support. Be the Business believes there is an opportunity to take business leaders who don't currently take advice on a journey where they begin building capabilities linked to productivity growth, and ultimately improve economic outcomes.

Be the Business is developing a framework for such a journey, which is based on the behaviour change of business leaders necessary for their businesses to become more productive. This will require a new narrative which moves away from discussing productivity as an abstract concept and instead sets out a clear roadmap on how to make it happen for individual businesses and for the economy.

Once business leaders understand the potential benefits to them of improved productivity, they need to commit to take action as a first step. This could involve measuring their business's productivity, implementing a new process, committing to leadership development or seeking external advice. It's important that the leader can identify a return on investment linked to their activity, which will give them the continued encouragement to develop habits that drive continuous productivity improvement.

### Management and Leadership

Business leaders with non-executive board members are more likely to be confident in their management and leadership capabilities than businesses who receive advice elsewhere. In businesses with non-executive directors, trust in the leadership team's commercial awareness is extremely high, at 78%.

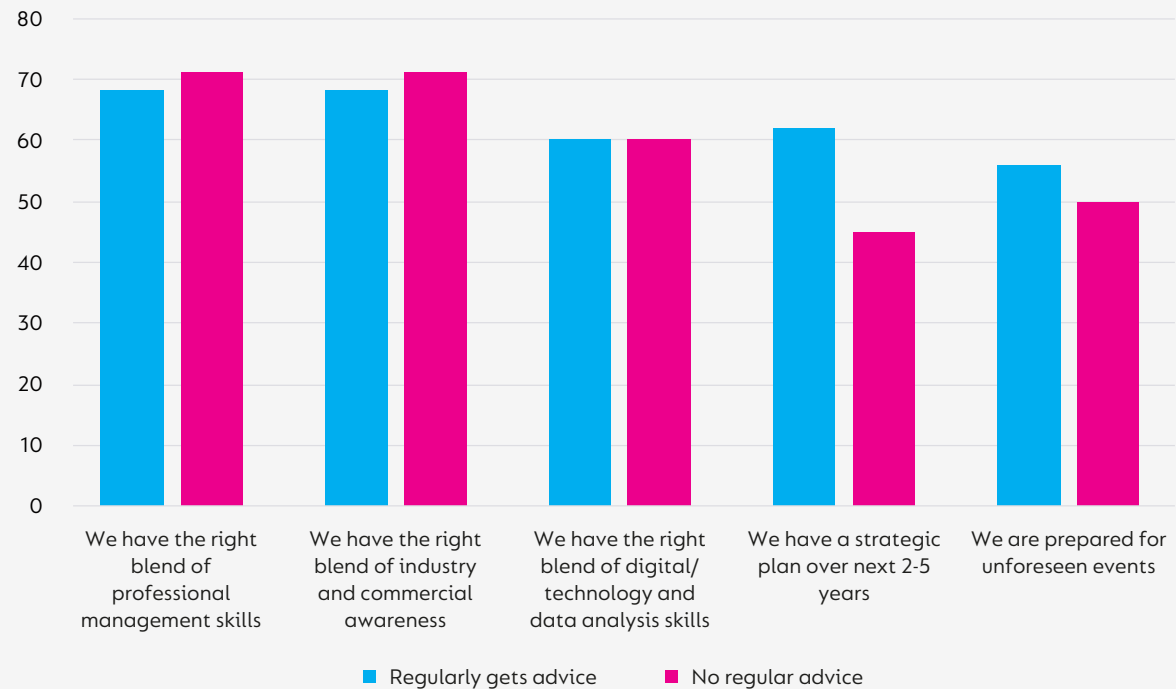
More broadly, there appears to be strong confidence in leadership skills among those who do not regularly take advice. However, they lag behind on strategic planning and preparedness for unforeseen events.

## 07.2 Advice and support

72% of businesses with a non-executive board agree their business has a strategic plan, 65% have faith that their business is prepared for unforeseen events, while 41% plan to increase investment in management and leadership skills over the coming year. This suggests that businesses taking this kind of external advice have greater insight into market demand, patterns and forecasting.

In businesses with mentors, we see higher levels of intent to undertake additional activity. 48% of businesses with a mentor plan to increase investment in management and leadership skills, showing again a strong appetite for improvement among those using this form of external support.

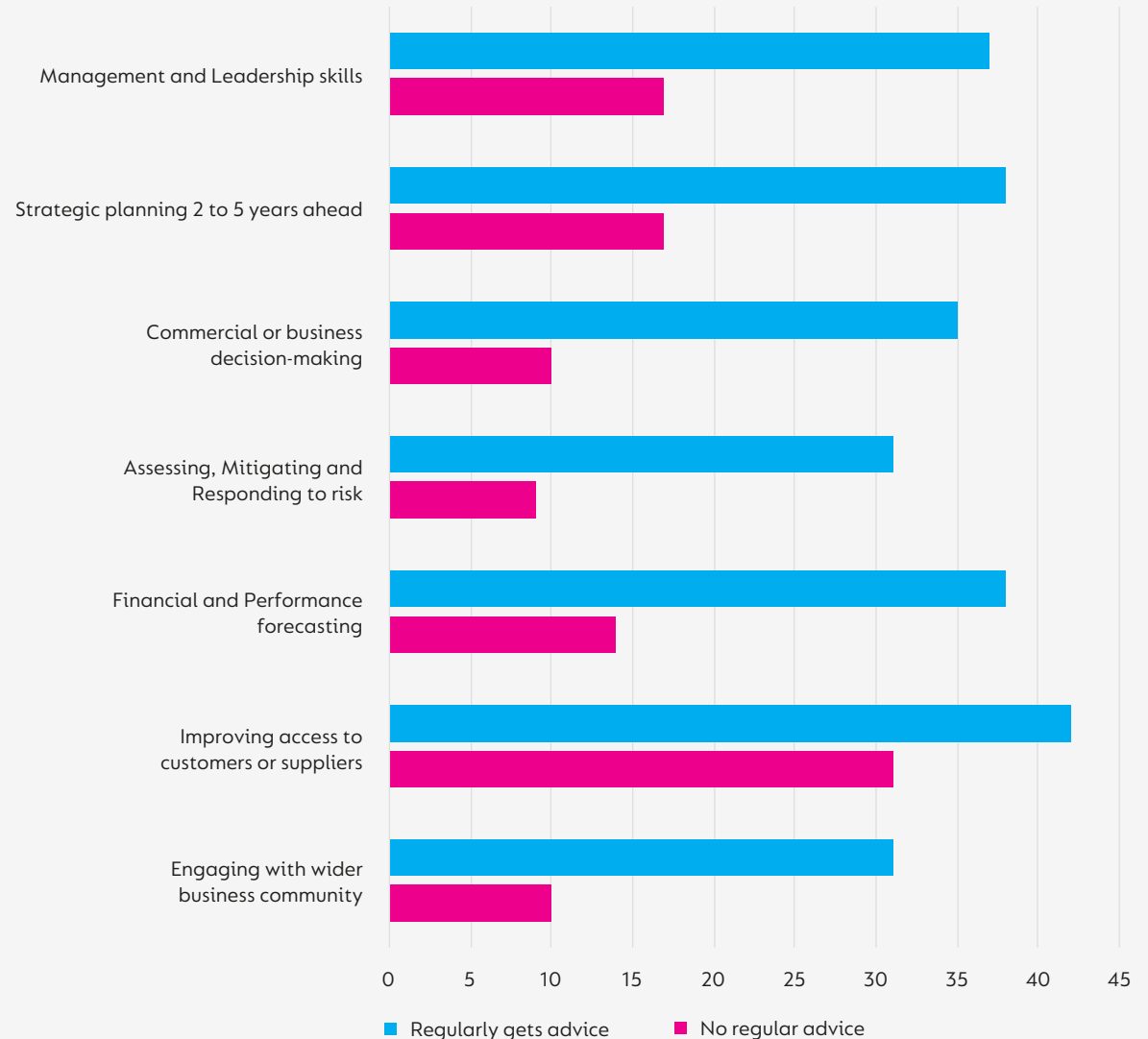
**Figure 13: Views on the strength of company leadership and management skillset showing those who regularly get advice or support and those who do not (NET: Agree) (%)**



## 07.2 Advice and support

Comparing those leaders who take advice and those who don't, there's a clear disparity in intent to undertake future activity. This suggests some complacency about management and leadership capabilities among those operating without an external sounding board.

**Figure 14: Proportion who will spend increase management and leadership activities over the next 12 months showing those who regularly get advice or support and those who do not (%)**

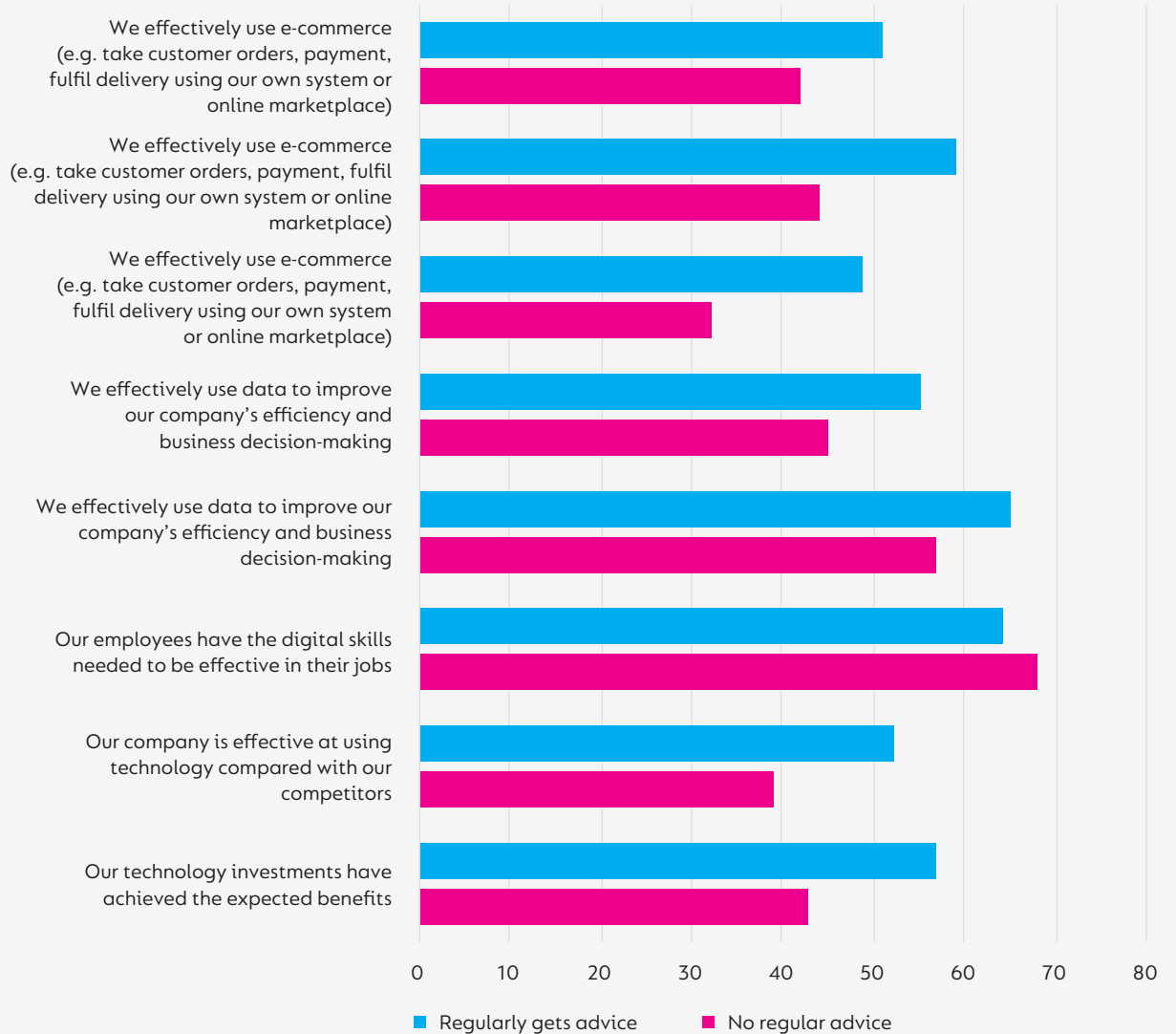


## 07.2 Advice and support

### Technology and innovation

Unlike management and leadership skills, there is a strong correlation between those leaders who regularly take advice and their confidence in effectively using technology. Moreover, the trend for business leaders who receive advice to invest more in their capabilities continues across technology and innovation indicators, showing a clear difference in ambition from those who do not get advice.

**Figure 15: Views on the effective adoption of technology and its benefits**  
(Percentage of business leaders who AGREE)

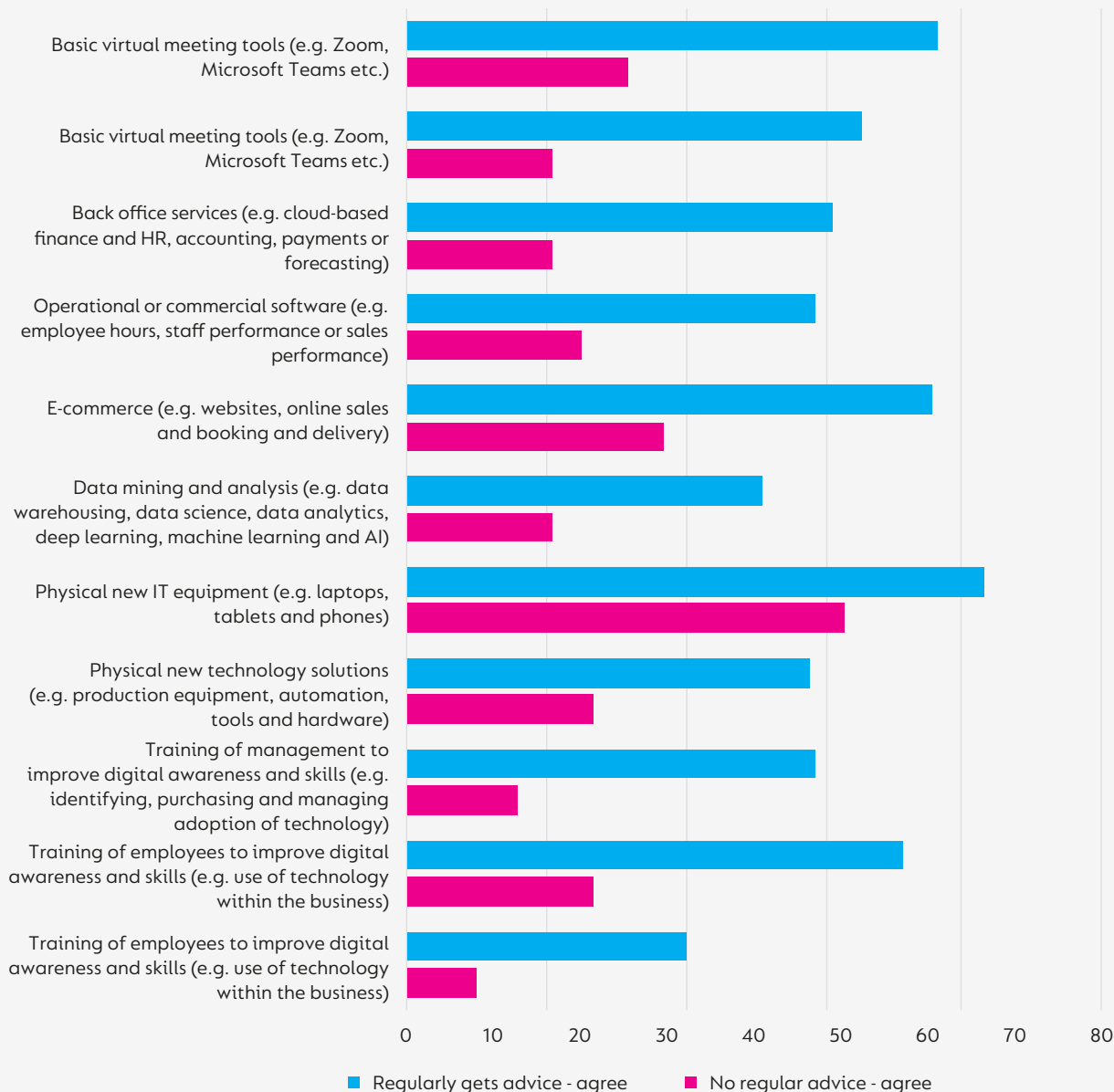


## 07.2 Advice and support

Businesses with non-executive boards (61%), mentors (57%) or any form of business advisers (51%) have the most confidence that they are effective at setting out their plans, budgets and priorities for innovation, research and development.

Notably, twice as many businesses that seek advice say their business' innovations are breakthrough (40%) compared to those who don't seek advice (17%), possibly indicating lower appetite for innovation among those not looking outside their business for ideas.

**Figure 16: Considering planned activities, what level of activity or investment do you think you will conduct in each of the following areas over the next 12 months (%)**



## 07.2 Advice and support

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### HR

Just over half (51%) of businesses with mentors agree they have the right skills and talent needed for success. It makes sense that, where a business leader is looking externally for advice, they are looking for skills and experience not available within the business. For businesses with non-executive directors, the proportion is even higher at 65%.

Notably, 63% of business leaders who take advice agree they offer staff opportunities to develop their skills and careers, compared to 42% who don't use advice. This shows a greater commitment to nurture talent and build it from within.

Looking at planned activity, the desire to invest in staff continues with a third (33%) of business leaders who regularly seek advice intending to increase investment in support for staff welfare in the next 12 months. This is in comparison to just 13% of those who don't seek advice. Similarly, 37% of leaders taking advice are committed to increasing pay, rewards and incentives for staff, compared to 17% without external advisers.

### Operational efficiency

Responses to questions about operational efficiency suggest a degree of overconfidence in business leaders who don't look outside their business for advice and support. These leaders are more likely to say they meet customers' expectations (76%) than business leaders who seek help (71%). However, this group is less confident that their operations are efficient and are less equipped to manage risk than business leaders who look outside their business for advice.

Looking at planned activity, 28% of those who receive external advice intend to increase business performance measurement, compared to just 7% of leaders who don't seek advice. A similar picture is seen in approach to using data, risk management and broader investments in operations.

### Hear it firsthand – business leaders on the positive impact of advice

#### Mentoring

“We've changed a lot of things as a result of mentoring. We implement things in the business much quicker and that give us even more leverage day-to-day that helps us with our growth.”

**James Morris** – Founder and MD – Trafalgar Marques

#### Advisory boards

“We've improved our import export market success, and we've accessed additional training opportunities to increase my knowledge and skills – all suggestions made by the board.”

**Laura Sieczkowski** – Director – Mantle Packaging



## 07.2 Advice and support

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### Be the Business Mentoring and Boards

Our flagship programme, [Be the Business Mentoring](#), has been carefully pairing business leaders with experienced and committed senior executives from the UK's most successful companies since 2018.

Mentoring results in a clear and positive impact for business leaders:

- Over half (51%) of mentees report that Be the Business Mentoring has improved their productivity
- 2/3 (67%) expect to see productivity gains over the next two years
- 3 in 10 (30%) employed more people
- Almost 1/3 (30%) increased turnover
- 1 in 5 (20%) achieved cost reductions
- 16% reduced their overheads

And over 9 in 10 (94%) believe these benefits can be directly attributed to Be the Business Mentoring.

Our [Be the Business Boards programme](#) pairs a small business leader with their own non-executive director-style board. This offers each business an individually built experience that utilises the unique and varied skills of every Board member.

It is too early to have completed a full evaluation of our Boards programme, but mid-programme monitoring data gives us an insight into participants' experiences to date:

- 80% of business leaders have made at least one change to their business since having a board
- Over 80% of advisees agree that the Boards are providing a level of technical or emotional support that they previously didn't have
- After the second meeting, 50% feeling more knowledgeable and confident in how to protect or improve their business performance
- Around 50% also feel better able to tackle any problems the business may face



## 08 The five capability areas to improve productivity

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## 08 The five capability areas to improve productivity

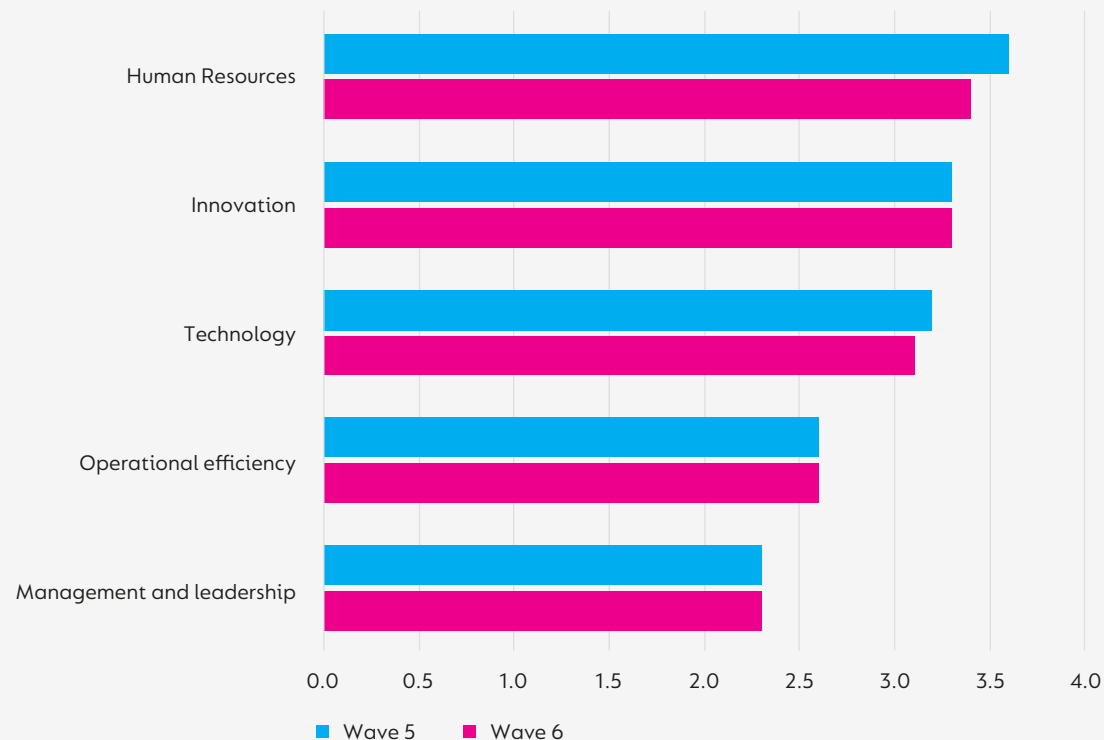
For each edition of the PBI, we ask business owners to rank what they believe are the priority areas to focus on to increase productivity, with 1 as the most important, 5 as the least.

Showing continued consistency through our six editions, management and leadership came out on top. Human resources is seen as the least important capability area for business leaders.

Among well documented labour shortages, increased uncertainty within the trading landscape, and against the backdrop of rising cost of living, business leaders are taking more action to invest in their workforce, recognising them as one of their strongest assets to withstand these largely uncontrollable forces.

However, it remains inescapable that strong management and leadership is the strongest force to maintain a happy and productive workforce.

**Figure 17: Capabilities ranked**





## 08.1 Management and leadership

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**Confidence is back** – Leaders have the right skills and commercial awareness (or so they think).

-9%

The fall in the number of leaders who improved their management skills in the past year

8%

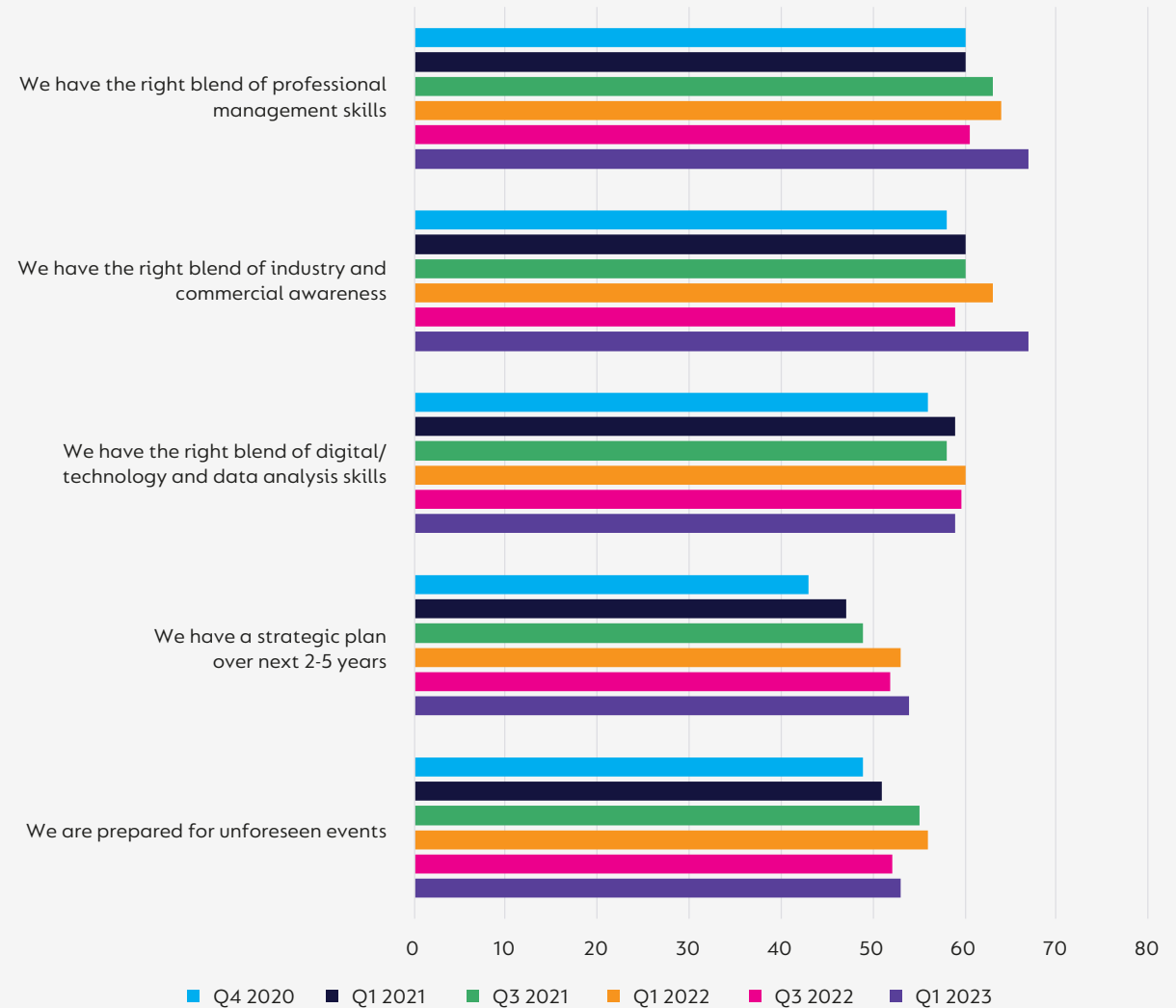
The biggest jump so far in the series with regards to belief that management teams have the right blend of industry and commercial awareness

## 08.1 Management and leadership

Confidence in management shows a notable uptick, with 67% of leaders believing their management teams have the right blend of professional skills and are armed with strong industry and commercial awareness. This is an increase of 7% on the quarter, with fewer now disagreeing, down from 13% to 11%. This is despite the fact that less activity was undertaken by business leaders to improve their management and leadership skills in the past quarter. Only a third (33%) did so, compared to 42% in Q3 2022.

There is also a continued steady conviction in the company's technology and data skills, with 23% of people strongly agreeing, up 3% on the quarter. Belief in the strength of strategic planning remains strong at 54%, with 2% more agreeing compared to Q3 2022. When it comes to preparedness for unforeseen circumstances, this is maintained with almost a fifth (18%) of those asked strongly agreeing that adequate preparation is in place.

**Figure 18: Views on the strength of company leadership and management skillset**  
Percentage of business leaders who AGREE



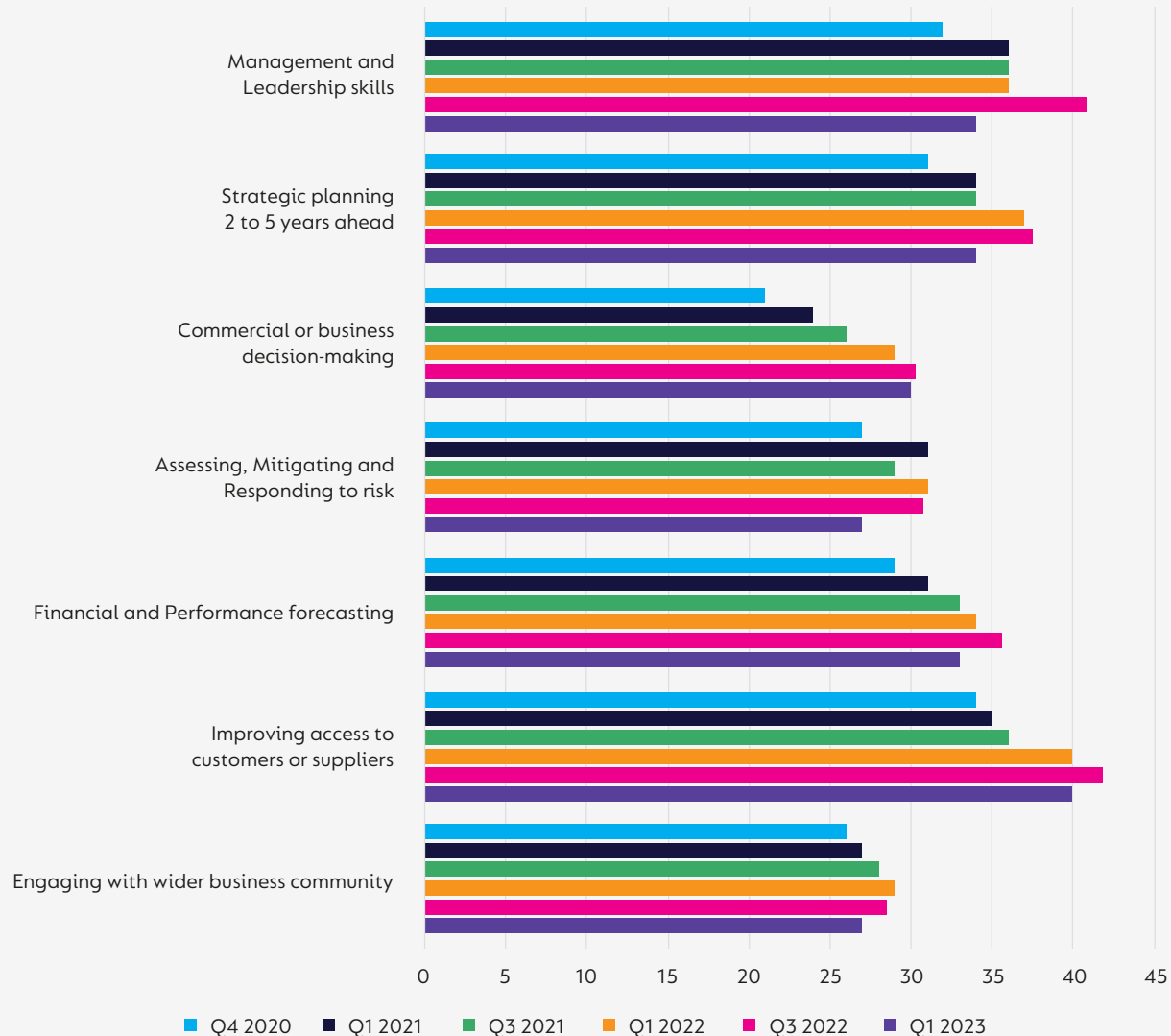
## 08.1 Management and leadership

In previous editions, business leaders have shown an awareness of the skills gaps within their management teams and intent to spend more time developing these skills. However, the start of 2023 doesn't show that this awareness and the subsequent plans are coming to fruition. Against all measures, both past and future activity and investment in management and leadership has dropped back.

This correlates to the weakened Capabilities Index, and is evident in the decline in skills investment, planning and forecasting, and engagement with the wider business community. Ongoing uncertainty across the business landscape appears to be causing business leaders to hold steady on various measures and concentrate on the here and now.

A notable positive trend is that, across categories where improvements seen last quarter have dropped off, they appear to be staying the same rather than dipping further. For example, when asked about seeking out new partnerships with either customers or suppliers, 2% fewer are increasing this activity, but more are maintaining.

**Figure 19: Levels of activity and/or investment in management and leadership over the next 12 months**  
Percentage of business leaders reporting an INCREASE



## 08.1 Management and leadership

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### Out in the field – case study

**Nick Hutchinson**  
Founder, Glider

Building technology company Glider was growing steadily but needed funding. The company's ambitious three-to-five-year growth targets could only be met if it could accelerate its growth, and responsibly. Be the Business Boards helped Glider to focus and prioritise, catalysing a funding round that has put wind under its wings.

Glider Technology, a digital services provider for the built environment, was matched with high-calibre construction industry-focused support through the Be the Business Boards programme.

Founded in 2016 by Nick Hutchinson, Glider has grown steadily over the past six years, boasting a clutch of blue-chip companies among its customers, including Deutsche Bank, Google and Deloitte. It employs 30 full-time staff and has an annual turnover of £3.5million.

Aiming to double turnover in two years, but ruling out the private equity route, one of the things Nick and his team wanted from the Board was advice on funding options to help execute its plans. The Board highlighted the importance of knowing what's going on in the marketplace day-to-day.

The management team were then advised to be clear-eyed about priorities once funding was secured.

**“It was a question we'd already asked ourselves, but having an independent panel asking us those questions made us focus more closely on potential answers.”**

In addition, the board catalysed a more structured strategic plan, introducing objectives, specific measures, and key results, on a quarterly basis, linked to overall strategic growth.

The Glider team acknowledged that carving out time to take a helicopter view of the company and discussing ideas with a board of people who've seen and done it all before, was invaluable.

Nick's takeaway from working with a Be the Business Board was an acute new focus – **“Of all the million things we could do, what should we prioritise in order to strike forward in the right way?”**



## 08.2 Technology adoption

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**Steady on** – COVID-19 tech trends have peaked as business eases off investment.

1%

Only new physical IT investment and consultancy services see increased future investment

9%

The drop off in past and planned training for employees in digital skills



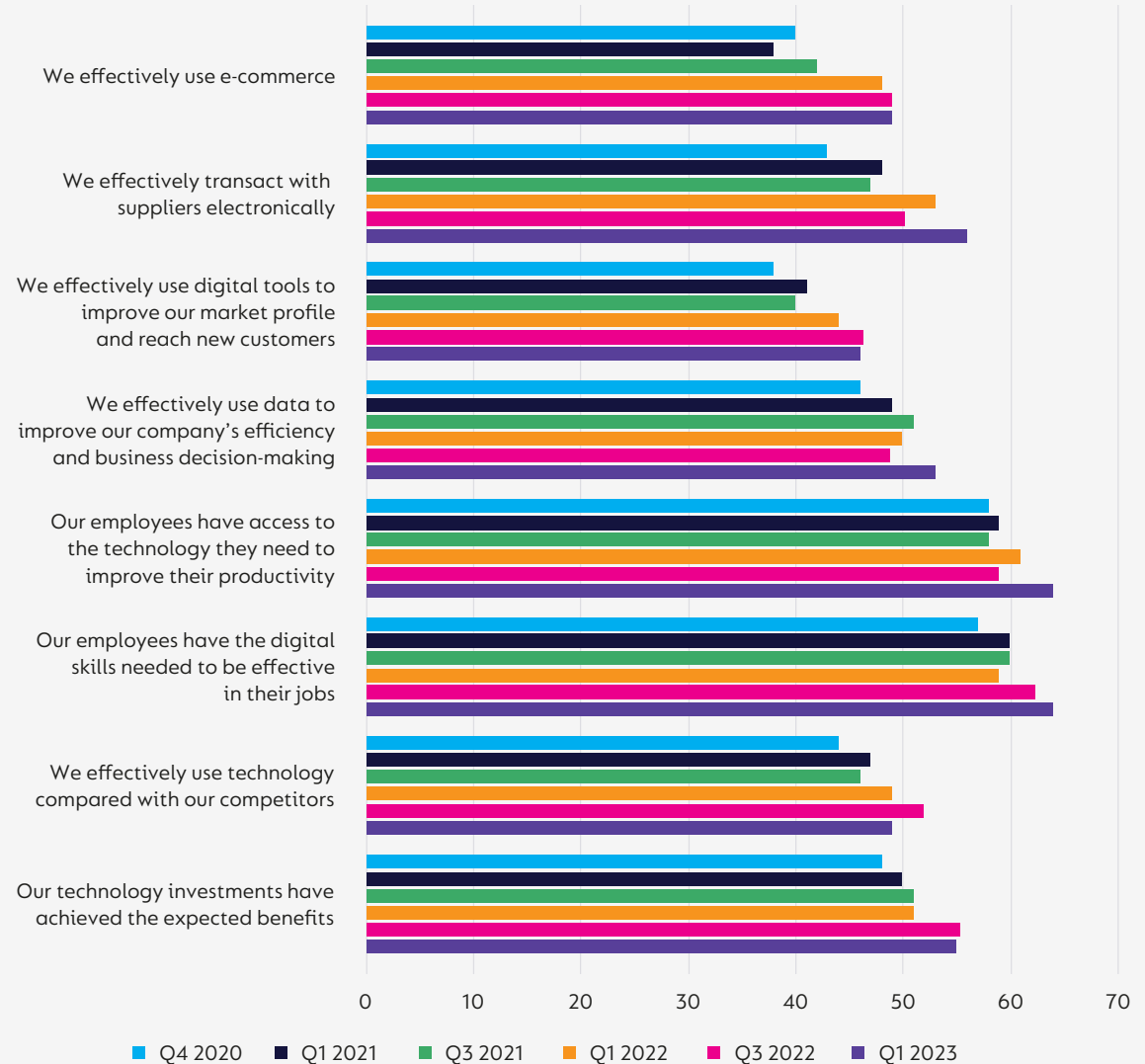
## 08.2 Technology adoption

In the first quarter of 2023, business leaders reported less investment in digital training compared to previous reports. Just a third (33%) improved the digital skills of employees over the last year, compared with more than four in 10 (42%) in Q3 2022. A similar reduction of investment in commercial software was recorded (down 7%) signalling that business investment in technology since the pandemic may be plateauing.

Despite reduced investment, there are modest improvements in confidence with technology compared to our last Index. Confidence was slightly higher in most areas, notably electronic means to transact with suppliers (up 6%), and effective use of data has risen by 4%. This suggests a rise in awareness of the efficiency and decision-making benefits of having business operations underpinned by technology. Moreover, 64% of business leaders, the highest recorded in the series, believe that their employees have access to the technology they need to improve their productivity, a positive sign.

**Figure 20: Views on the effective adoption of technology and its benefits**

Percentage of business leaders who AGREE



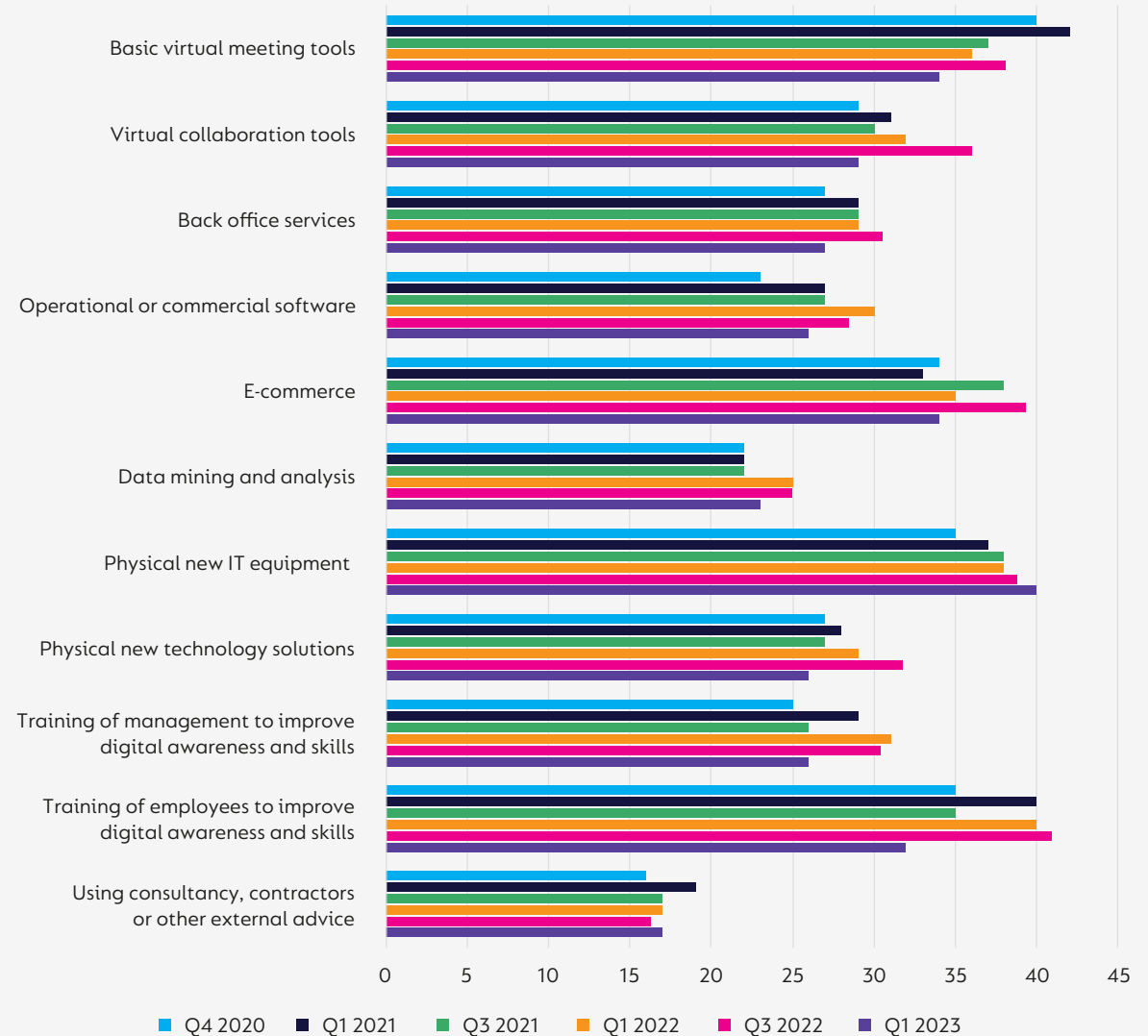
## 08.2 Technology adoption

Previous intention to increase planned levels of activity and investment in new technologies has slightly stalled this quarter, going backwards in some categories. This could represent caution in the first calendar quarter, but could equally represent restraint in the final financial one before year end. Either way, this dip contributes to the weakened capabilities in this quarter's Index.

Whatever is driving the change, it is consistent across all categories, with none growing in terms of future investment, except for a 1% increase in new physical IT equipment and using external advice. The previous edition noted an increased focus on e-commerce, with 39% of businesses planning to increase investment over the coming year. However, this has now fallen back by 5% to 34% of business leaders expecting increased investment in this area. Similarly, while previously 41% of companies intended to spend more money on training to improve the digital skills of their staff, this has fallen back to 32%.

**Figure 21: Views on the effective adoption of technology and its benefits**

Percentage of business leaders who AGREE



## 08.2 Technology adoption

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### Out in the field – case study

**Denise Baurmann**

Founder, Fairmont Residential

Denise Baurmann was struggling to work out how to move forward with technology at Fairmont Residential when a mentor stepped in to help.

Fairmont Residential, a small group of care homes for adults with autism, had little scope to develop in-house expertise and its IT infrastructure was stretched. The answer was secured through an unexpected path – founder Denise Baurmann’s mentoring relationship with Accenture’s Nick Rubega.

Denise knew that the business’ software programme wasn’t adequate, but as a small business, they didn’t have anyone internally with IT expertise. Vendors were queueing up to sell them software packages, but what was actually needed was advice on the best approach to take.

Be the Business matched Denise with Nick Rubega, technology delivery lead at Accenture. Their first Zoom conversation, though essentially a scoping exercise, was extremely productive.

It led to Nick setting up a full-morning remote technology workshop for Fairmont’s management team, delivered by experts from Accenture. It was designed to identify the pain points with Fairmont’s existing technology system and determine the best way to tackle them.

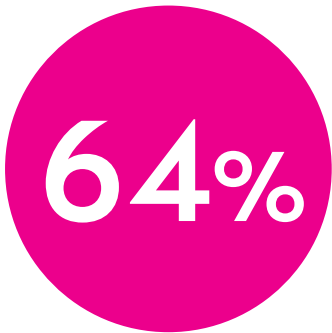
The sessions meant all staff fed in to find the best solution, saving time and money.



## 08.3 Innovation and ideas

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**Innovation stagnation** – fewer firms introduce new ways of working.



of leaders say they encourage new ideas



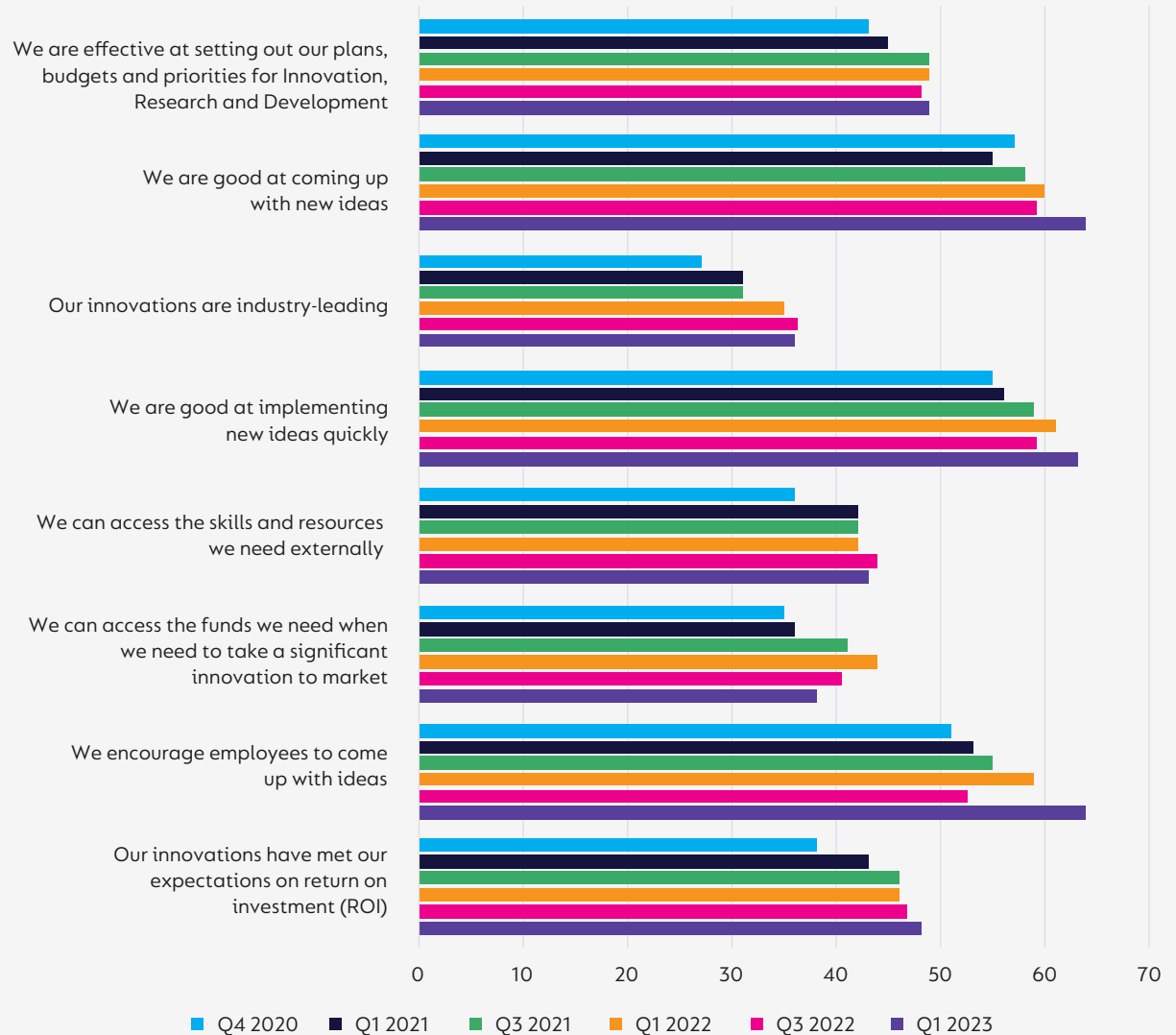
introduced new initiatives to improve innovation

## 08.3 Innovation and ideas

Business consistently recognises the need to innovate and that is once again reflected this quarter. More than 6 in 10 firms (64%) believe that they are good at coming up with ideas and encourage employees to do so as well. Almost half (48%) have met their expectations on the return-on-investment innovation brings, with a steady hold on over 4 in 10 firms (43%) being able to access the external skills and resources they need to see ideas through to fruition.

This suggests a picture of confident businesses, but this may be misplaced. Fewer business leaders reported introducing new ways of working, or initiatives to improve internal innovation, in the past 12 months. Similarly, growth in new products, marketing initiatives and expansion into new markets all stalled.

**Figure 22: View on the ability to successfully innovate**  
Percentage of business leaders who AGREE

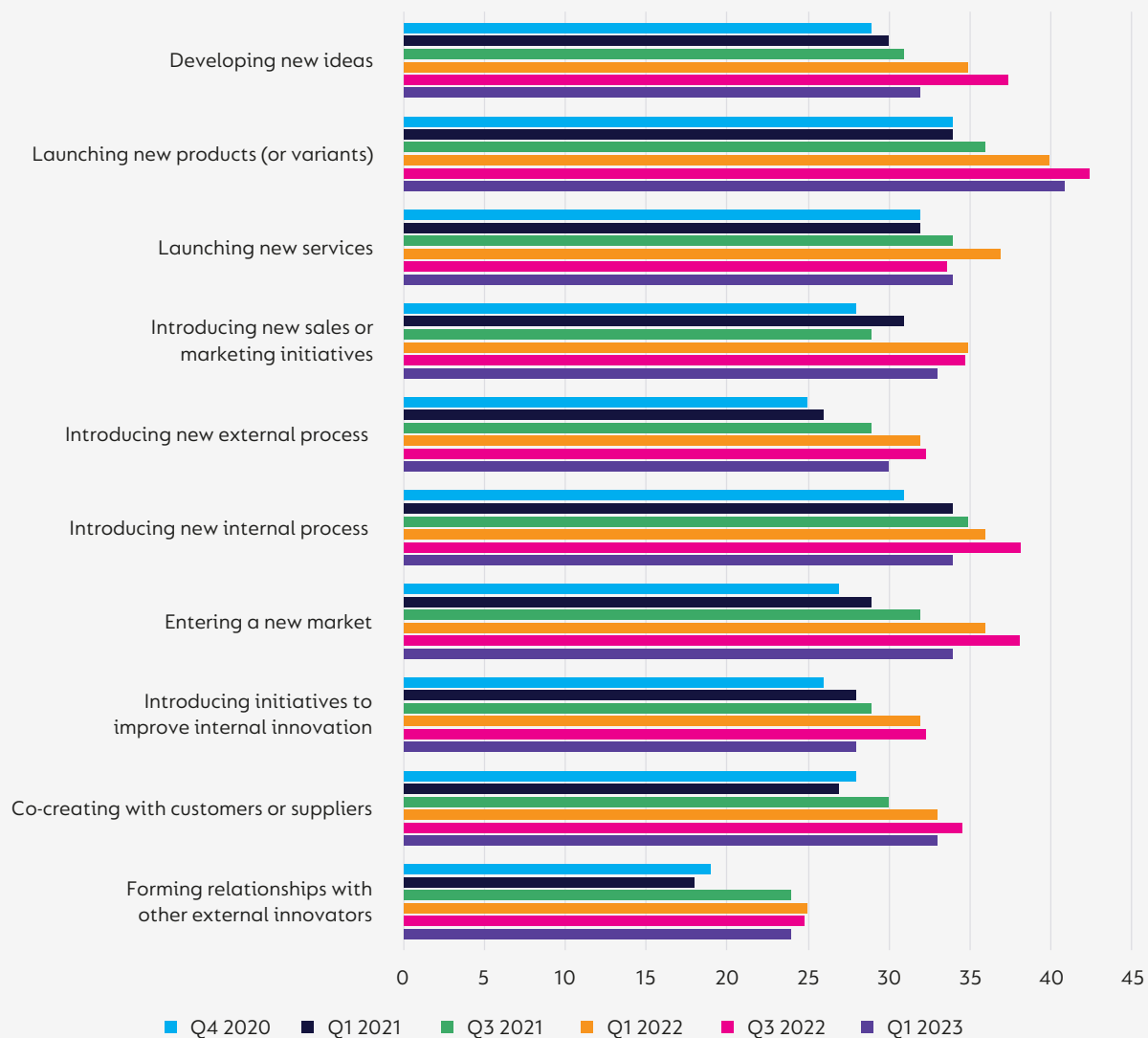


## 08.3 Innovation and ideas

Building on the trend over the last year, levels of innovation over the coming 12 months look to hold steady in most areas. However, global uncertainty and fracture occurring between US and EU trading relationships, means only 34% of firms intend increase activity in new markets, indicating shaken British confidence during a continued unsettled picture.

Three in ten firms (34%) will be introducing new services with less than half (41%) launching new products. The appetite for collaboration remains comparatively low, with a quarter of firms (24%) pursuing relationships with other external innovators.

**Figure 23: Levels of activity and/or investment in innovation over the next 12 months**  
Percentage of business leaders reporting an INCREASE



## 08.3 Innovation and ideas

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### Out in the field – case study

**Jackie Dearden**  
Director, Renray

While Jackie Dearden had the ambition to embed sustainable ways of working in her business, it took a mentor connection with an experienced business professional to bring it to life and start seeing the benefits.

When manufacturing business Renray wanted to develop an environmental, social and governance strategy, Be the Business matched director Jackie Dearden with a specialist mentor. Nine months in, the company is on its way to Net Zero

Founded 50 years ago and based in Cheshire, Renray manufactures and assembles furniture and medical equipment in purpose-built factories in Cheshire and Poland. The business has an annual turnover of £17million and employs 140 people.

Director Jackie Dearden co-owns the business. Be the Business paired her with Dave Brigden, ESG (environmental, social and governance) sector director at Lloyds Banking Group.

Jackie was looking to Dave for help in building the foundations of an ESG strategy.

Dave guided Jackie using Lloyds Banking Group's own comprehensive sustainability resources, including its "Now to Net Zero" report, which features a five-stage process to develop a sustainability plan.

Jackie said: **"I've done a lot of reading and learning about ESG, but it was only when I started speaking to Dave and looking at his documents, that the pieces of the jigsaw started slotting together. We were already doing quite a lot – but we hadn't joined the dots."**

Jackie didn't hesitate to get going, initially on a bite-sized basis, focusing on different elements of the business, like the two manufacturing plants. She followed Dave's advice by getting engagement across the business, and creating a working group who could build the plan together.

Dave also advised Jackie to use the sustainability plan as a marketing tool to clients and prospective clients. Adding ESG-type clauses to tender documents is increasingly requested.

The implementation of the plan has led to savings in the running of the business, greater engagement from staff, and taking great strides toward the aim to get to Net Zero.



## 08.4 Training, Development and HR

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**Hybrid embedded** – employee motivation is high as investment drops off.

-7%

Business leaders  
scale back initiatives  
for staff welfare

8%

fall in investing  
in changes to the  
workplace

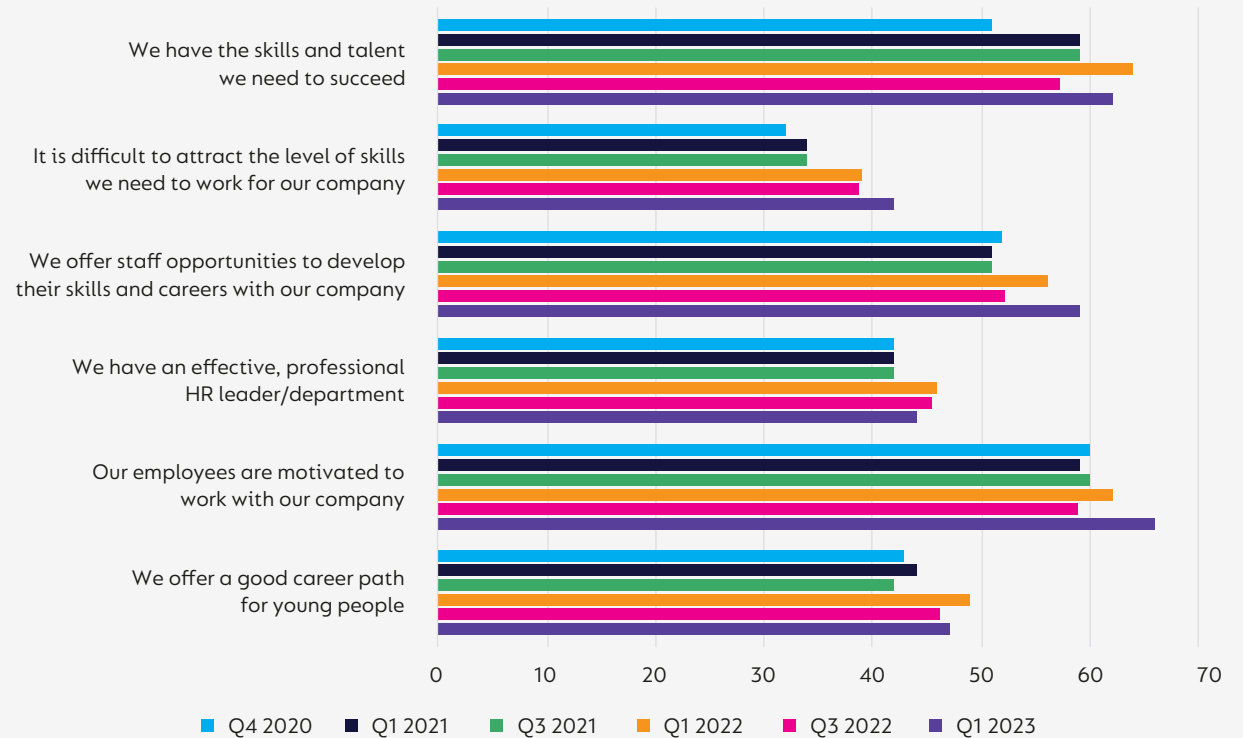


## 08.4 Training, Development and HR

Investment in staff and recognition of workforce value has marginally dropped back on the quarter, although higher reported confidence suggests leaders feel they have sufficient HR practices in place.

Looking at both past and future investment, there is lower activity across the board to improve employee motivation, training, performance reviews and support for employee welfare. This contrasts with a picture of higher confidence in current capabilities. In our sixth edition, there is a 5% leap in those who are confident their business has the skills needed to succeed; and a 7% increase in staff being offered opportunities to develop within the company. Notably two thirds of business leaders (66%) report that their employees are motivated to work within their company, a 7% increase on the last Index.

**Figure 24: Views on employee recruitment and skills capability**  
Percentage of business leaders who AGREE

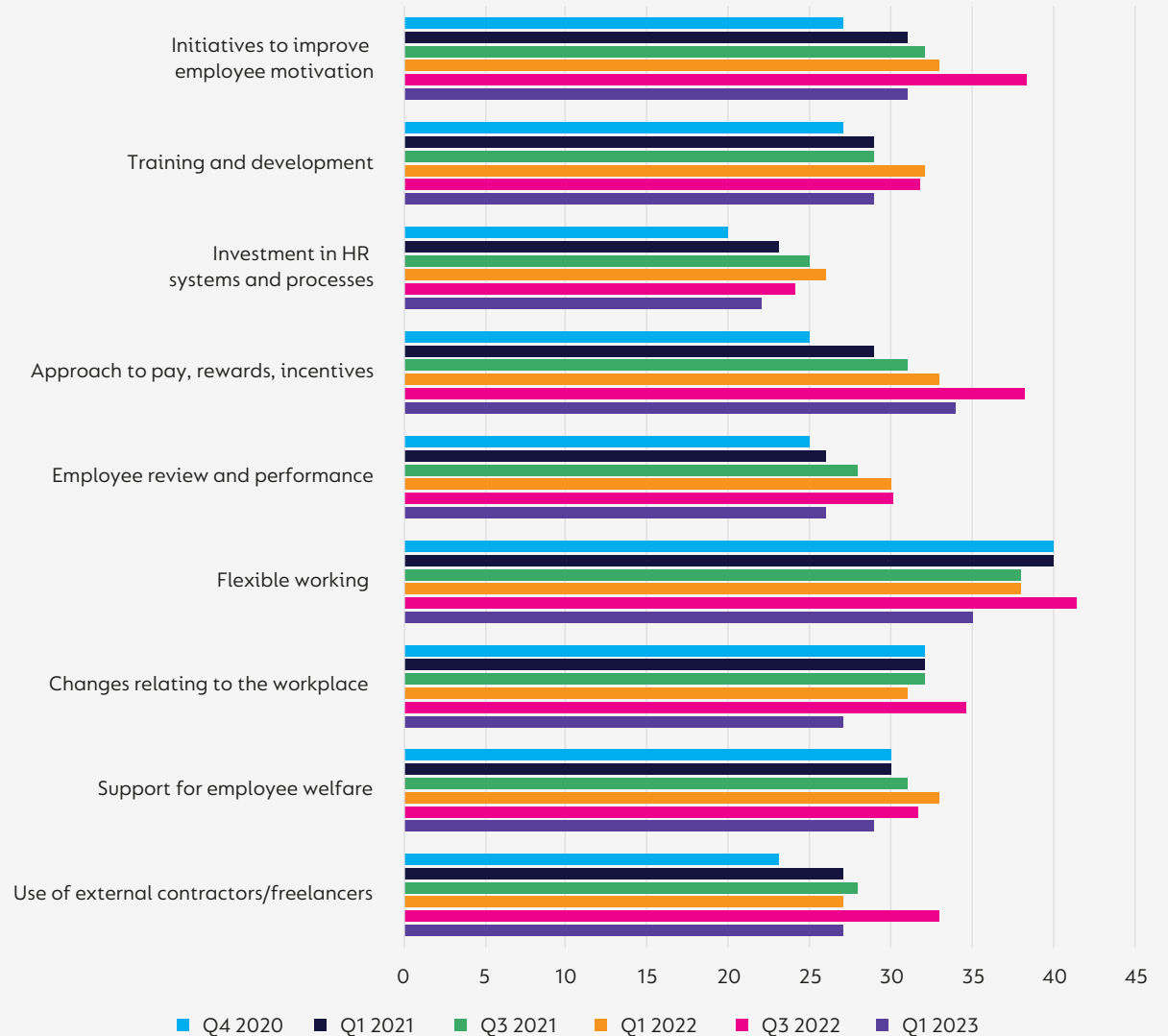


## 08.4 Training, Development and HR

There is also less planned activity in HR practices compared to other capability areas. Additional activity is most likely to be reflected in the approach of leaders to flexible working and compensation, but even these areas are less of a priority than in previous reports.

Leaders are planning to invest less in several areas: freelancers; support for employee welfare; flexible working; and initiatives to improve employee motivation. This final area aligns with the greater confidence in levels of motivation, so leaders may feel able to take a step back at this time take their foot off the gas. However, this could also reflect greater distance from the pandemic as business practices return to a pre-COVID-19 status quo, or it could be a symptom of financial constraints in the final quarter of the financial year.

**Figure 25: Levels of activity and/or investment in HR over the next 12 months**  
Percentage of business leaders reporting an INCREASE



## 08.4 Training, Development and HR

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### Out in the field – case study

#### Chris Bishop

Managing Partner, Slater Heelis

Slater Heelis is a well-established law firm in the Manchester area, and while the pandemic caught them off guard a little initially, it also provided an opportunity to generate new ideas, through a more diverse workforce, to fuel growth.

Recently, the company was able to triple its turnover through mergers and lateral hires and now employs over 100 staff. For managing partner Chris Bishop, a switch to an employee ownership scheme was an obvious next step.

Chris Bishop progressed through the ranks to become a managing partner at the firm in 2010 and remains a practising lawyer alongside his management role. Chris' history within the firm motivated his intent

to reward staff better for their continued hard work, enabling them to develop, and contribute further. Previously, staff would have required a significant amount of funds to buy into a partnership, but by introducing the new scheme, employees no longer need that in order to acquire shares.

Chris and the management team created new pathways for people to become decision-making owners. One aim was to address diversity and gender balance through the firm: Chris recognised that a truly diverse workforce is a driver for creativity, and subsequently, growth.

Chris acknowledged the deeper challenge. **“We’ve always scored pretty well on diversity and equality within the law sector – we’ve got a high percentage of women and quite a decent percentage of black and Asian lawyers, but then you get to the genuine ownership, and there’s five white men.”**

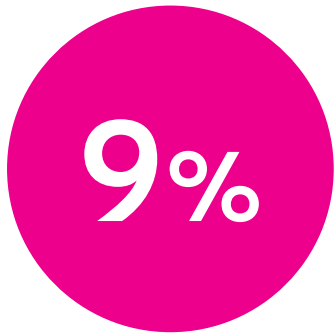
In the near future, Chris hopes that there will be significant diversity among the leadership team, and that the business will live up to its commitment to be diverse, inclusive and equal



## 08.5 Operational efficiency

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**Operational complacency?** Confidence highest on record, but action suggests lower investment.



increase in confidence that customer expectations are being met.  
Less activity planned to improve processes, use data and measure productivity

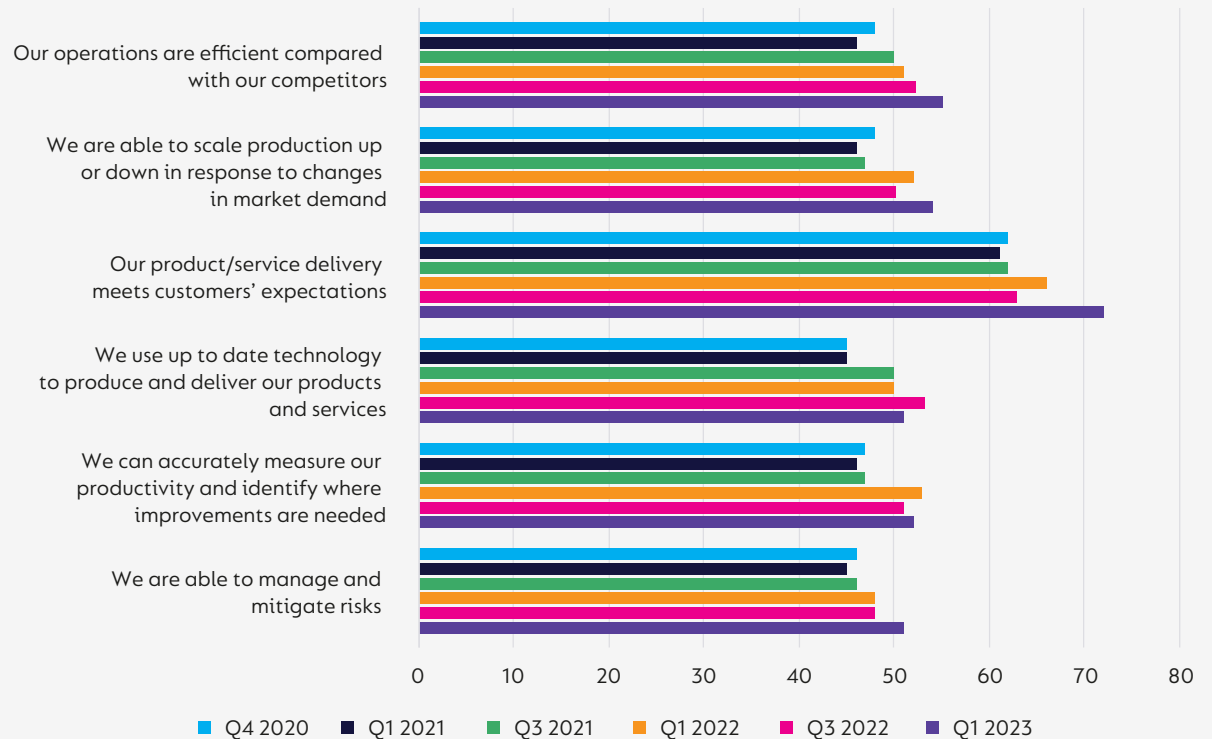
## 08.5 Operational efficiency

Confidence in overall operational efficiency is maintained through most measures, with very little change this edition. 55% of business leaders believe their operations are efficient when compared to competitors, up 3% on the quarter. Marrying achieving efficiency with meeting customers' expectations has recovered in the last three months by a strong 9%, bringing it to its highest level of the series at 72%.

This is in contrast to lower levels of activity in every area of operational efficiency over the last 12 months. Significantly fewer leaders (down 9%) introduced new health and safety initiatives, reflecting distance from the pandemic. Fewer than three in ten business leaders increased activity to improve their productivity via measurement initiatives (24%) or use of data (29%).

**Figure 26: Views on capabilities around operational efficiency**

Percentage of business leaders who AGREE



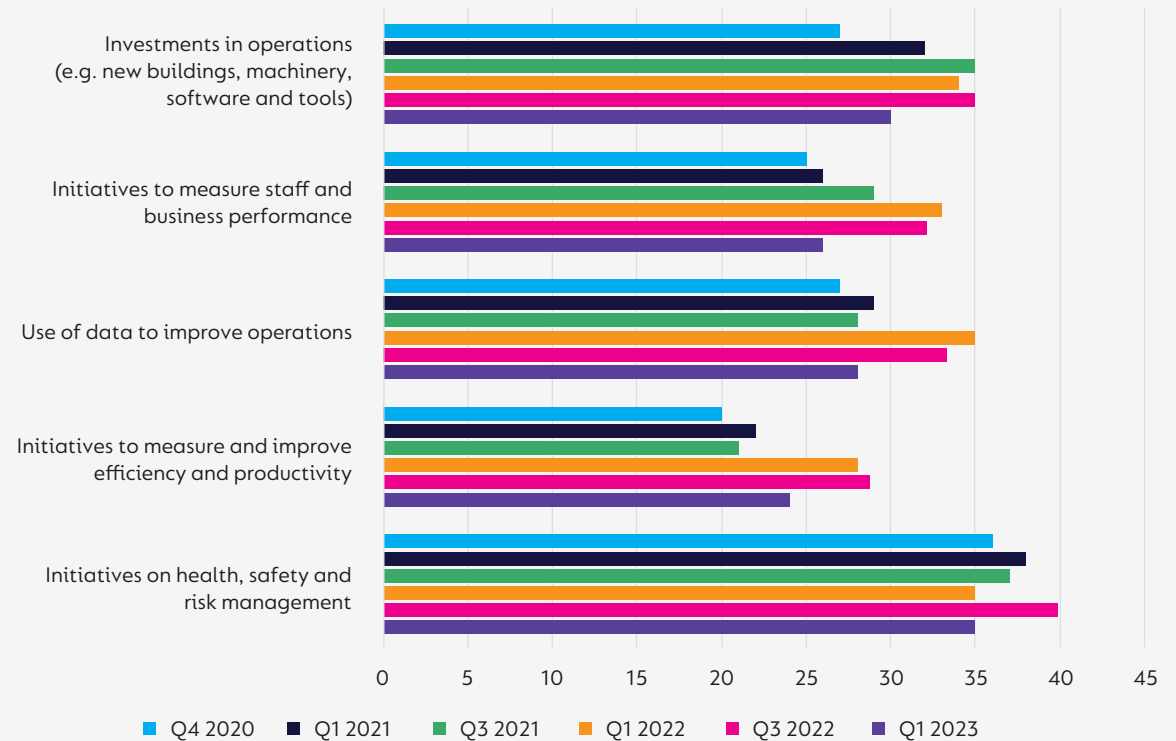
## 08.5 Operational efficiency

Previously, we have observed an uptick in some areas regarding intention to increase investments and accelerate activity to improve efficiency across the board. These intentions have declined in this edition, presenting a disappointingly static picture.

30% of business leaders intend to increase investment in new plants, machinery, or software, with 35% expecting to do more on health, safety and risk management. Over a quarter of business leaders (26%) are planning to invest more in measuring staff and business performance. However, across all areas, intent to invest is lower than in Q3 2022.

**Figure 27: Levels of activity and/or investment in operational efficiency over the next 12 months**

Percentage of business leaders reporting an INCREASE



## 08.5 Operational efficiency

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### Out in the field – case study

#### Sam Marriott-Dowding

Founder, Marriott Communications

Using the experience of a supportive business mentor gave Sam Marriott-Dowding the framework to work on his business, rather than just in it. By the end of his 12-week programme, he had won three new clients.

Sam Marriott-Dowding set up his business during the COVID-19 pandemic, but wanted to move forward. Mentor Satish Mathur gave him both guidance and confidence, and Sam's award-winning communications agency now has the US in its sights.

Be the Business mentor Satish Mathur likens his mentoring role to "a business driving instructor" – giving people the tools, techniques and confidence to survive and thrive in the long term.

Marriott Communications offers a range of services, from PR and media relations, crisis communications and public affairs, to brand and event management, to digital and social media marketing. Sam runs the company on his own, supported by a network of trusted freelancers.

A year into running the business, Sam realised he had no strategy for winning new business, and no idea of how to grow. After their first meeting, Sam and Satish embarked on a 12-week mentoring programme, comprising an overarching growth plan, a business plan, a sales strategy and a marketing strategy.

Implementing the different pieces of the jigsaw, to a tight timescale, while single-handedly running the business, was challenging, but the rewards soon became clear. Sam realised he had been so focused on client work that he was neglecting the internal governance of the business. Focusing more acutely on growth, by the end of the 12-week programme, he had won three new clients.

Sam knew he needed to move fast. **"If I'd delayed any longer, I'd be stuck doing the same processes, which weren't working, and I would never have grown."**

Not only was Sam winning new clients, but his approach to business development was more efficient. Satish introduced a tool for rating a lead or potential target, enabling Sam to be more strategic in the business he was going for.

The result was a change in mindset. Sam said, **"It forced me to work out how to engage with clients that I really wanted to work with. I became proactive, rather than reactive."**



## 09 Business constraints

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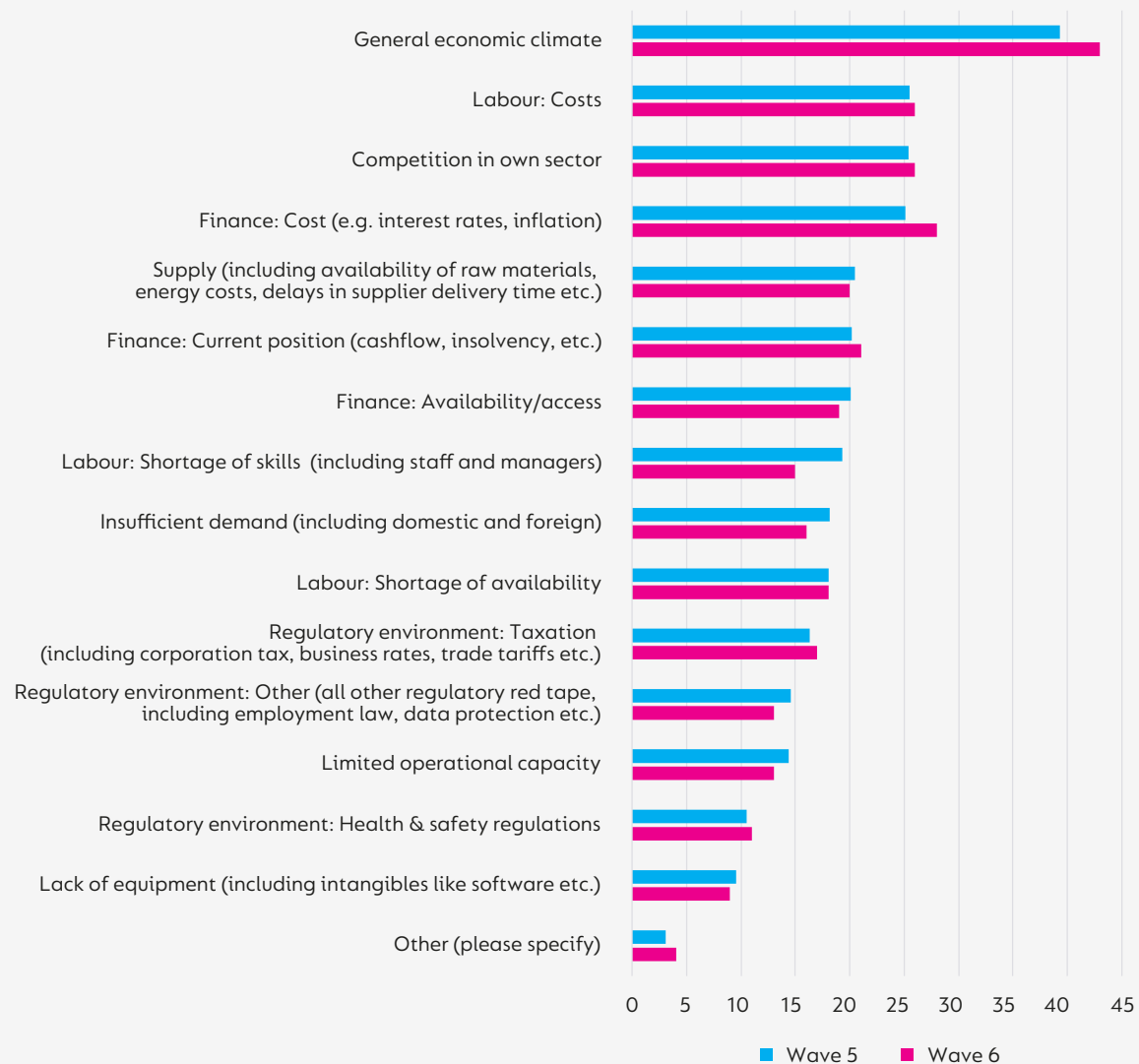


# 09 Business constraints

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. With no notable uplift in the economic landscape, businesses remain acutely focused on the here and now.

When asked what is constraining their business performance, as in previous editions, the general economic climate ranked highest with 43% of business leaders believing it will have a negative impact on their productivity and, consequently, growth.

**Figure 28: Business constraints (%)**



## 09 Business constraints

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While most measures continued in a persistent upward direction from previous editions, finance costs, in other words, interest rates and inflation, continue to be high on the list of factors to watch. At the time of publication (April 2023), interest rates have risen further to a fourteen-year high, with inflation remaining stubbornly above 10%. The restraint we are seeing in future investment plans could be a symptom of the cost of new finance and maintaining debt.

The cost of finance linked to interest rates and inflation remains on the minds of almost a third of businesses (28%), which is consistent across businesses of all sizes and in all regions.

When it comes to the workforce, the picture is more positive. Concerns about both labour availability and a shortage of skills are relatively low; only 15% of business leaders are concerned about not being able to get the skills and talents they need, while 18% are worried about obtaining staff.

Amidst a debate about UK levels of corporation tax putting investors off, it is notable that concerns about the regulatory environment, including tax, remain very low. Only 17% of business leaders referenced it as a factor.



# 10 UK productivity from here?

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# 10 UK productivity from here?

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**By unlocking the curiosity of British businesses, the UK's productivity puzzle can be solved, and growth unleashed.**

Business leaders are showing remarkable confidence in a doggedly tough economic landscape, with the cost of borrowing high, inflation persistent, and consumers tightening their belts. However, this confidence must be translated to action.

There is an uptick in firms' awareness that a happy workforce is one of the strongest tools at their disposal, one that in turn benefits the UK economy. But, we've noted that in these tougher times, fewer business leaders have dedicated time to improving their business capabilities and plans to change this are weaker than previous editions of the PBI.

This report highlights the importance of looking outside the business for support when times are tough. Our analysis of leaders who do not regularly seek advice suggests an overconfidence in some capability areas that is not matched by action or reported performance.

The trick will be engaging these business leaders to take their first step on a journey to higher productivity. We believe they have the ability to unlock the growth potential and improved living standards that we so desperately need.



# 11 Model and methodology

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## Survey Data

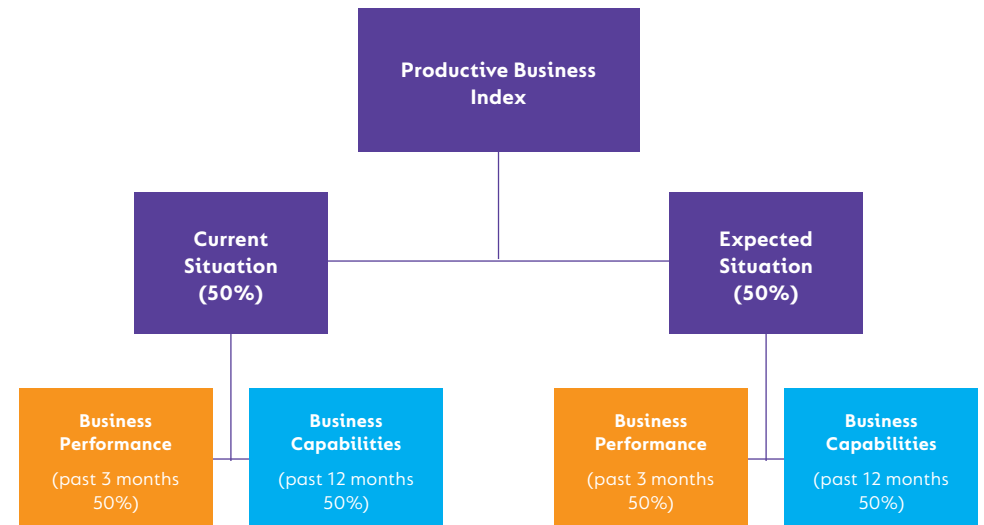
The data inputted to the model is derived from a large-scale survey of 1,179 senior decision makers in UK business, working in companies of 2-249 employees.

The survey was conducted by Opinium between 1st and 14th March 2023.

Data has been weighted to be representative of previous Be the Business surveys.

## The Productive Index Model

The Productive Business Index (PBI) is an index of SME growth and innovation that can track how the business community is performing over time. The PBI measures both performance and expectations of business performance, and the actions that businesses have taken or plan to take to drive sustainable growth in the future.



PBI Structure



# 12 About Be the Business

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## 12 About Be the Business

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Be the Business are the small business productivity champions. We inspire behaviour change in business leaders to deliver greater productivity by convening private sector expertise, innovating impactful programmes and identifying ways to increase demand for business support.

In doing so, we aim to transform the UK economy, raise the value of businesses in our communities, safeguard jobs and improve standards of living.

We offer access to experts who can help others understand the UK's productivity puzzle; business leaders who are getting big results by doing things differently; and research focused on improving productivity.

**[Learn more](#)**



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