

# Bowmark Entrepreneurs' Index shows sharp fall in optimism by SMEs



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**Press Release Summary: The latest Bowmark Entrepreneurs' Index, a survey of UK small and medium-sized businesses, shows that their mood has become distinctly gloomy in the past six months**



Press Release Body: **The Bowmark Optimism Index**, which tracks how positive directors of small and medium-sized businesses are about their own operations, has dropped nearly 10 points to 66.7 since the first survey was published in January. Their view of prospects for their own industries and UK entrepreneurial companies generally is even grimmer.

**Other survey highlights**

- companies have become more concerned about the impact of government intervention and legislation on their businesses - 70% cited these as obstacles to growth, up from 56% in January, while nearly two-thirds see tax as a major obstacle;
- profit and revenue growth have slowed;
- rising energy prices have had a negative impact on a third of companies surveyed;
- the credit crunch is starting to bite - around a quarter of companies said that the availability and terms of bank debt have worsened since the previous survey.

**The Bowmark Entrepreneurs' Index** is a survey of the directors of small to medium-sized businesses in the UK commissioned by [Bowmark Capital](#), the mid-market private equity firm.

Growing unease about the outlook for the UK economy has severely dampened the positive mood of entrepreneurial companies six months ago. While the Optimism Index measuring their attitude to their own businesses has dropped nearly 10 points to 66.7, their view on prospects for their industries is even gloomier - down nearly 17 points to just above 50. Their optimism about UK entrepreneurial businesses generally has tumbled 13 points to 49.7.

Growth in turnover and profits has slowed since the last survey. In January, more than 60% of respondents reported profits up 10% or more in the previous 12 months. This time, fewer than half saw that level of increase and a quarter had stagnant or falling profits. The percentage reporting a more than 10% growth in revenue fell from 65% in January to 57% in this survey.

Companies have also reined in their expectations for future growth. Just over half of those surveyed expect a 10%+ growth in revenue in the next 12 months, down from two-thirds in January's report. Similarly only half are anticipating a rise of more than 10% in profits, down from 70% last time.

Only a third of respondents are planning acquisitions in the year ahead, compared to 43% in January, while two-thirds this time are planning to launch a new product or service.

Employment prospects have also worsened. Two-thirds increased their employee numbers by less than 10%, remained static or cut jobs in the past 12 months, up from 55% of respondents in the last survey.

Looking at the year ahead, nearly three-quarters expect to expand their workforce by less than 10%, against just 55% in January.

Obstacles to growth have become more onerous in the past six months, especially legislation and government intervention and taxes. 70% of respondents (up from 56% last time) cited government initiatives as obstacles to growth. Two-thirds rank skills shortages as a burden (unchanged from last time) but taxes have become a bigger obstacle to growth this time - nearly two-thirds said taxes were a burden, against 43% in January.

The credit crunch has started to have an impact on the terms banks charge for debt. Some 29% of respondents said the terms they were offered for acquisition finance had worsened while just over a quarter experienced tighter terms for working capital and investment in fixed assets. However, most companies seem to have a strong financial base - 98% were having no problems servicing their debt.

Respondents are investing in "green" initiatives in spite of economic pressures. Nearly three-quarters have already installed recycling schemes. 70% already have, or will, implement employee education schemes and energy saving measures in the next six months.

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**About** **Bowmark** **Capital:**  
**Bowmark Capital** is a leading [private equity firm](#) specialising in smaller UK companies. Founded in 1997, **Bowmark** manages and advises [equity funds](#) totalling approximately £700 million on behalf of a [blue chip investor](#) base including public pension funds, insurance companies and banks from the UK, US and Continental Europe.

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