

UK AND IE SME PROFITABILITY EXPECTED TO BOOM DESPITE RECESSION

Q1 2024 Findings:

More than half of all business leaders (53%) believe that the overall economic conditions in the UK and Ireland improved compared to a year ago. In contrast, only 30% believe conditions have worsened within the same time period.

27% of SMEs anticipate that the economy will improve over the next 12 months; similarly, 50% of SMEs are confident that their firm's profitability will improve over the next 12 months.

LONDON, UK – 25th March 2024. Today Vistage, the world's most trusted CEO coaching & peer advisory organisation, has released results from its quarterly SME CEO Confidence Index for Q1 2024. Overall business confidence in the UK and Ireland increased to 107.7 up 2.1 points since Q4.

PROFITABILITY EXPECTED TO GROW

This quarter's report found that more than a quarter (27%) of business owners remain optimistic and expect that economic conditions across the UK and Ireland will continue to improve. As such two-thirds (66%) of business leaders expect revenue to increase over the coming year. Further to this, exactly half (50%) of all business leaders felt confident that their firm's profitability will also improve.

The expected growth in profitability can be attributed to the following four key elements:

- Introduction of cost saving measures (45%)
- Price increases (48%)
- Cost efficiencies (38%)
- The reduction of input costs (10%)

For SMEs forecasting a decreased profitability this was largely attributed to: absorbing costs (68%), generating less revenue (42%) and high interest rates (13%).



Source: Q1 2024 Vistage CEO Confidence Index, n=212
These findings represent data collected from CEOs and other leaders of SME in the UK & IRL.

KEEPING PACE WITH CONSUMER DEMAND

With that in mind SMEs across the UK and Ireland are experiencing high demands for their goods and/or services despite the current recession. In fact, just under a third (32%) of company heads have recorded an increase in consumer demand.

As a result, 32% of all SME leaders plan to increase expansion plans in order to keep apace. For the new financial year businesses are proactively looking to double down on senior talent to help strategise and implement growth plans. As part of these plans business owners intend to focus on the following areas:

- Investing in development (58%)
- Enhancing succession planning (45%)
- Leadership restructure (43%)
- Promoting existing team members (35%)
- Recruiting leadership positions (25%)

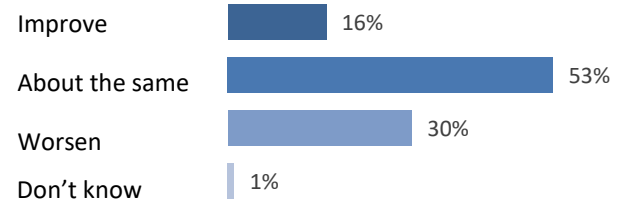
Vistage, MD International Operations (UK), Andy Perkins, said:

"Despite news earlier this year that both the UK and Ireland have entered technical recessions, business confidence across markets has increased. While still a volatile economic environment business leaders are choosing to remain optimistic, looking forwards as they implement expansion plans than spur growth, keep up with consumer demand and maintain profitability.

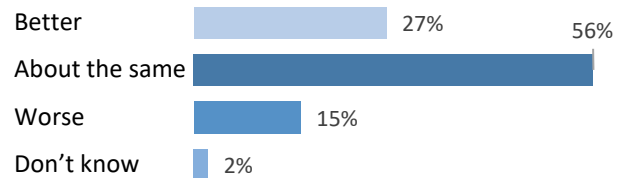
As business leaders focus on strategy for the coming quarter it's more important than ever to remember to keep mission, vision and purpose front and centre, as plans materialise and are brought to life."

Economy

Compared with a year ago, have overall economic conditions in the UK & IRL improved, remained the same, or worsened?

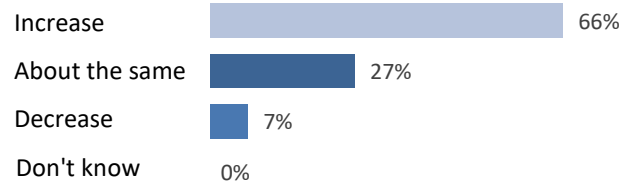


During the next 12 months, do you expect the overall economic conditions in the UK & IRL will be better, about the same, or worse than now?

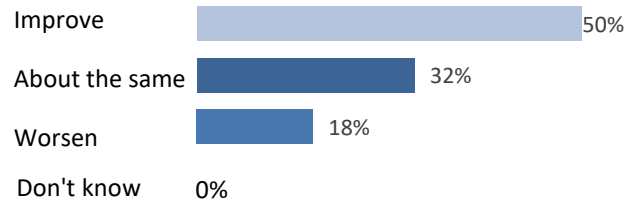


Prospects

Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?

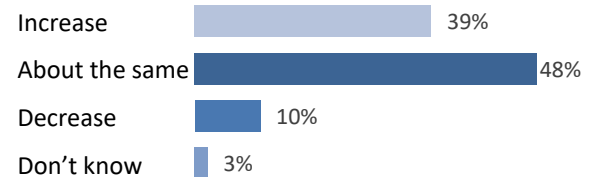


Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?

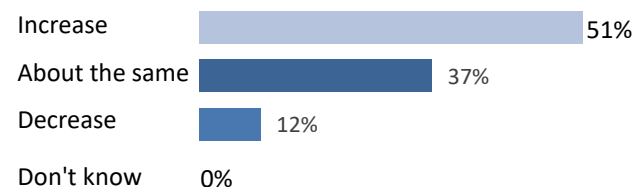


Expansion

Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?



Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?



About the Vistage CEO Confidence Index

Each quarter the Vistage CEO Confidence Index gathers data from top-performing CEOs and other key executives of small and medium sized organisations on their sentiment regarding the economy, prospects for their business and expansion plans.

ABOUT VISTAGE

Vistage is the world's leading business performance and leadership advancement organisation for small and medium sized businesses. For more than 65 years, we've been helping CEOs, business owners and senior executives solve their greatest challenges through confidential peer advisory groups and one-to-one executive coaching sessions with accomplished business leaders. Today, more than 45,000 members in 35 countries rely on Vistage to help make better decisions for their companies, families and communities. According to Dun & Bradstreet data, Vistage CEO members grew their annual revenue on average by 4.6% in 2020, while non-members with comparable small and medium sized businesses saw revenue decrease by 4.7%. Learn more at <http://www.vistage.co.uk>.

About our research

Statistics based on 184 UK and Irish respondents, all leaders of SME organisations. Vistage Research curates subject matter from the Vistage community and collaborates with top thought leaders to create unique content. Vistage Research provides the data and expert perspectives to help SME business leaders make better decisions. **Visit vistage.co.uk to learn more**