

Business Leaders Survey

16th November 2021

Yorkshire's business leaders cite supply chain disruption and recruitment challenges as biggest threats to growth.

Over half of business leaders in Yorkshire have seen their company significantly impacted by disruption to supply chains since the start of the year – with leaders fearing such interruptions will remain a key business challenge over the next 12 months, according to the findings from a new survey.

Conducted by Leeds-based finance recruitment consultancy Headstar, the survey of over 80* senior business decision-makers from across the region found that most (53.6%) cited supply chain interruptions as having had the biggest impact on their business so far in 2021. The second biggest factor – staff shortages due to employees being forced to self-isolate – was quoted by just over half as many respondents (28.6%).

The survey also revealed that business leaders consider supply chain risk to be one of the three biggest challenges facing their company over the next 12 months (52%) - alongside recruiting quality talent (58%) and generating revenue (40%).

The findings come amid growing concerns about a supply chain crisis in the UK - caused by the pandemic, Brexit and a lorry driver shortage - with businesses across an increasing number of sectors, from hospitality and food production through to house building and manufacturing, feeling the strain.

Businesses recruiting despite the challenging backdrop

Unsurprisingly, such a challenging backdrop has made hitting financial targets harder than ever for businesses of all sizes. Asked in the survey if they expect their business to hit this year's financial targets, 45% of respondents said they thought their company would be below or significantly below target. On a more positive note, over a third (36.9%) said their business remains on target, while a little under a fifth (17.9%) said their business was ahead of or significantly ahead of target.

The positives don't stop there either; while many businesses are struggling to hit financial targets, two-thirds (66.7%) of those surveyed said that their company hadn't made any redundancies due to the impact of the Covid-19 pandemic.

In fact, the survey revealed Yorkshire's businesses are investing in future growth during these challenging times, with almost three-quarters (73.1%) of senior decision-makers saying their business plans to grow its employee-base over the next six months - with nearly half (45%) saying by as much as 10%.

The way in which they are likely to recruit new people to their teams has changed following the pandemic, with almost two-thirds (60.7%) of respondents stating that video interviews and virtual recruitment processes have become the norm in their business, while over a quarter (28.6%) said the location of their business no longer limits its talent pool. While a competitive salary remains key to attracting talent, just over one in ten (13.1%) leaders said that, following the pandemic, their company was putting greater emphasis on offering non-monetary benefits, such as extra leave and health and wellbeing packages.

Permanent move to hybrid working for majority of businesses

Despite the Prime Minister's recent comments on people working from home, it seems that more businesses than ever are backing hybrid working according to the findings from Headstar's survey. Almost two-thirds (58%) of respondents said that their business is allowing employees to work from home through a blended weekly approach of office and home working, with almost a fifth (19%) going even further and not requiring staff to be in the office from week-to-week. At the opposite end of the spectrum, just over a fifth (22%) said that staff are required to work in the office whenever possible.



**James Roach,
Managing Director at Headstar:**

"It has been an incredibly challenging 18 months and our survey findings clearly show that businesses are still going through testing times, particularly when it comes to disruption in their supply chains."

"Despite all the challenges they face, there appears to be a growing sense of optimism amongst Yorkshire's businesses, with an increasing number moving their plans from resilience to expansion as the economy steadily improves."

"We're certainly seeing real evidence of this at Headstar, with our team recruiting the best financial talent for more roles than ever before. It's also great to see that, post-pandemic, a growing number of businesses are paying far greater attention to the mental health and wellbeing of employees, with many adopting hybrid and increasingly flexible working practices, as well as offering greater non-monetary benefits to secure, retain and incentivise staff."

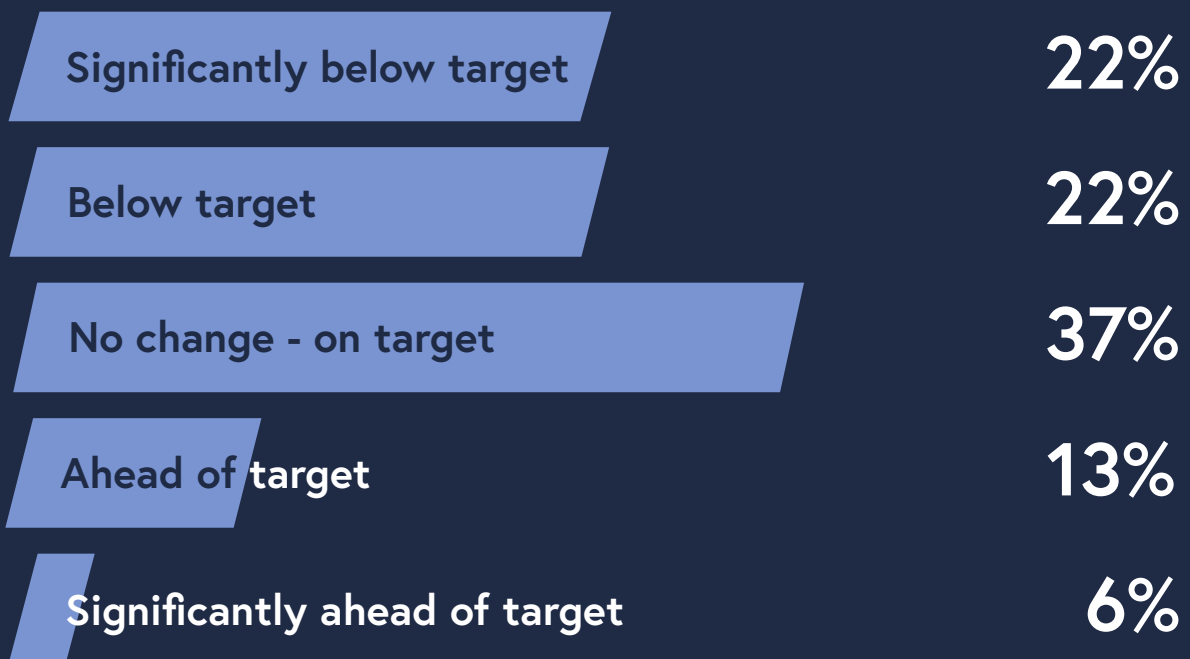
Business optimism in economy – another lockdown viewed as unlikely

While Covid-19 infections in England continue to surge, the majority (65.5%) of those surveyed felt that another lockdown this year was unlikely, with just under a third (34.5%) fearing the worst. When asked about the government's support for businesses during the pandemic, an equally strong majority (68%) felt it had been good, with just under a fifth (17%) saying they thought it had been bad. The survey also revealed that business leaders are generally more optimistic than pessimistic about the outlook for the UK economy; almost half of those surveyed (48%) were optimistic, while just 16% were pessimistic.

*Total number of business leaders surveyed, over September and October, across Yorkshire was 84.

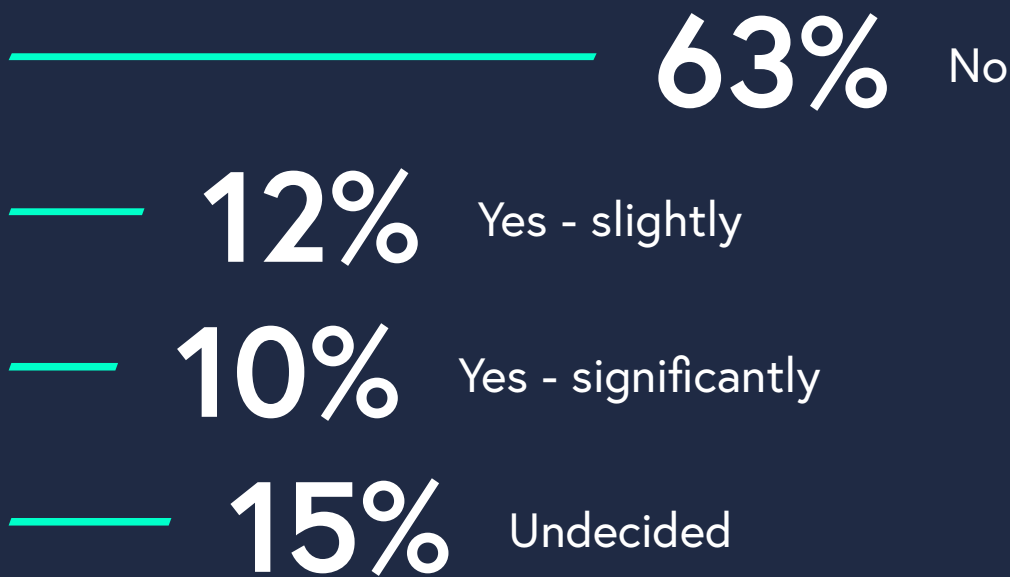
Q1

How do you think the Covid-19 pandemic will have impacted your financial targets by the end of 2021?



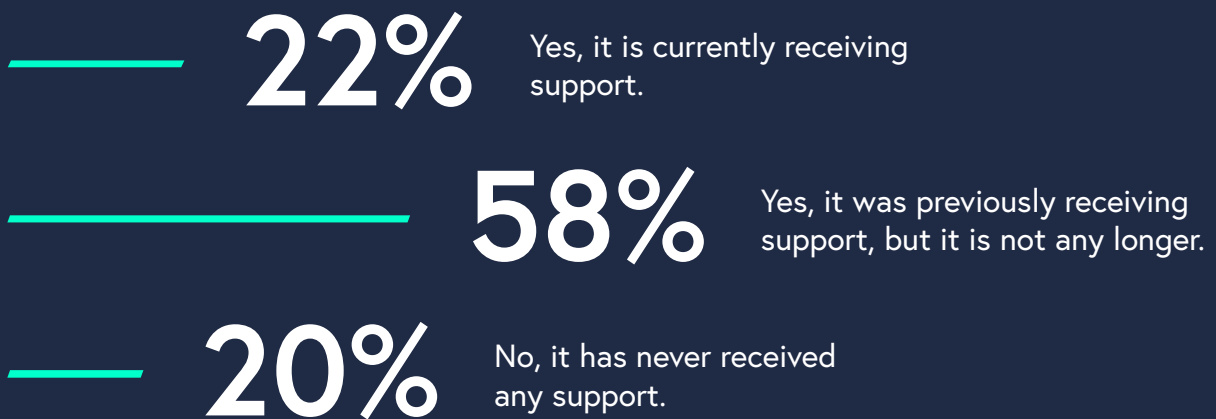
Q2

Is your company planning on reducing its office space in light of increased homeworking?



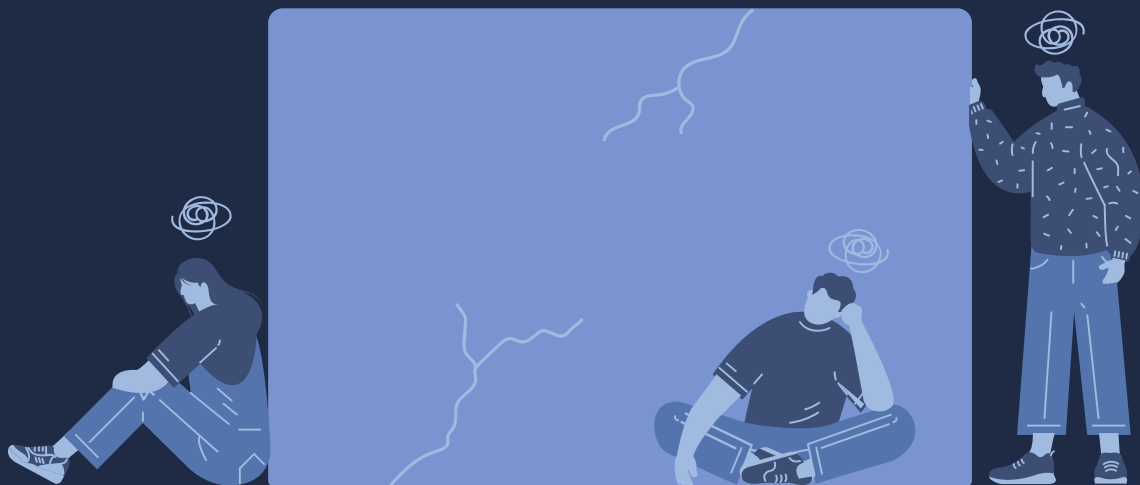
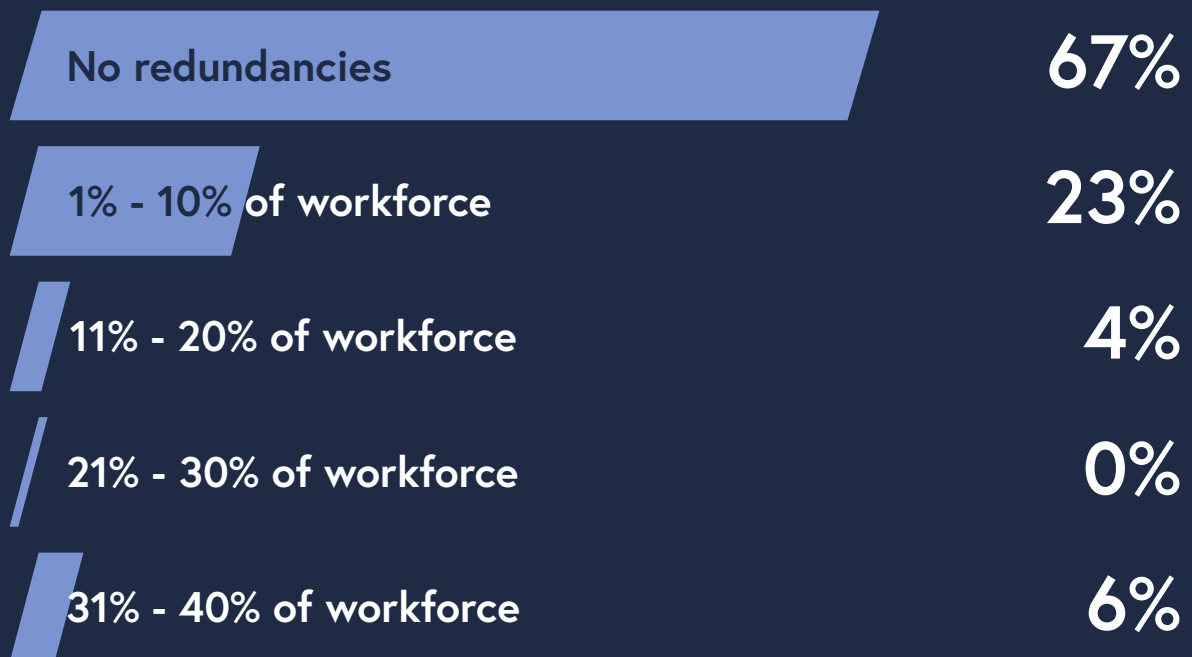
Q3

Has your business received any direct financial support from the government such as grants and loans (including to cover employees' wages) because of the coronavirus crisis?



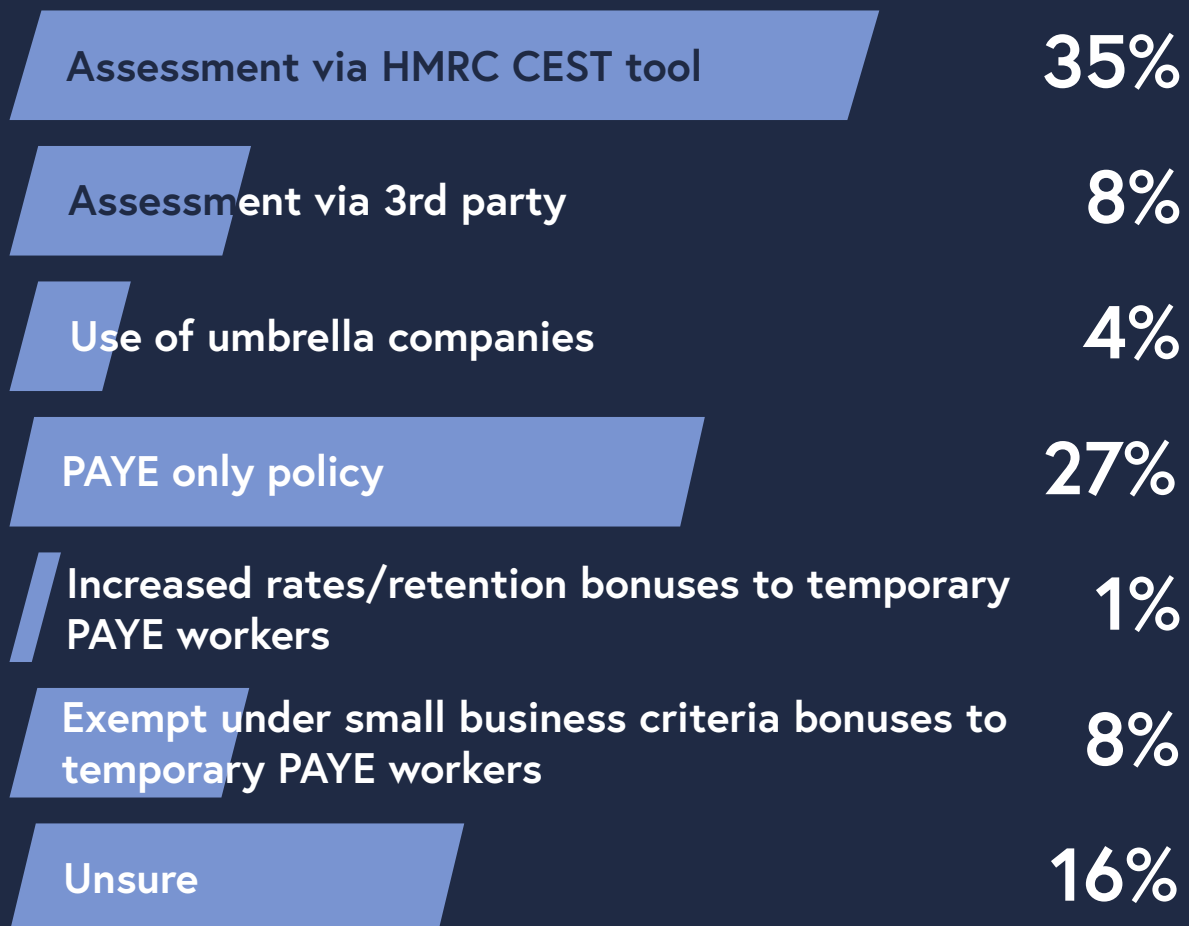
Q4

Has your company made redundancies due to the impact of the Covid-19 pandemic?



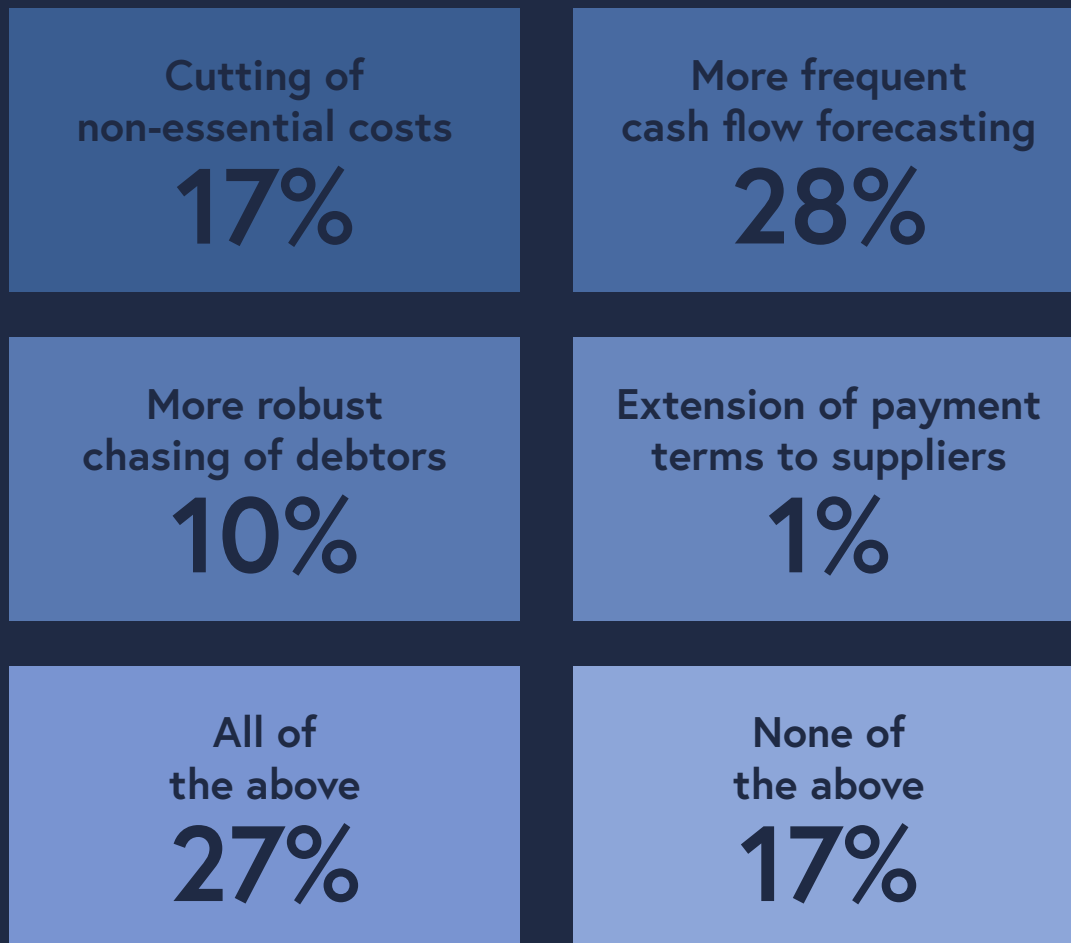
Q5

In response to IR35 legislation, what measures have you put in place in relation to contractors working in your business?



Q6

How have your financial management policies changed since the start of the pandemic?



Q7

What percentage of your client base has reduced its spend with your business since the start of the pandemic?



Q8

Has your company suffered from significant bad debt since the start of the pandemic?

No 93%

Between 1% and 5%* 5%

Between 6% and 10%* 1%

More than 10%* 1%

*of annual turnover



Q9

What proportion of your customers do you expect not to survive the recession?

85% 1 - 10%

6% 11 - 20%

2% 21 - 30%

0% 30 - 40%

7% More than 40%



Q10

As a consequence of the pandemic, do you now evaluate the viability and risk in your customers more rigorously?

57%
No

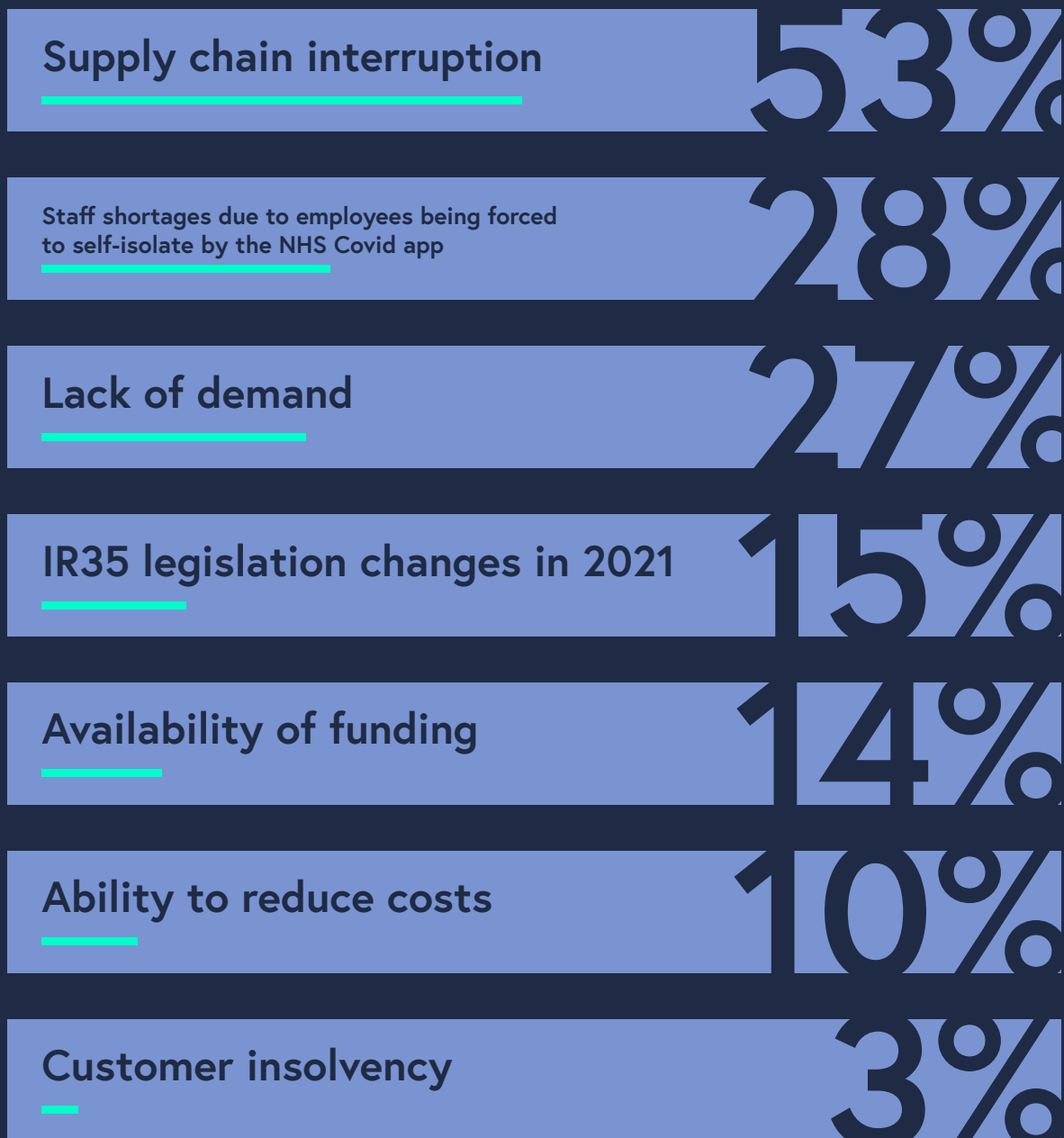
43%
Yes



Q11

Which of the following factors have significantly impacted your business so far in 2021/22?

! For this question participants were able to pick as many answers as they wanted, % shown here is against total number participants.



Q12

Following the easing of restrictions, is your company allowing employees to continue working from home?

Yes - through a blended weekly approach of office and home working

58%

Yes – staff are not required to be in the office from week-to-week

19%

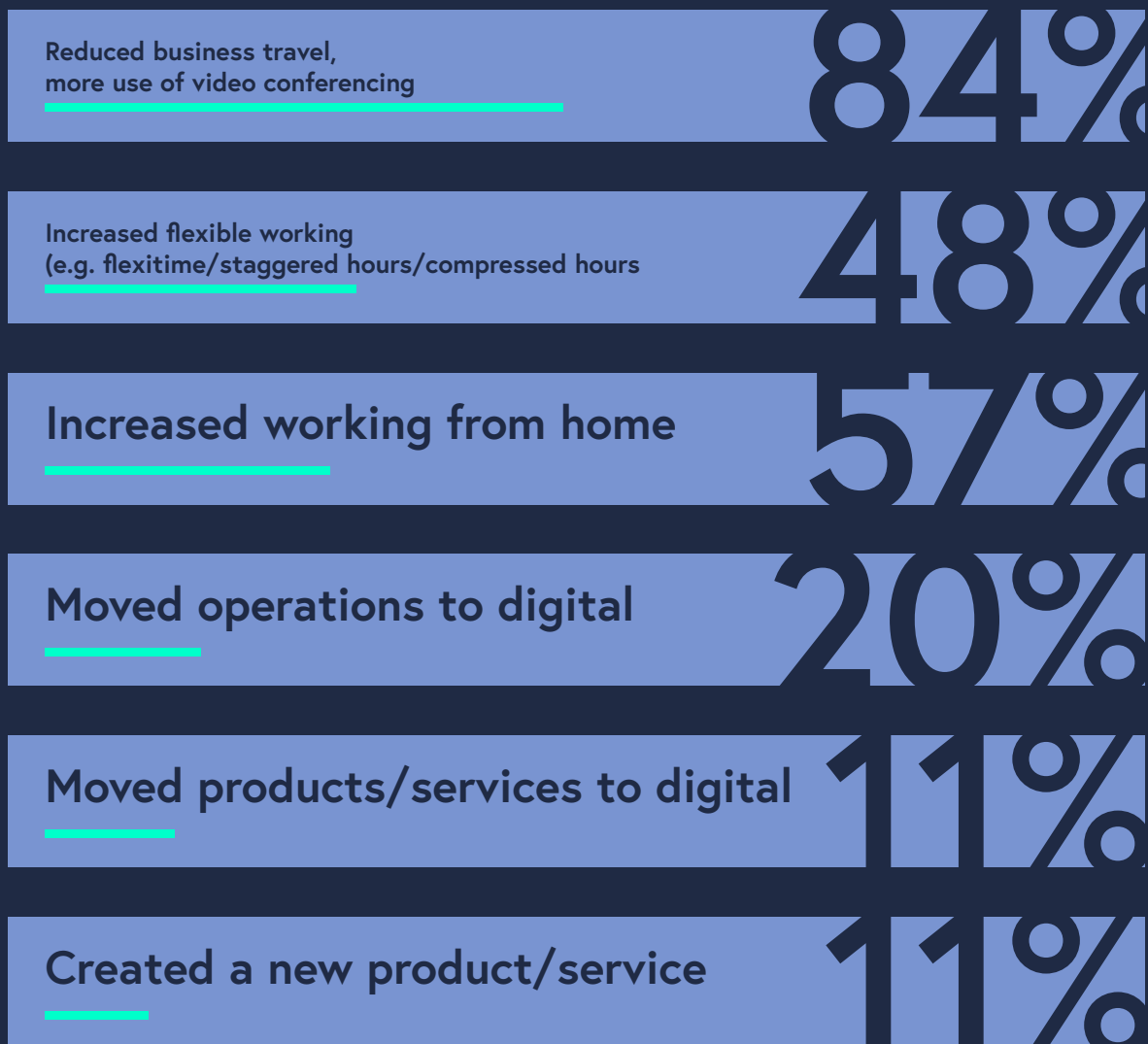
No – staff are required to work in the office wherever possible

23%

Q13

Have you made any of the following changes to your organisation due to the pandemic, that you intend to now keep in place?

! For this question participants were able to pick as many answers as they wanted, % shown here is against total number participants.

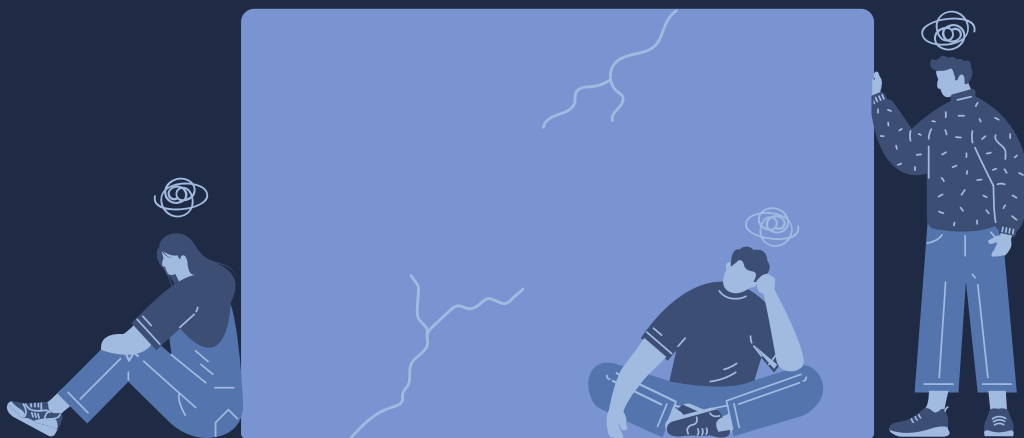


Q14

What do you consider to be the three biggest challenges facing your business over the next 12 months?

! For this question participants were able to select as many answers as they wanted, % shown here is against total number participants.

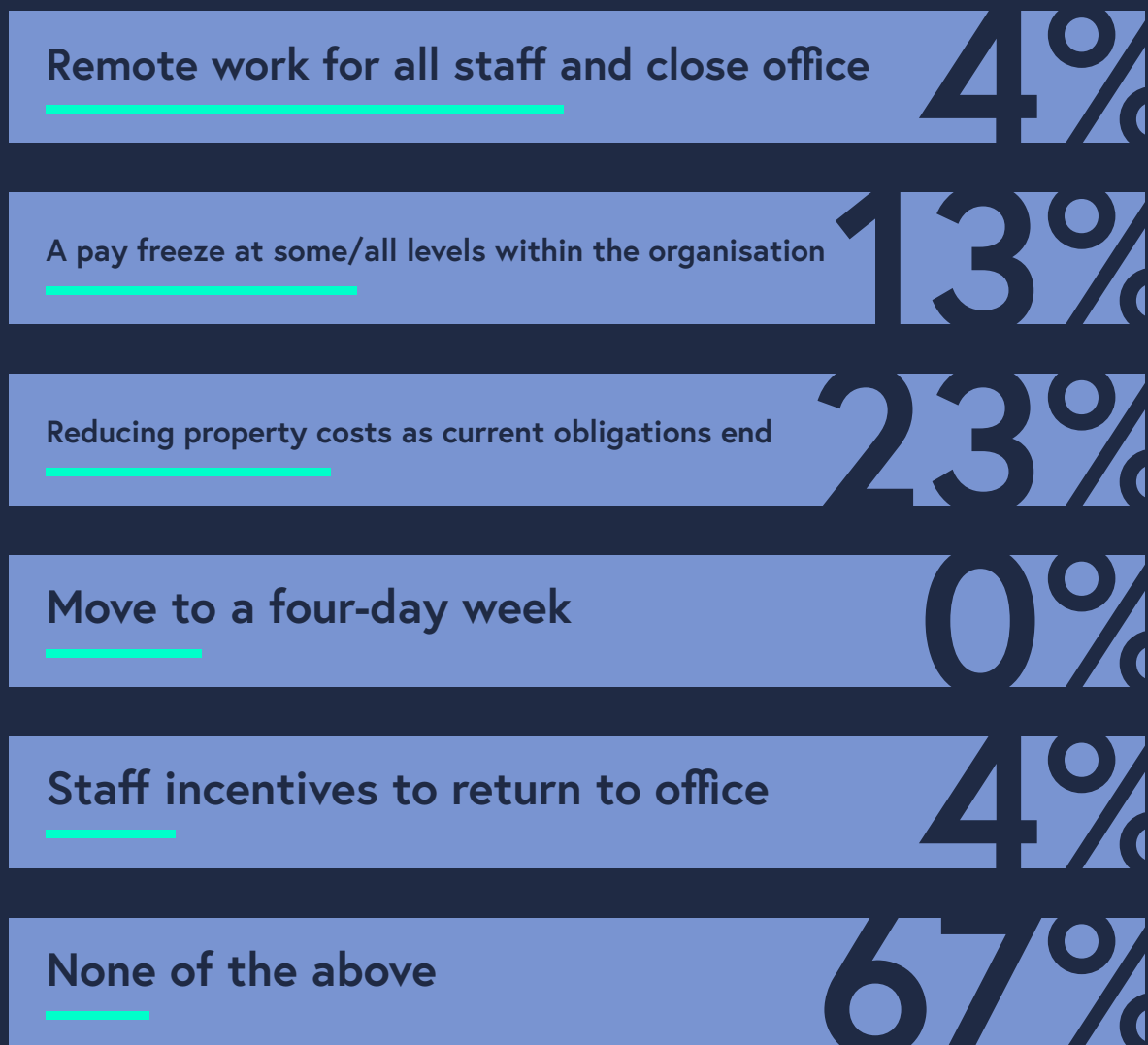
Generating revenue	41%	Customer retention	13%
Managing bad debt	11%	Keeping up with demand	29%
Recruiting good staff	58%	Skills shortages	23%
Staff retention	33%	Supply chain issues	52%
Potential isolating staff	8%	Employee Mental Health	32%



Q15

Which of the following initiatives is your business considering implementing?

! For this question participants were able to select as many answers as they wanted, % shown here is against total number participants.



Q16

Is your company planning on growing its employee base over the next six months?

— 7% It's likely we'll make redundancies

—— 30% Happy to maintain current headcount

———— 45% Aiming to grow the team by 1% - 10%

——— 14% Aiming to grow the team by 11% - 20%

- 4% Aiming to grow the team by more than 20%



Q17

How has your company's graduate or apprentice schemes been affected by the pandemic?

We are offering more graduate/apprentice opportunities than we were pre-pandemic

28%

We've had to reduce the size of our graduate/apprentice intake since the start of the pandemic

7%

We've cut our graduate/apprentice schemes completely since the start of the pandemic

8%

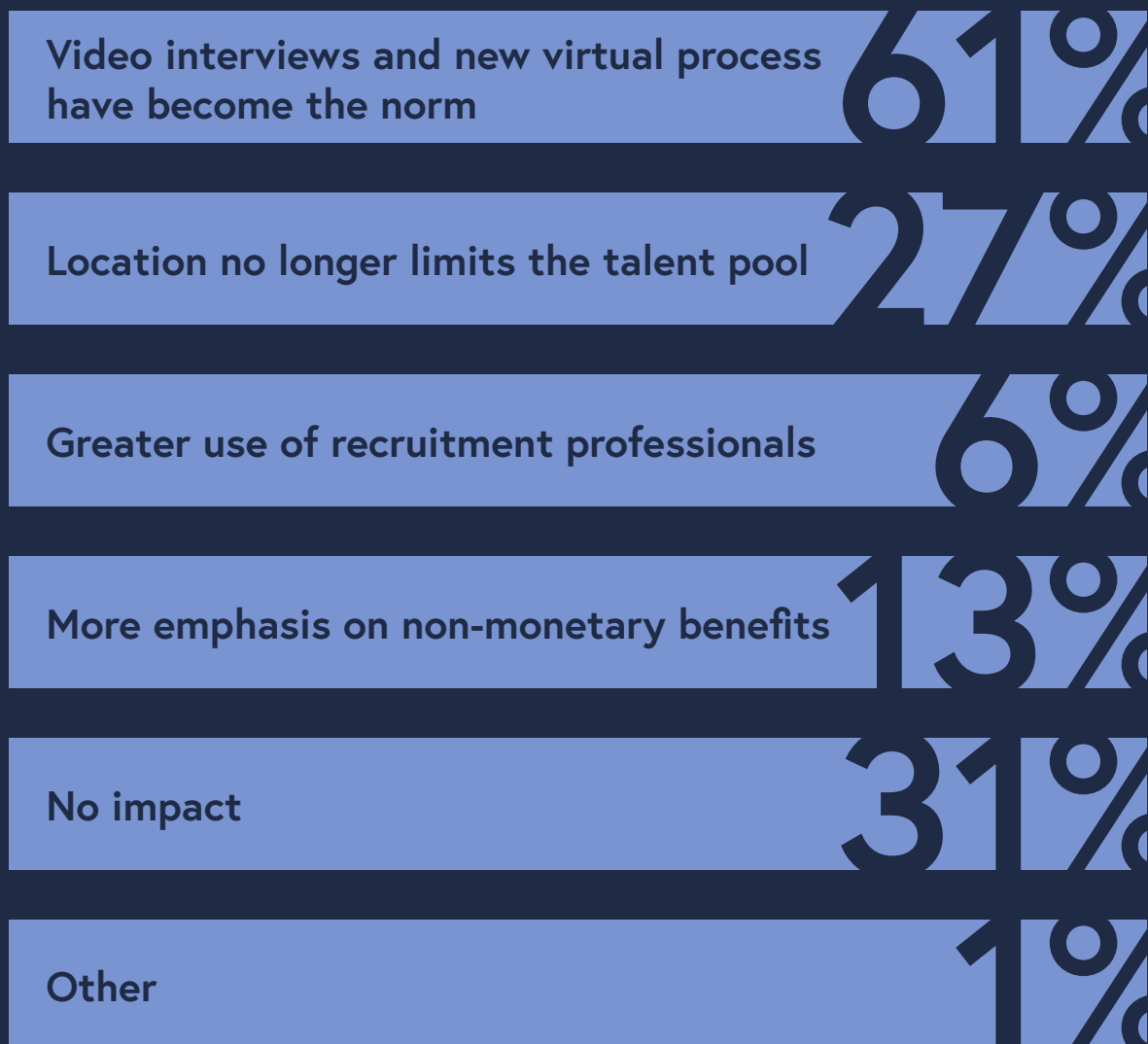
N/A

57%

Q18

How has the pandemic changed the way your company hires and recruits talent?

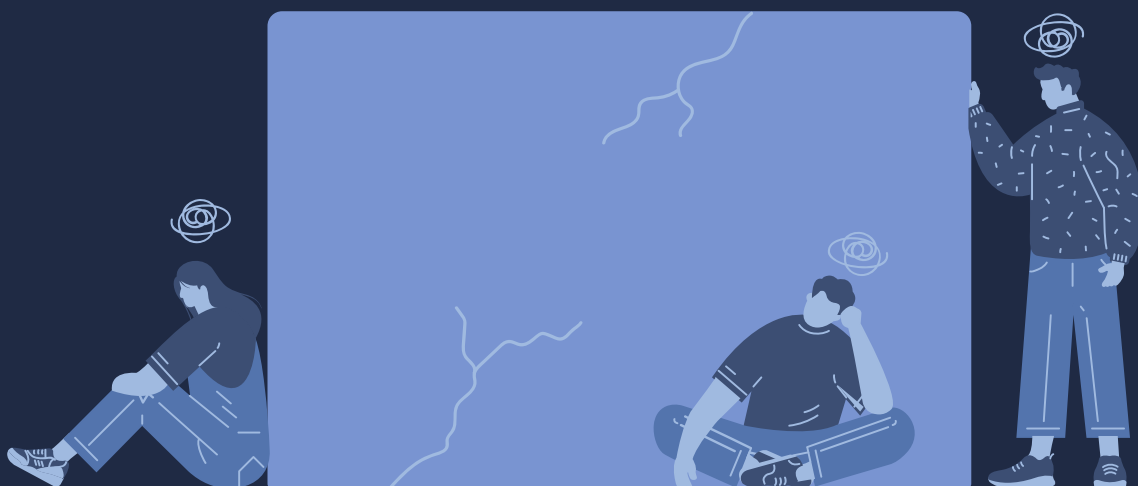
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Q19

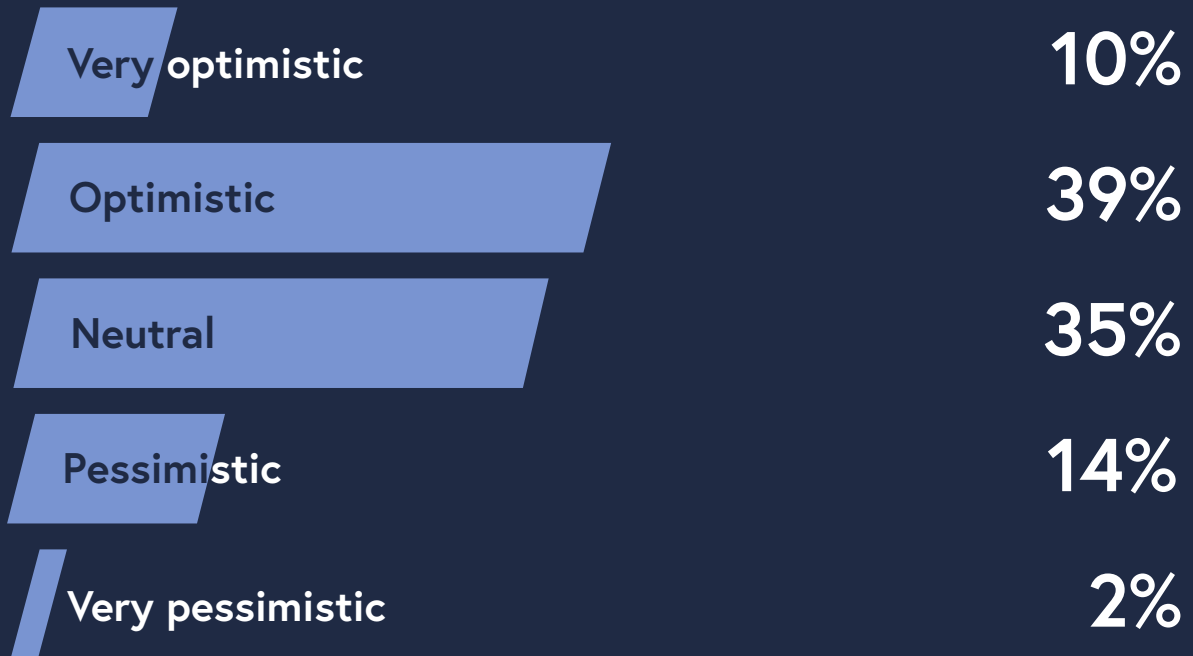
How long do you expect it to take for your business to fully recover financially from the pandemic?

Already stronger than we were pre-pandemic	20%	6 - 12 months	12%
We've fully recovered	24%	1 - 2 years	20%
0 - 3 months	4%	2+ years	10%
3 - 6 months	8%	Never	2%



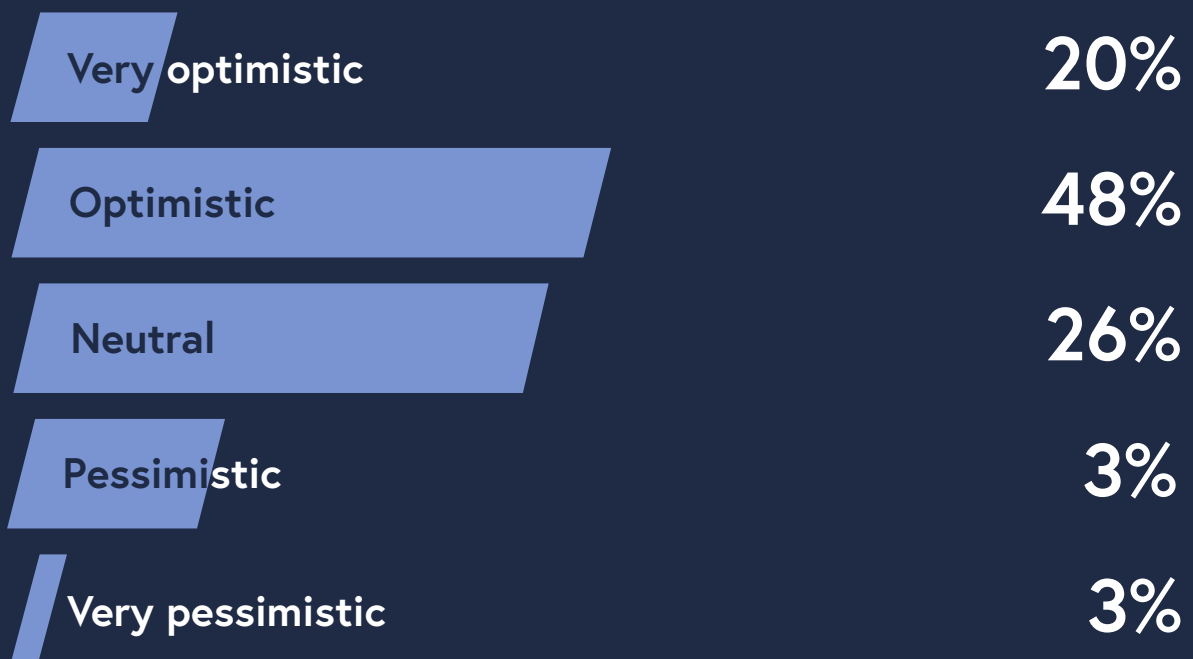
Q20

Looking forward to the next six months in your business, how optimistic or pessimistic are you about the outlook for the UK economy?



Q21

Looking forward to the next six months in your business, how optimistic or pessimistic are you about the revenue growth of your business?



Q22

How likely do you think it is that there will be another Covid-19 enforced lockdown later this year?

Highly likely - 3%

Likely - 32%

Unlikely - 52%

Highly unlikely - 13%



Q23

When it comes to business, do you think the government's response to Covid-19 has been...

— 13% Very good

———— 55% Fairly good

— 14% Neither good nor bad

— 17% Fairly bad

- 1% Very bad



Thanks to all of the MDs, FDs and other senior business decision makers who took the time to complete our survey – it's hugely appreciated, and we hope you enjoyed reading the key findings in this report.

A bit about Headstar - and how we can help your business to thrive

Based in Leeds, we offer a full range of finance consultancy and recruitment services to connect good finance people and help SMEs across the UK to solve business problems.

Our 14-strong team recruit all areas of a finance team, working with high-quality finance people, from entry level to CFO, for both interim and permanent roles.

We also provide an extensive range of finance consultancy services designed and delivered by experienced Finance Directors. These include:

Turnaround support: our team of turnaround specialists work with directors, business owners and funders to advise them on turnaround options, and support on the development and delivery of plans to help companies to thrive, not just survive.

Part-time and portfolio FDs: Headstar was originally founded in 1987 to provide part-time Finance Director services for smaller businesses. Over time, we've built an extensive network of experienced part-time finance directors, spanning a wide range of sectors, who are able to support businesses on a flexible basis, starting from one day a month.

Transformation: our interim division supplies professional contractors to lead and deliver change projects including automation, systems implementations, restructuring and transaction support.

Interested in hearing more about how we can solve your challenges? We'd love to hear from you. You can contact us at any time either through our website or using the details below.



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