

A decorative horizontal band consisting of four rows of colored dots (orange, green, blue, and red) transitioning into several overlapping curved lines in the same color palette on the right side of the page.

OWNER MANAGED BUSINESS OUTLOOK

INSIGHTS INTO PERCEIVED GROWTH PROSPECTS,
OPPORTUNITIES AND CHALLENGES FOR UK
OWNER MANAGED BUSINESSES

2015





Owner Managed Businesses contributed approximately £750bn to GDP last year.

FOREWORD

GROWING AND INVESTING



Welcome to Allied Irish Bank (GB)'s inaugural report into Owner Managed Businesses in the UK. We estimate that there are over 4.5 million Owner Managed Businesses who represent the most prevalent type of business organisation in our economy and yet are perhaps not as well understood as they might be. These businesses account for almost half of the UK's economic activity and private employment, contributing approximately £750 billion of GDP to our economy. Their survival, nurturing and growth is inextricably linked to the healthy development of the entire UK.

This is the first in a series of biannual reports where we seek to capture what drives this vital engine of our economy. What are their priorities? What are their views on the broader economy to which they contribute so much? Where do they foresee growth and what challenges do they think lie ahead?

While undoubtedly this sector is comprised of very diverse individuals, we found that five distinct types of Owner Managers exist. These include Thriving Techies, those Content to Cruise and Pressed Parents. We also found some defining characteristics that were shared by the overwhelming majority. Owner Managers are brave, pioneering, entrepreneurial and willing to try something new. Significantly, many are also motivated by a desire to provide for their family, to make money and to challenge themselves.

We found that many Owner Managed Businesses are on the upswing, they are confident about the UK economy and believe that they have a great untapped opportunity in a growing macroeconomic environment.

Most anticipate growth in 2015 and they plan to increase investment spend, particularly in marketing, people and capital projects. Good news for Owner Managed Businesses is good news for the greater UK economy of which they are an important part.

Gerard O'Keeffe
Head of GB Business



EXECUTIVE SUMMARY

Expect the UK economy to improve this year

56%

Believe the health of their business is above average or extremely good

65%

Family run business

72%

EXPECTATIONS OF UK GROWTH

Owner Managed Businesses have confidence in the UK economy and believe in the power of the UK economy as a driver of their businesses. Although almost half **(47%)** of Owner Managers see the current economic situation in the UK as average, nearly four in ten **(37%)** rate it as above average. There is optimism about the future, with **56%** of Owner Managers expecting the economic situation to improve this year.

DOMESTIC GROWTH RATHER THAN EXPORTS ARE KEY

The importance of the domestic economy and its prospects are underscored by the fact that exports are not viewed as a major opportunity for this segment.

DEFLATION AN EMERGING THREAT

Nearly one in five **(19%)** Owner Managers cite deflation as a potential challenge, suggesting that this is on the radar for many companies.

MORE POSITIVE ABOUT OWN BUSINESS

Owner Managers are more positive about the health of their own businesses, with nearly two thirds **(65%)** seeing the health of their business as being above average or extremely good. They are positive about the future, with nine in ten Owner Managers optimistic about their business' prospects for the next year. These businesses are growing but are not necessarily borrowing to support that growth.

REGULATION IS THE BIGGEST CONCERN

In addition to the economic situation, the risk of increased government regulation is cited as the biggest potential challenge facing Owner Managed Businesses.

ACCESS TO FINANCE

Access to finance is relatively low on the list of potential challenges facing Owner Managed Businesses.

NORTH MORE OPTIMISTIC ABOUT ECONOMY AND OWN PROSPECTS THAN THE SOUTH

Northern companies are more optimistic, plan to invest more next year and are less stressed than their Southern counterparts.

FAMILY FOCUS

These Owner Managed Businesses are **72%** family run. The people that manage the businesses are also very family orientated and cite providing for their family as a key motivation for running their business, and spending time with their family as their priority when they enjoy time away from work.

A photograph of two men in a professional setting. In the foreground, an older man with grey hair and a blue button-down shirt is looking intently at a laptop screen. Behind him, a younger man with dark hair and a light blue button-down shirt is also looking at the screen, appearing to be in a collaborative discussion. The background is blurred, suggesting an office environment.

Providing for their family is a key motivation.

ECONOMIC PROSPECTS

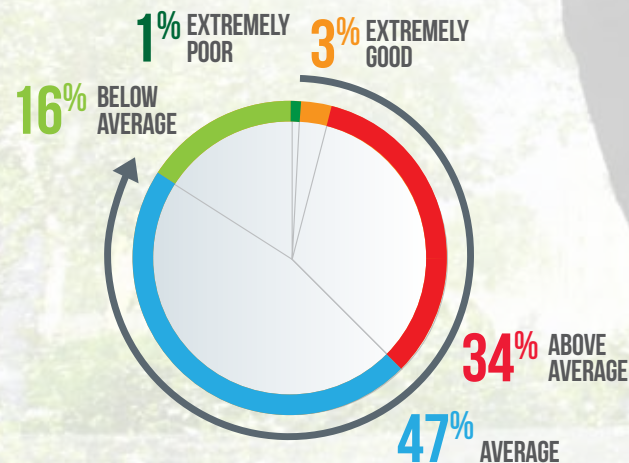
84

%

OPTIMISTIC
ABOUT THE
UK ECONOMY
TODAY

Owner Managed Businesses are optimistic about the UK economy today and into the future, and they also see it as their biggest opportunity. **84%** rate the economic environment as average, above average or extremely good and **49%** see it as the key opportunity next year. And they are optimistic about the prospects in 2015, **56%** think there will be an improvement this year.

VIEWS ON CURRENT ECONOMIC ENVIRONMENT IN THE UK

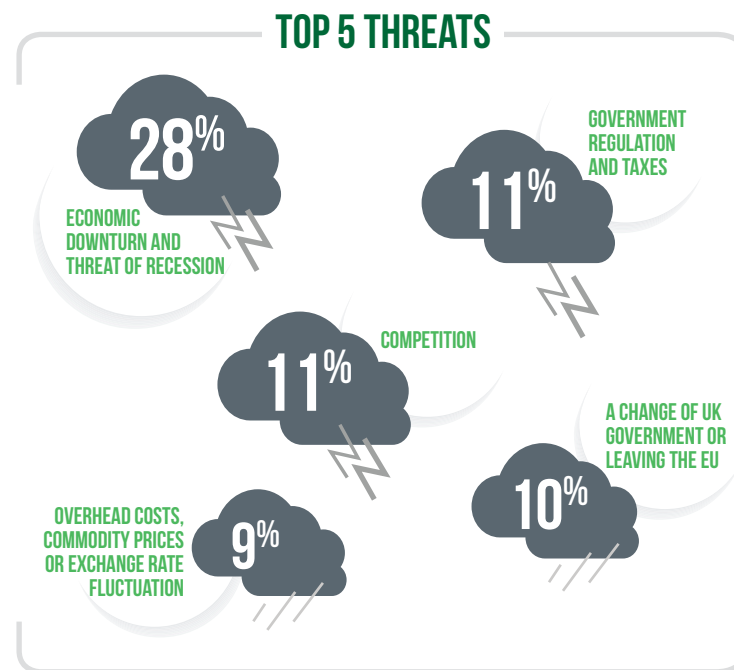


CHALLENGES: THE YEAR AHEAD

These businesses are worried about the prospects for deflation with nearly **ONE IN FIVE (19%)** citing it as a real risk or challenge in the year ahead.

THREATS ▼

- Unsurprisingly, an **economic downturn** and the threat of recession is the most commonly cited issue with potential to completely disrupt Owner Managed Businesses. A range of other issues are also cited, albeit less frequently.



TAX AND REGULATION HIGH ON ANXIETY LIST ▼

- When asked separately to rate a list of potential risks in terms of relevance to their business, regulation came out on top as a major worry with **48%** seeing it as a risk.
- Of those surveyed, **33%** see tax as a real risk to their business.
- Interest rate rises represent a real risk for **32%** of Owner Managed Businesses, though lower inflation figures in Q1 may temper those fears.
- However, even more prominent on the risk radar is the impact of currency fluctuations with **36%** of Owner Managers seeing it as a real risk for their business.
- Access to finance is relatively low on the list with **27%** seeing it as a potential risk.

IN AN ELECTION YEAR...

In an election year, many of these businesses will be focused on the government's ability to drive growth and to deliver a consistent regulatory approach. Owner Managed Businesses are currently evenly split as to whether the government is doing enough to support them, with **46%** saying it is and **45%** saying it isn't.

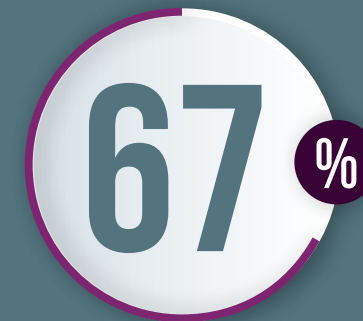
"Tax issues, at times we seem to spend a lot of our time dealing with issues that are not what we do."



BUSINESS GROWTH

57%

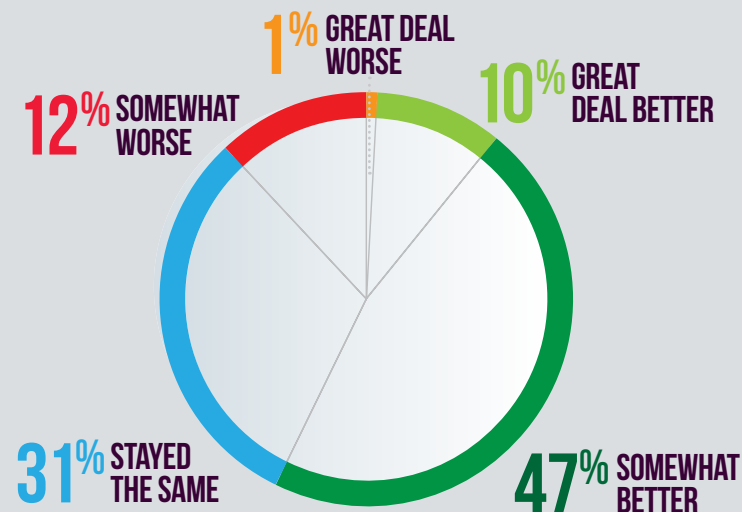
SAY THE HEALTH
OF THEIR BUSINESS
IMPROVED IN 2014



EXPECT SALES
REVENUE
GROWTH IN
2015

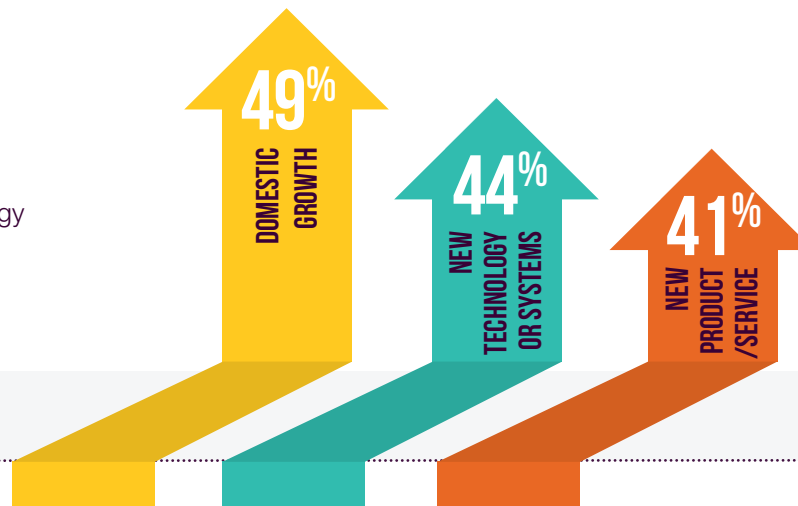
- These are businesses that are experiencing an uptick in fortunes with **57%** saying their businesses have improved in the past year, with only **13%** saying the situation had worsened.
- While almost half of businesses (**47%**) surveyed describe themselves as being 'established', three in ten (**30%**) characterise themselves as already in a growth phase.
- Incidentally, these types of 'growth-phase' businesses are most likely to have been in business 6-10 years.

CHANGE IN OVERALL BUSINESS HEALTH IN THE PAST YEAR



KEY OPPORTUNITIES ►

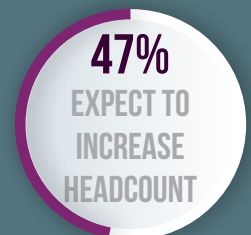
- While domestic growth is cited as the biggest opportunity, almost as many businesses see upgrades to technology and systems (**44%**) and product or service development (**41%**) as their key opportunities in the year ahead.



FUNDING GROWTH ▼

The optimistic outlook for the economy and the improvement in their own situation may explain why **67%** expect to see growth in sales revenue in 2015, while **59%** expect that to be reflected in increased profits. In addition **47%** of Owner Managers expect their headcount to increase in the next 12 months.

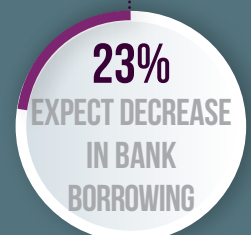
While most Owner Managed Businesses expect their sales revenue and profit to increase in the next year, almost a quarter (**23%**) expect their bank borrowing to decrease. This raises an interesting question about how they plan to fund this growth.



47%
EXPECT TO
INCREASE
HEADCOUNT



59%
EXPECT
INCREASE IN
PROFITS

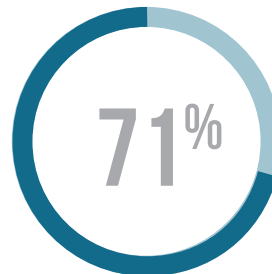


23%
EXPECT DECREASE
IN BANK
BORROWING

ROLE OF TECHNOLOGY

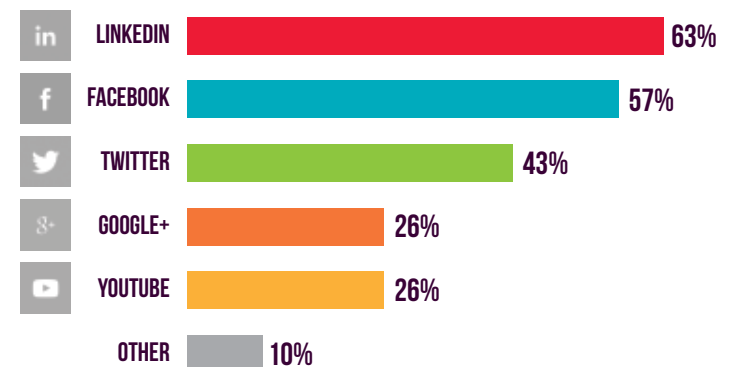
Rapid technological change in recent years has not seen a dramatic change in how Owner Managers conduct business.

Approximately half of Owner Managed Businesses view maintaining a social media presence **(51%)** and using digital advertising **(49%)** as important. LinkedIn and Facebook are the most commonly used social media sites for advice and information – the most popular site is LinkedIn with **63%** of those who use social media for information and advice citing it as their primary social media source. Mobile phones remain a key technology for Owner Managed Businesses in their day-to-day interactions with customers and **71%** see it as important in connecting with clients.



Say using a mobile phone to connect with customers is important

USE OF TECHNOLOGY



FAMILY ORIENTATED

The motivations for starting these businesses, the reasons for keeping them going and the thing that Owner Managers most yearn for with free time all revolve around the family.

Interestingly, succession planning is still not a key risk for these businesses, only **26%** see it as a real risk or challenge to their business over the next year, even though so much of their existence and success is predicated on family.

NO.1

THE NUMBER ONE REASON CITED FOR RUNNING THE BUSINESS IS TO PROVIDE FOR THE FAMILY.

52%

SAY THAT SPENDING TIME WITH THEIR FAMILY OR FRIENDS IS THEIR TOP PRIORITY.

72%

ARE FAMILY OWNED BUSINESSES



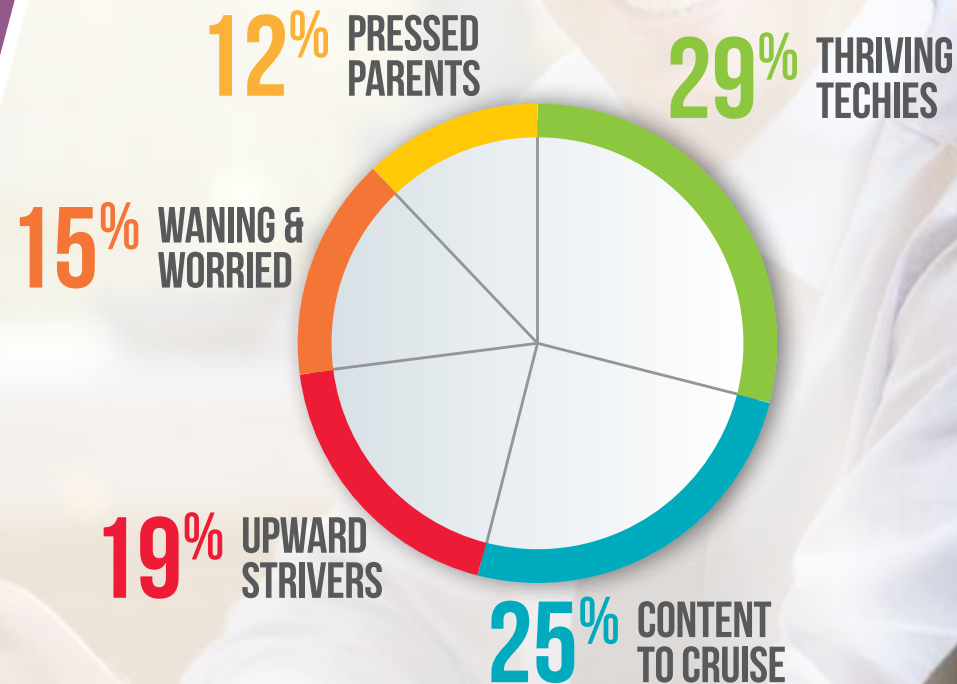


WHO ARE OWNER MANAGED BUSINESSES?

Our segmentation analysis demonstrated that rather than being a homogeneous group, Owner Managed Businesses are very different from each other in numerous ways. Our analysis revealed five distinct Owner Managed Business groups from the overall population.

Segments were created by analysing Owner Managed Businesses' views, attitudes and behaviour, specifically how they:

- ▶ View the general business environment e.g. the overall economic environment in the UK.
- ▶ View their own individual businesses, such as potential opportunities, challenges and likely developments over the next 12 months.
- ▶ View of the importance of and satisfaction with personal relationships such as family, friends and the community.



LIKELY SECTORS:
TELECOMS & TECHNOLOGY

GENERAL FEELING

The economy is roaring and my business is excelling in this environment.

29

%

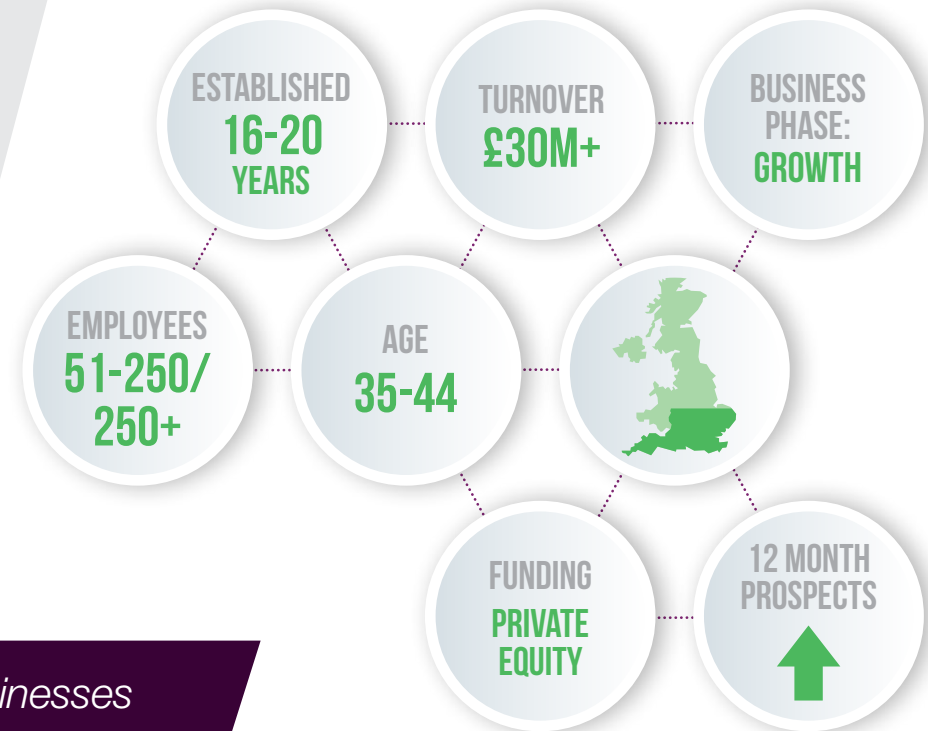
SEGMENT:
THRIVING TECHIES



THRIVING TECHIES: MORE LIKELY TO BE... ▼

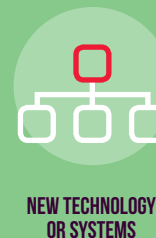
SNAPSHOT: THRIVING TECHIES

- ▶ These Owner Managed Businesses are **especially positive** about the current UK economy and the health of their own business.
- ▶ They expect employee headcount, business cash reserves, sales revenue and profit to increase in the next 12 months.



They are optimistic about their businesses prospects for the next 12 months.

KEY OPPORTUNITIES





25

%

SEGMENT:
CONTENT TO CRUISE

ARE LESS LIKELY TO...

*...have considered switching banks.
...describe themselves as entrepreneurs or risk takers.*

GENERAL FEELING

*The economy is on the upswing,
my business is doing well and I'm
very happy with my work-life balance.*



LIKELY SECTOR:
ENERGY & RESOURCES



CONTENT TO CRUISE:
MORE LIKELY TO BE...



SNAPSHOT: **CONTENT TO CRUISE**

- ▶ These Owner Managed Businesses are **generally positive** about the current state of the UK economy, and expect the economic situation to improve.
- ▶ Their businesses are **doing well and they are optimistic** about their prospects for the next 12 months, but this is more a cautious optimism, with an expectation that the following will remain the same in the next year:
 - ▶ Employee headcount, business cash reserves, capital investment.
- ▶ They are **particularly satisfied** with the 'people and relationships' aspect of their business, most notably:
 - ▶ Their level of work stress.
 - ▶ Having adequate time away from work to recharge or be with their family.

GENERAL FEELING

The economy has yet to recover, but my business is doing better than most.

LIKELY SECTOR:

CONSTRUCTION & BUILDING MATERIALS
SPORT, LEISURE & HOSPITALITY
HEALTHCARE

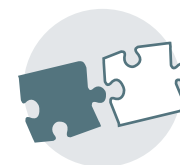
19%

SEGMENT:
UPWARD STRIVERS

ESTABLISHED
20+
YEARS



KEY OPPORTUNITIES ►



MERGERS & ACQUISITIONS

Having adequate time away from work to recharge and be with family is important.

SNAPSHOT: UPWARD STRIVERS

- These Owner Managed Businesses are comparatively negative about the current state of the UK economy. They don't anticipate a recovery, but are more positive about their own businesses, which are performing better than others.
- They expect their bank borrowing, sales/revenue and capital investment to increase in the next year.
- They see Mergers & Acquisitions as a key opportunity in the next 12 months.



UPWARD STRIVERS: MORE LIKELY TO BE... ▼

TURNOVER
£5-10M

EMPLOYEES
51-250

AGE
26-34



FUNDING
**BANK
FUNDING**



12 MONTH
PROSPECTS



LIKELY SECTOR:
**MANUFACTURING,
RETAIL & WHOLESALE**

GENERAL FEELING

The economy is not doing well and my business is really suffering.

SNAPSHOT: WANING & WORRIED

- ▶ These Owner Managed Businesses have a **negative view** of the current UK economic situation, and expect it to remain the same or even get worse in the next year.
- ▶ Their own businesses are **currently struggling**, and they expect this to deteriorate further in the next 12 months.
- ▶ They expect business cash reserves, capital investment, sales revenue and profit to all **decrease** in the next year.
- ▶ They are especially likely to see **deflation** as a major risk to their business.

15

%

**SEGMENT:
WANING & WORRIED**



Your relationship with your banking partner is an important factor for you in managing your business.

WANING & WORRIED: MORE LIKELY TO BE...

ESTABLISHED
**20+
YEARS**

TURNOVER
£5-10M

EMPLOYEES
SOLO/2-9

AGE
**45-54 OR
55-64**



FUNDING
OTHER SOURCES

12 MONTH
PROSPECTS





LIKELY SECTOR:
**MEDIA, PROPERTY &
SUPPORT SERVICES**

12

%

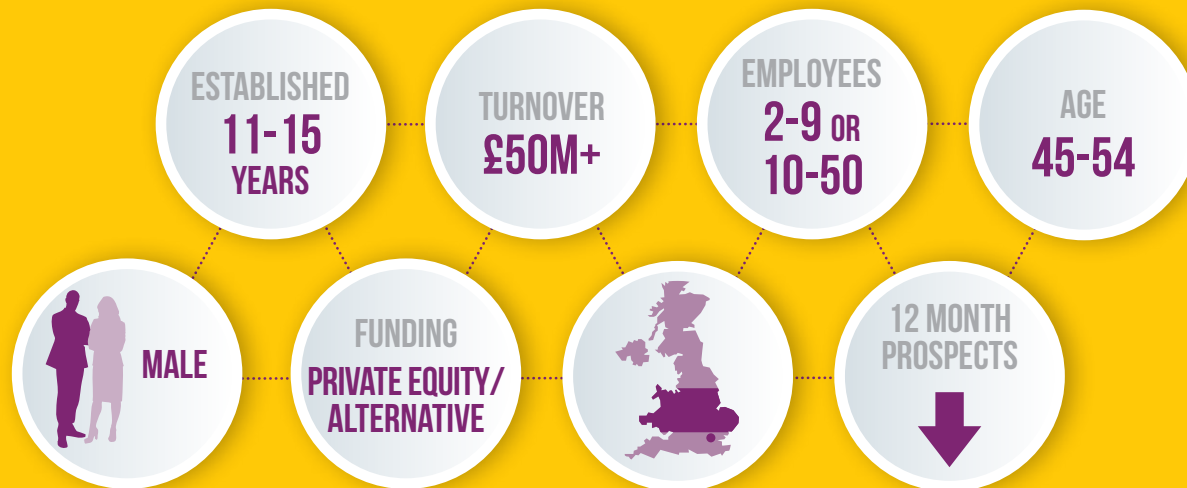
SEGMENT:
PRESSED PARENTS

GENERAL FEELING

*My business is doing ok but I'm
dissatisfied with my work-life balance.*

PRESSED PARENTS ARE MOST LIKELY TO...

...change their business strategy
...apply for new or increased lending
in the next 12 months.



SNAPSHOT: PRESSED PARENTS

- ▶ These Owner Managed Businesses generally see the health of their business as being **average**.
- ▶ They are **dissatisfied** with their level of work stress and their level of community involvement.
- ▶ They feel that they do not have adequate **time away from work** to recharge or be with their family.

PRESSED PARENTS: MORE LIKELY TO BE...



KEY OPPORTUNITIES



INCREASED
MARKETING SPEND

CASE STUDY

JOHN SUTCH CRANES

NAME OF BUSINESS:

John Sutch Cranes Ltd

NAME OF OWNERS:

John and Elaine Sutch

KEY EMPLOYEES:

John Sutch (MD),

Elaine Sutch

(Director),

Andrea Lowrie

(Daughter, Payroll Manager),

Hayley Sutch-Ware

(Daughter, Operations Manager)

DIRECTORS/EMPLOYEES:

Jimmy Goulbourne

(Director & Depot Manager Liverpool)

Mike Fitton (Sales Director)

Lorna Renton (Finance Director)

START OF RELATIONSHIP:

1990



John Sutch

 **JOHN SUTCH CRANES**

“ We are optimistic about the current business environment. Lots of contracts in the North West in particular with investment from engineering / construction companies building new bridges and power stations for example. ”

WHAT IS THE NATURE OF YOUR BUSINESS?

John Sutch Cranes is a mobile crane hire and machine installation specialist based in the North West of England, with a head office and depot in Liverpool, and a depot in Manchester. The company has a customer base throughout the North of England and works on major projects on a national basis.

John Sutch, a heavy crane driver himself for 20 years, bought his first crane in May 1990 and established the company with a vision to be part of the new generation of crane companies with a modern fleet, giving the very best standards of service and technical excellence. Essentially a family run business in the early years, John Sutch Cranes Ltd now employs 75 staff.

WHAT IS SPECIAL OR UNIQUE ABOUT YOUR BUSINESS OR YOUR CUSTOMERS?

The company has achieved significant increase in market share within specific growth sectors including power stations, green energy, infrastructure and healthcare. Corporate expansion includes a £4 million investment in 2013 and an increase in assets of over £1.7 million in 2014. To reflect this the company was awarded the Liverpool Vision Investor of the Year Award at the 2014 Liverpool Echo Regional Business Awards. Plans for 2015 include a further investment representing £4-5 million in two additional cranes. The company turnover is currently £10 million p.a. with profit at £3 million p.a. This investment programme creates a crane hire company possessing the most modern fleet in the UK with further ambitions to grow in Manchester through purchase of the depot located there.

HOW DO YOU VIEW THE GENERAL BUSINESS ENVIRONMENT?

Definitely better than 2008! Would say we are optimistic about the current business environment. Lots of contracts in the North West in particular with investment from engineering / construction companies building new bridges and power stations for example.

WHAT IS YOUR VIEW ABOUT YOUR OWN BUSINESS (POTENTIAL OPPORTUNITIES & CHALLENGES FOR 2015)?

Positive all being well. Looking to increase our fleet by 5% this year and hire maybe 10 new people – arguably biggest Crane Hire Company in North West. Happy with quality of people in organisation.

HOW DO YOU SEE YOUR WORK/LIFE BALANCE?

Good. Happy with level of stress – I make sure I pass this stress on! Make sure I get away regularly with the family. Although, spending time with two of my daughters is not a problem as they both work for the company.

HOW HAS ALLIED IRISH BANK (GB) HELPED YOU ACHIEVE YOUR GOALS?

From the early days of the business, Allied Irish Bank (GB) became our financial partner. We celebrate our 25 year anniversary in 2015 and therefore this shows the long-standing nature of our relationship. The company was in its infancy when we first approached the Bank for finance to help purchase the first crane. In a competitive marketplace for finance, we continue to choose them as they offer us the service and solutions we are looking for. The financial solutions provided by them have enabled the company to achieve its ambitions namely; growth, expansion into new

markets and financial stability. Allied Irish Bank (GB) have offered us a variety of finance products over the years, ranging from loans of a few thousand for a van to millions of pounds for a crane. We now have a fleet including 35 cranes, 10 wagons and 8 vans. This from a start-up of 1 crane 25 years ago. They also offer us finance for purchasing premises and Directors personal requirements.

Our view of our relationship with Allied Irish Bank (GB) is that they understand ‘the whole story’ of our business. They also offered the flexibility and support required during challenging economic periods. The John Sutch accounts team enjoy a friendly and helpful relationship with all the team at the branch. They provide outstanding customer service by researching and providing timely answers to the many questions from our firm concerning credit, researching loans and business banking. They liaise effectively with our accountants and are a helpful source of advice on a range of business issues.

Peter McGurk, the Branch Manager, has always been most pleasant and positive, regardless of the subject matter or problem. ***We recommend Allied Irish Bank (GB) to anyone that may be considering a relationship with them.***

WHAT DOES THE FUTURE HOLD FOR YOUR BUSINESS?

Growing steadily. We have all our ISO and Environmental accreditation so have everything we need now to pitch for most contracts. Would predict business will continue to be good and improve still further in next 4 years.

CASE STUDY

PENNINGTONS MANCHES LLP

NAME OF BUSINESS:

Penningtons Manches LLP

NAME OF OWNER:

David Raine, Chief Executive

EMPLOYEES:

The firm has 114 partners and over 600 members of staff in total.



David Raine



WHAT IS THE NATURE OF YOUR BUSINESS?

Penningtons Manches LLP is a leading UK law firm which provides high quality legal advice tailored to both businesses and individuals. With offices in the City of London, Basingstoke, Cambridge, Godalming, Guildford, Oxford and Reading, as well as in San Francisco, we have established a strong reputation in a variety of sectors, including technology, life sciences, education, social housing, retail and international wealth. The main areas of legal services provided by our lawyers are real estate, dispute resolution, corporate and commercial, private client and family.

WHAT IS SPECIAL OR UNIQUE ABOUT YOUR BUSINESS OR YOUR CUSTOMERS?

We have a very diverse client base across more than 16 different legal service lines. Our clients range from private individuals and Owner Managed Businesses to multi-national corporations, public companies, universities, professional partnerships, banks and financial institutions. What makes our relationships with them unique is our ability to present a common face of Penningtons Manches across all our client teams.

HOW DO YOU VIEW THE GENERAL BUSINESS ENVIRONMENT?

Our London and South East market places are vibrant and generally optimistic. Increasingly, we are seeing greater international activity both in terms of existing clients and new potential business, hence the recent opening of our office in San Francisco.

WHAT IS YOUR VIEW ABOUT YOUR OWN BUSINESS (POTENTIAL OPPORTUNITIES & CHALLENGES FOR 2015)?

We recognise the legal sector will continue to face challenges from new entrants, mergers, increased client expectations and competitive disrupters but we are confident our focus on a clear strategy will ensure our success going forward.

HOW DO YOU SEE YOUR WORK/LIFE BALANCE?

We are constantly reviewing how we do things and how we can deliver our client experience more efficiently and effectively. Generally we believe there is an opportunity for us all to work smarter if not necessarily harder.

We pride ourselves on being a cohesive, inclusive organisation. Our learning and development programme is widely respected in the legal sector and

we have been recognised in independent employee satisfaction surveys as providing excellence in training, high quality work and levels of responsibility as well as a good culture and work/life balance.

HOW HAS ALLIED IRISH BANK (GB) HELPED YOU ACHIEVE YOUR GOALS?

Allied Irish Bank (GB) has provided invaluable support by being closely aligned with our strategic objectives and willing and able to provide the day-to-day tactical assistance an expanding business such as ours needs.

WHAT DOES THE FUTURE HOLD FOR YOUR BUSINESS?

We hope to experience continued growth and success based on providing the right quality of service to the right type and size of client.



**PENNINGTONS
MANCHES**

“Allied Irish Bank (GB) has provided invaluable support... willing and able to provide the day-to-day tactical assistance an expanding business such as ours needs.”

CASE STUDY

DANIELI HOLDINGS



Neill Winch

“My business partner and I work six and a half days a week, around 12 hours a day. But we do this out of choice; work hard, play hard.”

NAME OF BUSINESS

Danieli Holdings

NAME OF OWNERS

Neill Winch and Stephen Howe
(both Directors)

KEY STAFF

Julie Winch (Wife of Director, own equity)

Cheryl Howe (Wife of Director,
own equity)

Donna Winch (Neill's sister-in-law,
Director at Homecare Plus)

Colin Austin (Operations Director at
Phoenix Eye)

NATURE OF BUSINESS

Danieli Holdings is a holding company with several businesses in several different sectors, including health, security and training.



Security:

Phoenix Eye Ltd which operates across the UK, from Aberdeen down to Southampton, has two separate divisions.

- ▶ The electronic guarding solutions sector (CCTV, Turnstyles, Concierge and Guardian Provision);
- ▶ Security in the leisure industry (clubs, bars, fastfood restaurants etc.);
- ▶ The fifth biggest in the sector for specialising in the provision of door supervisors.



Northridge Healthcare:

Operates nursing homes, specialising in the field of young adults aged 18+ with learning or physical disabilities.

DANIELI PROPERTY INVESTMENTS

Danielli Property Investments:

Operates in the property development sector.



Education and Training Solutions:

Training provider, predominantly to the security and healthcare sector.



Homecare Plus:

Operates in the domiciliary care sector, providing services to local authorities, the NHS and private companies.



WHAT IS SPECIAL OR UNIQUE ABOUT YOUR BUSINESS OR YOUR CUSTOMERS?

We have a diverse portfolio of businesses that spreads the risk. I don't believe in putting all your eggs in one basket and it means that if one sector is not performing well then we can rely on another one.

It's all about the strength of relationships that we have with our customers. We have been working in the security sector for 14 years and work with McDonalds on over 80 of their restaurants. The fact we are trusted by such a global and high-valued brand speaks to the quality of our relationships.

HOW DO YOU VIEW THE GENERAL BUSINESS ENVIRONMENT?

It's very encouraging at present. We're finding that we're very busy and experiencing good growth across all of our sectors. The future is quite positive.

WHAT IS YOUR VIEW ABOUT YOUR OWN BUSINESS (POTENTIAL OPPORTUNITIES & CHALLENGES FOR THE NEXT 12 MONTHS)?

This is the most optimistic that I've been in a long time, we're at the tail end of what happened with the financial crisis and moving onto some prosperous times.

There is always a concern with any business in the run-up to the election, but once we know the outcome I think there will be a period of upside regardless of who gets into power. We anticipate good growth within all of our sectors, in particular the security sector within the night time economy, where we should be in a position to kick on with our expansion plans.

We have seen in particular opportunities in the security sector. We are opening new regional offices this year in Leeds, Birmingham and London to improve our infrastructure in the South. We are also improving our presence in the North with a recent office opening in Edinburgh.

There is a big drive in marketing and sales in the security business with this expansion – over the next year, we will spend around £300,000.

HOW DO YOU SEE YOUR WORK/LIFE BALANCE?

My business partner and I work six and a half days a week, around 12 hours a day. But we do this out of choice; work hard, play hard.

I'm really happy with the support. I have a great team and we invest in the people around us.

Our wives are very supportive. Without them, we couldn't do what we do and vice versa.

HOW HAS ALLIED IRISH BANK (GB) HELPED YOU ACHIEVE YOUR GOALS?

Allied Irish Bank (GB) recently re-banked us from a large high street bank, which was an £8m process and included selling a student block that we owned. We weren't happy with the support we were getting beforehand. Allied Irish were business focused and a bank who you can build up a good relationship with. The larger banks are faceless, who tick boxes and have targets to hit. We wanted to build up a relationship with our bank. Allied Irish was happy to take us on at the transitional process and trust that some of our sales were going through. The way they've gone about it is very supportive and professional. From what we've seen so far, the future looks bright with our partnership.

WHAT DOES THE FUTURE HOLD FOR YOUR BUSINESS?

Good growth for the future with a positive partnership with our bankers, who we hope will give further support as we develop our different strands. We are diverse in what we do and if there's an opportunity then we will grab it.



ACROSS THE UK

We have pulled out the significant trends in each region of the UK to understand where the main differences are across the country.



SALES REVENUES

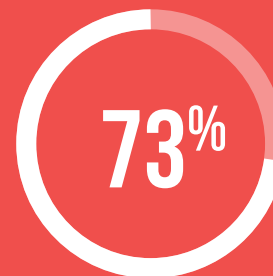
More Owner Managed Businesses in the North expect sales revenues to pick up in 2015.

Around half **(53%)** of Owner Managed Businesses in London expect sales revenue will increase in next 12 months.

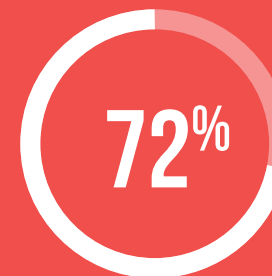
In the Midlands and Wales **(73%)** and North of England, Scotland and Northern Ireland **(72%)** it's almost three quarters that expect to see top-line growth.

THOSE WHO EXPECT SALES REVENUE TO INCREASE IN 2015

Wales/Midlands



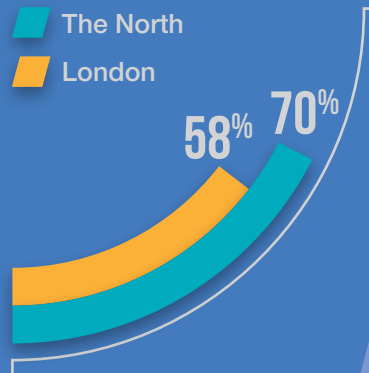
The North



POSITIVITY

Those in the North are more positive than those in London about the overall health of their business.

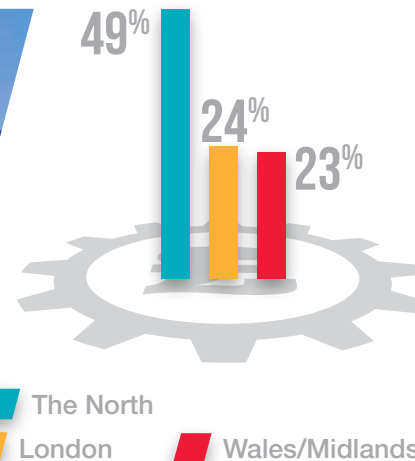
In the North of England, Scotland and Northern Ireland **70%** of those surveyed are positive about the overall health of their business, while those in London are below average at **58%**.



STRESS LEVELS

London-based Owner Managed Businesses are most stressed.

Those in the North of England, Scotland and Northern Ireland are happier with their levels of work stress, with only **1 IN 5 (19%)** feeling dissatisfied overall.



CAPITAL INVESTMENT

Companies in the North are twice as likely as those in the South to say they will invest in capital projects.

Just under a quarter of Owner Managed Businesses in London **(24%)** and the Midlands and Wales **(23%)** expect to increase capital investment in the next 12 months. Whereas almost half **(49%)** of those in the North of England, Scotland and Northern Ireland expect to.



ROLE OF BANKS

The research unearths a benign or ambivalent attitude to Banks among Owner Managers. Though they value their relationships with their banks they tend not to deviate from long-established relationships.

45%

Are currently bank funded

50%

Have never considered switching business banks

73%

Have been with the same bank for 6 years or more



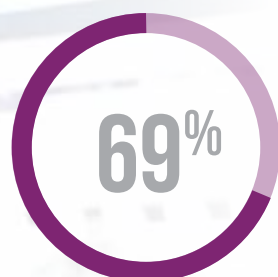
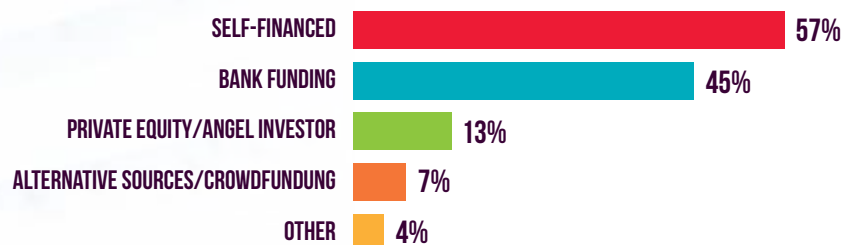
50% of Owner Managers have never considered switching business banks, while **73%** have had the same bank for at least six years. The most commonly cited reason to consider a change is bad customer service, with almost **47%** saying that is the primary reason they would consider a change of bank.

Clearly, there is a need in the banking market to offer greater differentiation and positive reasons for Owner Managed Businesses to consider switching.

FINANCING NOT A PRIORITY DESPITE GROWTH

Less than half (**45%**) of those surveyed are bank funded. Even though many of these firms are growing or expect to be entering a growth phase next year, almost **23%** still expect total bank borrowing to go down this year.

Interestingly, alternative financing is a bigger piece of the financing pie than expected. New forms of financing such as crowdfunding and peer-to-peer are used by **7%** of Owner Managed Businesses; it will be interesting to see how this grows in 2015.



Relationship with Bank Manager is important for managing their business

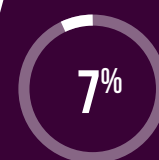
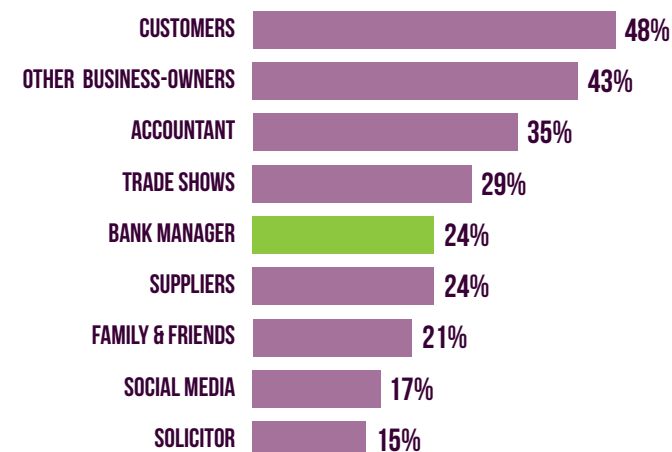


BANKS AS ADVISORS

Owner Managers' relationship with their bank manager is an important factor in managing their business.

The majority of Owner Managers rate having time away from work to recharge (**77%**) and their level of work stress (**70%**) as important factors in managing their business. Their relationship with their bank manager is also seen as important with **69%** citing it as an important factor.

Despite this, only a quarter (**24%**) of Owner Managed Businesses uses their bank manager for business advice and inspiration. Almost half (**48%**) look to their customers for business advice and inspiration. Clearly, banks can learn a lot by understanding what drives the customers of their customers.



Alternative financing models like crowdfunding are more popular than expected.

OUTLOOK

90

%

ARE OPTIMISTIC

The majority of Owner Managed Businesses are optimistic about the year ahead. Nine in ten Owner Managed Businesses **(90%)** are optimistic about the prospects for their business over the next 12 months, with just **10%** pessimistic. Others are worried about the political landscape and competitive forces from abroad.

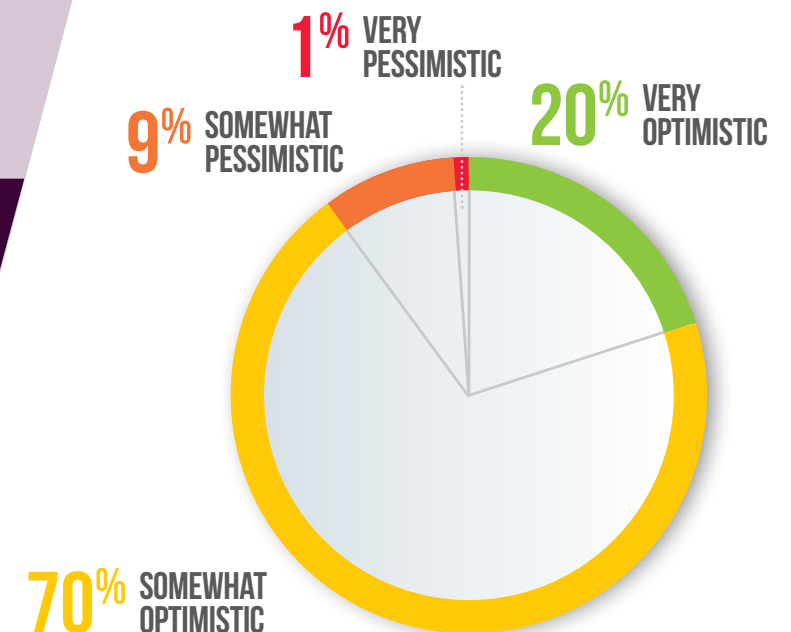
POTENTIAL DISRUPTIONS TO BUSINESS

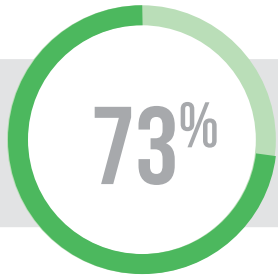
“ Competition from competitors abroad and their pricing structure. ”

“ Shortage of staff of the right skill level. ”

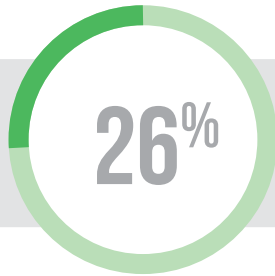
“ A hung parliament. I mean that there will be no decisive leadership from the government. ”

Q. Would you say you are very optimistic, somewhat optimistic, somewhat pessimistic or very pessimistic about the prospects for your business over the next 12 months?





Very or somewhat likely to invest in training & development



Very or somewhat likely to engage in Mergers & Acquisitions this year

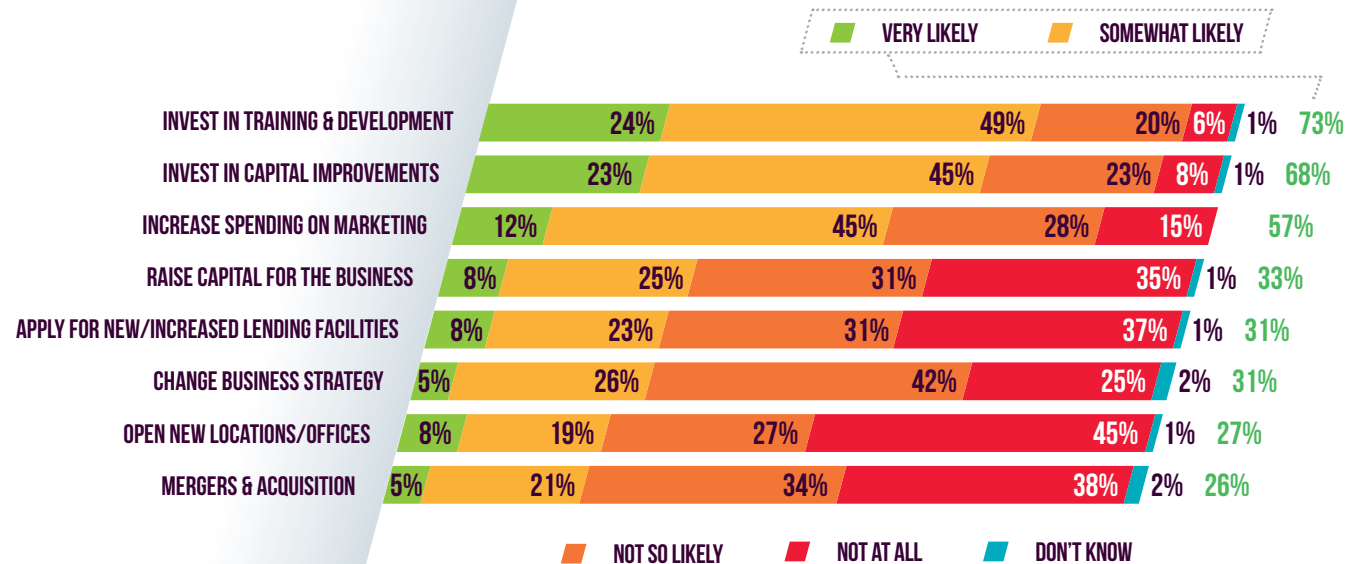
WHAT'S HOT: INVESTMENT

Commitment to investing in their businesses is the biggest priority in the year ahead. Owner Managed Businesses will be focused on investment above anything else this year. Around seven in ten say they are very or somewhat likely to invest in training and development **(73%)** or capital projects **(68%)**. This clearly reflects their worries about having access to the right level of talent, where **39%** said it was a real risk or challenge for them in 2015.

WHAT'S NOT: MERGERS & ACQUISITION

Only one in four **(26%)** Owner Managed Businesses expect Mergers & Acquisition to be on their agenda next year. Even though almost half **(47%)** of Owner Managed Businesses are planning on hiring next year that was not reflected in those that saw opening new offices as a priority, with **27%** seeing it as any way likely in 2015.

LIKELIHOOD OF ACTIVITIES IN THE NEXT 12 MONTHS: MERGERS & ACQUISITION



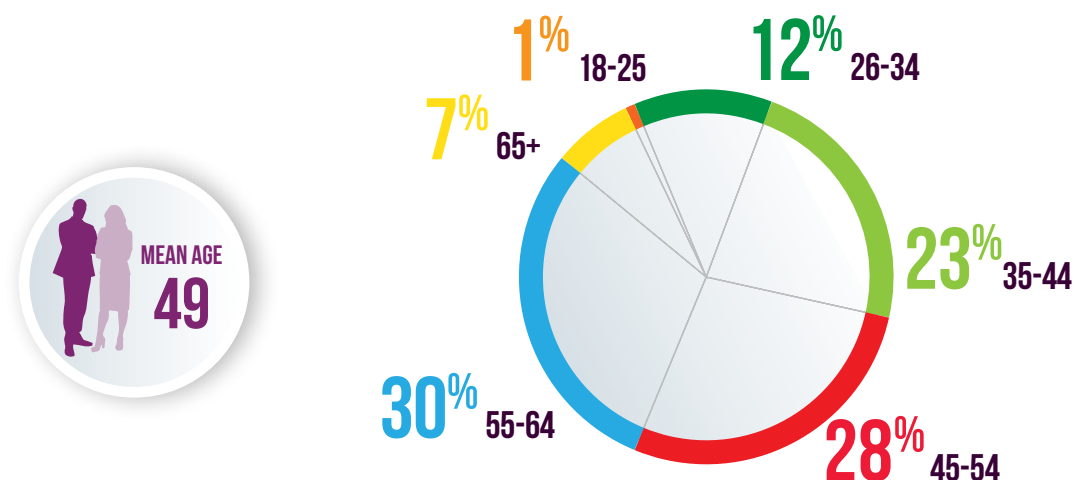
METHODOLOGY

The Owner Managed Business Outlook Report is based on a survey of 300 senior financial decision makers in Owner Managed Businesses in the UK. For the purposes of this report Owner Managed Businesses are defined as businesses where the owners, family members or shareholders are involved in the day-to-day decisions and activities of the entity or are directors of the company.

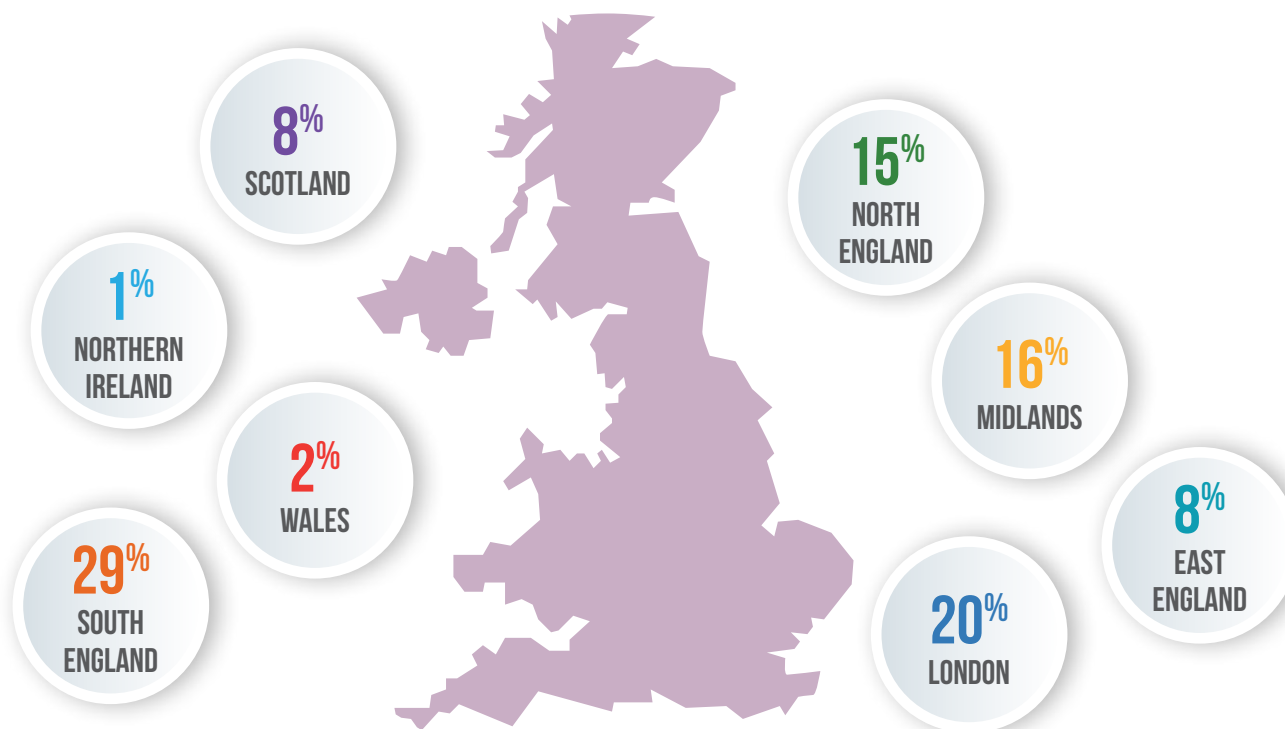
The study was conducted by Brunswick Insight on behalf of Allied Irish Bank (GB). Interviewing was conducted by telephone 23 October – 28 November 2014.

The margin of error for the overall results of this study is +/- **5.7%**. Subtotals of the data will have larger margins of error.

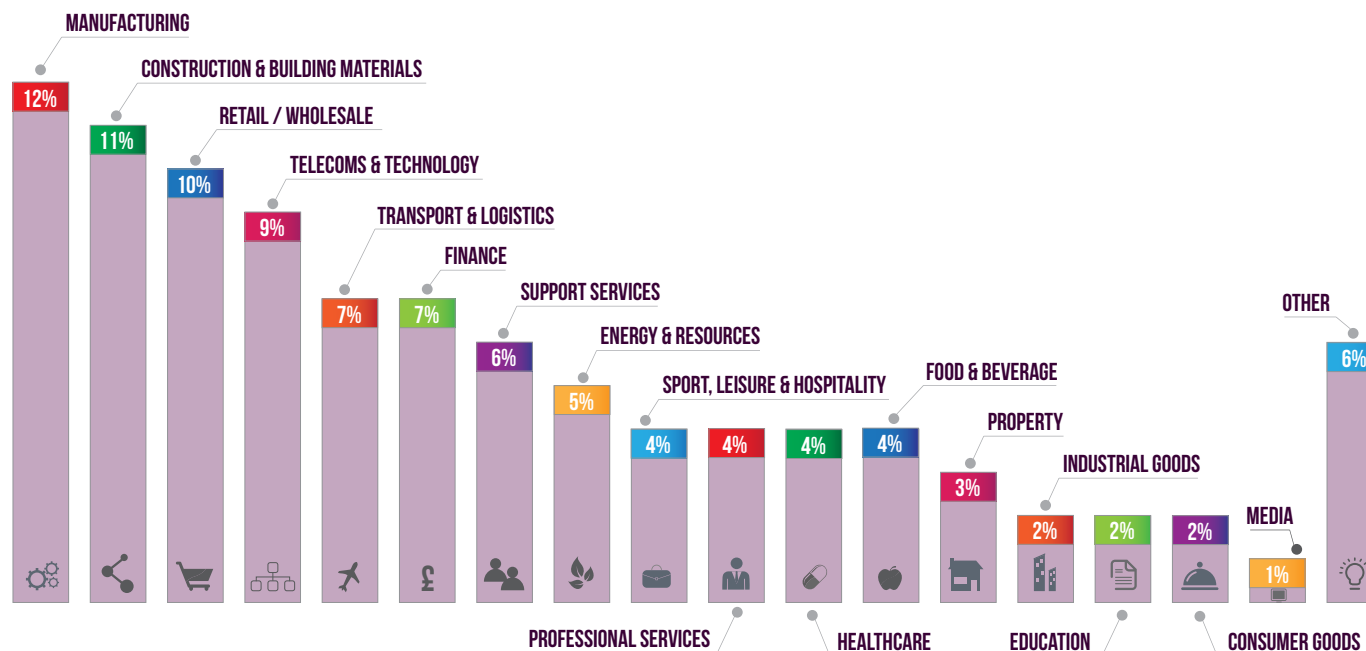
AGE DEMOGRAPHIC ▼



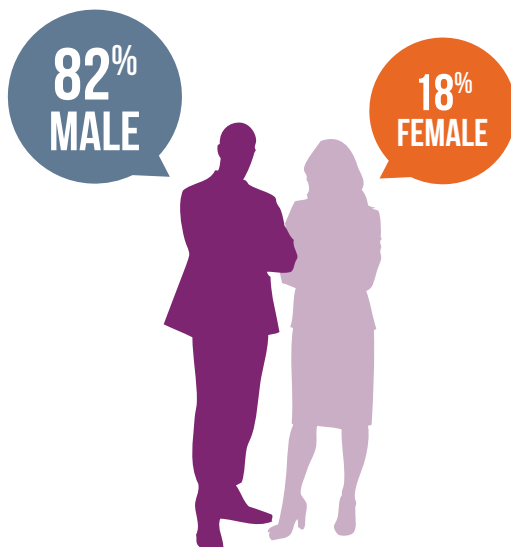
REGION DEMOGRAPHIC ▼



SECTOR DEMOGRAPHIC ▼



▼ GENDER DEMOGRAPHIC



OTHER KEY DEMOGRAPHICS

- ▶ **30%** are in a growth phase
- ▶ **49%** are based in London and the South of England
- ▶ **23%** are based in Scotland and the North of England
- ▶ The biggest sectors are Retail, Technology and Media, Construction and Manufacturing

ABOUT BRUNSWICK INSIGHT

Brunswick Insight is the practice within Brunswick Group, a leading global financial PR agency, which focuses on using opinion research to help clients better understand their relationships with stakeholders and communicate more effectively. Insight use a range of qualitative and quantitative research techniques to help companies and organisations develop more effective communications strategies.

ALLIED IRISH BANK (GB)

ABOUT US

Allied Irish Bank (GB) is a specialist business bank serving the needs of Owner Managed Businesses. Operating from 16 locations in major business centres across Great Britain and employing over 600 staff, we offer the full range of business banking, corporate banking and international trade services as well as dedicated wealth management, personal banking and direct savings services.

Allied Irish Bank (GB) has been supporting businesses in Britain with true relationship driven service for over 40 years. During this time, we have grown organically with more than half of our new business coming from existing customers recommending our service to other Owner Managers.

We provide real value to each and every one of our Owner Manager customers and deliver to them the highest standard of service in banking and financial services. We are proud that **Allied Irish Bank (GB)** was awarded 'Best Service from a Business Bank' at Business Moneyfacts Awards 2014.

If you are an Owner Manager, get in touch to see how we can be of service to you and your business.

We look forward to hearing from you.





ALLIED IRISH Bank (GB)

Mayfair Branch

25 Berkeley Square
London, W1J 8LL
Telephone 020 637 6000

Opening Times

Monday	9.00 - 5.00
Tuesday	9.00 - 5.00
Wednesday	9.00 - 5.00
Thursday	9.00 - 5.00
Friday	9.00 - 4.00

www.allied-irish.co.uk



Allied Irish Bank (GB)

Telephone 0845 600 5204 | **Web** business.aibgb.co.uk

Allied Irish Bank (GB) and Allied Irish Bank (GB) Savings Direct are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.