



# Swoop State of Business Survey 2021

Post-pandemic, SMEs are confident in recovery, but face significant barriers to achieving full potential



**Swoop**

# Introduction



In any other year, all the focus would have been on Brexit. But the global outbreak of coronavirus in early 2020 created worldwide problems for businesses of every size.

No industry has escaped untouched: shops have been shuttered, workers sent home, unemployment has risen precipitously. Entire industries, such as events and hospitality, have seen their operating model vanish overnight. Covid and Brexit are both stones in the pond, and we have not yet seen how the last of the ripples will rock the boat.

We are, however, coming to the beginning of the end of coronavirus, with the highly successful vaccination programme. While the same is not true of the rest of the world, there is growing confidence in the safety of reopening shops and returning to the office.

In such an environment, there is an appetite to get back to normal. It is unsurprising that the SME community is feeling positive and optimistic about the future, if only because the coming years are unlikely to see a repeat of 2020's perfect storm of disruption.

Building back better after a huge churn in workers, businesses are benefiting from an injection of new blood. The last 12 months have given many time to reflect

on what they really want from their careers and their business. Social media, which has been a substitute for face-to-face interaction, has boomed, popularising open discussion of mental health issues, social justice and similar welfare measures.

In this exclusive survey carried out by Swoop, we will investigate SME attitudes towards the future and reveal which measures our community believes are needed to see the sector continue to grow and thrive in the immediate future.

We are particularly delighted to welcome René Carayol MBE to share his expert commentary on the results. His expertise in the leadership of such organisations as M&S, the Inland Revenue and IPC Media make him a true champion of the business community, and we are grateful for his insight.

For more information about René and to sign up for #SpikeSpark, his daily newsletter, visit [www.carayol.com](http://www.carayol.com)

Enjoy the survey results - we hope you find them useful and enlightening.

**Andrea Reynolds**  
CEO and Founder, Swoop



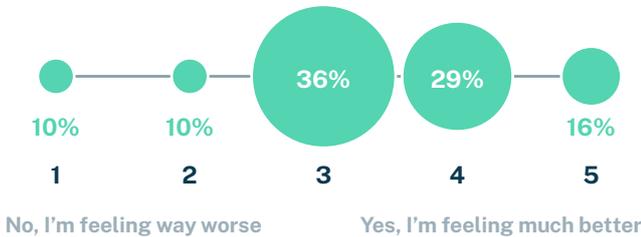
**“Part of the role of today’s leader is hope.”**

René Carayol MBE

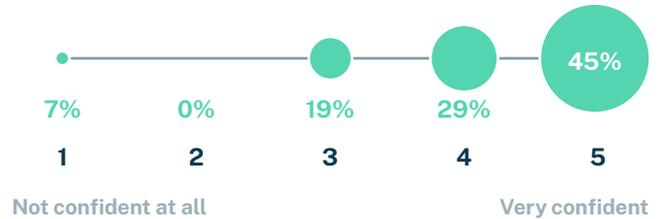
# Survey results



**In 2021, have you been feeling better about your business than last year?**



**How confident do you feel about the future of the market you operate in?**



**How confident are you about the economy and its recovery in 2021?**



**Are you expecting revenue to increase over the next 12 months?**



**RENÉ:** I've seen a lot of confidence across my clients. Those who are doing worse are in the struggling hotel and leisure sector, but for the rest, the only way is up.

If you're running a business, you've got to be optimistic. Part of the role of today's leader is hope. The businesses doing the best are the ones with leaders revving the teams up, wanting them to come into work, making them feel recognised and respected. That's when people go the extra mile.

As businesspeople, we are very close to the levers of success in our markets and industry. The wider economy is less in our gift and control; these numbers show a particularly low point of trust in the government's ability to make a difference. It's starting to lose the vaccine bounce, and the one thing we don't trust this government on is the economy which represents a change from last year.

If you go back to the beginning of the pandemic, the Chancellor was really firing for this government. He's been particularly quiet over the last three or four months. The bounceback loans, the furlough were a particularly golden moment as he showed his understanding of the real difficulties businesses have. It feels like he's been overtaken by Number 10.

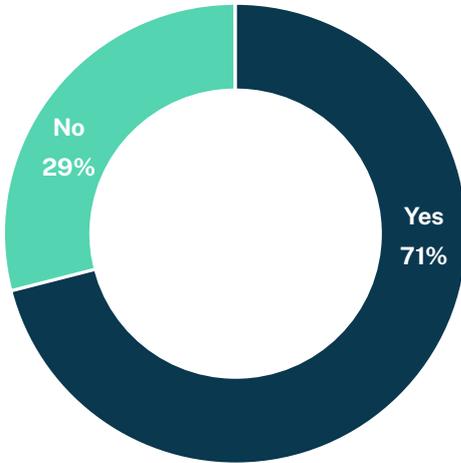
**ANDREA:** The overall results skewing towards optimism - with a catch. A sizeable majority is scoring fours and fives on questions about the future for their business or market, showing the respondents are in a highly optimistic frame of mind.

There are, however, fewer responses for a top score on confidence around the state of the economy generally. Perhaps this is uncertainty around Brexit, which remains an ongoing unknown quantity for many businesses. And although scores for how people feel about their own businesses skew positive, we can see a much wider spread of scores which leads me to believe that some are still struggling.

# Survey results



**Are you expecting to invest more in R&D over the next 12 months?**



**ANDREA:** R&D is the ultimate investment in the future for a company. Businesses must constantly improve their product, service, margin or process to remain relevant. In tough times, the temptation is to pull back from finding the money for R&D but this is a mistake because standing still is not going to help you move forward.

**RENÉ:** If you think doing the same old thing you were doing before and during the pandemic is going to get you where you need to be in the next two years, you're wrong. There's an attitude at play - if it ain't broke, don't fix it. There's a younger generation that says 'I know it's working, but it could do more.'

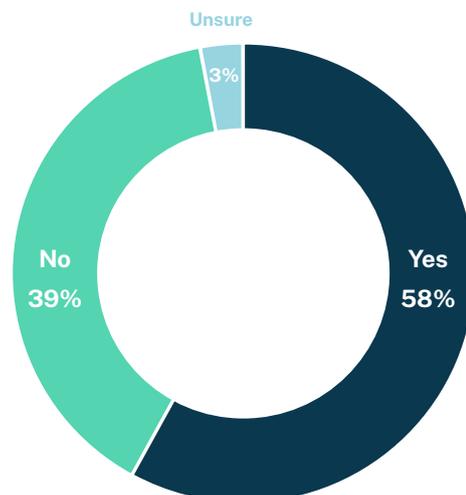


**ANDREA:** I am hearing alarm bells from the respondents who do not feel well equipped to take advantage of business opportunities in the next 12 months.

Results such as these suggest that there is a problem with explaining the funding options, which are designed to help the SME community, to the people who need it most. It is not just enough to provide a service; it is also essential that barriers to accessing that service, whether it is finance, a grant or equity, are minimal.

**RENÉ:** These results are a slice of a truth I see every day: the pandemic has taught us the art of the possible. We can pivot and transform quickly when it's a matter of survival.

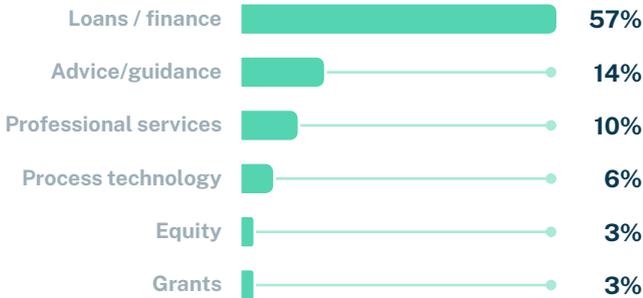
**Do you feel you're well equipped to take advantage of business opportunities over the next 12 months?**



# Survey results



## What support products or services would you need to fulfil your ambitions?



**ANDREA:** Loans and finance are by far the go-to services required by businesses. ‘Grants’ is underrepresented I feel, perhaps because businesses don’t realise what they are eligible to receive. Grants are always worth investigating, because they are

## Where do you prefer to manage your business finances?



effectively ‘free money’. Perhaps there is a perception that they are hard to come by, or only for special cases and arduous to apply for. Often this is not the case, and Swoop has been able to help thousands of businesses receive such help.

## Does it really take 6 weeks for lenders to understand the government’s Recovery Loan Scheme? Why on announcement were there only 4000 enquiries/ applications across all UK?

Survey respondent

**ANDREA:** There is a strong preference for financial products and services which can be accessed strictly online. Financial institutions have taken advantage of digital offers to create an ecosystem of financial services which appeal to SME businesses. The expectation of personal service – someone on the end of a phone – is dwindling, and while it may never be entirely replaced, the need for human intervention in business finance, certainly at the customer level, is shrinking.

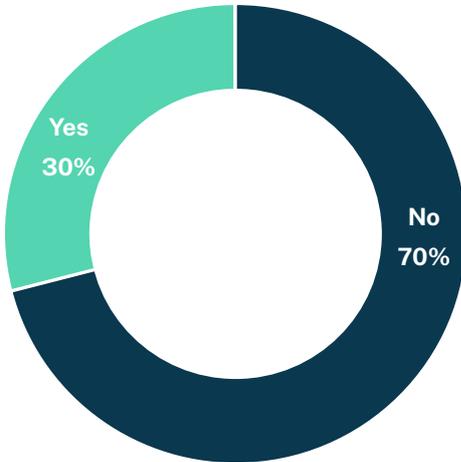
**RENÉ:** Loans appeal, because they offer set and easy to understand terms in a world that is otherwise uncertain. When your back’s against the wall, you have a limited number of options that are going to work. The driving need is to get those options funded, not spend time gathering more advice.

The low score on grants does not surprise me. It is not that people don’t want grants, they’re ignorant of them. The perception is that it takes a lot of time to get very little.

# Survey results



Have you checked your business credit score in the past 12 months?



If there's one thing we've had time to do over the last year, it is to rue the mistakes we've made in the recent past and realise the way forward - if only we can afford them. In the last 12 months, we've had enough time to find True North for ourselves.

**ANDREA:** The limited resource here may look like money, but I suspect that the real issue is one of time. With the world changing so rapidly, it is impossible to keep up with all of the changes. Looking after the financial health of a business is a full-time job, and many SME do not have the bandwidth necessary to gain and retain expert knowledge in the finance market.

Using a comparison website that is able to offer 'best-fit' solutions to problems based on the needs of an individual company is a valuable option for businesses that face these challenges.

**RENÉ:** I get that. In the worst business year, why depress yourself even more?

I think what we've seen from the government and most institutions - even HMRC - is an understanding of the nation's plight. If there's one thing the government hasn't had credit for which it deserves, it is that DWP and HMRC have taken a surprisingly understanding stance with SMEs.

Many are saying we're living in a zombie economy, so when the tide goes out, we will see who's swimming naked.

**ANDREA:** The fact that so many people are asking for loans, yet so few seem to know so their credit score is alarming. Checking your credit score is fast and simple. It is the kind of knowledge that every CFO should have at their fingertips.

# Government schemes

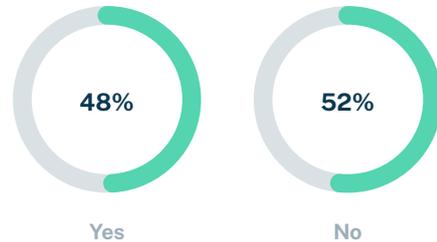


**ANDREA:** It is troubling to learn that over a third of those asked did not know about the Recovery Loan Scheme, particularly as nearly a half of respondents had taken advantage of other government-backed schemes. This suggests that there is a lot of work to do in telling businesses exactly what help is out there for them to access.

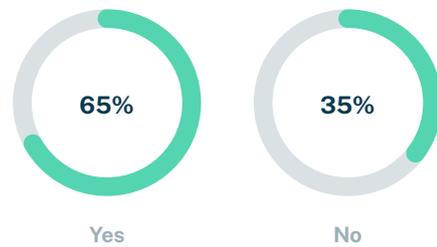
**RENÉ:** I think they've done a good job of marketing the business recovery and bounceback loans. I think they've purposely done a less good job on the third generation of recovery loans. You couldn't open the business press last year without seeing full-page ads for business support from the government.

You don't see that level of coverage now, which makes me wonder if the Chancellor has lost his voice a bit within the cabinet.

**Have you taken advantage of CBILS/Bounce Back Loans in the past 12 months?**



**Are you aware of the new Recovery Loan Scheme from the UK Government?**

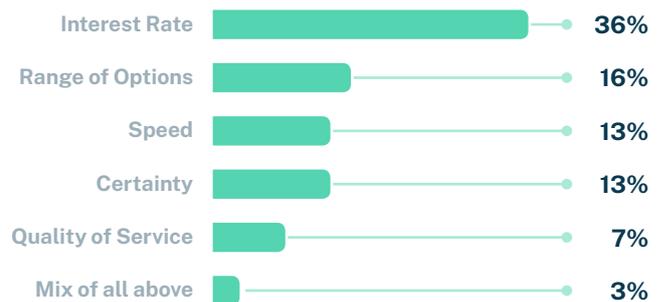


## Brand Recognition and Preferences



**ANDREA:** Headline interest rates will always be a big draw, but customers should also consider other factors such as penalties for early repayment and quality of service: poor communication can be expensive if it allows problems to mount and damage a company's ability to deliver on promises.

**When making funding decisions, what is the most important factor to consider?**



**RENÉ:** I think this is a matter of timing. In the first half of last year, no one gave a toss about the interest rate, it was survival. Those who've got to this stage have the luxury of looking at interest rates because they've not got their backs against the wall the way they did 12 months ago. When you're drowning, any life raft will do. When there's confidence, you're prepared to negotiate.

# Government Schemes



Based on your answer above, which institution would you expect to deliver this?



Please list any providers you currently use for banking/funding

Top four results only:



11%



11%



7%



7%

**ANDREA:** The wide spread of responses demonstrates that there is no ‘go-to’ bank for SMEs. This data shows that businesses are extremely flexible in where they keep their money and with no single bank streaking ahead of the others, no assumed market leader for respondents. We can also see that while the top four responses include two traditional banks, two challenger banks, Starling and Monzo, are making a strong showing, demonstrating that these digital-first banks have a strong appeal to business customers.

**RENÉ:** Challenger banks said they’d be quick to respond and they weren’t. Traditional banks deliver to their existing customer base really well, but slowly. The challenger banks saw last year as a means of driving new customers and were much more patchy in terms of delivery.

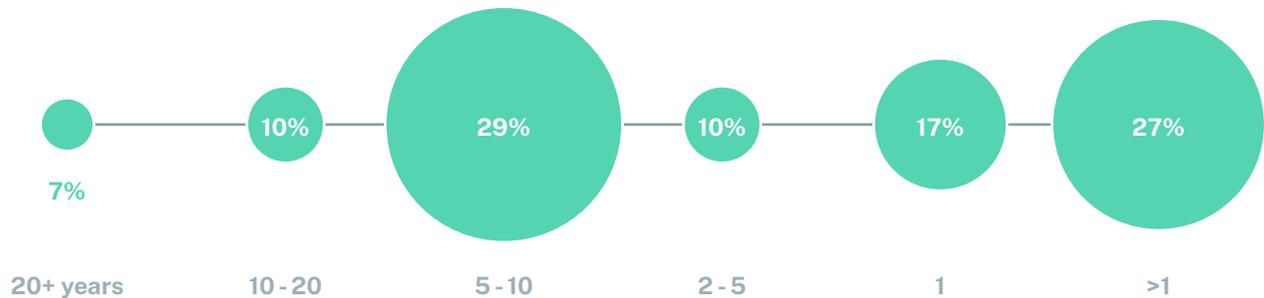
Funding Circle blew hot and cold - they had a rickety start and were turning down nearly everyone. Then they started funding people in the middle of last year. All these institutions talked a good game but most people ended up with their existing banks.

**ANDREA:** I think this comes down to time pressure: there is an assumption around traditional banks to have the best offer, but in practice, challenger banks have products that turn out to be just as suitable to businesses. In an absence of general rules and with survival hanging in the balance, it is no surprise that people stayed with the institutions with which they already had a relationship.

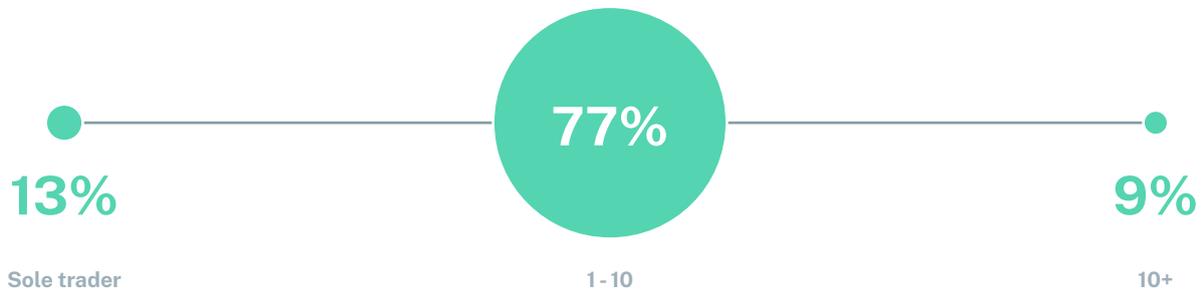
# About the respondents:



## When did your business start trading?



## How many staff do you have?



**ANDREA:** It is always a mistake to try and pin down SMEs into any particular demographic. If you define businesses based on size, you will find they have a huge range of background, industry, age, and approach. In short, the diversity of the sector is reflected in the diversity of respondents.

**RENÉ:** This pandemic has prompted people to start their own business. Lots of people found their loyalty wasn't returned by their employers, and the last year has given them the space to think a little differently. They took the opportunity with courage. Like Andrea, I'm seeing the good, the bad and the ugly, but some courageous stuff is happening.

In a world that's gone online, it's much easier to start a business: if you get a good idea, it can roll out quite quickly without the need for rates, rent, or bricks and mortar. One of the traditional barriers to entry was funding and as the pandemic fades, I am confident that the really good ideas will find the funding they need.

We're heading for a really exciting time in business. The numbers in this survey bear that out and confidence is growing. If you have a fantastic idea and a bit of courage, you don't need a load of bootstrapping, you just have to get on with it.



# Final remarks



SME businesses are broadly optimistic about the future. There is an appetite to seek out funding and investment to put in place the building blocks of growth: technology, training and talent.

One thing is clear from the results of this survey, however. SMEs need to understand how to access the funds they need in order to thrive. There is a clear lack of knowledge about how to finance projects and uncertainty around what can be a complex field of products and services. Although the future looks good, it comes with caveats and question marks.

Uncertainty remains a strong factor. With 99 percent of businesses in the UK qualifying as an SME, attempts to meet the needs of this group must be done in full consultation of the sector and in sympathy with the challenges they face in accessing help. Simply earmarking funds without a plan of getting them into pockets would be like developing a vaccine without supplying syringes.



**Ian Hawkins**

News & Investigations Editor, Swoop

