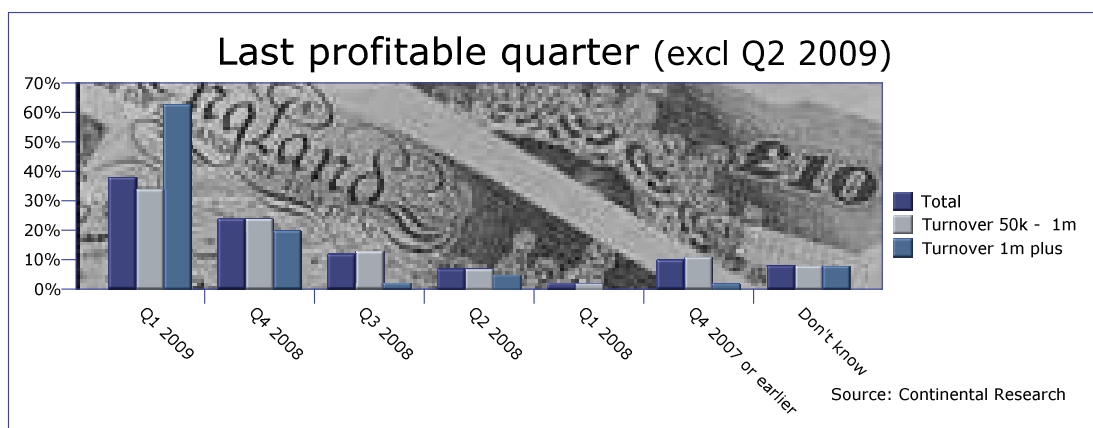


## How long can small business bear the brunt?

*Nearly one in five small businesses not profitable for 12 months or more*

**London 5<sup>th</sup> May 2009:** A survey conducted by Continental Research a few days before the Budget shows that 19% of small and medium sized businesses have not been profitable since Q2 2008 or earlier. More than half (55%) have not been profitable in 2009. A disturbing 10% of them had not been in profit since the fourth quarter of 2007 or earlier. Small businesses (SMEs) with turnover between £50k and £1m were worst hit with 20% not being profitable for the last year, compared to 7% of larger businesses with a turnover of £1m plus.



When businesses that had not been in profit since 2008 or earlier were asked to predict when they would be profitable again, 32% thought they would have to wait until at least Q1 of 2010, with 10% not expecting an upturn until 2011 or later.

57% of these were more optimistic, expecting to return to profitability by Q4 2009 or earlier. Once again, it's the companies with bigger turnovers that expect to get back to being profitable quicker than small businesses: 38% of larger businesses expecting to be profitable in the current quarter, compared to 31% of SMEs.

When asked about the national economic recovery, 32% of respondents thought it would be more than a year before things begin to improve – Q3 2010 or later, although 24% say it will be spring next year.

Shiona Davies, Director at Continental Research says “These figures endorse a plethora of anecdotal evidence we read every day: times are tough for small and medium sized business and the smaller the business the tougher it is. There has to be concern that such a substantial proportion of SMEs are not profitable and that many do not expect to be profitable until at least this time next year if not beyond, making their long-term viability highly questionable.”

Ends

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**Note to editors**

500 businesses with a turnover of £50K or more were interviewed by telephone from 6-21 April 2009, comprising 300 interviews with small business bosses at companies with turnover £50k-£1m and 200 interviews with financial directors at companies with turnover above £1m. Data is weighted to be nationally representative of the 1.7 million such businesses in England, Scotland and Wales. The survey, called The Business Omnibus, has been run monthly since 1993.

**About Continental Research**

Continental Research is a full service market research agency based in London, specialising in public sector, transport, business to business, finance, media & advertising and internet & telecoms research [www.continentalresearch.com](http://www.continentalresearch.com) The company is part of the BDRC Group. Also part of that Group is BDRC, a leading full service market research agency specialising in hotels, finance, travel and tourism. [www.bdrc.co.uk](http://www.bdrc.co.uk)