



# Small Business Barometer

Q2 2022



# Executive Summary

Eight out of ten small Irish businesses say they have been impacted by rising costs, but fewer than half have inflated prices to their customers.

48 per cent said they had taken the decision to increase prices, while 52 per cent said they had not or had absorbed extra costs.

Meanwhile, expectations for growth in the next quarter are down to 38 per cent from 68 per cent in April 2022.

On the other hand, 52 per cent of businesses reported a return to pre-covid levels, a significant finding as a fifth of businesses surveyed started after the pandemic.

Carried out in July 2022, the Enterprise Nation Small Business Barometer, takes a quarterly look at the views and confidence of close to 1,000 small firms across Ireland and the UK. The Irish sample represented 6% of the overall sample but was largely in line with the findings from across the UK.

## Small Business Response to Impact of Rising Costs

While 80% of small businesses canvassed say they have been impacted by rising costs, 52 per cent said they had not increased prices or had absorbed extra costs.

Of the 48 per cent that had increased prices, most (63%) said it was by less than 10 per cent with just one in five (21%) by less than 20 per cent.

A third (30%) of firms said sales had fallen as a result of the cost-of-living crisis, with 36 per cent saying they had remained the same. A quarter (24%) reported sales were down but were not sure if it had been caused by broader economic pressures.

## Small Business Optimism Challenged

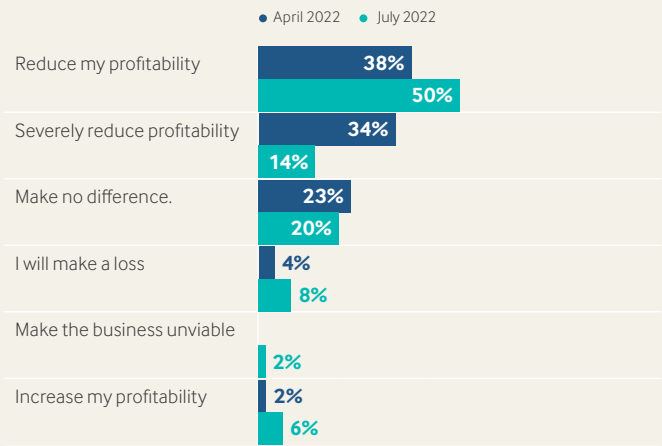
Overall, small business optimism is on the wane. Long-term growth expectations are down slightly from two thirds (64%) to over just over half (56%), expectations for growth in the next quarter are down 30 per cent to 38 per cent from April 2022. Almost two-thirds of all businesses (64%) expected profitability to be down this year.

Respondents expect staff, transport, operating costs and energy prices to rise at an even greater rate than in April 2022. Fewer were expecting to take on staff than in the last quarter, with one quarter (24%) saying there was 'no chance' of increasing employment compared to 21 per cent in March. Irish entrepreneurs expect staff costs to increase by 16.4%

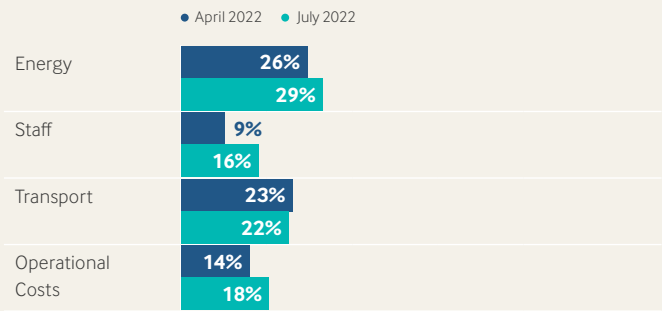
# Research findings

## Impact of Rising Costs

How badly do you think higher energy bills, inflation, higher fuel bills and the cost-of-living crisis will impact the profitability of your business this year?



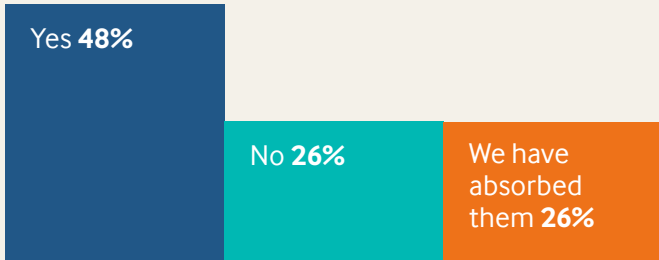
How much do you think costs will go up this year?



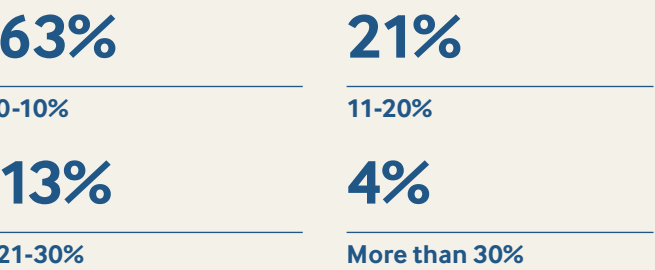
Has your business been impacted by an increase in costs due to the cost of living crisis?



Have you had to pass on costs to your customers?

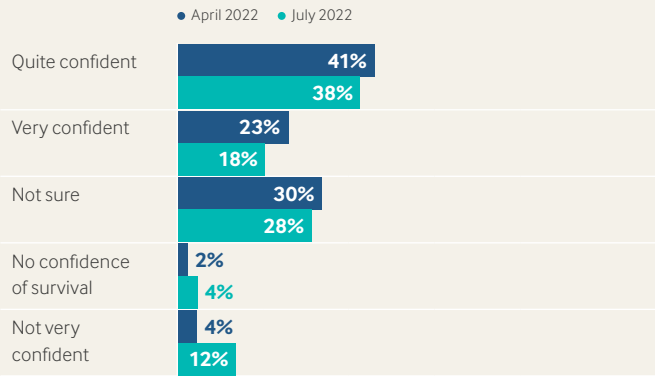


How much would you say you have increased your prices by?



Confidence

How confident are you that your business will survive higher energy bills, inflation, higher fuel bills and the cost-of-living crisis?

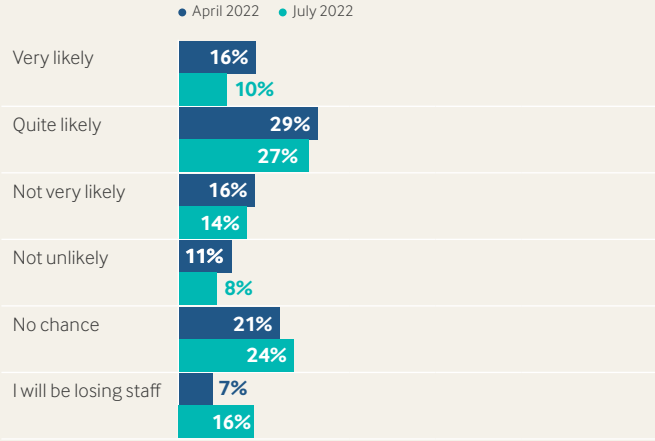
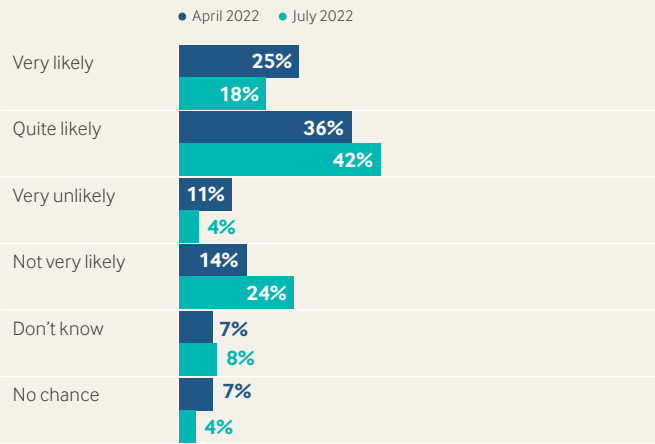


How likely is it that your staff numbers will grow this year?

Have you seen an impact on sales due to cost of living crisis?



How likely is it that your business will expand this year?







## Demographics

- Total of 50 entrepreneurs took part the survey.
- 74% of them are aged 36-55 while 34% are in the 46-55 age bracket. 18% are under 35. The average age was 43.3 years.
- 70% of the respondents were female-run firms, 24% were founded by men

## About Their Business

- 52% set up their businesses in the last 3 years with the vast majority trading less than 5 years (66%).
- In terms of business revenue, 88 per cent earn under €50,000 per annum.
- 60% of the firms were sole proprietorship, 34% expect to employ up to 5 people this year.
- Top 3 services which firms expect to buy in or use a contractor for:
  - Finance & accounting (48%)
  - Marketing (50%)
  - IT (30%)
- The average working hours per week is 58 hours with 52% working around 50 hours a week, this compares with an average working week of 49.4 hours before starting their own business.
- 38% of the entrepreneurs took 10 days holiday a year now they run their own business, 22% took 20 days a year with just over a quarter (28%) taking three weeks.

## When it comes to starting a business

- The reasons they started a new business are work life balance (36%), make more money (36%), use a skill/hobby/interest to make money (32%) and I couldn't find what I do out there - gap in the market' (28%).
- Half (52%) had searched for support to start a business.
- Private sector business support and Government Support websites were tied at 62 per cent for the most popular research tool.
- Majority (68%) had found the support they were looking for via online (46%), government website (30%) and a mentor (22%)
- Practical business advice (60%), Financial support (30%) and Emotional support (10%) were important when launching a business.
- 56% of the firms started their businesses as a 'side hustle'. Only 18% of them had an exit plan

# The Enterprise Nation View



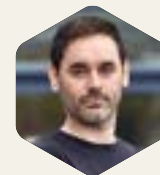
**Emma Jones**  
Founder of business support platform and provider, Enterprise Nation

Our experience over the past three years has made business owners stronger and more resilient and many are currently resisting the impulse to pass on their rising costs to their customers and create more inflationary pressure in the economy.

We're hearing from entrepreneurs that they're responding by innovating to keep costs down but after absorbing a number of price hikes, they're now running out of road and optimism is definitely challenged.

It's a critical moment so in the upcoming budget we'd like to see Government focus on supporting small business owners. If we do that well, we can hopefully help small businesses navigate through this next phase of change.

# The Small Business View



**Cathal Sheridan**  
Founder and CEO of Hukubalance

Cathal Sheridan, Founder and CEO of Hukubalance, a Donegal-based company that makes balance boards and yoga products for both adults and children

Because the price of everything has been going up so much over the last few years, we had to redesign some of our production processes in order to cut the costs of making our products. As a result, we didn't have to increase our prices. That was a big part of running the business over the last few of years. Long term, however, this is not sustainable if the cost of materials continues to rise.

Last year, we increased our prices by a few euro per product just to cover the cost of materials. We had absorbed two price hikes before we increased our prices and we've absorbed three price hikes since. We are redesigning several components of our product range to further cut costs without reducing the quality of our products.

For the remainder of the year, our biggest challenge will be to meet the targets we set for ourselves for 2022. However, we are confident we can achieve this due to investing heavily in marketing and selling to new markets, including the UK, mainland Europe and the USA.

Access to government support which would help reach new customers would be a huge help to a small business like Huku, in particular, financial support and guidance to help develop and grow our marketing and sales team. As a startup business our costs are still quite high so any assistance in employing staff would be hugely beneficial.