

**SWP 46/91 "THE SINGLE MARKET AND SMALL GROWING
COMPANIES IN THE UK: A SURVEY BY
CRANFIELD SCHOOL OF MANAGEMENT"**

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THE RESEARCH PROJECT

Cranfield School of Management is seeking to establish how small growing companies operate in certain key decision areas, with a view to identifying success characteristics. This research is principally to help improve the content and delivery of Cranfield's Business Growth Programme, which in turn helps owner-managers develop new growth strategies. We would also like to share that knowledge with others who are also concerned with the problems of growing firms.

As an important part of this work Cranfield conducted this study of 242 small growing UK businesses in the early summer of 1990.

Other studies in this series have covered Key Staff Employment in Small Firms and Green Issues.

**THE SINGLE MARKET & SMALL GROWING COMPANIES
IN THE UNITED KINGDOM**

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1. SUMMARY OF KEY FINDINGS

Most recent surveys of the small business sector and 1992 have made gloomy reading. For example, Grant Thornton, the chartered accountants, in their survey concluded that most small firms - 55% - admitted to having done nothing to prepare for 1992. Only 5% had carried out formal market research and just 3% were training staff in languages. Graham Bannock's study for the Small Business Research Trust carried out in August 1990 also revealed that only 23% of small firms had taken any action on 1992.

The Cranfield study presents a rather more hopeful picture, although still far from satisfactory. For example now, nearly a year after the Grant Thornton study, most small firms have begun to prepare for 1992. Indeed nearly 70% of small manufacturing firms have taken some form of positive action to get ready for the single market.

Nearly 10% of small firms in the Cranfield study have conducted detailed market research, and in over 50% of the companies, one of the director's speaks a European language other than English. Nearly a fifth of small companies under ten years old have already set up a joint venture to exploit 1992 opportunities.

On the debit side of the 1992 balance sheet, there is still a very sizeable minority - 44% who think 1992 will have no effect on their business. The survey respondents also rank the UK towards the bottom of both the preparedness league and of the ranking of countries with the most to gain from the advent of the single market. In summary the key findings of the Cranfield Survey are:

- Nearly 70% of small manufacturing companies have taken some measures to prepare for 1992.

- Nearly 52% of all small firms already export some of their goods and services, and nearly a sixth of small firms export over 11% of their annual turnover.
- At least one foreign language is spoken by an employee in nearly 80% of small firms surveyed, and over 56% of small firm bosses speak a foreign language too.
- Nearly 60% of small manufacturing companies currently export some of their goods compared with around 45% of service companies.
- Western Europe is the sector most small firms currently export to, with: 53% of manufacturers; 31% of service companies; 35% of young companies under 5 years old; 46% of companies over 10 years old; and 41% of all small companies serving that market.
- Nearly 6% of all types and ages of small firms already export into Eastern Europe.
- Companies under 5 years old and service sector companies are the most likely to have taken no measures to prepare for 1992 - 55% and 50% respectively.
- Attending seminars was overall the most popular method of preparation for 1992, with manufacturing companies and companies over 10 years old being even more likely to have done so.
- Forming a joint venture was the second most popular measure, adopted by one in seven respondents. Nearly a fifth of companies under 10 years favoured this route, almost the same number as attended seminars.

- French and German are the most popular languages for both bosses and their employees to speak. However, in firms under 5 years old the boss is as likely to speak an East European language as he is to speak Spanish.
- The National Press was ranked as doing the most to keep small firms informed about opportunities in 1992 and Chambers of Commerce the least.
- France was seen by most small firms as where their business opportunities were most likely to be found. West Germany came next, followed by Holland, Belgium, Spain, Italy and Ireland. Portugal, Eastern Europe and Greece lagged well behind.
- West Germany was viewed by most companies surveyed as having the most to gain from 1992. France came next, followed by Spain and the UK. Italy was only viewed as having the most to gain by 2.5% of respondents. The UK was seen by manufacturing companies as on balance having the least to gain from 1992.
- West Germany was viewed as being the best prepared for 1992, followed by France, Italy, the UK and finally Spain.
- Fifty per cent of manufacturing companies felt that 1992 would be of benefit to them. Only 11% saw it as a threat and 39% felt it would make no difference.
- Younger companies under five years old were generally substantially more likely to see 1992 as a benefit and less likely to see it as a threat, than older companies.

Chart 1 Business Sector

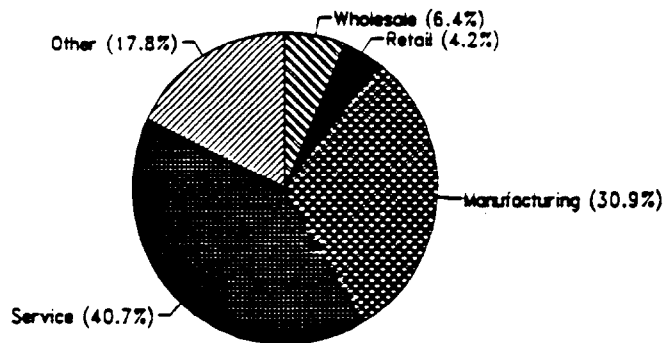


Chart 3 Number of Employees

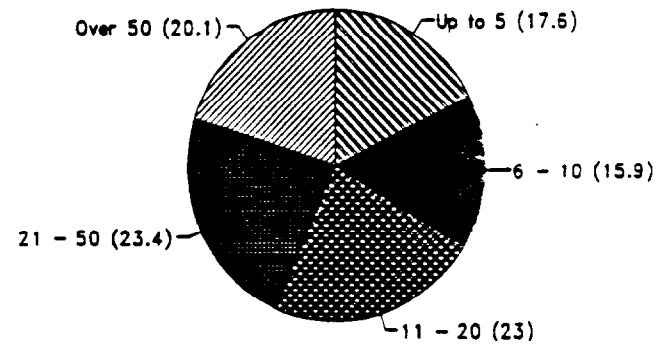


Chart 2 Age of Business

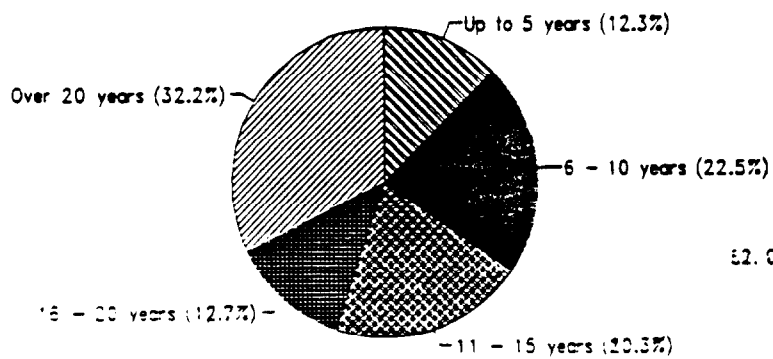


Chart 4 Last years Turnover

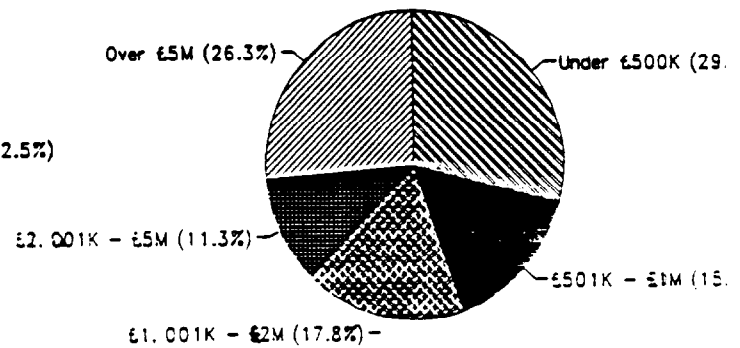
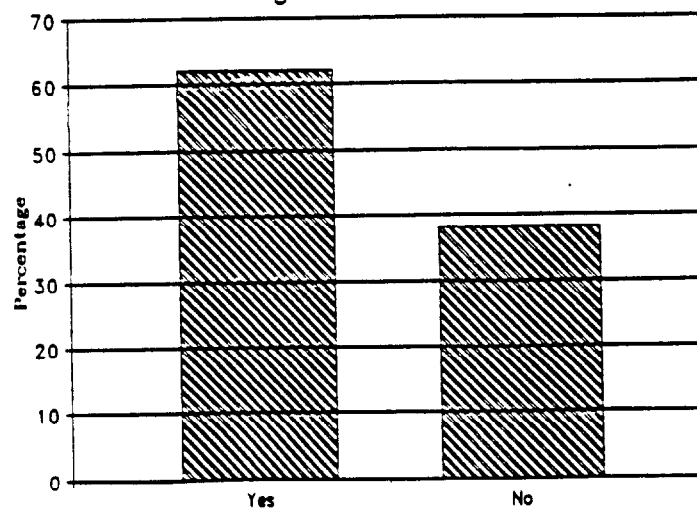


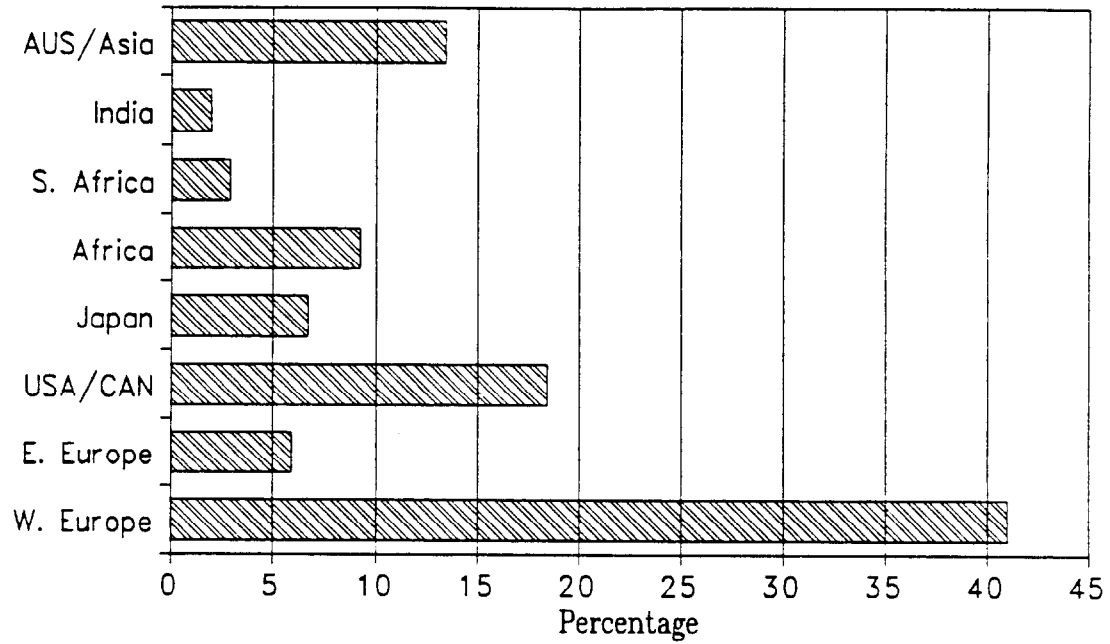
Chart 5 Significant Growth Plans



2. THE RESPONSE

Two hundred and forty two businesses completed and returned the questionnaires. The responses represented a satisfactory spread by age of business, number of employees and turnover bands. For business sectors, manufacturing and service industries represented nearly 72% of the sample, and the reports comments are confined to those sectors. The full 214 cross tabulations are available for those who want to look in more detail at other sectors or other ways of analysing the data. Contact the author for details. Nearly two thirds of the firms in the sample had plans for significant growth over the next twelve months.

Chart 6 Current Export Markets for
Small Firms



3. CURRENT EXPORT MARKETS FOR SMALL FIRMS

Over half of all small firms already export, mostly into Europe, but many export much further afield. The majority of those who do currently export, sell under 20% of goods and services overseas, but nearly 5% export over 50% of their output.

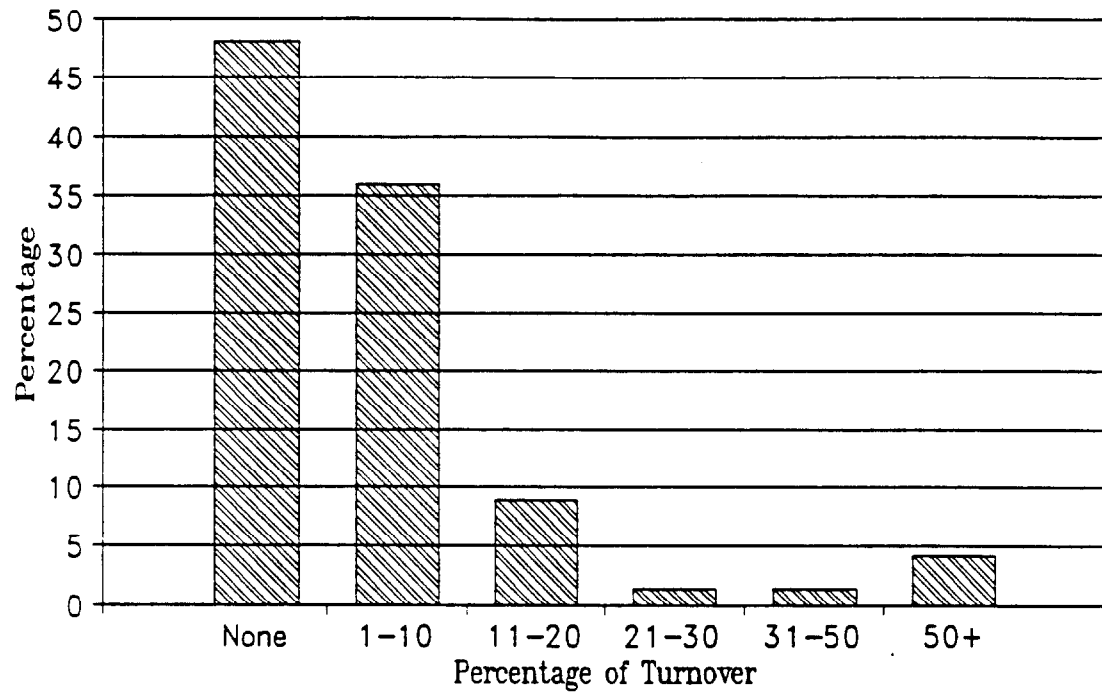
Some companies such as J. Hudson and Company (Whistles), a Birmingham company, have been exporting since the 1930s when a manager with a yen to travel and a gift for languages signed up agents around the world. The 130 year old manufacturer of whistles, bird calls and musical accessories now exports 80 per cent of its £1.5M turnover to 80 countries.

But this impressive export record was no reason for complacency. "We can see patterns of trade shifting in 1992", comments Simon Topman, sales director. "We have to strengthen our base in Europe to make sure there are no markets where we are under-performing".

Businesses were asked into which markets they currently exported:

- Western Europe was the most popular market.
- North America/Canada and Australia/Asia were the next two most popular export destinations for UK Small Firms.
- Africa and Japan were exported to by fewer than 10% of UK small firms.
- The Indian sub-continent and South Africa drew the smallest amount of exporters
- Nearly 6% of small firms already export to the Eastern Block.

Chart 7 Proportion of Present
Turnover Exported

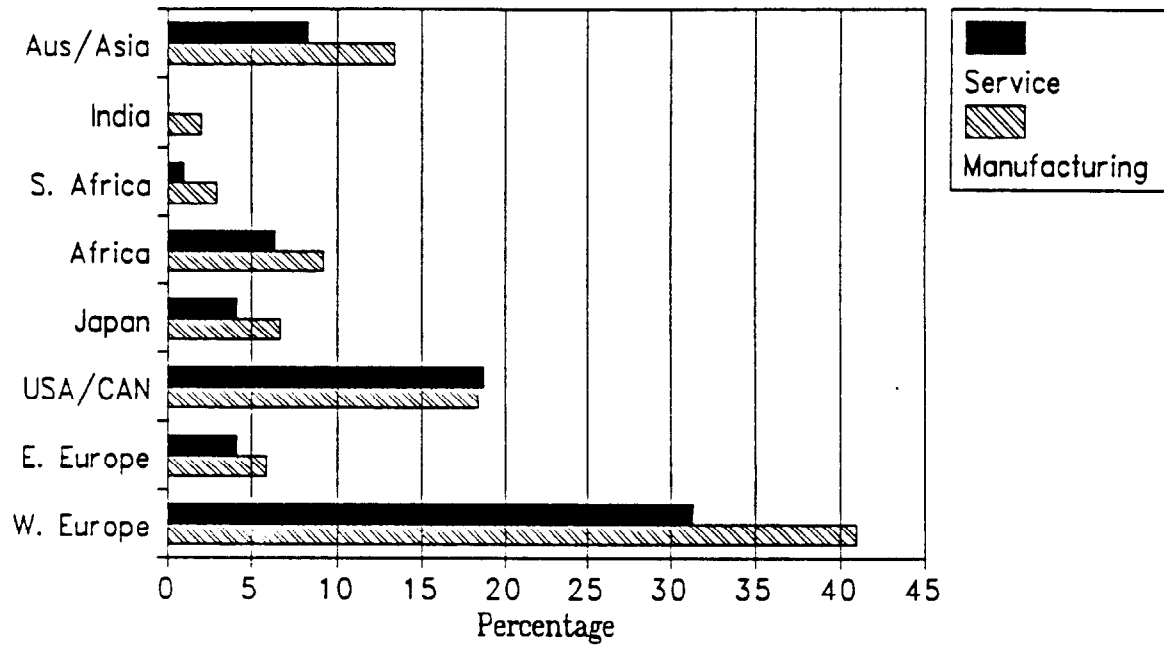


PROPORTION OF PRESENT TURNOVER EXPORTED

Businesses were then asked how much of their overall turnover went into export markets.

- Over 50% of small firms export some of their goods and services.
- Just over a third of small firms export under 10% of turnover.
- Nearly a tenth of small firms export between 11 and 20% of turnover.
- Nearly 6% of small firms export over 31% of turnover

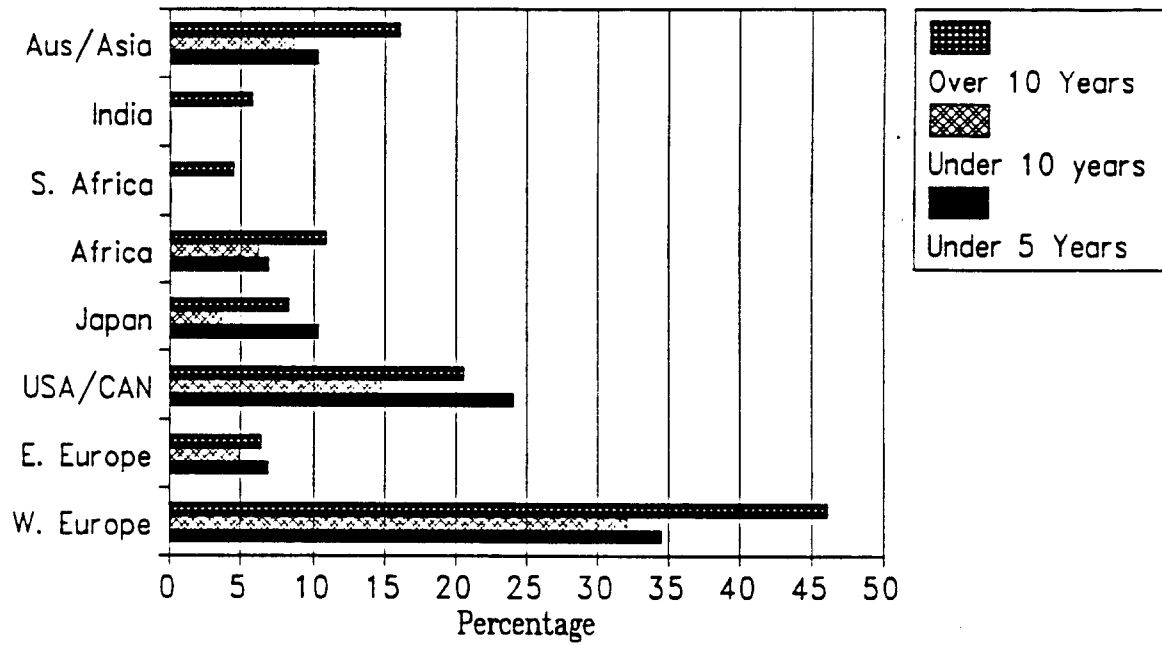
Chart 8 Countries Exported to
By Business Sector



CURRENT EXPORTS - BY BUSINESS SECTOR

- Over 30% more small manufacturing firms export, than do service companies.
- Western Europe is the largest current export market for both small manufacturers and small service companies.
- This is followed in importance by North America and Canada.
- Over a fifth of small manufacturing companies export to Australia/Asia and it's their third most important market for service exports.
- Nearly 10% of small UK manufacturing companies currently export to Eastern Europe.
- Unsurprisingly no small firms export services to the Indian Sub-Continent.

Chart 9 Countries Exported to
By Business Sector



COUNTRIES EXPORTED TO - BY AGE OF BUSINESS

Respondents were compared by Age of Business to see if there were any differences in the countries to which they currently exported.

- Western Europe was the most popular export destination for all ages of small UK firms.
- Firms under 10 years old were generally less likely to export into markets covered by the survey, than were firms over 10 years old.
- However, very young firms under five years old were more likely to export into Eastern Europe, North America and Japan, than were older firms.
- No firms under 10 years old exported to either S. Africa or the Indian Sub-Continent.

4. PREPARATION FOR 1992

Most small firms have taken some measures to prepare for 1992. This was particularly evident in the manufacturing sector where nearly 70% of small firms had taken some measures to ready themselves for the single market.

The most popular method of preparation is by attending a seminar. This is not too surprising as it is a relatively inexpensive and simple step to take, and seminars on the subject abound. The Confederation of British Industry alone mounted 130 seminars around the country and plans further up-dated programmes on aspects of marketing, distribution and training.

The second most popular method of preparation is by forming a joint venture. Nearly one in seven small firms in the Cranfield study claim to have done so. Graham Bannock's study, mentioned earlier indicated that almost 29% of small companies had held discussions on joint ventures or partnerships.

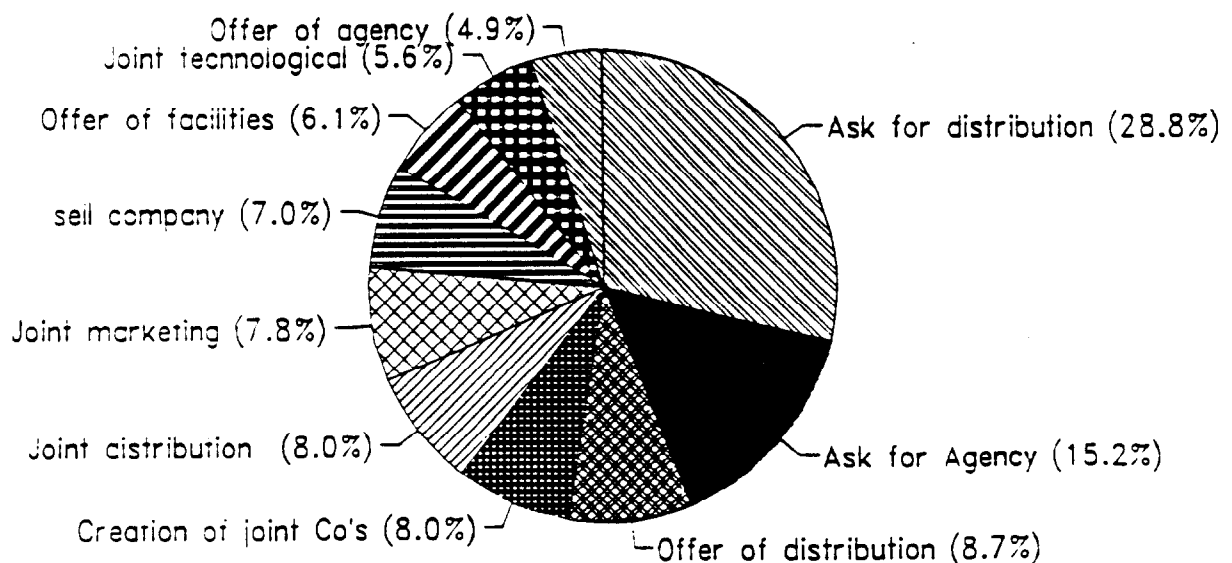
One such example is Brighton based Epic International Media, a company engaged in interactive computer based training. They have a UK turnover of £700,000 and a workforce of 14. They have formed a European Interest Grouping (EEIG) with Lang Learning Systems of Brussels and Mentor Consultants of Dublin. An EEIG is a legal formula which allows companies from more than one community country to establish a joint business venture. The grouping is intended to be a simpler and more flexible way of setting up joint ventures and to avoid the need for the partners to choose a particular set of national laws - likely to be unfamiliar to at least one of them - to govern relations between them. The partners are not obliged to contribute capital to the company and there is no requirement either for formal meetings of members or the filing of annual reports or accounts. The EEIG itself pays no taxes; profits are shared among the partners and taxed in their hands. A drawback is the absence of limited liability.

Kramer Westfield, turnover £1M per annum, a Camberley based high tech recruitment consultancy is also in a tripartite EEIG, and this movement is steadily growing.

An example of a different type of joint venture is VSW Scientific Instruments, a Manchester-based company with sales of £5M and 100 employees. They are negotiating a cooperation agreement with Sofie Instruments, a company in Essome, South of Paris which makes a complementary range of equipment. VSW, which makes instruments for analysing surfaces, wants to start by distributing Sofie's products in Britain and Scandinavia, where it has a sales subsidiary, but is also interested in collaborating on the development of new products. The proposed union between these two companies was prompted by an initiative organised by the Essome Departmental Economic Development Board.

The European Commission's Business Cooperation Network is the largest player in the joint venture field. In the two years to June 1990 more than 22,000 small and medium sized firms approached them for help. (See Chart 10 below)

Chart 10 Most popular forms of links



The network consists of 460 advisers - private consultants, chambers of commerce, development authorities - throughout the community who log their client's business profile with a central computer for matching with potential partners. Computer matching can be notoriously hit and miss and the commission has not yet started to monitor success rates but it estimates that several hundred businesses have found partners.

Joint Ventures are also becoming popular in Eastern Europe. In the first half of 1989, Hungary more than doubled the number of joint ventures registered compared with the period between 1974 (when the first joint venture law was passed) and 1988. Poland too saw a sharp increase in joint venture activity with investments in new ventures reaching £900M by the end of 1989.

One of the most obvious areas offering Western investors good opportunities is that of tourism. Improved facilities, ranging from entertainment to hotel rooms are needed. There are also projects aimed at improving transport, particularly expanding and improving road and air transport. Many of the state air carriers, including the Soviet Union's Aero-flot, are looking for Western partners and are losing their monopoly positions.

Health care is a priority sector for most governments, and Western investments in new medical facilities, including hospitals and clinics, is welcomed, as well as facilities for producing more and better drugs and items such as disposable syringes and gloves, monitoring equipment and other goods.

Detailed market research is a less significant method of preparing for 1992 than could have been hoped for. Nevertheless, some small firms were particularly active.

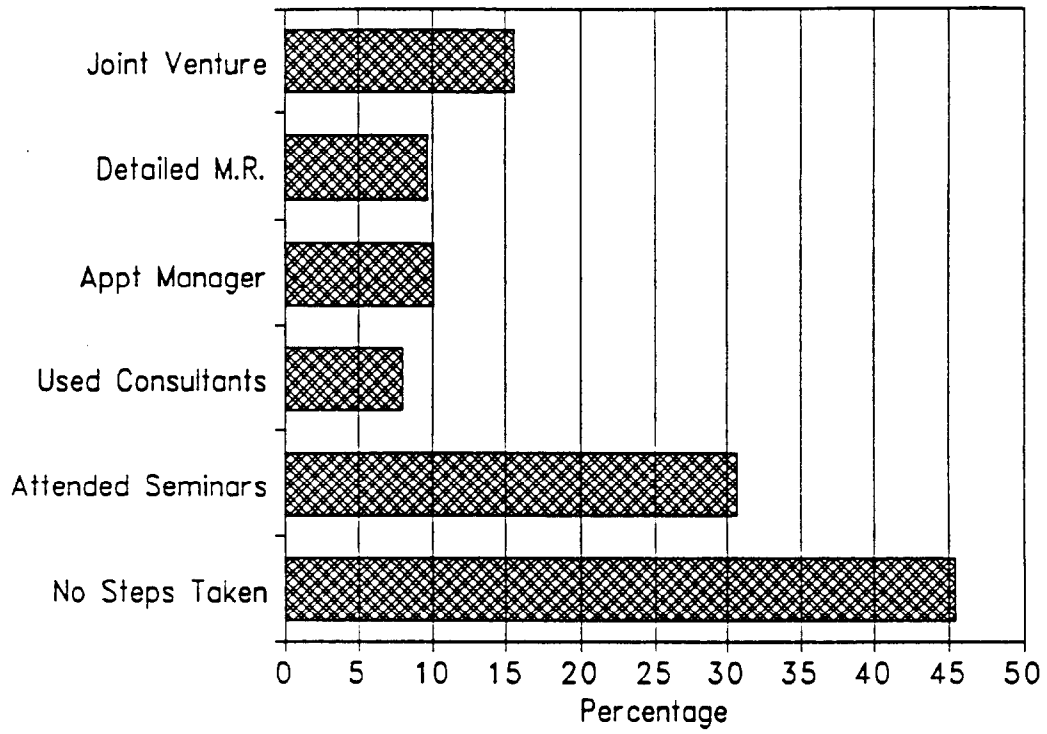
Take for example: Derwent Valley Food, a smallish British company, founded in 1982 among the ashes of a redundant steelworks to make expensive cocktail snacks

under the brandname, Phileas Fogg. Already, with just £400,000 in exports out of sales of £17M, it has developed a pan-European marketing strategy, based upon some careful market research.

Their European marketing study precisely echoed the consensus that is gradually emerging about the European consumer market in the mid-1990s. Derwent found that lifestyles across Europe were converging, but that tastes were not. In other words, the concept behind a product is increasingly likely to be valid Europe-wide. But the precise taste or look of a product has to be adapted carefully to each national market.

Derwent found transport costs were low enough, even for bulky products like crisps, to make centralised production competitive right across Europe. It found that patterns of distribution and retailing remained specific to each country, and that local knowledge of them was essential. It found that languages were essential, too, both for the packaging of products and for the people who would be selling them.

Chart 11 Preparation for 1992

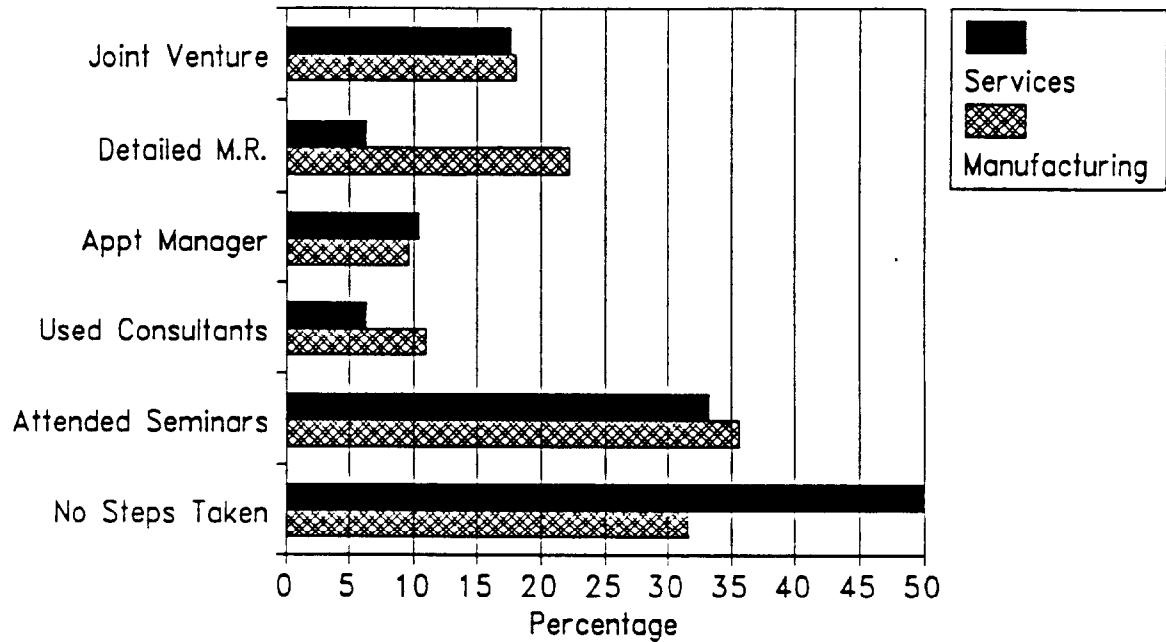


PREPARATION FOR 1992 - STEPS TAKEN

Businesses were asked what steps they had taken to prepare for 1992.

- Very nearly half of all small firms had taken no measures to prepare for 1992.
- Of those who had taken steps to prepare, attending seminars was by far and away the most popular action.
- The next most popular measure was forming a joint venture, which around one in seven small firms claim to have done.
- Only one in ten had either conducted detailed market research, or appointed/designated a manager to oversee preparations for 1992.
- Employing a consultant was the least likely step for small firms to have taken in preparing for 1992.

Chart 12 Preparation for 1992 by
Business Sector

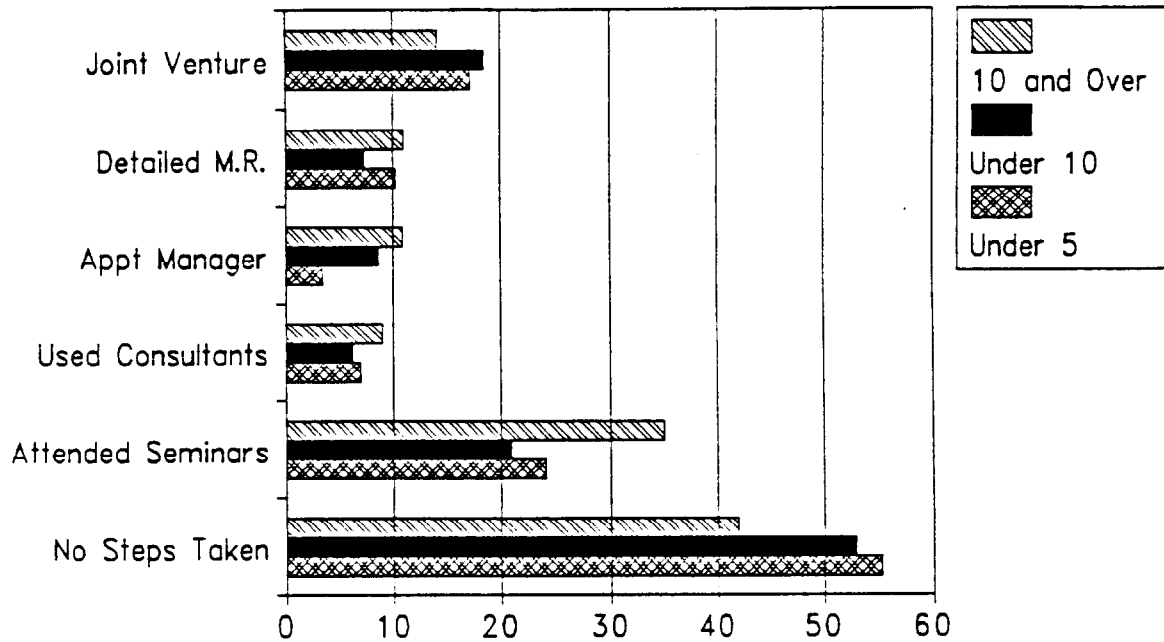


PREPARATION FOR 1992 - BY BUSINESS SECTOR

Respondents were compared by business sector, to see if there were any differences in the way in which they prepared for 1992.

- Half of all service companies had taken no measures to prepare for 1992.
- Nearly 70% of manufacturing companies have taken some measures to prepare for 1992.
- Manufacturing companies were nearly twice as likely to have employed consultants to advise them on 1992, as were service companies.
- Manufacturing companies were over three times as likely to have conducted detailed market research as were service companies.
- There was little difference in the proportion of manufacturers and service companies who had either appointed/designated a manager or formed a joint venture.

Chart 13 Preparation for 1992 by Age of Company



PREPARATION FOR 1992 - BY AGE OF COMPANY

Respondents were compared by Age of Company to see if there were any differences in the way in which they prepared for 1992.

- Generally the younger a company was the more likely it had taken no steps to prepare for 1992.
- Generally companies over 10 years old were more likely to have attended seminars, employed consultants, or appointed a manager to oversee 1992, than were younger companies.
- Companies under 10 years old were much more likely to have formed a joint venture in preparation for 1992, than were companies over 10 years old.

5. FOREIGN LANGUAGES SPOKEN

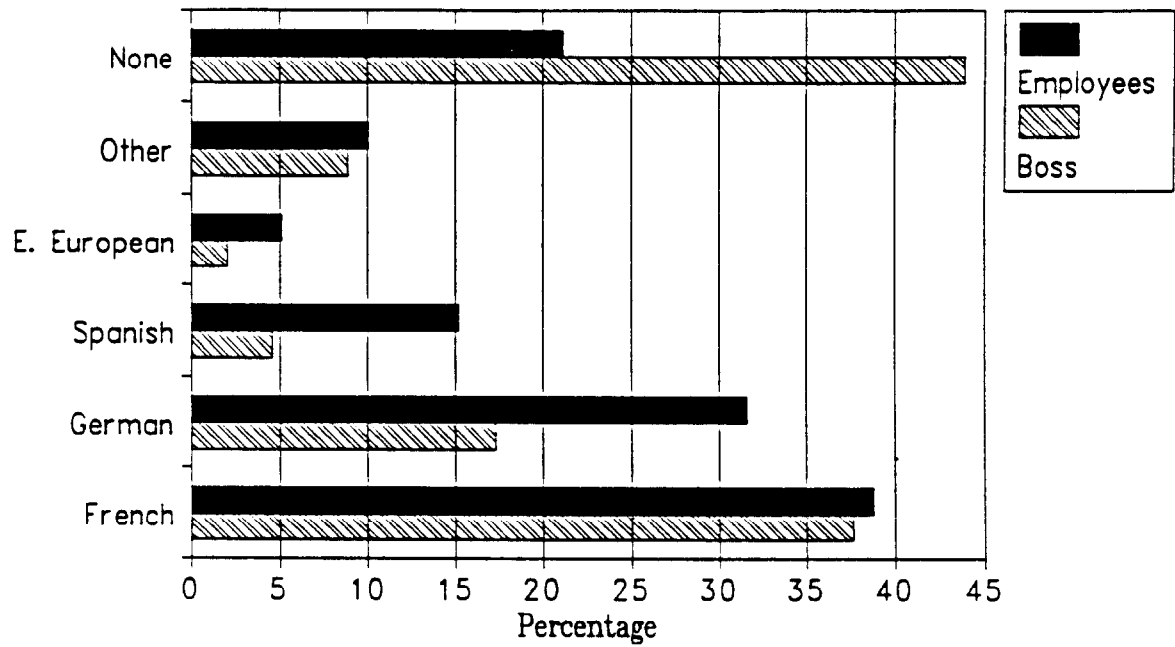
One of the most hopeful indicators of the state of readiness of small firms was the surprising level of linguistic ability contained in them. Nearly 80% of firms in the survey had at least one employee who spoke a foreign language and 56% of small firms bosses spoke at least one foreign language themselves.

Take Twinstar Chemicals for example, a firm employing just 18 staff which is more than convinced about the necessity of foreign languages among its staff. Stuart Behn, director, said, "since attack is the best form of defence, we are actively working towards increasing our penetration in the prime markets of West Germany, France and Italy. This will "spread" the risk and reduce our dependence on the local market.

"Twinstar's policy is that all directors and senior executives should speak either French, German or Spanish at the very least. Moreover, all other employees should have the opportunity to acquire oral and/or written skills. When they have achieved independently-assessed standards, they will be paid more".

Deltacam, a Birmingham-based supplier of computer-aided design and manufacturing systems, has signed up 10 of its technical engineers for a German course as part of its sales push into Germany. At the same time the company, with sales of £6M and a workforce of 90, has hired a Portuguese-born sales engineer who also speaks Spanish and French to increase business in southern Europe.

Chart 14 Languages Spoken in the Business

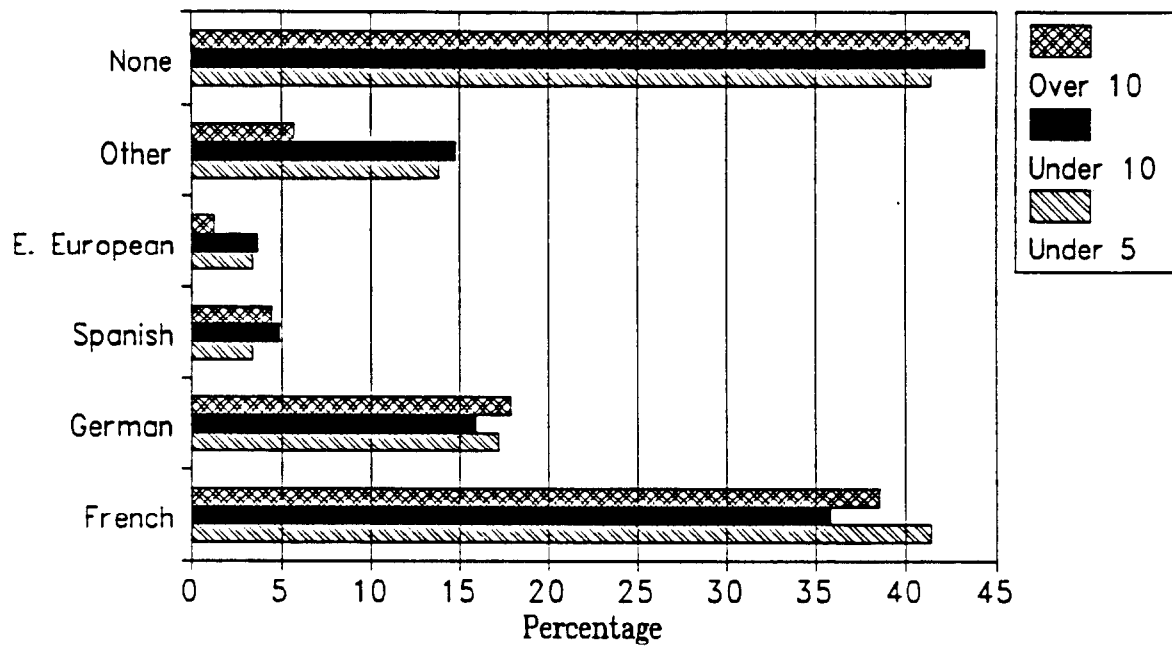


LANGUAGES SPOKEN - IN THE BUSINESS

Businesses were asked what foreign languages were spoken in their company, by both the boss and an employee.

- At least one foreign language is spoken by an employee in nearly 80% of the small firms surveyed.
- Over 56% of bosses of small firms speak a foreign language.
- French is spoken by over a third of small firm bosses and by at least one employee in over a third of small firms.
- German is spoken by just under a fifth of bosses and by one employee in around a third of small firms.
- Less than 5% of small firms employ anyone who speaks an East European language.

Chart 15 Languages Spoken by the Boss
by Age of Company



LANGUAGES SPOKEN - BY THE BOSS BY AGE OF COMPANY

Respondents were compared by Age of Business to see if there was any difference in their linguistic abilities. It was assumed that there is a tenuous link between the age of the business and the age of the boss.

- Generally firms under five years old were slightly less likely to be run by someone with no foreign languages, than was the experience in older firms.
- Bosses of firms under ten years old were twice as likely to speak an Eastern European language as were their counterparts in firms over 10 years old.
- Bosses of firms under ten years old were 3 times as likely than their counterparts in older firms to speak a foreign language other than French, German or Spanish.
- Bosses of firms under ten years old were almost equally as likely to speak French, German or Spanish as their counterparts in older firms.

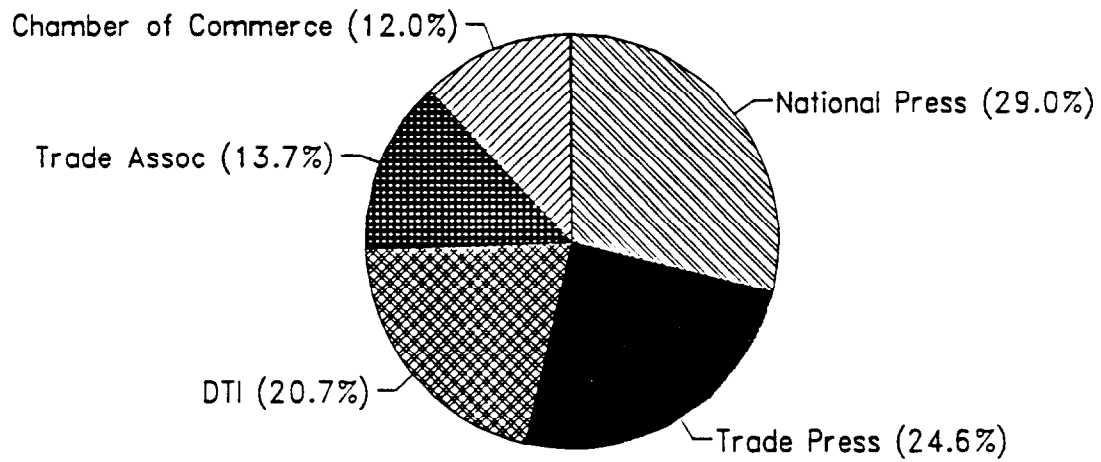
6. INFORMATION SOURCES FOR 1992

Agencies, ranging from embassies and government departments to small consultancies, are competing to provide advice, background information and practical help. Britain's Department of Trade and Industry is offering a range of marketing services. These include liaising with British embassies in appropriate countries, assessing companies for partnerships, linking them with organisations, helping with trade exhibitions, and, sometimes, providing financial support for companies making their first move into exporting.

Meanwhile, an export advisory service, run by the Association of British Chambers of Commerce, now has 33 advisers in 20 offices round the country. The service, backed by £2.25M of government funding, is orientated locally and delivered by seasoned businessmen. Where necessary, they will even accompany clients to Europe.

Despite this vigorous activity Chambers of Commerce are ranked in this survey as being the least useful source of information on 1992. The Press, National and Trade were seen as being far and away the most valuable provider of information on the single market.

Chart 16 %age Ranking Info Source
in 1st or 2nd Position



PERCENTAGE RANKING INFORMATION SOURCE IN FIRST OR SECOND POSITION

Businesses were asked to rank who was doing the most to keep them informed about opportunities in Europe in 1992.

- The National Press was ranked as either doing the most or nearly the most to keep small businesses informed about 1992, by almost 60% of respondents.
- The Trade Press was a close runner up.
- The Department of Trade and Industry was ranked third, a performance that was slightly marred by 36% of respondents ranked them as doing the least to keep small firms informed of 1992 opportunities.
- Trade Associations and Chambers of Commerce were ranked highly as an information source, by the smallest number of respondents.

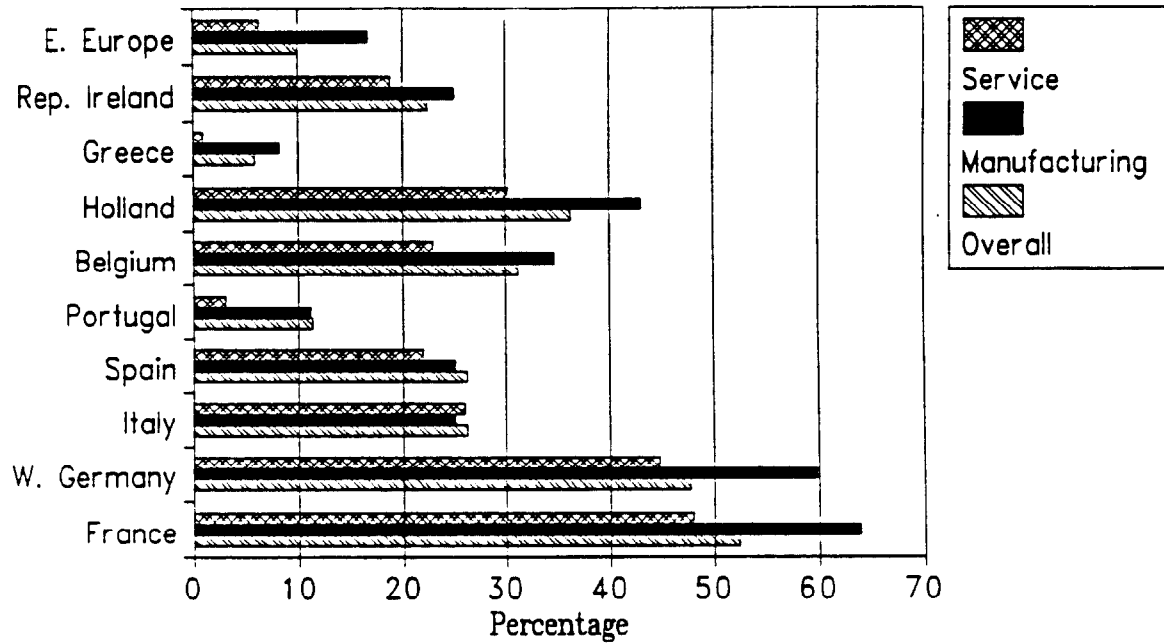
7. WHERE ARE THE BUSINESS OPPORTUNITIES TO BE FOUND?

Generally the small firms in the survey saw more opportunities for them in France than in Germany or indeed any other European market. This must be seen as something of a surprise given the likely effect the re-unification of Germany is going to have on the relative size of that economy. Additionally, a recent MORI survey conducted for Epsom, the Japanese computer and printer maker, had as one of its conclusions: "The British think the French are volatile and difficult to do business with and 49% think the French dislike us". Admittedly, this was a survey of the views of senior businessmen in large companies and not of entrepreneurs in small ones.

The most positive interpretation that can be made for small firms view of France as being the most likely to hold business opportunities, is that they are looking in the market where their language skills are strongest.

Small firms in the survey ranked Germany and Holland as areas of greatest opportunity after France. Britain has a trade deficit with these countries of £6,330M, £2,270M and £1,168M respectively, our three largest deficits in Europe, so anything that small firms can do to reverse that trend has to be welcome.

Chart 17 Where the Business Opportunities are for UK Small Firms



WHERE THE BUSINESS OPPORTUNITIES ARE FOR SMALL UK FIRMS

Businesses were asked in which European countries they expected to find business opportunities.

- Overall about half of all small firms saw business opportunities being most likely to occur for them in France and Germany.
- Between a quarter and a third saw opportunities developing in Italy, Spain, Belgium and Holland.
- Greece was the market seen as least likely to produce business opportunities for small UK firms, followed by Eastern Europe and Portugal.
- Manufacturing Companies were generally more optimistic than service companies about business opportunities in all of these markets, with the marginal exception of Italy, where more service sector companies saw opportunities.
- Service companies were least optimistic about business opportunities in Portugal, Eastern Europe and Greece, where only 1% felt there were any possibilities of doing business.

8. WHO HAS THE MOST/LEAST TO GAIN FROM 1992

West Germany was the only country to be consistently viewed by most small businesses as having the most to gain and the least to lose from 1992. This corresponds very much with the Economist's review of 1992 winners and losers, published in June 1990 (see Chart below), and the world competitiveness report published by the International Institute for Management Development and the World Economic Forum. This latter study ranked Germany first out of 34 countries in terms of competitive strengths and weaknesses.

CHART 18:

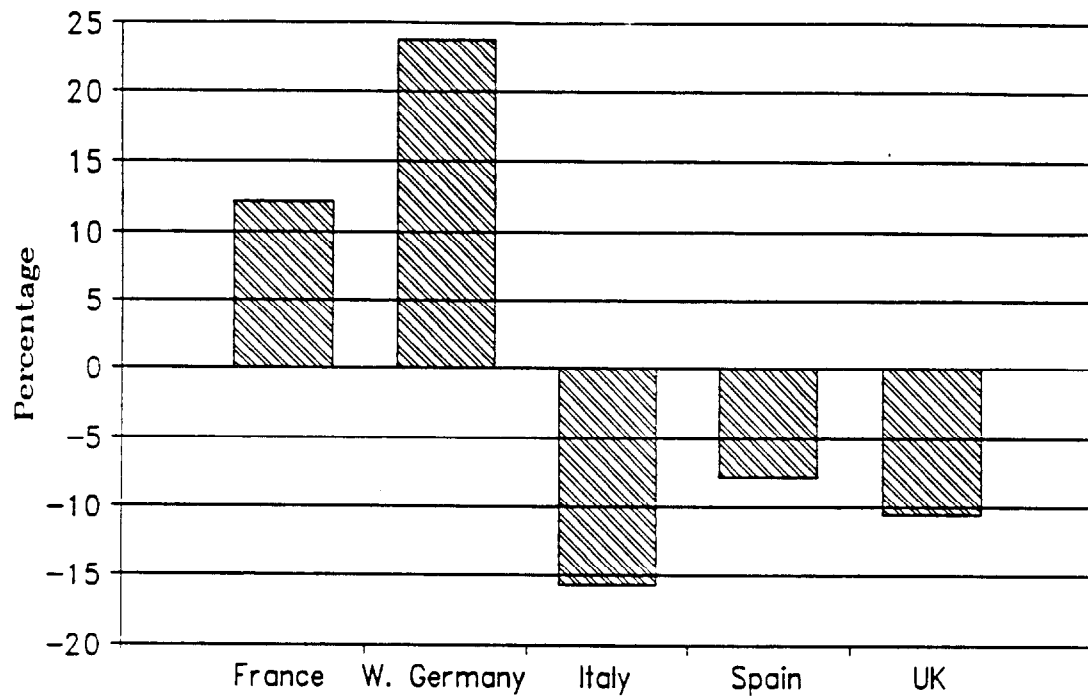
Countries with the most to gain from 1992

Country	Ranking in Cranfield Study	Economist Analysis*
West Germany	1	1
France	2	8
Spain	3	14
Italy	4	9
United Kingdom	5	13

*** The Economist Analysis contained 14 countries in all**

This survey departs from the Economist's, after France, when the order is completely changed. Spain is ranked third in the Cranfield study and last in the Economist Analysis. It could just be that small firms have a different view of Europe from that held by larger firms.

Chart 19 Overall who has the most/least to Gain from 1992

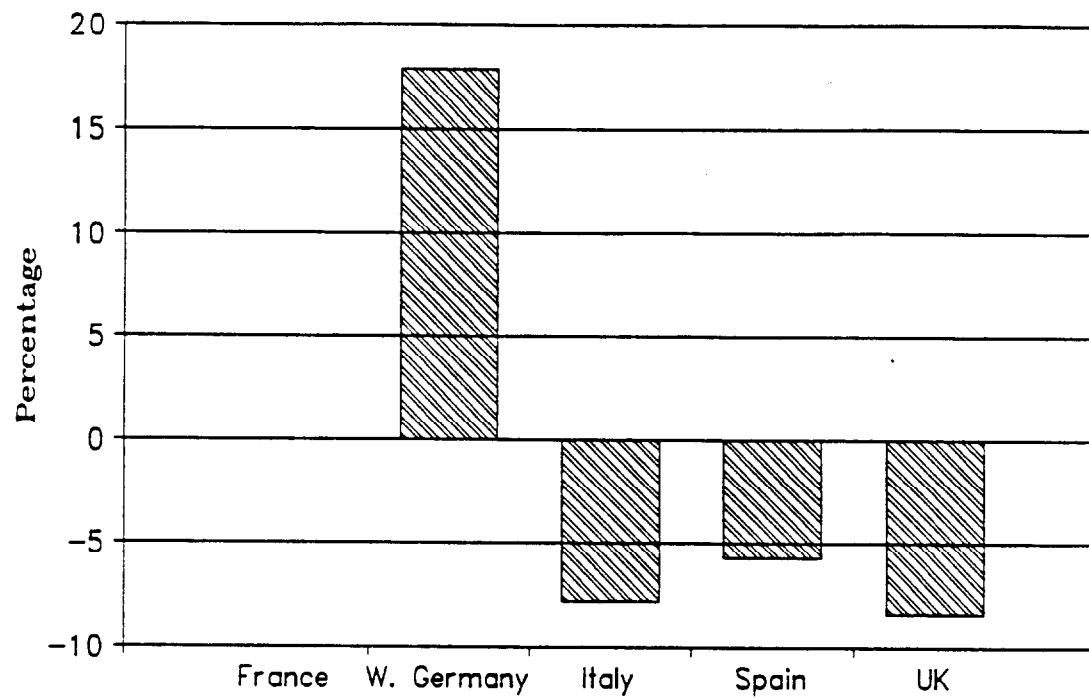


OVERALL WHO HAS THE MOST/LEAST TO GAIN FROM 1992

Businesses were asked who, in their opinion had the most and least to gain from 1992.

- West Germany was viewed by 23.7% more people to have the most to gain from 1992, than viewed it as having the least to gain.
- France's balance, using the same criteria was 12.1%
- Spain was viewed by 7.8% more as having least to gain, than viewed it as having the most to gain
- The UK was similarly viewed by 10.5%, the second worst outcome.
- Italy was viewed as having least to gain by 15.7% more than viewed it as having most to gain. In fact only 2.5% of respondents felt it had the most to gain.

Chart 20 Manufacturers' view of who has the Most to Gain or Lose from 1992

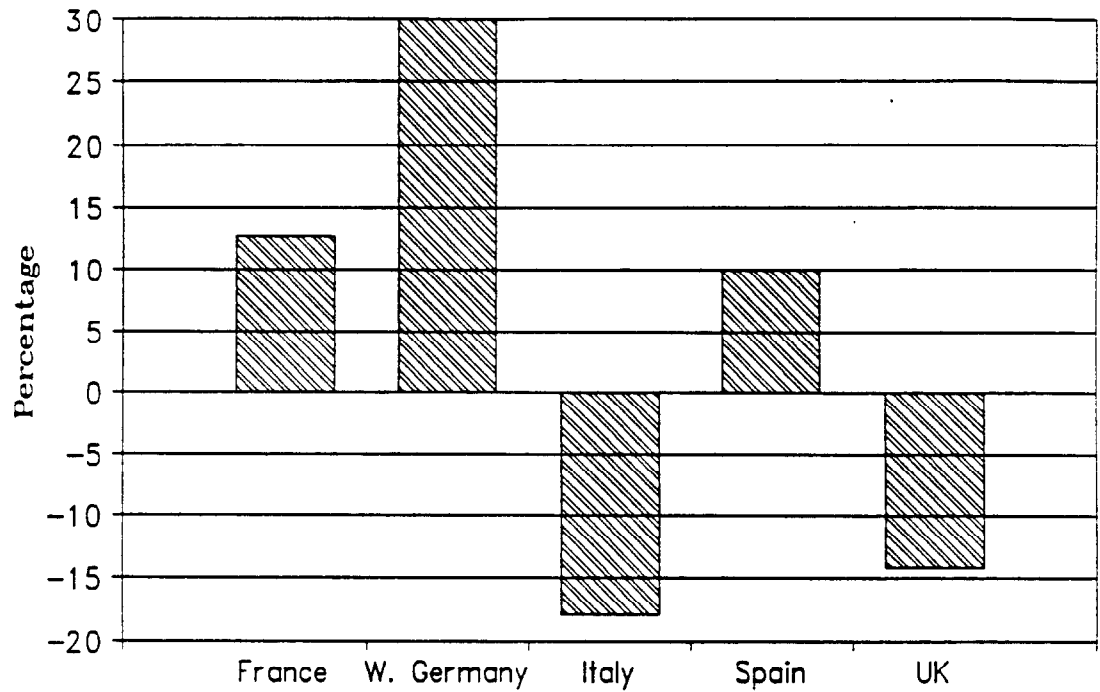


WHO HAS THE MOST AND LEAST TO GAIN FROM 1992 - BY BUSINESS SECTOR

Manufacturers were asked who they felt had the most and least to gain.

- West Germany was seen by UK Small Manufacturing companies to have the most to gain from 1992 by 17.8% more than felt it had the least to gain.
- France was viewed as having the most and least to gain by an equal number of respondents.
- Spain was viewed by 5.7% more as having the least to gain, as viewed it of having the most to gain.
- Italy was similarly viewed by 7.8%.
- The UK was similarly viewed by 8.4%, the worst outcome.

Chart 21 Service companies view of who
Who has the Most to Gain or Lose in '92



**SERVICE COMPANIES VIEW OF WHO HAS THE MOST TO GAIN/LOSE IN
1992**

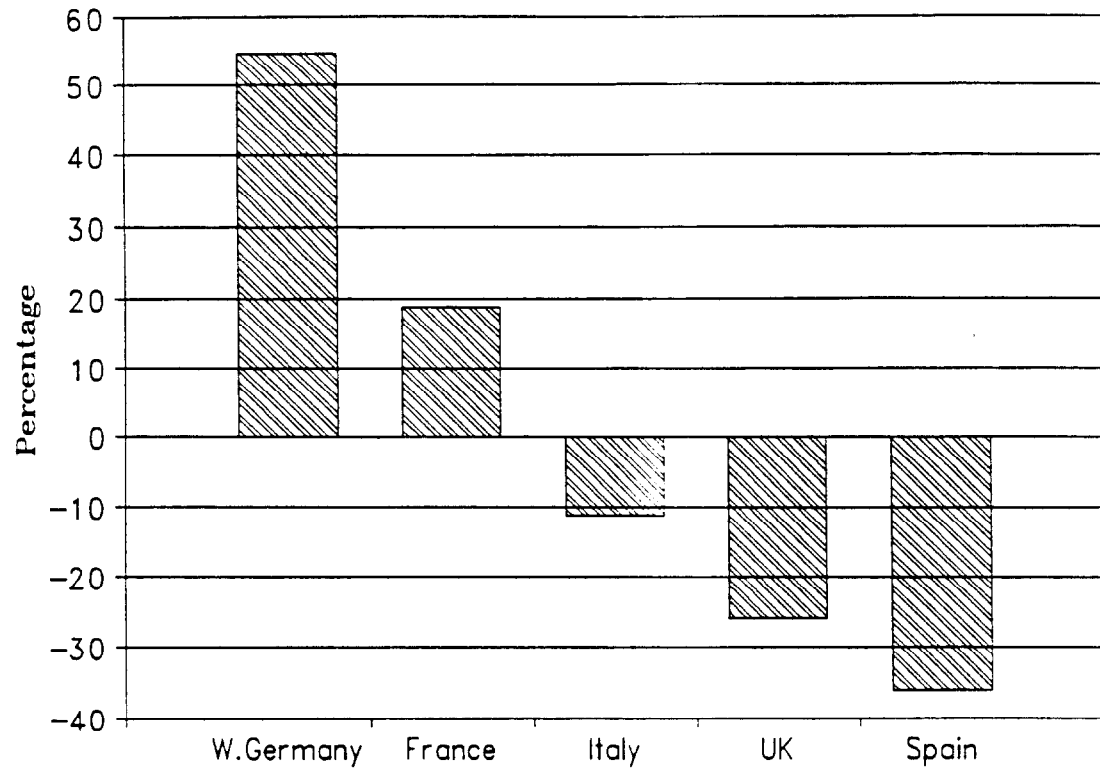
- West Germany was viewed by small service sector companies as having most to gain from 1992 by 30% more than felt it had the least to gain.
- France was so viewed by 12.7%.
- Spain was viewed by 10% more as having the least to gain.
- The UK was viewed by 14.1% more as having the least to gain - the second worst outcome.
- Italy was viewed by 17.8% as having the least to gain.

9. WHICH EUROPEAN COUNTRY IS THE MOST AND LEAST PREPARED FOR 1992?

When it comes to being most prepared for 1992, West Germany came top of the five choices offered in the survey. In the world competitiveness survey mentioned earlier, the UK's best score was for its international orientation, a factor assessing the openness of an economy to the rest of the world, in which it comes third after Japan and Germany. But the UK obtains mediocre ratings for human resources, which include the education system, its socio-political stability and its technological preparation.

In this survey, the small firms questioned generally view the UK to be ill-prepared for 1992. A view shared by big firms in the MORI poll conducted for Epsom in July 1990. Here 57% of those polled felt British companies were less well prepared than their European counterparts.

Chart 22 Overall who is most prepared

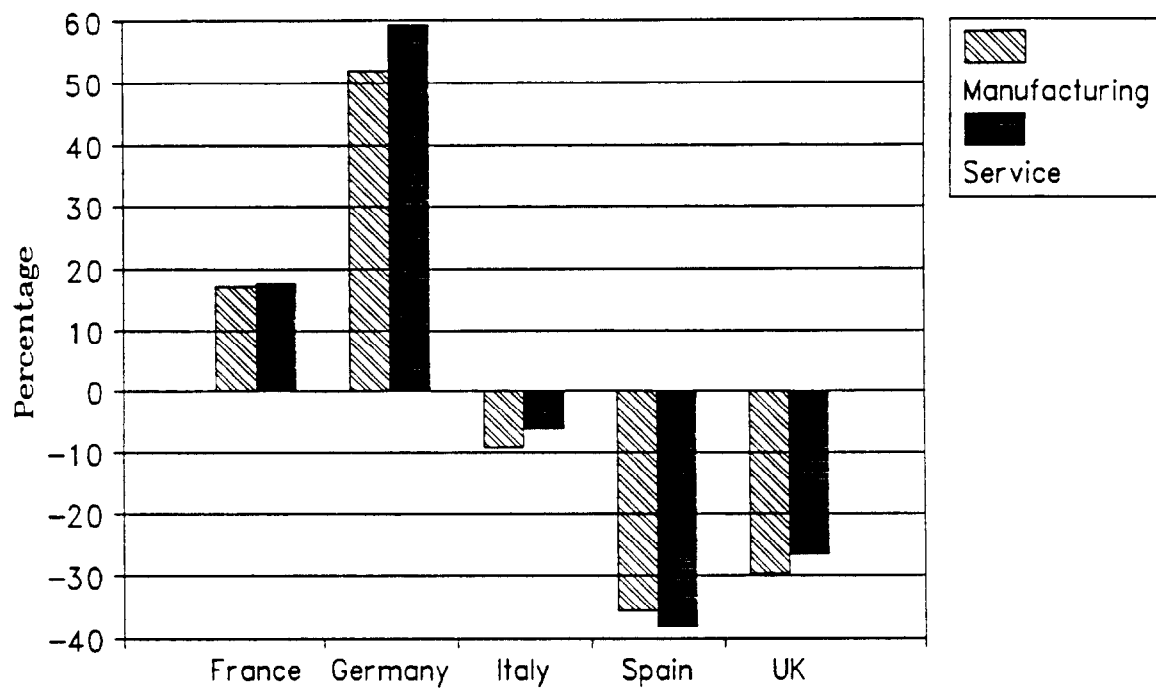


OVERALL WHO IS MOST PREPARED

Businesses were asked who, in their opinion was the most and least prepared for 1992:

- West Germany was considered by most respondents to be the best prepared for 1992.
- France was considered to be the next best prepared major European country, for 1992.
- The UK and Spain were considered by most respondents to be the least prepared for 1992.

Chart 23 Preparedness for 1992 by
Business Sector



PREPAREDNESS FOR 1992 - BY BUSINESS SECTOR

UK small firms in the Manufacturing and Service Sector were asked to say who in their opinion was most and least prepared for 1992.

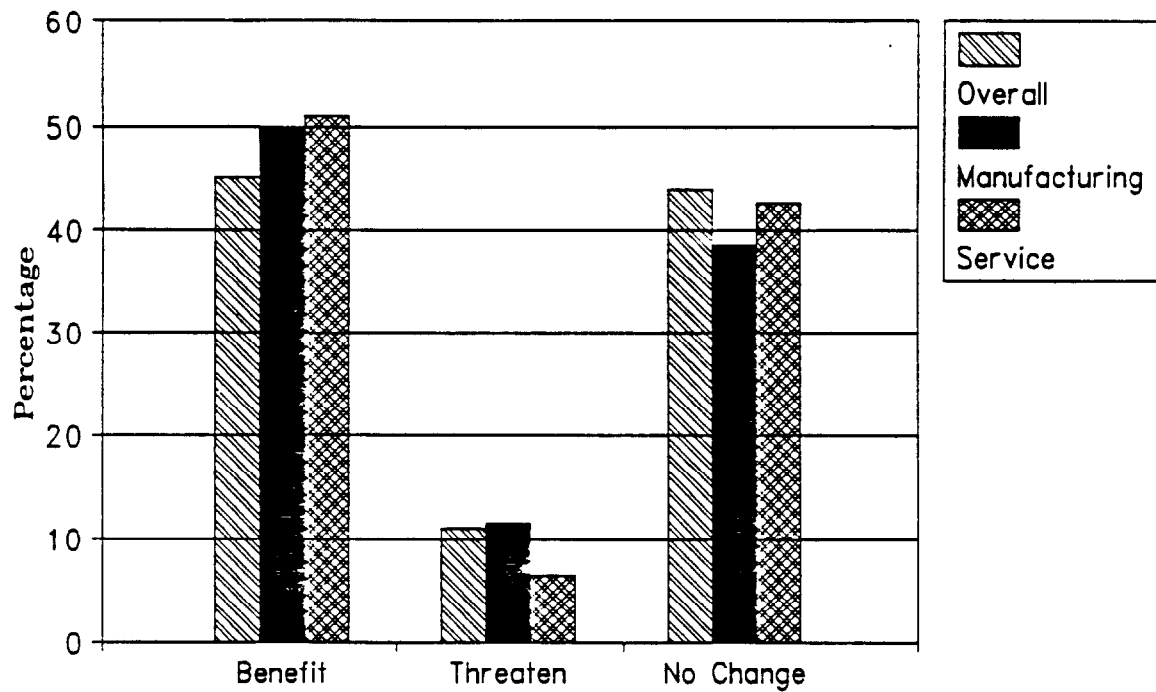
- Both Manufacturing and Service sector companies felt West Germany was the most prepared for 1992.
- France was ranked by both sectors as the second most prepared for 1992, although by a substantially smaller proportion.
- Italy was ranked third best prepared by manufacturing companies and fourth by service sector companies.
- Spain was viewed as the least prepared by service sector respondents and was also not ranked as best prepared by any manufacturing company.
- The UK was ranked as the second least prepared by both manufacturing and service sector companies.

10. HOW WILL THE SINGLE MARKET AFFECT SMALL FIRMS?

An earlier Cranfield study conducted in July 1990 concluded that 50% of small companies saw Britain's role in Europe as being one of the two most important for Britain to manage successfully in the 1990's. This was a little behind the comparable figure for big business (56%) which was given in a survey conducted for the Economist, by MORI a week before the Cranfield poll.

In this study nearly 45% of all respondents felt that the single market would make no difference to them. This is in all probability a rather simplistic view by small businesses, whose appreciation of 1992 is probably largely confined to its potential for export opportunities. The threat of increased domestic competition and the effect of that on margins, is not well understood in the small business sector. A more mature appreciation was probably given by the 300 heads of finance recently surveyed by Peat Marwick McLintock, the accountants and management consultants, Midland Montagu and Gotabanken. Here 62% felt their profits would be squeezed as a result of the creation of a single market.

Chart 24 How Will the Single Market
Affect Your Company

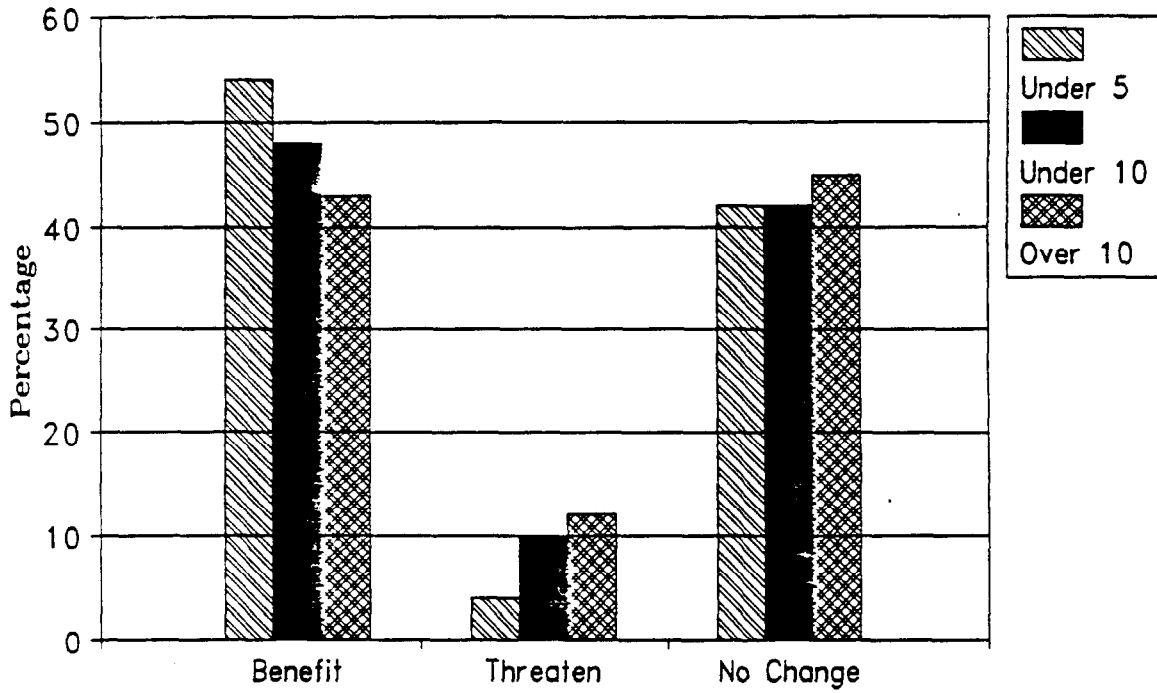


HOW WILL THE SINGLE MARKET AFFECT YOUR COMPANY

Businesses were asked whether they thought the opening of the single market would benefit, threaten or make no difference to their business.

- Slightly less than half of all respondents thought the single market would be a benefit to their company.
- This figure rose to half when manufacturing and service companies were considered separately.
- Substantially more manufacturers than service companies saw the single market as a threat, however the absolute figures were quite low.
- Overall nearly as many people felt the single market would make no difference to their business, as saw it as an opportunity.

Chart 25 How Will the Single Market Affect your Company by Company Age



HOW WILL THE SINGLE MARKET AFFECT YOUR COMPANY - BY COMPANY AGE

Firms of different ages were compared to see their response as to how the single market was likely to affect them.

- The younger the firm the more likely it was to view 1992 as a benefit, and the less likely it was to see it as a threat.
- Irrespective of age a similar and substantial proportion saw the single market as making no difference to their business.
- Firms under five years old were the only ones to have more people see the single market as a benefit, than saw it either as a threat, or making no difference.