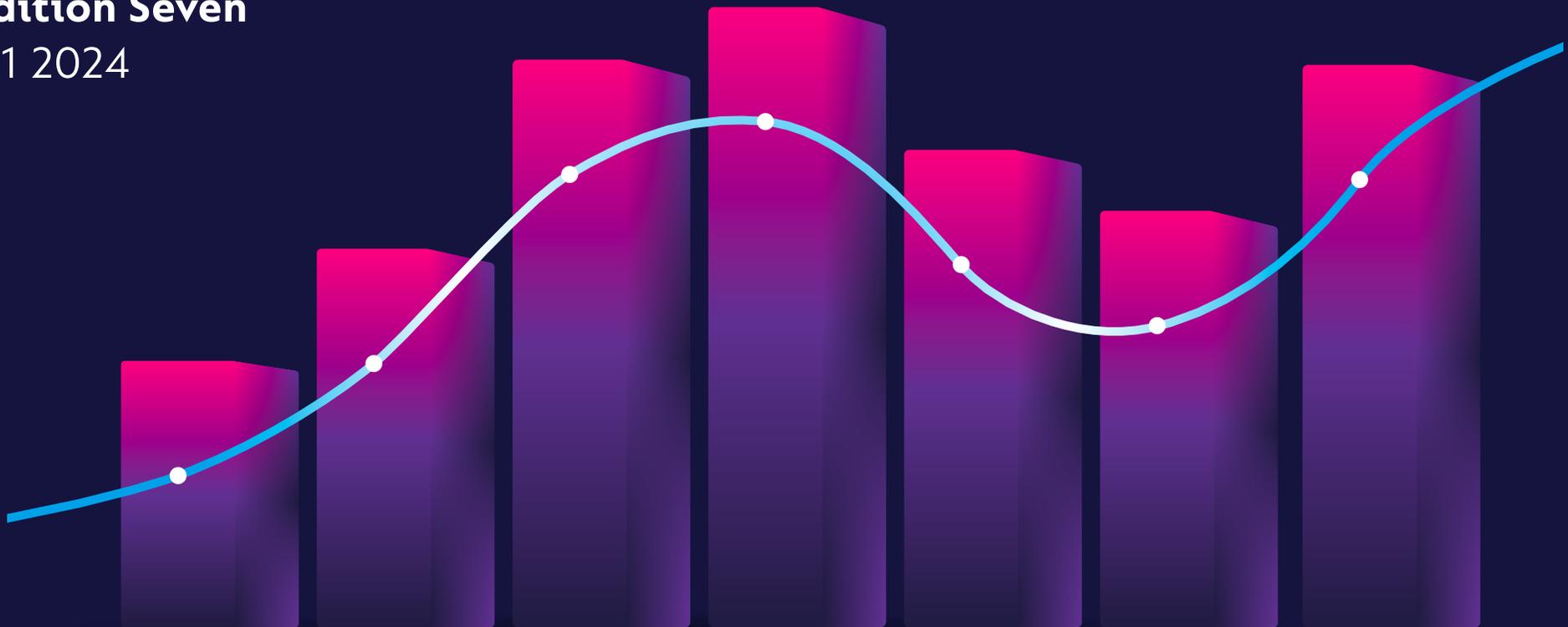


Productive Business Index

Edition Seven
Q1 2024



01 Foreword

Confident and optimistic.

It's been a long time since we associated those two words with our productivity prospects – and yet, despite grappling with some of the strongest economic headwinds of recent times, these are the phrases that emerge from this edition of Be the Business' Productive Business Index (PBI).

Across each of the seven editions of the PBI, which we first published in 2021, I have been left with a real sense of endurance and perseverance from the UK's business leaders, and it finally feels like these efforts are pumping life back into the economy again. As I've already alluded to, the predominant driver is confidence; confidence among business leaders regarding future trading conditions, but also confidence in the capabilities of their businesses. For many of the business capabilities that are measured by the PBI, confidence levels are at the highest levels ever recorded.

It was the Pulitzer Prize-winning author Elizabeth Strout who wrote that there is “no exchange rate for the confidence of youth”. She may as well have been writing about the business leaders aged 18 to 34 surveyed for this edition of the PBI, because it is their confidence and optimism, coupled with their attitudes towards continuous learning and investment in areas known to drive productivity, that is leading the way towards a stronger economy.



There are 5.5 million small businesses in the UK. Each one is owned, founded or led by remarkable business leaders who are emerging from challenges that have left them battered and bruised.

There is still a long way to go to reach our pre-2008 productivity levels, but if the next generation of business leaders can remain bullish in the face of adversity – and, most importantly, inspire their older counterparts to embrace improvement and investment – we could see a significant reduction in the **Confidence-Action Gap**.

In Be the Business' inaugural Manifesto, published in February 2024, we centred our policies (summarised in the conclusion of this report) around the Confidence-Action Gap. This gap – the discrepancy between the confidence of business leaders and their failure to take action to improve – is most evident in the UK compared to our G7 counterparts and it has stalled our economic potential for too long. But in young business leaders, we may have found the accelerant required to start the long journey towards sustained productivity growth.

As productivity experts, Be the Business has spent years establishing what needs to happen to help close the Confidence-Action Gap and address the broader productivity problem. Our extensive research has revealed that the key to closing the gap lies in a shift towards demand-side policies; policies that can mobilise and inspire business leaders to take action to improve productivity. However, this shift in focus to the demand-side can only happen if there is a corresponding mindset shift amongst both business leaders themselves and policymakers.

It is not just a levelling of confidence and action that will overcome demand-side inertia, but something much more intangible: behaviour and attitude. Looking at the younger business leaders, eagerness, enthusiasm, and a drive to do things differently are all evident.

They are attitudinally different from those in the higher age categories, and, encouragingly, have a long-term demand for continuous learning, which is crucial for change. But the younger leaders do not necessarily have the qualities that senior leaders possess: experience, determination and resilience gained from years of economic uncertainty.

There are 5.5 million small businesses in the UK. Each one is owned, founded or led by remarkable business leaders who are emerging from challenges that have left them battered and bruised. Despite this, the data reveals a tentatively positive outlook. If we can encourage British business leaders to embrace both the enthusiasm of the next generation and the experience of those who have gone before, the potential for change is great.

After all, this is the time for optimism and confidence.



Anthony Impey MBE
CEO, Be the Business

The inflationary cycle is slowing



30%

of business leaders feel business conditions will improve in the next three months



38%

predict increased revenues over the next three months - the most positive forecast since the PBI launched in 2021



30%

believe their selling prices will increase over the next three months, down from 39% a year ago

Generation growth



45%

of younger business leaders (18-34 years) say the financial situation of their business improved over the last three months, compared to just **22%** of business leaders aged 55+



50%

of younger business leaders plan to increase their focus on strategic planning during the next year - more than double the number of leaders aged 55+ (**24%**)



50%

of younger leaders plan to increase training and the development of leadership skills in the next 12 months, double the number of leaders aged 55+ (**25%**)

A focus on skills



69%

of business leaders say their business has the skills and talent they need to succeed – the highest level recorded by the PBI



70%

believe their management team has the right blend of management skills



33%

plan to continue upskilling their workforce by increasing training and development activity over the next 12 months

Political stalemate



32%

of business leaders believe their business will be better off under a Labour Government



32%

of business leaders believe their business will be better off under a Conservative Government



25%

think it will make no difference

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03 The approach

Since 2017, Be the Business has studied the productivity puzzle.

The Productive Business Index (PBI) monitors the performance, confidence and capabilities of micro, small- and medium-sized businesses in the UK, which we define as businesses employing between 2 and 250 employees. We understand the drivers of productivity for these businesses better than anyone else.

Our research indicates that five categories of activity influence productivity in a business:

- 1 Management & Leadership:** does the business have good management systems, a plan for its future and a strategy to get there?
- 2 Technology Adoption:** what types of technology are being adopted and does the business have the right skills to get the best out of them?
- 3 Innovation & Ideas:** to what extent does the business develop and bring to market new products, services or ways to reach customers?
- 4 Training, Development & HR:** are there structures in place to motivate, train and manage the performance of employees?
- 5 Operational Efficiency:** are there systems to measure and improve business processes and performance on an ongoing basis?

We track changes over time in these five capability areas to understand what actions SMEs are taking to improve their productivity. The PBI also measures general operating conditions, barriers to growth and expectations for the future.

How the data is analysed and collated to produce the PBI:

- The Business Performance data measures current trading conditions, business confidence, and expectations for the future
- The Business Capabilities data measures current and planned activity in the five areas that drive productivity
- This data is used to produce the **Productive Business Index**.

You can read more about how the PBI is constructed, our data sources and sample sizes in the [methodology section of this report](#).

This is the seventh edition of the Productive Business Index since the series was launched in January 2021. Across the series, we have built comprehensive insights into SME activity. The other editions can be accessed [here](#).

04 The UK's productivity puzzle

UK productivity – the pulse that powers economic growth and prosperity – has flatlined since 2008.

Despite being one of the largest economies in the world, the UK has struggled to achieve any significant productivity growth since 2008:

- From 1974 to 2008, the UK experienced a productivity surge, with an average annual growth rate of 2.3%, but since 2008, this rate of growth slowed significantly and has stayed around 0.5%¹.
- If the rate of productivity per hour worked had continued to grow at the same pace as it did in the 15 years prior to 2007, the UK economy would be approximately £300 billion larger today².
- For the average UK worker, that means their annual wage is £11,000 per year lower than it would be if earlier rates of productivity growth had been maintained³.
- The UK has some of the most productive businesses in the world, yet most UK employees work in firms with below-average productivity⁴.

Low productivity isn't just a problem for business. We feel the effects of this low productivity in our daily lives: wages, living standards and public services are all directly impacted.

Why SMEs are critical to solving the UK's productivity problem

Brexit, the COVID-19 pandemic, the war in Ukraine, and higher interest rates have all contributed to the UK's weak productivity, but they are not the root causes. There has long been evidence that UK SMEs are less productive than their G7 counterparts. Be the Business' [G7 Productive Business Index](#) confirms this⁵.

We found that UK businesses lag behind those from the G7 countries when it comes to improving their capabilities in critical areas such as management and leadership, technology adoption and operational efficiency. UK business leaders are simply not as focused on improving productivity as those in comparable economies.

Why is this important? Enabling SMEs to make small gains in their productivity would have a big impact on economic growth.

¹ Stephen Millard and Issam Samiri, NIESR, [Why is UK productivity low and how can it improve?](#) (26 Sep 2022).

² Giles Wilkies, Institute for Government, [Productivity: firing on all cylinders](#) (3 Aug 2021).

³ Torsten Bell and Charlie McCurdy, Resolution Foundation, [Wages are flatlining](#) (22 Mar 2022), p5.

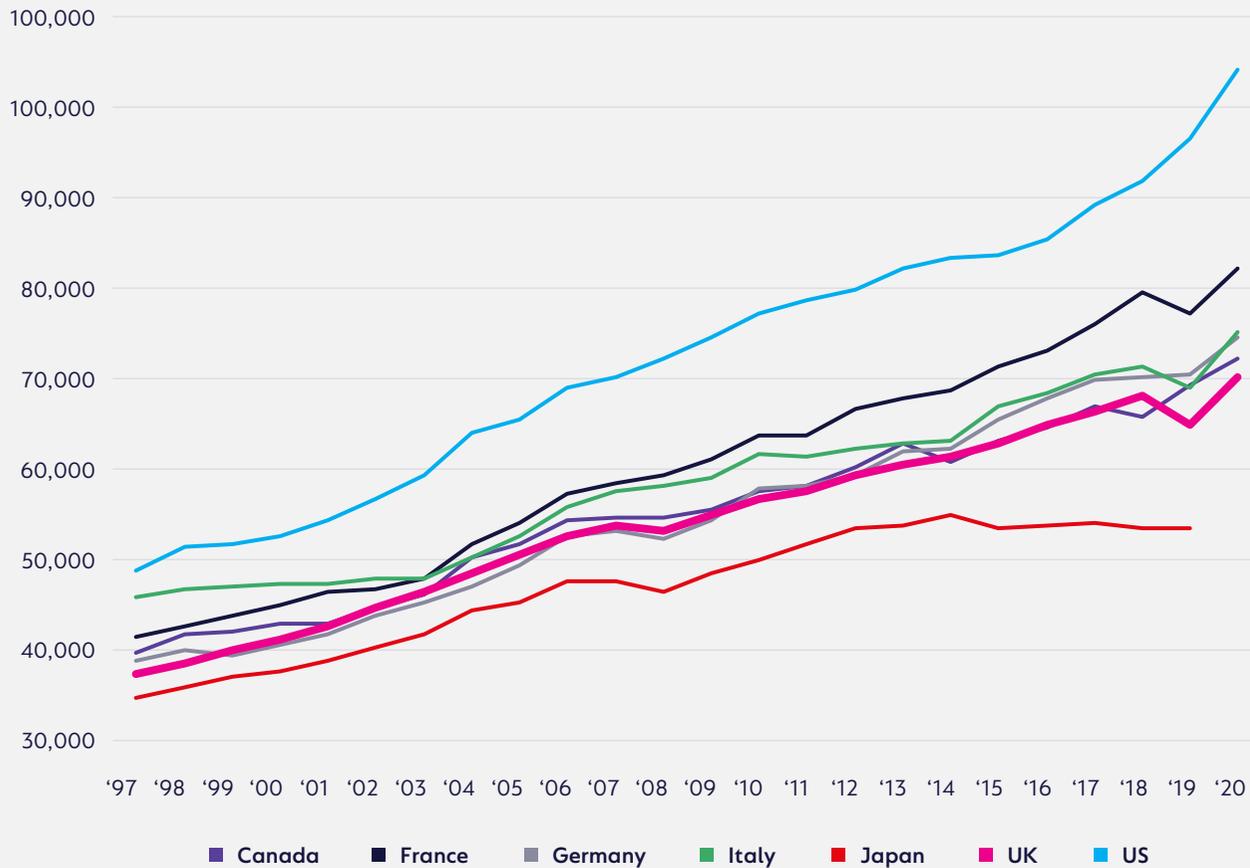
⁴ ONS, [Trends in UK business dynamism and productivity: 2023](#) (11 Dec 2023).

⁵ [Be the Business, G7 Productive Business Index](#) (Jul 2023).

04 The UK's productivity puzzle

Figure 1: Annual output per worker, G7 1997-2020

Annual output per worker, whole economy, current price (CP) in GBP



If every micro, small and medium business were able to maintain a 1% improvement in productivity over a five-year period, this would add **£94 billion** to the UK economy annually.

05 The Productive Business Index

The future is what you make it – despite challenging trading conditions, optimism triumphs, with increased investment and a positive outlook for the future

2.5

point increase since
the last edition of
the PBI a year ago

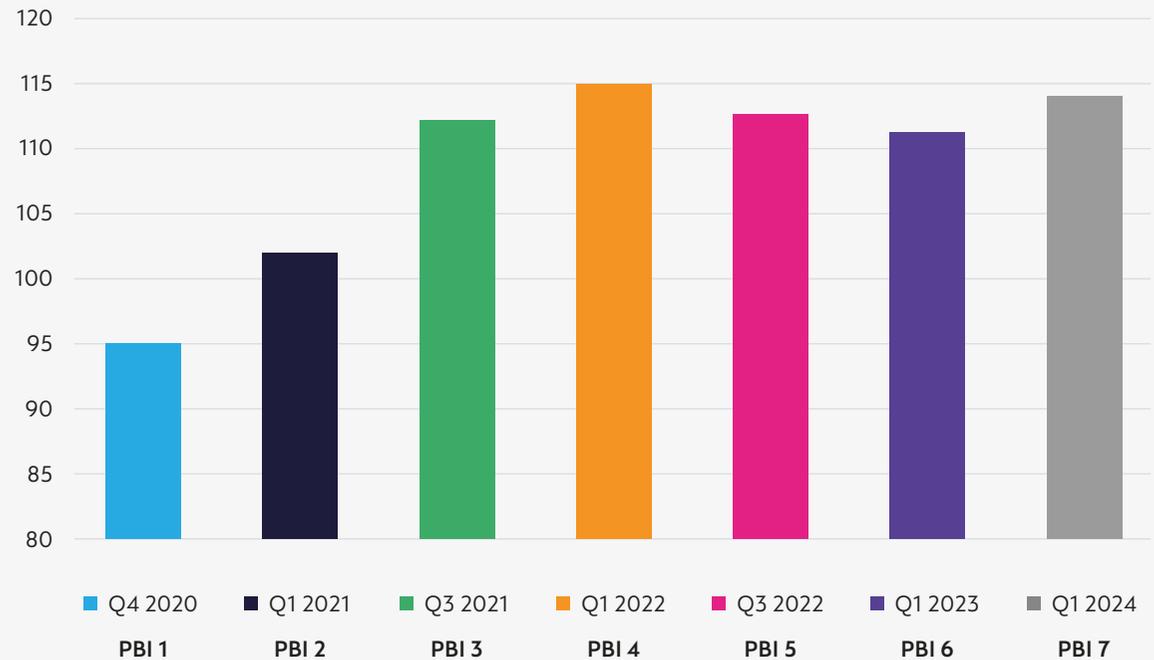
05.1 Headline findings: Productive Business Index

The Productive Business Index has increased by over 2.5 points, from 111.4 in Q1 2023 to 114 in Q1 2024.

The rebound in the PBI is driven by strong growth in activities to improve productivity being undertaken and planned by businesses.

We also see an incremental gain in performance indicators, driven by strong optimism about future trading conditions.

Figure 2: Productive Business Index



06 The Confidence-Action Gap

Ostensibly, the PBI indicates that SME productivity is on the road to recovery. Business leaders are confident, they are predicting improved business performance, and they are increasing activities to improve their productivity.

[However, our earlier research](#) indicates that UK business leaders may be overconfident in their business' capabilities. When we compared the responses and attitudes of UK business leaders to productivity-related activity with those of their G7 counterparts⁶, we found that the UK is, in general, weaker than its peers on performance, investment and improvement in capabilities linked to productivity.

This gets to the heart of **the UK's Confidence-Action Gap** – business leaders are confident in their abilities but their desire to improve by investing or undertaking activity in the five capability areas falters in comparison.

Compared with our G7 counterparts, the UK's Confidence-Action Gap is greater than all other countries for Management & Leadership, Technology Adoption, HR and Operational Efficiency, and only ahead of the US on Innovation.

This suggests a complacency among UK business leaders that they're doing well enough and don't need to improve. In order to move the dial on productivity, changing this attitude is absolutely crucial.

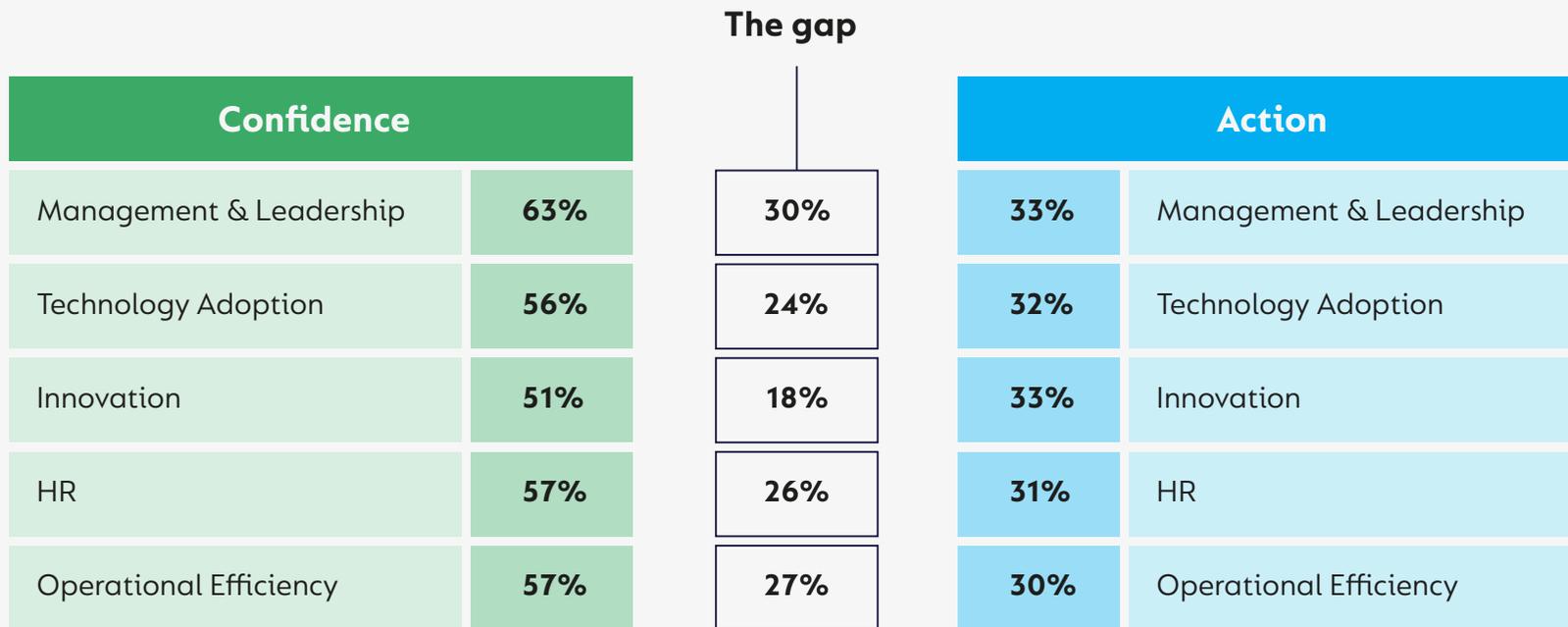
In this edition of the PBI, the Confidence-Action Gap is again evident, remaining at 24% – the same as one year ago.

This has significant policy implications. Successive governments' efforts to address the productivity problem have focused on the supply-side – measures such as improving access to finance, tax incentives for research and development (R&D), and other business support schemes. These have had mixed results. We believe there needs to be a much greater focus on the demand-side.

We believe behavioural change programmes that will mobilise UK business leaders to improve their capabilities. We set out five initiatives that we believe the next government should implement to help close the Confidence-Action Gap in our [conclusion](#).

06 Beneath the numbers

Figure 3: The UK's Confidence-Action Gap



07 Key Performance Indicators and Critical Constraints

Optimism bias – Business leaders are bullish about the future despite persistent headwinds



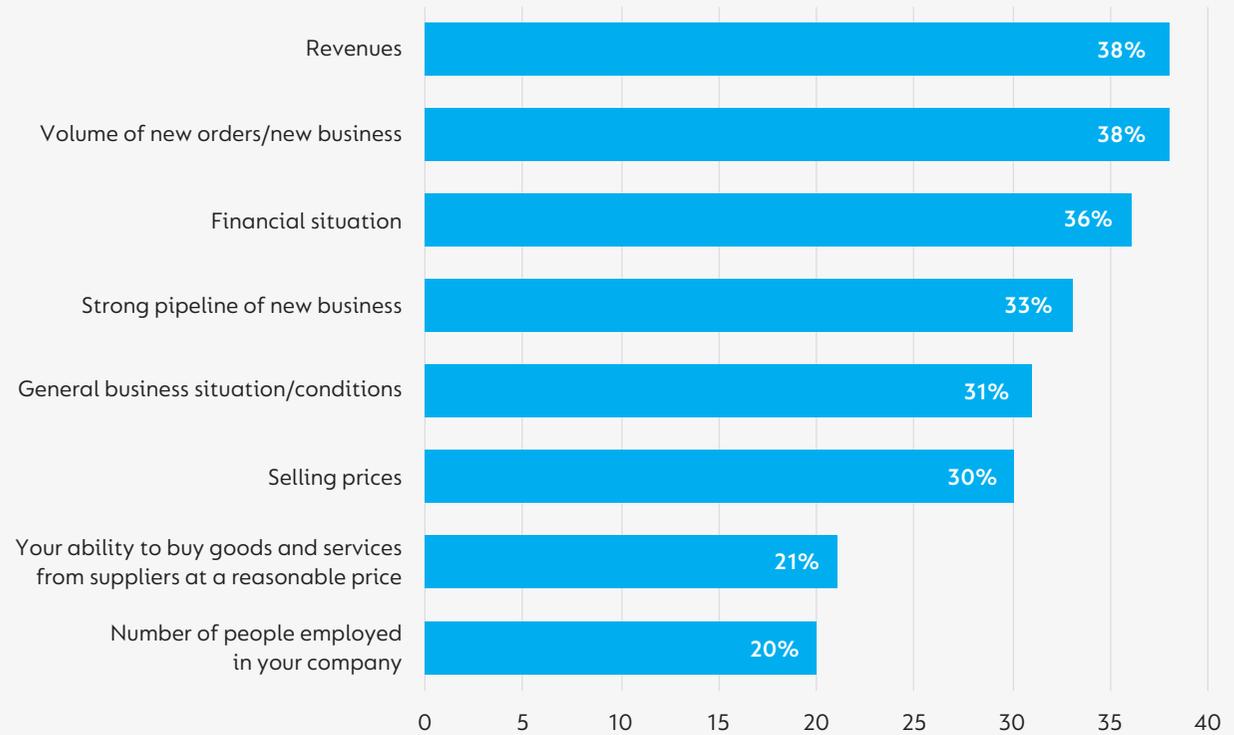
07 Key Performance Indicators and Critical Constraints

Business leaders have had a strong start to 2024 and are positive about the future. Improvements are predicted in many of the performance indicators over the next three months.

Several indicators have peaked at the most positive levels recorded in the PBI, including forecasts for revenue, new orders, and pipeline of new business.

However, business costs undermine the overall positive outlook. Only about a fifth (21%) of business leaders believe their ability to buy from suppliers at a reasonable price will improve over the next three months, a significant drop from the 39% recorded in the last PBI. 30% are forecasting selling prices to increase, and while this is a large proportion, it represents a big drop from previous PBIs and indicates a slowdown in the inflationary cycle.

Figure 4: Excluding normal seasonal patterns, how do you expect the following factors to change over the next three months? Percentage selecting IMPROVE



07 Key Performance Indicators and Critical Constraints

The UK economy – outlook for 2024

When asked about the UK's overall economic outlook for 2024 business leaders were evenly split.

Age influences outlook – the younger the business leader, the more likely their economic outlook for 2024 was positive.

Figure 5: How would you describe the UK's economic outlook for 2024?

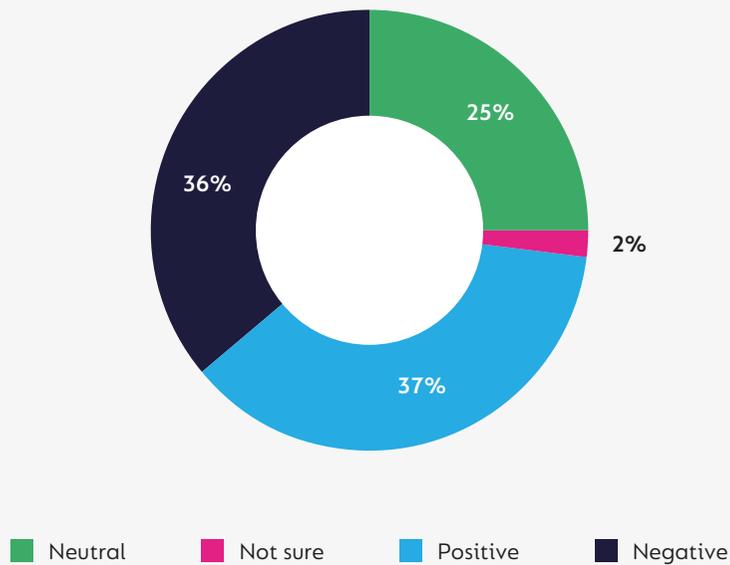
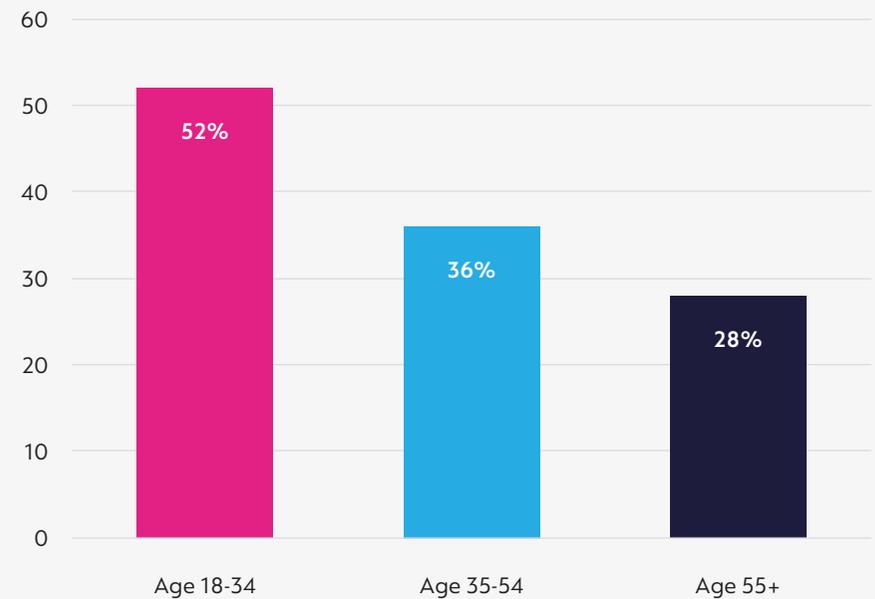


Figure 6: How would you describe the UK's economic outlook for 2024?
Percentage selecting POSITIVE by business leader age



07 Key Performance Indicators and Critical Constraints

Business constraints

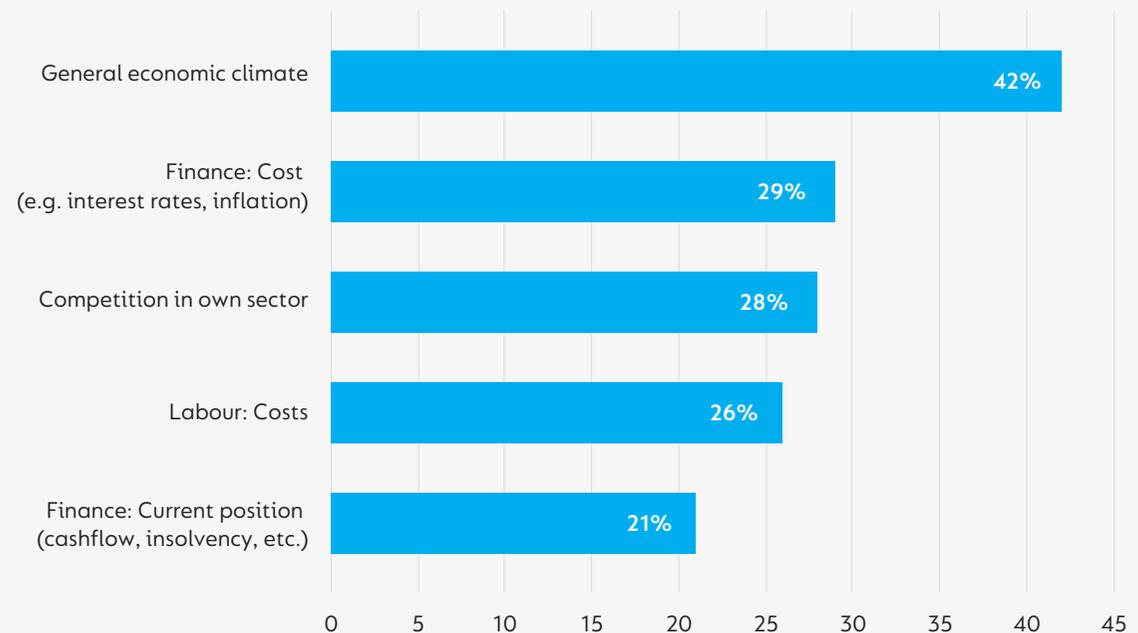
We asked business leaders to rank the factors they believe are constraining their business.

One year on from the last PBI, the top five factors that business leaders identified as constraints remain unchanged. The UK's general economic climate was cited by 42% of respondents as the number one challenge for businesses.

The one significant movement within the top five rankings was competition within own sector which increased to 28%. Just 16% of respondents reported supply chain challenges as a constraint.

While labour costs are high on the agenda for business leaders, the availability of labour and skills is less of a concern: just 16% of business leaders say availability of labour is a constraint and 15% say skills shortages are an issue.

Figure 7: Top five business constraints



Female business leaders more impacted by financial constraints

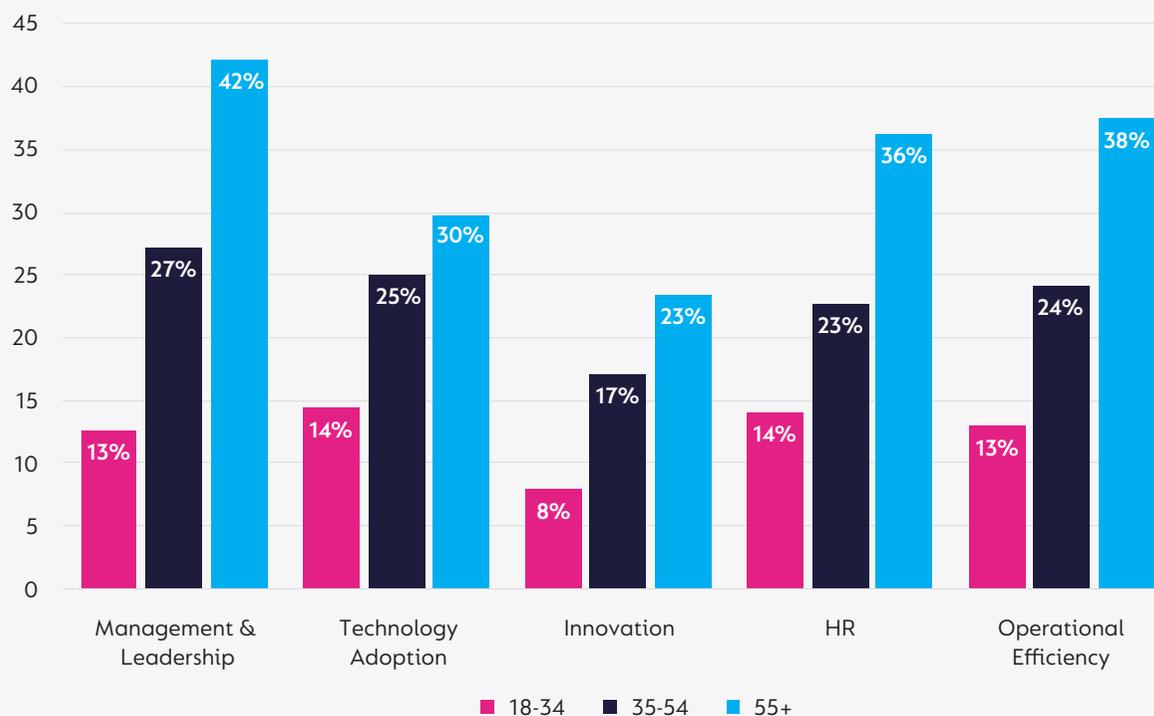
Financial constraints are having a greater impact on female business leaders. **36% of female business leaders** identified interest rates and inflation as a constraint, compared to **24% of males**. **27%** said their business' financial position was a constraint, compared to **17% of male leaders**.

08 Younger leaders modelling success

This edition of the PBI highlights some striking behavioural and attitudinal differences between younger and older business leaders. Across all five productivity areas, the Confidence-Action Gap for older leaders (55+ years) is double – sometimes treble – what it is for younger leaders (18-34 years).

This indicates that younger leaders are both more confident, and crucially, much more likely to take action to improve their business capabilities and invest in areas known to drive productivity, compared to their older counterparts.

Figure 8: PBI 7 - Confidence-Action Gap by business leader age



08 Younger leaders modelling success

The optimistic attitude and outlook of younger business leaders (aged 18-34 years) has resulted in more positive outcomes for their businesses, when compared to older leaders (aged 55+ years).



of younger leaders say the volume of new orders /new business improved in the last three months, compared to **25%** of older leaders



of younger leaders say the financial situation of their business has improved in the last three months, compared to **22%** of older leaders

The willingness of younger leaders to invest in the future of their business is clear throughout the PBI. Twice as many younger leaders (50%) plan to increase training and leadership skills in the next 12 months (25% of 55+). Moreover, younger leaders are more interested in measuring staff and business performance, with 43% planning to increase investment in this area versus only 15% of leaders aged 55+.

Whilst there is no doubt that younger business leaders are showing a much greater willingness to invest in improvements to their business, they are still at the start of their journey. Investment in business capabilities must be a longer-term commitment towards productivity growth, and only by embracing continuous learning throughout the business lifecycle will tangible change be possible.

09 Hybrid working – past its peak?

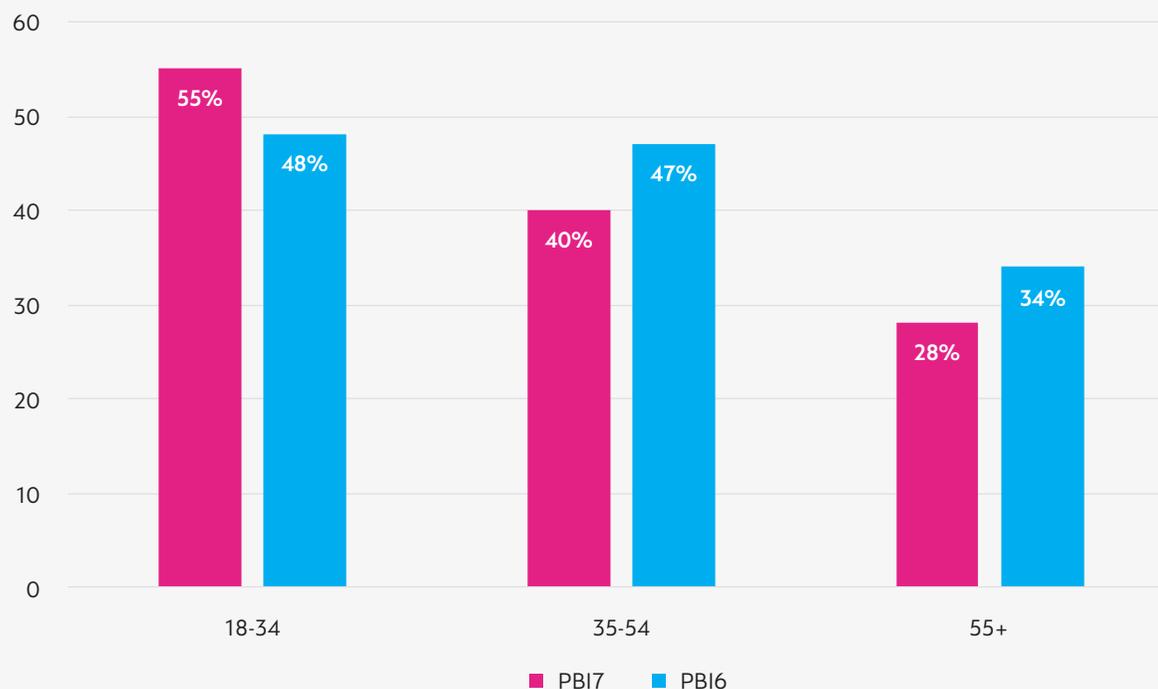
Since the last edition of the PBI, the proportion of fully remote businesses has increased, as has the proportion that only work from a dedicated workspace.

Hybrid businesses - those that are split equally between remote and a workspace - declined by 4%, suggesting a squeeze on this compromise approach to working location.

The positive impact of flexible working on businesses also appears to have plateaued. 39% of business leaders say that flexible working contributed to improving their effectiveness over the past 12 months, down from 43% in the previous PBI and the second successive recorded decline. This may indicate that the initial performance boost felt by businesses is now tapering as flexible working practices have become standard practice over the years since the pandemic. Alternatively, it may indicate that hybrid working practices are failing to deliver benefits for some businesses.

Younger business owners appear to value flexible working more. 55% of business owners that are aged between 18 – 34 said the effectiveness of their business had improved over the past 12 months due to flexible working. This compares to just 28% of those aged 55+.

Figure 9: How has your company's effectiveness at human resources (HR) changed as a result of flexible working over the last 12 months? Percentage selecting IMPROVE by business leader age



Interestingly, **68% of respondents** from fully remote companies believed their employees are motivated to work for their business, a **decrease from 79%** one year ago.

10 Perspectives on a looming general election

With a general election on the horizon, business leaders' confidence in the government is of utmost importance.

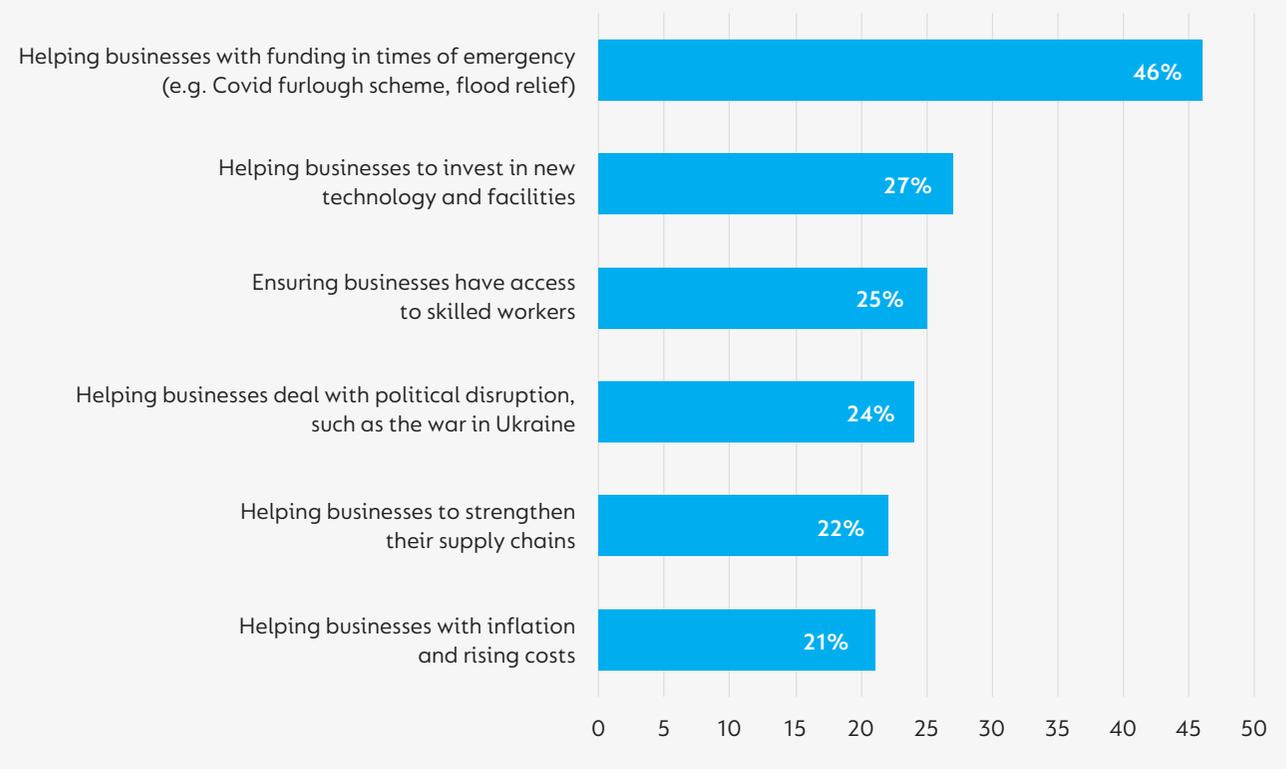
When business leaders have confidence in long-term, stable policies, it fosters trust and encourages investment. The UK needs a government with a focus on a long-term strategy to boost productivity. [Our manifesto](#) sets out how we believe the next government can deliver this.

To get a sense of how business leaders feel about a potential change in government we asked them about the performance of the current government.

Response to the performance of the current government

Business leaders' assessment of the current government's handling of major challenges was overwhelmingly negative. The notable exception was the government's provision of funding in times of emergency such as COVID-19, with 46% of business leaders feeling they had done a good job in this area.

Figure 10: How good or bad a job has the government done on each of the following?
Percentage selecting GOOD JOB

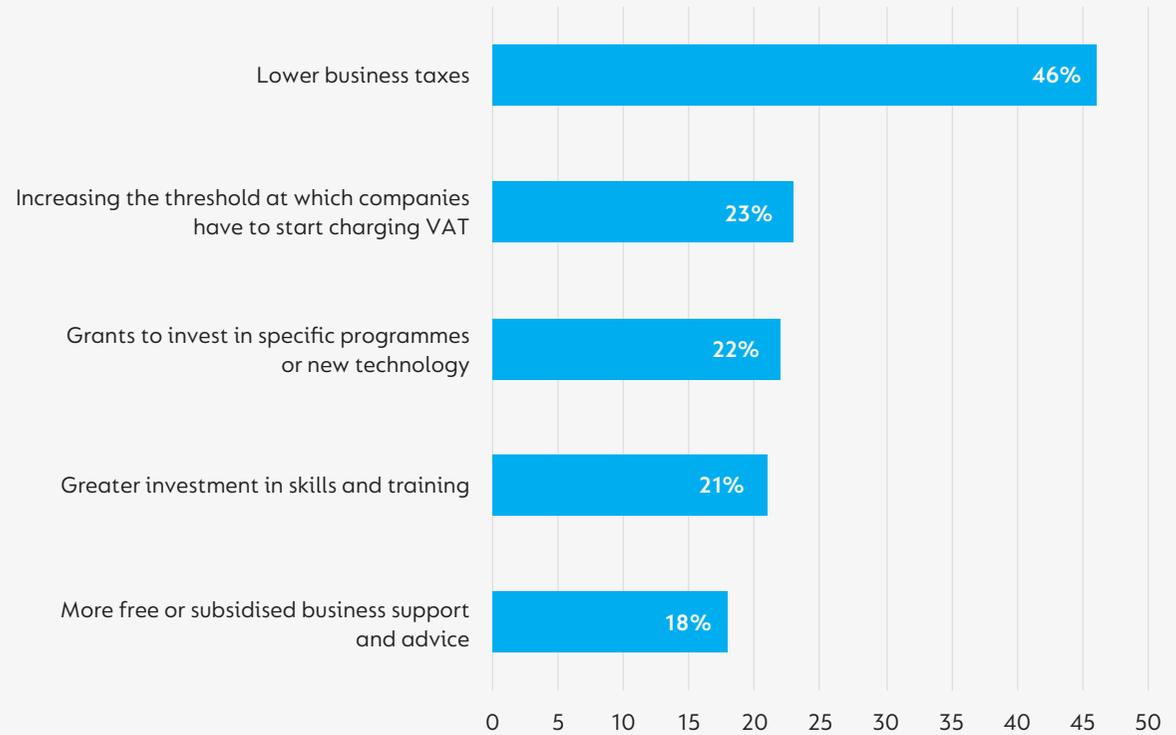


10 Perspectives on a looming general election

Which government policies would benefit your business most?

Unsurprisingly, lower business taxes are the preferred policy approach for business leaders, but interestingly, the VAT threshold is still an issue for many.

Figure 11: Which government policies would benefit your business most?



10 Perspectives on a looming general election

We also asked business leaders about their preferences for a new government and whether they would be motivated more by personal or business considerations.

With no clear favourite, neither party's platform appears to be grabbing the attention of the SME community. This presents an opportunity for either party to position themselves as the champion of SMEs by placing policies that resonate with business leaders at the core of their manifesto.

Do you believe your business will be better off if a Conservative or a Labour government is elected at the upcoming general election?



32% Conservative government

32% Labour government

25% No difference

Do you think your choice of how to vote will be influenced more by business or personal considerations?



38% more by personal considerations



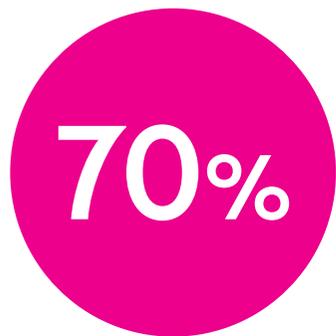
17% more by business considerations



11 Capabilities to improve Productivity

11.1 Management & Leadership

Business leaders' confidence in their leadership and management abilities continues to grow and is at the highest levels recorded by the PBI, yet action to improve lags behind



believe their management team has the right blend of professional management skills



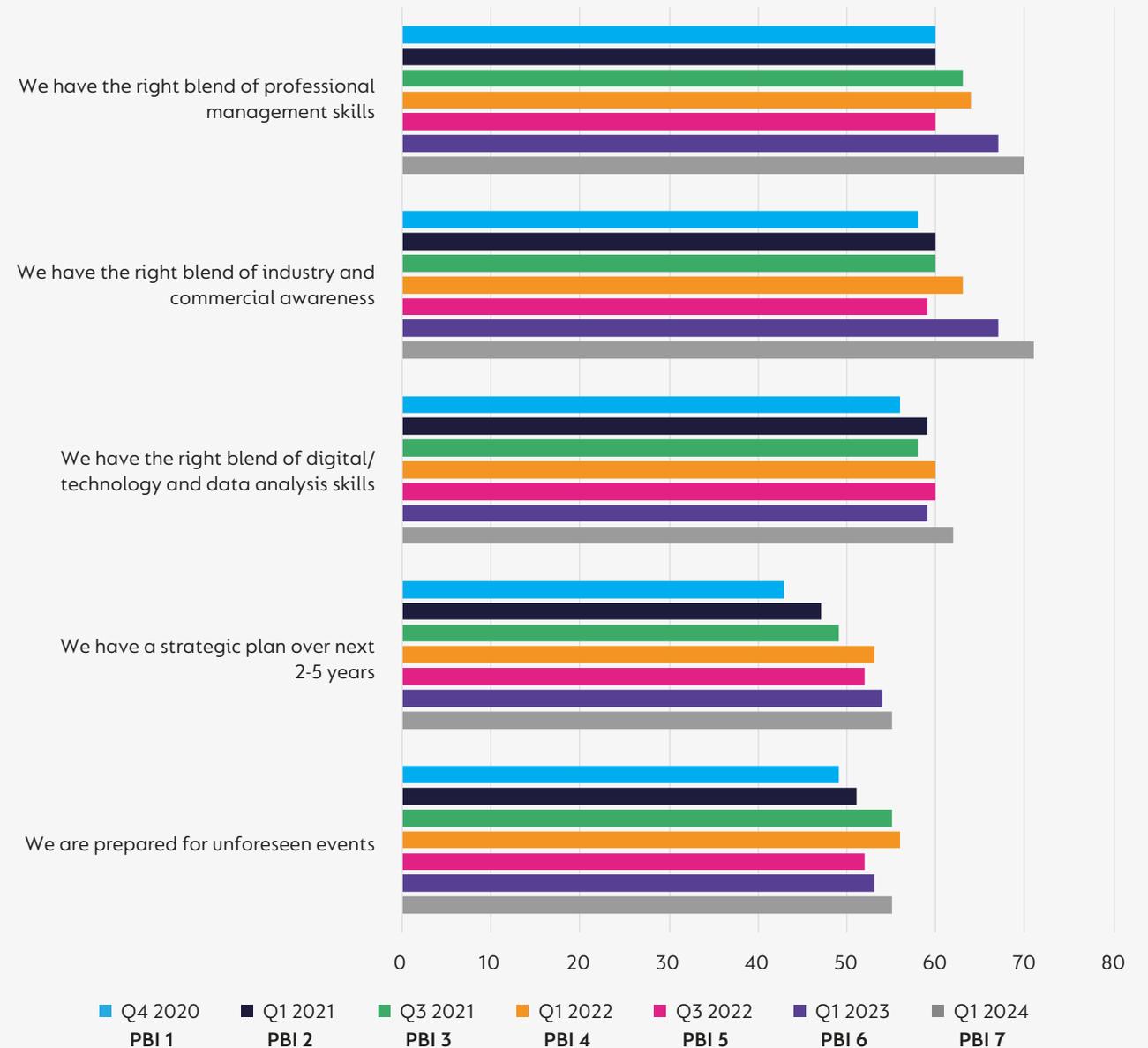
plan to increase activity to improve general management and leadership skills within the company over the next 12 months

11.1 Management & Leadership – confidence

With most of the questions having the highest scores since the PBI was established, this is the highest confidence level ever recorded in Management & Leadership. The greatest single improvement is in levels of industry and commercial awareness up to 71% from 68% a year ago.

There are two capabilities where business leaders consistently report being less confident - strategic planning (55%) and preparation for unforeseen events (55%). Business leaders' confidence in these capabilities has been below average in every PBI. This is perhaps unsurprising given the range of issues that business leaders have had to overcome in recent years – from Brexit, to COVID-19, to war in Ukraine and high inflation.

Figure 12: Views on the strength of the company leadership and management skillset
Percentage of business leaders who AGREE

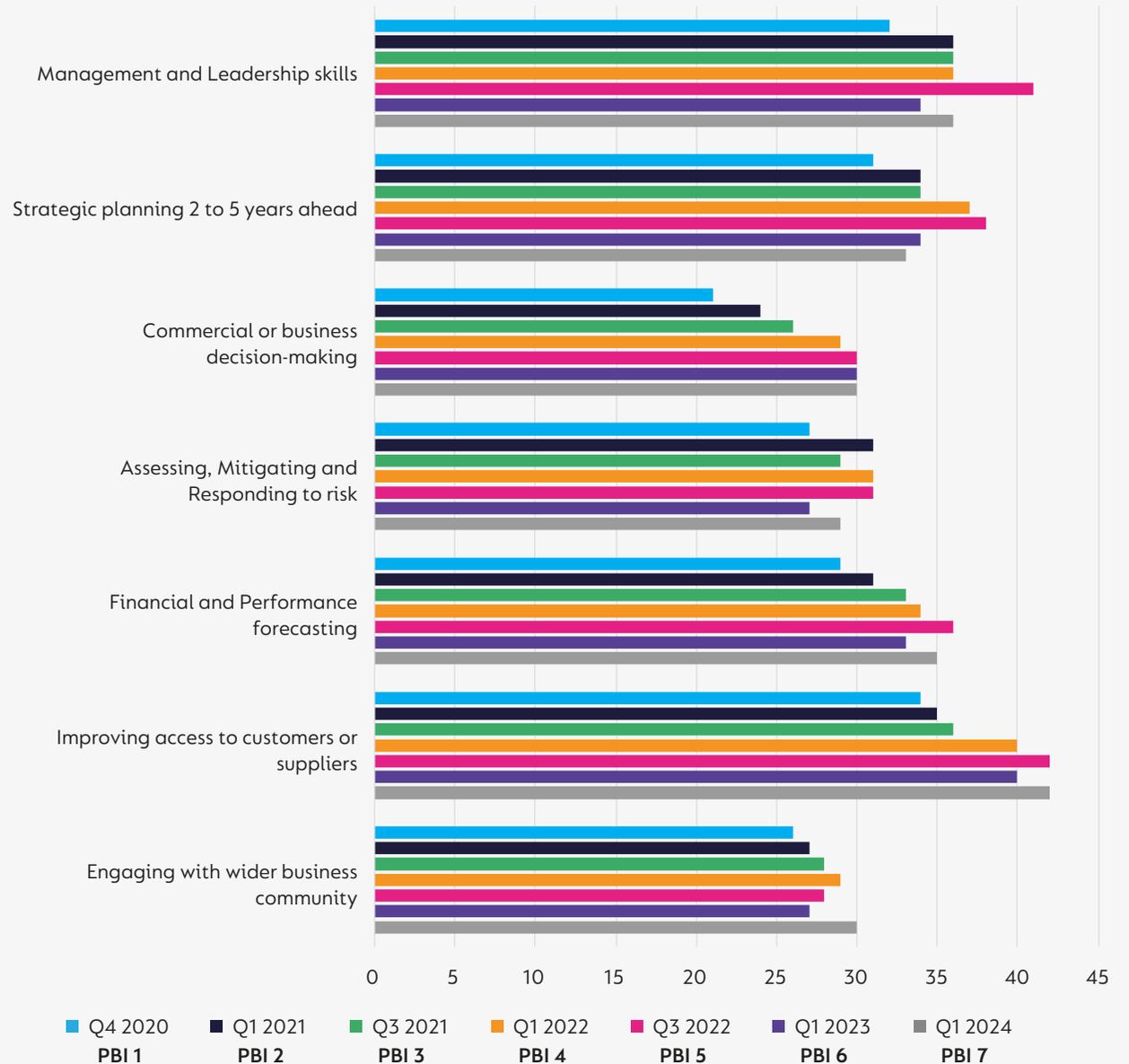


11.1 Management & Leadership – capabilities

Two capabilities hit their highest levels yet: 42% of business leaders say they will increase access to customers or suppliers over the next 12 months, and 30% plan on increasing engagement with business support networks. Plans to increase external engagement are also evident in our data on Innovation and may point to business leaders becoming more open to collaborating to improve performance.

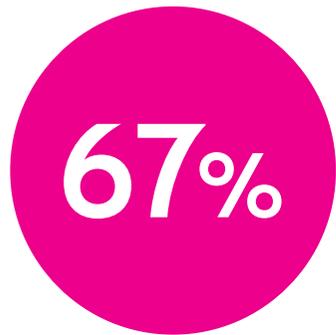
Encouragingly, there is a recovery in activity levels predicted across this capability area including general management skills, risk mitigation and financial and performance forecasting.

Figure 13: Levels of activity and / or investment in management and leadership over the next 12 months
Percentage of business leaders reporting an INCREASE



11.2 Technology Adoption

Tech boom – Confidence is at an all-time high and investment in data and tech solutions continues to increase



are confident their employees have the digital skills needed to be effective in their jobs, the highest level recorded by the PBI



plan to increase training of employees to improve digital awareness and skills over the next 12 months

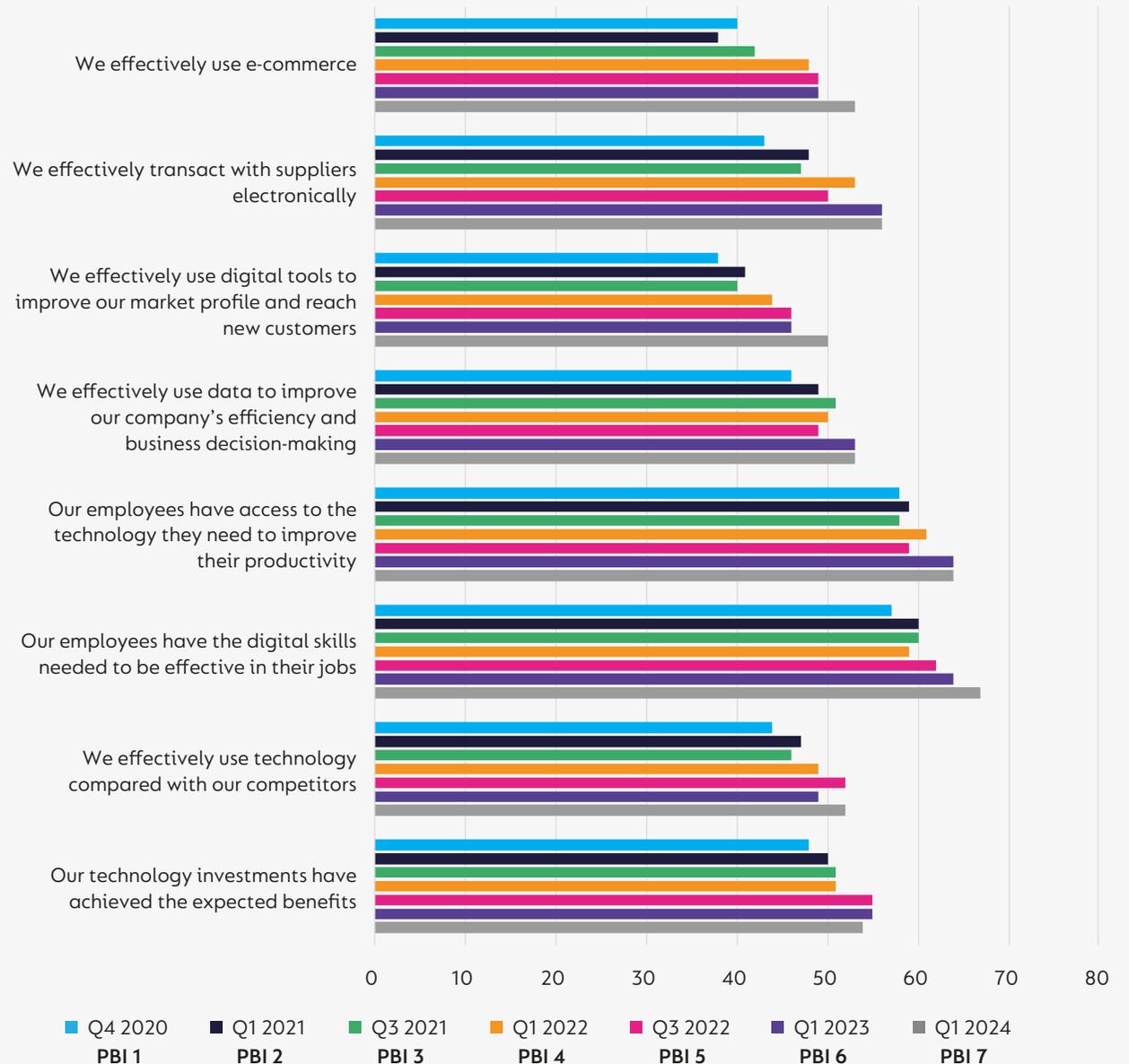
11.2 Technology Adoption – confidence

This edition of the PBI sees a sharp rise in technology confidence among UK SMEs, with the highest levels recorded in the PBI across several measures:

- 53% of business leaders believe they effectively use e-commerce and 50% believe they effectively use digital tools to improve their market profile
- 53% of business leaders believe their company is effective at using technology compared with competitors
- 64% of business leaders believe their employees have access to the technology they need to improve their productivity

With artificial intelligence (AI) promising impressive benefits for businesses, it will be interesting to see how many take action to embed it into what they do.

Figure 14: Views on effective adoption of technology and its benefits
Percentage of business leaders who AGREE



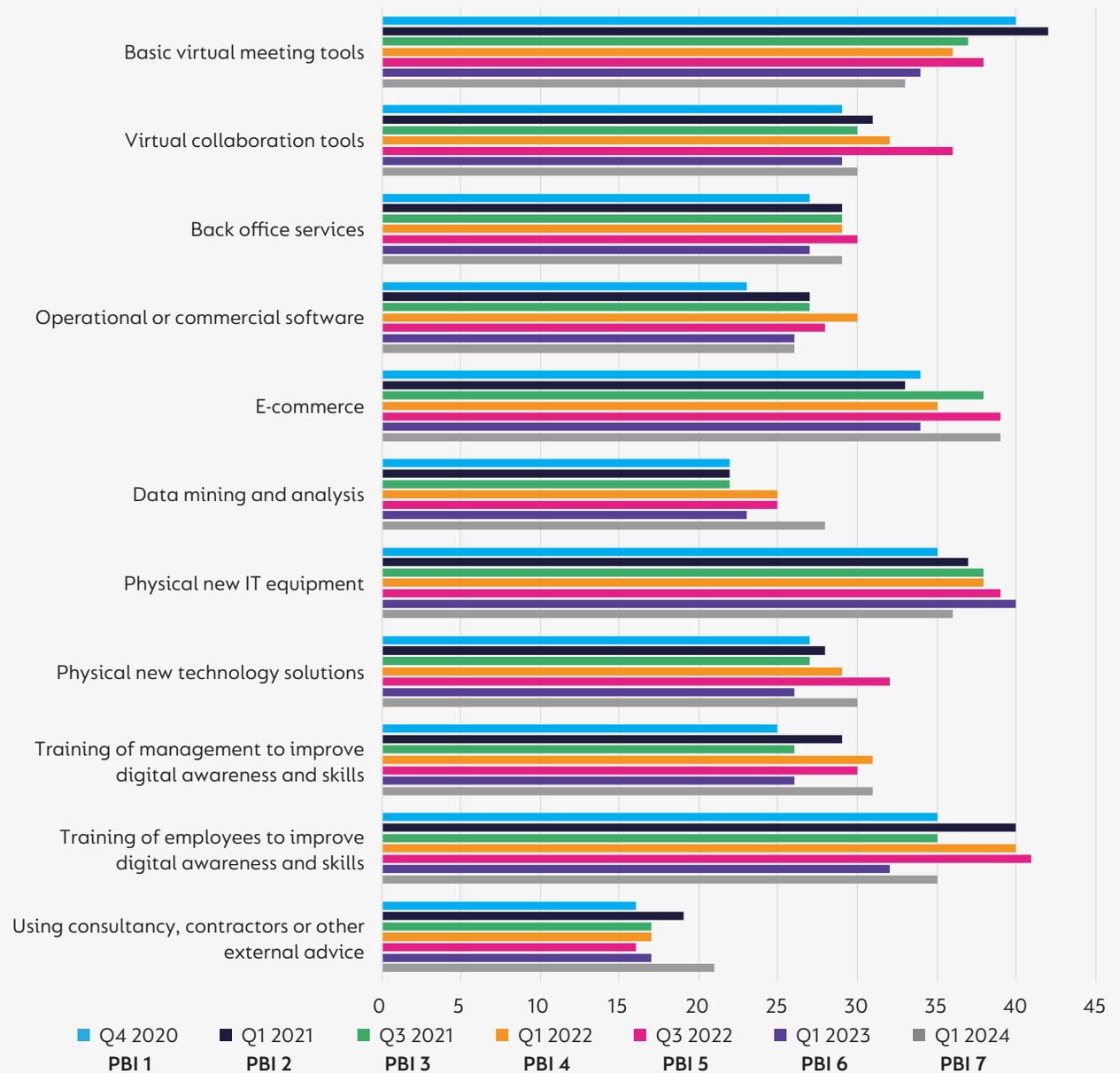
11.2 Technology Adoption – capabilities

There has been a rebound in increased investment across several technology areas over the last 12 months, including e-commerce (40%), operational or commercial software (32%), and data mining and analysis (28%).

There are some areas where less investment and activity are predicted over the next 12 months: business leaders will scale back investment in IT equipment and investment in virtual meeting tools continues to decline post-pandemic.

There is good news on digital skills with 31% planning increased investment in digital training for management and 21% hoping to use external consultancies or contractors for advice over the coming year. These are the highest levels recorded since the PBI launched and is a positive indicator for productivity growth given [our research](#) demonstrating the importance of digital readiness of managers.

Figure 15: Levels of activity and / or investment in technology over the next 12 months
Percentage of business leaders reporting an INCREASE



11.3 Innovation & Ideas

Collaboration is the key – Business leaders are uncertain about the external innovation ecosystem but are opening up to collaboration



60%

believe their company encourages employees to come up with ideas



30%

plan to increase initiatives to improve internal innovation over the next 12 months

11.3 Innovation & Ideas – confidence

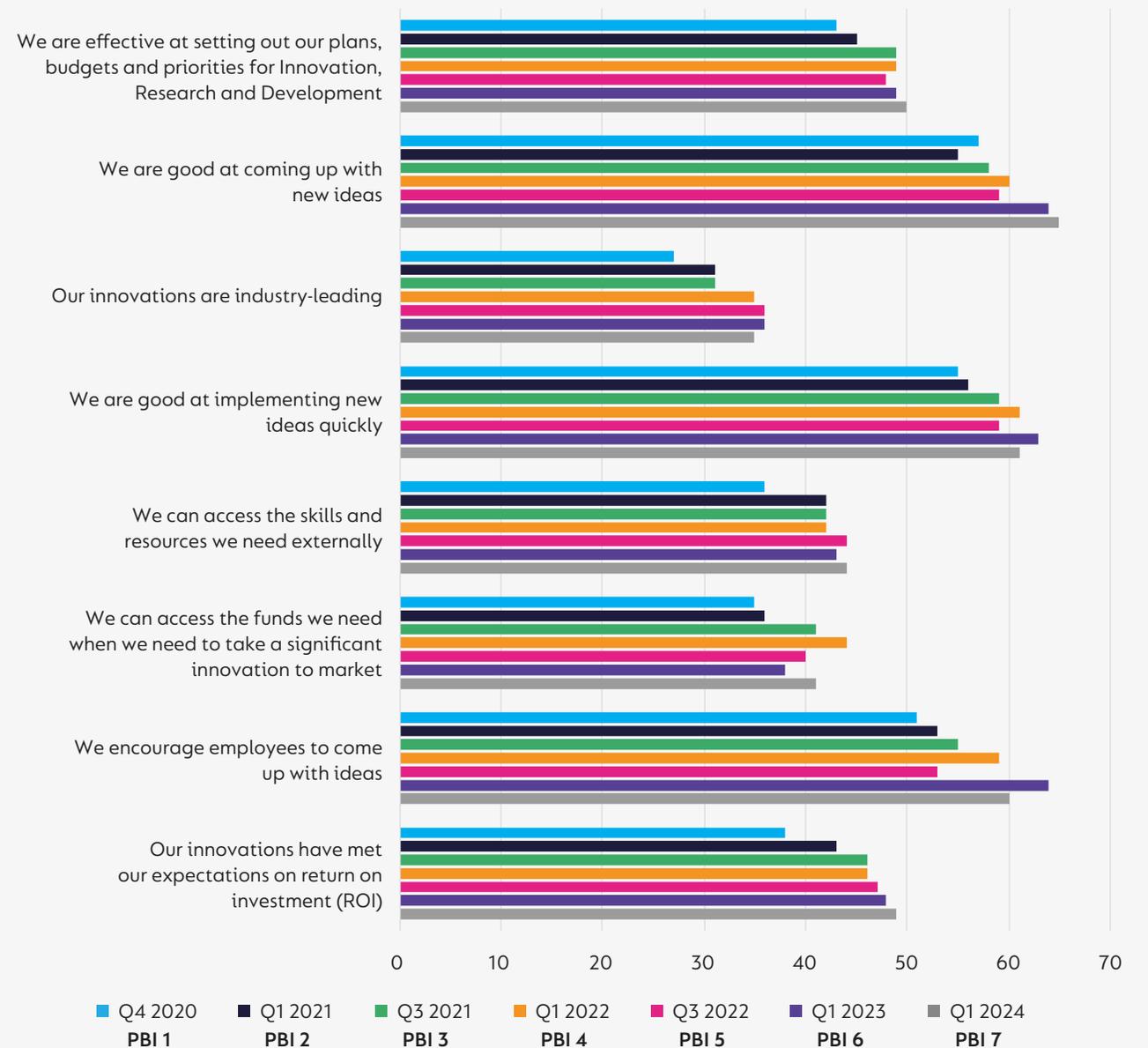
Business leaders continue to exhibit very strong levels of confidence in their business's ability to innovate:

- 65% say they're good at coming up with ideas
- 61% believe they're good at implementing new ideas quickly
- 60% believe they encourage employees to be innovative

While business leaders have less confidence in the external ecosystem, confidence is broadly up since the first edition of the PBI in 2021. 44% of business leaders feel they can access the skills and resources needed from universities, incubators, or partnerships and 41% believe they can access the finance needed to take a significant innovation to market.

However, business leaders' strengths may lie more in adapting or improving existing ideas or products rather than creating 'breakthrough' innovations: just 35% feel their innovations are industry-leading.

Figure 16: View on ability to successfully innovate
Percentage of business leaders who AGREE

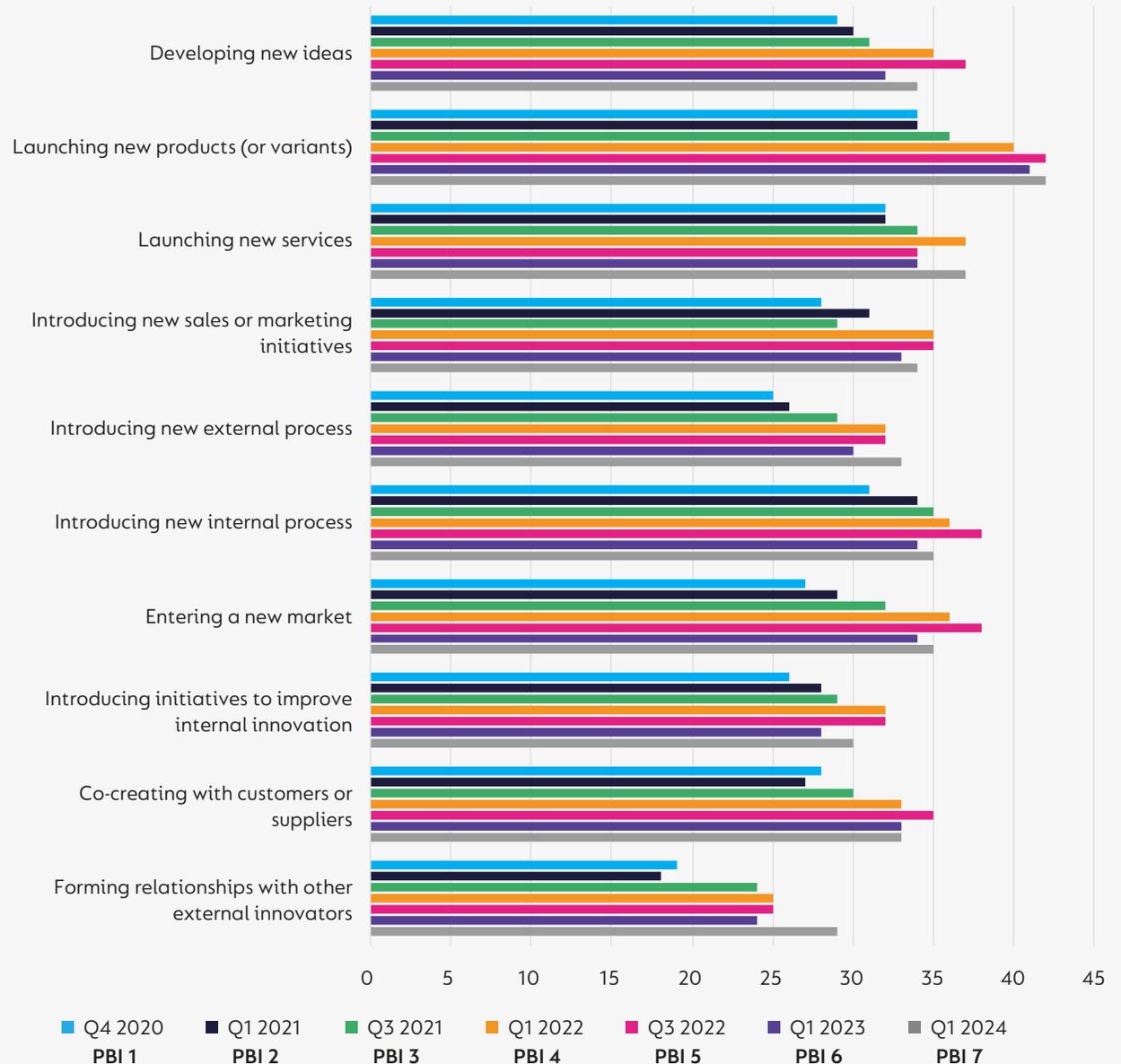


11.3 Innovation & Ideas – capabilities

Innovation by SMEs looks set to increase over the next 12 months with business leaders predicting marginal increases across the board in innovative capabilities.

Business leaders are showing greater openness to collaboration, with those planning to collaborate with external innovators climbing to 29%, the highest level in the PBI thus far and up from just 24% a year ago.

Figure 17: Levels of activity and / or investment in innovation over the next 12 months
Percentage of business leaders reporting an INCREASE



11.4 Training, Development & HR

Team building – Business leaders increasingly believe their employees have the skills to succeed and are investing in their teams



believe their business has the skills and talent needed to succeed



plan to increase training and development over the next 12 months

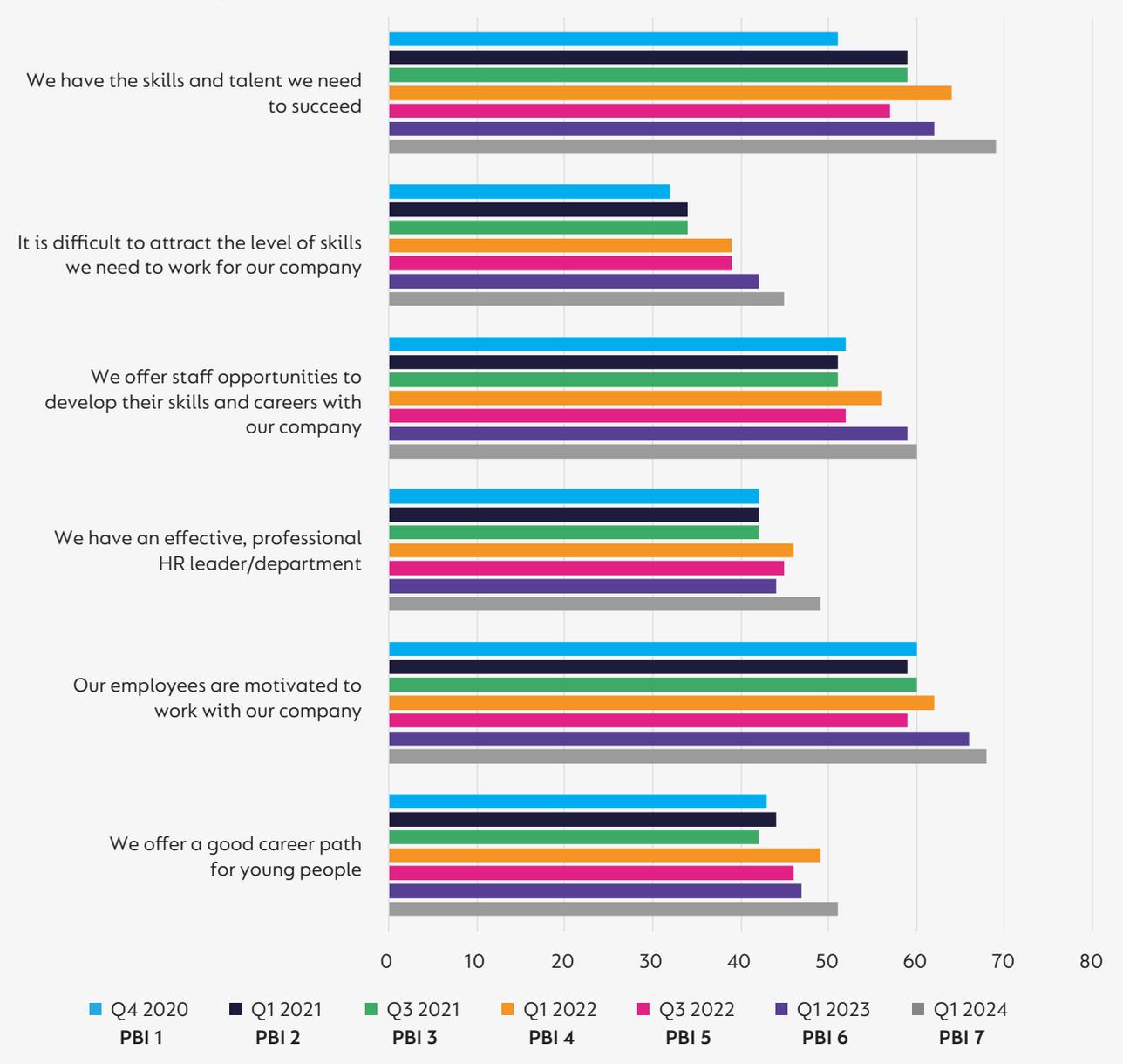
11.4 Training, Development & HR – confidence

Confidence amongst business leaders has increased across all metrics in this category, with significant jumps seen in several areas leading to the highest-ever confidence scores for Training, Development & HR.

An important area of improvement is skills needs, with 69% of business leaders reporting that their business has the skills and talent needed to succeed, up from 63% a year ago. The ability to recruit has also improved as 45% now say they can easily recruit employees with the right level of skills, up from 41% last year.

The percentage of business leaders who believe they have an effective HR leader or department has risen strongly since the last PBI and hit a high of 49%. Those who say their business offers a good career for young people passed the 50% mark for the first time.

Figure 18: Views on getting the most out of employees
Percentage of business leaders who AGREE



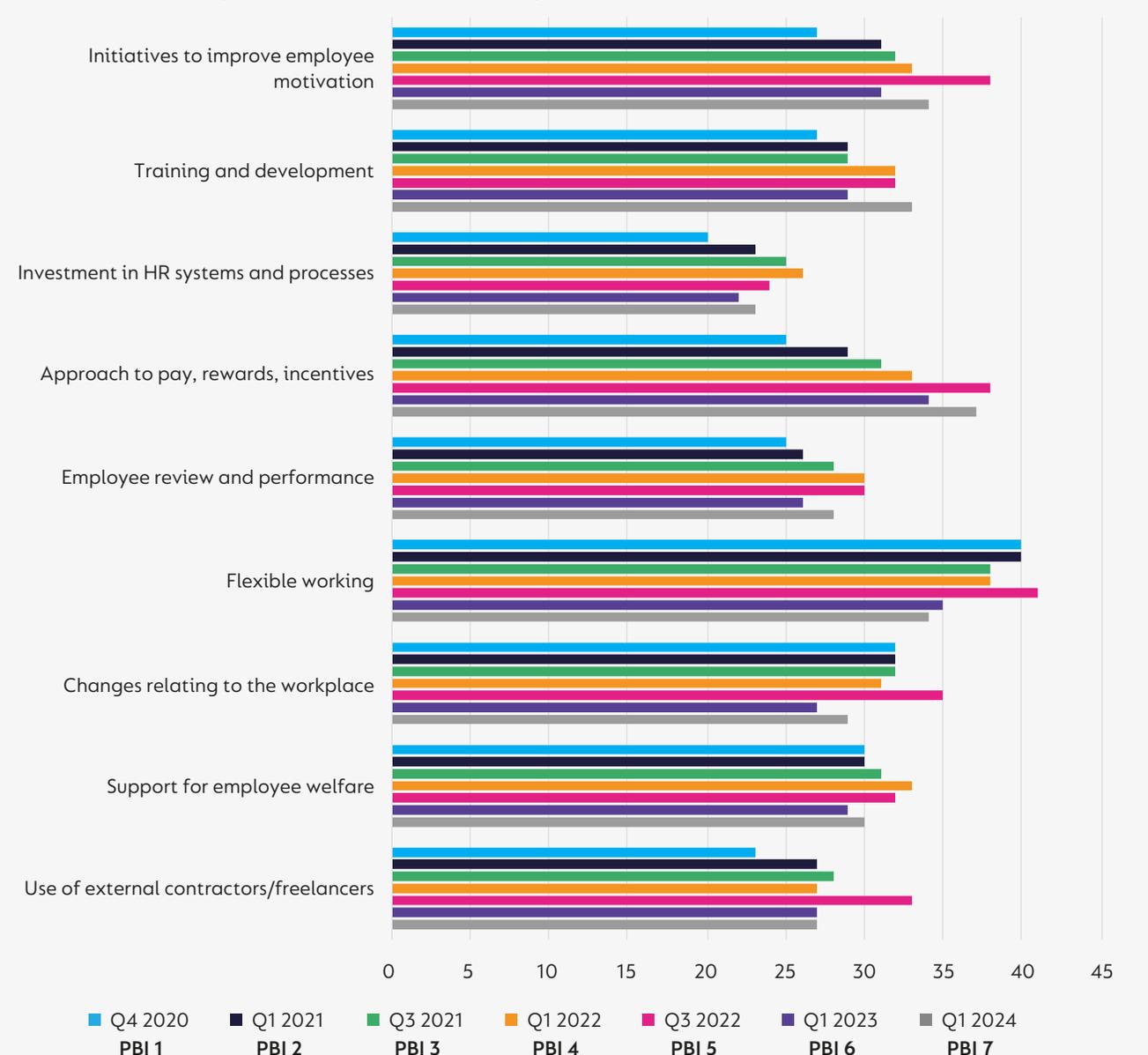
11.4 Training, Development & HR – capabilities

Employee engagement and non-financial rewards feature strongly in activities planned for the next 12 months. There is increased investment planned in both employee motivation and pay and incentives. This indicates that staff costs and employee retention remain high on the agenda for business leaders. This is almost certainly related to the inflationary pressures pushing up the cost of living for employees.

Another positive indicator is the planned increase in training and development activity: at 33%, up from 29% a year ago, this is the highest level recorded by the PBI and indicates a willingness to invest in upskilling employees.

Another feature of this data is the tapering of flexible working activities as we see a second successive decline in planned activity in the PBI.

Figure 19: Levels of activity and / or investment in HR over the next 12 months
Percentage of business leaders reporting an INCREASE



11.5 Operational Efficiency

Dropping the ball – Record confidence levels, but numbers measuring productivity remain stubbornly low



believe their operations are efficient compared with competitors



plan to increase initiatives to measure staff and business performance over the next 12 months

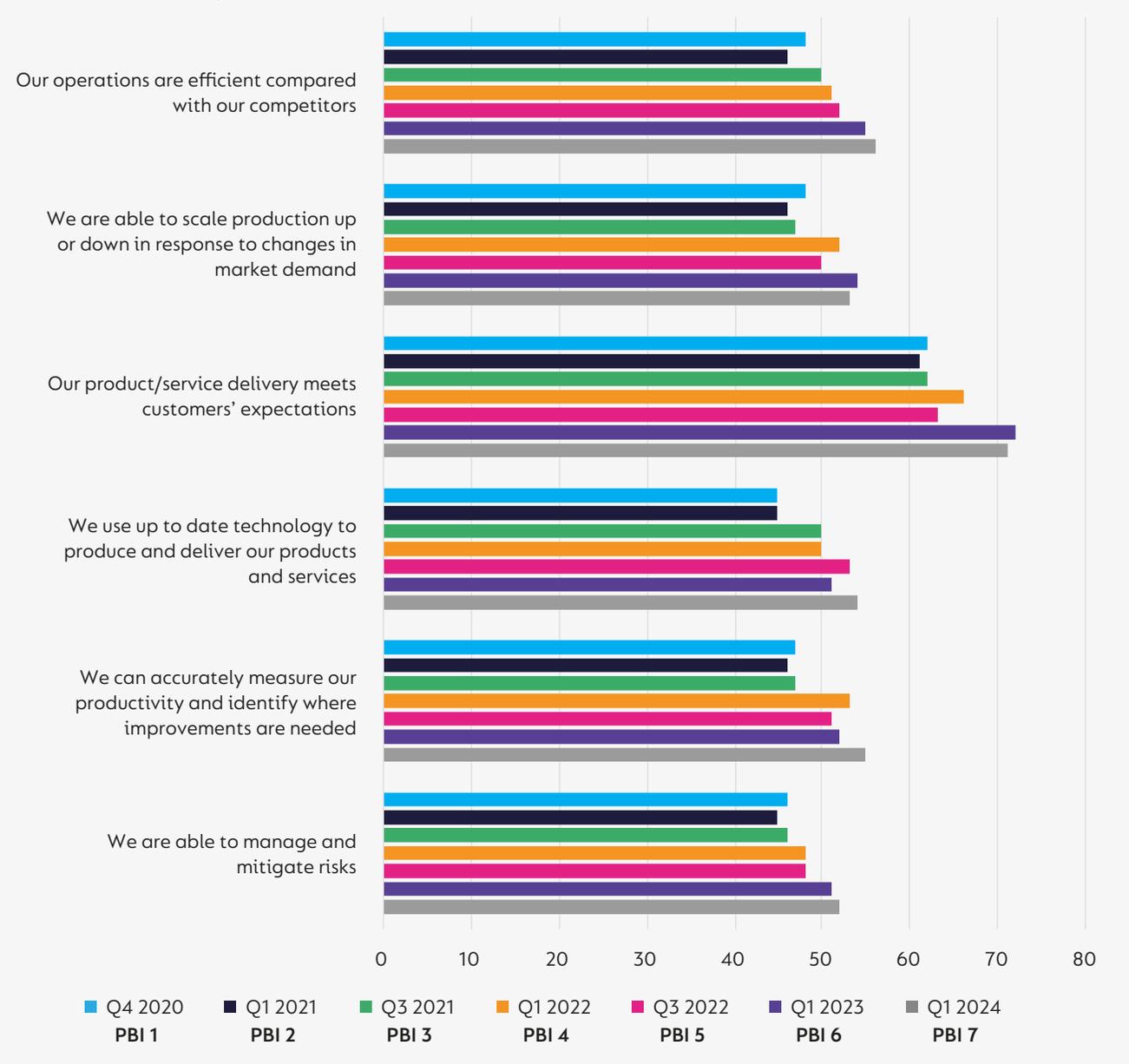
11.5 Operational Efficiency – confidence

Business leaders' positive assessment of their operational efficiency continues to trend upwards with overall confidence levels reaching a new peak. This category is a good example of the Confidence-Action Gap, with four of the six areas at the highest levels of confidence recorded, but levels of planned activity lagging behind.

It is also telling that business leaders' confidence in the fundamentals of productivity, such as measuring performance and the ability to scale production levels, tends to hover stubbornly below 55% despite some improvements.

Business leaders feel most confident about their ability to meet customers' expectations: at over 71%. Managing and mitigating risk, by contrast, is something that business leaders are much less sure about, with only half (52%) of leaders agreeing that this is important to their industry.

Figure 20: Views on capabilities around operational efficiency
Percentage of business leaders who AGREE



11.5 Operational Efficiency – capabilities

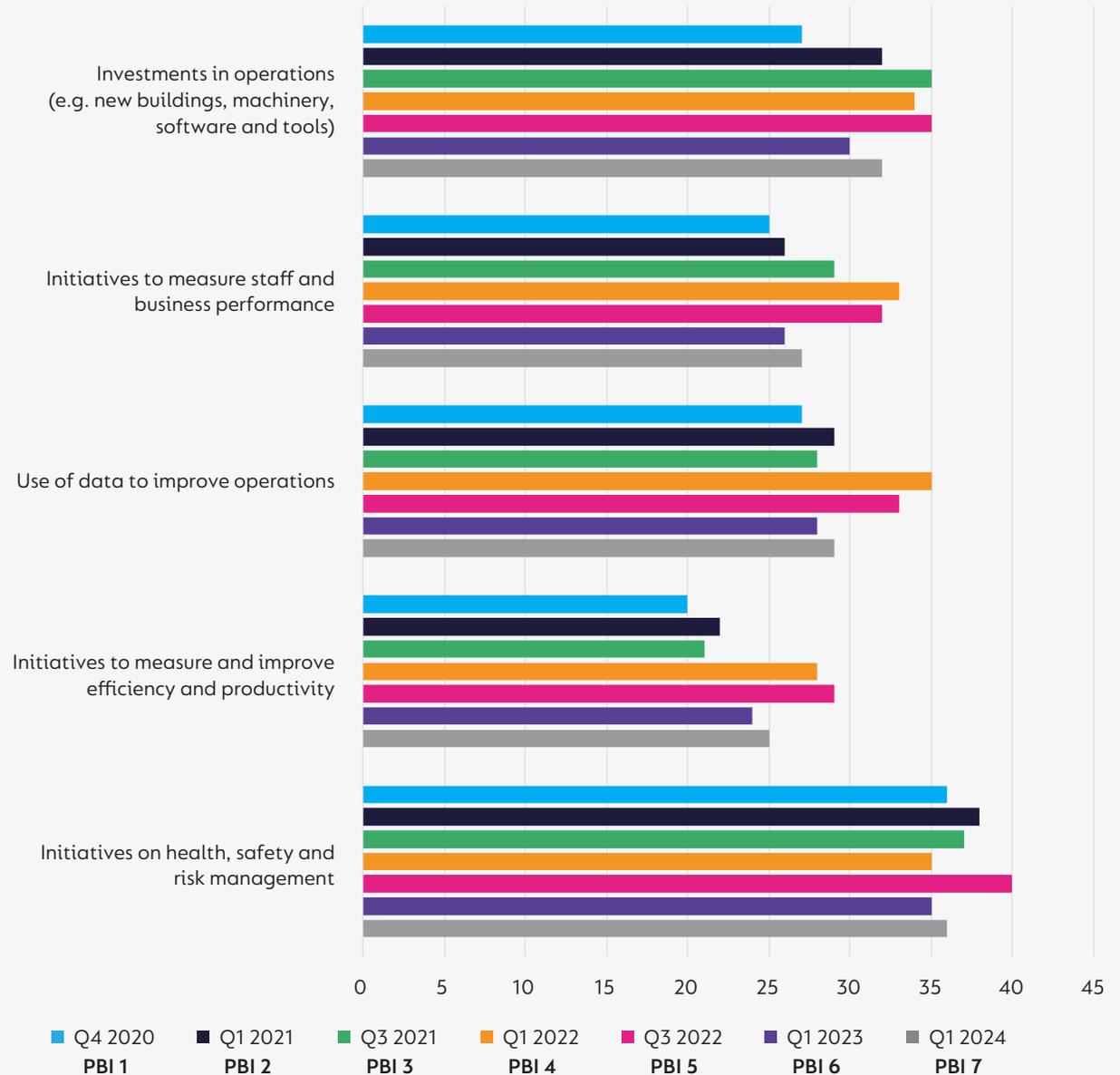
The levels of activity to improve operational efficiency planned by business leaders remain broadly unchanged from the last edition of the PBI.

Health, Safety and Risk Management once again has the greatest predicted increase in level of activity at 36%. It has been noted that for many businesses, activity of this nature is a regulatory requirement, which is why even post-COVID-19, it continues to be an area of priority.

Measuring productivity indicators, however, remains a much lower priority. Only one quarter (25%) of business leaders plan increased activities to measure and improve productivity and 27% expect to increase initiatives to measure staff and business performance. Again, it is worth noting that the categories focused on measurement and productivity are those with the least predicted activity in every edition of the PBI.

Currently, productivity is not a priority for business leaders – something we are seeking to change.

Figure 21: Levels of activity and / or investment in operational efficiency over the next 12 months
Percentage of business leaders reporting an INCREASE



12 Case study



Name: Vicasso Visuals Ltd

Sector: Content creation

Founded: 2016

Location: London

“My aspiration is to work in a way where I’m more hands-off, but still have my vision and ethos carry within the team.”



Victor A
Founder & Creative Director

Victor A launched his video production company in 2016 and has been steadily growing his business ever since. Always looking for new ways to grow and learn, he joined the Be the Business Boards programme to gain a new perspective on his business.

After hearing about Be the Business from LinkedIn, Victor immediately knew that he wanted to get involved. He found that the format of the programme was unique compared to anything else out there, and so was a great opportunity to “add to his arsenal”.

One of the main takeaways that Victor learned from his Board was to put himself out there more. By giving a face to the business, his audience was able to connect with him more – which gave him an entirely new marketing approach.

“People buy from people. In the past, I’ve been reluctant to put myself out there, but [my Board] encouraged me to talk a bit more about me to give my business a different view. For example, I put out a post where I spoke about a specific service of mine, but it was a video I filmed of myself explaining the service,” Victor said.

The result? Victor opened himself up to an array of exciting new opportunities – including working with us to create video content, where his first-hand experience of using our services proved incredibly useful.

“I worked with Be the Business to produce content. They hired me for video production, and I worked with them for four months. I got to see first-hand what businesses were looking for because it was myself and my team filming the content,” Victor stated.

A common challenge for small business owners is setting goals that are both ambitious and realistic.

12 Case study

While it's important to challenge yourself to reach your best potential, having unattainable goals is just setting yourself up for failure.

This is something that Victor struggled with, and through advice from his Board, he was able to redefine his goals and stay on track with hitting them. Victor found that one of the best ways to do this was to focus on what he was passionate about.

“One of my goals is to find a way to help young people from disengaged environments into better paths through creativity, video production and content creation. I'm quite passionate about that, and I want to build an extension of my business to address it,” Victor confirms.

“To define those goals we went through how I can get there, who I need to speak to and how I need to keep on top of it. We also looked at how the goals may need to adapt to the changes within my industry.”

Having completed the programme, Victor is able to reflect on the advice he's received and how he can implement it in the future. He now recognises that, for his business to continue to grow, he needs to pivot his role in the business so he's more focused on strategy and business development, rather than being “hands-on”.

“It's made me look at my own leadership and the importance of looking at aspects of the business that could help us grow, as opposed to doing things that we've always just done before.”

“My aspiration for the next year is to work in a way where I'm more hands-off with my business, but still have my vision and ethos strongly carry through within the team.”

As to whether or not people should engage with Be the Business, Victor says “absolutely”, asserting that “it's always a good idea to have people that have been through a journey to give you pointers on the journey you're going through”.

13 UK productivity from here?

This seventh edition of the Productive Business Index gives us a clear picture of the health of UK SME businesses and how it is evolving. This insight is critical if we are to work with SMEs to resolve the UK's productivity problem, but it is only one piece of the puzzle. We need to use this information to develop the right public policy instruments and private sector actions to enable change.

Based on our extensive legacy of working with business leaders and undertaking research such as the Productive Business Index, we are confident that we know what actions need to be taken to move the dial on UK productivity. We are certain that this work is not the responsibility of one group alone. This is a complex problem, and a range of actors will have roles to play in addressing it – policymakers, the big established businesses in our economy, and of course small business leaders themselves.

Productivity improvement must be a priority for the next government. In our first manifesto, we identify five policy actions that will have a real impact on the UK's productivity.

The key question is, how can we close the Confidence-Action Gap between the UK and our G7 counterparts, and close it quickly? These five measures will help us close this gap and deliver sustained productivity growth, raising standards of living and building a secure future for all.



1 Refocus government policies towards generating demand for productivity-boosting business support and embed a culture of continuous improvement among SMEs.

2 Place ambitious SMEs at the heart of government policy and empower existing business support networks across the country to more effectively deliver support directly to small business leaders.



3 Bring together, in a timely and accessible manner, data already in existence from HMRC and ONS to tailor and target existing business support measures, and achieve maximum impact.

4 Make the UK an AI superpower by investing in research to ensure that our global leadership is rapidly and successfully diffused across the SME population.



5 Create an independent statutory Productivity Commission, led equally by business leaders and economists, to monitor progress and make practical recommendations that drive improvements in the UK's productivity.

14 Model and methodology

Survey Data

The data inputted to the model is derived from a large-scale survey of 1,135 senior decision makers in UK business, working in companies of 2 - 249 employees. The survey was conducted by Opinium between 18 January and 31 January 2024.

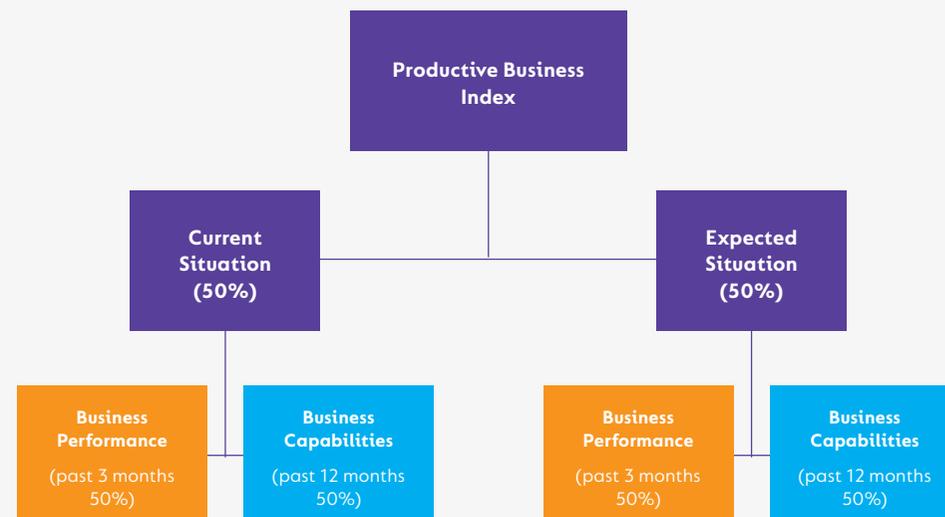
The Productive Index Model

The Productive Business Index (PBI) is an index of SME growth and innovation that can track how the business community is performing over time. The PBI measures both performance and expectations of business performance, and the actions that businesses have taken or plan to take to drive sustainable growth in the future.

Index calculation

From Edition 5 onwards, data has been weighted to be representative of previous Be the Business surveys. In this Edition, there was also a rebasing of the Capabilities Index in Editions 1 to 4 to include those who answered 'not applicable' in the totals.

PBI structure



15 About Be the Business

Be the Business is the UK's leading expert of small business productivity.

As an independent charity, we work to boost small business productivity, by connecting business leaders to world-class productivity expertise. To date, we have directly added £500m to the productivity of the firms we have worked with.

By combining in-depth research into different aspect of productivity, practical work with small business leaders and publishing our insights, we have become the UK's leading authority of small business productivity.

Collectively we're transforming the UK's productivity, raising the value of businesses in our communities, safeguarding jobs and improving standards of living.

[Learn more](#)

**be the
business**

Work with us and be part of our mission to **boost UK productivity**



Work with **The Lab** to run pilots with SMEs to test and learn what really works



Work with **Knowledge Centre** to leverage our thought leadership and data-led insights



Work with **Product Team** to enhance leadership in SMEs and in your own organisation