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NAVIGATING BUSINESS FINANCES

A research report for the Business Debtline
Building Up Business programme from the
Personal Finance Research Centre (PFRC),
University of Bristol

March 2025

Sharon Collard, Katie
Cross & Jamie Evans

MONEY
ADVICE TRUST

**BUSINESS
DEBTLINE**

Navigating business finances: A research report for the Business Debtline Building Up Business programme.

ABOUT THIS REPORT

This report was published by the University of Bristol in March 2025.

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ACKNOWLEDGEMENTS

This research was commissioned by the Money Advice Trust, who run Business Debtline – the only dedicated free debt advice for self-employed people and small business owners in Great Britain. The research is part of the charity's wider Building Up Business programme, which is kindly supported by Aviva.

Our thanks to Business Debtline and the Money Advice Trust for their support in conducting this research project, in particular Grace Brownfield, Lyndsey Humphries and Jasmin Dhaliwal. Thanks

also to the Business Debtline clients who shared their views and experiences.

The authors had intellectual freedom throughout the project and take sole responsibility for the content of this report.

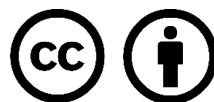
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Our preferred citation is: Collard, S, Cross, K & Evans, J (2025) Navigating business finances, Personal Finance Research Centre, University of Bristol.

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FOREWORD

Running a small business can be an incredibly fulfilling experience, but it can also be a hugely challenging one. Navigating complex business finances, while also managing the day-to-day running of a business and delivering for your customers, can be a difficult balancing act.

This can be exacerbated further if the right support and information isn't available to small business owners, to help them build their business finance skills and confidence. Our Business Debtline advisers frequently hear from small business owners in this situation. The knock-on impact on the health of their business, and their own financial resilience, can be significant.

That's why we have embarked on our Building Up Business programme, which has been supported by Aviva. The programme has focused on understanding more about the business finance skills and confidence gap among lower-income small business owners, and the challenges they face when it comes to navigating their business finances. I am delighted we've been able to work with the University of Bristol's Personal Finance Research Centre to conduct this in-depth research with Business Debtline clients.

It provides valuable insight into where we need to focus our attention to better support small business owners and self-employed people to build their business finance skills and confidence. Alongside this report, we are publishing our recommendations for how we can do so. However, this isn't just about what others can do. We have also used the research findings presented here to inform the development of a free, virtual learning offer for small business owners, which will run initially as a pilot, enabling us to test the impact and share further learnings.

We are grateful to the Personal Finance Research Centre for their dedicated research work, and to Aviva, for making the Building Up Business programme possible.

Matt Hartley
Director of Engagement
Money Advice Trust – the charity that runs Business Debtline

EXECUTIVE SUMMARY

The UK has over 5.5 million small private sector businesses, which play a critical role in the national economy. However, a lack of access to support with business finance skills is potentially holding small businesses back, creating a higher risk of financial difficulty and putting businesses at risk of failing.

The Money Advice Trust, who run Business Debtline, commissioned the University of Bristol's Personal Finance Research Centre to conduct research to develop stronger evidence on the current business finance skills gap among small businesses – and the impact this has – as well as small-business owners' experiences of accessing support with their business finances.

The Money Advice Trust is using the findings as part of its wider Building Up Business programme, to inform recommendations on how to help close the business finance skills gap, as well as the development of a virtual learning offer for small-business owners, to support them to manage their finances with confidence.

Research methods

To understand how confident small businesses feel about dealing with business finances, the business finance challenges they face, and the types of support they need, we conducted a two-stage research process between April and August 2024 with Business Debtline clients:

1. **In-depth interviews** with 22 Business Debtline clients who collectively had experience of running a diverse range of businesses.
2. **An online survey** distributed by Business Debtline to previously supported clients, which was completed by 391 respondents.

The research focused on business finances in a broad sense, and did not ask about the financial difficulties encountered by small-business owners, nor their views and experiences of using Business Debtline. These issues were sometimes inter-linked, however, and so came up naturally in the interviews.

Business Debtline operates in Great Britain (England, Wales and Scotland) but not Northern Ireland. The research findings are therefore based on the views and experiences of small-business owners in Great Britain.

Small businesses were generally confident about navigating their business finances

When asked how confident they feel managing their business finances, three-in-five (61%) small businesses in the survey reported feeling 'very' or 'quite' confident. Two-in-five (39%) were less confident, but just 9% said they were

‘not confident at all’. Women and those with a long-term health condition or disability were significantly more likely to be lacking in confidence (49% and 47% respectively either ‘not that confident’ or ‘not confident at all’).

One-in-ten (12%) of small-business owners said they did not feel confident using the internet and/or digital devices, and there was a link between low digital confidence and low confidence navigating business finances.

Where people didn’t feel confident, one reason mentioned in the interviews was that small-business owners felt they just weren’t interested in the finance side of their business, they wanted to do what they loved and were passionate about and ideally would have someone else help with the finances.

Small businesses were less confident about knowing what questions to ask and finding help

In terms of dealing with specific aspects of business finance, we found that – where it was relevant to their business – respondents were most confident dealing with: invoicing (86% confident); chasing late payments (75%); and determining whether they needed to become VAT-registered (68%).

Respondents were least confident: knowing what questions to ask about their business finances generally (39% confident) or when considering business loans/finance (39%); knowing how to find sources of help with their business finances (40%); and finding out about sources of business loans/finance (40%).

Aside from knowing whether to register for VAT, levels of confidence on tax-related issues were relatively low. Around half or fewer of respondents said they were confident submitting a self-assessment tax return (52% confident); understanding the other business taxes they were liable for (48% confident); how to calculate the amount of tax they owed (47% confident); and putting money aside for taxes (43% confident).

Use of accountants and accounting software were linked to confidence

A third (33%) of small-business owners surveyed used some form of accountancy software (such as QuickBooks, Sage or Xero); and those using such software were significantly more confident across a range of business skills. This might mean that such software helps to build business owners’ confidence but could also reflect the type of survey respondents that used it i.e. they more likely to be digitally confident, male and running a limited company.

Three-in-five (60%) of small-business owners employed an accountant. Those who did so were significantly less likely than others to say they were confident submitting tax returns (45% vs 52% of all respondents) or calculating the amount of tax owed (41% vs 47%).

Two-in-five small businesses felt a lack of confidence with business finances had contributed to their financial difficulties

Despite most feeling reasonably confident in their business finance abilities, a higher proportion of small-business owners in the survey agreed (43%) than disagreed (35%) that “a lack of confidence with business finances contributed to the financial difficulties [they] experienced”.

As one survey respondent noted:

“I was extremely good at DOING the job, but very poor at running a business. This included marketing and selling my services, including on social media channels; managing my finances and separating my personal and business finances; and business planning.”

Managing cashflow was the most common business finance challenge for small businesses

To get a sense of the real-life issues that small businesses have to deal with, the survey asked about business finance issues they had found particularly challenging to deal with, either now or in the past. The most common challenge was ‘managing cashflow’, which had affected 44% of all respondents, rising to 55% of those running limited companies. This was followed by ‘paying the taxes you owed’ (35%), ‘late payments’ (33%) and issues ‘repaying government loans’ (including Bounce Back Loans and Recovery Loan Scheme loans) (33%, rising to 52% of limited companies). The majority (58%) of small-business owners had faced two or more of the business finance issues we asked about, with a third (36%) experiencing three or more of the issues asked about.

These business finance challenges were reported even by those who said they felt confident in dealing with them. In the qualitative research, interviewees often felt that it was factors beyond their control – not their own lack of skills or confidence – that were the root cause. These findings also served to highlight the significant stresses and strains – emotional and psychological as well as financial – involved in running a small business day-to-day, particularly when they face challenges with business finance and financial difficulties. Reflecting this, small-business owners wanted business support services to be empathetic and non-judgemental.

Only half (50%) of those who had faced business finance issues sought any information or help with them, however. The main sources they turned to were their accountant; GOV.UK; financial services firms; and HMRC. Informal sources of help – friends and family members and business acquaintances – were also important.

Four-in-ten (42%) had experienced challenges but had not sought any help, and the main reasons they gave for not seeking help were not knowing who to ask; thinking there would not be any help available for the challenges they

faced; or wanting to sort things out themselves. Notably, only a handful (4%) of small-business owners who faced issues but didn't seek help said they didn't need any help, indicating a significant unmet need. The remaining 8% who had experienced challenges said they did not know whether they had sought any help.

Overall, GOV.UK is the main business support service used

As well as asking small businesses what help they had sought when they faced particular challenges with business finances (as described above), we also asked them what sources of business advice and support they had ever used.

Three-quarters of the small businesses that we surveyed (76%) had used at least one of these services at some point in their business lifetime. Most commonly this was the GOV.UK webpages for business, which six-in-ten (61%) of business owners said they had used. In our qualitative interviews, small-business owners expressed mixed feelings about the GOV.UK business webpages which seemed unrelated to their confidence navigating business finances. While some liked the comprehensive information provided by GOV.UK, others found the webpages difficult to navigate and hard to find the information they wanted.

Notably, despite high reported use of GOV.UK webpages, only one-in-ten (11%) of small-business owners said they had used any of the government-funded business support helplines across England, Scotland and Wales¹ and the qualitative interviews indicated low awareness of them.

Small businesses feel they lack suitable business advice and support

The survey findings indicate that there are issues in Great Britain with access to suitable business support for smaller businesses:

- Only a quarter (26%) agreed that they know where to go if they want business support, while four-in-ten (37%) disagreed.
- Just two-in-ten (21%) agreed that there is good business support available for small-business owners like them, with twice as many disagreeing (40%).
- Four-in-ten (40%) agreed that “most business support is aimed at start-ups” rising to nearly a half (47%) among small businesses trading for between one and six years. Those that had been in business for fewer than 12 months were less likely to agree with this statement (19%) and more likely to give a ‘don't know’ response (36%).

¹ Business Support Service England, Find Business Support Scotland, Business Wales Helpline.

However, it is worth noting that a neutral response (i.e. neither agree nor disagree) was the single most common response across all these questions; and between one-in-ten and two-in-ten survey respondents gave a 'don't know' response. This may indicate that small-business owners don't feel they need business advice or support; or have never considered seeking advice or support for their business.

Business finance support needs are varied

We gave survey participants a list of eight different types of information or support related to business finances that organisations might be able to offer. They were asked which, if any, of these they would have liked to receive previously or would like to receive now.

It was clear from their responses that there is no 'silver bullet' that can help all small businesses – while a fifth (20%) said they do not want any help or information for their business finances, nearly half (46%) chose three or more different types of support (with 22% selecting five or more types).

Unsurprisingly, this increases among those who were least confident with business finances (56% selected three or more types, with 31% choosing five or more).

The most popular type of support with business finances that small-business owners wanted was the 'being able to ask questions and get answers from an expert' (55%), followed by 'hearing from other small-business owners who have faced similar issues' (42%). 'Online training courses' were selected by 36%, just ahead of 'factual information about different aspects of business finances' (34%), 'coaching or mentoring' (32%), 'an online forum' (31%) and 'template business plans, budgets and other documents' (29%).

What does 'good' look like to small businesses?

While our research shows that small businesses have varied support needs in relation to their business finances, it also highlights five key factors that they feel are important in getting business support right for organisations like them:

1. **It needs to be relevant to me and my business**, e.g. in terms of business size, life-stage, the industry/sector they work in. Small businesses expressed frustration that, when they did look for help and support, it was too generic or basic to be much help. Half of small businesses (50%) would have liked support when they first started getting into financial difficulties, while two-in-five (39%) felt it would have been beneficial when first setting-up the business. Of those no longer trading, 37% said they would have liked more advice or support while winding down their business.
2. **It needs to help me move things forward**. Small-business owners in the research were most interested in practical solutions to the specific issues or questions they might face; something they had not already tried themselves that was pitched at the right level for them (not too basic, not too complex).

3. **It needs to avoid jargon and use straightforward language.** Running a business and dealing with business finances does not always come naturally to small-business owners. Support therefore needs to be provided in simple, comprehensible language and help to demystify business finances.
4. **It needs to be accessible and inclusive.** This means being able to speak to someone without long wait times or else request a call-back, including outside office hours; to talk to someone who was knowledgeable, empathetic and non-judgemental; and for online services to be easy and intuitive to navigate and comply with accessibility standards or good practice.
5. **It needs to be free-of-charge.** Apart from accountants, it was rare for small-business owners in our research to pay for advice or support – and unlikely they could afford to.

To summarise, there are five key implications from our research that can be used to better support small businesses with their business finances:

- There is a clear gap in support for small businesses to navigate their business finances. Filling that gap can help build up Great Britain's small businesses.
- There is no 'silver bullet' when it comes to delivering better support to small businesses to navigate their business finances, as they have varied needs.
- Small businesses know what 'good support' looks like to them.
- Accountants are important actors in the lives of many small businesses.
- 'If you build it, they will come' won't work for small businesses, therefore finding ways to foster small-business owners' curiosity in what business support might be able to offer them; encouraging them to be proactive about getting help early; and making such support accessible and easy to find are all likely to be important in promoting any new type of business support to small businesses.



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1 INTRODUCTION

The UK has over 5.5 million small private sector businesses, which play a critical role in the national economy. However, a lack of access to support with business finance skills is potentially holding small businesses back, creating a higher risk of financial difficulty and putting businesses at risk of failing.

The Money Advice Trust, which runs Business Debtline, (see Box 1.1 below) commissioned the University of Bristol's Personal Finance Research Centre to conduct this research to develop stronger evidence on the current business finance skills gap among small businesses, and the impact this has, as well as small-business owners' experiences of accessing support with their business finances. The Money Advice Trust will use the findings to inform recommendations on how to help close the business finance skills gap, as well as the development of a virtual learning offer for small-business owners, to support them to manage their finances with confidence. The research is part of the Money Advice Trust's Building Up Business programme, kindly supported by Aviva.

The research focused on business finances in a broad sense, and did not ask about the financial difficulties encountered by small-business owners, although these issues were sometimes inter-linked and so came up naturally in the interviews. The research also did not ask about small-business owners' views and experiences of using Business Debtline, although again this was sometimes raised by interviewees.

Box 1.1: About the Money Advice Trust and Business Debtline

The **Money Advice Trust** is a national charity that helps people to tackle their debts and manage their money with confidence. It runs **Business Debtline**, Great Britain's Centre of Excellence for Business Debt and the only dedicated free debt advice service for people who are self-employed and small-business owners. Business Debtline typically supports sole traders and micro-businesses. In 2023 it helped over 28,000 small-business owners and self-employed people over the phone and more than 8,500 via webchat. There were also over 524,000 visits to the Business Debtline website, offering expert information about small business finances.

About this report

The report is structured as follows:

- Section 2 sets out the research methods we used for this work.
- Section 3 explores small-business owners' confidence in navigating their business finances and looks at the key business finance challenges they reported facing.
- Section 4 explores small businesses' experiences of dealing with the business finance challenges they faced. It also looks at their views and experiences of employing an accountant, and the other types of business advice and support they used.
- Section 5 describes the types of support with business finances that small-business owners would like to see, and what 'good' support looks like to them.
- Section 6 considers the implications of the research findings for supporting small businesses with their business finances.

We use verbatim quotes from our research participants and case studies based on their experiences to illustrate key findings. We do not use people's real names in order to protect their privacy.

2 RESEARCH METHODS

To understand how confident small businesses feel about dealing with business finances, the business finance challenges they face, and the types of support they need, we conducted a two-stage research process:

	Research method	Overview
1	Interviews with 22 small-business owners (April-May 2024)	22 in-depth online interviews with Business Debtline clients who collectively had experience of running a diverse range of businesses.
2	Online survey of 391 small-business owners (July-August 2024)	Online survey distributed by Business Debtline to previously supported clients, covering business skills confidence, challenges and support needs.

Business Debtline operates in Great Britain (England, Wales and Scotland) but not Northern Ireland. The research findings are therefore based on the views and experiences of small-business owners in Great Britain.

A third stage of the project will take place at the end of 2024, in which the Money Advice Trust will conduct wider polling of small-business owners to gain a broader perspective on some of the issues raised by this research. The Money Advice Trust will separately publish the findings from this.

Interviews with small-business owners

The first stage of the research involved in-depth interviews with Business Debtline clients. Those invited to take part had all previously completed a separate survey conducted by the Money Advice Trust in 2023 and agreed to be re-contacted for future research.

In total, the Money Advice Trust invited around 140 clients to take part in the qualitative research. Those who were interested completed a short screening questionnaire to capture basic information about them and their business.

All 57 clients who expressed interest in being interviewed were contacted by email by University of Bristol researchers. From these, 22 interviews were completed, lasting an average of just over an hour. One interview was conducted by telephone, the rest via Zoom videoconference. Interviewees received £75 in shopping vouchers after the interview, as a thank you for taking part.

The purpose of the interviews was:

- To test and refine our understanding of the business finance skills gaps that small businesses face and the impact they have on their business. This included questions on managing the financial side of a business, tax issues, trading/legal status of a business, and loans/liabilities.
- To understand the views and experiences of business support services, including barriers to use.
- To explore what business support they would value (if any) and how that could best be delivered, including their views about a potential virtual learning offer.

The interviews were digitally recorded (with consent) and fully transcribed. The anonymised interview transcripts were analysed for key themes and the results were used to feed into the design of the online survey (described below).

Collectively, our 22 interviewees were or had been involved in a range of different business types, including taxi driving, consultancy, retail and buy-to-let landlords. They were equally split among businesses that were still trading (11) and those that had wound up (11). In the recruitment screening questionnaire, 17 described themselves as 'very' (4) or 'fairly' confident (13) navigating business finances, while a minority were 'not very' (4) or 'not at all' (1) confident. For more information on the sample obtained, see the appendix.

Online survey of small-business owners

Following the interviews, we designed an online survey to quantify some of the key themes that had arisen in the qualitative research. The survey captured data on the business finance challenges encountered by small-business owners; their confidence in dealing with different financial aspects of their business; and their use (or potential use) of different forms of business support.

Business Debtline emailed a link to the online survey to around 9,500 of its former clients who had contacted the service between January 2023 and March 2024 and agreed to be re-contacted for research. Our survey ran between July and August 2024 and was completed by 391 people. This represents a 4% response rate, which is in line with the response rates that Business Debtline generally achieves in its client surveys. Participation was incentivised by a prize draw, in which participants had the opportunity to win one of three £75 vouchers as a thank you for their time.

In reporting the survey findings, we generally focus on the overall percentage results for the entire sample of respondents; however, in places we present cross-tabulations where there was evidence that a sub-sample (for example, sole traders or businesses with premises) had a significantly higher or lower result than other groups. Such breakdowns were conducted based on:

- Business characteristics: industry, legal structure, whether still trading, number of years trading, number of employees, whether has premises.
- Finance skills and situation: digital confidence, overall confidence managing business finances, how well business is going, whether they approached Business Debtline with personal or business debts (or both), whether they have a business bank account, use of accounting software, and use of an accountant.
- Respondents' socio-demographic characteristics: age, gender, ethnicity, disability, nation of Great Britain.

In the statistical analysis described throughout this report, significant differences are reported at the 95% level of confidence ($p < .05$). Where figures do not sum to 100, this is due to rounding. Unless otherwise specified, the sample size used in charts and statistics is based on all survey respondents ($n=391$).

Box 2.1 gives the key characteristics of the sample we obtained. As shown, nearly half of the sample was comprised of sole traders (48%), while slightly fewer were limited companies (42%), 8% were from 'other' business types (such as partnerships) and 2% were unsure. Two-in-five (43%) were still actively trading, with a similar proportion having stopped trading permanently (43%) and 14% either in the process of winding their business down (6%) or having stopped trading temporarily (8%). Combining this data, we see that the two largest groups of respondents to the survey were sole traders who were still trading (29%) and limited companies who were no longer trading (26%).

A range of industries were captured by the survey, though the largest single group was those who felt that none of the standard industrial classifications fitted their business and therefore selected an 'other' industry (28%).

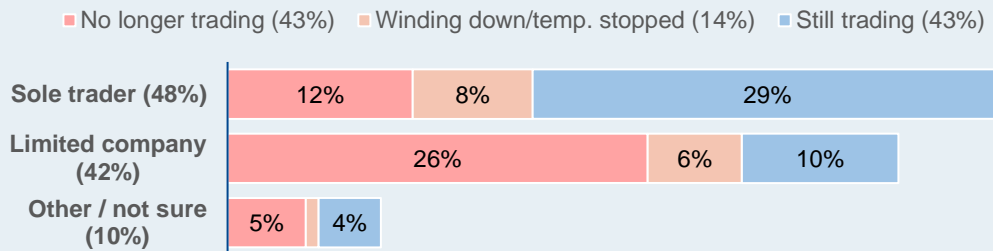
Around half (51%) of those surveyed had no employees, while a further 29% had one-to-two employees. Just 7% had six or more employees. Around a quarter (27%) had some form of commercial premises, with most of them renting or leasing their space (21%).

Importantly, not all respondents had contacted Business Debtline about business-related debts. In fact, nearly a third (31%) had contacted the charity mainly because of personal debts and a further 33% had done so because of both business and personal debts. The final third (33%) had reached out to Business Debtline mainly because of business debts. As we heard in the qualitative research, however, it was not uncommon for personal debts to build-up because of a lack of income from their business.

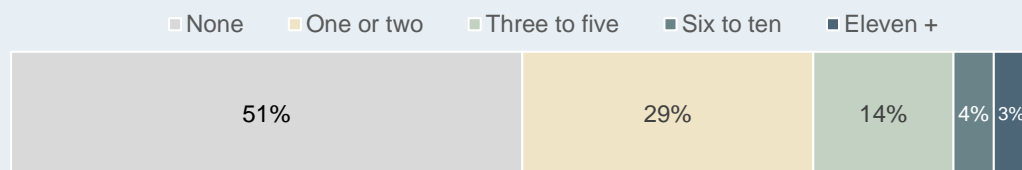
It is also worth noting that the majority (88%) of small-business owners in the survey felt confident using the internet and/or digital devices (unsurprisingly given it was an online survey); the remaining 12% did not feel confident.

Box 2.1 – Overview of the survey sample

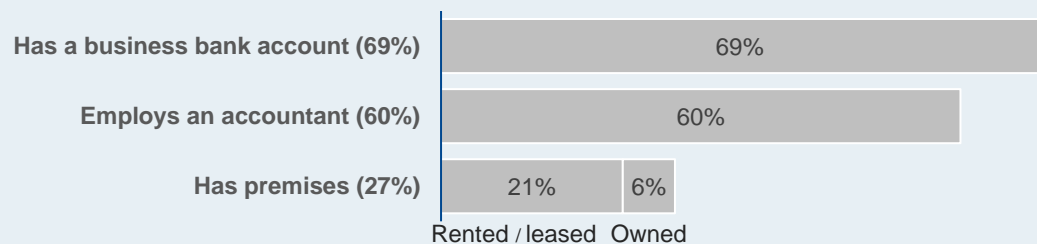
Legal structure and trading status



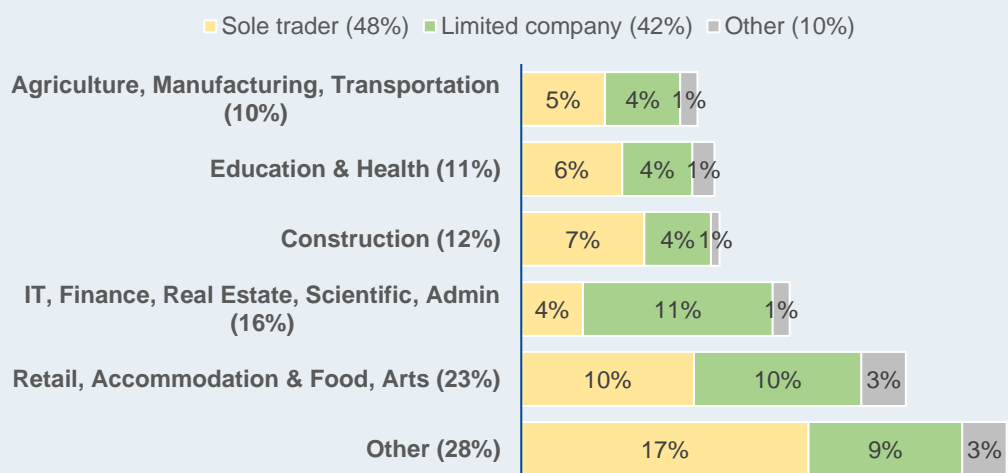
Number of employees



Key business details



Industry and legal structure



(All percentages represent percentage of total sample.
Industrial classifications combined to ensure minimum sample size achieved.)

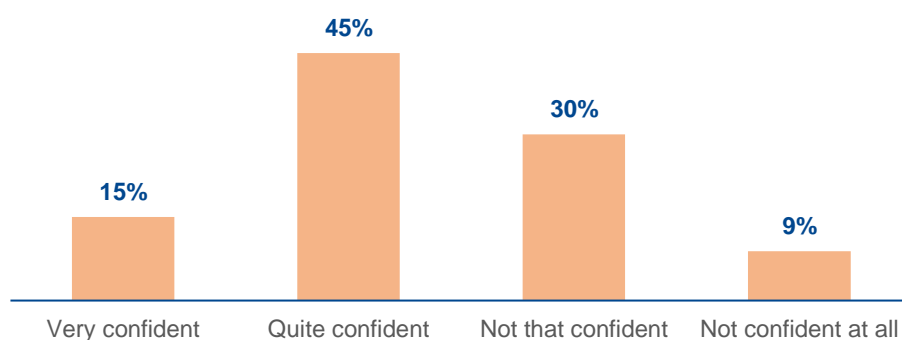
3 CONFIDENCE AND CHALLENGES NAVIGATING BUSINESS FINANCES

In this section, we explore small-business owners' confidence in dealing with a variety of aspects of running a business and look at the key business finance challenges they reported facing.

Small businesses were generally confident about navigating their business finances

When asked how confident they feel managing their business finances, three-in-five (61%) survey respondents reported feeling 'very' or 'quite' confident (Figure 3.1). Two-in-five (39%) were less confident, but just 9% said they were 'not confident at all'. Female respondents and those with a long-term health condition or disability were significantly more likely to be lacking in confidence (49% and 47% respectively either 'not that confident' or 'not confident at all').

Figure 3.1 – Overall confidence managing business finances



Notes: Question wording = "Overall, how confident do/did you feel managing your business finances? For example, understanding the tax you owe, managing cashflow, calculating a business budget."

This chimes with the qualitative research, where, on first glance, interviewees generally felt confident in dealing with the various topics we asked about – including general financial management, tax issues, legal set-up of the business and taking out loans or other financial products. There were a variety of reasons that the participants offered for their relative self-confidence:

- Their business was small and straightforward, and they didn't plan to grow it, so felt comfortable just doing what they were doing.
- They often learned how to navigate business finances on-the-job through making mistakes and gaining experience; some also brought useful skills and knowledge from previous paid work, for example working as a business manager or community development consultant.
- They had gained confidence through prior business advice, support, and coaching that they had received.
- They had trust and confidence in their accountant to deal with their business finances (though this was sometimes unquestioning or even misplaced, as we discuss in section 4).
- They were comfortable with the tools that they used, which in turn boosted their confidence (for example, Excel or accounting software which automated processes, such as invoicing, for them).
- They felt they had the right mindset for business and interest in business finances or finance more generally.

However, two in five survey respondents were less confident and there were examples in the qualitative interviews which illustrated this. Where people didn't feel confident, one reason mentioned in the interviews was that small-business owners felt they just weren't interested in the finance side of their business, they wanted to do what they loved and were passionate about and ideally would have someone else help with the finances. As Craig described when asked about navigating his business finances:

“It doesn't excite me, no. It's not something that excites me.”
(interviewee, limited company)

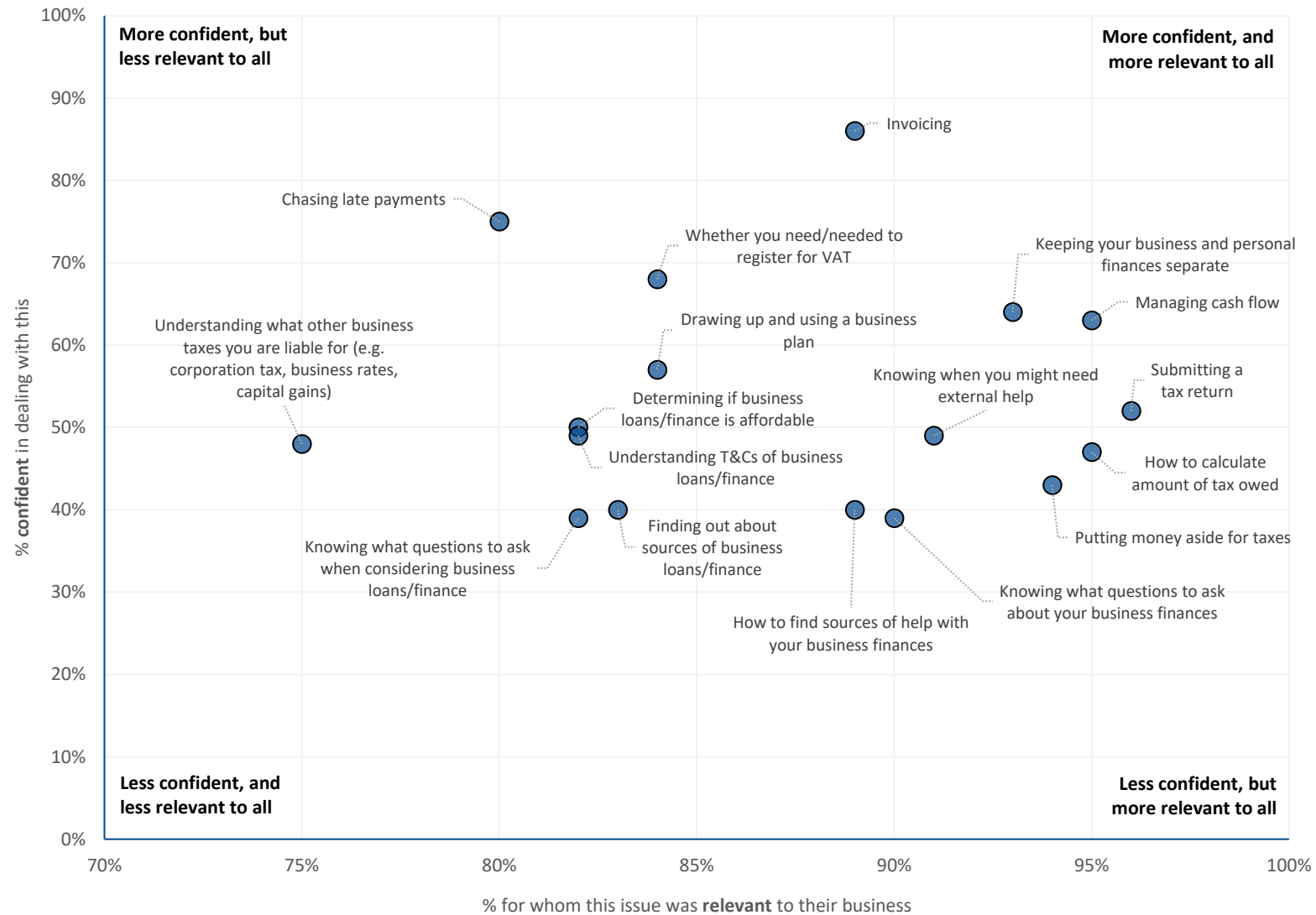
Small businesses were less confident about knowing what questions to ask and finding help

Survey respondents were also asked about their confidence in dealing with more specific aspects of business finance skills (Figure 3.2). This showed that – where it was relevant to their business – respondents were most confident dealing with: invoicing (86% confident); chasing late payments (75%); and determining whether they needed to become VAT-registered (68%).

Respondents were least confident: knowing what questions to ask about their business finances generally (39% confident) or when considering business loans/finance (39%); knowing how to find sources of help with their business finances (40%); and finding out about sources of business loans/finance (40%).

Aside from knowing whether to register for VAT, levels of confidence on tax-related issues were relatively low. Around half or fewer of respondents said they were confident submitting a self-assessment tax return (52% confident); understanding the other business taxes they were liable for (48% confident); how to calculate the amount of tax they owed (47% confident); and putting money aside for taxes (43% confident).

Figure 3.2 – Relevance of and confidence dealing with different business finance-related issues



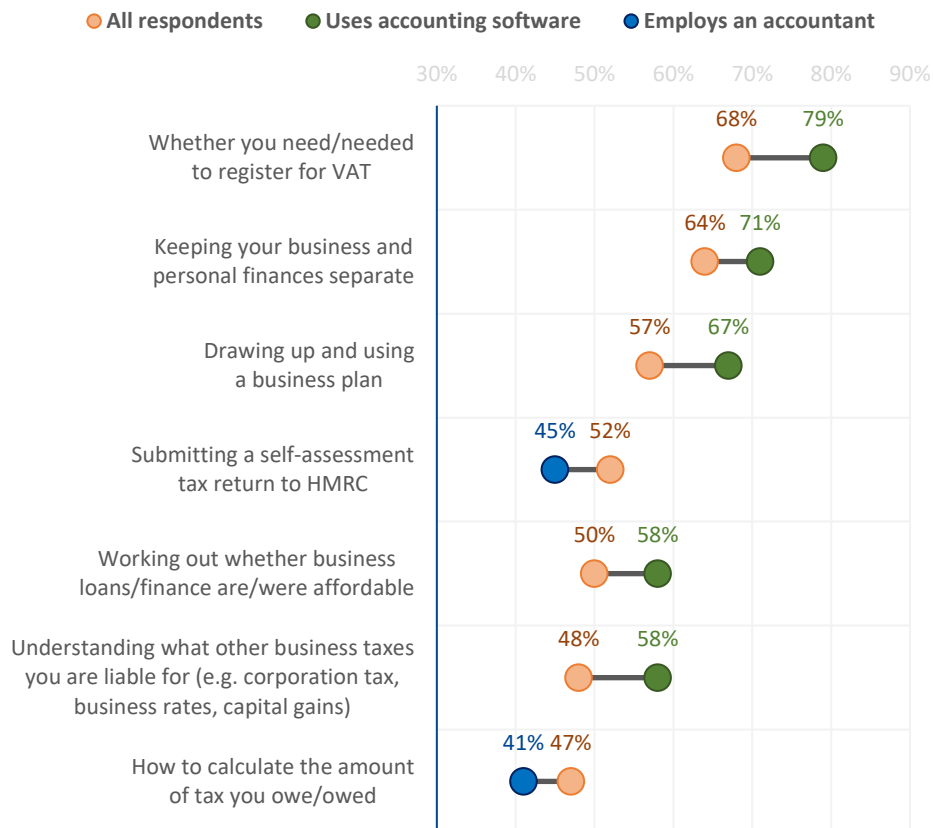
Notes: '% confident in dealing with this' after excluding those who selected 'This is/was not relevant to my business'.

This also reveals which issues were more and less relevant to small-business owners. Those which were relevant to the highest proportion were: submitting a self-assessment tax return to HMRC (96% relevant); managing cash flow (95%); and calculating the amount of tax owed (95%). Those relevant to the lowest proportion were: determining what other business taxes (such as corporation tax, business rates and capital gains tax) they were liable for (75% relevant); chasing late payments (80%); and issues related to sources of business loans/finance (82-83%).

Use of accountants and accounting software were linked to confidence

A third (33%) of small-business owners surveyed used some form of accountancy software (such as QuickBooks, Sage or Xero). As shown in Figure 3.3, those using such software were significantly more confident across a range of business skills, including knowing whether to register for VAT, keeping business and personal finances separate, drawing up a business plan, working out if business loans are affordable, and understanding what other business taxes they might be liable for. This might mean that such software helps to build business owners' confidence but could also reflect the type of people or businesses that were found to disproportionately use such software in our survey i.e. more likely to be digitally confident, male and running a limited company.

Figure 3.3 – Business finance issues where there was significantly higher or lower confidence, depending on whether the respondent used accounting software or employs an accountant



Notes: minimum sample sizes for those using accounting software = 118, for those employing an accountant = 191. Only those issues with statistically significant differences shown.

Three-in-five (60%) of small-business owners surveyed employed an accountant. Those who did so were significantly less likely than others to say they were confident submitting tax returns (45% vs 52% of all respondents) or calculating the amount of tax owed (41% vs 47%) (Figure 3.3). This suggests that those who feel less confident are more likely to seek the support of an accountant or alternatively that those who use an accountant do not feel the need to develop these skills. The latter arguably suggests less of a ‘problem’, as small-business owners do not necessarily need to have all business finance skills if they are able to outsource some. They may, however, still need to know what questions they should be asking of their accountant. The challenge therefore for many small-business owners is knowing what it is that they don’t know, i.e. the challenge of turning ‘unknown unknowns’ into ‘known unknowns’ that they can then ask questions about.

We explore the use of accountants and the services they provided to small businesses in more detail in Section 4.

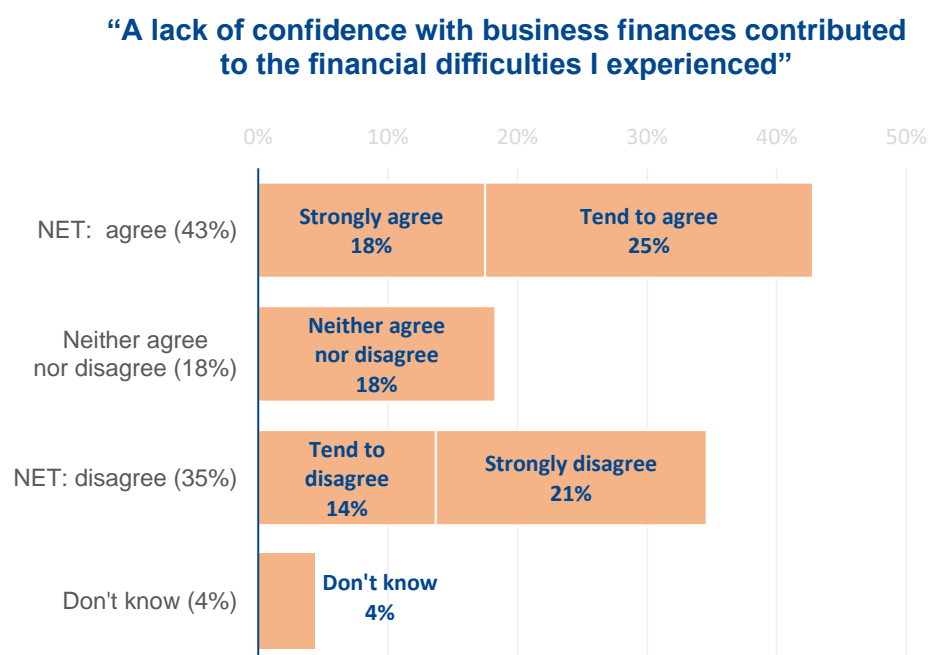
Two-in-five small businesses felt a lack of confidence with business finances had contributed to their financial difficulties

Despite most of those involved in the research feeling reasonably confident in their business finance abilities, when prompted further many felt that there were areas or skills that they were less comfortable with. For example:

“I have reflected on the [time spent running my business] ... My conclusions are that I was extremely good at DOING the job, but very poor at running a business. This included marketing and selling my services, including on social media channels; managing my finances and separating my personal and business finances; and business planning. None of this was the fault of my amazing accountant, who was always there to guide me. One thing I wish I'd done before taking on a huge business loan (with a personal guarantee) would have been to take more advice and seek other financial support before committing.” (Survey respondent)

In our survey of Business Debtline clients, a higher proportion agreed (43%) than disagreed (35%) that “a lack of confidence with business finances contributed to the financial difficulties [they] experienced” (Figure 3.4). While this implies a lack of consensus and demonstrates how a range of factors (including those discussed above) are likely to contribute to financial difficulty, it shows that at least two-in-five do recognise that their own confidence or skills played a part in the challenges they faced – as Ryan describes in the case study below (Box 3.1).

Figure 3.4 – Percentage of small-business owners agreeing/disagreeing with the statement:



Box 3.1 – Case study

Ryan worked as a content creator in the creative sector. He set up his first limited company in his early 30s. While the business primarily got into difficulties due to tax debts, Ryan did see his inexperience in running a business and business finances as a contributory factor.

The business got off to a good start, landing several large contracts. Ryan focused primarily on bringing in new business as well as delivering on the contracts they already had. In contrast, running a business was completely new to him, and he found it somewhat intimidating. As a result, he relied heavily on his accountant, as he explains:

“There were a lot of things where I was trying to find the work and putting different hats on at different times. And the business side of things, I was definitely inexperienced and I would defer certain things to accountants, without really understanding what they were...a lot of your energy, mental energy, is taken up by doing ‘the thing’.”

Ryan felt he had been on a steep learning curve in terms of running a business, which had required a significant investment of his time. As a result, he now felt more confident running a new business he had set up; and felt that getting to grips with accounting software had also been a confidence boost.

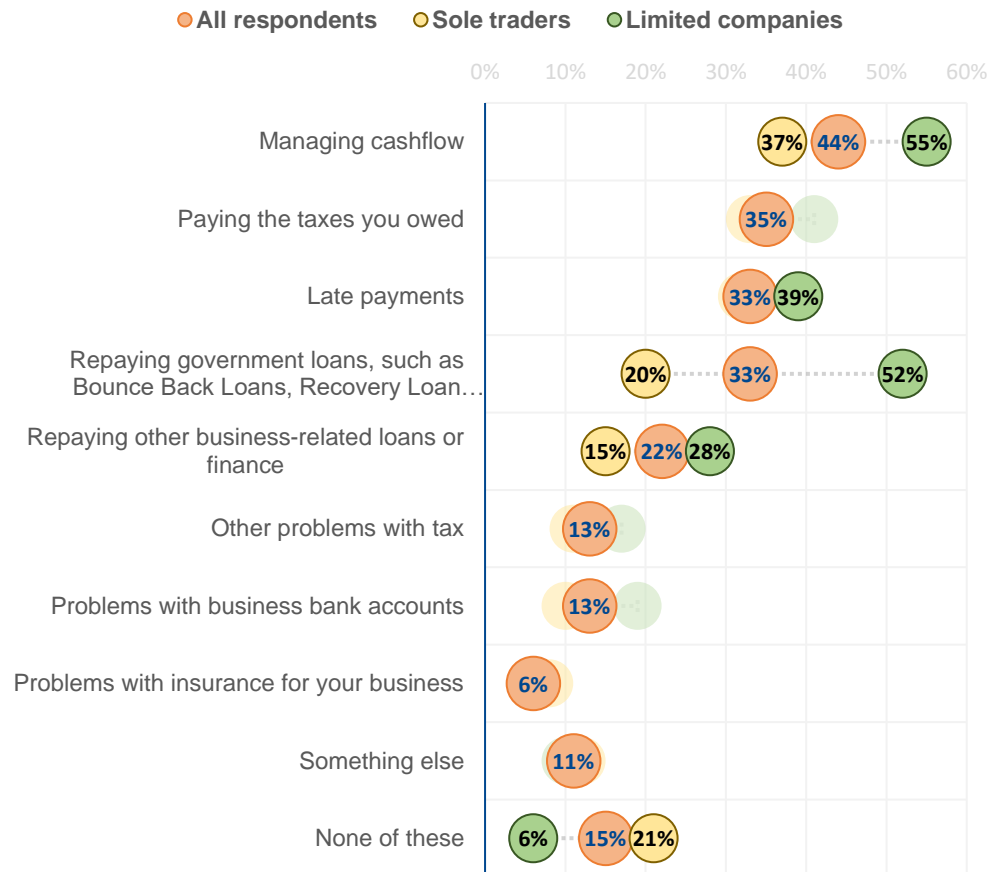
“I definitely became more and more confident and using accounting software helped with that... the more you do it and the longer you’re in business and doing these things, you become more confident with it... It’s a long-term learning thing.”

Managing cashflow was the most common business finance challenge for small businesses

As well as asking about the relevance of different business finance issues and their confidence dealing with them, the survey asked small businesses about the real-life challenges they had found particularly challenging to deal with, either now or in the past.

As Figure 3.5 shows, the most common challenge was ‘managing cashflow’, which had affected 44% of all respondents, rising to 55% of those running limited companies. This was followed by ‘paying the taxes you owed’ (35%), ‘late payments’ (33%) and issues ‘repaying government loans’ (including Bounce Back Loans and Recovery Loan Scheme loans) (33%, rising to 52% of limited companies). Difficulties ‘repaying other business-related loans or finance’ meanwhile affected one-in-five respondents (22%).

Figure 3.5 – Business finance challenges which had caused respondents problems (either now or in the past), by legal structure of business. Values for sole traders and limited companies only labelled where a statistically significant difference was found.



Notes: sample for sole traders = 186 and for limited companies = 163. Circles for sole traders and limited companies are only labelled and outlined where a statistically significant difference exists.

Business finance challenges were rarely experienced in isolation. The majority (58%) of small-business owners had faced two or more of the business finance issues we asked about, with a third (36%) experiencing three or more of the issues asked about. One-in-ten (10%) had experienced five or more. Challenges commonly experienced in combination were: problems managing cashflow and difficulty paying taxes (experienced together by 22% of all respondents); managing cashflow and late payments (20%); and paying taxes and repaying government loans (17%). Around 30% of those who experienced problems paying taxes also experienced 'other' unspecified problems with taxes.

The above business finance challenges occurred even for those who said they felt confident in dealing with each of them. For example, of the 44% who reported that managing cashflow had caused them problems, nearly half (46%) of these separately said they feel confident dealing with cashflow. This may mean that they had previously had issues with cashflow which they had successfully overcome, thereby building their confidence. Alternatively, it may

mean that they consider their cashflow issues to have been outside of their own control and therefore not related to any lack of skills on their part.

External factors were often viewed as the main problem

Where they had experienced challenges with their business finances, interviewees often felt that it was factors beyond their control – not their own lack of skills or confidence – that were the root cause. The coronavirus pandemic and associated lockdowns in 2020-21 had left many businesses with dramatically reduced demand, with some also unable to access sources of Government support:

“COVID was a big factor – we were just about to start trading having built a wedding/events barn and for 2 years were unable to take bookings. We were not eligible for any help as we had not started trading. We then borrowed more to survive and ended up in difficulty.” (Survey respondent)

“COVID hit exactly at our peak season. So, COVID started in March and lockdown eased in October, so that was our entire trading year totally stuffed... we made horrible losses.” (Interviewee, limited company)

Others highlighted how a combination of external events in recent years had caused them to struggle: the pandemic, Brexit, the energy crisis, new IR35 rules for freelancers and contractors,² rising interest rates and the associated cost of living crisis were all mentioned by participants.

Changes to small-business owners' personal circumstances were also a key cause of their business finance challenges. Health issues and business problems were intricately linked, with both mental and physical health conditions potentially leading to difficulties running the business, and financial difficulties for the business then creating an additional burden on people's health and wellbeing. Relationship breakdown also led to business problems in some cases:

“My business began to struggle due to personal issues surrounding divorce and subsequent mental health issues. Had that not happened I wouldn't have had issues with running my business.” (Survey respondent)

“The business was trading extremely well, the only issue that the business faced was the fact that my partner abandoned the business and family overnight, leaving myself and the family struggling to tread water, which in turn was a very distressing time for myself mentally,

² See the House of Commons Library briefing paper on '[Personal service companies & IR35](#)' for an explainer of the IR35 rules.

emotionally and physically. Unfortunately I ceased trading and wound the business up.” (Survey respondent)

These findings serve to highlight the significant stresses and strains involved in running a small business day-to-day, particularly when they face challenges with business finance and financial difficulties. Karen talked about a grieving process for the retail business that she and her partner lost because of the pandemic and cost-of-living crisis:

“That business to him, it was his baby. It was everything he ever dreamed of. And to lose it, he's still grieving it. He really is.” (interviewee, limited partnership)

Paying attention to the emotional and psychological side of being a small-business owner could therefore be important in terms of providing effective support to navigate their business finances and more generally. Reflecting this, small-business owners wanted business support services to be empathetic and non-judgemental.

4 VIEWS AND EXPERIENCES OF BUSINESS SUPPORT

This section starts by exploring small businesses' *experiences* of dealing with the business finance challenges they faced (as described in the last section). We then move on to look at small businesses' views and experiences of employing an accountant, and the other types of business advice and support they used. Although some sources of help appear well-used by small businesses (notably GOV.UK business webpages), the findings indicate a perceived gap in terms of available business advice and support among small-business owners.

Only half of small businesses sought help with the business finance challenges they faced

As described in Section 3, most of the small businesses we surveyed had faced business finance challenges at some point, such as cashflow management, paying the taxes they owed and repaying business finance.

Only half (50%) of those who had faced business finance issues sought any information or help with them, however. Four-in-ten (42%) said they had not sought any help; and one-in-ten (8%) did not know.³

The three most common reasons for small businesses not seeking assistance with their business finance challenges were:

- *I didn't know who to ask for help* – cited by 47% of those who experienced challenges but did not seek any help.
- *I didn't think there would be any help for the challenges I faced* – cited by 40%.
- *I wanted to sort things out myself* – cited by 30%.

Notably, only a handful (4%) of small-business owners who faced issues but didn't seek help said they didn't need any help, indicating a significant unmet need. Fewer than one-in-ten small businesses cited any of the other reasons listed in the survey, including not having the time to seek help (7%) and being put off by a previous bad experience of seeking help (5%).

³ The survey question was: "And thinking about the business finance challenges you experienced, apart from Business Debtline, did you ever seek any information or help with them? For example, looking for information or help online or speaking to someone about it."

Those who sought help for business finance challenges generally had positive experiences

Among the small-business owners who sought help for the business finance challenges they faced, the main sources they turned to (as shown in Table 4.1) were accountants (49% of help-seekers); GOV.UK (36%); financial services firms (35%); and HMRC (30%). Informal sources of help were also important, notably friends and family members (used by 40% of help-seekers) and business acquaintances (29%).

Table 4.1 – How helpful was the support received

	% who used source	% who found it helpful
Your accountant	49%	68%
Friends or family members	40%	68%
GOV.UK webpages for business	36%	68%
HMRC	30%	66%
Business acquaintances	29%	60%
Your bank, lender or insurance company	35%	54%

Note: Sample size for the ' % who used source ' is based only on those who had sought help from at least one source (n=164). Sample size for the ' % who found it helpful ' column are based only on those who had used each type of support in relation to their business finance issue: your accountant = 80, friends or family members = 66, Gov.UK = 59, HMRC = 50, business acquaintances = 48, bank, lender or insurance company = 57. Survey respondents were only asked a single question about how helpful all the support they had received had been, regardless of how many types of support they had received. This means that the percentages related to helpfulness of the support isn't necessarily tied to one form of support.

As Table 4.1 also shows, most small businesses felt these sources to have been helpful. Views about financial services firms were less positive, with just over half (54%) of small businesses reporting helpful experiences, compared to between six-in-ten and seven-in-ten for other organisations or services.

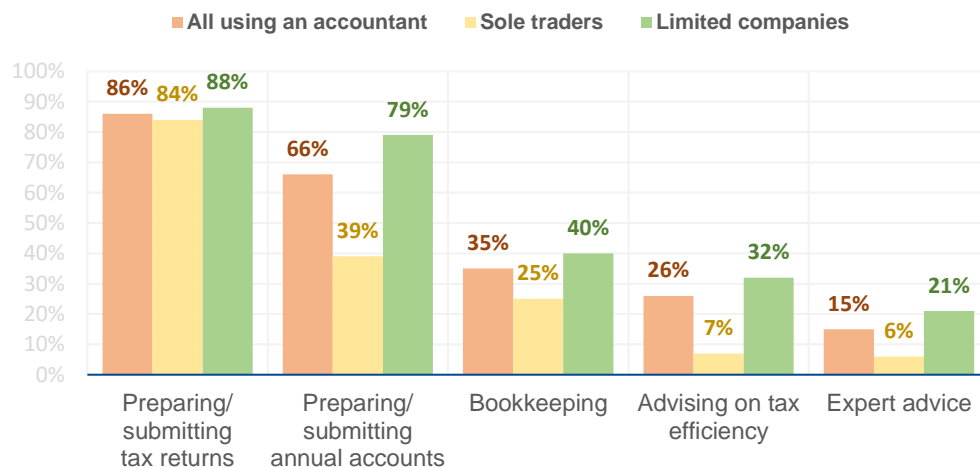
Three-in-five of all small-business owners employed an accountant

As noted in Section 3, three-in-five (60%) of all small-business owners that we surveyed employed an accountant. Looking in more detail at accountant use, limited companies were significantly more likely to use an accountant (88%) than sole traders (36%); as were businesses with three or more employees (87%); and those that had premises (77%). From the qualitative interviews, those that did not employ an accountant generally felt it was not worth the money given the small size and uncomplicated nature of their business. This also meant that tasks like bookkeeping and filing tax returns were relatively straightforward. While some used accounting software, others did everything manually based on paper records.

Figure 4.1 gives an overview of the services provided by accountants to small businesses who used them. Tax returns were by far the most common service

(86% of those using an accountant), regardless of businesses' legal structure, while the preparation of annual accounts was next most common (66%) but primarily among limited companies (79%). General bookkeeping was provided to a third of those using accountants (35%). Advice on tax efficiency was more common among limited companies (32%), as was provision of expert advice (21%).

Figure 4.1 – Services provided by small-business owners' accountants



Notes: sample includes only those who use an accountant (n=234). Sole traders = 67; limited companies = 145.

Our qualitative interviews highlighted two broad camps of small-business owners, when it came to their views and experiences of employing an accountant.

The first camp comprised those who were completely reliant on their accountant when it came to their business finances and trusted them to do what was needed with the information they provided. This left them free to concentrate on 'the business' side of their small business – the thing they were passionate about and that generated income, as Simon described – a sole trader who had worked in the entertainment sector for many years:

I know some self-employed people do the accounts themselves but because that's not my forte – I want to get on with either doing shows or promoting myself and doing other useful things, rather than accountants... I don't get involved in any way whatsoever.

The second camp comprised small-business owners who took a much more proactive interest in their business finances and were more engaged in terms of asking questions of their accountant and, in some cases, using them as a regular source of advice. This seemed to stem either from a natural interest in that side of their business, or because of previous poor experiences with an accountant – as in Lydia's case below (Box 4.1).

Box 4.1 – Case study

Until recently, Lydia owned a consultancy business which she ran as a limited company. She had got into serious difficulties with something her previous accountant recommended but had not (in her view) properly explained to her. As a result, she switched to a different accountant, but also started to do much more of her own research and asked more questions of her new accountant. As she explained in relation to business finances: **“you need to have a firm handle on it and ask the right questions. And that’s when I started to find out what trouble I was in.”**

This experience also opened Lydia’s eyes to the different ‘flavours’ of accountant and the services they do (or do not offer), as she described: **“some of them are number crunchers and some of them are more business-based, and some of them are just sharks, you know? And some of them are just nice people who do really good accounts but don’t really know ... advise you, unless you pay them a lot of money.”**

Like Lydia, other small-business owners we interviewed only became aware through experience that not all accountants are the same in terms of the services they provide. In particular, not all accountants offered the type of guidance or advice that small-business owners wanted or had anticipated they would provide (e.g. on tax issues or growing the business), as Gerry found out with the first accountant he employed:

“He was a lovely fella. I liked him... [but] I got almost no advice off the accountant... he never explained why one particular flavour of business was better than another flavour of business, you know, what was the advantages.” (Interviewee, limited company).

There were also instances of small businesses who wanted, or would have benefitted from, financial advice such as setting up a personal pension, but found this was not something their accountant could help with.

These findings suggest that, given the important role that accountants play in small business finances, one potentially valuable topic for the Business Debtline’s planned virtual learning offer might be helping small-business owners to choose the right accountant for them.

Overall, GOV.UK is the main business advice and support service used

In addition to their use of accountants, the survey asked small businesses whether they had ever accessed a range of business support and advice services (listed in Figure 4.2).

Three-quarters of the small businesses that we surveyed (76%) had used at least one of these services at some point in their business lifetime. Most commonly this was the GOV.UK webpages for business, which six-in-ten

(61%) of business owners said they had used. The GOV.UK webpages have a wide range of information about topics such as government-backed schemes; help with tax and exporting; advice on writing a business plan; and contact details for government-run business support services. In addition, six-in-ten small-business owners in Scotland reported using the Business Gateway (which is Scotland-specific), although it should be noted that the total number of respondents from Scotland was small (n. 28).

In our qualitative interviews, small-business owners expressed mixed feelings about the GOV.UK business webpages which seemed unrelated to their confidence navigating business finances. While some liked the comprehensive information provided by GOV.UK, others found the webpages difficult to navigate and hard to find the information they wanted:

"To give credit where credit's due – the GOV.UK sites are brilliant, you know, and they give you a lot of information that you can navigate through." (Interviewee, limited company)

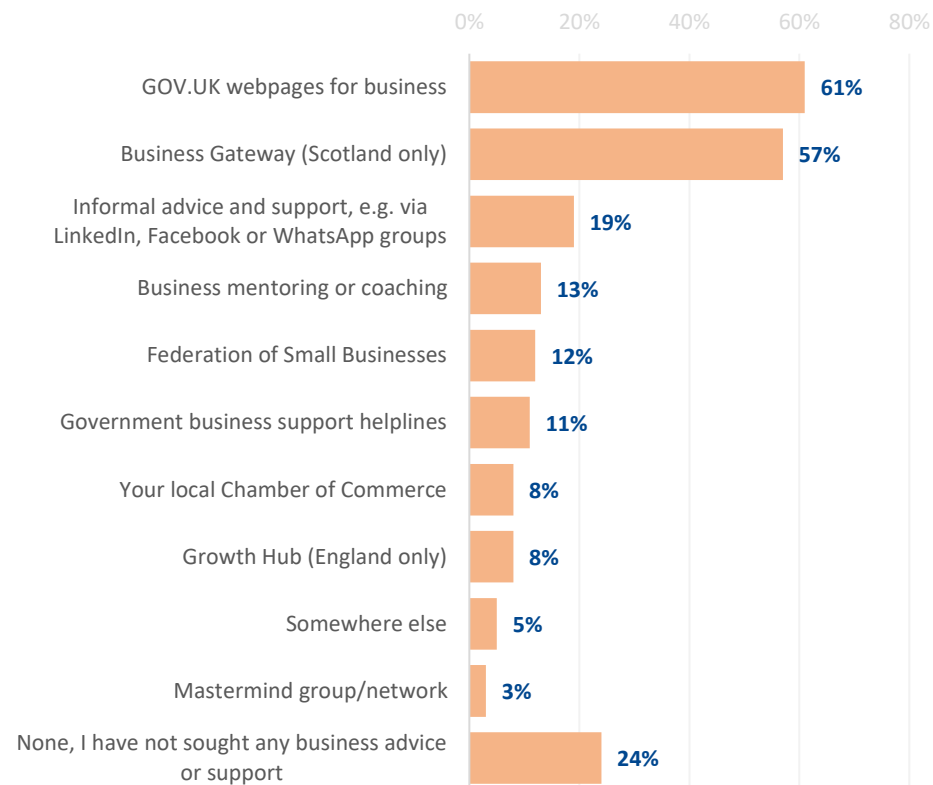
"It looks horrible to me. I'm 63 years of age. For a 30-year-old, they'd look at that and they'd dip in and out of all of those web links in five minutes. But, for me, that's not very accessible. I mean I can use this stuff – obviously I can use this technology – but it's not my preferred method." (Interviewee, limited company)

There was far lower reported use of all the other sources of business advice and support we asked about in the survey, such as informal advice and support (e.g. via LinkedIn, Facebook or WhatsApp groups) which two-in-ten small-business owners (19%) said they had used. Notably, despite high reported use of GOV.UK webpages, only one-in-ten (11%) of small-business owners said they had used any of the government-funded business support helplines across England, Scotland and Wales⁴ and the qualitative interviews indicated low awareness of them.

The minority of business owners (24%) who reported never seeking business advice and support were more likely to be sole traders and those without employees or premises.

⁴ Business Support Service England, Find Business Support Scotland, Business Wales Helpline.

Figure 4.2 - Sources of business advice and support that respondents had ever used



Notes: Percentage for Business Gateway (Scotland) should be treated with caution as it is based on a sample of just 28 respondents from Scotland. Growth Hub (England only) is based only on the sample of those from England (n=334).

In the qualitative interviews, small-business owners usually reported positive experiences with the other business support and advice services they had used, which included the Federation of Small Businesses, government services e.g. DWP Work Coaches, and business mentoring/coaching. Less positive experiences included services not being able to answer their questions or offer the help they wanted; or feeling that the support on offer was not relevant to them.

Interaction with HMRC – usually via its Helpline – was relatively common among the small businesses in the qualitative interviews. Those who had contacted the HMRC Helpline with issues or queries reported quite mixed experiences. A common theme was simply the length of time it could take to get through to the Helpline, which one small-business owner felt had got worse since the COVID-19 pandemic.

Once small-business owners did get through to the Helpline, their experience talking to Helpline staff was somewhat hit and miss, as Gillian described:

“It was just the most awful experience, the man was just so passive-aggressive and really quite rude and I was in tears by the end of the call. So I put the phone down. I calmed myself down and I phoned somebody else and they couldn’t have been more delightful and they were like, ‘We

can hear you're upset. Don't worry about it. We can sort this out'. And it was just like night and day."

As a result of her one bad experience with the Helpline (and despite a subsequent more positive experience), Gillian felt she had to 'grit her teeth' now before she contacted HMRC. In contrast, Claire always found the HMRC Helpline very helpful:

"HMRC get a lot of flack, but I think if you speak to them and you're genuinely needing help, they're very, very helpful. They are, and they make it easy. They explain it properly to you as well. They don't use big long terms. They make it quite simple to understand."

Finally, there was some frustration at the length of time it seemed to take to sort out issues with HMRC. One small-business owner had been waiting for several months for a letter that HMRC was supposed to send them. James described how he had given up trying to sort out a mistake where he had registered his business twice with HMRC:

"I had somehow registered two online accounts, and they were both different log-ins. I wanted to get rid of one of them, I never got it solved... have you really got time to spend a couple of days trying to get through to HMRC when you really need to be out earning some money?"

Small businesses feel they lack suitable business advice and support

As well as asking about their *actual* use of business advice and support, the survey asked small-business owners for their *views* about business advice and support via a series of attitude statements.

Their responses (Figure 4.3) highlight that there are issues in Great Britain with access to suitable business support for smaller businesses:

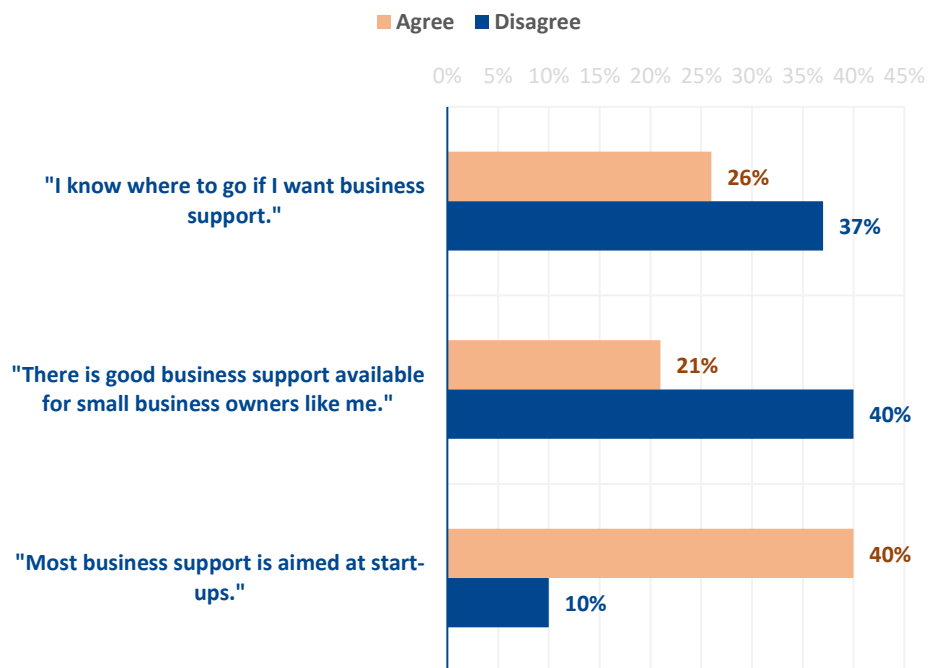
- Only a quarter (26%) agreed that they know where to go if they want business support, while four-in-ten (37%) disagreed.
- Just two-in-ten (21%) agreed that there is good business support available for small-business owners like them, with twice as many disagreeing (40%).
- Four-in-ten (40%) agreed that "most business support is aimed at start-ups" rising to nearly a half (47%) among small businesses that had been trading for between one and six years. Those that had been in business for fewer than 12 months were less likely to agree with this statement (19%) and more likely to give a 'don't know' response (36%).

However, it is worth noting that a neutral response (i.e. neither agree nor disagree) was the single most common response across all these questions; and between one-in-ten and two-in-ten survey respondents gave a 'don't know' response. This may indicate that small-business owners don't feel they

need business advice or support; or have never considered seeking advice or support for their business.

Finding ways to foster small-business owners' curiosity in what business support might be able to offer them; encouraging them to be proactive about getting help early; and making such support accessible and easy to find are therefore three things that are likely to be important in promoting a virtual learning offer and engaging small businesses with it.

Figure 4.3 – Response to various attitude statements about the support available to small-business owners



Notes: 'agree' comprises of both 'strongly agree' and 'tend to agree'; 'disagree' comprises of both 'strongly disagree and tend to disagree'. 'Neither agree nor disagree' and 'don't know' are not shown.

5 WHAT TYPE OF BUSINESS SUPPORT DO SMALL-BUSINESS OWNERS WANT?

In the previous section we highlighted that many small-business owners – for a variety of reasons – had not sought help with the business finance challenges they faced (until they contacted Business Debtline). Of those that did seek support elsewhere, a not insignificant minority (33%) found the assistance they received unhelpful. So, what do small-business owners actually want and need from business finance support?

Business finance support needs are varied

We gave survey participants a list of eight different types of information or support related to business finances that organisations such as the Money Advice Trust (through their Business Debtline service) might be able to offer (Figure 5.1). They were asked which, if any, of these they would have liked to receive previously or would like to receive now.

It was clear from their responses that there is no ‘silver bullet’ that can help all small businesses – while a fifth (20%) said they do not want any help or information for their business finances, nearly half (46%) chose three or more different types of support (with 22% selecting five or more types).

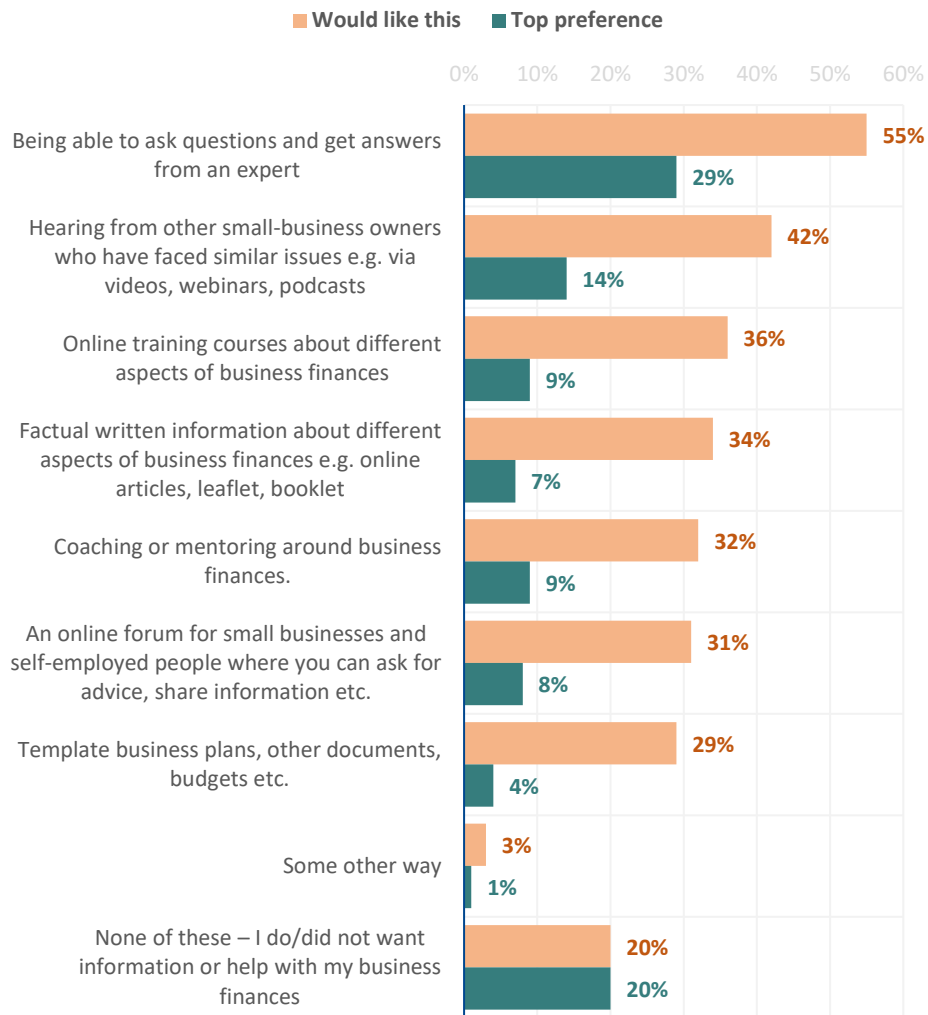
Unsurprisingly, this increases among those who were least confident with business finances (56% selected three or more types, with 31% choosing five or more).

As shown in Figure 5.1, the most popular type of support with business finances that small-business owners wanted was the ‘being able to ask questions and get answers from an expert’ (55%), followed by ‘hearing from other small-business owners who have faced similar issues’ (42%). ‘Online training courses’ were selected by 36%, just ahead of ‘factual information about different aspects of business finances’ (34%), ‘coaching or mentoring’ (32%), ‘an online forum’ (31%) and ‘template business plans, budgets and other documents’ (29%).

Respondents were also asked which form of information or support would be the single most helpful one that they would choose over the others (Figure 5.1). Again, this confirmed that the ability to ask questions and answers from

an expert was most popular, but still only 29% of respondents had selected this, highlighting the variety of responses received.

Figure 5.1 – Ways that small-business owners would like support with their business finances. Respondents were asked to select any form of support that they would find helpful and were then asked to select the type of support they would find *most* helpful.



Notes: If respondents selected 'None of these' at the first question, they are automatically allocated to 'none of these' when asked about the support they would find most helpful.

Reflecting these findings, the desire for business support that was relevant and personal to his type of business was something Andrew wished he'd had in the early days of his company, as the case study below describes (Box 5.1).

Box 5.1 – Case study

Andrew had run a successful limited company for 25 years, providing consultancy on marketing and business development in a global industry. His experience of business support services was limited to being a member of his local business association. He didn't find this especially helpful because the association's members tended to be local traders whereas his business was global consultancy for a specific industry, so there were no opportunities to network with people in his own field.

Although he now felt very confident about navigating his business finances, Andrew felt that some business mentoring in the early years of his business might have been useful – with the caveat that a mentor would have to know something about his industry and how it worked. This might have prompted him to invest time in getting a good financial adviser and a good accountant, which he thought would have helped him make better financial decisions and grow the business, as he described:

“Someone that would explain, ‘You don’t have to worry about X, Y and Z but you do need a good accountant and you do need a good financial advisor and you do need to keep on top of your financial affairs, you know, and know at least the basics of it and I’ll keep you up-to-date with the basics’... they could walk me through the whole thing, ‘Have you thought about this as a possibility?’”

A further theme in both the qualitative and quantitative research was that businesses' support needs become more specific and bespoke as the business develops. As one interviewee put it:

“By the time you are in an established business, your specific circumstances are so unique and... [sighs]... not necessarily complicated, but detailed if you will. So that level of detail is not possible to get into a leaflet, a document, or a template, and that's the issue.” (Interviewee, limited company)

From the survey data, we see that those who had been trading for ten years or more were significantly more likely to select 'being able to ask questions and get answers from an expert' as their single preferred form of support (35%) than those trading for three or fewer years (25%). Those with most experience were also less likely (though not statistically significantly so) to select 'online training courses' (8%, compared with 13% among those trading for three or fewer years).

Other ideas that small-business owners mentioned in the qualitative interviews included:

- Start-up packages for new businesses to help them get up to speed e.g. “this is how you run a good business”.
- “*Bitesize Business*” resources such as videos, webinars or podcasts on specific topics e.g. things to consider when choosing an accountant.
- Regular business health checks.

What does ‘good’ look like to small businesses?

While our research shows that small businesses have varied support needs in relation to their business finances, it also highlights five key factors that they feel are important in getting business support right for organisations like them:

1. **It needs to be relevant to me and my business**, e.g. in terms of business size, life-stage, the industry/sector they work in. Small businesses in the research expressed frustration that, when they did look for help and support, it was too generic or basic to be much help.
2. **It needs to help me move things forward**. Small-business owners in the research were most interested in practical solutions to the specific issues or questions they might face; something they had not already tried themselves that was pitched at the right level for them (not too basic, not too complex).
3. **It needs to avoid jargon and use straightforward language**. As we described in section 3, running a business and dealing with business finances does not always come naturally to small-business owners. Support therefore needs to be provided in simple, comprehensible language and help demystify business finances.
4. **It needs to be accessible and inclusive**. For in-person or phone services, small-business owners wanted to be able to speak to someone without long wait times or else request a call-back, including outside office hours; and to talk to someone who was knowledgeable, empathetic and non-judgemental. Online services needed to be easy and intuitive to navigate and comply with accessibility standards or good practice. In whatever way support is delivered, small-business owners need to be aware of it and what it offers.
5. **It needs to be free-of-charge**. Apart from accountants, it was rare for small-business owners in our research to pay for advice or support – and unlikely they could afford to.

Above all, as previously mentioned, organisations that offer support need to find effective ways to foster small-business owners’ curiosity in what business support might be able to offer them; make it attractive to them; and encourage them to be proactive about getting help early.

Getting the timing right

As previously mentioned, the small-business owners who took part in the research wanted support that was relevant to their businesses’ life-stage.

Survey respondents were also asked about the points in time that they would have liked more advice or support with business finance issues, which revealed a range of responses, depending on their business situation (Figure 5.2). Half of respondents (50%) would have liked support when they first started getting into financial difficulties, while two-in-five (39%) felt it would have been beneficial when first setting-up the business.

Of those whose businesses were no longer trading, 37% said they would have liked more advice or support during the process of winding down their business.

Figure 5.2 – At which points in time would small-business owners have liked advice or support with their business finances?



6 IMPLICATIONS

This final section sets out five key implications from our research that can be used to better support small businesses with their business finances:

1. There is a clear gap in support for small businesses to navigate their business finances. Filling that gap can help build up Great Britain's small businesses.
2. There is no 'silver bullet' when it comes to delivering better support to small businesses to navigate their business finances, as they have varied needs.
3. Small businesses know what 'good support' looks like to them.
4. Accountants are often important actors in the lives of small businesses.
5. 'If you build it, they will come' won't work for small businesses.

We discuss each of these in turn, drawing on our research findings.

#1 There is a clear gap in support for small businesses to navigate their business finances. Filling that gap can help build up Great Britain's small businesses.

Two-in-five (39%) small-business owners do not feel confident navigating their business finances, rising to half (49%) of women and those with a long-term health condition or disability (47%). There is also a link between low digital confidence and low confidence navigating business finances.

Only a quarter (26%) of small businesses agreed they know where to go if they want business support; and just two-in-ten (21%) agreed that there is good business support available for small-business owners like them.

Only half (50%) of small businesses that had faced real-life business finance issues sought any help with them; and just 4% of those who didn't seek help said they didn't need any help, indicating a significant unmet need.

Four-in-ten (43%) small-business owners agreed that "a lack of confidence with business finances contributed to the financial difficulties [they] experienced". Our qualitative research also highlights the significant stresses and strains – emotional and psychological as well as financial – involved in running a small business, particularly when they face challenges with business finance and financial difficulties. Reflecting this, small-business owners wanted business support services to be empathetic and non-judgemental.

#2 There is no ‘silver bullet’ when it comes to delivering better support to small businesses to navigate their business finances, as they have varied needs.

Business finance topics that small businesses feel less confident about, where better resources and/or support might be useful, include:

- knowing what questions to ask about their business finances generally or when considering business loans/finance specifically;
- knowing how to find sources of help with their business finances;
- finding out about sources of business loans/finance; and
- putting money aside for taxes.

When it came to real-life challenges that small businesses had faced, the most common was ‘managing cashflow’; followed by ‘paying the taxes you owed’; ‘late payments’ and issues ‘repaying government loans’. Although these were issues where small businesses often felt confident, and external factors were seen as the root cause of the issues they experienced, better information and support could nonetheless make a difference.

From a list of eight different types of information or support that organisations might be able to offer, the most popular with small-business owners was ‘being able to ask questions and get answers from an expert’ (55%), followed by ‘hearing from other small-business owners who have faced similar issues’ (42%). Around a third of small businesses were interested in ‘online training courses’ (36%), ‘factual information about different aspects of business finances’ (34%) and ‘coaching or mentoring’ (32%).

#3 Small businesses know what ‘good support’ looks like to them.

While our research shows that small businesses have varied support needs in relation to their business finances, it also highlights five key factors that they feel are important in getting business support right for organisations like them.

- It needs to be relevant to me and my business.
- It needs to help me move things forward.
- It needs to avoid jargon and use straightforward language.
- It needs to be accessible and inclusive.
- It needs to be free-of-charge.

#4 Accountants are often important actors in the lives of small businesses.

Three-in-five (60%) of small-business owners employ an accountant; and among the small-business owners who sought with business finance challenges, half (49%) had turned to their accountant for help.

However, small-business owners may not realise that there are different 'flavours' of accountant in terms of the services they provide – from the more functional and transactional at one end, through to more 'hands on' and advisory at the other end.

Given the important role that accountants play in small-business finances, there seems to be a strong case for helping small-business owners to choose the right accountant for them.

#5 'If you build it, they will come' won't work for small businesses.

Finding ways to foster small-business owners' curiosity in what business support might be able to offer them; encouraging them to be proactive about getting help early; and making such support accessible and easy to find are three key things that are likely to be important in promoting any new type of business support to small businesses.

Accountants may also have a valuable role to play in promoting new business support propositions, where they do not conflict with the services accountants themselves offer.

APPENDIX

Table A1.1 Socio-demographic profile of the 22 Business Debtline clients interviewed in depth.

Business Debtline operates in Great Britain (England, Wales and Scotland) but not Northern Ireland. The research findings are therefore based on the views and experiences of small-business owners in Great Britain.

Gender	
Women	12
Men	10
Age	
35-49	6
50-64	12
65+	3
Not given	1
Confidence	
Very	4
Fairly	13
Not very	4
Not at all	1
Ethnicity	
White British	15
Black/Black British	2
Other	1
Other White	2
Asian/Asian British	1
Not given	1
Still trading	
Yes	11
No	11
Nation	
England	15
Scotland	5
Wales	1
Not stated	1

