

# UK Microbusinesses' lack of succession planning may 'leave a crater' in the UK Economy

Submitted by: Orchid PR

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The UK Microbusiness community, which employs 33% of all workers in the UK, threatens to 'leave a crater' in the UK economy owing to a lack of succession planning created by a culture of low income and later life working according to new research by BusinessesForSale.com (<http://www.businessesforsale.com>).

The report, commissioned to assess the future fitness of UK microbusinesses, found these small but significant providers of employment and dutiful payers of PAYE and tax are burgeoning with older and ageing owners.

58.2% of them are planning working past the age of 66 with 75% them paying themselves equal to or under the living wage. 51.1% don't have a succession plan, of those that do 53.7% plan to privately sell their businesses.

Rufus Bazley, Marketing Director at BusinessesForSale.com (<http://www.businessesforsale.com>) says, "Our research has found that most microbusinesses successfully support small numbers of staff. Most of their owners are aged 40 upwards and since under half have succession plans in the event of a sudden change in circumstance many would be unable to continue to trade. "In 10 years' time, when half the microbusiness owners will be in their 50s and 60s this could have incredible implications for the economy""

The microbusiness community largely consists of well-established businesses owned and operated by businesspeople for the long term. Most owners of microbusinesses surveyed were over age 41 with 49.9% falling into the 41-55 year-old age group, a time when most larger corporate leaders take advice on succession planning and begin to assess the material worth of their businesses.

But because the sample of microbusinesses surveyed are small in terms of staff, (72.9% had 1-3 full time staff) it is considered that the owners, who admit to taking on a variety of job roles and earning less than or equal to a living wage, don't see their business as an asset for the future.

Despite this many have very impressive turnovers – between £1M to £5.5M in 5.2% of cases. Yet profits are modest with an average of £41.5K across the group and 15.13% reporting a loss or break even.

"The stats on the contribution microbusinesses make to the UK economy are beyond impressive," Bazley continues, "Yet little is being done to help these microbusinesses to consider the issue of succession planning, presenting a sizeable threat to the UK economy if high numbers simply fold when the owners are no longer able to operate them. We need more initiatives to support these businesses through their entire lifecycle and reward their founders with healthy exit plans."

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