

Press release

19 March 2019

Ground breaking research reveals the contribution of North West mid-size businesses to the UK economy is at risk

The contribution of the North West's mid size businesses (MSBs), with an annual turnover of £10m to £149million, is at risk from a lack of clear identity, shortage of skills and talent, technology challenges and Brexit uncertainty, a new benchmark report has revealed.

The findings, from the largest, national study of UK mid size business directors, have been produced by North West-based MSB Leaders, in conjunction with Salford Business School and sponsored by national law firm Shoosmiths.

MSBLeaders Chair, and co-author of the report, Sarah McKenna explained, "We know MSBs make a disproportionate contribution – they make up only 1.5% of businesses yet contribute 1/3 of national turnover and a staggering 22% of tax receipts", she said.

"Our ground breaking research reveals MSBs' lack of clear identity, combined with Brexit uncertainty, a skills and talent shortage and technology challenges have significantly impacted their growth ambition - leading to cautious innovation, strategies to consolidate and unrealised productivity gains.

"These findings put at risk MSBs contribution to the UK economy their potential contribution to our national industrial strategy initiatives and the country's global competitiveness.

"With 75% of MSBs located outside of London, this impact will be felt most by regional communities, like the North who rely heavily on MSBs and make up 19.3% of all MSBs nationally.

"However this study, for the first time, provides an evidence-based classification for MSBs, including those in the North West, giving them a clear identity, as well as a framework for government and industry to tailor policy, regulation, services and resources."

Findings include:

- The ideal classification for UK MSBs is £10m-£149m annual turnover and 50-499 employees.
- Using this classification there are currently around 29,730 MSBs in the UK
 - 5,740 in the North (19.3% of all MSBs)
 - 2,895 in the North West (9.7% of all MSBs)

- Half of respondents who fit this classification in fact saw themselves as small

MSBs are predominantly in regional areas with 75% of MSBs outside London - beyond the South East, the highest concentrations of MSBs are in the North West (2,895), East (2,765), West Midlands (2,215) and Yorkshire and Humber (2100).

- The sectors with the highest representation of MSBs are production (17%); wholesale (16.5%); construction (10%); professional, scientific and technical (9%); and business administration (8%)

Results also identified MSB unique strengths and challenges that must be addressed in order to return MSB confidence, restore their capability and protect their current and potential contributions. These included:

- MSBs saw Brexit as a higher board priority (43.8%) compared to small (28.8%) and large business (29.2%) – this is no surprise with more than half of MSBs exporting to the EU.
- This was particularly important to the North West economy as exports play a vital role with nearly three-quarters (72%) of MSBs selling their goods abroad. The North also has a higher percentage of exporters doing business with the EU (91%) than any other region.
- Strategy and planning were high on the national board agenda (68.5%) and domestic expansion a priority for more than 40% MSBs – possibly as a response to Brexit.
- Skills and talent shortage is the number one past, present and future issue for MSBs and they prioritise it more highly than small business or large enterprise. This was particularly prevalent in the North West with 31.6% of MSBs seeing this as the most significant current challenge, compared to 21.9% nationally and in stark contrast to London MSBs at 16.7% when you consider this percentage in real terms.
- Skills and talent shortage was cited as the biggest barrier to MSB growth including the North West MSBs.
- Staff retention was also a greater challenge, specifically for North West businesses with 49.4% citing it as a concern, compared to 37% nationally
- North West MSBs identified productivity as a priority item on their upcoming board agenda (58.2%), which was higher than the overall response (45.2%) and the highest response of any region
- A lack of age, gender and ethnicity diversity at the board level continues to shape perspectives and be a major disadvantage

Professor David Spicer, Dean of Salford University Business School said: “Fuelling MSBs makes both economic and social sense. With more relevant and tailored support MSBs can play an even greater role in realizing our national economic industrial ambitions and reducing prosperity gaps felt regionally and nationally.

“The importance of providing MSBs with a classification and an identification of their challenges and opportunities – should not be underestimated in terms of the value it provides them in searching for relevant and effective solutions and support.

“Similarly to the Greater Manchester Independent Review (which our results strongly support), our report also acts as a guide for Government, industry and MSB leaders, with 47 explicit recommendations as to how issues could be addressed but specifically focussed on MSBs.”

Simon Boss, CEO at national law firm Shoosmiths, said: “MSBs make a significant contribution to the UK economy and will continue to be a crucial backbone for the country post-Brexit. That’s why it is important to understand what leaders of MSBs need and ensure relevant services and valuable support is in place. Many of our clients are MSBs, which is why we chose to sponsor this research, not only to improve our own services and support, but as a greater contribution to industry and the many regional economies within which we operate.

“We are fully invested in the findings of this research and plan to further support MSBs with a new information-hub. I invite other professional service providers to join us and provide the necessary recognition and support to help MSBs meet their strategic objectives.”

Wayne Nash, Head of Office at Shoosmiths Manchester, added: “It’s clear from this study that we need to unleash the potential of our MSBs – particularly in the North West. These businesses are a vital cog in our regional economy - dynamic, resilient and job and wealth creators.

“As we enter a critical phase in our history, there’s never been a more important time to support MSBs and help them fulfil their strategic goals and priorities.”

As part of the research, the team received 476 survey responses from business directors across the UK. Following this, qualitative research was conducted with one-to-one interviews and focus groups drawn from a random sample of MSB leaders nationally.

The full report can be found [here](#)

ENDS

To interview representatives from MSBLeaders, Salford Business School and Shoosmiths please contact:

Report Results and Business Implications:
Sarah McKenna, Founder and Chair
MSBLeaders 07950 692 123 or sarah@evidence2action.co.uk

Academic Methodology and Research Standing:
Sam Wood, Press and PR Officer
University of Salford 0161 295 5361 or 07886 473 422 or s.e.wood@salford.ac.uk

Industry Application:
Jennifer Snelson, National PR and Communications Manager
Shoosmiths 03700 86 4169 or Jennifer.Snelson@shoosmiths.co.uk

Editors Notes:

About [MSBLeaders](#)

MSBLeaders is a research and advocacy collective. Their mission is to raise the business impact and value of mid size business (MSB) leadership, directors and boards, to ultimately drive MSB growth and sustainability to benefit the economy and communities.

About [Salford Business School](#)

The University of Salford was established in 1967 to equip working people with the knowledge and skills they needed to succeed in the emerging industries of their time. We are committed to developing leaders and managers that are prepared for next-generation practices in the international marketplace.

About [Shoosmiths](#)

Shoosmiths LLP is a national law firm with 12 locations across the United Kingdom with 185 partners and 1600 lawyers and business support employees. The firm announced a turnover of £128m to end of April 2018. Shoosmiths LLP was named National Law Firm of the Year at the Legal Business Awards, 2018 and has been ranked in the top five firms for deal volume for the past four years in Experian MarketIQ's M&A Review.