



# The UK's smallest businesses are juggling too many roles.

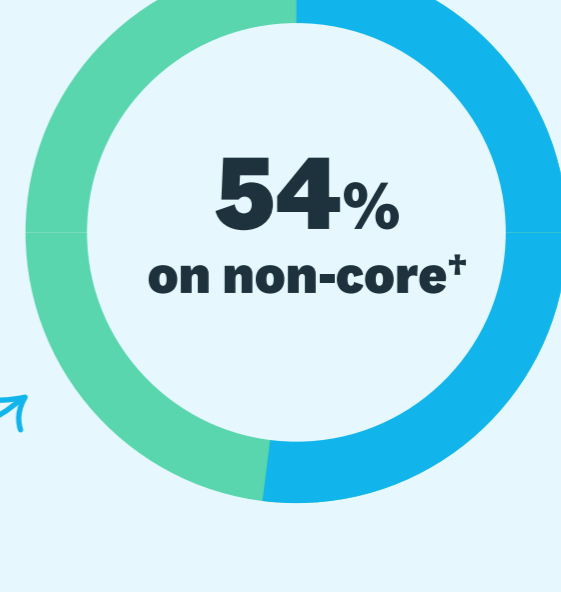
## THE SME FALLACY

The smallest firms\*, with up to ten employees, have very different pressures to their bigger counterparts. Yet they are labelled as 'SMEs' along with businesses with up to 250 employees, and get treated the same by government, industry bodies and the tech industry.

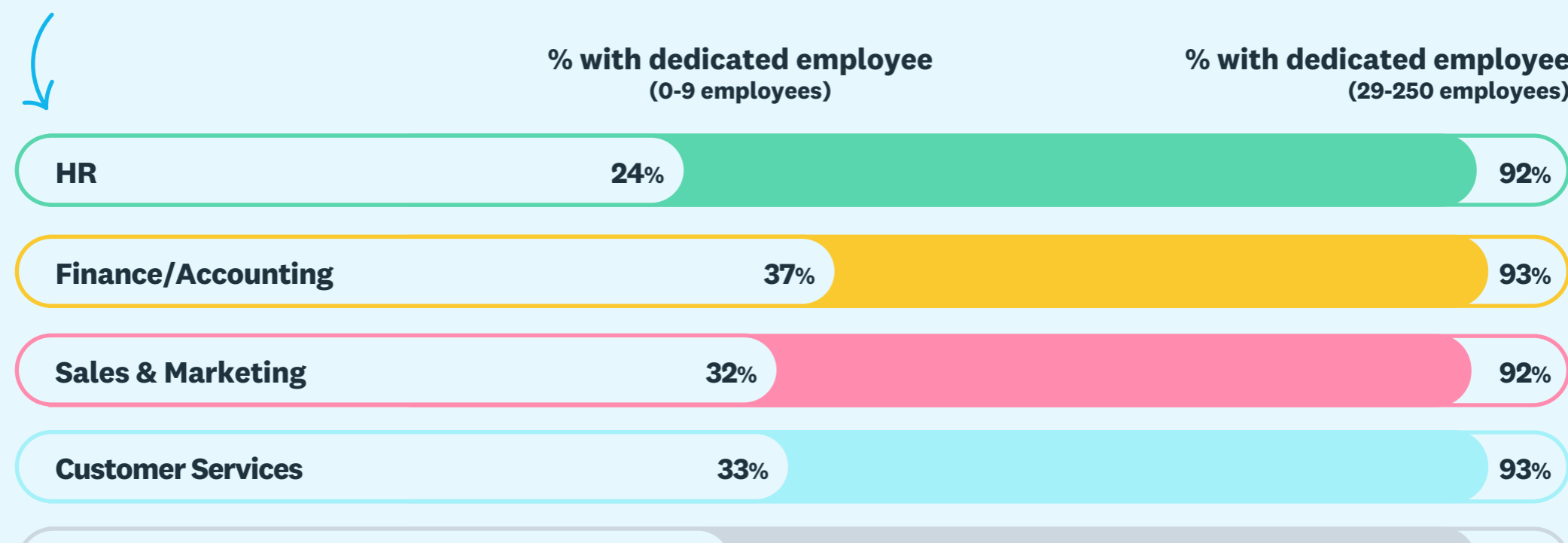
## THE SMALLEST FIRMS CAN'T START THEIR CORE JOBS UNTIL 2.36PM ON A WEDNESDAY\*\*

People running the UK's smallest businesses, including sole traders, have to do all the management and admin tasks which get in the way of them doing their core jobs, the reason the business exists.

Smallest firms spending more time on non-core activity than key areas of business:



Larger SME businesses are more likely to hire people to focus specifically on these non-core tasks, so they can maintain the focus on their core business.



## TOO MUCH PRODUCTIVITY IS LEFT ON THE TABLE

Juggling all these roles is costing the UK's smallest businesses and damaging the economy.

Smallest businesses (up to 10 employees) could make an extra

**£61k a year**

if freed up from non-core roles.

It means the non-core activity is costing them twice the productivity gain of larger SME firms (50-250 employees).

This amounts to:

**12.5%**

in lost turnover for the smallest firms

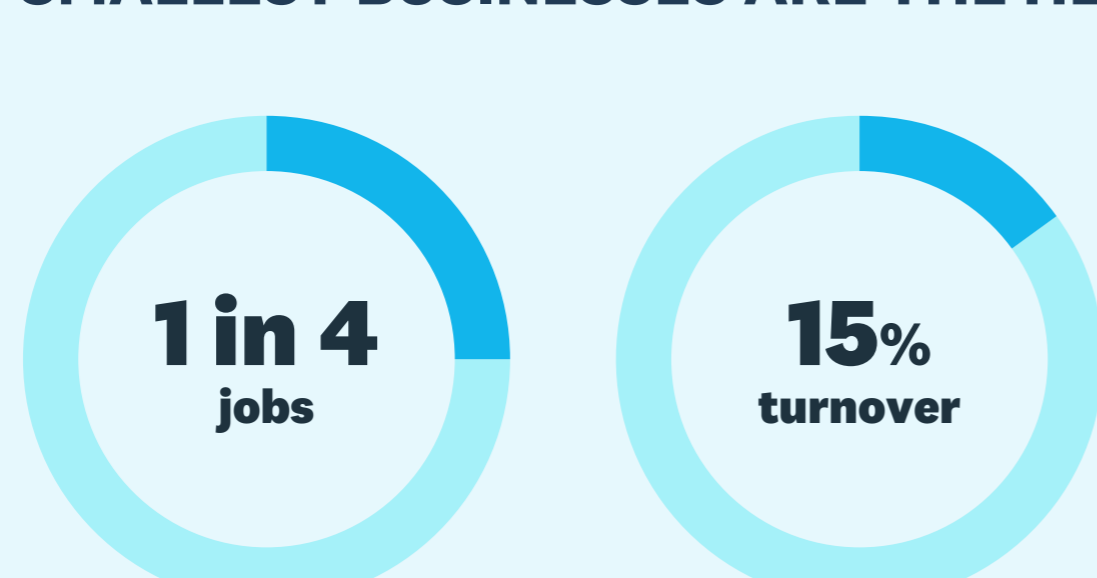
VS

**6.4%**

in lost turnover for larger SME firms



## SMALLEST BUSINESSES ARE THE HEROES OF OUR ECONOMY

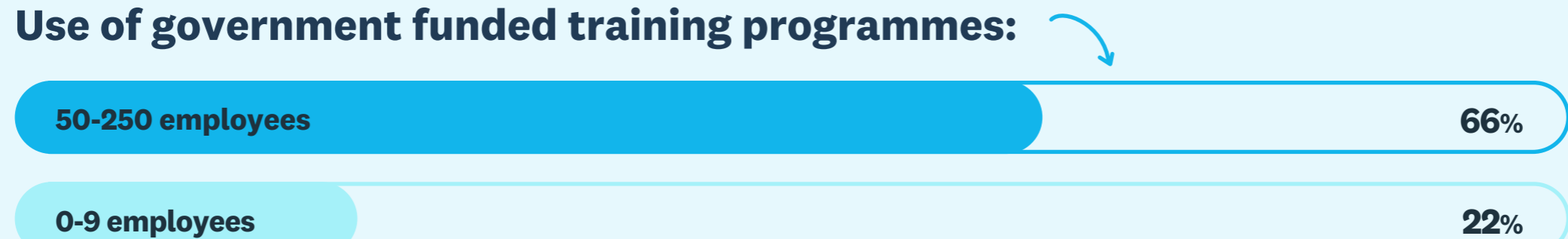


Businesses with up to ten employees provide nine million jobs and **£9.5bn** in turnover.

## BUT THEY ARE NOT BEING SUPPORTED PROPERLY

Three times more large SMEs (50-250 employees) use government funded training programmes than the UK's smallest businesses (up to ten employees).

Use of government funded training programmes:



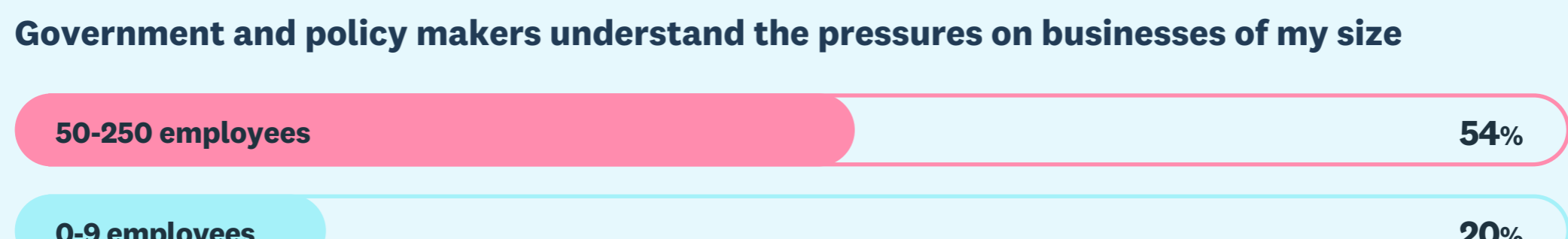
## A CLEAR DIVIDE BETWEEN LARGE AND SMALL BUSINESSES

There is too much "business-splaining" in the way that government and business suppliers treat the UK's smallest businesses.

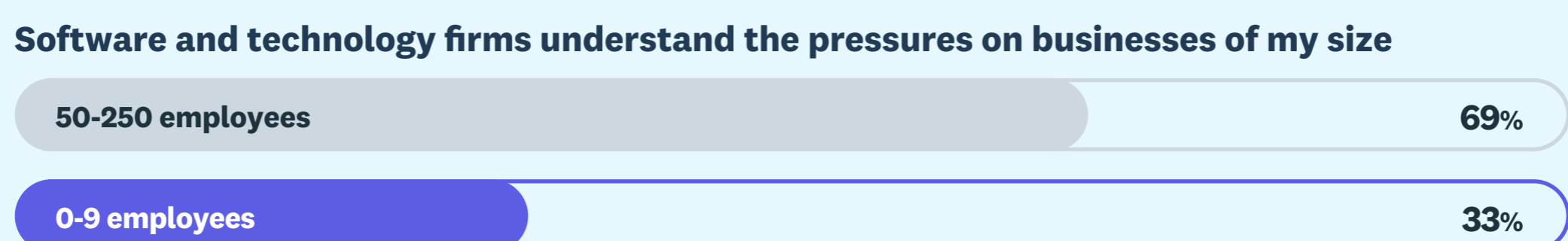
Industry, trade and professional bodies understand the pressures of businesses of my size



Government and policy makers understand the pressures on businesses of my size



Software and technology firms understand the pressures on businesses of my size



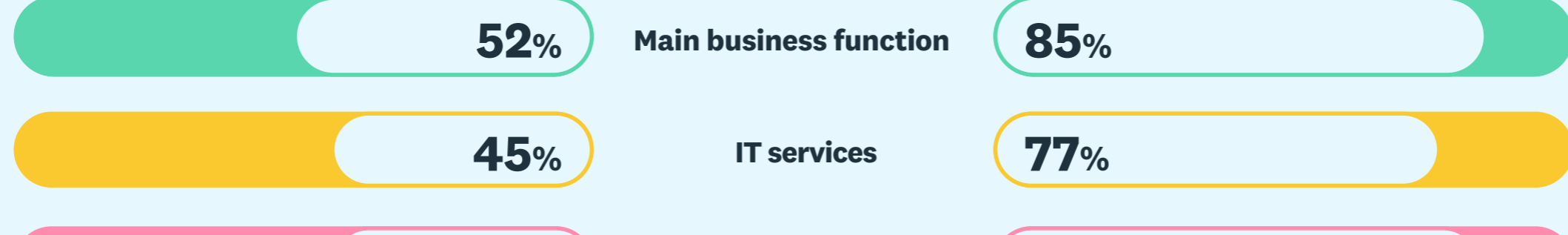
## THE SMALLEST BUSINESSES ARE BEING LEFT BEHIND

A lack of tailored support means these smallest businesses are not being helped to make the most of digital technologies.

### IMPLEMENTED

Use of digital/software tools across functions (0-9 employees)

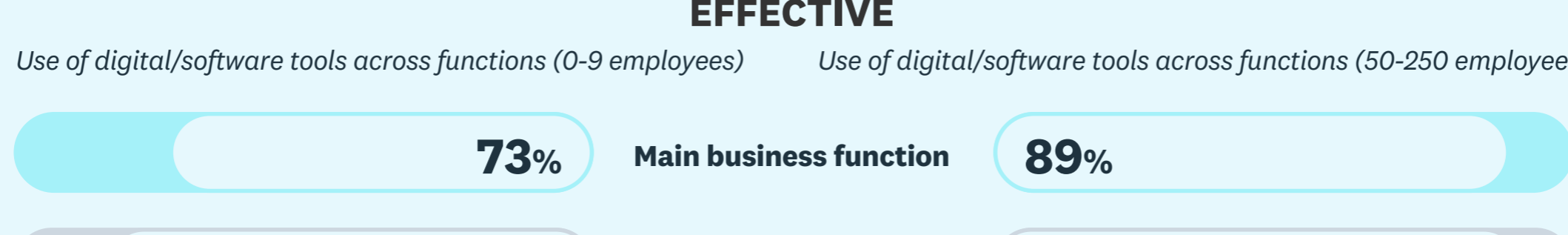
Use of digital/software tools across functions (50-250 employees)



### EFFECTIVE

Use of digital/software tools across functions (0-9 employees)

Use of digital/software tools across functions (50-250 employees)

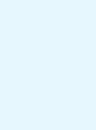


If all the UK's small businesses digitalised as effectively as the top 20%, there would be another **£77bn** in the economy.

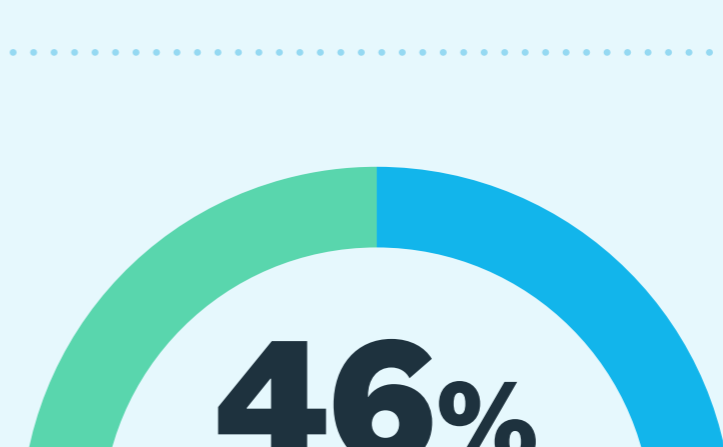
**£77bn**

potential uplift to the UK economy\*\*

## AND THE IMPACT GOES FURTHER THAN THE ECONOMY



46% of leaders from business with 1-9 employees have experienced burnout and stress because they are trying to do too many things at work.



## BUT WE CAN HELP MAKE UP THE 12.5% PRODUCTIVITY GAINS THAT THE UK'S SMALLEST BUSINESSES HAVE IDENTIFIED.

### 1. POLICYMAKER ACTION

When bringing in new policies or legislation, specifically consider the Government policy on the smallest of small businesses and publish this as part of the wider impact assessment.

### 2. MAKE ADVICE RELEVANT

Small business champions should tailor what they do to the smallest firms, to help them make the 12.5% productivity gains.

### 3. IT'S TIME TO SPEAK SMALL BUSINESS LANGUAGE

Tech helps the smallest businesses juggle multiple hats, freeing up more time for the core business. It's crucial that tech companies understand what small businesses need and speak their language.

### Sources and notes:

About this research: conducted by Opinium in October and November 2024. Total sample size was 1,000 SME UK decision makers with up to 250 employees'. And underneath that can we also add this pls: 'Definition of core vs non-core jobs: non-core business functions e.g. HR, finance, sales and marketing, customer services, IT, legal. Core business functions e.g. business strategy, product development, main business function.'

\*How we are defining business sizes:  
Small and medium sized enterprise / SME (0-250 employees)  
Sole trader (non-employing business)  
Smallest businesses (1-9 employees)  
Small businesses (10-49 employees)  
Medium or larger SMEs (50-250 employees)

\*\*The "Wednesday at 2.36" figure is based on a standard working week of 9.00-5.00, Monday to Friday.

\*Xero: SME fallacy research, 2024, conducted by Opinium, the award-winning global market research agency.

\*\*Xero: Digital Drag research, 2023.