

Unlocking Digital Potential



In partnership with





Small Business Britain is the UK's leading champion of small businesses, supporting all 6 million small businesses in the UK – no matter their background or circumstances, their location, their sector or their ambition. Through a series of reports, events and campaigns, Small Business Britain champions, inspires and accelerates small businesses in the UK to foster growth and increased confidence.

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A world of magic and opportunity

A lot has been made of the small business “digital transformation” over the last two years, particularly driven by the pandemic. Small businesses, however, just do not think like that.

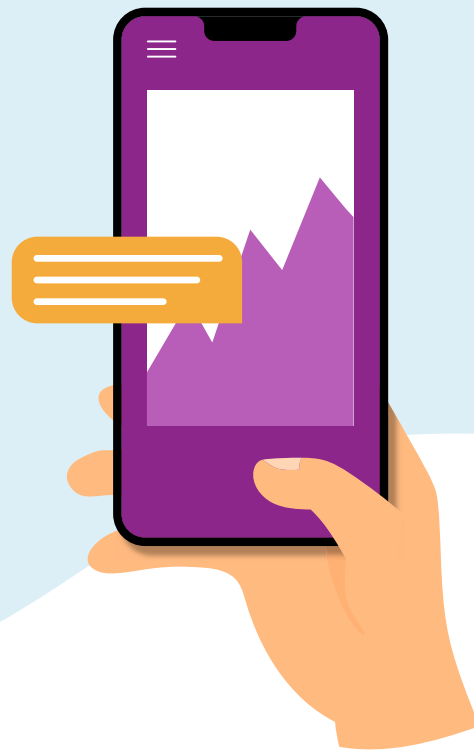
They do not think in terms of transformation – most of the time they do not even think about “digital”! Small businesses have been firmly focused on surviving and growing over the past two years – and that has led to some fantastic, and surprising, opportunities that we can learn from and use to help others in the future.

Looking back two years, at the start of the pandemic, the overwhelming small business approach (with the exception of some stand out fast movers) was to hope that things would get better and they would not have to adapt. Small Business Britain witnessed an eight-week period of panic, denial and hope that the old normal would return. It was not going to be the case.



However, what happened instead was truly remarkable. Small businesses, when faced with adapting, did so in quite astonishing and successful ways. Having overcome a significant fear of the unknown, of investing in tech that may provide no return, and of spending time on things that are new and terrifying, many entrepreneurs broke through to find they could save significant time, costs and enable actual growth opportunities during the biggest economic downturn since the second World War.

The changes made over the pandemic have created a remarkably different small business landscape as we move into 2022. Businesses are largely more resilient, more agile and more open to change and all things new. This is a huge step forward to pre-pandemic, and will be the basis for economic recovery. It also creates an exciting mindset for growth in other areas of the business: engagement with climate change for example has definitely benefited from this new and more open approach.



Small businesses need an entirely bespoke approach to digital.

However, there remain some big hurdles to realising all the benefits of digital for small businesses. Many have engaged in the smallest way possible throughout the pandemic, and some really have not reaped the benefits of enhanced growth and resilience. The question should be asked, why is that? What is it that means one business has benefited significantly while others have yet to realise their potential?

Throughout the work to bring this report together, we spoke to many small businesses to shed a light on this and help us understand how we can pull the right levers to drive that benefit in the future. It is not as simple as lack of time and money, although that was certainly a factor. It is certainly not the case of lack of awareness that there is more out there, as businesses sense there is very much a world of opportunity. The key challenge is this: is it right for them?

Small businesses need an entirely bespoke approach to digital that understands their situation, their needs, their customers and their ambition. In many cases, digital solutions are built for the large end of small business (at best) and for large enterprises in the main. Many digital solutions are truly phenomenal but understanding how to unlock that functionality and potential is way beyond the digital skills of most businesses and leaders. Big business technology is largely, well, just too big for small business.

What is clear is that we need an on-ramp for small business to help them move forwards and upwards. We need a way for the smallest of businesses to access the world of magic and opportunity that is currently locked away from them. That on-ramp might be freemium services accessible in bite sizes; it might be scaled down tech that is built specifically for the tiniest of enterprises; it may indeed be that the human element is the on-ramp that makes all the difference: a mentor, peer support or inspiration that takes away the risk, builds the confidence and creates an access point to something incredible.

Digital technology will not solve problems for small businesses on its own. It needs to be held up by advocates, enthusiasts, experts and an eco-system of organisations who understand the incredible power this can hold for small businesses, and who have a passion for ensuring those small businesses get the most out of them.

Small Business Britain and BT share that passion, and this report is an important step to moving this forward. So much progress has been made over the pandemic, in the worst of all circumstances. Now that good work needs to continue and grow and ensure that every person and business that wants to thrive has the opportunity to do so.

And by every business, we mean every business. There are stark inequalities in access to business support for ethnic minority entrepreneurs, disabled entrepreneurs and, in particular, for those from lower education backgrounds or perhaps coming from economic deprivation. There needs to be a targeted, concerted effort towards balancing up this field, focused on those who need the support the most and ensuring that, regardless of background, you have the opportunity to shine.

Lowering the barriers to digital will have to include financial support; it will have to include greater visibility and access; and it will have to include the right “on-ramps” for each business. This report will give you an insight into what small businesses need, and also what other stakeholders in their eco-systems can do to make a tangible difference.

I hope that whatever you are currently doing, and whatever role you play, you find this a helpful and inspiring springboard into unlocking digital potential. There is so much opportunity to be had here for the economy, for communities and for individuals. Let's work together to make it a reality in 2022 and beyond.

Michelle Ovens CBE

Founder, Small Business Britain



Foreword

Let's help small businesses to get curious about how digital can accelerate their growth

Over the last couple of years, many small businesses have proved their resilience and determination by rapidly adapting their operating models to move online in an effort to survive and grow in response to the coronavirus restrictions. The fact that so many small firms embraced digital technologies for the first time and then made the switch to running their business online permanent is one of the UK's greatest success stories to emerge from the pandemic.

Encouragingly, we've also seen the rise of new entrepreneurs and start-ups, with 800,000 businesses set up during the pandemic, all enabled by an increasingly 'digital first' world. So, there's no question that the use of digital technologies has been a lifeline and an important enabler for small firms of all shapes and sizes as they battled to do business during the pandemic.

But how do we ensure that the momentum gained is not lost, so that all of the UK's 6 million small businesses – the bedrock of our economy – continue to reap the rewards of digital technologies to unlock their potential and thrive into the future?

Of course, moving your business online comes with a new set of challenges that require small businesses to learn new digital skills. That might include building an ecommerce platform, kickstarting a social media advertising campaign or managing greater cyber security risks. And at BT we understand that many small business owners may find the prospect of tackling such challenges daunting - particularly when they're often preoccupied with the day to day running of their business and struggle to find the time or resources needed to build skills in new areas.

So, we're determined to play our part in providing expert support to help bridge the skills divide which risks holding small businesses back from success and future growth. Our ambition is to help 1 million small business owners and their employees learn new digital skills by 2025, and we're well on the way having reached 560,000 of them already. We've designed our BT Skills for Tomorrow programme to be as accessible as possible, providing free, no-nonsense, bite-sized content around a range of digital skills topics to any small business that needs support.

The feedback that we've received so far suggests that the programme is making a difference, with 84 per cent of small firms who have engaged with our digital skills training content changing the way they do business as a result of what they've learnt. This year alone, we're aiming to reach 350,000 businesses with our digital skills training to help us reach our broader 1 million target and our ongoing partnership with Small Business Britain - which has been going strong since 2020 - is critical in helping us achieve that ambition.

We've been working with Small Business Britain throughout the pandemic and beyond to provide free online events and content to boost the confidence of small firms and help develop their digital skills. This has had a profound impact on businesses across the UK, unlocking their digital potential and opening up opportunities to help businesses weather the crisis and move forward with confidence in 2022.

As small businesses begin to leave the effects of the pandemic behind them, there's a growing sense of optimism around their future and growth potential, and we recognise there's more we can do to help them to build stronger, digital foundations to help grow their business.

Digital technologies can play a powerful role in creating stronger, safer, smarter businesses and as new emerging technologies continue to come to the fore, the possibilities really are endless. Whether it's a case of upgrading to full fibre broadband to make your business faster and more productive, using digital payment systems for the first time, or moving your data to the cloud with secure back-up to improve efficiencies and better protect your data, in an increasingly complex world and competitive marketplace, technology really can give your business the edge.



We're delighted to be continuing our partnership with Small Business Britain over the coming year and are passionate about taking our support to the next level by providing practical advice and tips for businesses to take those next steps in an increasingly digital world. That might be through helping them stay better connected through our full fibre broadband packages; helping them reach more customers through the power of digital advertising thanks to our Digital Marketing Hub; or by boosting their digital skills through free training and mentoring accessed through our BT Skills for Tomorrow Programme.

Overall, I'd urge all businesses to get curious on how going digital can help grow their business. A great starting point is accessing the wealth of free digital skills resources out there from organisations such as BT, communities such as Small Business Britain and resources such as the government's Help to Grow Hub. I hope that by making advice more open and accessible to all small businesses, we can help unlock their digital potential to help them grow, with the future of our high streets, communities and the economy at large dependent upon their success.

Chris Sims
Managing Director, SoHo and Marketing, BT

Executive Summary

Small businesses are the engine room, the lifeblood, the heart and soul of the nation.... Whatever cliché you may choose to use, one thing is universally understood and agreed: without small businesses, there would be no economy and there would be no communities. It is therefore no exaggeration to say that ensuring their strength and survival, and future growth, is in the interest of us all.

Throughout this report, the nature of small business engagement with and potential for digital technology is explored through direct insight with the businesses themselves, as well as input from industry experts who have worked with businesses throughout the pandemic and for many years before. Through one-to-one interviews, a large-scale online survey and industry insight review, this report aims to distil the best thinking and advice for small businesses on unlocking their digital potential in 2022 and beyond.

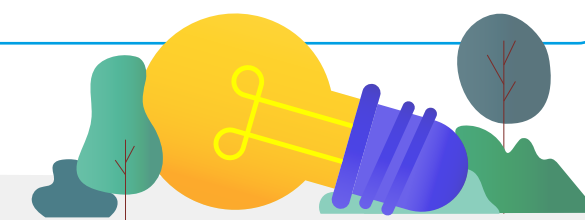
The biggest takeaway for any business, and anyone working with small businesses to support their success, is that digital is not an end in itself: it is only as good or as useful as the people who deliver it, and those it supports and enables. Small businesses are, in the end, all about people, and it is the people around them that are going to benefit from the technology, or ensure it hits its mark.

Before examining what more needs to be done, it is important to note that digital technology has already unlocked significant value for businesses over the last two years. Indeed, 53% of small businesses have seen their income grow by more than 5% due to digital technology. A fantastic 11% even saw their income grow by over 50% due to digital. This is very encouraging and demonstrates the huge financial opportunity for businesses.

55% of small businesses added new social media channels

54% of small businesses saw their income grow by more than 5% due to tech.

83% of small businesses do not have enough support with digital skills



So, the opportunity for growth in small businesses through digital is clearly large. But in order to take up this opportunity, there is work that needs to be done to inspire small business ambition, curiosity and confidence, all of which are intrinsically linked. With **39% of small businesses feeling very or extremely confident with digital**, there is a clear gap to help the 61% that are not at that comfort level yet. The drive to do so is clear: without confidence and an openness to new things, businesses stay in their comfort zone, and miss out on great new opportunities.

The best way to open this up and find new inspiration, to get a sense of what is possible, is from external help and advice. This might be from peer inspiration, from mentors, from big business platforms or manufacturers or even potentially from local or central government. Businesses cite a range of sources as critical to their support, as well as an appetite for much, much more.

Local universities, Local Enterprise Partnerships and even local Job Centres are all coming up as key to local support infrastructure. Programmes like the Government backed Help To Grow Management tap into these local networks to deliver help to small businesses to create a plan and move them forwards with confidence – all key drivers in the move towards adopting new technologies in the right way for the business.

When thinking about that technology, small businesses are currently predominantly focused on revenue generating digital solutions. This might include social media, with **55% adding on new social channels in the last two years, or new websites (42%), and e-commerce**. However, there is an encouraging growth in focus on technology to support managing the business better. These areas of better business can be pivotal in saving time and reducing costs. This is a massive area of opportunity, particularly when facing rising costs elsewhere as most businesses are in 2022.

Whilst **48% of businesses have brought in scheduling of social media** in the last two years, and **41% have implemented video calling**, only **21% are investing in productivity tools** to help save time and streamline processes. This is a great start but offers big scope for further expansion with small businesses – as long as it can be done in an appropriate way. Businesses report a reticence to try tools and tech due to complexity and a sense that it is not built for them.

Although this may no longer be the case, with freemium models of big technology platforms widely available, and small business versions rolling out rapidly over the pandemic, overcoming these preconceptions will be a key driver in small business giving them a go and ultimately adopting them. Using a peer-to-peer model, working with trusted networks as recommended by Be The Business's CEO Anthony Impey, gives businesses the opportunity to talk through the challenges. Breakfast clubs, local community groups or even talking along the supply chain of big businesses can all create opportunities to get comfortable with the right technology for your business.

Even with the prevalence of such trusted networks, there remains a big gap in innovation in small business, with most businesses not doing anything at all that they would consider innovative. Most do not have a plan to create opportunities to drive more either, with only 7% stating that they had an innovation strategy. There is a gap in driving curiosity and ambition, but also in a more strategic approach which, when adopted, is reported to bring very good things indeed to the small businesses that are approaching innovation in this way.

When asked what is holding them back, businesses point overwhelmingly to cost (64%), skills (44%) and complexity (26%) as the key barriers. These can absolutely be overcome with support from the wider small business eco-system and open up potential for small businesses.

There remain, however, inequalities of access, of support and of finance in society and the economy. The lack of confidence with digital is more prevalent when looking at disabled led businesses, and ethnic minority led businesses have significant needs for support and upskilling that are not being met. On top of this, disabled led businesses face huge financial barriers that are exacerbated by the cost of managing a disability on top of the cost of running and growing a business.

There is much to be excited about in the small business digital landscape

However, there is big potential here too. Ethnic minority led businesses demonstrate a fantastic level of innovation, outperforming the general population in their plans to be more innovative as a business. There is much to be celebrated here and an opportunity for the wider business community to learn from this approach. Role models, networking and a focus on celebrating success can really bring this to life.

Disabled led businesses offer huge potential for economic growth, with appropriate support to overcome the clear hurdles to digital engagement. At close to 25% of all entrepreneurs in the UK, this is a big opportunity both financially and for communities to drive growth, employment, and more. With more intervention specifically to engage disabled led businesses in digital skills, to support with finance or to fund digital innovation, a lot could be unlocked in this cohort of businesses, which offers an exciting future.

There is much to be excited about in the small business digital landscape, and new initiatives that are specifically targeting small businesses with huge potential to deliver. Whether it is BT's Digital Marketing Hub, or Google's and BT's Get Mentored, Get Growing scheme, or the Government's Help To Grow programme, opportunity is waiting for small businesses to engage.

The focus needs to be on:

- **More support for the smallest of businesses, including ensuring an “on ramp” designed for micro businesses to access the smartest of technology.**
- **A growth in accessibility of support and finance to both ethnic minority led businesses and disabled led businesses. Strong leadership is required throughout society to move this forward.**
- **More visibility of skills training to all small businesses, making it clear where to go and giving support to get there from local organisations.**
- **Creation of advocates and champions and role models, using trusted networks to help build confidence and ambition in small businesses.**

With this in place, there is no limit to the potential that could be opened up for small businesses.

Small Business Britain and BT are committed to supporting this journey. Let's get going....



A Big Prize

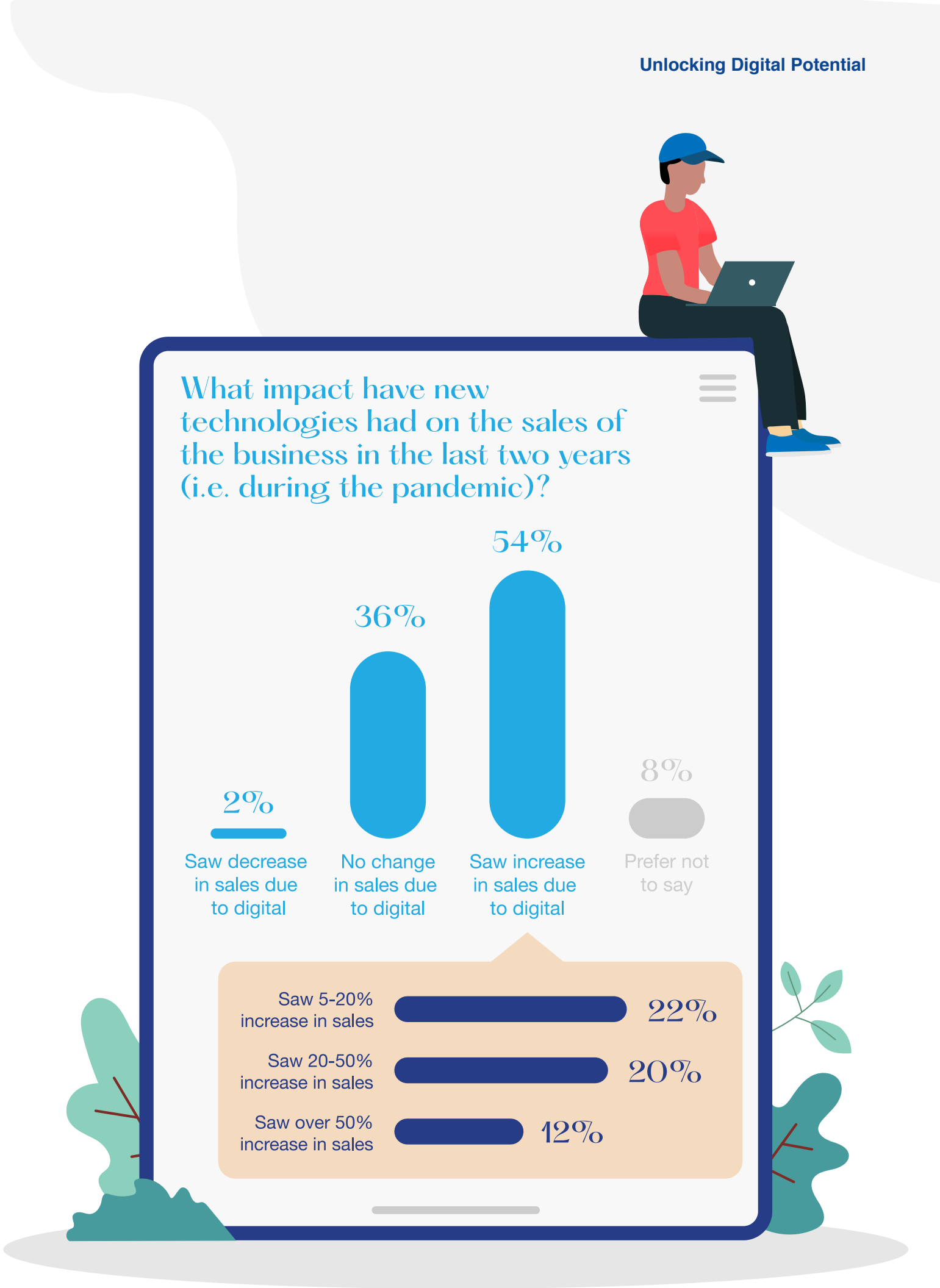
Understanding the scale of the opportunity.

It will come as no surprise that digital skills played a huge role in the transformation and survival of small businesses over the COVID-19 pandemic. As well as a lifeline for businesses and individuals, digital technology and digital skills created an opportunity in a world that felt, for many small businesses, like opportunities were disappearing all around them. Entire business models were put on hold during lockdowns, leaving businesses with often limited existing skills or innovation strategies with a big financial and motivational void to fill.

The scale of that transformation, and the financial benefit it drove to small businesses, is extraordinary. Businesses that were cautious about trying, or investing or experimenting with digital pre-COVID, found that giving digital a go could both fill a revenue gap and open up new opportunities for the future. Engaging with digital for many changed their perspective on the pandemic, moving them from no confidence, no optimism, to finding hope for the future again. A really big prize indeed.

The size of that prize of course varied, and continues to vary, by business and opportunity. But 54% of small businesses say that implementing digital technology over the last two years helped to grow their income by over 5%. If all businesses could realise this goal, that would set the UK back on the course to recovery in a very big way.

How do businesses therefore make the most of this opportunity? A key place to start is understanding the scale of the opportunity available. Each business needs to take a candid look at their business and understand where there may be opportunities for growth, and better delivery, using tools, skills, tricks and external support to get there.



Business owners like Ada Obioha, founder of Ada Virtual, have opened up opportunities with digital solutions that fit the needs of their business.

“We gained several new clients through new technologies such as video and email marketing. Even though we talk about digitisation, we use it to remind people there are still humans working behind the scenes. We are relying on digital more and more, including products like Xero, Slack and HubSpot. Zapier is the newest addition to our digital tools. It helps you automate repetitive tasks between two or more applications — no code necessary. When an event happens in one app, Zapier tells another to perform a particular action. We often use the free version of tools and it has 100% been worth the investment of our time.”



Ada Obioha
Founder, Ada Virtual

One message that comes out strongly speaking to small businesses is that you don't know what you don't know. It is not the case that businesses are unaware that digital technology exists – they know there are things out there – but they do not know how they relate to their business, or often where to start. This is where intervention by technology platforms, experts, organisations with big reach and authority, can make a huge difference to the scale of small business ambition.

There are a number of significant and high quality training solutions in digital skills and technology available to small businesses in the UK. Small Business Britain and BT Skills for Tomorrow are leading the way in this through a vast programme of training, insight, support and inspiration.

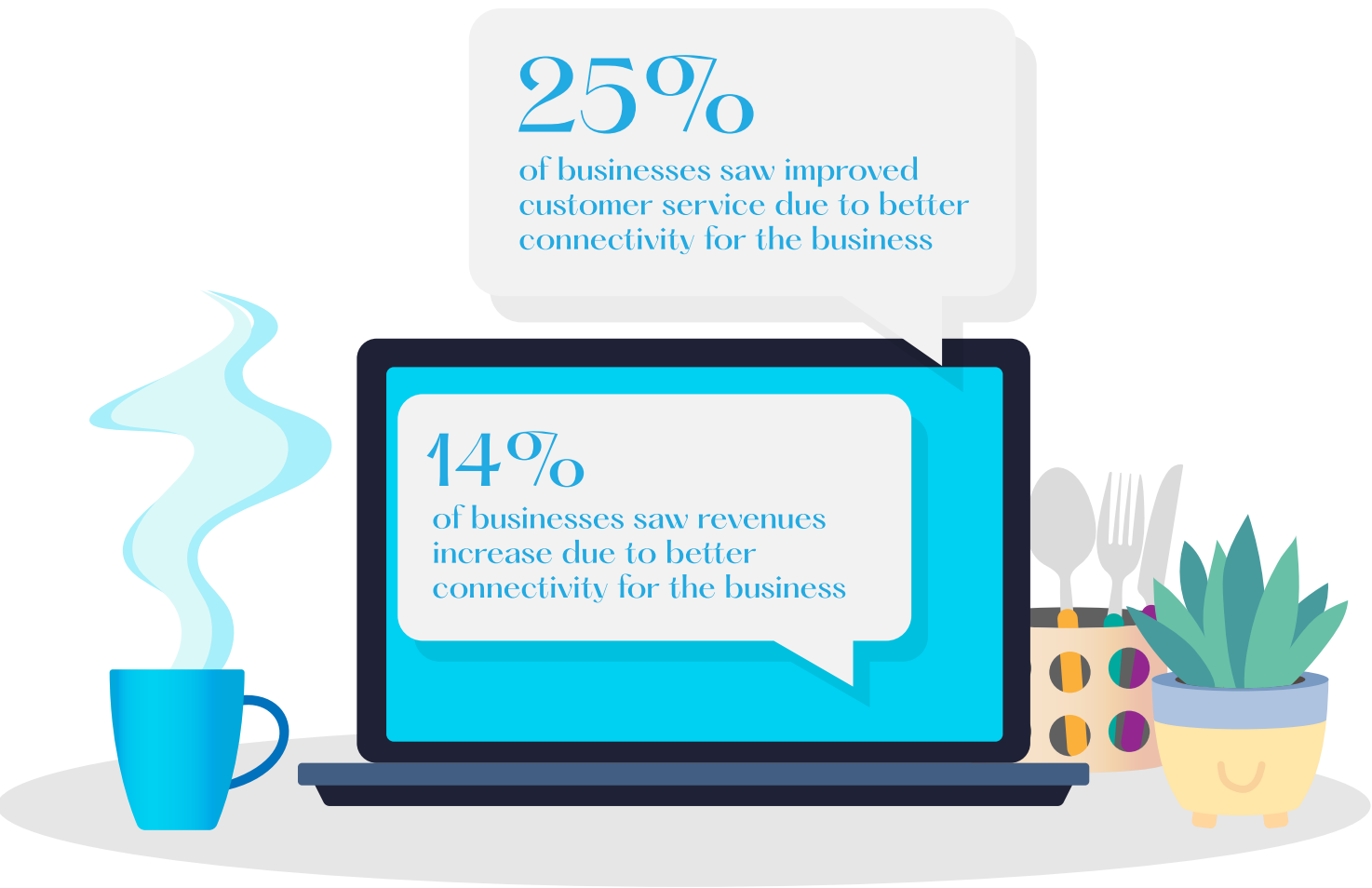
BT's partnership with Google to deliver digital skills mentoring – Get Mentored, Get Growing – is another such initiative going straight to the business to get into detail about what is right for their situation and needs.

Mentoring, from experts or indeed from peers, can open up huge opportunities for small businesses, as it gives the founder an opportunity to see things from a different perspective. Peer support in particular can feel very relevant and engaging when other businesses have direct experience of what you are going through, look like you, sound like you, and can articulate the success they have had through an alternative or additional strategy. It can take the risk out of big new innovations, and can move the business from feeling cautious and risk averse, to feeling excited and optimistic.



“No single technology, no black box, is the sole solution for small businesses. You need to understand the plethora of choices that could help you and sort out the wheat from the chaff. A mindset of curiosity is the key thing to give us the confidence to DECIDE! What I see holding small businesses back is not asking for help to do this. Ask a friend, a peer, organisations like Digital Boost, your local LEP and local authority. You might need to try a few things and or speak to a few people. As a leader of a Small business, we need to be relentless!! Ask lots of people their view, and then make a decision. And remember, a decision is better than no decision!” No decision is actually a decision and usually ends up in tears or more sleepless nights. Success comes from resolving issues and getting past barriers (often knowledge!) that stop you from moving forward. Help is out there, you can do it, it's a couple of clicks and zoom coffees away..”

Sherry Coutu CBE
Founder, Digital Boost



A key factor in getting businesses to unlock their digital potential therefore is to grow, or unleash, their level of ambition; to make them reach for more and try new things. Growing an inquisitiveness in businesses is a core factor in driving innovation right at the grassroots of the economy.

For businesses, this requires support, inspiration, and a macro-level sense that there is opportunity in the economy. This has been hard to for businesses to connect to for some time, and exacerbated in 2022 by ongoing cost of living rises, energy and finance costs going up, the continuing looming impact of COVID and more recently the spectre of conflict in Europe. With this in the background, both businesses and the eco-system that sit around them (Government, private sector, big business, even media) need to find new inspiration and hope through the gloom.

Businesses thinking about taking the next step forward should follow the action plan below, and start with reaching out for help. Speak to BT, speak to Small Business Britain, speak to Digital Boost, and start to get a sense of the possible for your business. Build on this inspiration by developing real mentoring relationships – with experts and business peers – to keep you moving on the digital journey. And work on the mindset that will get you there: optimism, courage, ambition and the continued belief that there is more out there for you, for your staff, for your business and for your community.

This is a continuously reinforcing process. The more you do, the more value you will realise, the more you will want to do. Let's go and get that prize.

Keep moving on the digital journey

Action Plan



- 1 **Speak to an expert, such as Digital Boost, and find out what is available that is suitable for your business**
- 2 **Get a mentor through programmes like Get Mentored, Get Growing through BT and Google**
- 3 **Get peer support from local networks such as Local Enterprise Partnerships, local Mastermind groups and get involved with big networks like Small Business Britain.**
- 4 **Check out the Government's Help to Grow Digital site for guides to digital options for your business.**
- 5 **Make a decision – it is better than making no decision!**

Small New Shiny Things

The right tech for the right business and what you might be missing out on.

In 2022, there is no shortage of shiny new things that businesses can buy, hire or tap into to change or grow their business in some way. The challenge therefore becomes: how do you choose?

Small businesses overwhelmingly chose to implement marketing and sales technology over the pandemic as income from other channels dropped almost overnight off a cliff. Social, messaging, websites and ecommerce were by far the biggest new functions for small businesses over the last two years, and they have made a significant impact.

However, productivity and collaboration tools, such as schedulers, video meetings and even online accounts, have seen a strong upswing over the pandemic too. Small businesses have increasingly found technology that can help them in a small way to do things better. This is encouraging, but still fairly limited in its uptake. The success of businesses using these tools, such as Cheryl Laidlaw below, needs to be celebrated and shared in order to encourage other small businesses to take up opportunities in a similar way.



A major challenge in bringing these technologies to small businesses however is the lack of any formal plan to do so. A tiny 7% of businesses have an innovation strategy for their business. Whilst 18% are considering it, a concerning 71% have no plan nor intention of implementing one. Small businesses are engaging with tech in a very ad hoc way, and often taking it up either accidentally or when forced to by circumstances.

Formalising a plan to bring technology innovation into the business does not have to mean committing to spending big. It is more a process of considering what the business and customers need, and responding to those needs in a more organised way.

Putting a plan together can feel overwhelming for a small business, and certainly there have been many other calls on the business's time over the pandemic. However, taking time out to reflect and make a plan can pay significant dividends and ensure you make the right choices for your business.

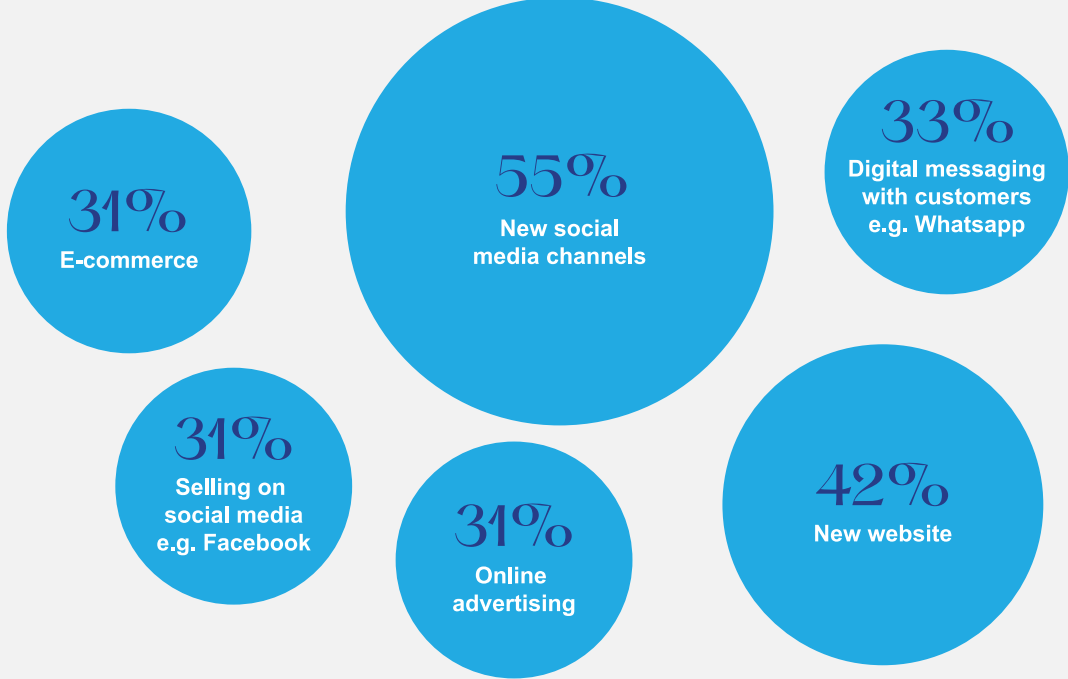
Help To Grow Management is one such programme helping businesses to create that plan. Government backed and delivered by the Small Business Charter and business schools around the nation, it is a twelve-week programme of classes, peer support, expert mentors and designed to give businesses an actionable plan to take away at the end. Although only available for those with five employees or more, the format of the programme is ideally created to give small businesses the confidence to innovate, and the structure to create a strategy.



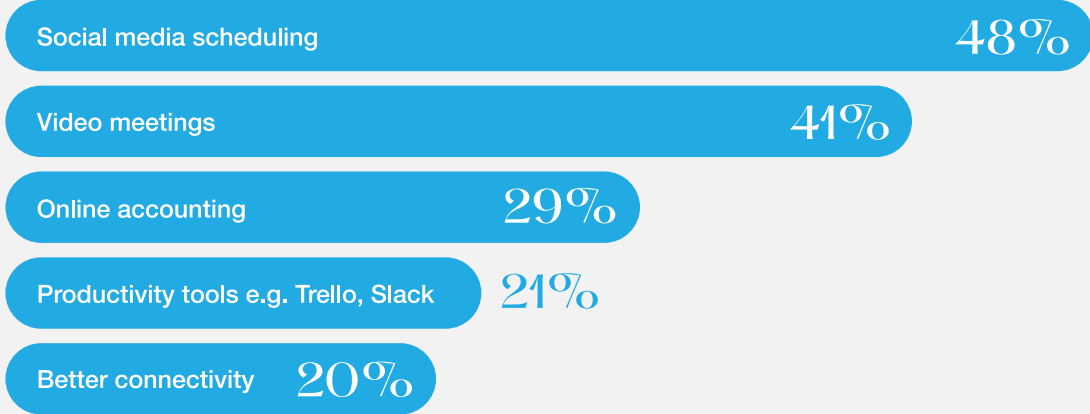
“Digital technology has had a massive impact. Prior to having a website, I used to sell my products in local cafes and shops. Introducing e-commerce to my business has definitely increased my sales. I do also get a lot of business from Facebook and Instagram which are connected to the online shop on my website. Even though I don’t get any direct sales from Twitter it helped me raised my profile by applying for several awards and winning some of them which helped me with my publicity.”

Celia McDonald
Founder, For Dog’s Sake Treats

New technologies implemented in the last year to sell more



New digital technologies implemented in the last year to manage businesses better



“Very often the conversation about helping businesses to be more digital focuses on purchasing new technology. But this misses the point. Technology is just a means to an end. Getting the most from it involves identifying how it can make it easier for your customers to do business with you. This might be to introduce a new Customer Relationship Management system or using an out-sourced call centre with a company like Moneypenny. It’s less of a technical challenge and more of a leadership and management one, where understanding what’s needed determines what to do, and crucially whether technology is the best approach.”

Anthony Impey
Chief Executive, Be The Business



Time and time again, businesses are telling Small Business Britain that they would like to do more, would like to innovate or add in digital technology, but they just find the price point and complexity too much. They want the shiny new things, but they want the small ones – designed for small businesses like them.

Creating entrance points to new technology that starts at a micro business level, or even accessible to the over four million sole traders in the UK, is critical to ensure that big tech can reach the little businesses. It may be enabling small investments at a time, such as micro promotions on Facebook or Instagram. Or it may be creating a small business version of large tech that can be accessed on a monthly subscription that is appropriate to a small firm.

One such technology innovation is the BT Digital Marketing Hub. Developed with feedback from over a thousand small businesses, it is a flexible, all-in-one platform that helps businesses create, publish, measure and optimise their digital marketing campaign across Google, Facebook, and Instagram.

Businesses that do “take the plunge” and try new technology, with an open mind and unafraid to fail, almost always find that it pays off in the long term. It may not be the right tech right now, but you will learn from it and move forwards as a business. There is a much bigger risk of not giving things a go, and that is the risk of locking away your potential as a business.



“When I started my business nine years ago using “Old school of marketing” (for example, local press, radio) it was one of the biggest expenses you would have. Now social media is offering you amazing ways to not only reach a bigger (target) audience, but it also provides your potential customer with a link that takes them straight to your website. 80% of our customers now come from social media referrals. Online markets can be tricky when it comes to stock control. With social media selling it is a lot easier as everything I sell on Instagram and/or Facebook comes off my website straight away. Which means my stock levels are always accurate. Our sales grew about 40% in the last 18 months.”

Charlotte Pages
Founder, Boos Toys



“The most important digital technology for a business depends on the business because it has to match what they need. There are the foundational things, such as accountancy, CRM, which are important to help manage your business efficiently and these platforms can give you a wealth of data to help you make decisions. Making use of digital tools in isn’t just about choosing the right software package, but successfully adopting it into your business operations. Taking time to learn what the tech you are buying can do and how you and your staff can use it will help unlock the wider potential of technology to support your business growth. This is where a programme like [Help To Grow](#) can make all the difference, not just with financial help to buy the software but guidance to help choose and adopt the technology. This is just the start of the Help to Grow scheme with a broader offer to come beyond the current accountancy and CRM packages. People need the confidence to go digital and Government wants to support people on that journey.”

Daniel Harrison
[Help To Grow Digital](#), Department for Business, Energy and Industrial Strategy



“I finally took the plunge and invested in a CRM system so I had a smooth on–boarding process for customers. When it comes to off–boarding, I can now get my testimonials in, touch base with my clients and more. CRM has helped me systemise my work and streamlined the processes.”

Cheryl Laidlaw
Founder, Website In A Day

Action Plan



- 1 Look at organisations like Be The Business for support in mentoring and making a plan.** Be The Business can connect you with a mentor and provide lots of tools and templates for better decision making too.
- 2 Consider implementing productivity tools for your business to help it run better.** Tools like Trello for managing workflow or a CRM to manage customers can be accessed through freemium or low cost subscriptions.
- 3 Check out Government backed programmes such as Help To Grow Management** for help in creating a strategy and giving you confidence to pick the right technology and plan for your business.
- 4 Talk to your peers about what digital technology they have implemented and what has worked for them.** Crowd source your knowledge and make the most of others experience and mistakes!
- 5 Keep an open mind and do not be afraid of technology.** Many businesses have only implemented something new when forced to by circumstances, and then wished they had started sooner. Start today.

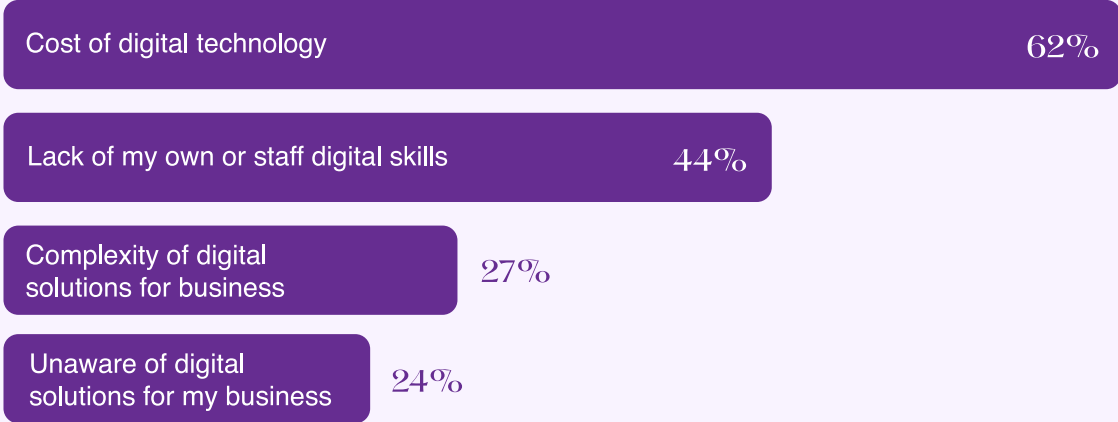
Ain't No Mountain High Enough

What is holding businesses back and how can we help them?

Digital transformation of small businesses over the COVID pandemic has been significant, but it has been far from complete. Many businesses got even more left behind by the pace of change, and many that made changes remain frustrated with the complexity of tech, their lack of skills or held back by the costs of digital to enable further opportunity.

Businesses that struggled financially often reported difficulty affording technology they knew would help their business and felt as a result they fell behind their competitors during the pandemic. Others felt isolated by lockdowns and disconnected from their usual support networks, leaving them struggling to find the right place for help. As well as the financial implications, this had a profound mental health impact on business owners too. Significantly, businesses reported that once feeling the impacts of poor mental health, it was harder to get back again to feeling optimistic about the business, and ready to build and grow again. Overcoming these challenges has been significant for the small business community.

The biggest barriers holding small businesses back from using more digital technology in their businesses are:



The top barrier small businesses noted in the research for this report, by a long way, was the cost of digital technology at 64%. When digging into this more through one-to-one discussions with small businesses, it is often not that businesses do not want to pay at all, but that the cost structure and entry point for many digital technologies is just too high for them. This can feel like a mental as well as financial hurdle, building frustration for the business owner and disillusionment with technology.

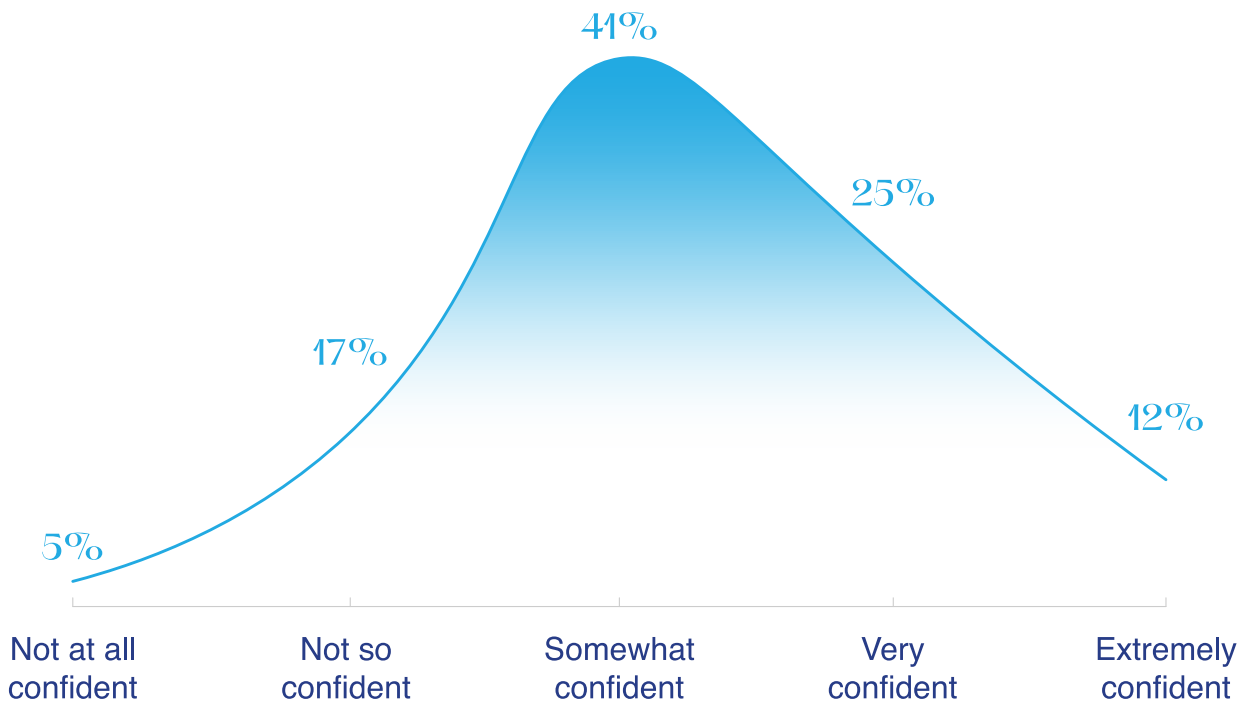
This may be both a reality and a perception. Many businesses reported that a reticence to get pulled into an expensive contract held them back, but on further investigation many technologies had accessible payment models. The growth of freemium models on many platforms, plus small business specific payment programmes, mean that tiny businesses can now access some functionality of large systems. In fact, many businesses reported giving technology a try because a peer or mentor recommended they do so and actually changing their perception of the cost (and complexity) as a result.

Making big tech accessible has been one of the biggest “transformations” of the last decade for small business, which saw a considerable acceleration during the pandemic. Things that used to be the domain of large enterprise, requiring server rooms and big teams to manage, are now available as software-as-a-service to sole traders from their home office. Storage is all on the cloud, available in bite sized pieces. Analytics have moved on significantly with every penny spent on advertising, social media or search now trackable and traceable, giving actionable insight to small businesses to run their business more effectively. If they can access it.

The key hurdle for businesses, however, is accessing the data. Lack of digital skills in the business and the complexity of the systems are locking many small businesses out of realising this potential. Many businesses sense that they have a lot of functionality sitting on their devices but have no idea how to make the most of it. Creating the right support, confidence and curiosity in small businesses to dig deeper into their existing technology, even as a starting point, could unlock considerable potential for small businesses.

Overcoming these barriers requires intervention at multiple levels: by technology giants; by business support providers; and by intermediaries who can help small businesses overcome the financial and skills hurdles. One such intervention that has had huge impact over the pandemic is the BT Skills For Tomorrow programme, which Small Business Britain has partnered on for over two years now. We look at how interventions such as expert, accessible digital skills training can help to break down these barriers in the next section.

How confident do small businesses feel with using digital technology?



“A big thing holding me back from more digital solutions is trust in people providing or helping with the digital services or solutions. I have had a bad personal experience. I would do all of this a lot sooner if I trusted people. There are a lot of people out there that can talk the talk but can’t actually do it! Also the technical skills of my customers and their access to technology is an issue. Some of my candidates don’t have laptops at home. I might be lucky if they have a smartphone.”

Demelza Lowe
Founder, Quality Forestry Courses



“The biggest thing to hold businesses back is time. There is just everything to do and so much on offer, you just end up leaving it for another day. My best advice to small businesses is to invest some of that precious time to investigate – understand what matters to you and your business and use that as a starting point to get help. Look at places like BT’s Skills for Tomorrow programme for support that works for your business. That investment of time will definitely be worth it.”

Kelly Liu
Digital Impact & Sustainability Director, BT Enterprise



“My advice to small businesses would be go for it! We held back waiting for things to be “perfect”, but COVID forced our hand in many ways. The digital platform wasn’t perfect as a result — we found that “playing with it” and feeding back to our software developer has meant that we have been able to implement change far faster than we thought and have refined things substantially with each new roll out. Let your clients know that you are doing it, ask them to bear with you if there are any problems and to feed in what is important to them. As a result, things will evolve over time into a far, far better system than you had before, and you can start making data driven decisions that will save you time, money and improve service.”

Geoff Wilkinson
Founder, Wilkinson Construction Consultants



“The thing about digital that puts us off is mainly cost and the complexity of it. It can also be pretty time consuming. A great example would be the online advertising – Facebook and Google ads. It is hugely time consuming. And very, very hit-and-miss. You need to know a lot about it. The algorithm changes so quickly.”

Catrin MacDonnell
Founder, Jones & Modha

Action Plan



- 1 Investigate the [BT Digital Marketing Hub](#)** for managing low cost, accessible digital advertising campaigns for your business.
- 2 Investigate functionality on your existing technology by talking to peers and a mentor** – other businesses have probably discovered things that could be useful to you, and an expert mentor can show you the best ways to use your current technology, without necessarily spending any more cash.
- 3 Investigate developer or manufacturer ran training sessions** as these have grown significantly over the pandemic. Often they will give you insight to their technology with no obligation to purchase more.
- 4 Check out the free online learning courses from Google Digital Garage** which offers a range of advice and free courses of different lengths and depths, and you can even earn certifications online.
- 5 If your confidence has been impacted by COVID lockdowns, isolation or loss of previous support networks, consider getting involved with local or national organisations** that provide opportunities to connect with other businesses, network, get advice and inspiration and be inspired, such as Small Business Britain or local business groups.

Help! I Need Somebody

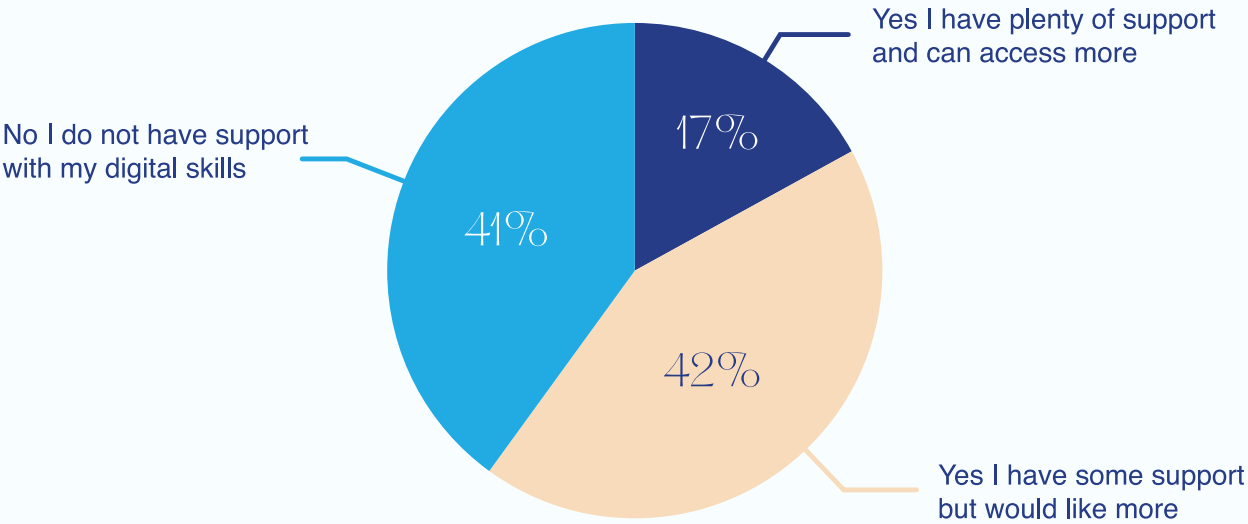
Getting support at the right level when you need it can make the magic happen.

It is clear from this research that there is a huge gap remaining for small businesses with digital skills. While 43% have some support, but would like more, a huge 40% feel that they have none at all. All this in a market which arguably has a vast amount of free digital skills support readily available. So what more needs to be done?

Provision of good, accessible, easy to find support is going to be critical to unlocking further digital potential for small businesses. Businesses noted that throughout the pandemic the large-scale government support programmes were well sign-posted, well publicised and in the most part well explained. However, going back to “business as usual”, it is less clear where businesses should go to for help.

Time and time again, small businesses who have succeeded at digital report that it was a person or people that made the difference for them. Having someone signpost, explain and enable good tech opened out the path for progress. The technology was important, but the enabling of that technology, the finding and understanding of that technology, was done by human beings. It turns out that digital is more human that it may appear...

Do you feel you have appropriate access to support with digital technology?



What would increase your confidence with digital technology?





“I don’t feel like I always have support with digital when I need it. It is not necessarily designed for me. Everybody is different in terms of their ability or confidence. Some of my staff would really struggle with sorting problems out. I would like to see more access to advisors and customer support. It should be supplied by government, councils, business organisations, banks and digital services providers.”

Amanda Alexander
Founder, Giddy Goat Toys

Bringing people into the business to help unlock potential can be done in a number of ways. It can be someone external, such as a mentor, to give you advice and a sounding board. It can be peers that support you through inspiration, accountability or potentially mastermind groups. It could even be staff that you bring into the business to inspire and educate you, focusing on skills that you do not have currently.

Skills training is often best engaged with when it is developed in partnership with small businesses. Businesses need reassurance that the training provider understands their individual issues. They need to know the training is designed with their issues in mind. With this in mind, a network of small training providers in digital skills has flourished throughout the pandemic, and continues to deliver well received support into 2022.

Small Business Britain has partnered with BT on just this area and delivered a series of workshops, training and insight as part of the BT Skills For Tomorrow programme. All free to access, this series from Small Business Britain is all delivered by small business trainers. Experts in everything from Google Analytics, to Instagram Influencers, to cyber security create an accessible and actionable support programme that has been a lifeline to businesses during lockdowns and beyond.

Growing this kind of support for businesses will be critical in ensuring they have support that they feel is relevant to them, tailored to their needs, and importantly free to access when finance is cited as the top barrier to technology, and the thing that would help to grow confidence the most.



“As I grow my team, digital is an important requirement for the job. Employing more people will bring more expertise in and that will increase my confidence.”

Paola Dyboski-Bryant
Founder, Dr Zig’s

There remain many fantastic local organisations doing great things, if you just reach out and ask

Finally, looking locally remains a key route for small businesses to find support. Although many report inconsistent business support infrastructures around the nation, there remain many fantastic local organisations doing great things, if you just reach out and ask.

At the top of the list are local universities and business schools, in particular those with the Small Business Charter, an accreditation that certifies a business school has a strong outreach programme to their local small business community. Look also at Local Enterprise Partnerships, local councils and other local business groups. Businesses also note that their local Job Centres provide unexpectedly great support for their business. They can help with hiring, understanding local programmes of support, and accessing skills networks in the local area.

The overarching message for small businesses needing help is to reach out and ask. Do not try and work things out on your own – the chances are someone else has had your problem before and knows how to solve it. Mentors, peer businesses, specialist small business trainers, universities, local councils and big businesses like BT can help you on your way. The help is out there – make sure you are taking it up.



“Locally we have some great digital groups. The university attracts a lot of digital talent. I also think the university has been brilliant from the social enterprise and the business hub point of view.”

Thomas Cliffe
Founder, Café Track

Action Plan



- 1 Make the most of free expert training from Small Business Britain and BT Skills for Tomorrow** – you can even catch up on past sessions online.
- 2 Speak to your local university or Small Business Charter business school** and see what support they have.
- 3 Investigate support at your local Job Centre.** Not only can they help you with finding local people with the right digital skills, they can also advise on local networks and support.
- 4 Search out digital skills training today.** There is a huge amount available from sources covered in this report. Do not be held back by time or resource. Often it is free. Give it a go today.
- 5 Speak to your nearest Local Enterprise Partnership or Growth Hub** to find out what help, support, funding and advice they can offer.

Digital Divide

Are all the opportunities of digital available to all? Really?

In conducting the research for this report, Small Business Britain and BT ensured that there was a significant input from diverse communities to make sure that a range of voices were heard, and all potential could be understood. Whilst there are complex and often intersectional drivers for barriers, opportunities and needs, there is much that can be gained by bringing in diverse voices to contribute to the answer to the question: how can we unlock digital potential for ALL small businesses?

There is increasing awareness of the inequalities in digital support, access to networks and role models that have been around pre-pandemic and, in some cases, exacerbated by the pandemic. Ethnic minority led businesses in particular reported a greater lack of access to support for technology and skills during the pandemic than the general population, and this suggests there is work to be done to address this imbalance.



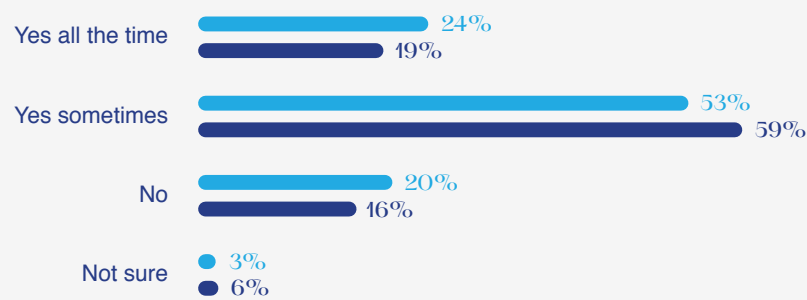
Disabled-led businesses however widely reported that the pandemic actually opened up opportunities. Training, support and advice became more accessible by moving online, and the widescale moving of events online opened up opportunities to network and get involved that for many were not available pre-pandemic. With a “return” to non-digital activities, there is a growing concern that this accessibility will go backwards, and organisations working in business support, advice and training should bear in mind accessibility when looking at a return to “normal”. For many, the pre-pandemic normal did not work well. There may be things that changed for the better in the last two years.

This research found that in general, disabled led businesses are less confident when it comes to digital than other businesses. Barriers holding them back were much higher in finance and lack of digital skills. There is clearly work to be done to balance out these barriers. It is widely understood (and reported in “Supporting Diversity and Inclusion in Innovation”, Innovation Caucus, and in The Federation of Small Businesses’ “Business Without Barriers” report) that having a disability is costly and can lead to significant financial hurdles for entrepreneurs. This makes it even more critical to ensure that disabled entrepreneurs have not only the right support and skills, but even more increased access to finance to ensure they are able to access opportunities on an equal footing to other businesses.

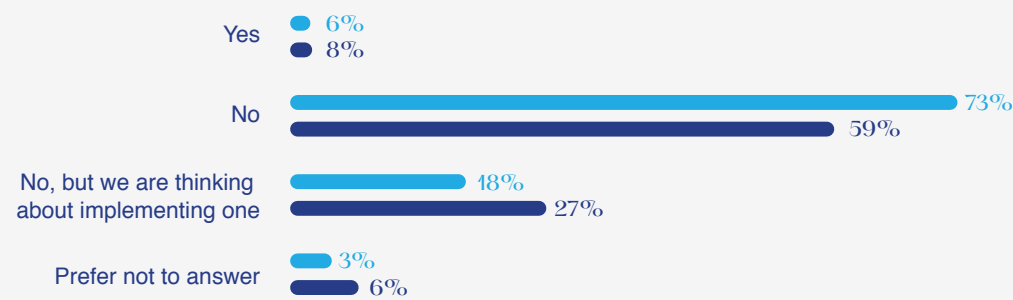
What barriers are holding you back from using more digital tech?



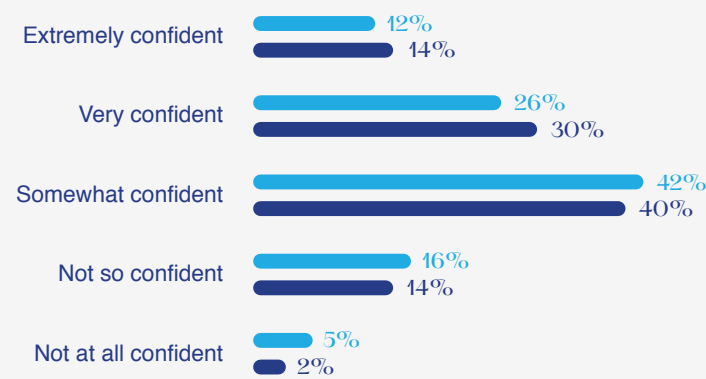
Do you actively look for new technologies in your business?



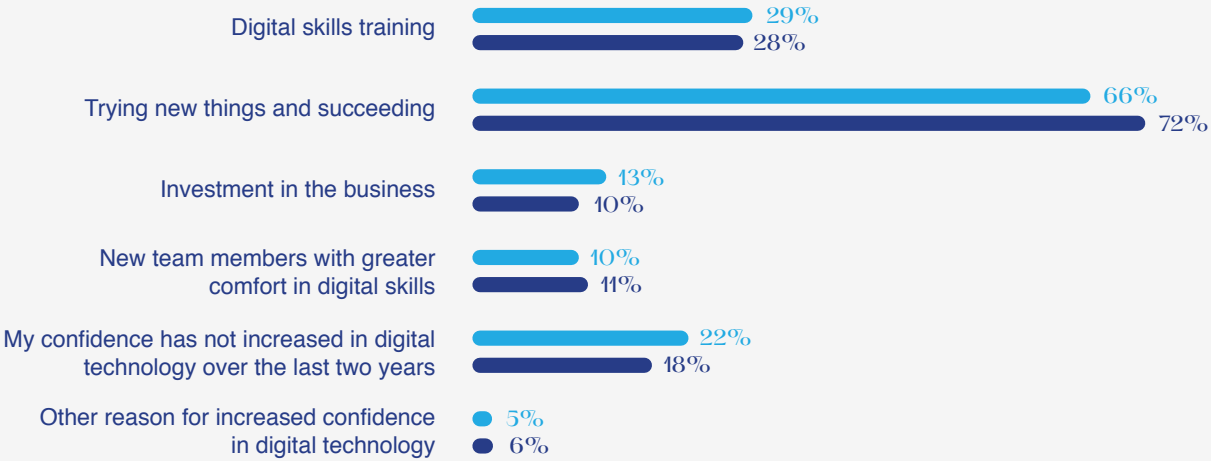
Do you have an innovation strategy for your business?



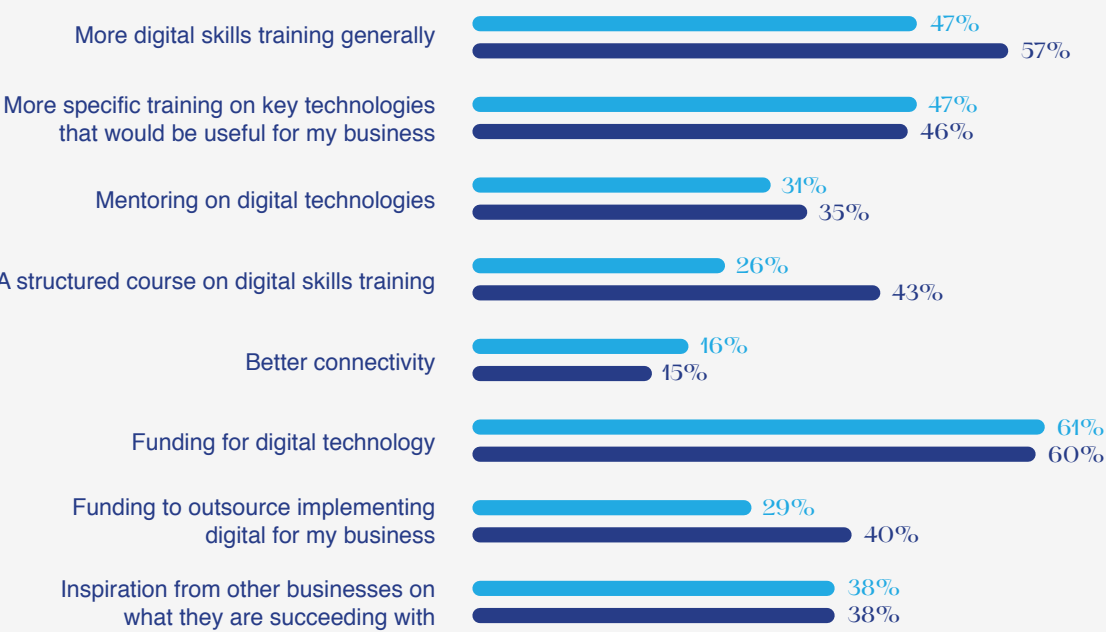
How confident do you feel with digital technology generally?



What has increased your confidence in digital over the last two years?

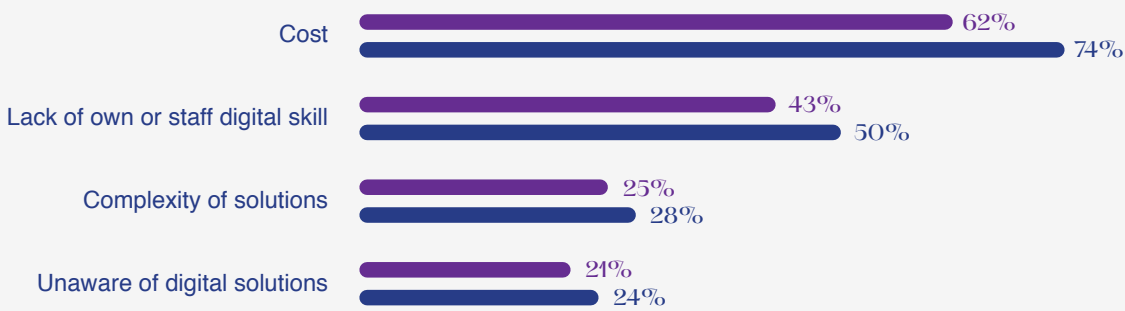


What would increase your confidence in digital in the coming year?

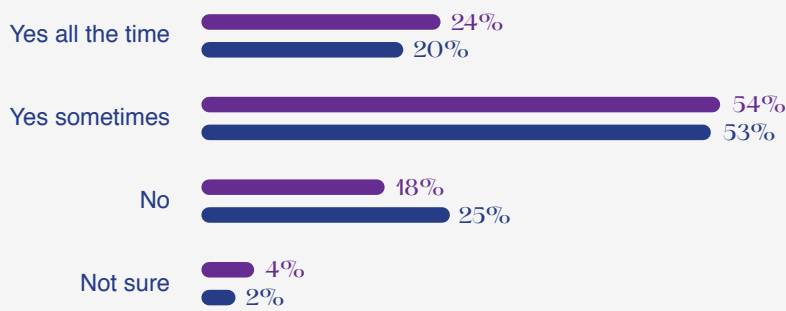


White
All other ethnic groups

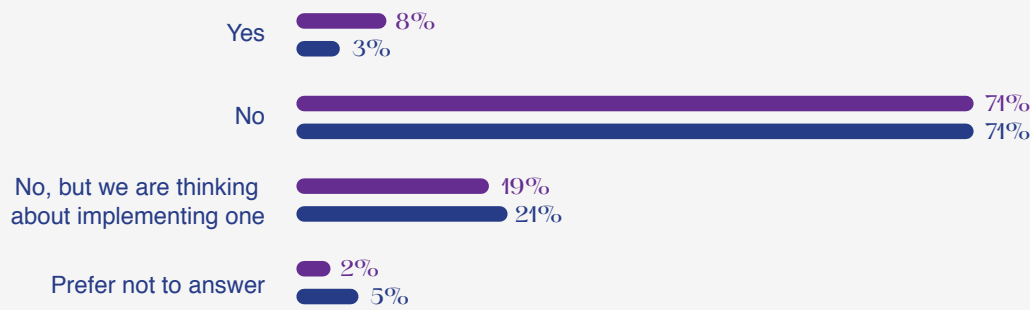
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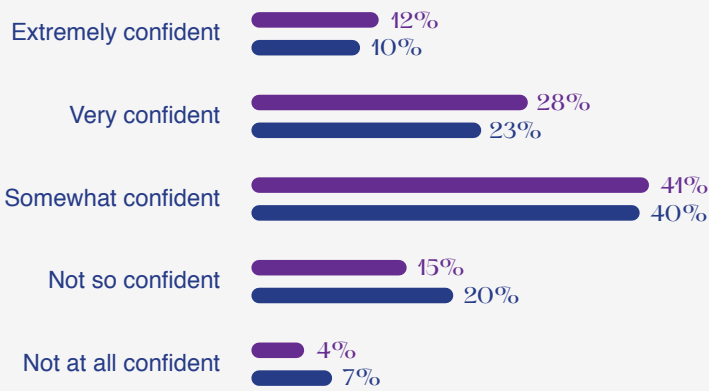
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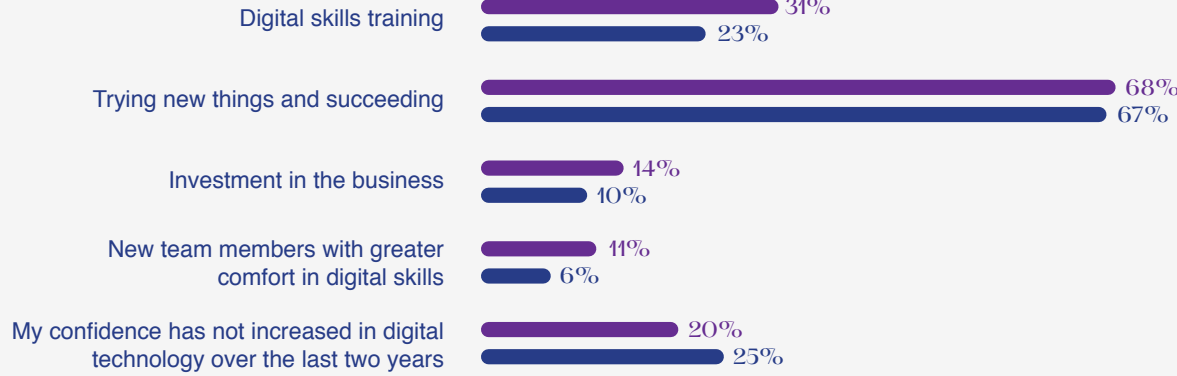
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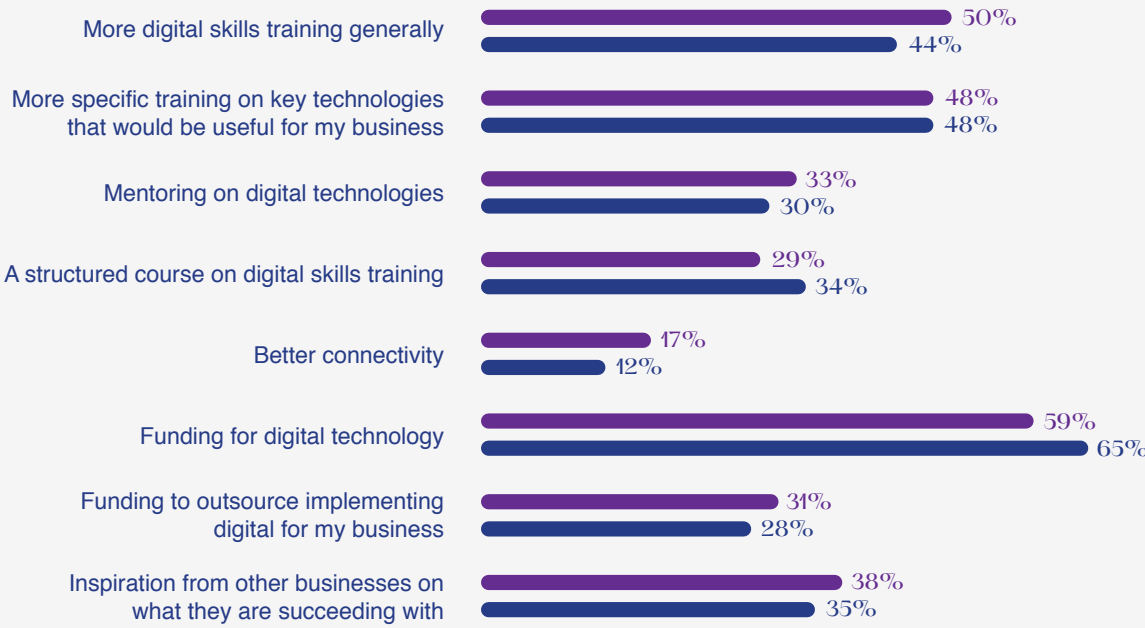
How confident do you feel with digital technology generally?



What has increased your confidence in digital over the last two years?



What would increase your confidence in digital in the coming year?



● Non-Disabled
● Disabled

In the research for this report, what comes out strongly as a positive is that ethnic minority led businesses are certainly more innovative than other businesses, are more likely to feel confident with digital, and are more likely to have tried and succeeded at new things. There is a lot businesses could learn from this. Understanding what might be driving innovation and ambition in these businesses could help existing and potential entrepreneurs tap into these skills in the future. Searching out innovative businesses to learn from, network with and engage with can help small businesses through inspiration and trusted recommendations. One optimistic and confident business can lead to many more.

Where there remains a gap is in the fulfilment of support expectations: ethnic minority led businesses are more likely to want more support, and less likely to be getting it yet. They are held back by barriers such as awareness of digital solutions and the complexity of digital solutions – both of which could be some way addressed by a good support and advice eco-system. More needs to be done to make sure support reaches all communities and is not focused on a narrow audience. Providers of support and advice need to keep this in mind throughout their development and delivery process.



Understanding what makes an inclusive support infrastructure for entrepreneurs is complex and more work needs to be done to bring a range of experiences and voices into developing future solutions. In the near term however, an increased awareness of the barriers entrepreneurs may be facing, and a greater willingness to help them overcome them, will go some way to helping even out the balance.

As we increasingly understand the levers required to unlock digital potential – support, inspiration, finance and confidence – it is critical that we ensure that these are available and accessible to all entrepreneurs, regardless of their background, experience and situation. Small Business Britain and BT are committed to this inclusive small business future.

“What has positively impacted my confidence with digital is trying new things and succeeding. Also it has been training and advice I have received from external sources, such as webinars from Small Business Britain. What has impacted me negatively is comments from other people about my lack of digital skills.”

Paulomi Debnath
Founder, Handmade By Tinni



“What I have learned over the last few years is that having a business coach on hand is priceless. Instead of taking months trying to figure things out for yourself just use somebody else’s knowledge to your advantage. I could have avoided so many mistakes. My top tip would be to be open minded. We need to look into the future. We need to stop looking back to see how things once worked. We need to be more creative. Things are changing rapidly. And last but not least, we need to be more sustainable.”

Michelle Jenmi
Founder, Ataji Hair Care

Actions For Wider Society



- 1** Further continued insight is required into the barriers faced by ethnic minority led businesses and disabled led businesses, as well as a greater appreciation of the role models and inspiration to be found in these communities.
- 2** Greater financial support is required for disabled entrepreneurs in particular.
- 3** Focus is required on accessibility of support, advice and networks by all organisations working with small businesses right from the concept stage of initiatives.
- 4** Greater involvement of diverse founders should be encouraged and supported in developing solutions for small businesses, celebrating those who have developed innovative ways of working.
- 5** Focus on this is required from both private and public sector, including local and central Government, to ensure that the full potential for digital in small business is unlocked.

What's Next?

As we move forward from COVID, what are the next digital frontiers for small businesses?

As 2022 continues to throw up challenges for the small business community, it also brings with it huge potential for innovation, growth and progress as the UK makes progress moving on from the COVID pandemic and society looks to heal and thrive.

New initiatives such as BT's Digital Marketing Hub or the growth of Help To Grow Digital and Management all offer scope for small business development and success. BT Skills for Tomorrow continues to drive huge uptake of digital skills training for small businesses, and Small Business Britain is committed to supporting this progress for years to come.

To really super charge this progress, however, more needs to be done to ensure that all businesses, no matter their size, background or situation, can access appropriate support and advice. This means ensuring there is support for micro businesses and sole traders, creating an appropriate on-ramp for the businesses with little in house support to engage with the more complex, and impactful, of digital technologies. It means ensuring that appropriate communication, engagement and intervention is available to ethnic minority led businesses and disabled led businesses too. It means that no business feels they are left behind by technology.



The onus is also on organisations like Small Business Britain and BT to ensure that there is sufficient visibility of skills and support to businesses. It needs to be clearer where to go for help, just like it was clear what big nationwide support packages were available during the pandemic. Digital support should be as well-known as furlough. A challenge for all organisations to take of for sure in 2022 and beyond.

Finally, there need to be more advocates, more champions and more role models in the small business community to drive the critical peer to peer support infrastructure. Small businesses trust each other much more than they trust other organisations or individuals. Let us make sure we engage with that trust and hold up the phenomenal success stories for what they are: inspiration, a roadmap for success, and role models for a wider community.

Through this we can build on the growing confidence, curiosity and ambition of small businesses and unlock their digital potential for the future.

For more information on this research or to get involved in unlocking digital potential for small business, please contact hello@smallbusinessbritain.uk

 **Small Business Britain**

 **@BritainSmallBiz**

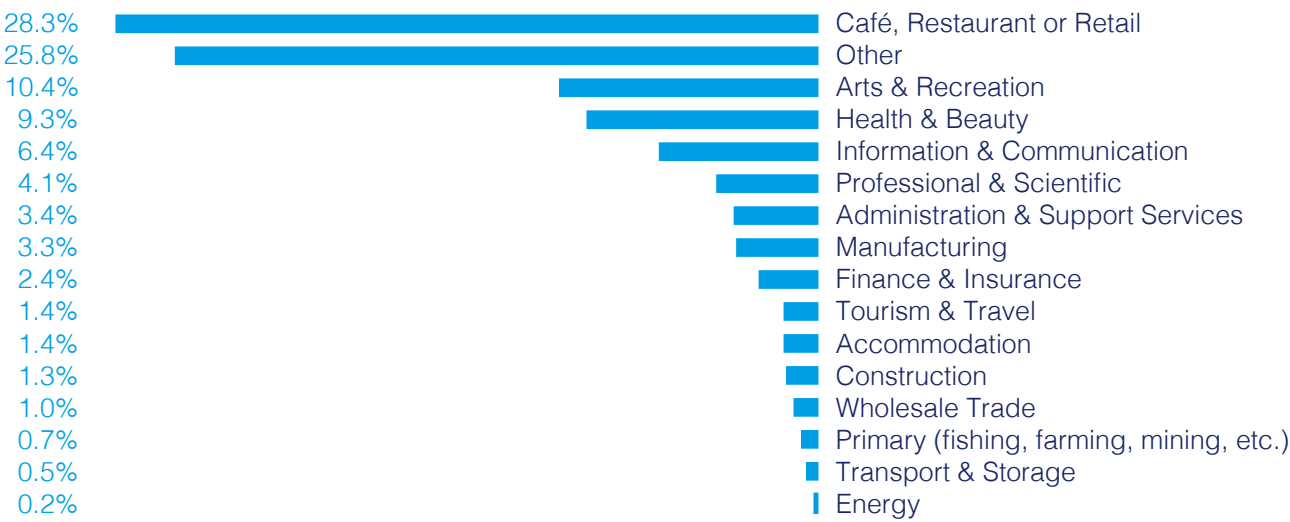
 **@BritainSmallBiz**

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Methodology

Small Business Britain surveyed 1,000 small businesses from across the UK. A further 45 small businesses were interviewed in depth along with experts in entrepreneurship. A breakdown of the small businesses surveyed is as follows:

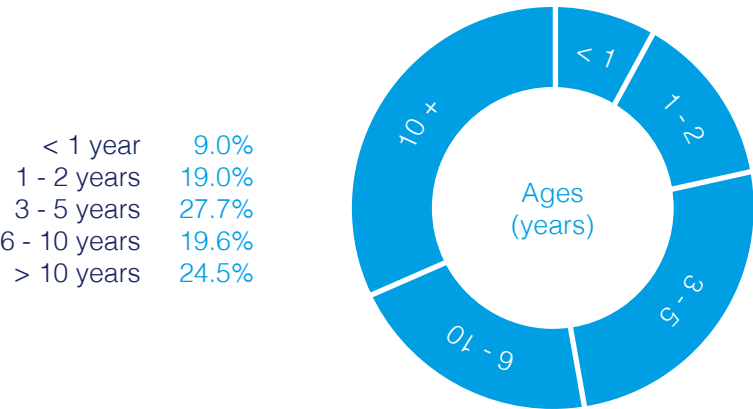
Sectors of Small Businesses



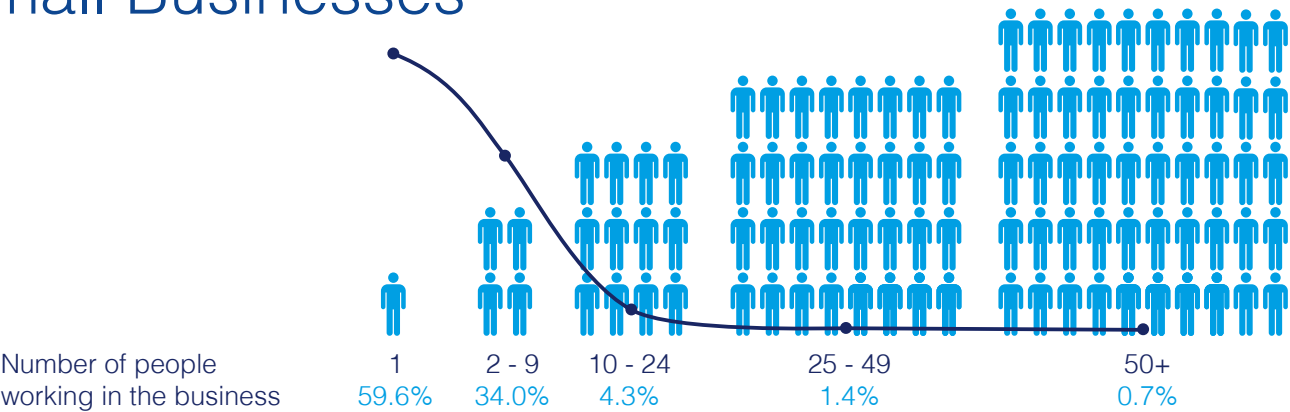
Locations of Small Businesses



Ages of Small Businesses



Sizes of Small Businesses





If you would like to know more about this research, or would like to get involved with future reports, please do get in touch. You can reach us at:

hello@smallbusinessbritain.uk

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