



THE ALTERNATIVE BOARD®
Shared Wisdom, Bottom Line Success

PULSE CHECK

SPRING 2021

FOR SMALL TO MEDIUM SIZE
NEW ZEALAND BUSINESSES



01

SPRING PULSE POINTS



The Delta blues have hit hard as businesses bend under the weight of prolonged lockdowns in the North Island and nationwide restrictions.



The economic outlook is increasingly grim with owners struggling to manage rising input prices, inflation, interest rate hikes and staffing issues.



Business isn't booming - skills shortages, inventory supply issues, failing confidence and feelings of isolation are taking their toll.



Confidence in Government has plummeted with owners desperate for clarity and looking for leadership on key issues such as vaccination.



Business owners are heading towards breaking point. Some are ready to sell up, others are facing closure, with the remainder looking for personal and financial support to keep their businesses viable.



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The Alternative Board supports small to medium size businesses and their owners, our members, through advisory boards consisting of other local business owners, expert one-on-one coaching, a suite of business planning tools and business mentoring.



The Pulse Check monitors how our members and associates are managing through the pandemic and our challenging times, asking how they are, what support they need, their views on current conditions, their confidence and the opportunities ahead. The Spring Pulse Check surveyed 727 of our members and associates between 27 October and 1 November with a confidence level of 90% and a 5% margin of error.

<https://thealternativeboard.co.nz/>

Summary

The Delta blues have left business owners battered and bowed, weighed down by months of lockdown in the North Island and prolonged restrictions across the country. The Spring Pulse Check has revealed business owners are veering towards despondency and are seeking clarity from Government, firm policies and greater support. Results show we've reached a watershed moment with confidence levels plummeting, frustration and dissatisfaction setting in, combined with major concerns about the economy. Confidence among business owners has flipped from buoyant to grim and their perception that Government isn't listening to them has compounded their pessimistic view of operating conditions, with a fifth of owners ready to sell up and move on. Cash flow is under pressure and, with owners facing a sharp rise in input costs, most intend to raise their own prices. Good management is easing ongoing and deteriorating supply chain issues but with more cash tied up in inventory, some report a grim struggle as they fall further behind. Problems caused by worker and skills shortages are on the rise and there's a clear divide between businesses who have sorted out their vaccination policy and those who want guidance and support from Government on the issue. Government actions have left owners believing they are going unheard as operating conditions worsen or become untenable. The road ahead for the economy looks grim and rising interest rates will hit borrowing - again putting survival out of reach for some. Owners are feeling more isolated as they deal with ever-increasing pressures and, as the weather outside warms up, business owners are haunted by the icy spectre of inflation freezing confidence and stunting growth.



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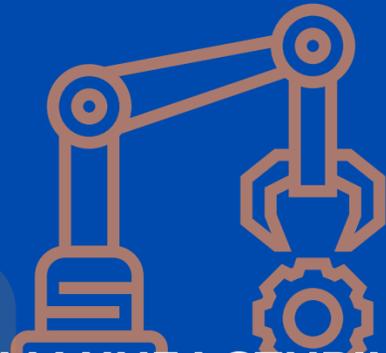


Industries

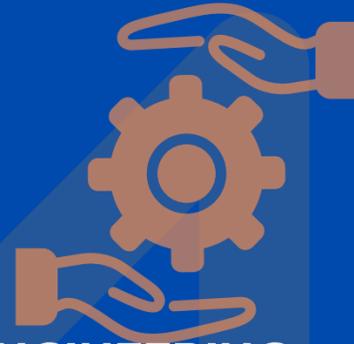
The Alternative Board members and associates are representative of the small-to-medium sector in New Zealand, with the majority in the 'classic small business' category, employing between 2 - 19 people, the size often referred to as the 'heart of the Kiwi economy'. Respondents came from the following sectors:



**BUSINESS,
FINANCIAL &
PROFESSIONAL
SERVICES**



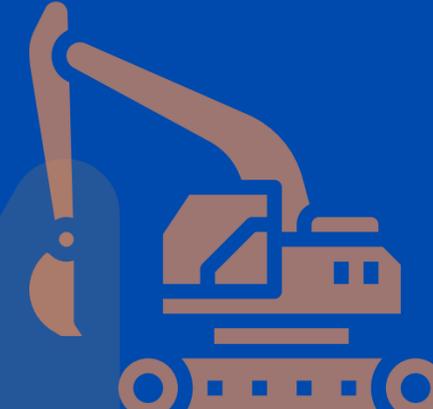
**MANUFACTURING
WHOLESALE &
IMPORTS**



**ENGINEERING
TRADES & OTHER
SERVICES**



**TOURISM,
HOSPITALITY &
RETAIL**



**CONSTRUCTION &
INFRASTRUCTURE**



**TRANSPORT,
LOGISTICS &
AUTOMOTIVE**



**PR, DESIGN,
MARKETING &
MEDIA**



TECHNOLOGY



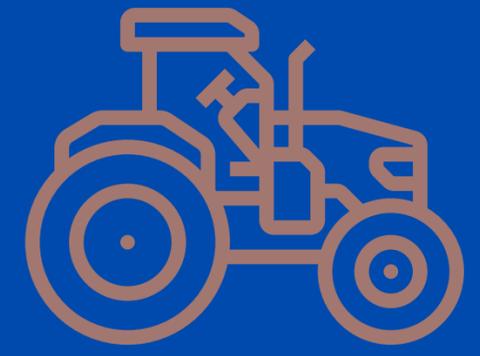
HEALTH



EDUCATION



**SPORT &
RECREATION**



AGRICULTURE

HOW ARE YOU FEELING ABOUT YOUR BUSINESS?



Good - we're managing fine



50%



Great - future's looking bright



10%



Grumpy - had enough and ready to sell



20%



Grim - it's all looking bleak



19%



Grieving - think we'll have to close



1%



05

How confident are you feeling?



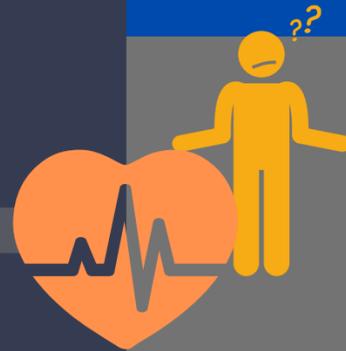
Good - it's a challenge but we're ok

26%



Great - there are opportunities ahead

13%



Grey - not as confident as I was pre-lockdown

28%



Grumpy - the uncertainty is undermining

26%



Ghastly - my confidence has drained away

6%



06

How's your cash flow?



Good - we're paying and being paid **57%**



Grey - not sure - could go either way **23%**



Grim - late payments are increasing **12%**



Ghastly - think we will hit a crunch soon **8%**



07



Good - we've worked out how to manage

39%



Great - no problems for us

25%

And your supplies and inventory?



Grim - had to tie up cash in extra inventory

23%



Ghastly - we're way behind and struggling

13%



08

How are input costs looking?



Good - our input costs are steady

25%



Great - opportunity to increase profits

5%



Grim - our prices will have to rise

53%



Ghastly - customers won't accept price rises

17%



09

How's your workforce?



Good - we're managing at the moment

52%



Great - we're fully staffed and working well

11%



Grim - can't get the people or the skills

31%



Ghastly - worker shortage means lost sales

6%



10

And your vaccination policy?



Good - we've worked it out together 26%



Great - everyone is double jabbed 28%



Grey - it's complicated for us 22%



Grim - don't know how to approach it 12%



Ghastly - need clear guidance from the Government 12%

11 WHAT EFFECT IS GOVERNMENT POLICY HAVING ON YOUR BUSINESS?



31%



**GRIEVING -
GOVERNMENT
ISN'T LISTENING
TO BUSINESS**

28%



**GRIM -
LACK OF
CLARITY IS
DIMINISHING
CONFIDENCE**

15%



**GHASTLY -
DON'T THINK IT
WILL HELP WITH
WHAT'S TO COME**

12%



**GREY -
I DON'T KNOW IF
IT IS OR IT ISN'T
HAVING AN
EFFECT**

8%



**GOOD -
WAGE SUBSIDY
AND SUPPORT IS
HELPFUL**

6%



**GREAT -
THINK THEY'RE
DOING THE
BEST THEY
CAN**

12 HOW ARE YOU FEELING ABOUT THE ECONOMY?



**GRIM -
DISRUPTIONS,
INFLATION AND
SKILLS
SHORTAGE ARE
A REAL
PROBLEM**



**GREY -
TOO EARLY TO
MAKE A CALL**



**GHASTLY -
THINK WE'RE IN
FOR A DEEP
RECESSION**



**GOOD -
IT'LL COME RIGHT
ONCE VACCINE
NUMBERS ARE
HIT**



**GREAT -
LOTS OF
CHANGE BUT
OPPORTUNITIES
TOO**

13 THOUGHTS ON RISING INTEREST RATES?



**GRIM - WILL.
MAKE
BORROWING
HARDER**



**GHASTLY -
LIKELY TO
BREACH BANK
COVENANTS**



**GOOD -
INEVITABLE TO
COUNTER
INFLATION**



**GREAT -
WE'VE SURPLUS
CASH**



14

As a business owner how are you coping?



Good - it's hard but I'm ok

45%



Great - I'm fine thanks

6%



Grey - I'm down but not out

30%



Grim - motivation has almost disappeared

13%



Ghastly - rock bottom and exhausted

6%



15

What's your view on the support available for business owners



Good - we've had support and advice 45%



Great - many resources available 4%



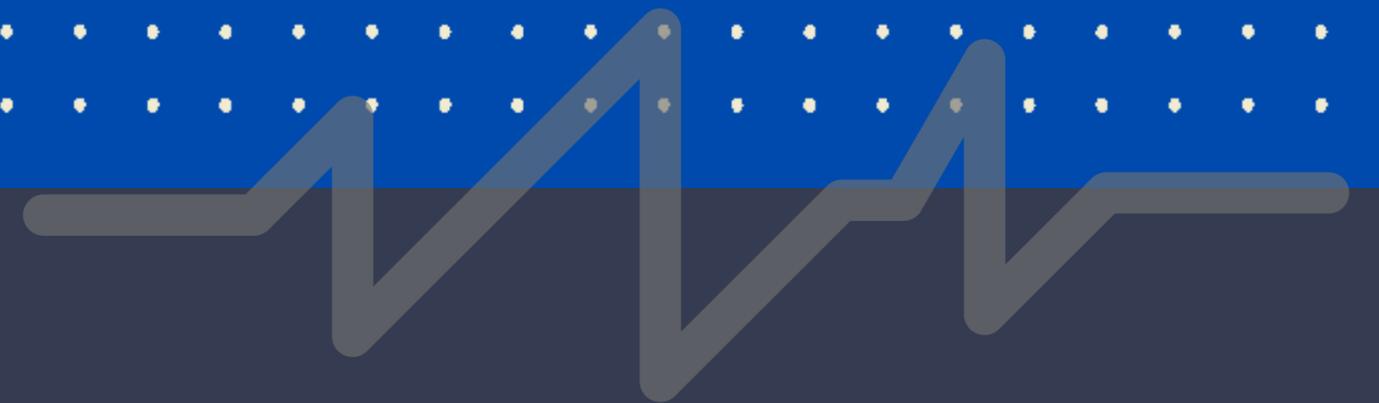
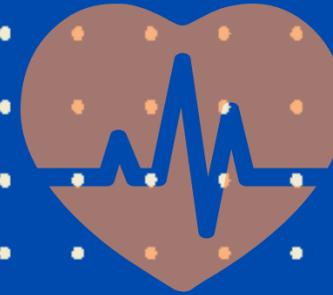
Grim - feeling quite isolated 36%



Ghastly - desperately need more financial and advisory support 15%



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