

# Bigging up small business

12 January 2019

**The role of small to medium-sized enterprises in UK construction is more important than ever in supporting local communities and ensuring skills are retained**

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According to the Business population estimates for the UK and regions 2018 from the [Department for Business, Energy & Industrial Strategy](#) , [more than 99 per cent](#) of the 5.7m businesses in the UK are small or medium-sized enterprises (SMEs), defined as those employing no more than 249 people. Overall, SMEs account for 60 per cent of employment, or 16.3m people, and 52 per cent of turnover, totalling ?2tr. Nearly a fifth of all SMEs are in the construction industry, with slightly fewer than 1m companies employing 1.835m people, and a further 815,000, employing 1.98m people, operating in professional, scientific and technical activities.

SMEs have been described by Theresa May as the ?backbone? of the economy: they are key to its overall success and vital to the creation of jobs. Their strengths include the ability to do the following:

- **Adapt quickly to change:** decisions can be taken by managers and implemented throughout the company expediently.
- **Quickly respond to new and developing markets**, analysing areas for growth and quickly targeting new opportunities.
- **Innovate in working practices and use of technology:** the cost of training is reduced due to smaller numbers of staff, so new technology or working methods can be applied on schemes far more quickly.
- **Create agile working environments and allow flexible working hours:** SMEs are often employee-focused, a major benefit for those who cannot fit the 9?5 working day.
- **Benefit from greater buy-in:** staff members adopt company vision and goals through a one-team ethos.

There is still a need for national and local government to invest in projects that develop our communities? core services and meet the ever-growing demand for housing. But market uncertainty over Brexit and sustained cuts to local authority funding mean the procurement of such work will need to be done in a more cost-effective, sustainable manner. SMEs play a key role in ensuring that the construction industry remains sustainable, diverse and protected against these difficult economic conditions.

It is because of this that, in 2015, the Minister for the Cabinet Office at the time, Matt Hancock MP, set the ambitious target for government to spend ?1 in every ?3 with small businesses, promising improvements to the way it procures goods and services. The [National Federation of Self-Employed & Small Businesses](#) found that, for every ?1 of council spending on local small firms 63p is respent locally, compared to 40p of each pound spent with local branches of large firms. Overall, local SME respending generated ?746m more for local economies, even though they received ?500m less from council contracts.

For an SME, every project matters. They cannot afford a bad reputation, so partners and directors are committed to ensuring staff manage and control projects effectively. SME managers are generally more accessible to clients to discuss any elements of the project, so the client knows there is accountability at the highest level. Projects often have a designated partner from a practice who has ultimate responsibility for the team's performance.

*More than 99 per cent of businesses in the UK are SMEs, accounting for 60 per cent of employment*

No matter the value of the contract an SME will, in most cases, appoint a qualified member of staff to the scheme. This is a major benefit on small and medium-sized projects, which can often be complex and need an experienced hand. Whether providing early cost advice, producing detailed tender documentation, regularly assessing overall project spend or having the expertise to negotiate a final account assessment, an experienced quantity surveyor dedicated to the scheme is often of a source of great comfort to the client.

Crucially, the competitive performance of SMEs pushes larger firms to improve. For example, Playle & Partners has been appointed on a number of key public-sector framework contracts in the South East of England, competing against much bigger organisations. The reputation of an SME is a critical part of its continued success.

Being employed by an SME often gives opportunities to work on projects that will affect the communities in which employees live, and this can be hugely rewarding. The most satisfying projects in my career have been those that benefited people who live and work locally, such as the Marcus Garvey Library in Tottenham, a £3m rejuvenation of a building that is an integral, much-loved part of the local community.

An SME is more than just a workplace, it is a second family: one where colleagues may have worked together for many years and an environment that, if well managed, can lead to a one-team ethos.

When considering working for a company, it is important to examine whether it has shown commitment to supporting young talent. Companies and managers who continue to develop young project managers and surveyors play an important role in shaping and improving not just their own enterprises but the whole industry and the service it provides.

*Accounting for 12 per cent of all SME turnover, nearly 1 in 5 SMEs are in the construction industry*

SMEs often have a strong record of investing in degrees, professional qualifications, chartered membership and CPD. A number of partners, associates and senior staff are therefore developed by the business, and this commitment continues with work experience, placements, internships and degree apprenticeships. I joined Playle & Partners in 2006 from a local sixth form, and it has supported me in achieving my degree, my memberships of RICS and the Association for Project Management, and my becoming a partner.

SMEs can provide training and development across a varied portfolio of work, and junior staff will be trusted to perform key tasks. At an SME there are no passengers: everyone plays a crucial part in the overall performance of the team.

Upskilling will continue to grow in importance in the coming decade as the use of technology and automation becomes more prevalent. Measurement take-offs were once completed by teams of surveyors over many days or weeks, but this task can now be done in a fraction of the time with measurement software on projects using BIM. The industry needs surveyors to embrace this change and learn the required skills, especially those who have built up their technical knowledge over many years of practice and want to pass this on.

SMEs in construction and professional services are well placed to support the UK economy after Brexit. There will be tough times ahead, but the strengths of such enterprises and their employees will help them adapt, change and ? I hope ? thrive.

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### **Further information**

- Related competencies include: [Business planning](#)
- This feature was taken from the [RICS Construction Journal](#) (February/March 2019)
- Related categories include: [Planning policy](#)