

DIRECTORBANK.

SURVEY RESULTS Mid-Market Companies & COVID-19 Comparing the UK and Germany

Summary

Directorbank Executive Search last week conducted a comprehensive study of its executive and non-executive director network – across both the UK and Germany - to canvas opinion on the impact of COVID-19 on trading, cash flow, funding and financial support, investor relations and recruitment. Additionally we enquired about the levels of optimism in the short and medium term as well as the potential opportunities presented by the pandemic.

More than 600 Mid-Market Board directors from the UK and over 200 Mid-Market Board directors from Germany contributed their feedback. The findings were separately analysed within a matter of days to ensure an accurate snapshot of current business sentiment. With such a strong response rate, we thought it would be interesting to compare and contrast the findings from the two regions, and the breakdown is shown below for your perusal.

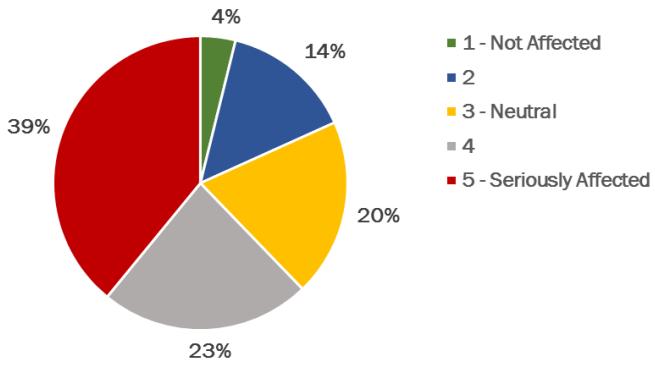
It is clear from the comparison that COVID-19 has significantly impacted businesses across the globe and some sectors have been hit harder than others. Regardless of geographical location, caution remains strong and most directors are forecasting a slow-down in business, certainly for this year but also into 2021. Against this there is great optimism with 80-90% of businesses across the two countries believing their business will survive the pandemic, and more than 75% of respondents stating that COVID-19 has created new business opportunities.

Q1.

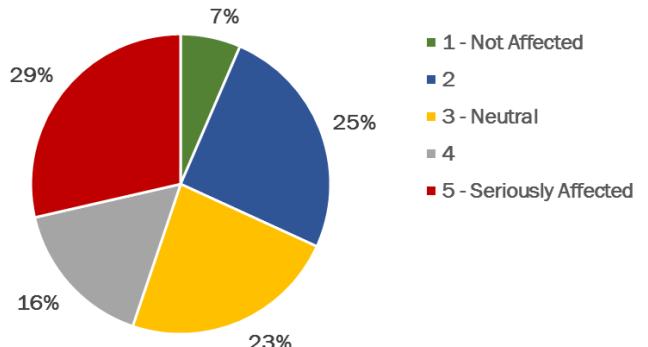
COVID-19 has significantly affected our business.

96% of UK survey respondents have been affected by COVID-19, and **39%** seriously so. This compares with **93%** of German survey respondents, with **29%** seriously so.

UK



Germany

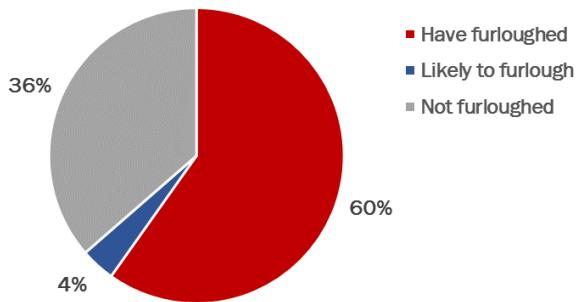


Q2.

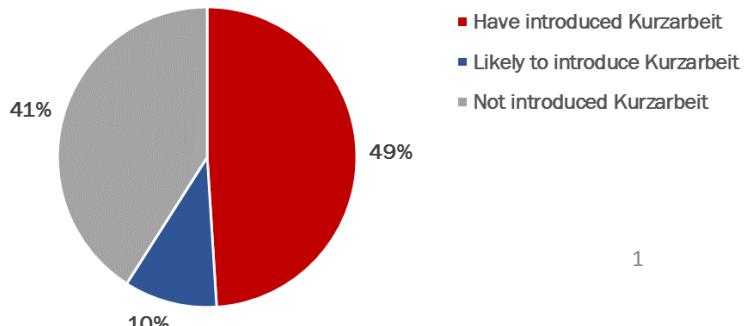
We have furloughed staff (UK) / We have introduced Kurzarbeit (Germany).

60% of UK survey respondents have already furloughed staff. This compares with **49%** of German survey respondents that have introduced the Kurzarbeit scheme.

UK



Germany

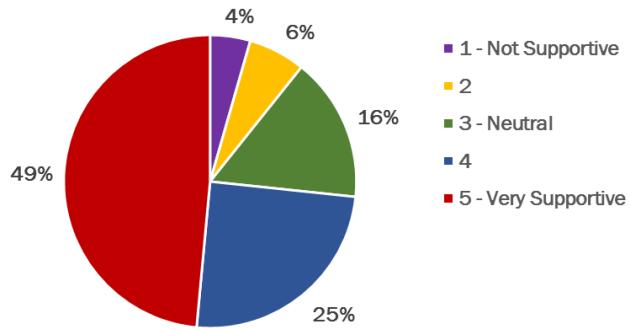


Q3.

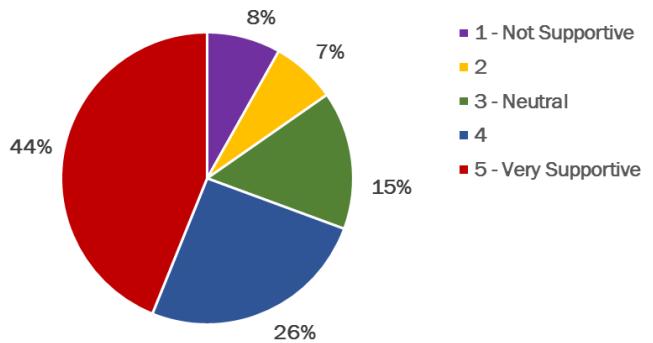
We have found our external investors to be supportive throughout the crisis.

60% of the UK companies surveyed have external investors and of these 74% have found them supportive. Of the German businesses surveyed, 64% have external investors, and 70% of these have found them supportive.

UK



Germany

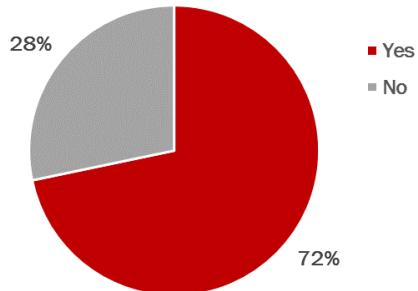


Q4.

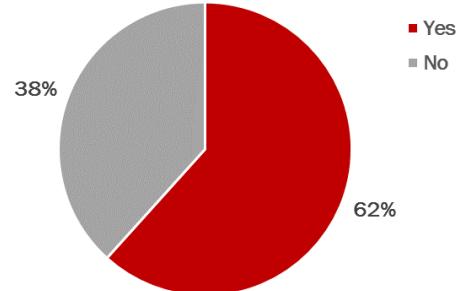
We have had to rewrite our business plan.

In light of COVID-19, 72% of the UK respondents have re-written their business plan. This compares with 62% of the surveyed German businesses.

UK



Germany

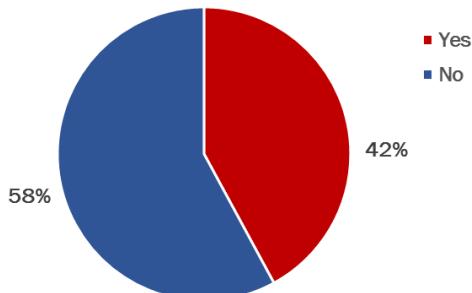


Q5.

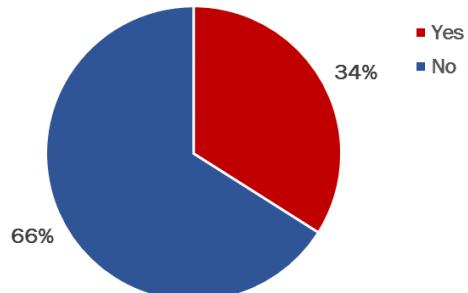
We require or are likely to require additional funding.

42% of the UK respondents have applied for additional funding, compared to 34% of the German survey respondents.

UK



Germany

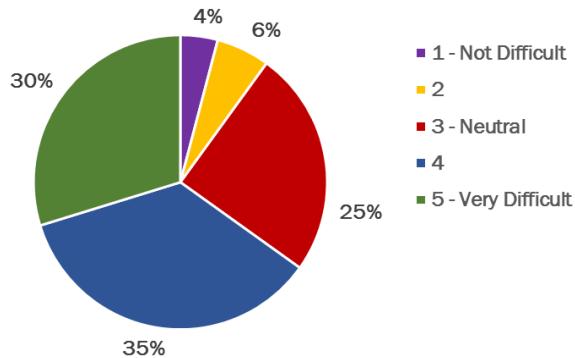


Q6.

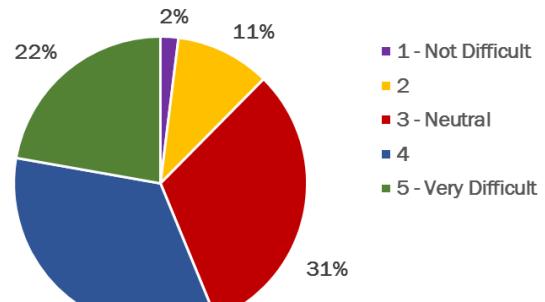
We expect trading conditions to be difficult throughout 2020.

96% of the UK Mid-Market companies surveyed believe trading conditions will be tough in 2020, with 30% of these expecting conditions to be very tough indeed. This compares to 98% of our German survey respondents, with 22% expecting conditions to be very tough.

UK



Germany

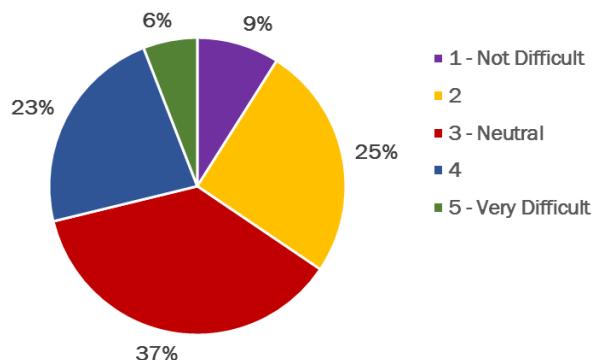


Q7.

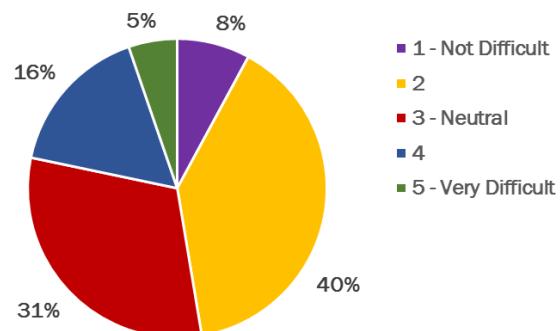
We expect trading conditions to be difficult throughout 2021.

Looking forward to 2021, 71% of the UK respondents expect trading conditions to improve (34% believe trading conditions will be favourable, 37% neutral). For German survey respondents, 79% expect trading conditions to improve (48% expect trading conditions to be favourable, 31% neutral).

UK



Germany

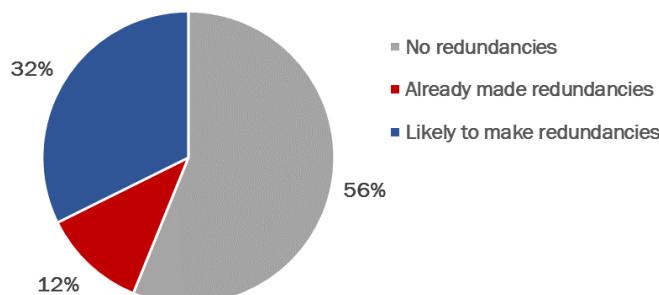


Q8.

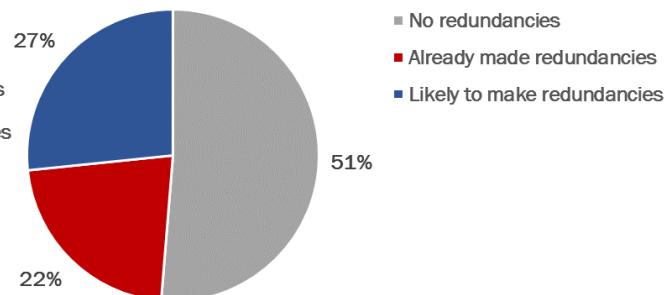
We have/ are likely to make redundancies.

Of the UK survey pool 12% of businesses have made redundancies (with a further 32% likely). Of the German survey pool, 22% have made redundancies with a further 27% likely).

UK



Germany

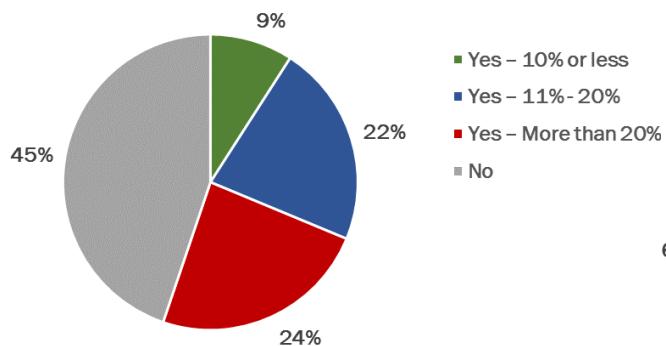


Q9.

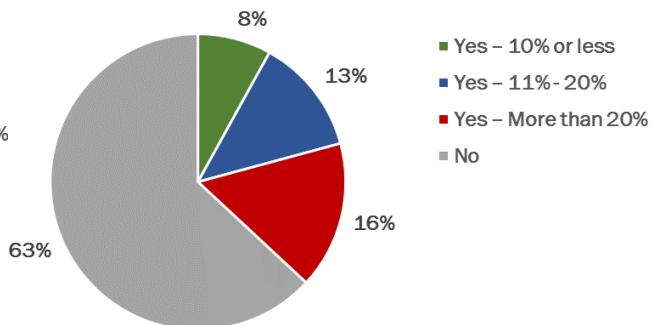
Most employees have been asked to take a salary cut.

Of the UK respondents, 55% of senior management have taken a salary cut. This is in comparison to 37% in Germany. In both countries, the majority of these respondents have taken a '20% or more' salary cut.

UK



Germany

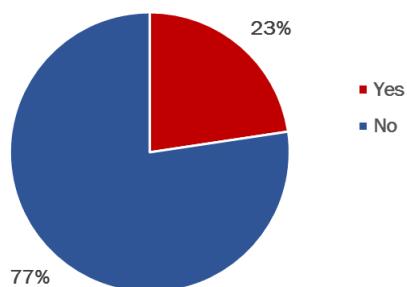


Q10.

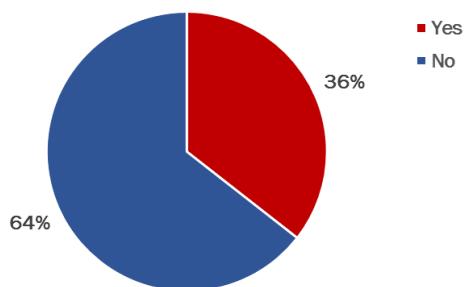
We expect to hire senior executives or non-executives in 2020 and 2021.

Of the UK respondents, 23% expect to hire senior executive and non-executive positions across 2020 compared to 36% of the German respondents. For 2021, this figure rises to 41% in the UK and 57% in Germany.

UK



Germany

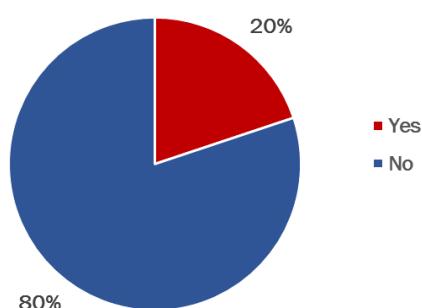


Q11.

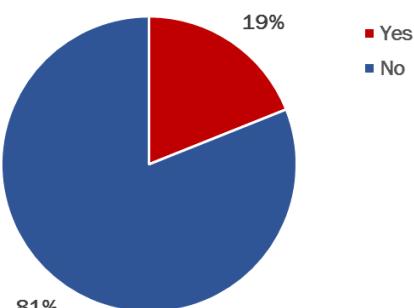
We will need to hire interims or consultants to support us in the short to medium term.

20% of UK respondents expect to hire interims or consultants in the short to mid-term which is comparable to the 19% of German respondents that believe they will need to do the same.

UK



Germany

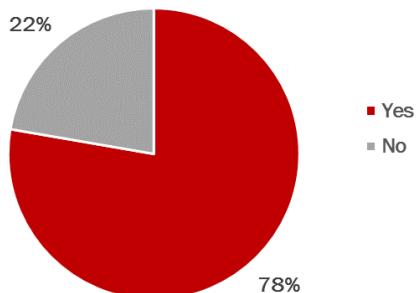


Q12.

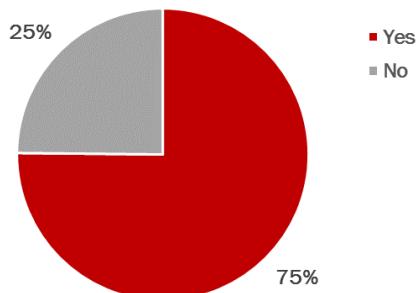
The current crisis will lead to new opportunities in our business.

Reassuringly, across both countries, there is plenty of optimism. In the UK, **78%** of respondents believe the COVID-19 crisis will lead to new opportunities. **75%** of the surveyed German directors feel the same.

UK



Germany

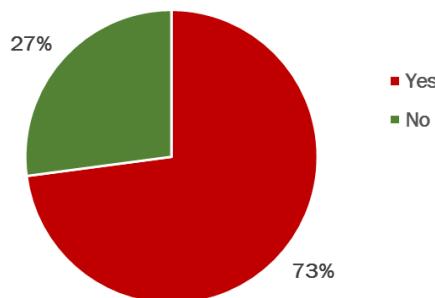


Q13.

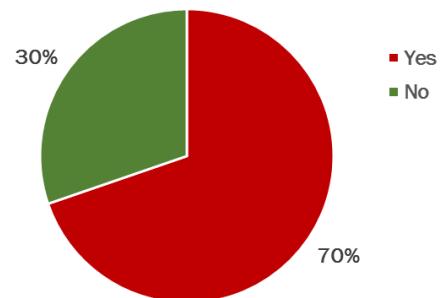
After the crisis, we will make permanent changes to the way our staff work and travel.

Regarding permanent changes to the way staff work and travel post COVID-19, there is similarity between the two surveys with around **70%** of respondents believing permanent changes will indeed be made.

UK



Germany

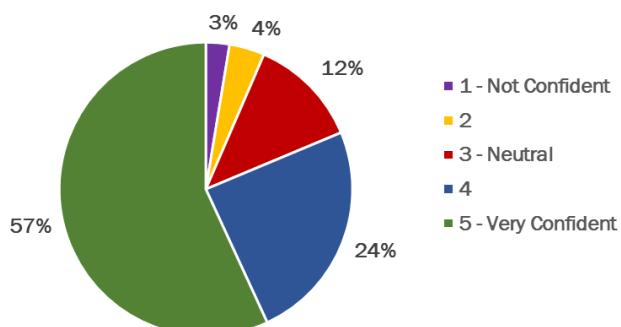


Q14.

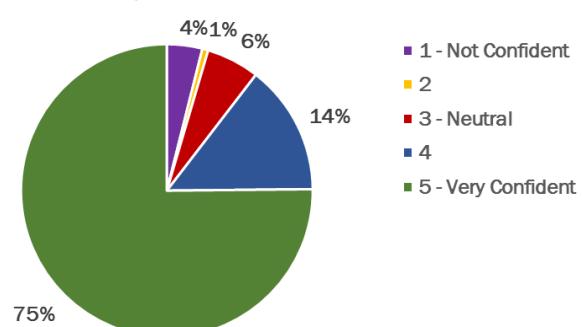
We are confident our business will survive COVID-19.

To end on a positive note, **81%** of UK respondents are confident their business will survive the COVID-19 and a further 12% remain neutral. This compares to **89%** of German Mid-Market respondents who are confident their business will survive COVID-19, with a further 6% remaining neutral.

UK



Germany



To view the full survey results for the UK and Germany respectively, please visit
Directorbank.com/News

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James has more than twenty years' experience of executive search, predominantly in the Technology, Healthcare and Business Services sectors. He spent his early career recruiting internationally for global corporates before joining Directorbank twelve years ago. Since then he has recruited Board-level Directors exclusively for Private Equity portfolio companies and the wider Mid-Market.

James is part of the Directorbank Management Team that led their own MBO in 2017.

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Dorothea has more than 20 years of international experience in the PE industry. Before joining Directorbank she spent eight years at 3i heading up their Business Leaders Network across German speaking countries and Scandinavia. She also recruited an investment team and built a network of industry experts and advisors for Swedish venture capital player Speed Ventures in Germany, as well as working for Odgers Berndtson where she gained extensive executive search experience. Fluent in three languages, Dorothea heads up our German division and is based at our Frankfurt office.

Dorothea is also part of the Directorbank Management Team that led their own MBO in 2017.