# The Regus Business Tracker

## Taking the Pulse of the Global Recovery

**A global report from Regus**

April 2010

## Management Summary

- Global business expectations for the turning point of strong and sustainable recovery from the recent economic downturn have slipped by five months to December 2010.

- This indicates that the business optimism expressed in the Autumn of 2009 has not been met by an upturn in revenues across the globe, reflected in the latest issuance of the Regus Business Optimism Index, which has fallen on a global level by four percentage points in the last six months.

- Nevertheless, although the momentum of economic recovery has slowed, growth is net positive across almost every country studied, with revenue increases outpacing revenue declines.

- This shows that firms across the world are cautiously optimistic about a steady return to economic health.

- Bucking the global growth slowdown trend, however, optimism index levels (which combine both outlook and actual experience) rose in five of the key countries studied:- UK, Australia, China, Mexico and India

- Whereas last Autumn, 65% of businesses globally expected their revenues to rise in the coming year, only 42% had experienced growth by Spring 2010.

- Nevertheless, the proportion of businesses reporting a rise in revenues in the year to date rose in the UK, the USA, Australia, Canada and India, compared with six months previously

- Profitability levels fell marginally on the global level, but saw increases in UK, USA, Netherlands, Australia, Canada and India

- Additional tax breaks for businesses (64%) and interest rates remaining low for another twelve months (58%) were the measures businesses globally declared most likely to contribute to economic regeneration.

- Businesses globally were much less persuaded that quantitative easing (16%) and currency devaluation (6%) would have a positive effect on regeneration.

- In mature Western economies, the findings of this latest BusinessTracker survey, which interviewed over 15,000 businesses across the world, shows that firms need to further reduce overheads and become more competitively flexible throughout 2010

- In emerging economies, despite the absence of any liquidity challenges, similarly flexible business tools are required to enable rapid and frequently volatile growth.

**Further Geographical Highlights**

- India confirms its place as most optimistic country although also registering a slippage in expectations for the beginning of the full momentum of economic recovery from March 2010 to July 2010.

- South Africa, one of the most optimistic countries in the last survey, moderates its previous bullishness and delays its expectations for the recovery boom from May 2010 by five months.

- Pessimists are also confirmed with Spain not expecting the full swing of economic regeneration until February 2011. The UK, Germany, the US and Japan are only marginally more positive, expecting the regeneration boom a month earlier in January 2011.

- Across the globe, revenues grew for 42% of companies over the past twelve months compared to 46% recorded in the previous survey. Profits followed a similar trend indicating that businesses still need to focus much energy on retaining profitability.

- Australia and Canada saw a noticeable increase in companies experiencing a rise in revenues, up by 10% in both countries since August, but more Indian companies experienced revenue growth, up to 64% from 49% six months before.

- Spain, Mexico, Belgium, Germany and France had a difficult year with an additional 9% and 12% of French and Belgian companies respectively experiencing a decline in revenues. On the other hand the number of companies who maintained level revenues remains unvaried since August.

- In August 65% of companies globally were optimistic about their ability to increase revenues; however only 42% realised this prediction. In contrast to this, while only 10% expected a decline in revenue, a full 30% experienced one.

- South African companies were notably off the mark in their bullish predictions: 81% expected an increase in revenues but only around 42% actually experienced it.

## Introduction

Although the subject is on everybody's lips, real momentum in global economic recovery is yet to be made manifest and temporary 'blips' such as the stall in growth experienced by the Eurozone in the last quarter of 2009 are still factors requiring strong strategic reaction.[1] Nevertheless with news that globally March 2010 saw the strongest growth since 2007, businesses are eager for the recovery to get into full swing.[2] Also in March 2010 the JPMorgan Global All-Industry Output Index's latest PMI data[3] indicated a first increase since April 2008 in the total of new orders and employment within the services sector particularly in the US, China, the UK and India. Growth is therefore continuing in almost every part of the globe; however, as is confirmed in this latest Regus BusinessTracker report, global economic recovery is not as fast as was originally predicted in the Autumn of 2009.

In the US Ben Bernanke, Federal Reserve Chairman, remains cautious in his predictions, considering high unemployment rates which remain at 9.7 % in spite of the creation of 162,000 jobs in March[4]. In spite of this, Mr Bernanke regards the economic crisis as 'largely behind us' and prospects a welcome increase in consumer optimism: "If economic conditions improve, as I expect, we should see increased optimism among consumers and greater willingness on the part of banks to lend, which in turn should aid the recovery". Expectations for Mexico have also improved since last year thanks to the strong take up in the US of Mexican exports with analysts predicting a 4% growth instead of 3.3%, although inflation is also set to rise[5].[6]

By contrast the IMF has revised downwards its expectations for the Japanese economy.[7] In spite of a strong export and industrial production sectors, Japanese economy has experienced very low domestic demand. February's Markit PMI survey indicates that reliance on exports, mostly to emerging Asian economies, is increasing having grown 12.1% year on year in December 2009.[8] The service sector on the other hand is reported

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[1] The Financial Times, *Eurozone recovery stalled at end of 2009,* 08th April 2010
[2] Markit, Global Economy, *Global recovery moved up a gear in March, rounding off the strongest quarter for almost three years,* 07th April 2010
[3] Markit, *JPMorgan Global Manufacturing PMI,* 1st April 2010
[4] The Financial Times, Bernan*ke urges caution over economic recovery after upbeat US jobs data,* 08 April 2010
[5] The IMF *World Economic Outlook Update: a policy-driven, multi-speed recovery,* 26th January 2010
[6] The IMF, *IMF Executive Board Concludes 2010 IV Article Consultation with Mexico*, 16th March 2010
[7] The IMF, *Transcript of a Press Conference on the Updates of the IMF's Global Financial Stability Report and World Economic Outlook,* 26th January 2010
[8] Source: Markit, *PMI data point to smoother recovery trend than confusing GDP data,* 16th January 2010

to be shrinking at the fastest rate since March 2009. This combination of data, along with the results suggest that the Japanese economy has not yet taken a steady route for recovery.

India and China are everywhere felt to be leading the way for economic recovery. Kalpana Kochhar, Deputy Director, Asia and Pacific Department at the IMF explains[9] that the growth rates of these two economies (around 7% and 10% respectively) are contributing to a large part of the proportion of global growth created by emerging economies. Kochhar partly attributes this stimulus to timely fiscal incentives and easing when the crisis began. China looks set to continue its steady growth with the HSBC Composite Output Index[10] recording the fastest rise in private sector new business since 2005 alongside growth in employment and a high level of optimism among service providers.

Yet as the course of the economic recovery runs somewhat slower than expected, businesses will find that keeping abreast of global indicators of economic performance is extremely important. By taking the pulse of the current climate companies will be able to formulate up-to-date strategies that respond to market changes and interact appropriately with businesses across the globe. The Regus BusinessTracker survey aims to take the temperature globally of expectations for the advent of real momentum in economic recovery so that businesses may outline objectives and targets that are supported by the experienced and on-the-ground predictions of their peers, as opposed to theoretical economists.

[9] Source: The IMF, *Transcript of a Conference Call on the Article IV Consultation with India,* 04th February 2010
[10] Source: Markit, *HSBC China Services PMI with Composite PMI data*, 3rd December 2009

## The Regus BusinessTracker Study

To give businesses, governments and economists a consistent global data-basis with which to compare economic prospects in different countries across the globe, workplace solutions provider Regus published its first BusinessTracker Study in October 2009. This first report, drawing on over 11,000 survey responses, is now being followed up with a further iteration six months later on, revealing important trends and comparisons on the world-wide economic situation. The new survey, published in April 2010, has attracted over 15,000 responses from businesses around the world and now includes insight from respondents from Japan.  As a global player, Regus is able to utilise its international presence and sector spread, along with its millions-strong contact pool, to provide robust and representative survey outputs. This edition of the Regus BusinessTracker survey was conducted across 75 countries between February and March 2010.

As in the October edition, respondents were asked about their company's revenues and profits and to make predictions regarding their future revenues and profits as well as the world-wide economic recovery. These responses provide a realistic top line measure of the conditions of businesses across the globe and of their expected prospects for the next year. With this survey businesses should be equipped with an recent comparative overview of the rate of performance growth and recovery predicted by their peers for the coming 12 months.

## BusinessTracker - International Overview

Each edition of the BusinessTracker contains a macroeconomic section aimed at helping businesses form a general assessment of the surveyed companies' views regarding their own performance over the previous 12 months and their expectations for the coming twelve. Moreover, this section covers an additional topical aspect relating to the timeframe within which interviewees expect to see the economic recovery gain real momentum and energy in their country. To provide a more integrated and balanced representation of national economic performance the survey considers both revenues and profits. Productivity is taken to be indicated by profit trends while revenues indicate the size of the infrastructure, and so potential employment and purchasing power, sustained by these countries. A national situation revealing generally high profits and low revenues is a negative indication as the impact will result in high unemployment and reflects negatively on international business activities.

A slowdown in economic progress can be read globally in the overall fall in companies recording a revenue increase - down to 42% from 46% in August. In addition, 3% more companies recorded an actual decrease in revenues. These results indicate slower than expected prospects for employment and a more modest growth in infrastructure. 'Winners' however are India, whose revenues rose 15% from August in line with the speedy pace of growth expected of this country, as well as Australia and Canada who similarly boast double figure growth in the period from August to February.

Profits and revenues are found to generally follow parallel trends with the number of companies registering a profit increase having similarly shrunk by 2%, while another 2% register an actual decrease in profits. Germany and France are particularly badly hit, registering respectively a 12% and an 11% increase in companies that recorded a fall in profits. In Japan, a new entry to this survey, an interesting trend is revealed as an equal number of businesses (37%) recorded an increase in revenues as recorded a drop in profits. Similarly 37% of companies recorded a growth in profits, but 36% recorded a decrease. With Spain and Belgium, at 61% Japan is one of the countries where the smallest number of businesses expect an increase in revenues in the coming twelve months.

Although the number of companies whose revenues remained unaltered is stable at 28% from August, there are also countries that experienced falls in revenues, notably Mexico and a raft of members of the Euro-zone such as Spain, Germany and France, the latter two recording a hefty 12% and 9% fall. These figures are disappointing particularly when compared with the bullish expectations last autumn when 65% of companies which globally expected to see a rise in revenues. Overall only 42% hit this target by Spring 2010, and almost 30% experienced a revenue decline – three times as many as were expecting a decrease six months prior.

## Full Momentum of Economic Recovery Set Back Five Months

Most companies globally have reshaped their outlook on near-term growth and have revised their predictions concerning the point at which the real momentum of economic recovery and growth is under way. Across the geographies studied, this moment of reliable economic momentum has been put back by a full five months. The recovery initially expected to be in full swing by July 2010 is now on average expected to boom in December of the same year suggesting that companies should keep their seat belts buckled for a little while yet.

Revenue declines have directly affected the outlook of some geographies such as Spain, whose unemployment, rated at 4.2m in March 2010, and heavy reliance on the construction boom have left the country sorely affected, resulting in Spain being the most pessimistic major country surveyed, not expecting the full swing of the recovery to take place until as late as February 2011.[11] Expecting economic growth to be advancing strongly in January 2011 are the UK, Germany and the US who previously dated the recovery in the late summer or early autumn of 2010. Japan also expects the recovery in January 2011.  The greatest optimist, India, can also boast the fastest growing revenue and shifts its still positive predictions for the momentum of recovery from March 2010 to July 2010.

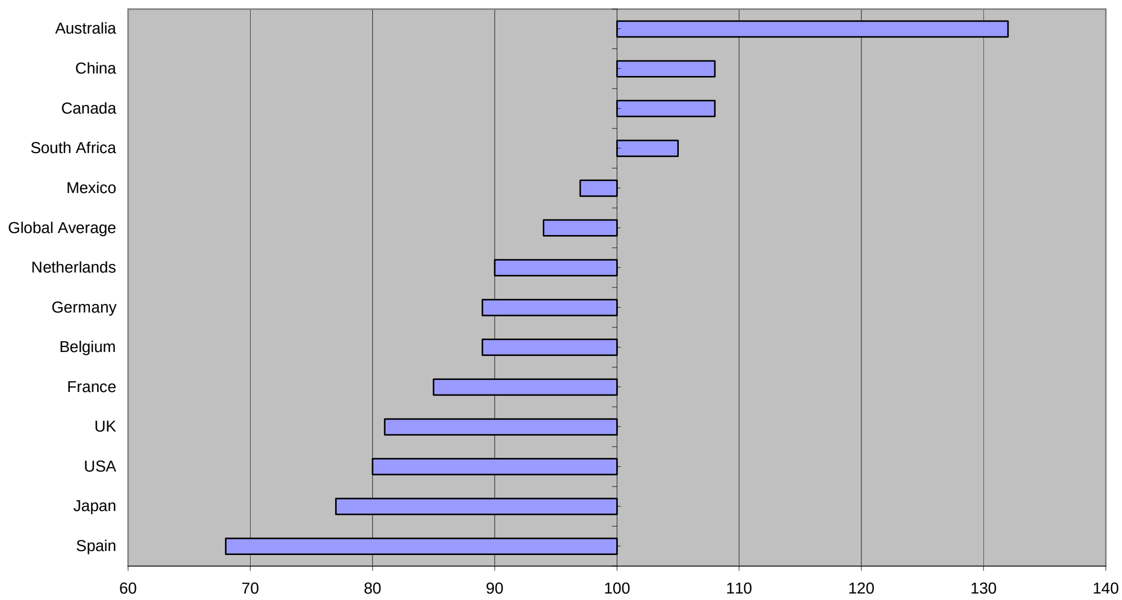
| When do you expect economic recovery and growth to be advancing strongly in your country? | | |
|---|---|---|
| **Country** | **October 2009** | **April 2010** |
| *Global Average* | *Jul-10* | **Dec-10** |
| UK | Sep-10 | **Jan-11** |
| France | Jul-10 | **Sep-10** |
| Germany | Aug-10 | **Jan-11** |
| USA | Aug-10 | **Jan-11** |
| Belgium | Jun-10 | **Dec-10** |
| Netherlands | Aug-10 | **Dec-10** |
| Australia | Jun-10 | **Sep-10** |
| China | Jul-10 | **Nov-10** |
| Mexico | Jul-10 | **Nov-10** |
| Spain | Oct-10 | **Feb-11** |
| Canada | Jun-10 | **Nov-10** |
| South Africa | May-10 | **Oct-10** |
| India | Mar-10 | **Jul-10** |
| Japan | - | **Jan-11** |

[11] Source: The Financial Times, *Spanish Unemployment*, April 6th 2010

## Future Growth and Optimism Levels

Globally, businesses expecting their revenues to grow over the coming year are more numerous than six months ago, up to 70% from 65%. However, forward expectations should be tempered by the correlation, or disjuncture, between expectations and experience. Based on a range of statistics coming out of the BusinessTracker survey, the Regus Business Optimism Index combines the trends in revenues and profits over the previous twelve months, with future outlook over the coming six months. The following section describes future revenue expectations and revenue trends in small, medium and larger businesses, and then leads on to the more balanced Optimism Index which tempers outlook with real recent experience.

**Regus Business Optimism Index, April 2010**



## Business Optimism

This latest edition of BusinessTracker also presents an updated view of the Regus Business Optimism Index, an aggregated measurement of positive future statements worked out on a model which combines revenue and profit trends in the year-to-date, with expected economic upturn in the coming six months (two quarters). The Optimism index is created in order to provide a single overview of the survey's key findings, with a benchmark average that was set at 100 in October 2009.

The latest edition of the Regus Business Optimism Index confirms the continued optimism found in the Eastern Hemisphere in 2009: India, China, South Africa and Australia maintain a very positive outlook alongside optimistic Canada in the West. Overall the Western Hemisphere reveals greater mistrust for the future and Spain's negative outlook has worsened since August. The new entry Japan is notable for its low level of optimism in line with recent downward revisions of growth expectations. Notably South Africa and Canada's optimism has decreased, probably as a consequence of not meeting revenue expectations. Germany has crept below the average since August while France maintains its level of optimism unaltered.  The UK stand alone in Europe experiencing an upturn in business optimism, possibly because of a return to activity in the financial sector which forms such an important part of the country's heavily services-based business infrastructure.

**Business Tracker Optimism Index**

| Country | Oct-09 | Apr-10 | Country | Oct-09 | Apr-10 |
|---|---|---|---|---|---|
| Global Average | 100 | 94 | | | |
| UK | 79 | 81 | China | 105 | 108 |
| France | 85 | 85 | Mexico | 93 | 97 |
| Germany | 100 | 89 | Spain | 74 | 68 |
| USA | 94 | 80 | Canada | 112 | 108 |
| Belgium | 91 | 89 | South Africa | 127 | 105 |
| Netherlands | 94 | 90 | India | 138 | 167 |
| Australia | 109 | 132 | Japan | - | 77 |

*Key*

| Key | |
|---|---|
| (green) | Growth |
| (yellow) | No Change |
| (red) | Decline |

**Regeneration Measures**

A new factor in the April edition of BusinessTracker are questions on the economic stimuli felt to be most likely to keep economic growth on track. When asked to indicate which measures companies regarded as the most likely to fuel economic regeneration, the global consensus fell on additional tax breaks for businesses (64%) and the maintenance of low interest rates for another 12 months, indicated by 58% of companies. The favouring of these measures is an important indicator not only of the measures businesses globally would like to see their governments enforcing, but also of the pressures that businesses are feeling most keenly as they try to shake off the burden of the recession. Spanish businesses are overall the most keen to see some tax breaks for businesses at 76%, while India, having benefited from these measures at the start of the downturn is less reliant on this factor. The UK is inline with the Euro-zone with 70% of companies advocating tax breaks, while 68% of German companies would like to see government intervention in pressuring banks to loosen lending requirements.

Globally, quantitative easing is regarded as palliative with only an average of 16% of companies, while currency devaluation is certainly not favoured, with only 6% of companies indicating it may have a positive effect on regeneration. Strong dissenters on quantitative easing are the Netherlands where 60% of companies declared they favoured this measure. 18% more Japanese companies than the global average also favoured quantitative easing. Mexico and the growing Indian economy emphasised, by contrast, additional public spending on infrastructure projects.

**Outlook by Country, Business Size and Sector**

Mexico, Australia and India expect the greatest growth in revenues. While the latter are predicting a continued period of growth based on previous revenue increases, Mexico's revenues have not experienced similar growth. Nevertheless the country remains bullish in this prediction, perhaps affected by the finance ministry's upwards revised growth prediction and expectations of improvements in the US, destination of 80% of Mexico's exports.

Once again the Regus BusinessTracker study considers how company size influences companies' future outlook. Consistencies can be found in expectations for improved revenues in the next 12 months (70%) with small businesses marginally more bullish then their larger counterparts. On average over half of businesses expect the full force of economic recovery not to take place until the first half of 2011 (56%).

More large and medium businesses have been able to record a rise in revenues (46% and 47% respectively) than small businesses (41%), which however express the most positive outlook on their future revenues with 72% expecting a rise in the coming twelve months compared to 69% and 67% of medium and large businesses. This is further confirmation of small business conviction that they can lead the economy out of a recession and should be a signal for governments to sit up and take notice that while all the intentions are there, lack of support may be impeding small businesses from realising the growth recorded by larger organisations.

Businesses in the process of recovery are particularly vulnerable as they begin to risk and invest once more; in this particular moment it is important for companies' interests to be safeguarded in accordance with sector and size of infrastructure differences. While more of large businesses than their smaller counterparts, by intervening with some hefty cost-cutting, small businesses have less leeway and need to focus more on maintaining their market presence and winning new business, which they cannot achieve by further cutting costs.

The survey also highlights some important sector differences. Companies expecting their revenues to rise in the ICT sector are exactly on the global average (70%) while retail is the least bullish (60%). Important changes in the global consumption of media are affecting the media and marketing sector which is likely to need further time to stabilise than others; media and marketing companies recorded a net 5% of firms reporting revenue growth, and only a net 1% reporting profit growth. 34% of retailers, compared to 29% of companies overall, expect the full swing of the recovery to gain momentum in the latter half of 2010 to coincide with the Christmas and New Year consumer spending boom. Surprisingly it is not the retail but the healthcare sector emphasising tax breaks to consumers with above average intensity (56% instead of 46%).

Revenues rose since August for 2% more financial and ICT businesses than the global average. These business sectors are at the forefront of all economical undertakings and were among the first to enter the recession thus they provide an important indicator to companies globally of the dynamics that can be expected to concern all other sectors in a 'trickle-down' effect. Manufacturing recorded more companies reporting a decline in revenues than reported a rise – a net 10% in decline, in spite of recent news that has certain elements of the sector growing.[12] Moreover, a net 15% of manufacturing businesses reported a decline in profits. This result is certainly to be linked to low demand as manufacturers indicate an above average partiality for additional export grants (27%) to improve current issues with unsatisfactory volumes of demand.[13]

Businesses globally are well aware of the issues affecting their sector, but governments have to manage the sometimes inharmonious demands and expectations of a variety of industries and need to ensure that the feedback form various sector-representative bodies can be put into action effectively and in-line with global tends. Among the objectives of this survey, Regus has set out to provide a simple breakdown of measures most and least favoured by major sectors in order to help guide policy makers decisions in 2010.

[12] The Financial Times, *Singapore raises growth forecast*, 14th April 2010 and The Financial Times, *Growing signs of recovery in the first quarter*, 9th April 2010

## Country Highlights

Whilst there is a level of conformity of response among businesses of all sizes across the globe, it is also interesting to dwell on some notable differences:

**UK:**

- Companies with over 250 employees experienced a 4% above global average rise in revenues and a 7% rise in profits.
- 10% more companies employing fewer than 49 staff advocate more tax breaks for businesses, compared with the global average.
- 12% more companies in the health sector experienced a rise in revenues than the global average, while 17% more companies in the manufacturing sector than the global average experienced a decline in revenues.
- 12% fewer retailers than the global average are expecting a rise in revenues in the coming twelve months.

**US:**

- 10% more companies with fewer than 49 employees advocate keeping interests low as a measure to stimulate recovery.
- 13% more companies with 500+ employees emphasise the importance of tax breaks to consumers to help the regeneration, compared to the average.
- 16% more manufacturing companies than the global average have experienced a decline in revenues, while 13% more companies in the ICT sector than average predict a rise in revenues in the coming year.

**Australia:**

- Companies with 50-249 employees were 25% more likely than average to have experienced a revenue rise.
- Companies with over 500 employees were 40% more bullish than average about the full momentum of recovery taking place in the first semester of 2010.
- 14% more companies in the ICT sector than the global average expect the full momentum of recovery in the first half of 2010.

**Canada:**

- Companies with 50-249 employees experienced a rise in revenue that was 20% above average and a rise in profits that was 31% above average.
- Companies with 500+ employees are 18% more expectant of a rise in revenues in the coming twelve months than the global average.
- 14% more consultancy businesses than the global average expect their revenues to rise in the next year and 20% more than the average emphasise the importance of maintaining interest rates low to reach their objective.

**South Africa:**

- 3% fewer companies with fewer than 49 employees experienced the predicted rise in revenues, but 14% more than the global average remain positive and are expecting it in the coming twelve months.
- 100% of medium size businesses advocate the maintenance of low interest rates compared to the 58% global average and 71% of medium businesses favour tax breaks for consumers as a measure to fuel recovery compared to the 48% average.
- 11% fewer companies in media and marketing recorded a rise in revenues, however 30% more expect them to do so in the next year.

**France:**

- Companies with over 500 employees were 18% less positive about their revenues rising in the next twelve months than their peers globally.
- Companies with fewer than 49 staff were 27% more likely to advocate an increase in government pressures on banks to loosen lending criteria.
- 18% more companies in the healthcare sector than the global average experiences a rise in revenues, however 12% fewer than the average expect to record a rise in the coming twelve months.
- 26% more manufacturing companies than the average advocate an increase in government pressure on banks to loosen their lending requirements to help the recovery.

**India:**

- 74% of large companies recorded a rise in revenues, 32% above the global average.

- 20% more large companies than the global average expect a revenue rise in the coming twelve months.
- 23% more ICT businesses more than the global average an 21% more in consultancy experienced a rise in revenues.
- 49% more consultancy businesses than average expect the full momentum of recovery to take place in the first semester of 2010.

**Belgium:**

- 11% more medium sized companies than the global average saw a decline in revenues and 23% more than average experienced a decline in profits.
- Consequently, perhaps, 17% fewer medium sized companies expect their profits to rise in the coming twelve months.

**Netherlands:**

- Companies with over 500 employees experienced a 24% more severe decline in revenues and a 16% greater decline in profits than average.
- 10% more consultancy companies than average recorded a rise in profits, but 4% fewer than the global average expect a rise in revenues in the coming year.
- 43% more consultancy companies than average favour quantitative easing to help the recovery.

**Japan**

- Large businesses experienced a 14% more severe decline in revenues than average and an 11% more severe decline in profits than average.
- 8% more large businesses than the global average expect to see a decline in revenues in the coming twelve months.
- 9% fewer media and marketing agencies experienced a rise in revenue.
- 24% fewer healthcare and medicine companies than the global average expect a rise in revenues in the next year although 8% more had recorded a rise in the past year.

**Mexico:**

- Companies with 50-249 employees experienced a 6% greater decline in revenue than average; however 9% more medium sized companies than average also expect their revenues to rise in the coming 12 months.
- 20% more ICT companies than the global average expect a rise in revenues in the coming year.

**Spain:**

- Medium businesses (50-249 employees) have experienced a 19% greater decline in revenues than the average.
- 18% more medium sized companies than the global average advocate the maintenance of low interest rates to fuel the recovery.
- 13% fewer consultancy companies than the global average experienced a rise in revenues in the past year, but 20% more ICT companies than the global average recorded a rise.
- 17% more ICT businesses than the global average prioritise tax breaks for consumers to aid the recovery process.

**Germany:**

- 10% more large companies than the global average have registered a decline in revenues.
- 71% of small companies advocate more government pressure on banks to loosen their lending criteria compared to 46% globally.
- 14% more manufacturing companies than average recorded a decrease in revenues.

**China:**

- Businesses with 1000+ employees confirmed the previous year's massive increase in revenues last year (15% above average) with a 21% above average increase in revenues.
- Large businesses are more positive than average in expecting revenue to increase next year (10% above average)
- 23% more manufacturing companies than the global average recorded an increase in revenues.

- 25% more consultancy businesses than average advocate a rise in interest rates to curb inflation.

**Economic Health and the need for Business Agility**

As companies globally interact with each other and are affected by international trends with none of them acting in total isolation, it is likely that the greatest momentum of recovery will hit the globe within a broadly similar timeframe. Just as the economic decline was relatively ‘joined-up’, with few countries managing to ‘de-couple’, the full momentum of recovery should soon galvanize markets globally whether or not the main drive for momentum is generated in the developing East or elsewhere. Despite the slippage between expectations and real experience of business growth observed in this latest, it is also important to emphasize that the experience of growth is still net positive around the globe, with only Spain showing a net revenue decline.

An important caveat remains, however; commentators everywhere agree that businesses must take some important lessons away from the downturn. In particular the restructuring of workforces and workplaces should become a continuing process as the flexible working practices which helped weather the recession have yielded a number of positives for employers and employees alike. Indeed the last months have seen much experimentation with part-time and remote employment. The employee benefits of working from home or from work centres near home, encompass reduced travel costs and improved work/life balance, while employers can make gains through staff productivity, engagement and motivation.

This particular issue of business transformation in a period of recovery was also analysed by the Regus BusinessTracker. A greater number of respondents (66% in February compared to 64% in August) indicated that they believe that small to medium businesses will aim to reduce their office property and shift to more virtual working over the coming three years.

Anecdotal evidence gathered by Regus from its operations globally indicated that the shift from traditional commercial property leasing to solutions that accommodate more flexible working systems is certainly underway and likely to play a large part in the coming recovery. While office property and facilities is not the issue concerning financial directors, it is an important part of a company cost-base and indicates the commitment of a company to follow a particular type of work solution; a company investing a good deal in premises for a large number of workers expects this space to be filled daily, while smaller premises can afford to accommodate a more flexible workforce. An international study recently commissioned by Regus found that under-occupancy is now wasting some 38% of traditional office and facilities costs.

**Conclusion**

This current edition of the Regus BusinessTracker survey shows a definite slowdown in the momentum of global return to economic buoyancy and growth, with the tipping point of global recovery having moved back five months to December 2010. However, the picture remains one of cautious optimism. Almost every country studied, with the exception of Spain and Japan, showed net growth – with more companies reporting revenue growth than revenue decline. Some sectors, such as Manufacturing and Media, present low Optimism Index scores, but the Financial and ICT sectors are experiencing above average growth and have high expectations of further increases in the coming year.

In short, this latest Regus BusinessTracker indicates that although the business outlook remains positive, an element of caution needs to be exercised by the business community. Initiatives to control costs, and to move towards more flexible HR and office infrastructures should be pursued throughout 2010, so that firms are best placed to take advantage of the full momentum of upswing when that pace of growth gets fully under way towards the end of the year.

**Methodology**

Over 15,000 business respondents from the Regus global contacts database were interviewed during February and March 2010. The Regus global contacts database of over 1 million business-people worldwide, is highly representative of senior managers and owners in businesses across the globe. Respondents were asked about their recent revenue and profit trends, along with their future views on a number of issues including the timing of substantial economic recovery in their country. The survey was managed and administered by the independent organisation, MarketingUK.