



# THE COST OF A FAVOUR

Research from Capital on Tap shows that small businesses are losing out on up to £43,000 a year by doing favours for friends, family and clients. They also reported that UK business owners are asked to work at discounted rates on average 75 times per year.

The survey revealed:

- The healthcare industry offered an average discount rate of £428.80, leading them to lose over £42,000 per year in revenue
- The property management and development industry revealed that they provide an average discounted rate of £315.40, equating to over £11,500 per year
- The businesses equipment and services industry lose over £21,500 every year

Discounted rates are not uncommon for small businesses who are looking to win new contracts or who want to secure

additional business in quieter times. As experts in their fields, they are often asked for free professional advice but when this stops being the exception and becomes the norm, it can be extremely costly. Salaried employees get paid regardless of the time they spend working or how productive they are but for business owners every minute and every penny counts.

Small businesses offer specialist and often unique services that add value to your business so if a favour is absolutely necessary be conscious of the time they are sacrificing and price they are paying to do it. You could return the favour by writing them a great review, share their social media posts to a wider audience, improve their trading terms or introduce them to new clients.

Doing favours for friends and family is not unusual. Think of a hairdresser or a beauty therapist giving their friends a makeover, a

designer creating wedding invitations for family or a plumber popping over on their way home from work to fix a leak. If you are asking for a favour, the likelihood is that so are many others. Be considerate to the fact that your friend or family member has a life outside of work and wants to switch off at the end of the day or at the weekend just as you do. Be alert to the fact that if they are doing you a favour during working hours, it is probably costing them in some way.

Time is money to small businesses so where possible, avoid asking for too many favours and try to recompense them in some way if you do. Remember, a favour goes both ways.

