

A Third of Workers would use Redundancy to Start a Business



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Britain could be about to see a boom in new business start-ups as redundancy rates grow, according to uSwitchforBusiness.com, the dedicated SME comparison and switching service. New research shows that almost a third (31%) of workers would start their own business if made redundant in the near future. But this number could grow even higher, as over three quarters of people (77%) like the idea of using redundancy as an opportunity to start-up on their own.

The research shows that most people would use redundancy to change their life. Apart from going into business, two in ten (21%) would change or train for a new career, while one in ten (10%) would relocate abroad. Less than a quarter (24%) would try to keep the status quo by looking for like-for-like employment.

However, of all the options open to those facing redundancy, setting up a business is the most popular. And for many it would mean realising a lifelong ambition. Only one in ten people (13%) have never harboured entrepreneurial dreams. Two thirds of Brits (61%) have dreamt of running their own business, but have never acted upon it. Most gave up on the idea because they couldn't afford to give up their regular salary (40%). Only a quarter (25%) were not confident that they could make it work[4].

The main attraction for would-be business owners is the idea of doing something they love and earning money from it – this appeals to almost half (46%) of people, while almost a quarter (21%) like the

idea of the challenge. An independent-minded one in ten (13%) would relish the freedom of not having to answer to a boss.

Over a quarter (26%) would base their business on a hobby or activity that they really enjoy, such as gardening, decorating or designing, while 28% would be prepared to try something completely different to exploit a gap or opportunity in the market. 22% would simply take their current job, but do it for themselves rather than for an employer.

Enterprising Brits also appear to be ready to put their money where their mouth is - 67% would be prepared to invest part or all of their redundancy into a new business, with two in ten (20%) prepared to invest it all. And getting a redundancy payout could be the launch pad many budding entrepreneurs need – 14% of those who have dreamt of starting a business were prevented from going ahead because of lack of finance.

But while there is an air of optimism about redundancy and what it could lead to, people are still realistic about what it takes to run a business. They are fully aware of the potential downside, with 38% most concerned about lack of security in the current economic environment and 30% turned-off by the prospect of the red tape, regulation and bureaucracy. Only a third (36%) think they could do a better job of running a company than their boss.

Jake Ridge, small business expert at uSwitchforBusiness.com, says: "Being made redundant can act as a catalyst, pushing people to make life changes they may have previously only dreamed about, whether starting a new business or a new life abroad. In these instances it can have a positive impact on people's lives, lifting barriers that have prevented them from fulfilling long-held dreams.

"61% of us have dreamt of starting a business but haven't done so, mainly because of the fear of giving up a regular salary and because of lack of finance. As well as impetus, redundancy can provide the cash needed to finance a start-up and 67% of people would be prepared to invest some or all of this into their dream business.

"With this level of commitment, it is vital that people go into business with their eyes wide open. Getting the right advice and support is key, which is why we are offering a dedicated SME service. This provides free information and advice as well as practical tools to keep running costs low. Getting the right help upfront could make the difference

between flourishing or failing – it could help keep many more dream businesses on track.”

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