

Playing the long game.

The state of business report – February 2026.



Business owners are adapting to pressure without sacrificing long-term value.

Confidence has edged up slightly, with the average confidence score sitting just over 61 in January 2026, broadly in line with where we were mid-2025. But as last year, the averages mask a divide. Some businesses are quietly optimistic and planning for growth; others remain under real pressure from costs, margins and uncertainty.

Encouragingly, hiring intent remains resilient. Around a third of businesses still expect to grow headcount over the next six months, while only a small minority are planning reductions. Recruitment, however, has normalised. Compared to last year, fewer businesses say hiring is “more difficult”, suggesting labour markets are easing, albeit with salary expectations still unresolved for many.

The bigger concern continues to be profitability. While most respondents expect turnover to grow in 2026, profit expectations lag behind. Cost pressure hasn’t gone away, it has just shifted. Salary inflation, supplier costs and the ability to pass price increases on to customers remain front of mind, and cash flow is still tight for a meaningful minority of businesses.

One theme that’s remarkably consistent year-on-year is where business owners see opportunity. The single biggest growth lever isn’t new markets or shiny acquisitions; it is doing more with existing clients. Deepening relationships, cross-selling and improving client experience continue to outweigh almost every other opportunity category.

AI sentiment is also maturing. Excitement is still there, but realism has crept in. Most businesses now see AI as a tool to be adopted pragmatically rather than a silver bullet, with relatively few (10%) having made material changes to their business model as a result.

Finally, exits remain largely unchanged. Despite tougher conditions, most owners are sticking with their original exit timelines. Stress is present, but panic selling is not, which suggests many founders are playing the long game, even in choppy waters.



Key patterns & shifts (what's changed vs last year)

1. Confidence: Flat overall, but less extreme

- July 2025 showed a very polarised picture (lots of 50-and-below vs 70-plus scores)
- January 2026 is more in the middle-ground: fewer extremes, more “cautiously OK” businesses

This tells us that uncertainty is still here, but businesses are adjusting rather than freezing.

2. Hiring pressure has eased, but pay decisions have not

- Difficulty recruiting has dropped sharply compared to 2025
- BUT nearly half of businesses are undecided on salary increases, which demonstrates some anxiety around margins.

Employers have more choice, but less confidence in committing to higher fixed costs.

3. Turnover optimism ≠ profit confidence

- This gap was visible last year and remains stubborn
- More businesses expect revenue growth than profit growth, reinforcing that pricing power and cost control are the real battlegrounds.

Growth without margin is still the elephant in the room!

4. Cash flow: fewer emergencies, more “keep a close eye”

- Fewer businesses are in immediate danger than feared in 2025
- But nearly 30% still say cash flow is worse than 12 months ago, and almost 1 in 10 have less than 3 months’ runway

The cliff edge has moved, but it hasn't disappeared.

5. AI hype is cooling into intent

- Fewer wide-eyed optimists, more “we'll adapt as needed”
- Very limited structural change so far

Businesses are watching closely – waiting for practical, low-risk use cases.

6. Exit plans are holding steady

- Despite pressure, most owners haven't brought exits forward
- A meaningful minority still don't have an exit plan at all

Lots of value at risk if conditions improve and businesses aren't prepared.



“What this data really tells us is that resilience has replaced optimism. Business owners aren’t making reckless moves, but they’re not standing still either. The winners over the next 12–24 months will be the ones who protect margin, get closer to their clients, and make deliberate, not reactive, decisions about growth, cash and exit planning.”

Allan Wilson
Managing Director, Wilson Partners



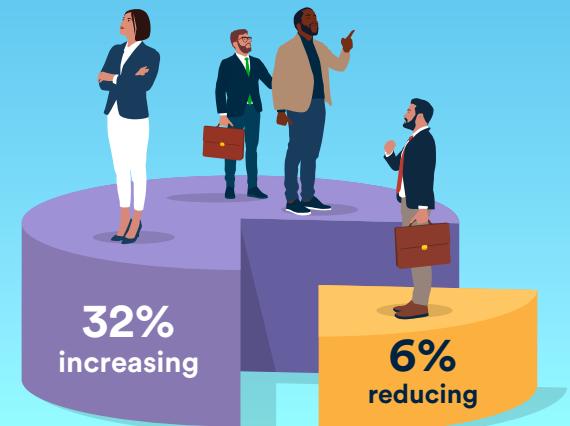
No changes to exit plans



Profits vs 12 months ago

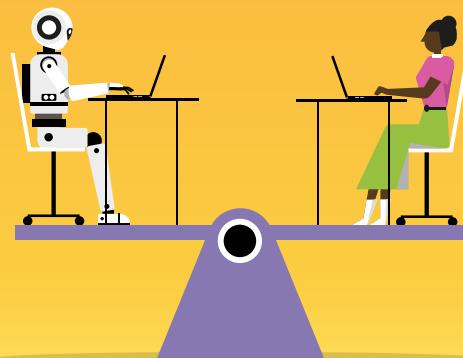


Changes to workforce



10%

Used AI to change business model



Confidence barometer



Cash flow vs 12 months ago

24%
Better

28%
Worse



W. The results.



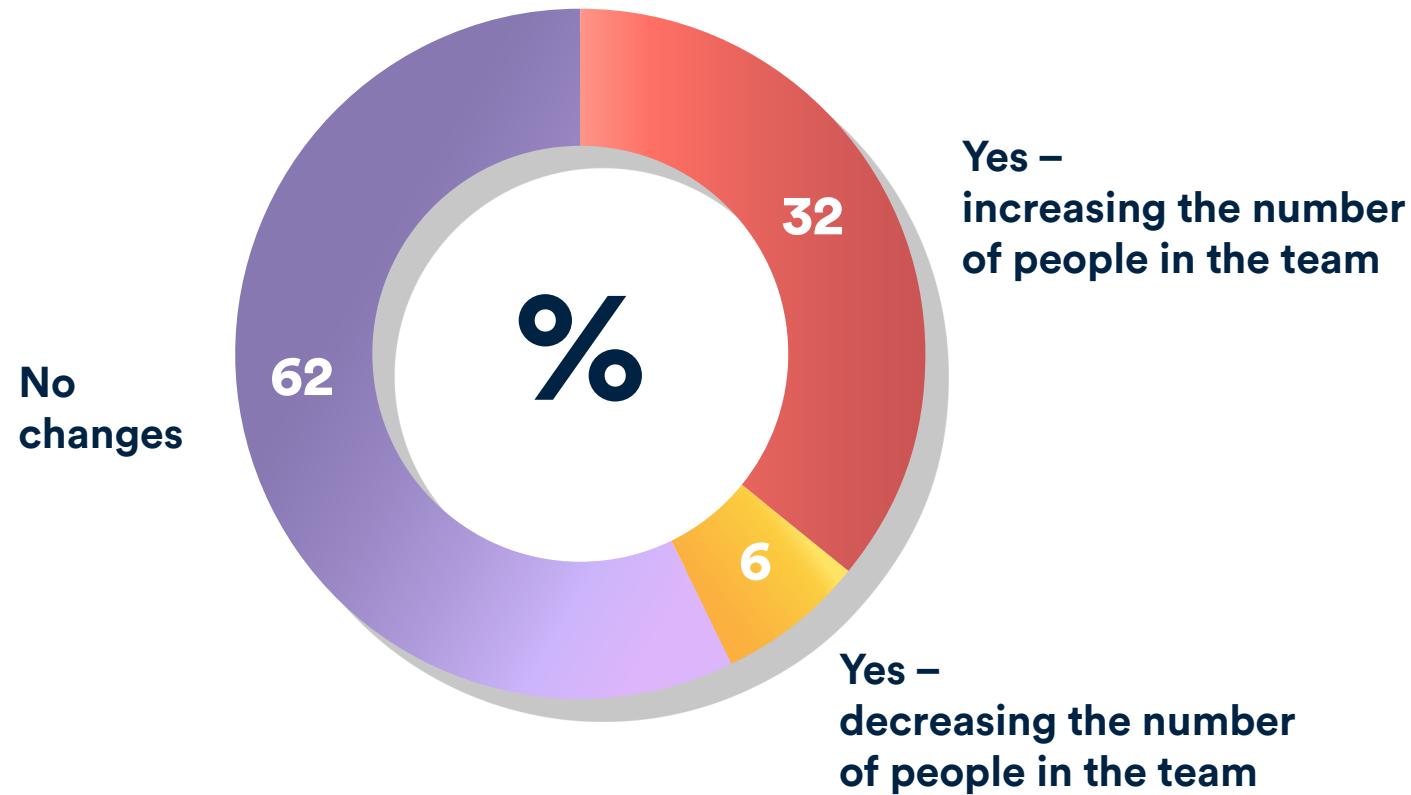
Q1

On a scale of 1-100 (1 being terrible, 100 being fantastic), how are you feeling about the prospects for your business in 2026?



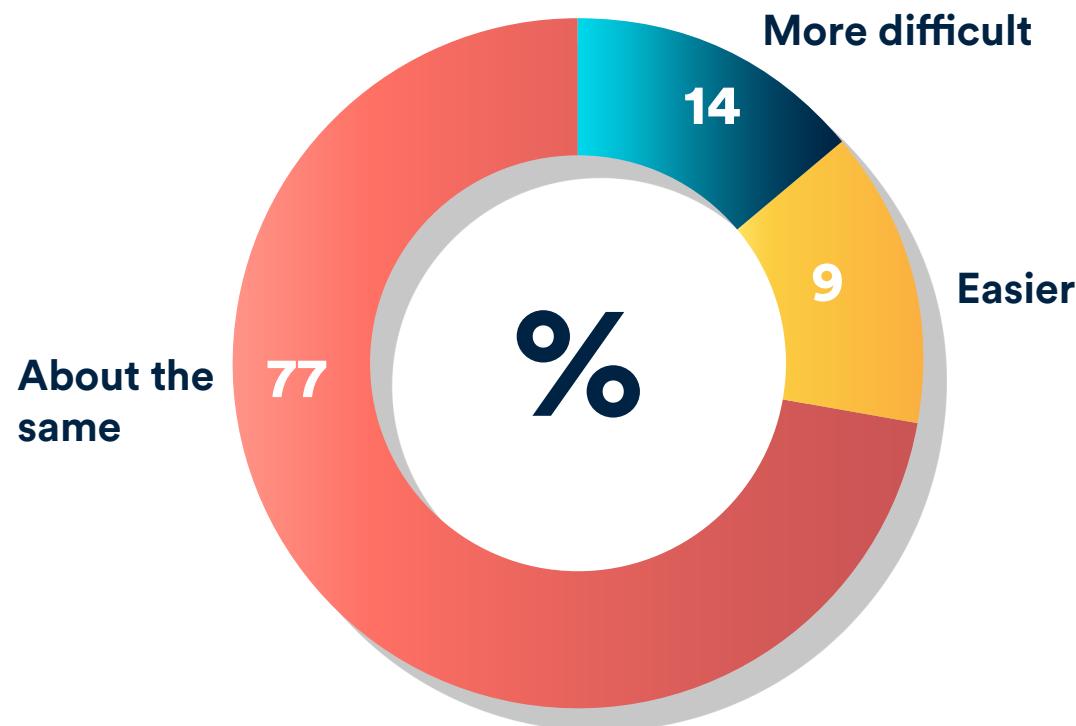
Q2

Do you plan on making changes to your workforce over the next 6 months?



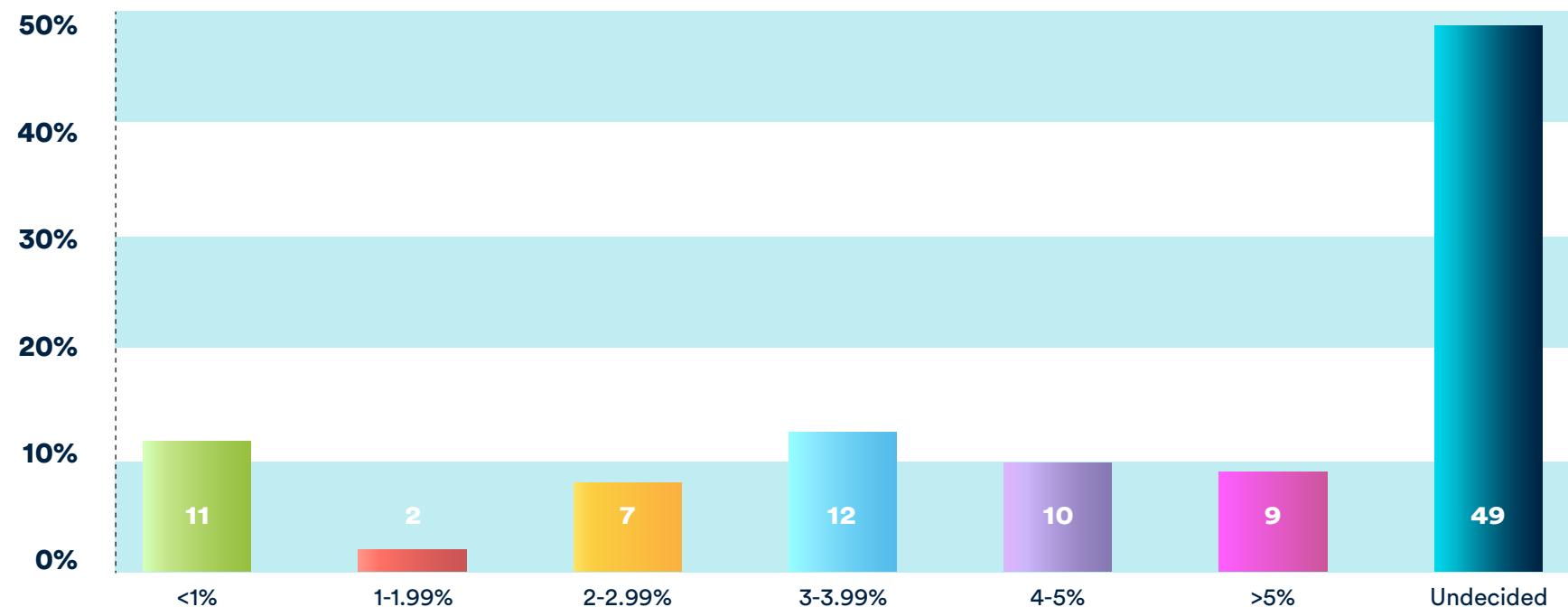
Q3

Compared to 12 months ago, are you finding it easier or more difficult to recruit?



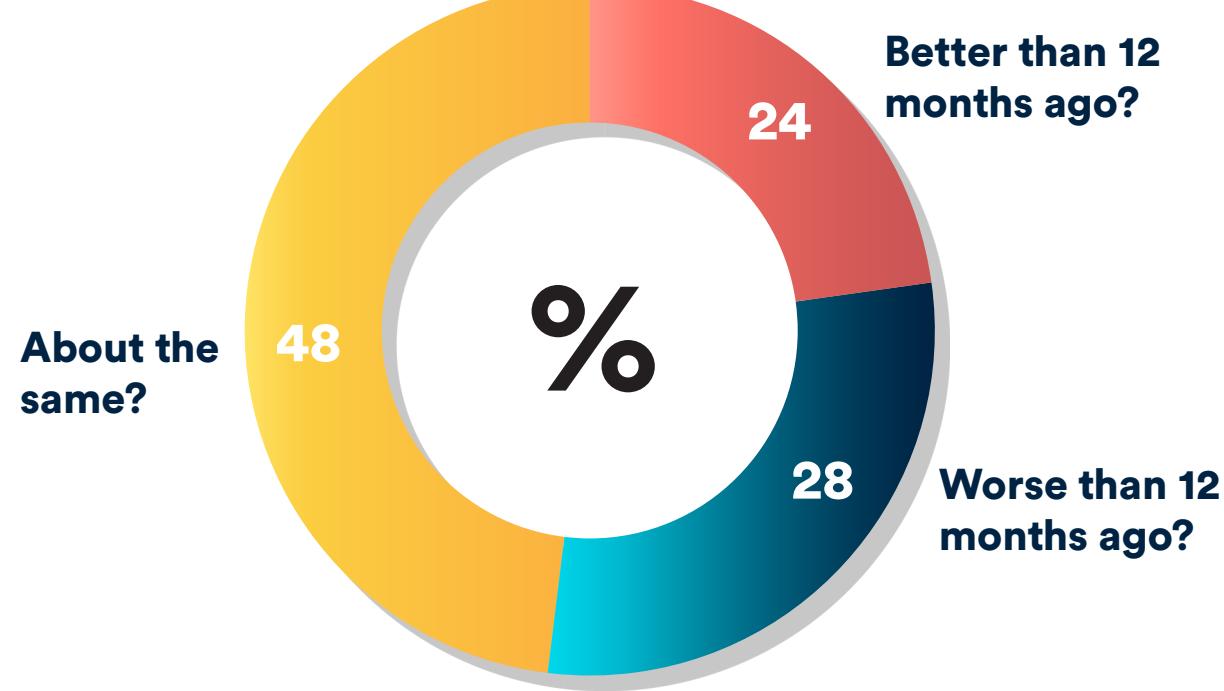
Q4

What salary increases do you plan to make in your next salary reviews?



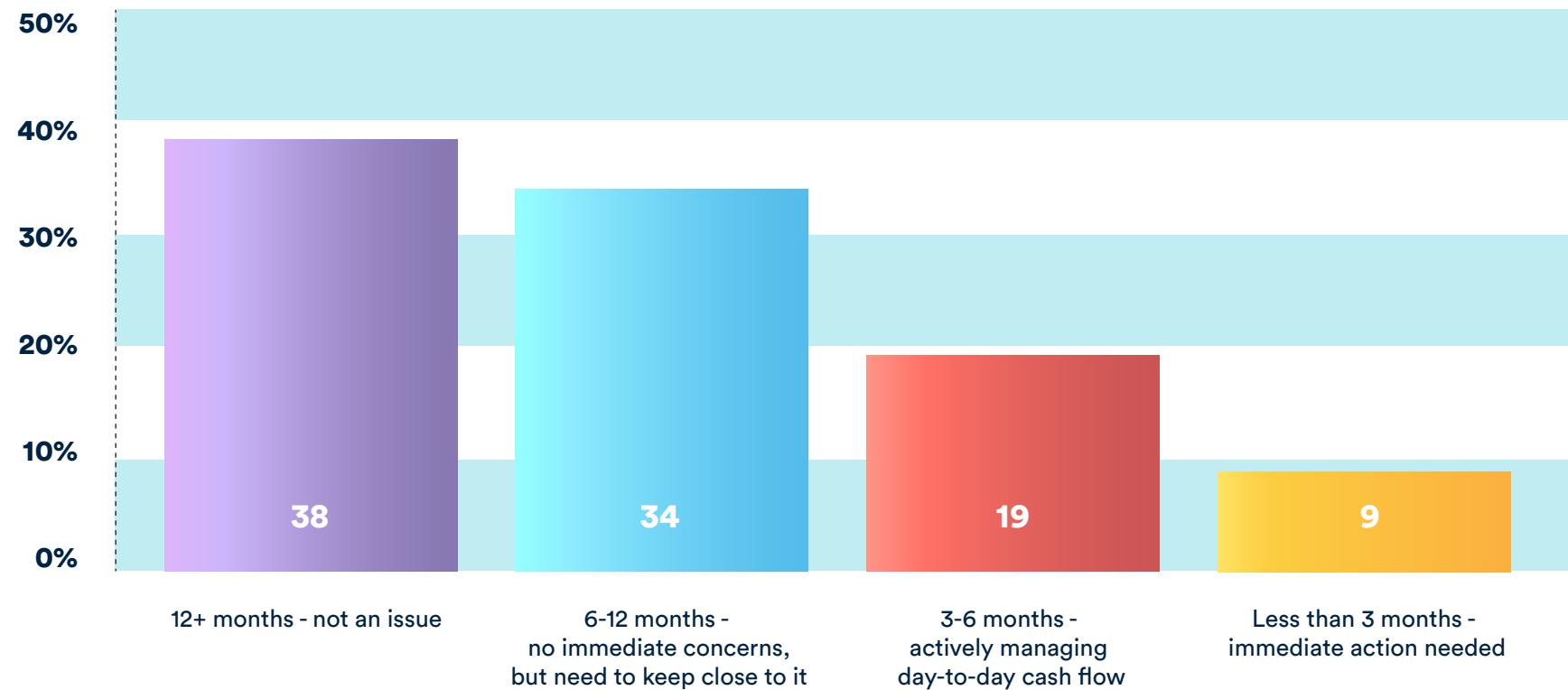
Q5

Is cash flow...



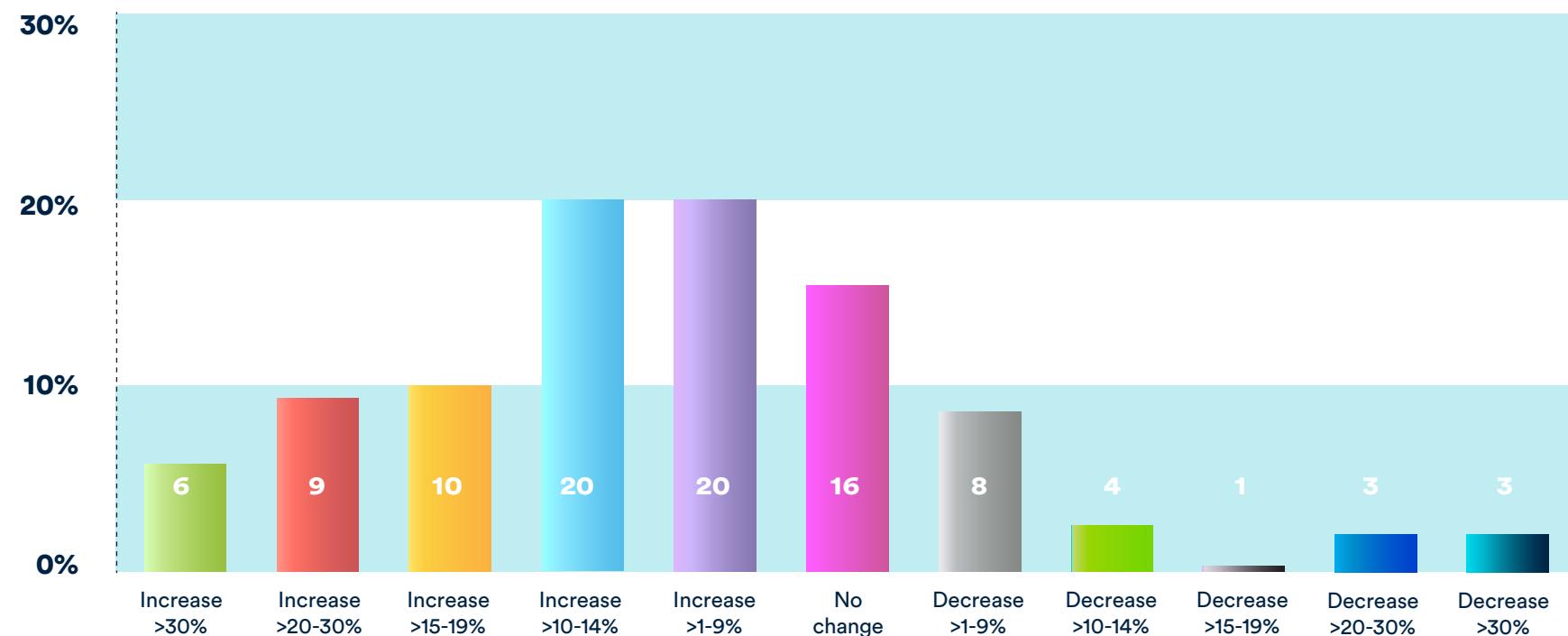
Q6

If trading stayed broadly the same, how long is your current cash runway?



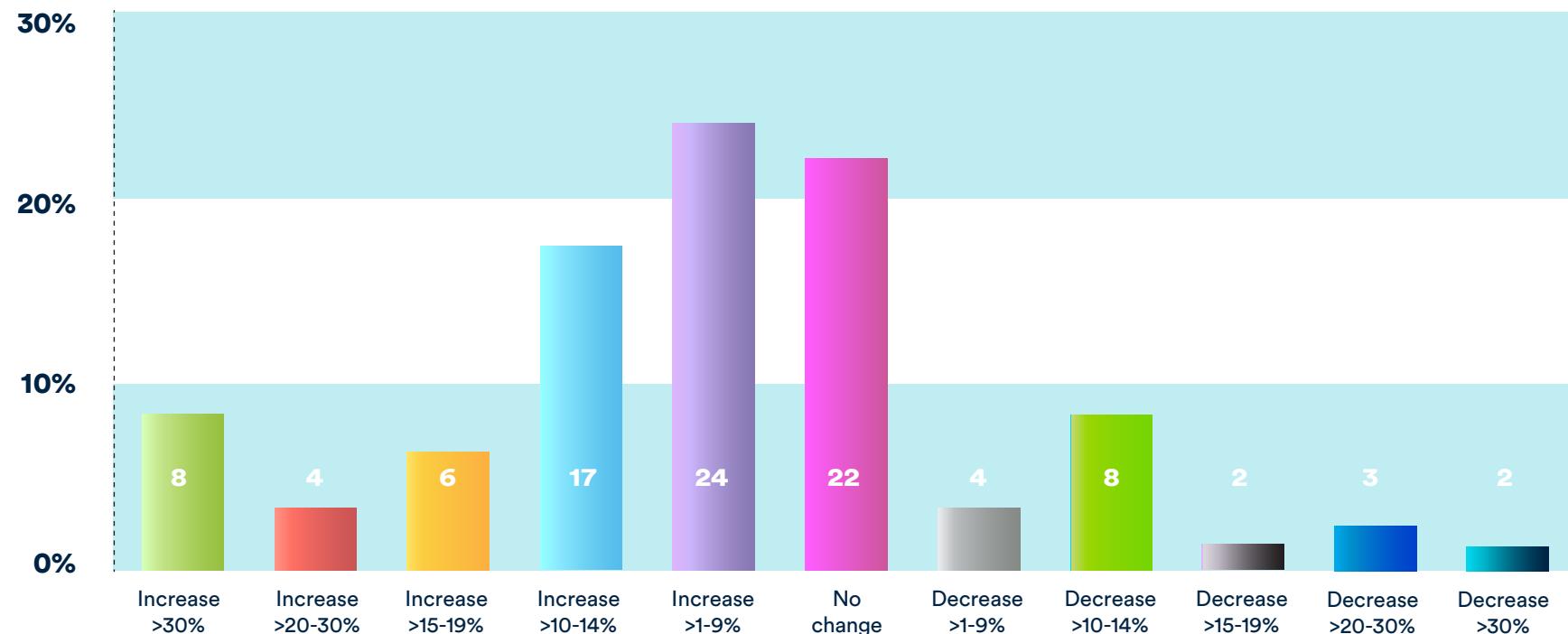
Q7

How do you think turnover in 2026 will compare to 2025?



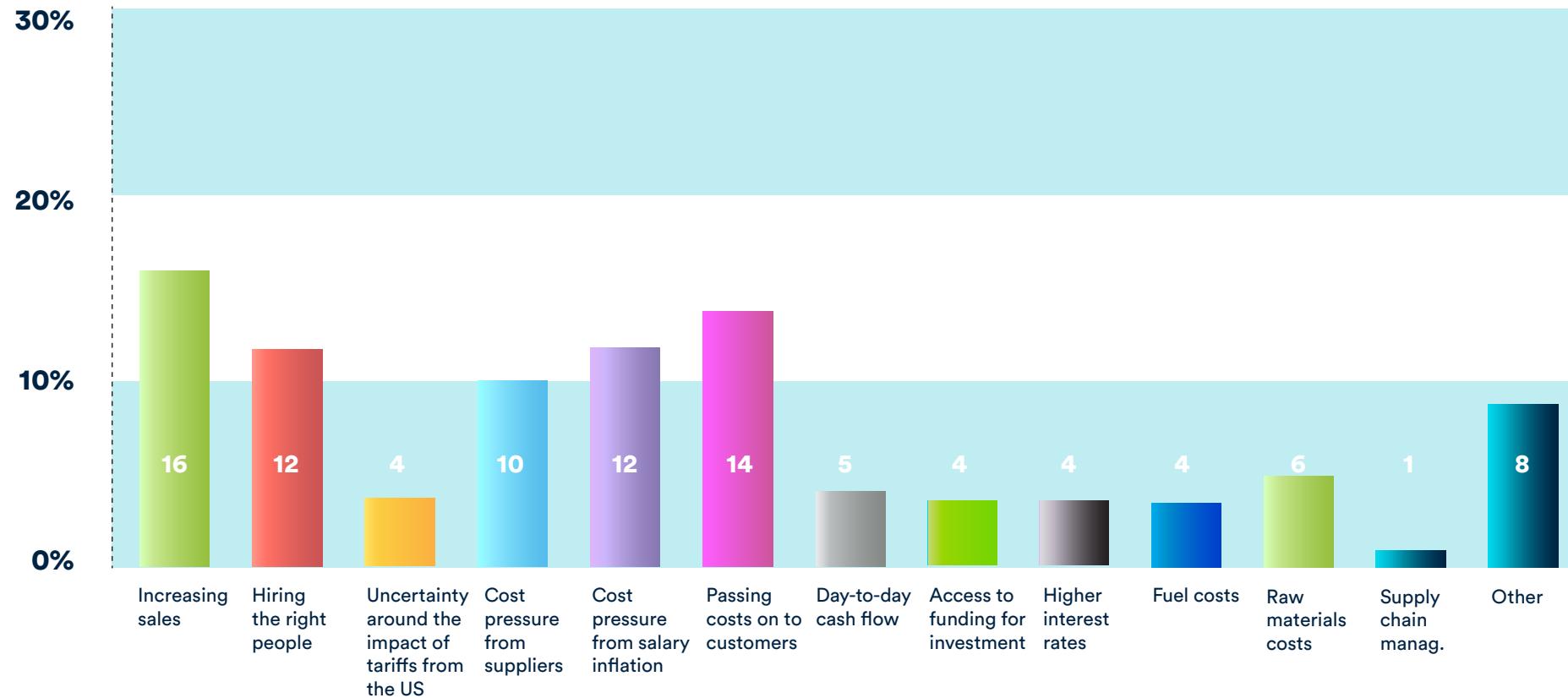
Q8

How do you think profit in 2026 will compare to 2025?



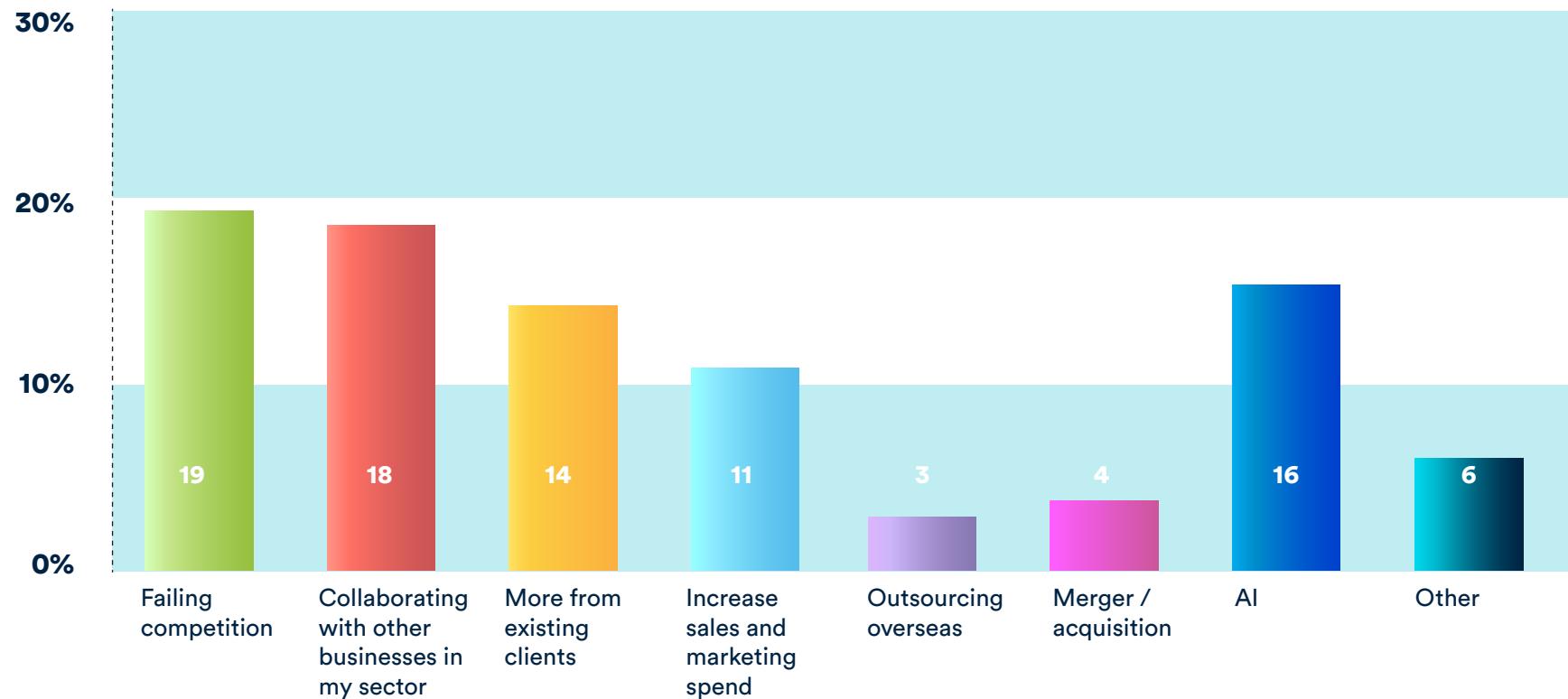
Q9

What are the biggest challenges you're facing right now?



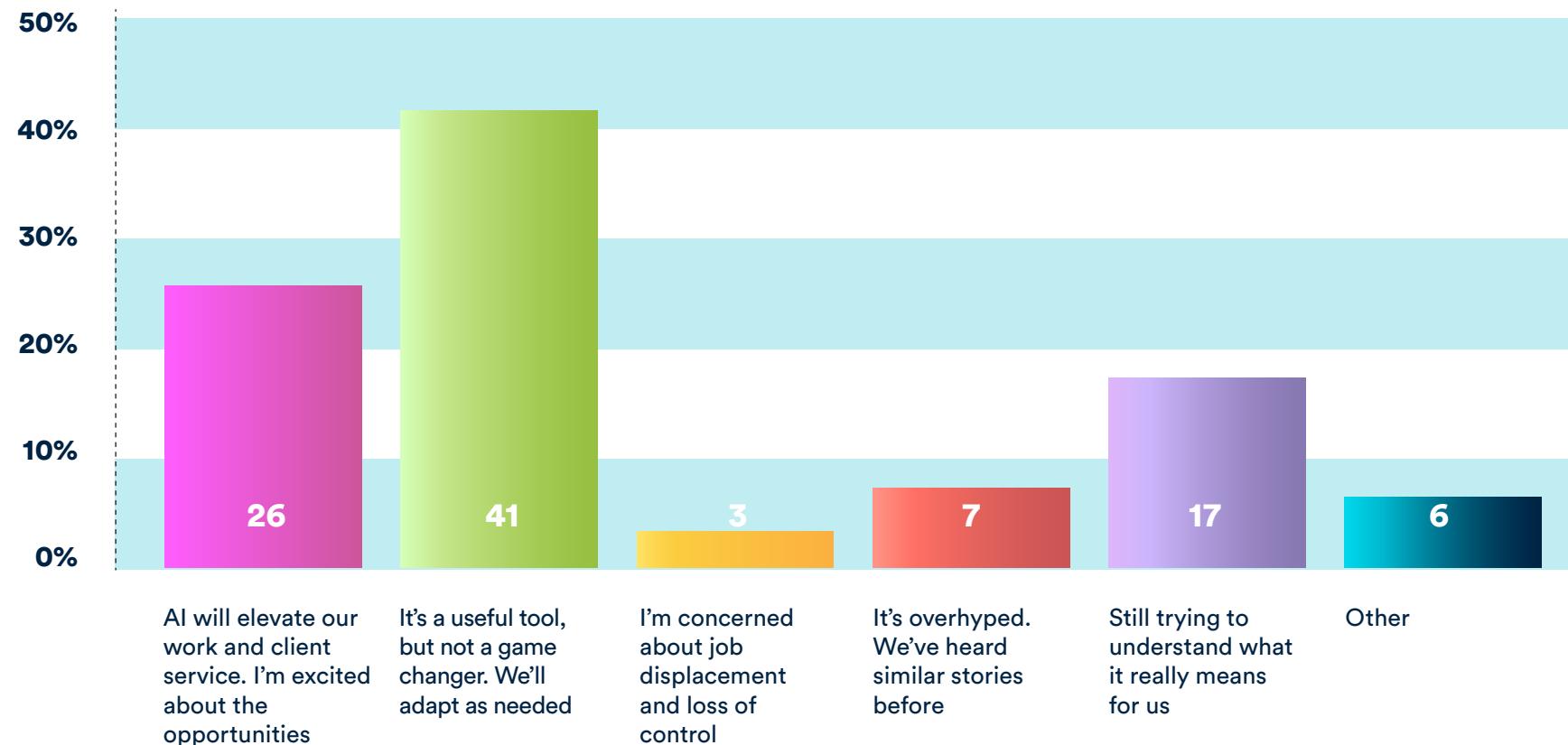
Q10

Where do you see the biggest opportunities for 2026?



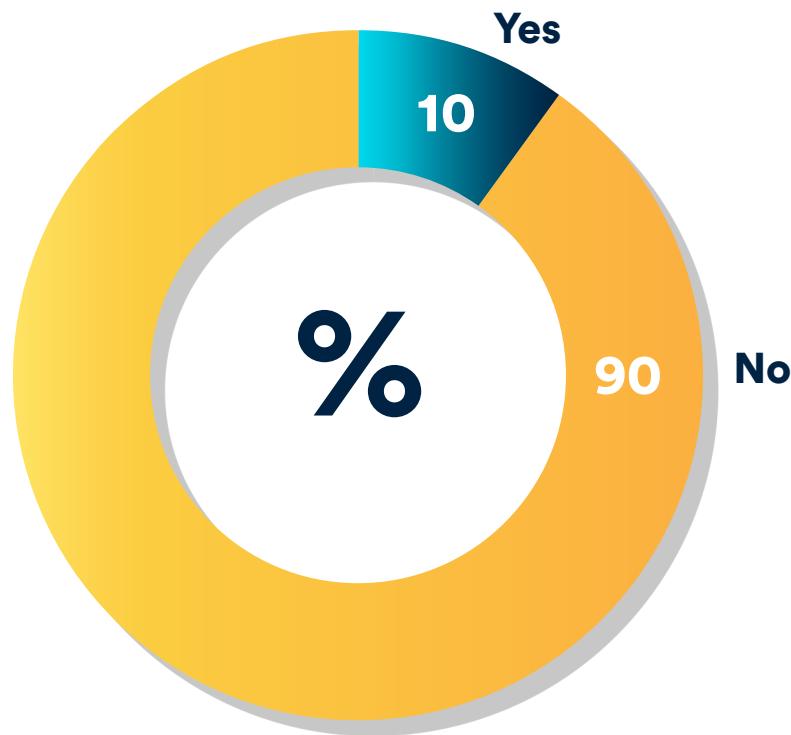
Q11

How do you currently feel about the impact of AI on the future of your sector?



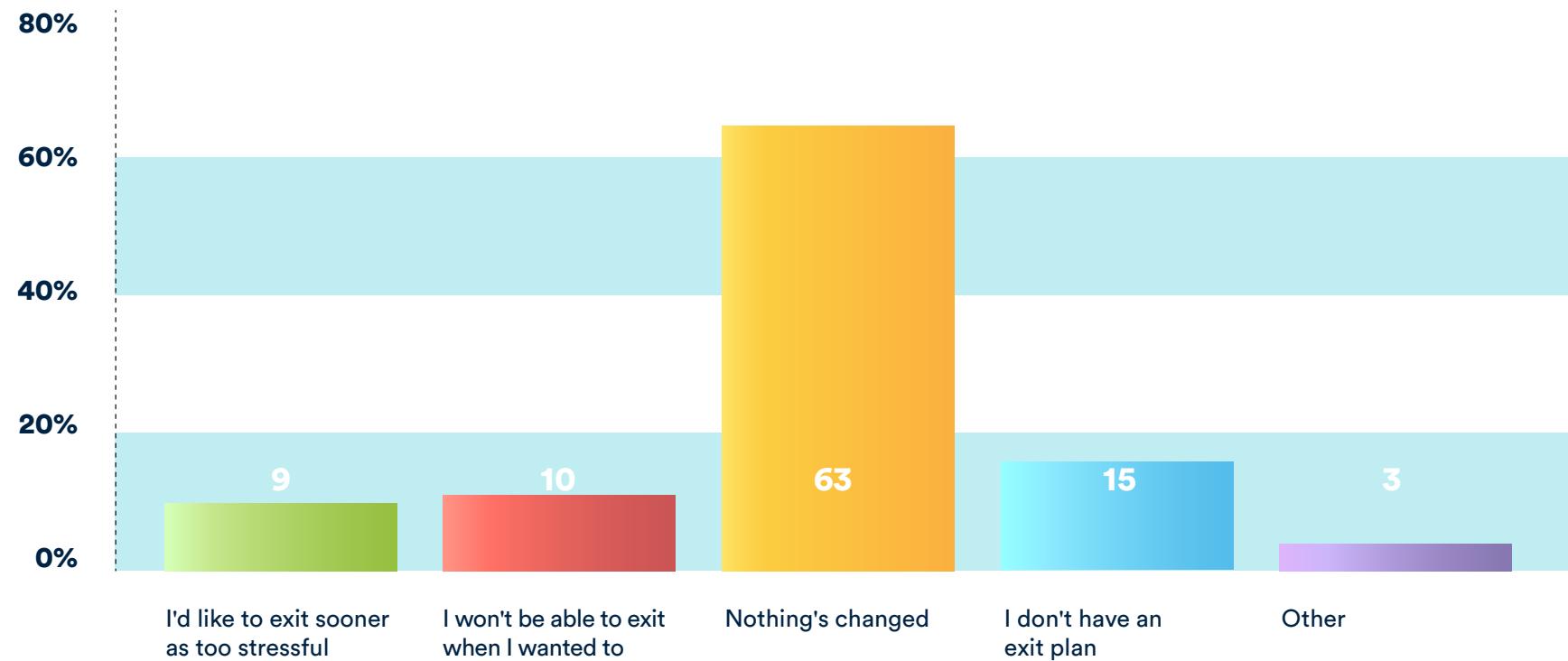
Q12

Has the development of AI led you to make significant changes to your business model?



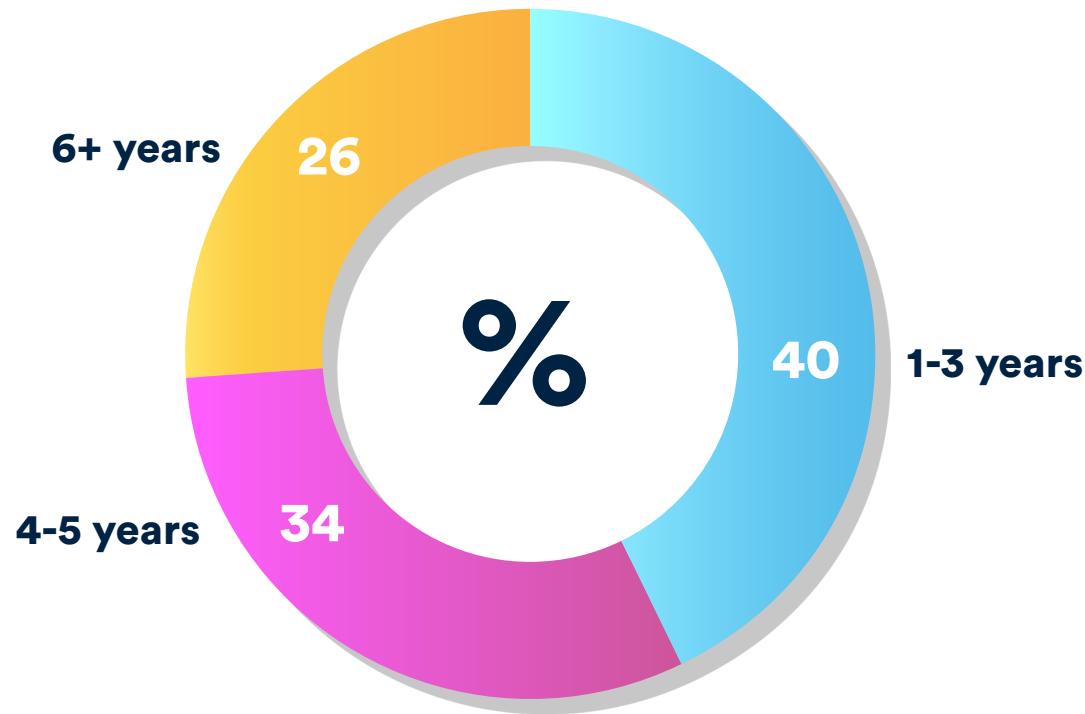
Q13

How are the current conditions affecting your exit plans?



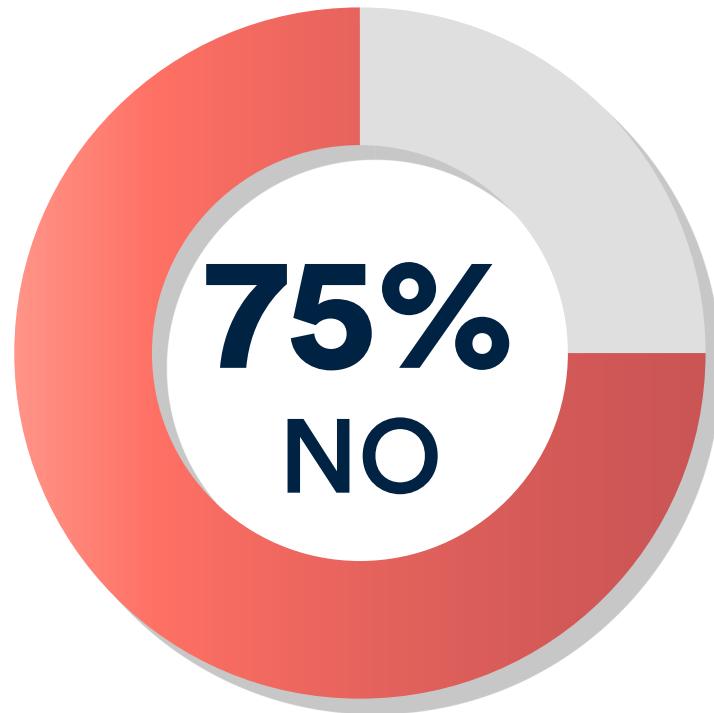
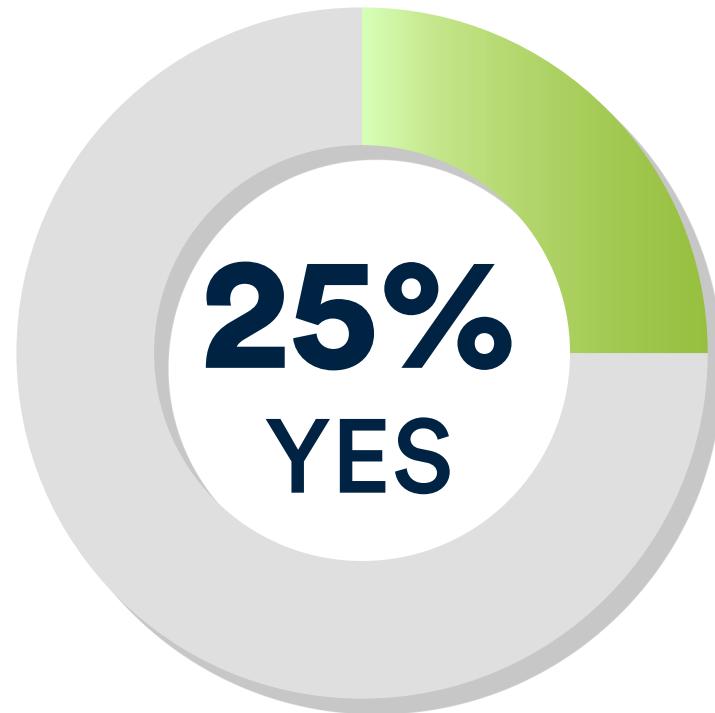
Q14

If you have an exit plan, when are you hoping to exercise it?



Q15

Have the recent changes to Inheritance Tax (IHT), and the taxation of business assets, made you re-evaluate how shareholdings are structured?



Q16

And finally...

What businesses are really telling us. In our survey we asked two questions, both with free text options to allow participants to put in their own words how it actually feels to be running a business right now, with the following questions:

What would make the biggest difference to your business in the next 12 months?

We can't publish all the answers (there's over 200) but several clear themes emerge:

1. Momentum matters more than growth headlines

Many respondents talked about sales, but not in terms of chasing aggressive expansion. The focus was on quality, conversion and consistency: winning the right work, from the right clients, at the right price.

“Less effort for more profit.”

This neatly captures a shift in mindset. Our respondents aren't short of ambition, they're just more disciplined about where growth really adds value.

2. People challenges are about capacity, not numbers

Staffing concerns were common, but rarely framed as “we need more people”. Instead, owners talked about finding the right people, improving productivity, and freeing up time.

“Finding the right staff to free up my time.”

This reflects a broader desire to reduce dependency on the owner and build businesses that can scale or exit without everything resting on one person.

3. Margin, simplicity and control are front of mind

A recurring theme was the desire to simplify: fewer distractions, tighter systems, better margins and less grind. Many respondents expressed frustration at working harder without seeing that effort translate into profit.

“We're busy, but it doesn't always feel rewarding.”

This reinforces the growing gap between turnover growth and profit growth highlighted in our report. A reminder though of the medium and long-term perils of profit erosion.

4. AI is seen as an efficiency lever, not a silver bullet

AI featured frequently, but with realism rather than hype. Business owners are curious and open-minded, but cautious. Viewing AI as a way to improve efficiency, automate routine tasks and create headroom, rather than fundamentally reinvent their business overnight.

“We know we need to look at AI — we're just working out where it genuinely helps.”

5. External uncertainty continues to weigh heavily

Tax changes, government policy, interest rates and general economic unpredictability came through strongly often with humour or frustration. While this hasn't stopped businesses from moving forward, it has made them more selective and risk-aware.

“We'll adapt, we just need the rules to stop changing.”

6. Exit is about optionality, not urgency

Where exit was mentioned, it was rarely about selling quickly. Instead, owners talked about keeping options open: building value, reducing risk and ensuring the business is in a position to exit when the time is right.

“I don't want to exit tomorrow, I want the choice.”

What in your business keeps you awake at night

Whilst not all respondents are kept awake by their business, when asked what keeps them awake at night, we had some incredibly honest and revealing answers highlighting the emotional pressure points behind the data, the risks and uncertainties that influence day-to-day decisions, often quietly.

Several clear themes emerged.

1. Cash flow and liquidity risk

Cash flow remains the single biggest source of anxiety. Many respondents referenced the fear of running out of cash, delays in customer payments, and reliance on a small number of large clients. Even businesses that are trading well expressed concern about timing, visibility and control.

This reinforces why so many owners remain cautious, even when revenue is growing.

2. Fragile sales pipelines

While growth opportunities exist, a lack of certainty in sales pipelines continues to weigh heavily. Respondents spoke about short pipelines, unpredictable conversion, and the impact of losing one or two key opportunities.

This highlights the difference between ambition and confidence, owners may know where growth could come from but still worry about consistency.

3. People risk at critical points

People concerns were less about recruitment volume and more about dependency. Losing key individuals, finding successors, and making the wrong senior hire were recurring worries.

These concerns point to businesses that are still more exposed to individual risk than they would like to be.

4. Margin pressure and value erosion

Several responses reflected anxiety around profitability rather than workload. Rising costs, pricing pressure and eroding margins are creating a sense of working harder for diminishing returns.

This ties closely to the wider gap seen in the survey between turnover growth and profit growth expectations.

5. External uncertainty beyond owners' control

Government policy, taxation, interest rates and broader economic conditions were frequently cited, often with frustration or dark humour. These factors are largely outside business owners' control yet have a direct impact on confidence and planning.

While not causing paralysis, this uncertainty encourages a more cautious, selective approach to decision-making.



Overall takeaway.

Taken together, these responses paint a clear picture:

Business owners are not lacking ambition, they are managing risk.

The things that keep them awake at night are less about chasing growth and more about protecting cash, margin and control. This helps explain why many businesses are choosing to move forward carefully, focusing on resilience, sustainability and long-term value rather than short-term acceleration.

In that context, playing the long game isn't hesitation, it's strategy.



Who we are.

We are Wilson Partners. We combine the financial expertise, experience and accessibility of our talented team with a deep understanding of our clients to help achieve their goals.

We provide a suite of integrated, innovative and value-added accounting, tax and corporate finance solutions that empower businesses, investors and private clients to make better decisions.

We don't do grey suits, operate in silos or spend all day counting beans. On the contrary, we operate with fully engaged directors who are passionate about client success and want to make a positive impact. Our people are business enthusiasts who just happen to be accountants and span across our offices in the South of England.

Life is short, so we don't just want to make up the numbers.



We are a business that makes a real difference to the relationships we build and helps to make life count for our people and our clients.

Each one of us is dedicated to challenging, inspiring and supporting our clients to live the lives they want and enjoy the success that will benefit those they care about and the wider community.



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Disclaimer

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