

# South West Region Business Link

## Performance Report Quarter 2, 2008/09

### 1. Introduction

This report summarises the performance of the Business Link network in the South West during the year to September 2008 (Quarter 2, 08/09).

### 2. Business Link Customers

In the last 12 months 100,529 customers in the South West used Business Link Services, including 84,371 established businesses.

Of these, 8,300 customers received intensive assistance involving one-to-one support leading to an agreed plan of action to improve business turnover and productivity.

In addition, the network provided pre-start services to over 12,834 potential entrepreneurs.

#### South West Business Link customers

	Q2 2008/09 Actual	Q2 2008/09 Target
Existing businesses	84,371	77,662
Start-ups	3,324	4,428
Pre-starts	12,834	14,374
<b>All Customers</b>	<b>100,529</b>	<b>96,464</b>
<i>Of Which, Intensively Assisted Businesses</i>	6,484	6,143
<i>Intensively Assisted Pre-starts</i>	1,816	390

BL MIR returns Q2 08/09. Rolling four quarter data

South West Business Link performance continues to be strong, with overall Penetration and Intensive Assistance levels above target. Customer satisfaction has been rising. This puts Business Link in a good position to support the South West's SMEs as the economic climate starts to impact on their operations.

Deteriorating economic conditions are impacting on some services. Lower levels of conversion from 'Pre-start' to 'Start-up' have been seen, contributing to performance being below target for this target. The economic climate may also have a detrimental impact on Pre-start support, although this is unpredictable as people being made redundant do look to starting a business as an alternative employment.

Levels of Intensive Assistance remain above targets, despite large numbers of businesses supported after the Gloucestershire floods no longer being in the rolling year. An extensive programme of outreach clinics and a 93% attendance rate against bookings is contributing to this success.

### 3. Commentary – Supporting Businesses through uncertainty & change

Business Link reporting now includes commentary on the following three themes:

- Supporting SMEs in a downturn
- Promoting energy and resource efficiency
- Contingency planning for SMEs (economic shocks, natural disasters, terrorist activities etc)

### 3.1 Supporting SMEs in a downturn

Business Links reports that, as of Sept 08, SMEs were facing very different conditions, depending on their market sector, age, size, financing model etc. Some sectors, such as house building and estate agencies, have seen very large downturns in demand. Most businesses are now very cautious, and this is affecting their purchasing and investment decisions. A survey is being undertaken to try to assess the impact of current economic conditions.

Early results show that current challenges are:

- (i) From a financial perspective: cost control; cash flow and trading terms
- (ii) Many businesses find it difficult to scale activity up and down, having tied themselves into fairly rigid resource structures – as a result they are unable to manage costs as revenue streams become more vulnerable
- (iii) Fuel and raw material costs, especially in food sector
- (iv) Reductions in availability of and the increased cost of overdraft facilities

#### How to Respond?

- (i) The current economic climate makes it imperative for SMEs to have accurate and up-to-date financial information about the current health of their business (cash flow can in particular be important);
- (ii) Reviewing basic operating assumptions from top to bottom (trading terms; mortgages; loan vs. purchase of assets; pricing; credit control etc) is a useful first step;
- (iii) Customer retention and reducing dependencies (over-reliance on one key customer group) are also helpful, as these help reduce risk or over-exposure to a 'shock' or sudden change of circumstances;
- (iv) It should not be forgotten, that the current climate actually presents a significant opportunity to cash rich businesses that may wish to expand through investing in new assets or acquiring other commercial interests.

#### Specific Initiatives:

Business Link's response falls into 4 categories:

#### **Identification of clients in trouble**

Ensuring that we can identify and first-track clients in trouble by developing a series of FAQs and business briefings to raise awareness and encourage earlier implementation of action.

#### **Events**

Running a variety of events programmes to help businesses trade in this environment:

'How to grow your business whatever the market conditions'

'Profiting in Competitive Times'

'No Deal or Real Deal' (raising finance).

#### **Advisors/Diagnostics**

Training Business in deployment of Quad and Forum 21 (financial diagnostic software). This will raise competence (and therefore confidence) to proactively address what was in some cases a blind spot.

#### **Media**

Working closely with print media, who have run our extensive double-page spread giving businesses guidance and tips on how to manage in difficult times. In the week commencing 20<sup>th</sup> October Business Link partnered with BBC Bristol in a series of broadcasts in Bristol, Stroud, and Trowbridge focusing on the credit crunch. Business Link ran special clinics and advisers featured giving advice and guidance to local business people in each of the 4 venues.

#### Best Practice:

It is felt to be too early to comment on this area, but we do believe strongly that:

- (i) close working and effective partnership with private sector support and consultancies is critical
- (ii) the ability of public sector bodies to cut lead times, make decisions and deploy resources quickly is essential.

### 3.2 Promoting energy and resource efficiency

When looking at how can businesses can best be encouraged to review their energy and resource efficiency, experience suggests:

1. There is no substitute for being able to emphasize real financial benefits of such activity. This ties environmental issues into their business rather than the agenda sitting on the Social Responsibility fringe.
2. The majority of micro / small businesses will be put off by overly technical or scientific approach (as is sometimes applied in detail to larger manufacturing companies)
3. In some sectors (for example), tourism, visibility of action to the end user can also be a motivating factor and can be a helpful PR or branding tool.
4. Engagement as part of an overall Corporate Social Responsibility Plan is possible, but this tends to be an option when working with medium and large businesses, rather than micros.
5. Hearing the message / or seeing the result of action from a peer (another business) is often more powerful, than when issue is sold by business support organisation.

#### Specific Initiatives:

Business Link have run Resource Efficiency Clubs on a local basis and Business Advisers are undergoing continual coaching in all aspects of Resource Efficiency which is a region-wide WREAS project (to 2010).

#### Organisations to Broker / Refer to:

BL is concerned about the adequacy of specialist environmental services to whom people can be referred. The major barrier in this area is the constantly changing offer, separately funded initiatives and confusion in the marketplace both for the advisers and companies. This can make brokerage very difficult. A good relationship has been established with the Envision project, which ends in Mar 09. National players including Envirowise, WRAP, Carbon Trust and WRAP provide support which is becoming more limited.

Generalist brokerage support in private sector is okay. However, as soon as you progress to implementation and more specialist areas, there is a shortage of both expertise and in some cases, capacity.

Environmental services used to be supported by a more comprehensive grant programme for audits, training, help with accreditation etc. This funding has been steadily withdrawn or the criterion altered at the time when this agenda is being pushed ever more heavily. We are unable to offer anything other than an information referral without the company incurring a significant cost. For many of our clients, this is the end of the matter. A consistent, long term funded programme would help to boost this market.

#### Examples of Best Practice:

A number of features from Resource Efficiency Clubs are worth transferring:

- (i) Inviting a peer to set scene and explain previous success or lessons learnt in this area;
- (ii) Enabling businesses to build their own support networks through participation;
- (iii) Factoring in that businesses often need to progress through different stages at different speeds

Business Link has produced a DVD with 4 case studies - see the South West Portal of the National web site.

### 3.3 Contingency Planning

Business Link is encouraging businesses to begin contingency planning through:

- Looking at previous case studies – e.g. recent events such as flooding, BSE, Foot and Mouth
- Linking contingency planning to active 'Risk Management' or progress on 'Quality Accreditations'
- Demonstrating the role it plays in accessing procurement or supplier opportunities ( a number of which you are unable to bid for without making arrangements to deal with key risks);
- Emphasising potential cost advantages vis-à-vis a competitor;

Advisers raise the topic as a matter of course when visiting businesses. As of January '09, we will be running a workshop with a private sector organisation to look at Contingency Planning from an IT perspective.

The network has small list of accredited Business Continuity Planning consultants, especially in the IT area, to whom clients are/can be referred.

Evidence from the Gloucestershire floods shows that whilst over 80% of flood affected businesses are concerned about a recurrence, less than 50% have taken any preventative action. We have knowledge of only one or two of the companies to whom we spoke having made contact with locally based specialist disaster recovery/contingency planning advisers. Best Practice examples in this area are generally hard to come by.