Small Enterprise Research Report

Local or Global ?

January 2006

Lloyds TSB Business

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Local or Global ?

January 2006 - Vol.3, No.1

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WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: http://business.kingston.ac.uk/sbrc

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

John Stanworth, Emeritus Professor, University of Westminster
http://www.westminster.ac.uk/schools/business

David Purdy, Visiting Fellow, Kingston University
http://business.kingston.ac.uk/sbrc

Lloyds Bank/TSB & SBRT
Quarterly Small Business Management Report
ISSN 0968-6444

Lloyds TSB & Research Team
Small Business Management Report
ISSN 1478-7679

Lloyds TSB & SERTeam
Small Enterprise Research Report
ISSN 1742-9773 No.2 (Vol.1) onwards

WEB VERSION PUBLISHING

http://business.kingston.ac.uk/sbrc

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

TABLE OF CONTENTS

ACKNOWLEDGEMENTS

The Small Enterprise Research Team (SERTeam) wishes to thank all responding firms for their time and effort involved in participation in the production of this management report. The SERTeam acknowledges the help provided by David Purdy, The Open University, and The University of Westminster, in designing the survey, processing data and analysing the results.

The Small Enterprise Research Team is particularly pleased to acknowledge the generous support provided by Lloyds TSB in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds TSB.

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Report Author – Professor John Stanworth (University of Westminster)
Series Editor – David Purdy

HIGHLIGHTS

This is the seventh in a series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on **local issues**, and the principal findings were as follows:

- ***Workforce recruitment*** *– Most respondents recruited their employees from* ***local*** *rather than* ***national labour markets*** *with 43% recruiting mostly within 'town' boundaries, rising to 80% recruiting within 'county' boundaries.*
- ***Workforce recruitment and sectoral differences*** *– Retail/distribution respondents were most likely to recruit within their village or town (61%) followed by manufacturing (50%) and business services (45%).*
- ***Location of markets/customers*** *– 23% of the respondents said that their markets were located* ***mainly within a county****, rising to* ***81% with a mainly UK customer base****.*
- ***Location of markets and sectoral contrasts at local level*** *–* ***39% of retail/ distribution firms*** *reported that their markets were* ***mainly within a county****. Comparable figures for other sectors were 21% for business services and just 10% for the manufacturers.*
- ***Location of markets/customers and sectoral contrasts at an international level*** *– Nearly a third* ***(30%) of manufacturing firms*** *relied on* ***international markets*** *(outside the UK), compared with just 6% of retail/ distribution firms and 9% of those in business services.*
- ***Location of markets/customers and size comparisons at an international level*** *– Respondents were* ***increasingly likely to export as the size of the firm increased****: 7% of the smallest firms (0-4 employees) exported compared with 24% of those in the 20-49 employee category. This could be explained by the fact that the larger respondent firms were predominantly engaged in manufacturing.*
- ***Key factors determining business location*** *– For 38% of respondents,* ***'personal factors' were influential****. But for a similar proportion of respondents (37%), where the current respondent and owner-manager was the second (or even third)-generation owner, the decision had been made by a* ***previous owner****. Other factors included good property or labour markets.*
- ***Key factors determining business location and closeness of key customers*** *–* ***The smallest respondents were most likely to cite this as an important factor*** *(29%) compared with just 6% of those in the 20-49 employee size band.*
- ***Key factors determining business location and suitable property markets*** *– The importance of suitable property markets* ***varied by sector****, ranging from* ***43% for manufacturing respondents*** *to just 10% for those in retail/distribution. The specific requirements of manufacturers – such as the use of heavy vehicles, specialised equipment and hazardous chemicals – combined with limited property availability, may be important considerations.*
- ***Importance of location to business success*** *– This varied considerably with* ***only one-fifth (21%) indicating that it was 'critically important'*** *against 36% saying it was of 'little or no importance'.*
- ***Importance of location to business success and sectoral contrasts*** *– Substantial variations between sectors were evident, with* ***48% of the retail/ distribution respondents*** *saying that location was* ***'critically important'****, against just 8% of the manufacturing firms.*
- ***Greatest challenges facing local communities*** *– The top four were: 'crime' (36% of respondents), 'lack of affordable housing' (31%), 'yob culture' (30%), and 'businesses moving away' (21%).*

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- ***Greatest challenges facing local communities and gender differences*** *– female owner-managers were more worried than their male counterparts about* ***lack of community spirit****.*

- ***Willingness to pay more in personal taxes for improved local services*** *– A range of options were put to respondents, but over a third (34%) rejected the idea outright. However, the most popular option was 'improved policing' (43%).*

- ***Willingness to pay more in personal taxes for improved local services and sample contrasts*** *– Respondents from the* ***larger firms*** *stressed* ***better education****, whilst* ***women*** *favoured '****improved policing****' even more strongly than men and also '****better parking/ shopping facilities****'.*

- ***Likelihood of relocating the business within the foreseeable future (3-5 years)*** *– Only 9% of respondents regarded themselves as 'highly likely' to move, and* ***69% thought it unlikely****. 25% of the younger respondents (35-44 years) declared themselves 'highly likely' to relocate compared with just 6% of the 65-plus age group.*

- ***Use/membership of business support bodies over the previous 12 months*** *–* ***Chambers of Commerce or Trade*** *(38% of respondents),* ***local business banking managers*** *(37%) and* ***Business Links*** *(35%) found widest favour, although 24% reported using none of the bodies listed. Generally the* ***larger****, and* ***male-dominated firms*** *made greatest use of the support mechanisms.*

- ***Greatest challenges facing respondents' businesses*** *– This was headed by* ***'competition from national businesses'*** *(46% of respondents),* ***'local taxes'*** *(38%), and* ***labour shortages*** *(36%) and* ***rising labour costs*** *(33%).* ***Manufacturing*** *businesses were particularly concerned about* ***international competition*** *(58% of manufacturing respondents) and generally the* ***larger businesses*** *were worried about* ***labour issues****.*

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MANAGEMENT ISSUES

The emphasis of the management reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success. Accordingly, each issue of the report addresses one or more highly topical small business management issues. In this survey we focus on **local issues**. The report is produced three times a year.

THE SAMPLE

This report is based on the responses received from a panel of over 350 small businesses situated in the northern, midland and southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/ distribution sectors of the economy. The precise distribution of firms varies from survey to survey, but typically over half of the participants employ fewer than 10 people.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out between September and November 2005.

BACKGROUND

The report originates from a longitudinal investigation into the development of small firms undertaken by the University of Westminster (then the Polytechnic of Central London) on behalf of the Department of Education & Science, between 1988 and 1992.

PAST SURVEYS

2003-04 (Vol.1)

- **No.1 Small Firms and Politics**
- **2 Pensions**
- **3 Work-Life Balance**

2004-05 (Vol.2)

- **1 Education & Enterprise**
- **2 Made In Britain**
- **3 Management & Gender Differences**

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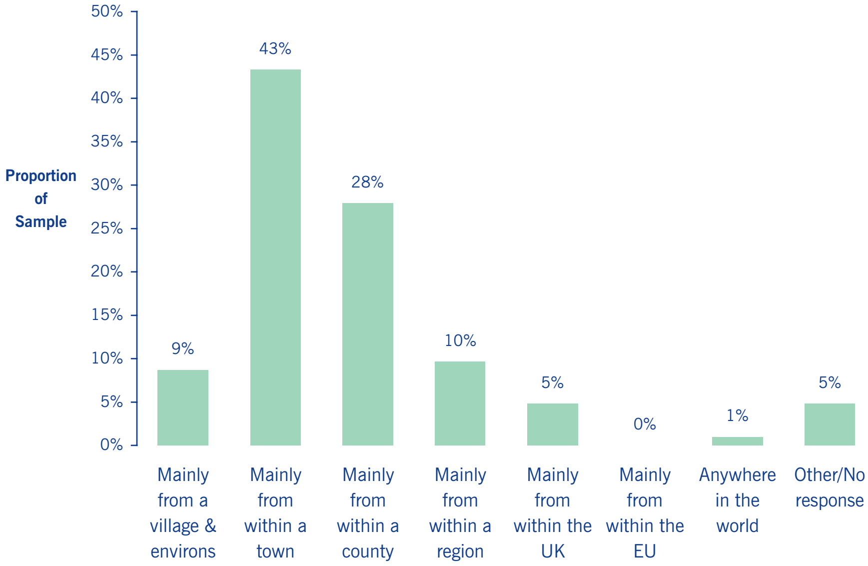
Figure 1 - Workforce Recruitment



80% recruited mainly from within a county, town or village locality

SMALL FIRMS – LOCAL OR GLOBAL ?

The 'local community' has always had a special place in the hearts of the citizens of this country. Along with visions of rambling roses around thatched cottages, we tend to view the concept of 'local' as worthwhile and 'community' as an anchor of social cohesion in an otherwise increasingly fragmented and dysfunctional society.

However, whilst we may well buy Christmas and birthday cards celebrating local scenes, do we really cherish the local community and are we willing to make sacrifices in order to maintain it ? Perhaps, in this day and age, the 'global' economy is the new reality and notions of neighbourliness are disappearing as fast as other formerly cherished institutions such as the family, courteousness and respect for others. In the new world of 'dog eat dog', does anyone even care about the local community ?

Workforce Recruitment

Figure 1 shows that most of the respondents recruited their employees from local rather than national labour markets, with 43% recruiting mainly within 'town' boundaries followed by 28% recruiting within 'county' boundaries. If the responses for the firms recuiting from village, town and county localities are combined, then 80% of the respondents obtained their workforce mainly from within a county.

There were, however, sector differences (**Figure 2**), with retail/distribution firms being most likely to recruit from within their village or town locality (61%) followed by manufacturing (50%) and business services (45%). No appreciable differences were evident when business size, gender or age of respondent were considered.

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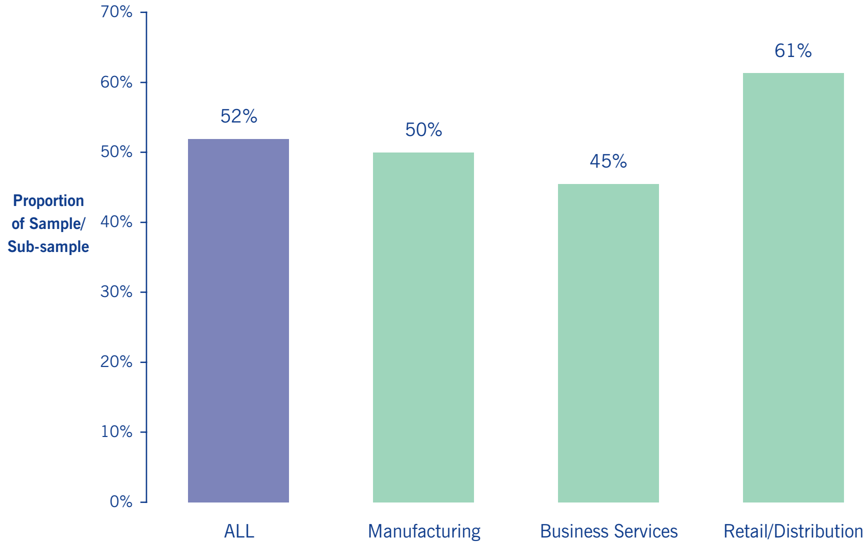
**Figure 2 - Workforce Recruitment:
Mainly From Within A Town/Village: By Sector**



Location Of Main Customer Base

Figure 3 indicates that 43% of the respondents derived a significant level of sales income from within a regional area (village, town, county and regional percentage values combined), although the country as a whole is important for a sizeable proportion of respondents (38%).

Again, sector differences were in evidence (**Figure 4**), with 39% of retail/distribution firms reporting that the core of their sales are focussed at village/town/county level. Comparable figures for other sectors were 21% for business services and just 10% for the manufacturing sector.

Conversely (**Figure 5**), just under a third (30%) of manufacturing firms relied on international markets (outside the UK) for their business, compared with just 6% amongst retail/distribution firms and 9% from the business services sector. There were few,

Figure 3 - Key Source Of Business Sales

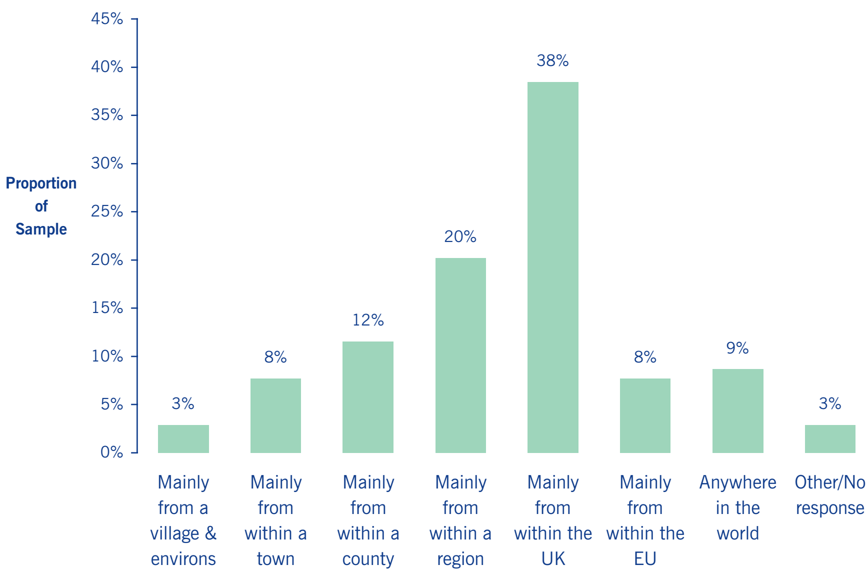


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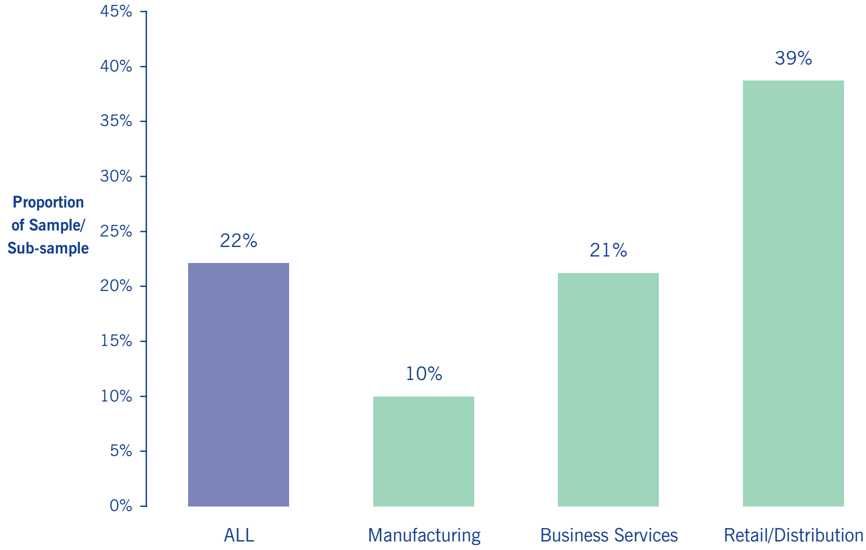
Figure 4 - Key Source Of Business Sales: Mainly From A Village/Town/Region: By Sector



Retail/distribution firms depend most upon local markets

if any, appreciable differences with variation in gender, age of respondent, or size of firm. However, **Figure 6** shows that respondent firms were increasingly likely to export as size of firm increased: just 7% of the very smallest firms (0-4 employees) exported compared with 24% of those in the 20-49 employee category. It should be noted that the larger firms are predominantly engaged in manufacturing.

Key Factors Governing Business Location

Respondents were asked to identify the key factors which influenced their choice of business location. **Figure 7** indicates that, for 38% of respondents, 'personal factors' were predominant (which might include, for example, schools, closeness to relatives, and property values). Similarly, for 37%, and where the current respondent and chief executive was the second (or even third)-

Figure 5 - Key Source Of Business Sales: Mainly From Within The EU/Worldwide: By Sector

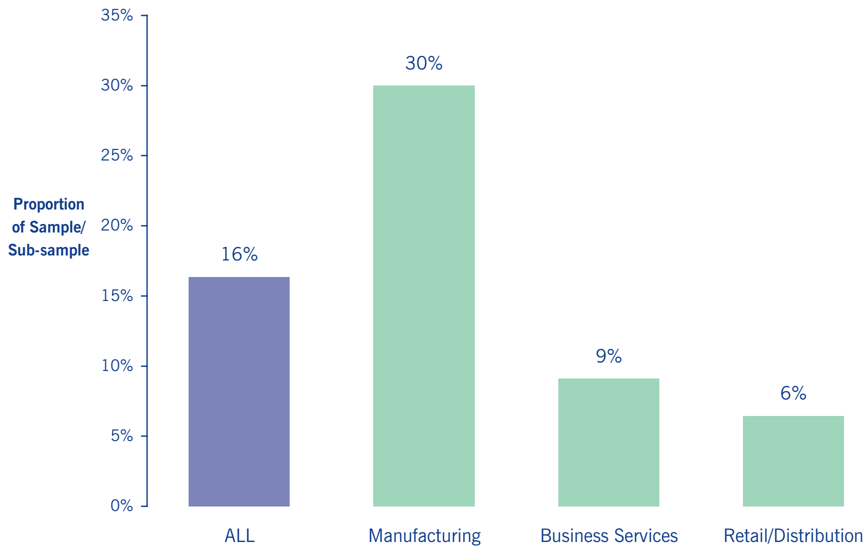


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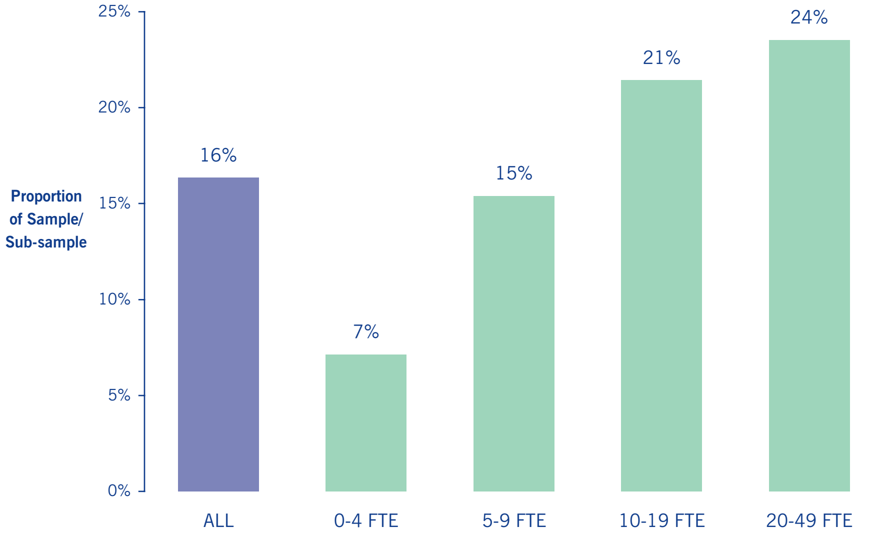
Figure 6 - Key Source Of Business Sales:
Mainly From Within The EU/Worldwide: By Employee Size



Larger firms – typically manufacturers – more likely to export

generation owner, the decision had been made by a previous owner. Other key influences included a closeness of labour markets and customers. Those offering 'other' reasons included:

- 6 months' free rental from an existing customer
- Buyout of an existing company from receivership
- Ease of access to major road systems
- Easy reach of London
- Established on the site since 1920
- In the heart of the countryside - to deal with farmers
- Safe location
- Suitable premises available to purchase
- Working from home, need good Internet and transport links
- Working from home base

Figure 7 - Key Factors Governing Business Location

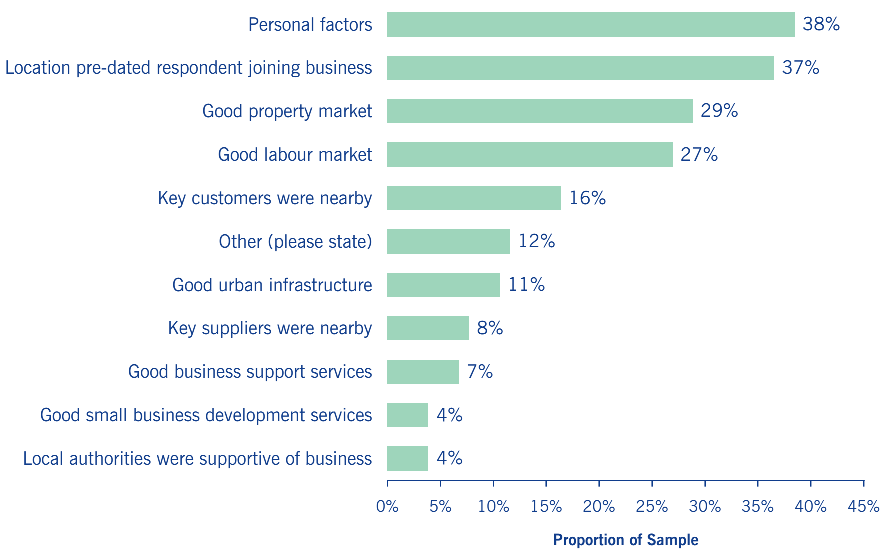


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Figure 8 - Key Factors Governing Business Location: 'Key Customers Nearby': By Employee Size

Smallest firms appear geared towards local markets when selecting premises

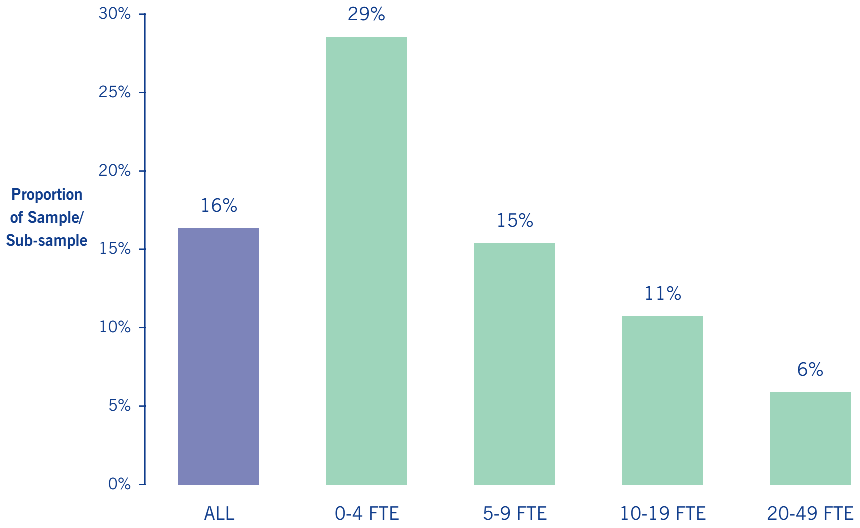

Figure 8 indicates an inverse relationship between business size and closeness of key customers. That is, the smaller customers were those most likely to give this as an important factor (29%), compared with just 6% for respondents in the 20-49 employee size band. It should be noted that the very small firms (0-4 FTE) were those most dependent upon local clients for their sales turnover.

The importance of suitable property markets varied with industrial sector, ranging from 43% for manufacturing businesses to just 10% for those in retail/distribution (**Figure 9**). Inherent in the nature of manufacturing can be very specific requirements – including for example the use of heavy vehicles, specialised equipment and hazardous chemicals – and for certain types of firms these will represent important issues when selecting suitable premises.

Figure 9 - Key Factors Governing Business Location: 'Good Property Market': By Sector

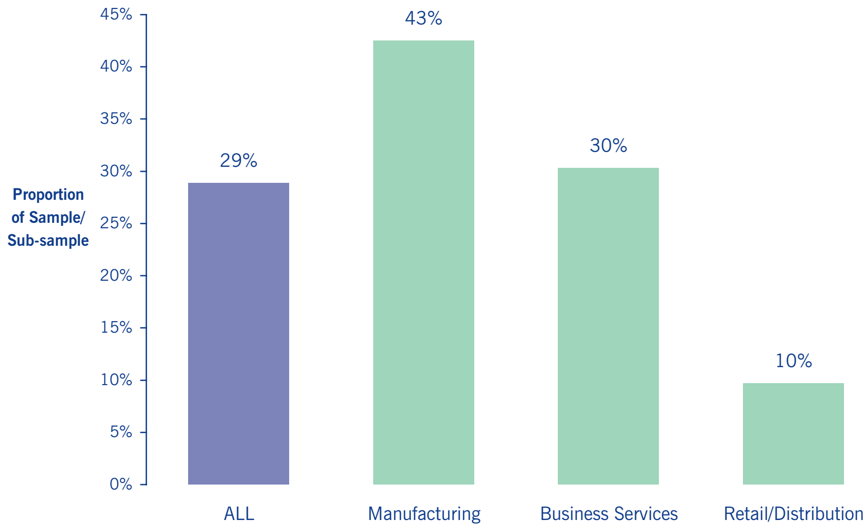

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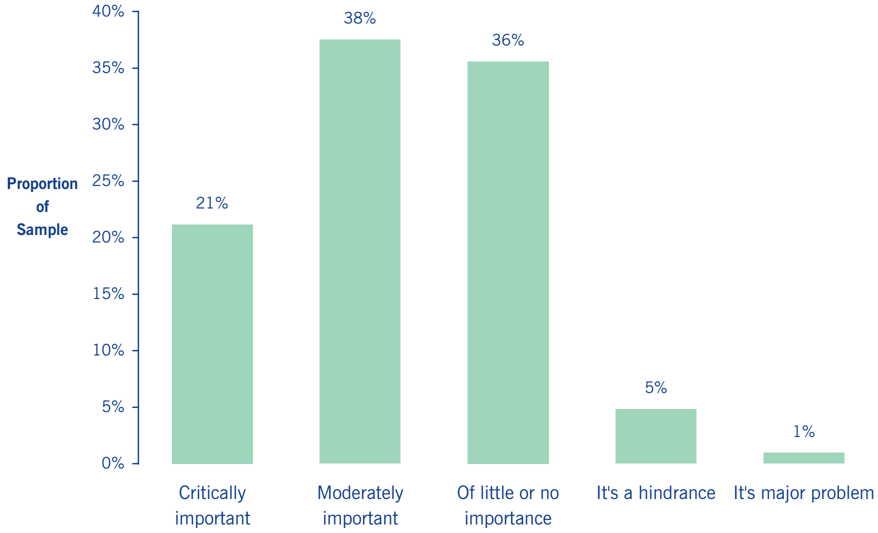
Figure 10 - Importance Of Existing Location To Respondent Business's Ongoing Success



Location is of little importance to ongoing success for over a third of respondents

Importance Of Location To Business Success

The importance of location to business success varied considerably, with only one-fifth of respondents (21%) saying that it was 'critically important', against 36% indicating 'little or no importance' (**Figure 10**).

However, there are substantial variations between the sectors, with 48% of retail/distribution firms opting for 'critically important' against just 8% from manufacturing (**Figure 11**). Thus, whilst manufacturing firms appeared to be underlining the importance of the right kind of property in an area, for say operational reasons, retail/distribution respondents were saying that the exact location was critical. For instance, the volume of passing pedestrian traffic – as prospective customers – might be especially important for certain types of retailers.

Figure 11 - Importance Of Existing Location To Respondent Business's Ongoing Success: 'Critically Important': By Sector

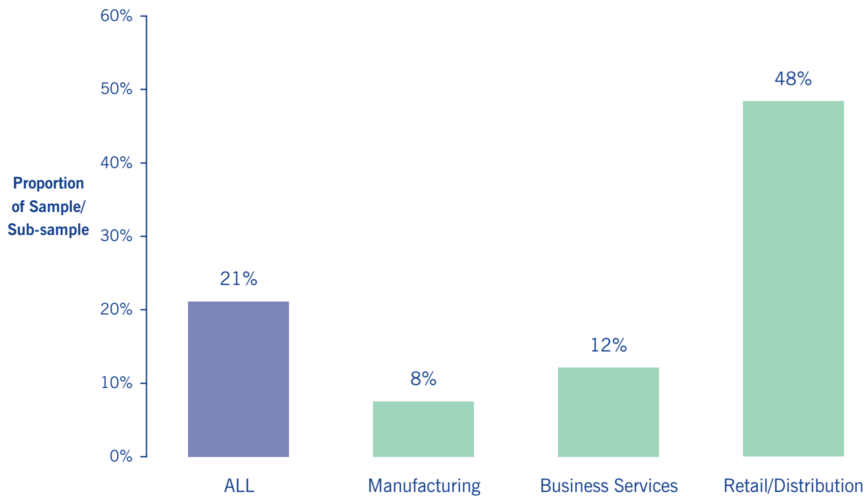


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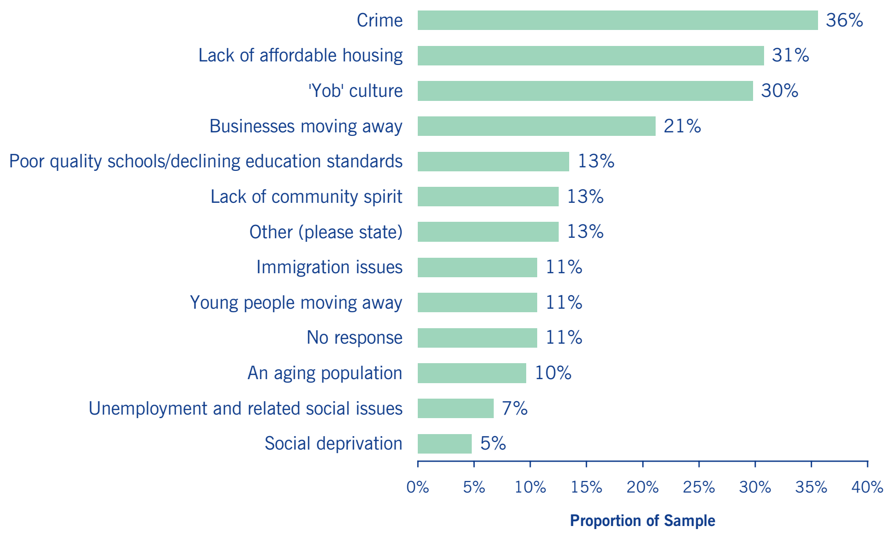
Figure 12 - Greatest Challenges Facing Respondent's Local Community



Problems Facing The Local Community

When asked to identify the greatest challenges facing their local communities (**Figure 12**), respondents opted (in order) for ‘crime’, ‘lack of affordable housing’, ‘yob culture’, and ‘businesses moving away’. Looking for sample differences, female respondents were more worried than their male counterparts about lack of community spirit, and respondents aged 65-plus were worried about an ‘aging population’. Respondents of firms employing 20 staff and over were concerned about ‘immigration issues’. One respondent said:

> *“Our area is riddled with crime. The police are under-staffed and businesses take second place.”*

Others said:

> *“Many people in this area claim benefits they are not entitled to.”*

> *“Over enthusiastic parking restrictions make many everyday operations unnecessarily difficult.”*

> *“Cambridge is not user-friendly for business. Heavy traffic into the city and expensive parking.”*

> *“All our industry is being closed down and sent abroad.”*

> *“Affordable housing is in great need. Most other local services are good.”*

> *“We are extremely dissatisfied with the local council – parking fees, rubbish collection, street maintenance, etc. are all below par. The rates charged are extortionate and we get very little back.”*

> *“Locals prefer to travel to shopping centres where prices are higher and merchandise the same – it hurts.”*

> *“Any small business that is within a community should make itself part of and felt by that community. Know your market and participate in that community. Community can be our biggest problem but also our greatest strength. Pride in one’s business and locality includes sweeping the pavement outside as well as taking cash from customers.”*

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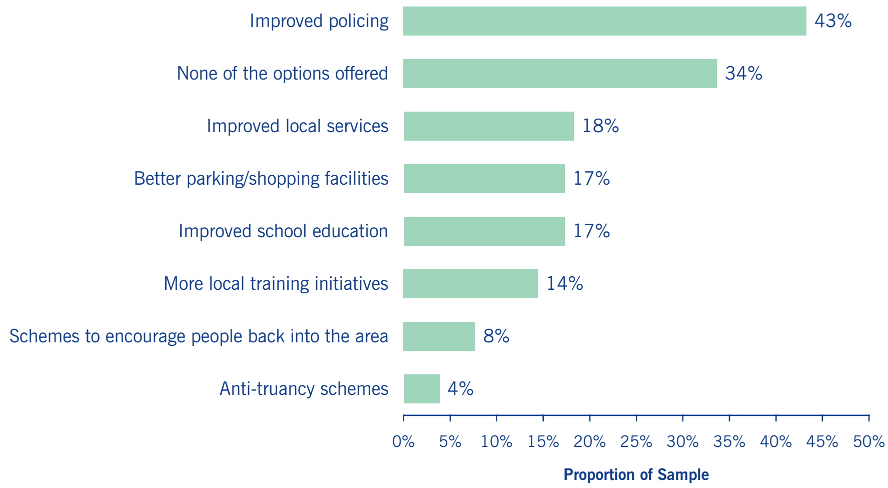
Figure 13 - Improvements In Local Services Which Respondents Would Be Prepared To Pay More For In Local Taxes



'Improved policing' as top improvement is consistent with 'crime' being the greatest local challenge

Respondents offering 'other' reasons said:

- A completely useless local council !
- Chronic traffic management by Durham City/County
- Incompetent road and traffic planning
- Lack of qualified employees
- Lack of quality staff - too little unemployment !
- Local authority plans for the area, i.e., to move businesses to city centre
- Mobile population, too frequent moves of people
- No reliable transport. No transport at all !
- Remote location
- Skills
- Traffic/parking in central Cambridge
- Travel costs

Paying For Additional Local Services

Respondents were offered a range of options, asking them to identify which ones they personally would be prepared to pay more for in local taxes (**Figure 13**). Interestingly, 34% replied 'none', whilst 'improved policing' came out top with 43%. Larger firms stressed better education whilst women stressed 'better policing' even more strongly than men and also 'better parking/shopping facilities'. One respondent said:

> *"Why should I have to pay even more in local taxes ?"*

And another:

> *"We sometimes feel under siege – from fear of break-ins and consequent damage that may be caused."*

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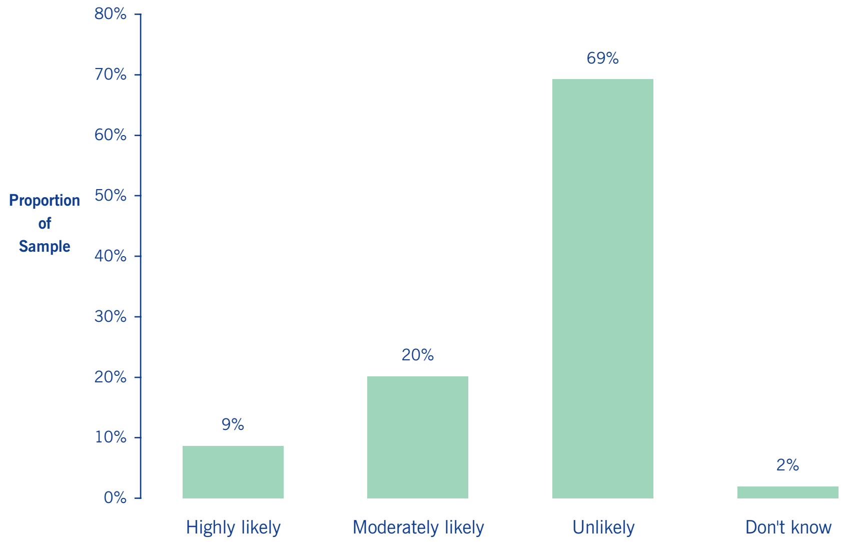
Locational stability indicated by many respondents

Figure 14 - Likelihood Of Relocating Within The Foreseeable Future



Likelihood Of Moving Within The Foreseeable Future

Only 9% of respondents regarded themselves as 'highly likely' to move within the foreseeable future, suggested as 3-5 years (**Figure 14**). There was an age effect here with 25% of the youngest age group (35-44 years) declaring themselves 'highly likely' to move compared with just 6% of the 65-plus age group. One respondent said:

> *"All spare land in our local area is snapped up for residential use. We will have no choice but to move."*

Another noted:

> *"State education is a total disaster (in my area), but there are no independent schools. So we are being forced to move out of the area as our children reach high school age."*

Yet another said:

> *"Where we are there is a lack of freehold premises for us to move to. There are lots of local council units on industrial estates to rent but too few places to buy."*

Use Of Business Support Bodies Within The Previous 12 Months

Chambers of Commerce/Trade, local business banking managers and Business Links were those most widely used (**Figure 15**), although 24% reported thay they had not used, or belonged to, any of the organisations listed. It was generally the larger, and male-dominated firms which made greatest use of the support mechanisms.

Greatest Challenges

The greatest threats facing respondents' businesses were headed by 'competition from national businesses' (46%), rising local taxes (38%), and labour costs and skills shortages. Manufacturing businesses were particularly concerned about international competition and generally the larger businesses were worried about labour issues.

Respondents offering 'other' reasons said:

- Banks do not understand business
- Energy costs rising
- Getting to work (traffic)
- Government regulation and bureaucracy
- Internet discounting
- Internet trading
- Labour - attitude

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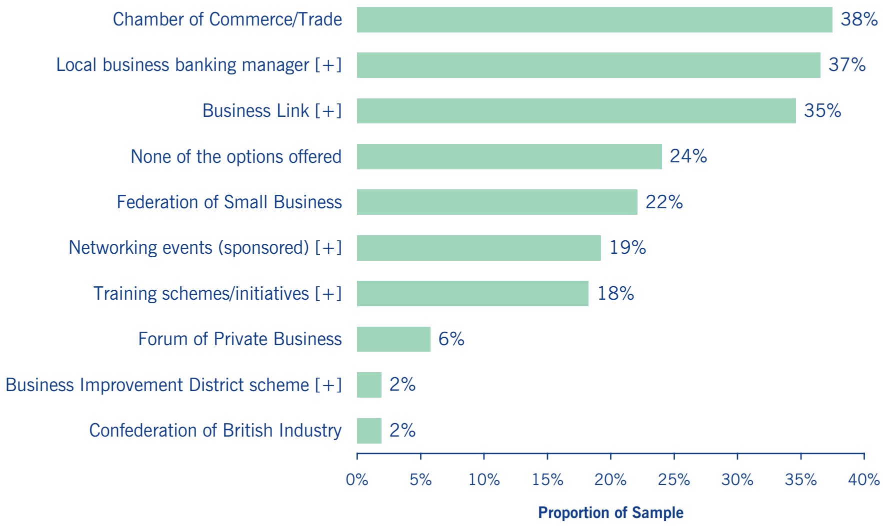
Figure 15 - Membership Or Use Of [+]
Selected Business Support Organisations



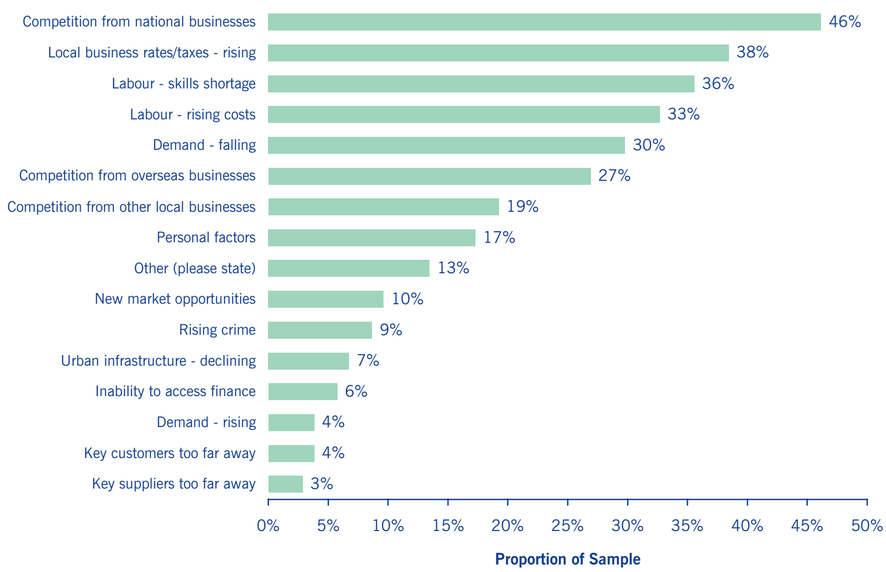
A quarter of respondents were not inclined to use local support services

- Poor road and air links
- Red Tape
- Regulation and government controls
- Local authority allowing 'change of use' to a narrow group almost to the exclusion of other trades/business in town centres preventing vitality and viability of an area.
- Some customers will not travel to Hexham because of traffic problems
- Traffic and parking
- Transport infrastructure. Road congestion makes access to customers harder and more dangerous for staff.

RESPONDENTS' COMMENTS

These commence in verbatim form on p.18.

Figure 16 - Greatest Challenges Facing Respondents' Firms



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REFERENCES: LOCAL ISSUES

The following references are offered as an aid to readers interested in seeking further information via the world-wide-web. The coverage is not intended to be definitive, and inclusion here should not imply either agreement or disagreement with the views expressed via these sources. Some web sites have appeared before, but there is usually a section noted with interests relevant to the theme of this report.

Special care should also be taken with material obtained from **outside** the UK, for example, the USA, where different legal issues may apply.

N.B. Some pages may contain links to other WWW pages offering related material. Tip: The WWW links were functional at the time of going to print, but the world wide web is in a state of constant change. So if later problems arise with a link, edit the link back to the 'home page' – e.g., truncate http://www.bized.ac.uk/fme/xyz.htm back to http://www.bized.ac.uk/ – and look for a similar topic heading there.

- **Business Eye**
  "Free, impartial information service for Wales created to find the answers to your business questions. Whether you are an established company, a new idea, a sole trader or an employer of hundreds, Business Eye is here to help and can put you in contact with support from the public, private or voluntary sectors." Offers a number of Local Centres.
  www.businesseye.org.uk

- **Business Link**
  Government-supported body: "We aim for this website to be the best place for any UK small business owner to start a search for information or support ... Understand opportunities and obligations relevant to your business: our 430 guides give you easy, plain English explanations of key business issues such as finance, employing people, tax and sector regulations ...Find help and support: the network of more than 40 local Business Link operators, our database of 2,500 grant and support schemes, the hundreds of events across the country (many of them free), and our contacts directory of more than 4,000 organisations and trade bodies ..."
  www.businesslink.gov.uk

- **British Chambers of Commerce**
  "A national network of quality-accredited Chambers of Commerce, all uniquely positioned at the heart of every business community in the UK and representing more than 135,000 businesses of all sizes in all sectors of the economy - equivalent to five million jobs. Accredited Chambers seek to represent the interests and support the competitiveness and growth of all businesses in their communities and regions. The British Chambers of Commerce is: The Voice of UK Business; The Partner of first choice for information and guidance; The natural choice for Business Support." Also offers Export Zone: "If it's the first time you're thinking about breaking into new markets overseas, or if you're an experienced exporter keen to develop your export operations this is the site for you. You'll find all the information, advice and links you need to turn your export potential into export success. In 2003 alone 500,000 export documents were issued and £225 million worth of business was won through outward trade missions."
  www.chamberonline.co.uk

- **Better Regulation Executive (BRE)**
  Part of the Cabinet Office, established in May 2005 and "tasked with taking forward the Government's better regulation agenda, the BRE has overall responsibility for the Government's commitments to: regulate only when necessary; set exacting targets for reducing the cost of administering regulations; rationalise the inspection and enforcement arrangements for both business and the public sector."
  www.cabinetoffice.gov.uk/regulation

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- **Confederation of British Industry (CBI)**
  "The CBI is the UK's leading business organisation, speaking for some 240,000 businesses that together employ around a third of the private sector workforce. Member companies, which decide all policy positions, include: 80 of the FTSE 100; some 200,000 small and medium-size firms; more than 20,000 manufacturers; over 150 sectoral associations."
  www.cbi.org.uk

- **Federation Small Businesses (FSB)**
  "The FSB is Britain's biggest business organisation with 190,000 members. It exists to protect and promote the interests of the self-employed, and all those who run their own business."
  www.fsb.org.uk

- **Forum of Private Business (FPB)**
  "Lobbies on behalf of small and medium-sized enterprises (SMEs) to create a better political and economic environment for business. Established in 1977, we are a non-profit-seeking, membership-based organisation, active in Whitehall, Westminster, Brussels, Edinburgh and Cardiff. We represent around 25,000 businesses, employing a total of over 600,000 people."
  www.fpb.co.uk

- **National Federation of Enterprise Agencies (NFEA)**
  "The membership body for Local Enterprise Agencies, and other like-minded organisations, in England. It forms a network of independent, not for profit local agencies committed to responding to the needs of small and growing businesses by providing a comprehensive range of quality services. In particular we target pre-start, start-up and micro businesses, helping develop their ability to start and sustain themselves, and to encourage growth and stability ... Over the last few years the NFEA have been heavily involved with the Business Volunteer Mentor (BVM) Programme which provides free of charge mentoring from volunteers to provide support for people looking to start their own business, or are already running a small business. The New Entrepreneur Scholarships (NES) programme aims to encourage enterprise and remove the barriers to starting up in business in the most disadvantaged areas of Britain ... Our 133 members are represented in 200 locations, and last year they conducted over 140,000 counselling sessions, helped in excess of 45,000 businesses, and supported over 20,000 known start-ups."
  www.nfea.com

- **Scottish Enterprise**
  "Scotland's main economic development agency, funded by the Scottish Executive. Our mission is to help the people and businesses of Scotland succeed. In doing so, we aim to build a world-class economy ... The Scottish Enterprise Network has 12 local enterprise companies - or LECs - located across the southern half of Scotland, from the Grampians right down to the Borders."
  www.scottish-enterprise.com

- **UK Trade & Investment**
  "The Government organisation helping international businesses realise their potential". Offers: 'Advice and Support' ("Tailored, experienced, impartial advice and training to maximise your company's chances of succeeding overseas"); 'Information and Opportunities' ("Essential, trusted information - ensuring businesses know the best markets to target"); 'Making it Happen' ("Practical help and introductions for British companies visiting overseas markets").
  www.uktradeinvest.gov.uk

- **Welsh Development Agency**
  The sponsored body of the Welsh Assembly Government: "We are the Economic Development Agency for Wales, working for its people, creating prosperous communities by helping businesses to start, develop and grow."
  www.wda.co.uk

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MANUFACTURING

Brewers	*Where we are there is a lack of freehold premises for us to move to. Lots of local council units on industrial estates to rent but too few places to buy.*
Design and Manufacture of Data Loggers	*Some support services for the South West are a long way from Cornwall !*
Design, Printing & New Media	*State education is a total disaster, but round here there are **no** independent schools either. So we are being forced to move out of the area as our children reach high school age.*
Fabrication, Welding, Machining, Special Purpose Machines	*Serious impact of policy changes resulting in 'barren' spend periods such as BR [British Rail] -> Railtrack -> Network Rail. Lack of continuity is very damaging to companies dependent on UK market.*
High-tech Contemporary Textiles	*My business now needs reliable transport/staff/new premises/financial input etc. Living in an area of … in Devon does not equate to profitable business. **Demographics** have suddenly become extremely important to the continued growth of my business and it would appear East Devon is not equipped to support business !*
Manufacture & Installation of Steel Doorsets	*Local issues are not a great concern apart from rates/taxes rising greatly. Being on the edge of a large conurbation, the requirements of a small company are insignificant in the area.*
Metal Fabrication	*All spare land in our local area is snapped for residential use. We will have no choice but to move.*
Office Chair Manufacturing/ Refurbishment	*Many people in this area [are] claiming benefits they are not entitled to.*
Reprographics	*Sometimes feel under seige - from fear of break-ins and consequent damage that may be caused.*
Self Adhesive Label Printers	*Why should I have to pay for even more in local taxes ? [Q7]*

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BUSINESS SERVICES

Audit Accountancy and Taxation	*Unless Durham City takes action to deal with its chronic traffic problems, no businesses will wish to work in the city.*
Business & Marketing Consultancy	*1) Too much money wasted on bureacracy, 2) taxes too high, 3) poor financial structure of small businesses, 4) anti-business culture of government, 5) too many regulations*
Chartered Accountants	*Lack of suitable staff, pushing the salary rates higher. The incessant deluge of Red Tape.*
Computer Software For Exporters	*Over-enthusiastic parking restrictions make many everyday operations unnecessarily difficult.*
Insurance Brokers	*The costs of regulation and the mass of Red Tape are crippling.*
International Freight Forwarding Services	*Our area is riddled with crime. The Police are under-staffed and businesses take second place.*
Recruitment	*Cambridge [is] not user-friendly for business. Heavy traffic into city and very expensive parking - no imagination used to improve situation.*
Recruitment Agency	*We are extremely disatisfied with the local council: parking fees, rubbish collection, street maintenance, etc., are all below par. The rates charged are extortionate and we get very little back.*
	Ref Q7 (Improved local services): I think we pay enough local taxes and get nothing for it ! I would prefer to pay higher taxes to central government and have better NHS and schools. Local taxes seem to be spent on road calming schemes which in Cambridge are ridiculous. Also, higher taxes on income are fairer for all.
Road Haulage	*All our industry is being closed down and sent abroad.*

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RETAIL & DISTRIBUTION

Bus and Coach Hire	*Affordable housing need is great, most other local services are good.*
Computer System Reseller	*Failure to buy locally, especially by local government.*
Domestic Furnishings & Lighting	*Excessive over-development of the A14 [road] is causing unnecessary heavy traffic and hazardous driving conditions which could easily be avoided.*
Electronic Equipment & Components	*Ref Q6 & Q7: As live 50 miles away I have no idea of what 'local issues' affect the area. From a 9-5 work perspective, everything seems OK.*
Forklift Trucks	*Too much Red Tape. Gross lack of training facilities and financial support as we are not in a regeneration area.*
Garage Services & Car Sales	*We have just had a brand new Trust hospital built - which is nothing more than a cottage hospital. Break a bone or need an operation - sent 25 miles [to] the big city. That is called progress. Roads breaking up. Traffic a nightmare.*
Gentlemen's Outfitting	*Local authority allowing 'change of use' to a narrow group almost to the exclusion of other trades/business in town centres preventing vitality and viability of an area.*
Gift & Fashion Shop	*Many visitors love our shop - buy fashions, gifts, etc., between April to September. Locals - more than ever now with many new properties - do* ***not*** *support us (apart from a loyal handful). Although we stay open with 2/3 closing days during Winter, locals prefer to travel to shopping centres, etc. where generally prices are higher and merchandise [is] all the same. It hurts ! - and breeds our resentment.*
Hardware and Pet Store	*Any small business that is within a community should make itself part of and felt by that community. Know your market and participate in local events. Community can be our biggest problem but also our greatest strength. Pride in one's business and locality includes sweeping [the] pavement outside as well as taking cash from customers.*
Organic Local Fruit and Vegetables, Wholefood and Environmentally-friendly Products	*Competition from supermarkets and difficulty of costs of running a small business.*
Retail Jewellery	*Parking and congestion charge.*

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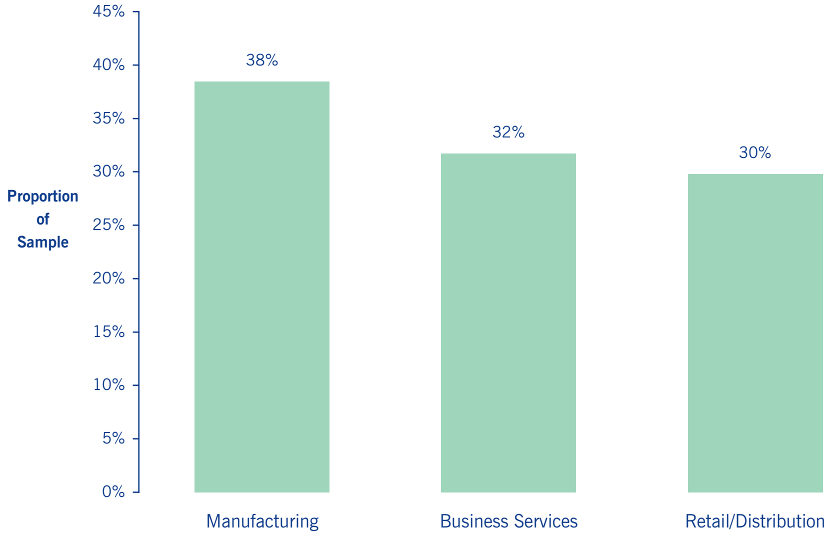
Figure 17 - Profile Of Sample: Respondents By Industrial Sector



APPENDIX 1 - ADDITIONAL INFORMATION

As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey.

The analyses involve key variables, and **industry sector** and **employee size** are those most frequently used as they are reasonably reliable indicators and less prone to misinterpretation. Other variables have also included **region**, **sales growth**, **respondent age** and **sex**.

Industrial sectors – based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/distribution. Firms falling outside these 3 bands – which would otherwise classified as 'other' – are allocated

Figure 18 - Profile Of Sample: Respondents By Region

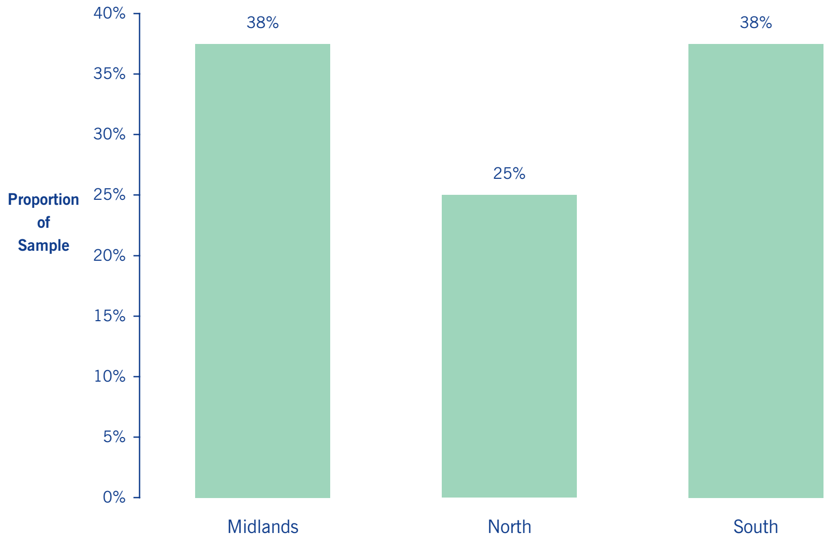
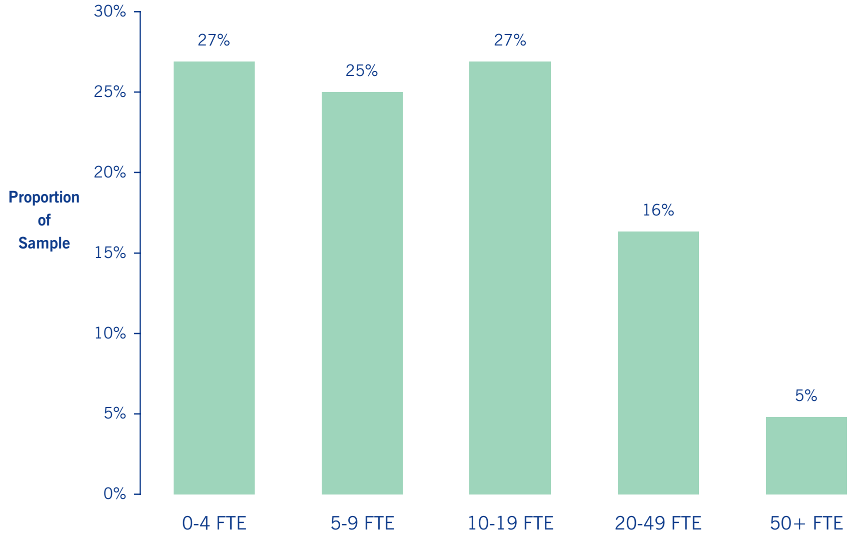


Figure 19 - Profile Of Sample: Respondents By Employee Size



to the foregoing sector which offers the closest match.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the **sectoral** and **regional** analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

Distribution of firms

The highest proportion of respondents is in manufacturing (38%, and also 38% in the same sector for the previous report), see **Figure 17**.

The South and Midlands regions have the largest representation, each with 38% of the sample's respondents (43% in the South previously), see **Figure 18**.

Manufacturing and business services firms in samples can tend to be larger, in terms of employees, whereas the firms in retailing/distribution may have fewer full-time equivalent employees. Likewise, the sample is biased towards the smaller businesses – but not the very smallest (sole traders), of which there is a preponderance amongst the small firms population generally. The employee size distribution for the sample is shown in **Figure 19**.

In terms of respondent age, they are predominantly 35 years or older, with the bulk between 45 and 64 years' old.

Finally, the sample is predominantly male (72%, compared to 63% previously).

Abbreviation of questionnaire text

It should be noted that, for reasons of space and, hopefully, clarity, questions and response options are sometimes abbreviated in the report text and the accompanying figures. The exact wording used is shown in the following appendix.

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Small Enterprise Research Report
LOCAL OR GLOBAL ?

SERTeam

Report No.7 - 2005 - Sponsored by Lloyds TSB

This questionnaire will take approximately 5-10 minutes to complete – most answers require only a single tick.
All information received will be treated in complete confidence. PLEASE RETURN AS SOON AS POSSIBLE.

1a Workforce size - Please indicate the total number of people working in your business (including yourself):

Full-time .... ______ A

Part-time (16 hrs/wk or less) ______ B

1b Respondent age - Your age last birthday:

16-24 years .... ❏ A
25-34... ❏ B
35-44... ❏ C
45-54... ❏ D
55-64... ❏ E
65 or over .... ❏ F

1c Respondent gender - Your gender:

Male .... ❏ M
Female.. ❏ F

2 Locations of staff and markets - Please indicate where your firm relies <u>mainly</u> for its workforce and for its business sales:

Just one ✓ in each column

	Staff	Sales Turnover	
Mainly from a village & environs....	❏	❏	A
Mainly from within a town...........	❏	❏	B
Mainly from within a county	❏	❏	C
Mainly from within a region	❏	❏	D
Mainly from within the UK	❏	❏	E
Mainly from within the EU...........	❏	❏	F
Anywhere in the world	❏	❏	G
	1	2	

3 Business location - What were the key factors that determined where your business is located ?:

✓All which apply

Good labour market - Suitable staff at the right price ❏ A
Good property market - Suitable premises at the right price ❏ B
Good business support services - such as a local business banking manager ❏ C
Good small business development services - like Business Link ❏ D
Good urban infrastructure.............. ❏ E
It was a pre-existing location when I joined the business ❏ F
Key customers were nearby .... ❏ G
Key suppliers were nearby .... ❏ H
Local authorities were supportive of business ❏ I
Personal factors - I already lived in the area, good schools, etc. ❏ J
Other (please state) ❏ K

____

4 Business support - To which of the following does your business belong, or has formally used [†] within the past 12 months:

✓All which apply

Business Improvement District scheme [†] ❏ A
Business Link [†].......................... ❏ B
Chamber of Commerce/Trade.......... ❏ C
Confederation of British Industry ..... ❏ D
Federation of Small Business .... ❏ E
Forum of Private Business .... ❏ F
Local business banking manager [†] ❏ G
Networking events sponsored by different professionals [†] ❏ H
Training schemes/initiatives [†] .... ❏ I
None of the above .... ❏ J

Please continue overleaf ...

5 Location and success - How much does the location of your business contribute to its ongoing success ?

Just one ✔ only

	Critically important	❑	A
or	Moderately important	❑	B
or	Of little or no importance	❑	C
or	It's a hindrance (e.g., due to crime)	❑	D
or	It's major problem	❑	E

6 Local challenges - Which are the greatest challenges facing your local community ?:

✓All which apply

An aging population	❑	A
Businesses moving away	❑	B
Crime	❑	C
Immigration issues	❑	D
Lack of affordable housing	❑	E
Lack of community spirit	❑	F
Poor quality schools/ declining education standards	❑	G
Social deprivation	❑	H
Unemployment and related social issues	❑	I
'Yob' culture	❑	J
Young people moving away	❑	K
Other (please state)	❑	L

____

7 Improved local services - Which of the following would you personally be prepared to pay more for in local taxes ?:

✓All which apply

Anti-truancy schemes	❑	A
Better parking/shopping facilities	❑	B
Improved local services (better street cleaning, street lighting, refuse collections, etc.)	❑	C
Improved policing	❑	D
Improved school education	❑	E
More local training initiatives	❑	F
Schemes to encourage people back into the area	❑	G
None of the above	❑	H

8 Greatest challenges - Which are the greatest challenges facing your business ?:

✓All which apply

Competition - from national businesses	❑	A
Competition - from other local businesses	❑	B
Competition - from overseas businesses	❑	C
Crime - rising	❑	D
Demand - falling	❑	E
Demand - rising	❑	F
Inability to access finance	❑	G
Key customers too far away	❑	H
Key suppliers too far away	❑	I
Labour - rising costs	❑	J
Labour - skills shortage	❑	K
Local business rates/taxes - rising	❑	L
New market opportunities	❑	M
Personal factors (family issues, retirement, relocation, etc.)	❑	N
Urban infrastructure - declining	❑	O
Other (please state)	❑	P

____

9 Relocation - How likely is it that your business will relocate to another area within the foreseeable future (3-5 years) ?

Just one ✔ only

	Highly likely	❑	A
or	Moderately likely	❑	B
or	Unlikely	❑	C
or	Don't know	❑	D

10 'Local issues' - If you have any strong views, especially if you feel that any aspect is not fully appreciated by sections of the wider community, then please comment:

____

____

____

____

____

____

Thankyou for your co-operation. Please return the completed questionnaire, using the pre-paid envelope, to:

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Milton Keynes MK7 6AA

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