

## Lambeth Business Survey: Overview

### The study

The 2009 Lambeth Business Survey was carried out by **Step Ahead Research** in February and March on behalf of the **London Borough of Lambeth**. It aimed to increase the council's understanding of local businesses' needs and provide some continuity of intelligence from the London Annual Business Survey (LABS), last conducted in 2007-08. The Lambeth survey was carried out alongside a similar survey for the London Borough of Barking & Dagenham, allowing further benchmarking opportunities.

- Some 338 businesses from across Lambeth took part in a 20 minute telephone survey interview.
- The results have been weighted to reflect the size and sector profile of the business population of the borough as a whole. Public sector organisations were not included.

A further 16 in-depth qualitative interviews were also undertaken with micro-businesses and key local stakeholders to provide perspectives on business issues in the borough.

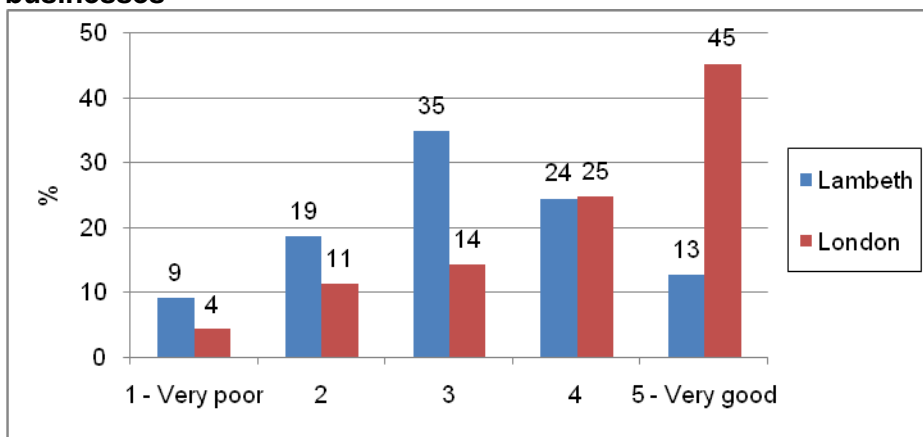
This overview looks at:

1. Lambeth as a business location
2. The impact of the recession in Lambeth
3. Skills and training
4. Business support – experiences and attitudes
5. Conclusions and recommendations

### 1. Lambeth as a business location

Lambeth Business Survey respondents were more likely to have positive views of Lambeth as a business location than negative. However, even higher ratings are found for London as a place to do business, rather than Lambeth as such.

**Figure 1: Ratings of Lambeth and London as business locations by Lambeth businesses**



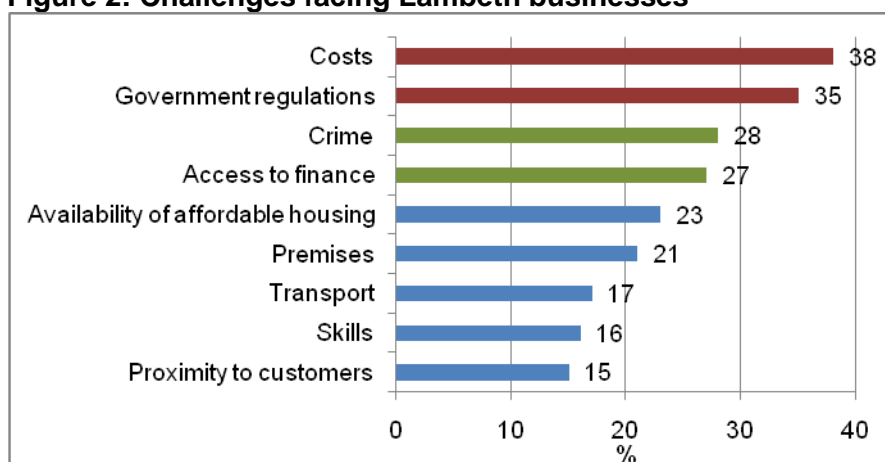
Qualitative interviews suggest that the borough is valued for its good transport links to other parts of the capital and seen to be a good value location in terms of the trade off between accommodation costs and proximity to markets.

The South Bank area was considered to suffer from "central London issues", such as the need to maintain the appearance of the area, in light of high volumes of visitors causing wear and tear for example, and to stay competitive with other high profile locations. In contrast, southern parts of the borough such as Streatham and Norwood were seen to suffer from issues more commonly associated with outer London, such as congestion and parking problems.

It was felt that there could be potential to do more in terms of promoting Lambeth and its businesses. However, a lack of a coherent identity covering the whole of the area and a lack of a collective voice of business across the borough were highlighted as issues. The division of businesses into a number of sub-area specific associations such as the South Bank Employers' Group, Southside Chamber of Commerce etc was considered a barrier to them being effectively heard and represented in council decision making.

The biggest issues currently impacting on Lambeth businesses are costs (affecting 38%) and government regulations (35%), followed by crime and fear of crime (28%) and access to finance (27%).

**Figure 2: Challenges facing Lambeth businesses**



Information on the exact nature of these broad challenges suggests that local level issues are important, notably property costs or rent (reported by 61% of those finding costs a challenge) and parking issues (highlighted by 54% of those impacted by government regulations).

Business identifying crime as a challenge most commonly cited crime not committed directly against businesses such as antisocial behaviour, drug abuse or violence in the local area as having an impact on them (57% compared with 30% citing burglary for example). In-depth interviews suggest that perceptions of crime in Lambeth are an important concern, particularly for Brixton

*'Brixton has a reputation for crime but this really isn't justified.'*

## 2. The impact of the recession in Lambeth

Stakeholder interviews suggest that the impact of the recession may differ across Lambeth's different sub-areas. For example, upmarket restaurants and retailers on the South Bank were seen as possibly being more exposed than similar businesses in other locations offering a more "everyday" service but also in a better position to benefit from developments such as favourable exchange rates encouraging tourism-related spending.

### Impact on profits and staff numbers

Around half of Lambeth businesses (48%) have seen a reduction in their profit levels over the past year and around one in five (19%) have seen a decrease in staff numbers.

These findings are particularly striking when compared with the results of the LABS survey conducted in 2007-8. This found 40% of Lambeth businesses to have experienced an increase in profits over the preceding year with 15% experiencing growth in staff numbers (only 29% had lower profit levels and 10% had fewer staff).

**Figure 3: Changes in profit levels and staff numbers over the past 12 months (% of businesses)**

		Increase	Decrease	No change	Net Difference
Change in profit levels	2009	24	48	28	-24
	2007-08	40	29	30	11
Change in staff numbers	2009	11	19	70	-8
	2007-08	15	10	75	5

Reductions in staff numbers were most commonly attributed to pressures related to the recession such as a fall in demand for products or services (69%) or issues around cash flows or bad debt (41%). Lambeth businesses interviewed in 2009 are also less optimistic than survey respondents in 2007-08 about their future staff trends (19% expecting to have more staff in the next year compared with 25%).

**Figure 4: Expected staff changes in the next 12 months (% of businesses)**

	Increase	Decrease	No change	Net Difference
2009	19	6	76	13
2007-08	25	4	71	21

### Downturn related experiences

Six out of ten survey respondents (60%) feel that at least one issue has become more of a challenge for them over the past 12 months, most commonly identifying costs (18%), government regulations (15%) or access to finance (12%).

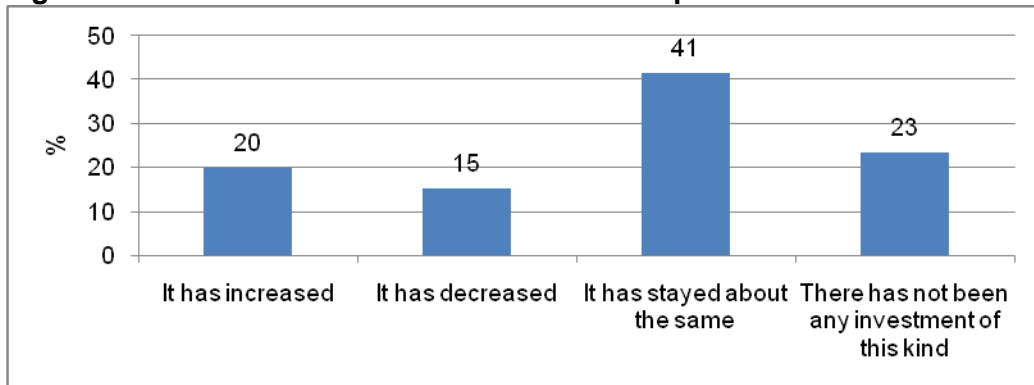
While some costs are actually decreasing currently, in-depth interviews suggest that it is businesses' ability to bear these costs that is the issue. Costs associated with government regulations for example were considered harder to absorb in the current climate.

### Investment and finance

Only 15% of those surveyed had reduced levels of investment at their site over the past 12 months and in 20% of cases this had actually increased. However, more than half of

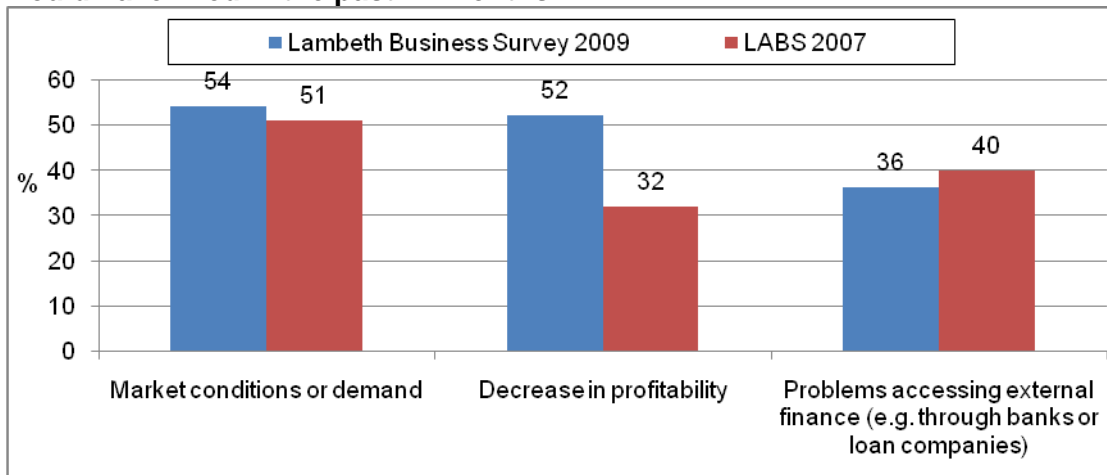
Borough Business Survey respondents (54%) were not able to invest as much as they would have liked in the past year.

**Figure 5: Trend in financial investment over the past 12 months**



Businesses were most likely to report not being able to invest to the extent they desired because of factors preventing investment from internal resources such as market conditions or demand (reported by 54%) or their level of profitability (52%). However, more than a third (36%) were constrained by problems accessing external finance.

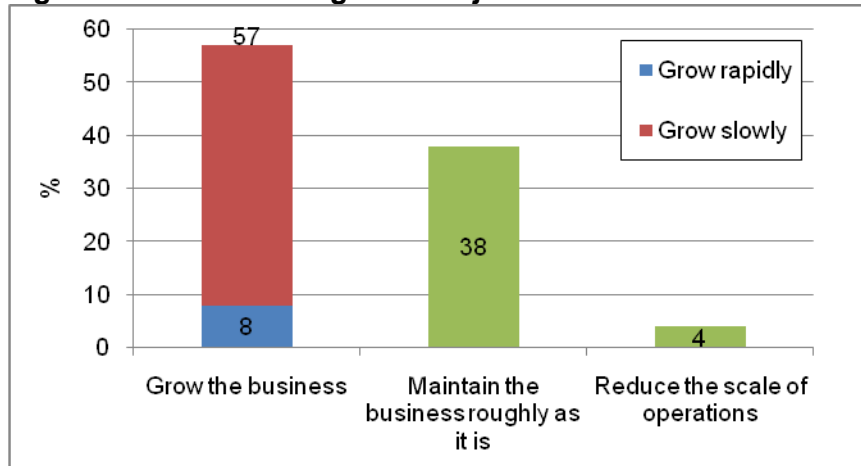
**Figure 6: Most common issues preventing businesses from investing as much as they would have liked in the past 12 months**



### **Growth ambitions and opportunities**

The need for "emergency" financial assistance for some businesses was raised in in-depth interviews alongside the importance of growth finance. Nearly six out of ten Lambeth businesses (58%) have growth objectives for the medium term and there may be some businesses who wish to grow now, for example those operating in niche or non-cyclical markets unaffected by the downturn.

**Figure 7: Medium term growth objectives**



In-depth interviewees were generally quite optimistic about a future upturn, with a feeling that it was important not to get too "bogged down" in challenges related to the recession to the exclusion of other issues. Strong opportunities for growth were identified by participants within particular business niches such as environmental technologies, although a threat was noted around more companies entering these niche areas leading to fiercer competition.

*'The biggest challenge I face at the moment is trying to develop and improve the business. I'm trying to push it forward, which can be quite difficult at the moment when there is so much negativity around.'*

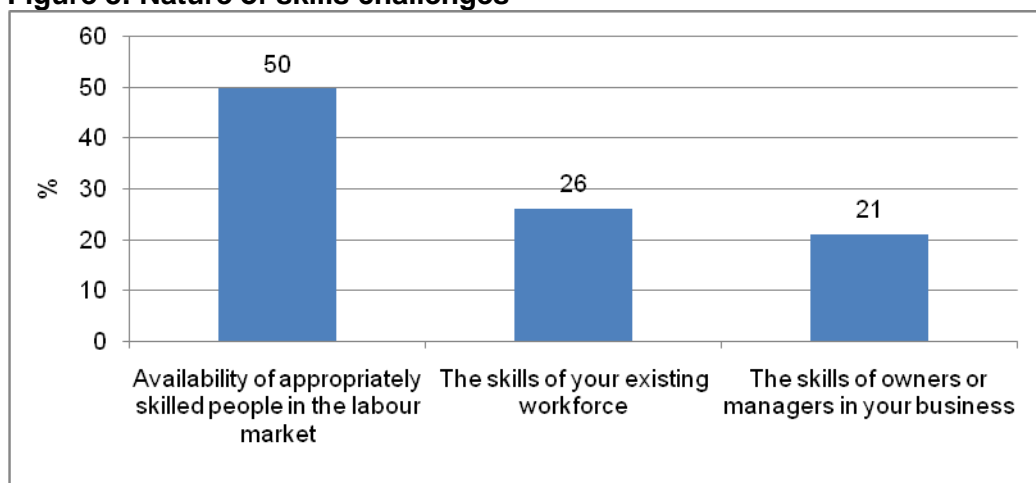
It was also thought that there were opportunities for growth in relation to planned physical developments in the borough such as the Waterloo City Square development and around the 2012 Olympic Games. However, as Lambeth is not within the Olympic area, businesses felt that there was a need for the council to ensure that it takes full advantage of these opportunities such as by helping local businesses with procurement processes.

### **3. Skills and training**

#### **Skill levels and issues**

Although only 11% of Lambeth businesses have more staff *in total* now compared to 12 months ago, a third (33%) had tried to recruit in the last year, either to fill new positions or to replace existing staff members. Lambeth businesses are around half as likely to consider the skills of their *existing* workforce to be an issue compared to their concern about the skills of potential new entrants (26% of those believing skills to be a challenge compared with 50%).

**Figure 8: Nature of skills challenges**



More than a third of the borough's workforce (35%) does not have a qualification at Level 2 or above, lower than the level found in Barking & Dagenham (44%). Previous surveys conducted in the Thames Valley suggest that this proportion is particularly high compared with some other parts of the UK, for example Slough (19%).

It is possible that skills of both existing employees and potential new entrants are becoming a decreasing priority for businesses in the context of the economic downturn, as there may be other more immediate problems increasing in importance or with recruitment and retention simply becoming less of a concern. However, these attitudes could lead to issues around the social and economic sustainability of the borough having a bigger impact at a future date.

In-depth interviews suggest that some Lambeth employers particularly value "softer" skills that they may not necessarily associate with qualifications, such as common sense or the ability to multi-task.

*'The team needs lots of different skills for the business to operate effectively with one of the biggest areas being the ability to manage lots of different projects and priorities simultaneously.'*

This is reflected in the survey results, which show the importance attached to skills such as communication (considered important to being competitive by 90% of businesses), customer service (88%) and initiative or problem solving (85%). Customer service and communication also represent the skill areas most commonly considered to become *more* important to business competitiveness in the future, alongside "sales or marketing skills."

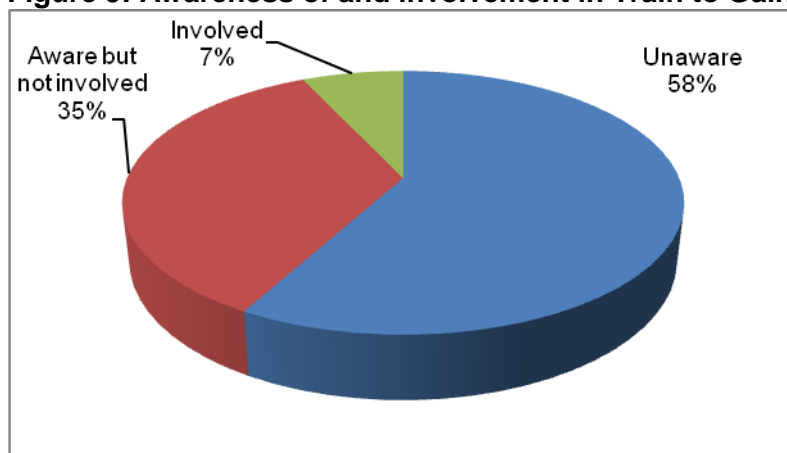
### **Awareness and use of Government initiatives**

Less than one in ten Lambeth businesses (9%) offer Apprenticeships or Advanced Apprenticeships, below the national average level of 14%. Those not offering apprenticeships were most likely to attribute this to a lack of relevant apprenticeship courses being available (22% of those not offering apprenticeships), followed by the business being too small (14%) or a preference to take on fully trained recruits (11%).

Less than half (42%) had heard of Train to Gain and only 7% had been actively involved. Awareness levels of Train to Gain appear low in comparison with Barking & Dagenham

(49%) and some other locations where this has been tested recently, for example Buckinghamshire (60%).

**Figure 9: Awareness of and involvement in Train to Gain**



### **Business development skills**

Some business owners interviewed in-depth mentioned a need for skills and knowledge related to developing their business, for example putting together a business plan. They felt that it may be harder to access support without a business plan, with the Borough Business Survey suggesting that half of Lambeth businesses (50%) do not currently have a plan of this kind.

A number of businesses interviewed in-depth noted strong interest in public sector procurement, in some cases explicitly mentioning a wish to diversify their activities in light of the economic downturn. Supply Lambeth workshops aimed at developing businesses' capacity to bid for public sector tenders generally attracted very positive comments from businesses.

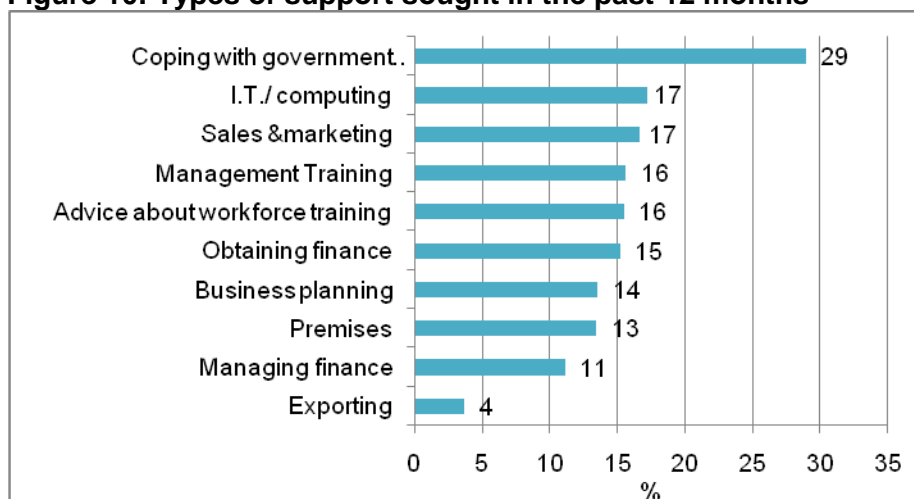
## **4. Business support - experiences and attitudes**

### **Use of business support**

More than half of businesses in Lambeth (54%) have used at least one source of business support or advice in the last 12 months. Four out of ten businesses accessing support (40%) had turned to at least one of the sources they had used *for the first time* in the last year.

The most commonly mentioned sources include professionals such as accountants (used by 17% of businesses), solicitors or bank managers (both 6%) and *informal* support mechanisms such as friends or family (7%) or business contacts (6%). Around one in ten respondents (9%) stated they had received support or advice from Lambeth Council, a similar level of use to the Business Link website. Businesses participating in the survey were more likely to seek support relating to coping with government regulations than on any other issue.

**Figure 10: Types of support sought in the past 12 months**



Those interviewed in-depth praised in particular experiences that made them feel *valued* and that the support was relevant to them. A "personal" approach and specialist knowledge or focus was highly appreciated.

*'The guy listened and valued what we were trying to do which helped. His level of expertise was a joy to hear. He explained everything clearly without using jargon.'*

Users attach importance to getting a tangible outcome from the support they access, such as a piece of information they can follow up on or take forward. While in-depth support from an advisor or consultant was felt to be appropriate in some cases, sometimes simple web-based information was considered sufficient. Public sector support which included a networking element was strongly valued, especially events or activities giving the chance to network with *similar* businesses.

### Perceptions

Businesses appear to see the council's different activities as being *interrelated*, meaning that negative perceptions of performance in areas such as rubbish disposal, parking regulations or planning cloud perceptions of the ability of functions such as the Business Desk to give support or advice.

*'Only a very small department within the council is responsible for relationships with businesses but many other departments such as planning, street care etc affect businesses.'*

Other disadvantages associated with the council as a potential source of support or advice relate to the public sector in general being seen as "slow to respond" as well as a feeling that greater *consistency* was needed in the council's initiatives. It was also suggested that more consistent branding of council events or seminars, with an idea of progression from one to the next, would be beneficial.

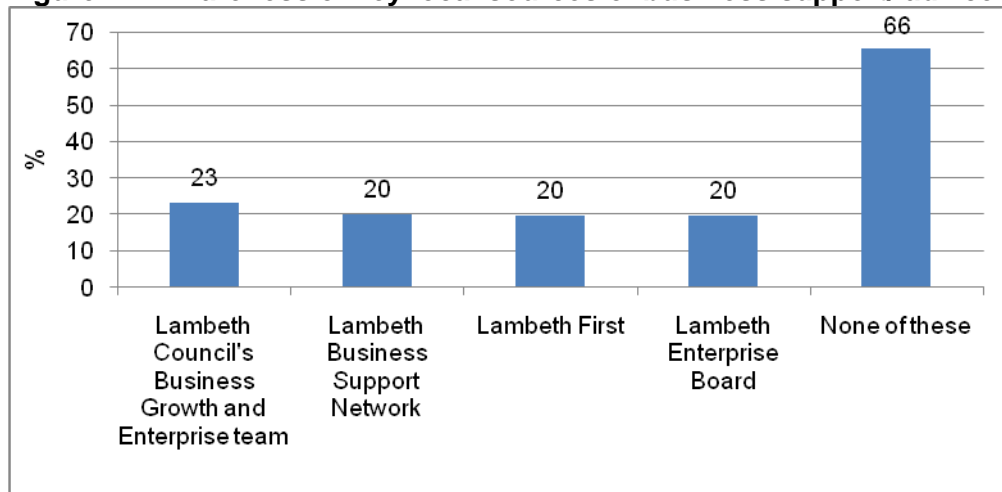
The council was generally viewed positively in terms of being a *trustworthy* source of support. However, there was some concern around the council's role as an *enforcer* of some rules and regulations. Business owners felt there was a need to reassure businesses that anything they raised to council staff in an *advisory* capacity would not lead to punishment for non-compliance.

Business owners felt that the business support they pay for should represent good value for money and for the time taken to access it.

### Awareness and take up

Two thirds of survey respondents (66%) were not aware of key local sources of business support including the Lambeth Business Support Network, Lambeth First, Lambeth Enterprise Board or Lambeth Council's business support team.

**Figure 11: Awareness of key local sources of business support/ advice**



Mail shots or e-mails may have a role to play in raising businesses' awareness of the support available, with mail-outs mentioned by a number of the micro-businesses taking part in the in-depth interviews as the way they had found out about the support they had accessed. However, face to face awareness raising was felt to be particularly effective along with "drawing in" businesses through one event or activity and using this as a basis for encouraging them to follow up with the use of other types of support. The Lambeth Business Awards were seen as a good example of this technique.

*'Now we've got a better idea of what's out there, we're likely to look for more support as we grow.'*

The Business Awards were also considered as an effective way to get businesses to take up support without the "education" label that can sometimes put people off. There was a feeling that the way public sector business support was presented could be improved. While in many cases the content of what was offered was felt to be good, it was not always believed to be "pitched" in a way that would appeal or seem relevant to businesses who need to be able to clearly see the benefit of any support proposed.

*'I think that if the council can demonstrate how valuable their support would be to businesses there would be a strong demand for their services.'*

## **Conclusions and recommendations**

The results of this study suggest that the following approaches could help to ensure as many Lambeth businesses as possible are supported to fulfil their potential to survive and grow:

### **1. Taking a balanced approach to the economic downturn**

A key implication of the impact of the economic downturn on the borough is a potential interest in support related to "coping with the downturn". This may be through controlling costs or remaining competitive or through dealing with specific issues such as late or non-payment or cashflow. However, there are niche areas where businesses are actually looking to grow rather than to simply survive and it will be important not to overlook them or make them feel that their needs are not a priority.

A particular area where support may be needed might be around micro-businesses looking to start to grow. This may be useful especially for those contemplating crossing "hurdles" such as taking on a first employee or moving to a point where they have more than five employees and therefore becoming subject to a greater degree of regulation.

### **2. Encouraging awareness and take up of financial and skills support**

The study suggests a need to increase awareness of what financial support sources are available, especially those catering to businesses less likely to be eligible for finance from banks, for example. Further, the problems faced by many of those applying for external finance imply that there may be scope to do more to help businesses through the process of applying for external finance, including understanding the procedures involved and finding a provider that matches their needs and their resources for collateral, for example.

Similarly, around a third of the Lambeth workforce does not have a Level 2 qualification. These individuals may not necessarily live in the borough, so London-wide actions are likely to be important. Government initiatives such as Train to Gain or Apprenticeships could, where appropriate, help to address this issue and improve the skills levels of employees in the borough. However, there appears to be scope for improvements in levels of awareness and take up of these initiatives. This study highlights the importance attached in particular to "soft skills" such as communication and customer service. These findings suggest that businesses in the borough may have a particular interest in short "bite-sized" training courses aimed at developing a specific skill. There may also be scope to further join-up skills and business support issues particularly in areas such as "sales and marketing" or other business development skills.

There could also be potential to build on existing work around support to help local businesses access public procurement opportunities. There appears to be strong interest in these opportunities, with businesses looking to diversify their customer base in the current climate

There may be scope to build on this by offering more support around understanding rules and regulations. This can help to positively position the council as an advisor by providing guidance on what is required and how to go about ensuring compliance.

### **3. Co-ordinating council activities**

The way in which negative perceptions of Lambeth Council in one service area can affect another area such as the Business Desk implies a need to promote that the contribution made by businesses is valued *across* the council.

Government regulations represent one of the most common challenges faced by Lambeth businesses and the area where they are most likely to seek support or advice.

In general, good feedback was given by businesses attending Lambeth Council's procurement sessions. However, there may be scope to raise awareness of these events and to better reference how different events fit together. There could also be potential to use the popularity of procurement-related events as a "hook" to encourage businesses to consider other sources of business support available to them.

#### **4. Positioning support to emphasise its value to businesses**

In-depth interviews highlight the need for businesses to perceive support as "good value" if they are to access it, with a need for support to be carefully "positioned" to generate interest. The results of the study suggest that businesses are most likely to respond to support that makes them feel valued and understood, for example something that is seen to be appropriate for their sector or size of business, or to an offer that will leave them with something tangible to work on and take forward in their own way.

Support activities including a networking element appear to be particularly valued, with this giving businesses an opportunity to work with others in a similar situation towards a solution and/ or giving a double benefit by allowing them to learn something new and to meet potential business contacts or clients at the same time.

#### **Further Information**

For a full copy of the Lambeth Business Survey contact [enterprise@lambeth.gov.uk](mailto:enterprise@lambeth.gov.uk)

For news and information on support provided to Lambeth businesses visit [www.lambeth.gov.uk/business](http://www.lambeth.gov.uk/business).

To sign up to the fortnightly Lambeth Business Support Network e-bulletin, send a request to: [enterprise@lambeth.gov.uk](mailto:enterprise@lambeth.gov.uk)

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