

Dudley Borough Business Survey 2010 Executive Summary

Informing Dudley Borough's Local
Economic Assessment

26 October 2010

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Background

This report presents the findings from a study commissioned by Dudley Metropolitan Borough Council (Dudley MBC), designed to help understand the needs, issues and challenges facing local businesses. This evidence will be fed into the Local Economic Assessment, Economic Strategy and Sustainable Community Strategy.

Methodology

There were two elements to the study, which ran simultaneously. Firstly, between 9 August and 27 August 2010 Ipsos MORI conducted a 'core' survey consisting of 500 telephone interviews with a representative sample of business across Dudley Borough. Secondly, the same survey was made available online during the same time period for all businesses in the Dudley Borough area, 78 business representatives completed the survey online. Throughout the report the results for the online and telephone components of the study are presented separately. This is because the telephone research was conducted with a sample of representative businesses from across Dudley Borough, whereas the online survey formed a more consultative element of the project to give all businesses across Dudley Borough the opportunity to have their say. It would not be appropriate to merge the findings because of the different research and consultation methods used. The online survey findings provide additional insight to the views of businesses across the borough, but unlike the telephone research findings, cannot be used to make generalisations.

Key Findings

Business Environment

Although a majority of businesses are satisfied (70%) with Dudley Borough as a place to operate or run a business, two-fifths (43%) report that their performance has deteriorated over the past 12 months. Businesses based in the Wholesale and Retail and Construction and Transport sectors have been the worst hit (52% and 54% report deterioration respectively compared to 34% of businesses across Dudley Borough overall).

Of those whose business has deteriorated, half (51%) give current economic conditions as their reason. Encouragingly, however, there has been some resilience to recent difficulties; a third say business performance has remained stable, while a fifth report improvement (33% and 22% respectively).

Those based in Manufacturing have felt particular improvement (33% compared to 22% overall). This is supported by the evidence from Ipsos MORI's National Business Survey, which found that across the country Manufacturing firms have the most positive outlook for the next year compared to other sectors with over a third (37%) expecting the business climate to improve in the next 12 months, compared to three in ten (29%) of firms overall.

For those who feel that business performance has improved, increasing sales are the main reason (cited by 54% of those for whom business has improved). The recession is the main issue for those for whom business has deteriorated (51%).

Yet, in line with general commentary on the economic climate across the country, a significant proportion report that Dudley Borough has got worse as a place to operate a business over the last 12 months (42%). Half say it has not changed much over the period (47%) indicating that for some, the effects of the recession may be slowing. Fewer than ten

per cent feel it has improved (8%), and for those who feel that it has got worse (42%) the key reasons are businesses closing (cited by 21%), and the area looking run down (18%). These are key points for consideration for Dudley MBC when considering the targeting of resources.

When businesses were asked to suggest actions that could improve Dudley Borough's prosperity, a third said that businesses needed support to be more innovative, while a similar proportion suggested that an increased number of apprenticeships should be made available (36% and 33%). Those working in Manufacturing were particularly likely to support these actions (48% and 50% from this sector support each action respectively compared to 36% and 33% of businesses overall).

Additionally, a quarter said that businesses require free support and advice and that the government should increase investment in Dudley Borough's infrastructure (26% and 25% respectively).

Business Performance and Growth

Although businesses report that the area has got worse as a place to do business over the past 12 months, there are indications that some businesses feel the worst might be over for now; three in ten (28%) feel that the business climate will improve and two-fifths (40%) report that they expect it to remain stable over the next 12 months. And, supporting the pattern identified above - those based in Manufacturing are particularly likely to report this (53% compared to 40% of business overall).

And, positively those in the Wholesale and Retail sector, although more likely to report that business performance deteriorated over the past 12 months (52% compared to 43% of businesses overall), is also more likely to report they it expects prospects to improve over the next 12 (37% compared to 28% overall).

And reflecting this cautious optimism, only five per cent of businesses report that they plan to make staff redundant over the next 12 months. Most (68%) believe there will be no change to staffing levels, while a quarter (23%) report that staffing levels will increase.

A third of businesses are looking to expand over the next three years (32%), again with those in Manufacturing the most likely to do so (40%). Positively, of those looking to expand, three-quarters (75%) will expand either on their existing site or elsewhere in Dudley Borough. This suggests that there will not be a strong movement of business out of the Dudley Borough area.

As we would expect, most expansion will focus on each business' respective sector. The vast majority are not considering developing into other sectors (81%). Among the minority (14%) that are considering development away from their sector, the most commonly cited potential sectors were advanced manufacturing and business and professional services (cited by 18% and 17% of businesses).

When asked if they have identified any skills requirements to aid development into other sectors, over two-fifths state that there are no skills gaps for this purpose or that they are not sure (46%). In terms of the skills that would be required should businesses wish to develop into other sectors; technical skills are the most highly desired, closely followed by management skills (gaps identified by 26% and 23% respectively). When considering the views of those working in Manufacturing differences appear; with this sector more likely to report that it requires technical skills than businesses overall (41% compared to 26%). And, reflecting the nature of their business those based in Finance are more likely to cite a need for greater customer handling and IT professional skills than businesses overall (33% and 25% compared to 22% and 12% respectively).

Focusing on specific gaps within businesses' current workforces; communications and customer service skills are identified as in the greatest need (gaps identified by 29% and 28% respectively). From their current workforce, those based in Wholesale and Retail are more likely to require advanced IT or software and customer service skills than all businesses (33% and 41% respectively compared to 23% and 28%).

However, only a fifth (22%) has introduced new product or process innovations, and where innovation has been introduced the focus is on new ranges, products or additional services, rather than processes, reflecting the need to offer new products and services in the business climate (introduced by 63% of those who had introduced a new innovation). It is in Manufacturing where new products are particularly likely to be considered (28% compared to 14% of businesses overall).

The majority of businesses in Dudley Borough cater for a local or UK-wide market (69%) The market covered by local businesses differs by sector with Government and Wholesale and Retail more likely to focus on the local area (62% and 53% compared to 40% of businesses overall), Finance more likely to focus on the West Midlands (38% compared to 28% of businesses overall), and Construction and Transport more likely to focus on a UK-wide market (43% compared to 29% of businesses overall).

Considering exporting, one in six is considering exporting their goods, but the majority of businesses in Dudley (83%) do not intend to do so. It is businesses in Manufacturing that are most likely to be exporters (50% compared to 16% overall). The majority of exports are destined for Western Europe (39 businesses report that they export their goods, and 29 of these export to Western Europe).

Sustainability

Overall, businesses in Dudley Borough are not currently considering sustainable practices. Three-fifths (57%) have not attempted to reduce their CO2 emissions, although those from larger companies are the most likely to have made attempts (70% compared to 42% overall).

There is also little awareness of the opportunities presented by a sustainable economy, with two-thirds (67%) reporting that they know nothing or a little about it. With few working on the skills required for a sustainable economy (18% are in the process of establishing the skills required) there is work to be done to explain both what this entails and the benefit that it might bring to businesses in the area.

Profile of Businesses

The telephone research component of this project was designed to ensure that different business sectors from across Dudley Borough are proportionately represented in the findings. The Finance and Manufacturing sectors each form 12% of respondents, Government forms 8%, Wholesale/Retail 20%, and Other 48%. The main report includes a more detailed breakdown on the proportion of responses from each sector.

We also ensured that both large and small businesses were interviewed in sufficient number to allow comparisons; with those with 0-4 employees forming 60% of respondents, 5-9 forming 20%, and 10-19 and 20+ forming 10% respectively.

Considering the legal status and trading profile of businesses, our findings indicate that over half of businesses in Dudley Borough are UK private independent companies (56%), with sole traders or partnerships (39%) forming the next biggest group. Those in Manufacturing are more likely to be UK private independent companies (81% compared to 56% of businesses overall). The majority of businesses (78%) have been trading for five years or more, and operate on a single site (86%) – with those in Construction and Transport respondents all (100%) based on a single site.

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