

JN 2779
Business Survey
Report prepared for:
London Borough of Richmond upon
Thames
August 2015



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Key findings

- Businesses locate in Richmond due to the customer base, availability of premises and transport links. The affluence of the area is considered as an advantage by some (lucrative customers) but a disadvantage by others (high costs).
 - However, over a fifth of businesses claim that it has been difficult to find the right premises.
- It is a period of relative prosperity for businesses in Richmond.
 - During the last financial year, almost a third of companies in Richmond have experienced growth in their turnover and almost a quarter have increased their headcount.
 - The majority of businesses are positive about the next two to three years, with most planning to grow by increasing sales of existing products/services, alongside other initiatives.
- Market competition and the economy are perceived as the main hindrance to company growth, something which the Council cannot directly influence. A fifth of businesses attribute a lack of demand as their main barrier to growth, and this is also identified as an area that businesses desire some support and advice on.
- A relatively small proportion of businesses feel that they have a skills gap, although this figure is considerably higher amongst larger companies. The gap is most likely to be in ICT skills.
- Businesses that have experienced problems in recruiting staff cite 'candidates with inadequate experience' as the primary reason, which may indicate a 'skills gap' in the wider context of the Borough.
- The vast majority of businesses have access to a suitably fast broadband connection, although 15% do not and this can present a significant problem for some businesses.
- Very few businesses have utilised support or advice from local organisations in the last 12 months. A lack of awareness of such organisations and what they offer is limiting uptake of such services.

There are many positive points that can be taken from the survey including a high degree of business confidence with many participants planning to expand their products and services. Most also intend to remain in the Borough and increase the skills of their employees which will benefit the local economy and employment opportunities.



However, businesses are facing a saturated market with over one third hampered by a high level of competition and lack of customer demand. A notable number of businesses have experienced problems finding suitable premises, are facing skills gaps or recruitment difficulties. Many are also frustrated with traffic congestion or the lack of available parking facilities. Some businesses refer to the high costs they experienced operating in the Borough, including business rates, as a reason why they are moving elsewhere.

There is therefore no room for complacency and there are opportunities to address some of the issues highlighted by the survey including:

- Tackling lack of customer demand (through making businesses aware of the support and advice that is available – especially that which will help them to promote their business to residents)
- Enhancing the capacity for businesses to compete and supporting the wider business environment
- More generally, raising awareness of the business support available in the Borough
- Working with employers and education / training providers to address skills gaps and recruitment problems
- Building on existing measures to address problems with parking and traffic congestion
- Considering whether there are targeted ways to help businesses struggling with costs of operating in the Borough.



Introduction

The London Borough of Richmond upon Thames (the Council) wished to understand more about the businesses within its boundaries. In particular, the Council wanted to generate a picture of business growth and confidence in the Borough, to understand thoughts on and plans for growth – and what the drivers and barriers are - views on pressures and opportunities they are facing and the support businesses may need to address these.

The Council commissioned DJS Research Limited to carry out an independent telephone survey with owners / senior decision makers from businesses within the Borough. This report has been written collaboratively and details the findings of the survey.



The aim of this report is to provide evidence against which the Council will be able to develop future services and assess prospective initiatives that emerge from the findings.

Profile of businesses in the Borough

For the purpose of context, below is a profile of businesses in the Borough.

- The number of VAT/PAYE enterprises in the Borough grew between 2013 and 2014 by 3.6% to 11,475, as measured by the Inter Departmental Business Register (ONS). This compares to 7.6% growth in London and 4.5% in GB. It's estimated that the Borough has around 19,200 businesses, taking account of all microbusinesses.
- The largest sectors include Business Services, Leisure Tourism and Hospitality, Creative Industries, Scientific and Technical Sector and Retail Services. Some of the key enterprises include eBay (UK), Paypal (UK), SERCO, Harlequin, Reed Exhibitions, the House of Fraser in Richmond, the National Physical Laboratory (NPL), the Local Government Chemist, Haymarket Publishing in Teddington, The Rugby Football Union and Twickenham Studios in Twickenham.
- The ONS reports 74,200 employee jobs in the Borough (2013), growing 4.3% on the previous year. This compares to 3% growth in London and 2% in GB.
- The Borough is characterised by high rates of self-employment and a high proportion of very small businesses. However, there are also a number of larger employers in the Borough with approximately 40 units with over 200 workers, accounting for approximately 23% of all jobs in the Borough.
- Over 16% of the Borough's working-age residents are self-employed; approximately 60% higher than the self-employment rates for GB as a whole and 4% higher than London. Over 66% are educated to NVQ Level 4 or above, approaching twice the national average.
- Around 91% of businesses have less than ten employees, higher than London and GB. Although there are commercial centres, the small business nature of the Borough means that they can be found in any corner. Business Services, Retail and Education are leading industrial sectors. Within these, creative industries, publishing, scientific/technical and the tourism/visitor economy are key sub sectors.



- The rate of empty high street units in the Borough is around 7% across monitored centres. This compares very favourably to national rates reported between 12% and 14%, although London and the South East are performing better than the rest of the country.
- Despite a relatively healthy economy, the Borough's challenges include evidence of net outward business migration, a significant loss of office space to residential, high commercial rents, physical constraints on development and strong retail competition from nearby Boroughs.
- The Rugby World Cup 2015 brings opportunities and challenges for businesses, largely related to the increased high street footfall around events and the management of large numbers of visitors.

The Council's business support

The Council's response to the emerging challenges and opportunities has been extensive and includes:

- The commitment of £11m of investment in town centre and public realm improvements across the Borough.
- Measures to support the business environment, including free parking for Richmond Card holders, initiation of a business offers scheme for independent businesses and a small grant scheme to promote retail pop-ups and temporary use of empty shops.
- Capacity-building support for traders' associations via a £100k funding pool to match locally-raised funds (including Christmas events funding).
- The implementation of a new Business Improvement District for Twickenham and the development of a prospective BID for Richmond town centre, subject to ballot in late 2016.
- Support for the start-up and growth of new enterprises, through the Richmond's Den programme which has attracted over 230 entrepreneurs in its three renditions, alongside promotion of export and international trade.
- Support for young people to explore self-employment and promotion of apprenticeships direct to businesses.
- Continued support for the visitor and tourism economy through marketing and coordination activities.
- The Council's growing focus on 'Village Planning' is encouraging businesses to have their say on local issues to ensure a balanced outcome for communities.
- Improvements to supply chain and other procurement-related opportunities for small businesses will be explored.
- Significant input into delivery planning for the Rugby World Cup 2015. This includes provision of information to businesses, and opportunities to engage via business briefings, enabling businesses to prepare.

The Council has established a new set of high level priorities to support business in 2015:

- Continue to promote an attractive and supportive business environment, to help maintain the Borough as a place to invest, start up or grow business.



- Maintain focus on supporting high streets and town centres, in particular promoting business-led and capacity-building approaches.
- Maintain and grow the Borough's profile as a visitor destination, ensuring that businesses are prepared for the 2015 Rugby World Cup and the opportunities it presents.
- Maintain and disseminate knowledge of businesses' needs and issues that affect them, to inform commissioning of Council and partner initiatives.
- Explore opportunities for engaging partner organisations and other Boroughs, both on strategic issues and operationally on projects of shared interest.

Methodology

The main methodology used for this survey was Computer Aided Telephone Interviewing (CATI), although a small proportion of businesses (six) completed the survey online. Those who completed the survey online did so either because they expressed a preference to do so (and were emailed a link to the survey), or they came across an open link on the Council's website.

The questionnaire was designed primarily by the Council, with some input from DJS Research, and was then programmed by DJS Research into a state of the art CATI system. The survey included questions to screen each participant (i.e. to ensure that they were the correct person to complete the survey - either the business owner or a senior decision maker in the business).

DJS Research purchased a sample file from an approved supplier that contained contact details for 7,500 companies across the Borough. The sample file was loaded onto the CATI system and quotas (set targets) were set on the number of interviews that were to be achieved by company size, location and SIC code.

Fieldwork took place in June and July 2015. All surveys were carried out in-house (by DJS Research) and the data was captured 'live' whilst the surveys took place. On completion of the fieldwork, the resulting data and verbatim responses were validated and then aggregated into tables for analysis.

In this report, differences in sub-groups are occasionally mentioned but it should be noted that the sub-groups are quite small and so differences may not be statistically significant.

Throughout the report we compare the results of the Business Survey against the results of the All in One Business Survey that was conducted in 2011, and in which similar questions were asked of businesses across the Borough.

Two additional reports have also been reviewed: London Borough of Richmond-upon-Thames' Business Start-up Survey 2015 and the ONS London Business Survey 2014 (LBS). Some direct comparisons have been made with the LBS in the body and additional information has been provided in Appendix A and Appendix B for questions that are similar but not directly comparable.



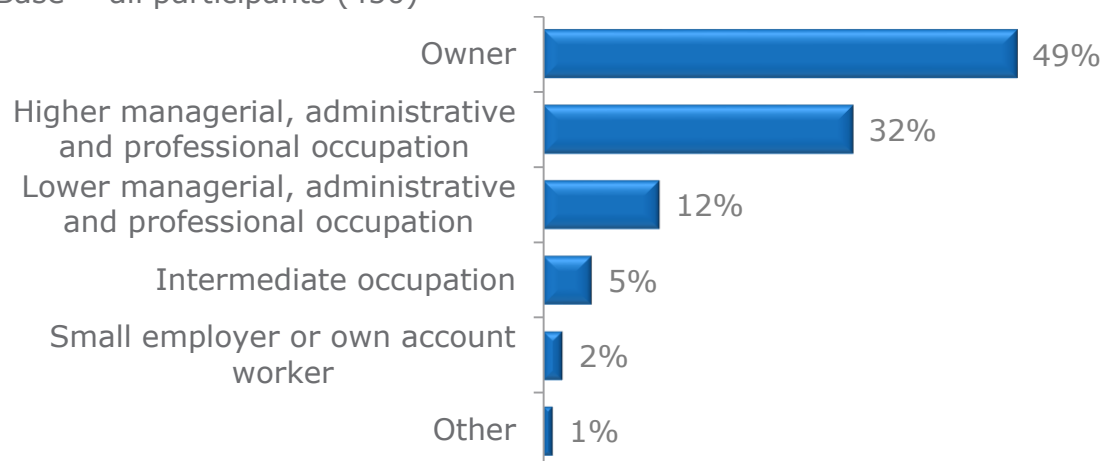
Profile of businesses that took part in the Business Survey

In total, four hundred and fifty businesses participated in the survey. Quotas were set on business sector, business size (based on number of employees) and location to ensure a representative sample was surveyed.

Participants were mainly business owners and those in higher managerial, administrative and professional occupations (49% and 32%, respectively). Figure 1 outlines the breakdown of the roles of all participants.

Figure 1: Job role (Which of the following best describes your role?)

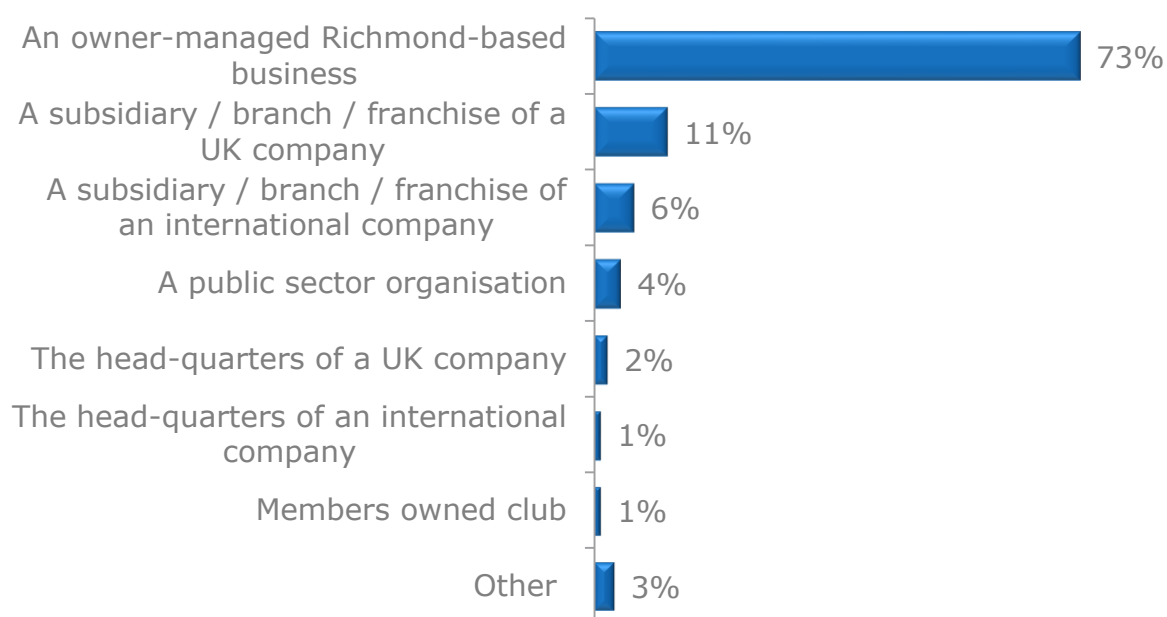
Base = all participants (450)



The majority of businesses (73%) were owned/managed Richmond based businesses (as opposed to, for example, a franchise of another company based elsewhere, a public sector organisation or the head-quarters of a company that operates elsewhere). Figure 2 details the business type of all participants.

Figure 2: Business type (Which of the following best describes the business?)

Base = all participants (450)





Small and Medium Enterprises (SMEs) were the focus of this research. More specifically, six out of ten of the businesses surveyed had up to five employees (two out of ten having only one - sole trader/home worker). Just over a third had a turnover of up to £250,000 and a similar proportion had a turnover of between £250,000 and £50 million. Figure 3 shows the number of employees and figure 4 shows the turnover of all business that participated in the survey.

Figure 3: Number of employees (Roughly, how many people work at the site where you are based?)

Base = all participants (450)

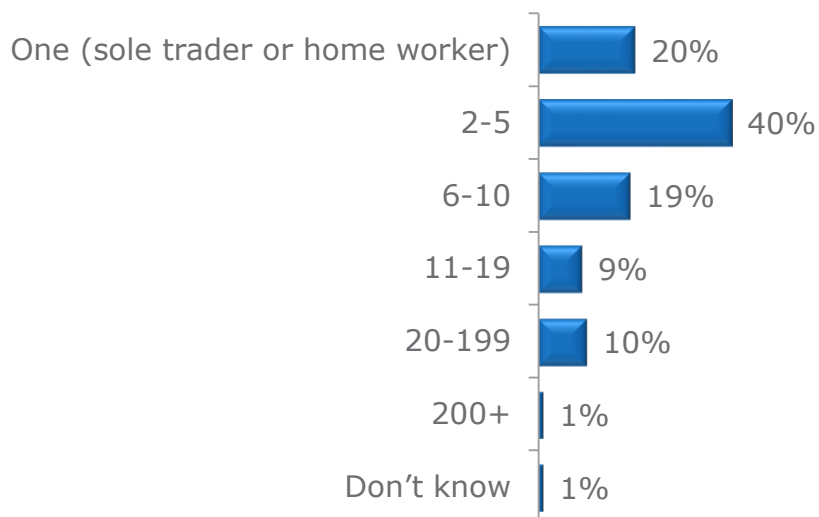
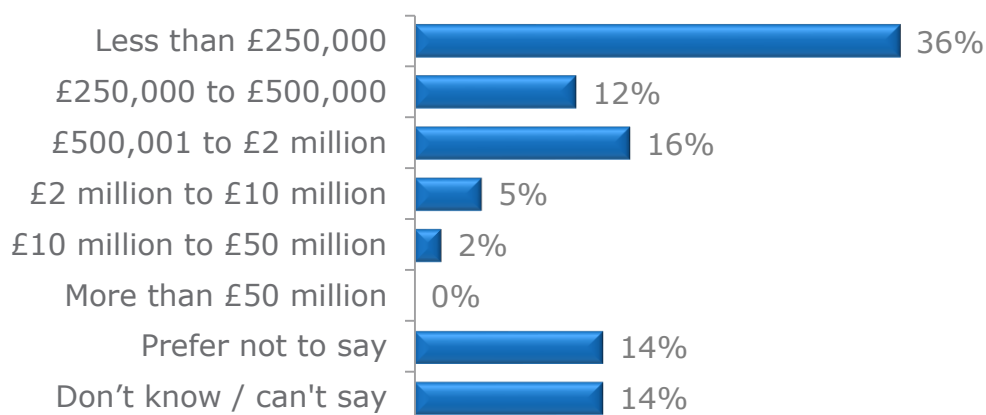


Figure 4: Turnover (Thinking about your turnover in the last financial year, into which of the following bands does this fall?)

Base = all participants (450)

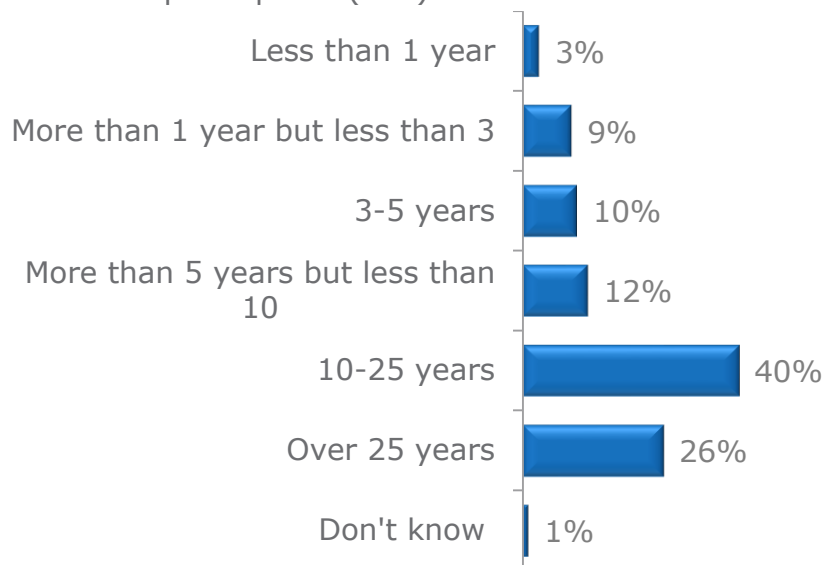




The businesses that participated in the survey were mixed in terms of how long they'd been operating in the Borough, but the majority were long established, with approximately two thirds trading for over ten years. See figure 5.

Figure 5: Time in business (How long have you been operating in the Borough?)

Base = all participants (450)



The survey included businesses from a variety of industries, the most notable ones being the 'professional and business' industry and the 'retail, hire and repair' industry. Figure 6 shows the proportion of businesses that participated from each industry. The survey also captured the views of businesses from across the Borough. Figure 7 shows the proportion of participants from each area.

Figure 6: Industry (In which industry does your business operate?)

Base = all participants (450)

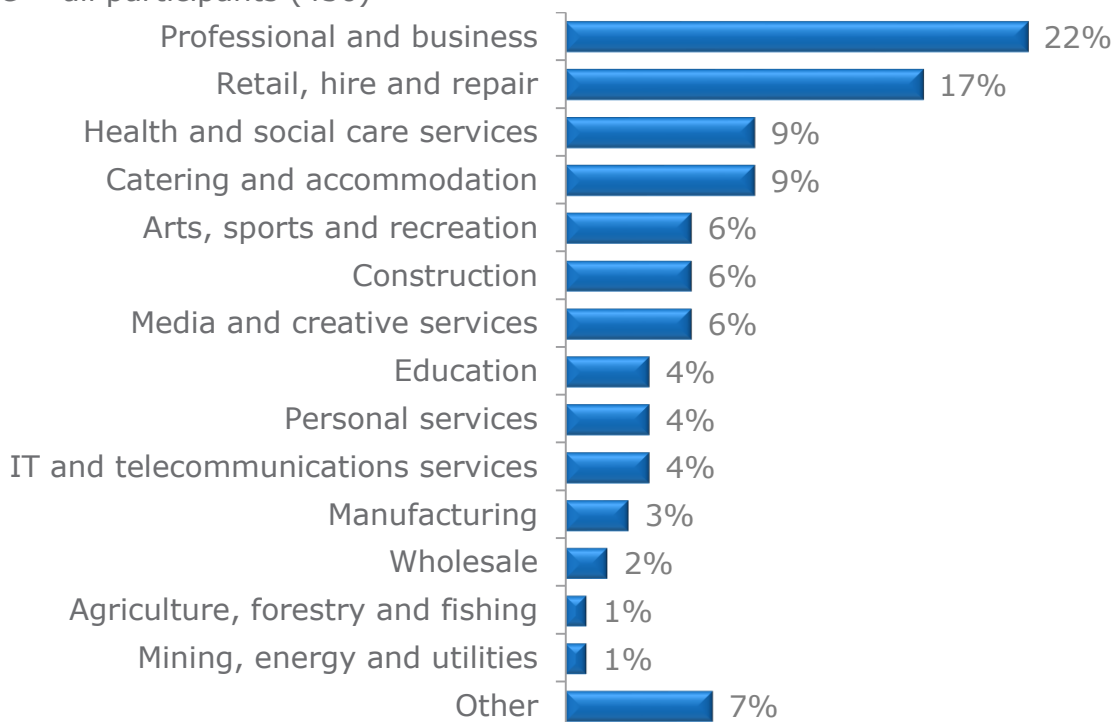
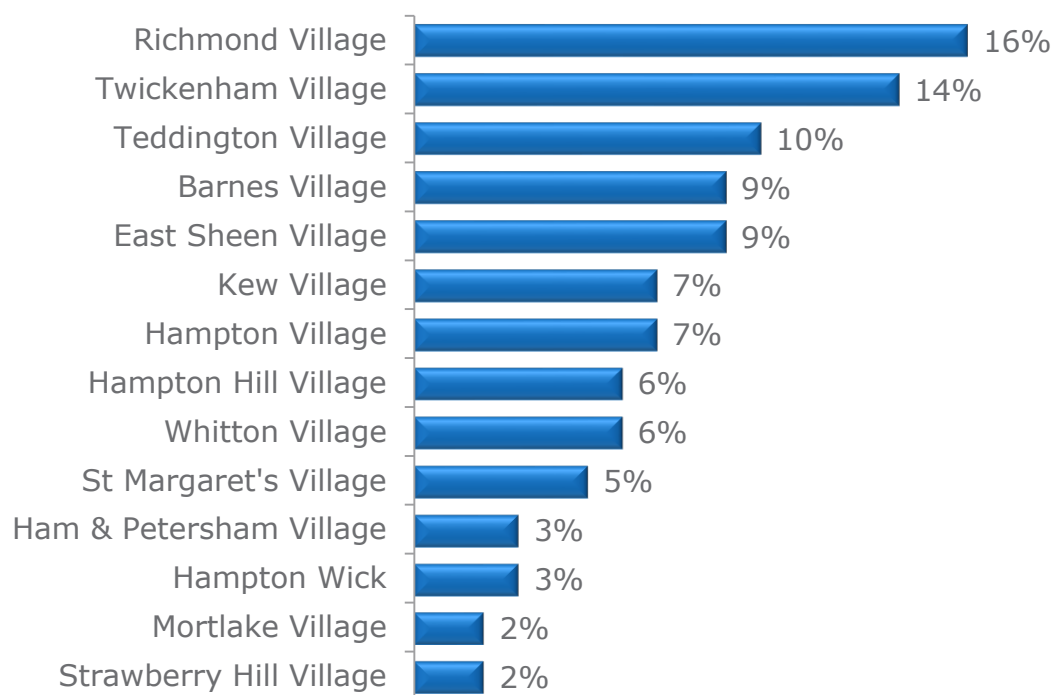




Figure 7: Location (Can I just check where your business is located?)

Base = all participants (450)





Doing business in Richmond

Location

Access to customers, availability of premises and transport links are the main reasons why the businesses included in the survey locate in Richmond. The affluence of the area is considered as an advantage by some (lucrative customers) but a disadvantage by others (high costs).



Around half of participants (49%) operate in the Borough because it's close to where the owner lives (this figure inevitably increases significantly amongst: owners (71%), owner-managed Richmond based companies (60%); professional businesses (63%); businesses with a turnover of less than £250,000 (65%) and amongst companies with one employee - sole traders/home workers - to 85%). However, there are other factors that have attracted businesses to operate in Richmond. Notably, these are:

- Access to customers, which is a factor for 35% overall but is significantly higher amongst subsidiaries/branches of UK companies, where it is mentioned as a factor by 69%.
- Availability of the right premises, which is mentioned by 32% overall but is a bigger factor for larger companies (mentioned by 46% of businesses with over ten employees)
- Transport links to London and Heathrow, which is a factor cited by 17% overall but again is a slightly bigger factor for larger companies (mentioned by 25% of businesses with over ten employees and by 34% of those with a turnover of more than £2 million).
- Access to labour with the right skills, noted by 9% overall, by 25% of participants with a turnover of more than £2 million and by 22% of businesses in Teddington.

Less than one in ten participants claimed that they operate in the Borough due to access to labour/skills or access to suppliers.

Advantages and disadvantages of operating in the Borough

An open ended question was asked to explore what participants saw as the main advantages of operating in the Borough. Many of these spontaneous responses again mentioned the fact that the business is close to home (23%) or cited good transport links and accessibility (20%, which was also the main reason that was given for making the local area a good place to do business in the 2011 survey).



In addition to these two factors noted previously, businesses also spontaneously referred to the affluent market (21%) and the attractive area/environment (18%) as advantages of operating in the Borough.

Affluent market

"Demographics, we sell expensive things and the population here can afford them."

"Loads of support options and more wealthy than some areas."

"The mix of people in the Borough. I have the right client base who can afford my product."

"The location has a good demographic and a high gross disposal income, which means there is plenty of business for us here."

"It's more specific than that, it's about being in Barnes where there are well-heeled local residents."

"It's an affluent and busy place. A lot of successful people live around the area so if you offer a good product at a reasonable price there are plenty of paying customers."

Attractive area / environment

"A lovely environment, and a good place to entertain clients, customers and suppliers."

"It is beautiful to have the backdrop of the river and Richmond Park."

"It is a very pleasant area to live and work in, because of the green spaces and nice buildings and the river, it is all low rise."

"It's a clean, well maintained Borough. They keep it clean. It's well serviced and hygienic."

"It's a nice place to work so it's worth doing battle with the traffic in the morning."

"It is a nice Borough to work in. There are green spaces, nice shops and places to go in the evening, and low crime rates."

A second open ended question was asked to explore what participants saw as disadvantages of operating in the Borough. The main response to the question was that there are no disadvantages (44%).



A few disadvantages of operating in the Borough were mentioned, most notably traffic congestion and parking (14%) and the high costs of operating in the Borough (13%).

Traffic congestion and parking

The issue was noted as a disadvantage by 14% of participants and was a greater concern for:

- Businesses operating in retail, hire and repair (19%) or catering and accommodation (18%).
- Businesses located in Whitton (23%), Hampton Wick (20%) or Ham & Petersham (20%).
- Participants with a turnover of more than £2 million (28%).
- Those who were unable to grow due to external barriers (24%).

"Parking for staff is very difficult and our number of parking permits is being restricted. We have new staff who ask for a parking permit but we do not have any. We encourage staff to walk to school, but when recruiting it is ridiculous to have to check how far away the candidate lives rather than focus on their education and eligibility."

"Parking is a problem, with permits needed at certain times of the day it makes it difficult if someone comes to see me about work."

"The local authority is not very car friendly, it feels like they want to ban cars in Richmond Borough."

"There are wider pavements for coffee drinking, but we need the bus lanes and 2 lanes of traffic instead. There should be re-phasing of the traffic lights, there are now 4 way junctions rather than 2 way junctions, so more cars are stopping with no turning right at the traffic lights. Richmond schools should discourage children from being driven to school, I used to go on the bus or walk, now the parents turn up in their 4x4s."

"Parking controls. It would be good if they could be relaxed so we don't have to pay so much to get to work. It would be good for the customers as well."

"Parking is a nightmare and wardens are the bane of our life. The planning application system is dire and access to public records is difficult."

"Parking is a problem, permits and the whole system. It affects the business, when we go to a customers' house we have to pay to park up before we even get into the house to do the work, whether it is a permit or in a parking meter."

Despite parking measures implemented over recent years, improvements to parking arrangements are not reflected in the responses from participants. The proportion of businesses (15%) mentioning parking as the top idea for making the local area a better place to do business is similar to the response expressed in the 2011 All in One Business Survey. This also highlights the tensions that emerge from the need to balance the needs of residents and visitors with those of businesses.



High cost of operating in the Borough

The issue was noted as a disadvantage by 13% of participants and was a greater concern for:

- Businesses operating in construction (19%).
- Participants planning to move (22%).
- Businesses located in St Margarets (27%), Teddington (24%) or East Sheen (22%).

"The business rates. I am paying £8,000 a year, what for? Private residents get a free half hour parking permit for Richmond and we business rate payers seem to get nothing."

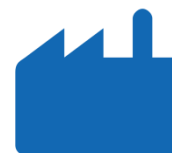
"The business rates are high and there is no necessity for them in the recession. The Council should be encouraging businesses, we pay enough tax without business rates."

"The costs are quite high compared to out of town locations, so it is hard to compete."

"The business rates are very high. I'm struggling, can't justify this at the moment. High streets have high interest rates and high rent."

Premises

Most commonly, participants occupy offices and retail premises - but around a fifth are home based – and slightly more businesses rent than own their premises (49% versus 41%). Over a fifth of businesses claim that it has been difficult to find the right premises.



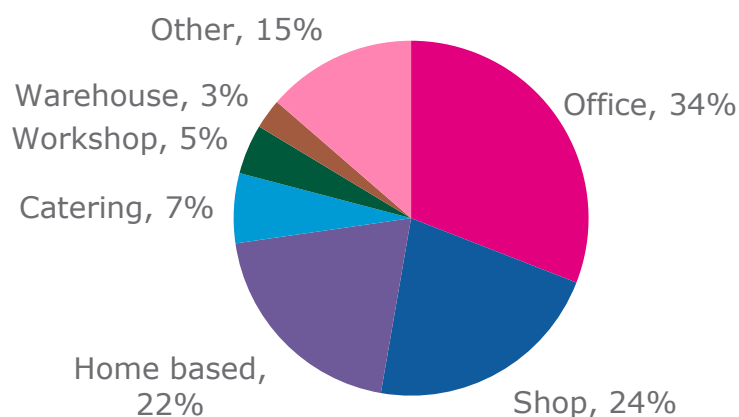
Around a third of respondents (34%) occupy office space, a quarter (24%) occupy retail space and around fifth are home-based. See figure 8.



Figure 8: Type of premises (What kind of premises does the business occupy?)

Base = all participants (450)

Note - 'Other' includes factory, studio, childcare/education premises, clubhouse (all <3%) and Church/Chapel building, hotel, residential premises, gym, park/gardens and private clinic/practice (all <2%).



Subsidiaries/branches of UK companies and subsidiaries/branches of international companies are more likely to occupy retail premises (shops) than owner-managed Richmond-based businesses.

Just over one in five (22%) of participants are home based, this proportion remaining consistent since 2011 according to a survey carried out by the Council (All in One Business Survey for London Borough of Richmond upon Thames, April 2011). The largest proportion of home based participants also own the business (38%) and have the lowest turnover (43% of those with a turnover of less than £25,000).

Types of businesses that are more likely to be home based include:

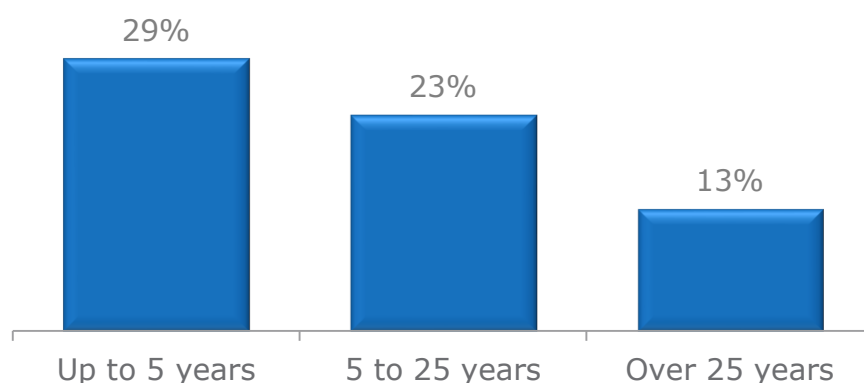
- Construction (52% of participants in the construction industry are home-based)
- IT and telecommunications services (44% of participants in IT and telecommunications are home-based).
- Media and creative services (44% of participants in media and creative services are home-based).

It appears that the longer a business has been established in the Borough, the lesser the chance that it will be home-based; the proportion of businesses that are home based diminishes with length of time that a business has been operating in Richmond – 29% of businesses operating for less than five years are home based, compared with 13% of those operating in the borough for over 25 years. See Figure 9. This suggests that as businesses prosper over time, they are more likely to seek business premises.



Figure 9: Proportion of home based businesses based on length of time operating in Richmond

Base - (<5yrs n =96 / 5 to 25yrs n = 233 / >25yrs n = 117)

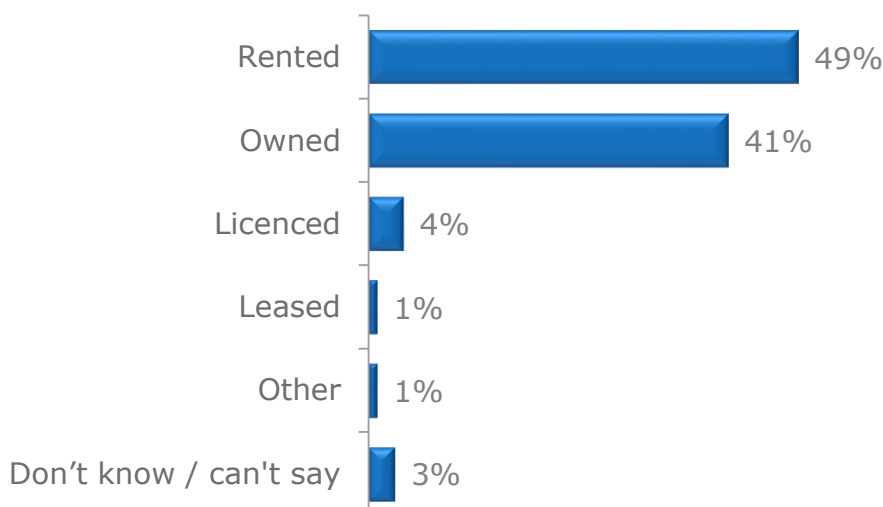


Premises ownership

Around half (49%) of participants rent their business premises and a slightly smaller proportion own the property (41%). See figure 10.

Figure 10: Premises ownership (Which of the following best describes the ownership of the premises?)

Base = all participants (450)



The proportion of owned premises is driven to some extent by businesses with one employee (sole traders/home workers), who are more likely to use their residential property to run their business. Fifty eight per cent of participants with one employee own their business premises versus 38% who rent their business premises. We see the opposite pattern amongst businesses with more than one employee, where premises are more likely to be rented than owned. Long established businesses (those which have been operating in Richmond for 25 years or more) are significantly more likely to own their premises (59%) than businesses which have been established for a shorter period of time.



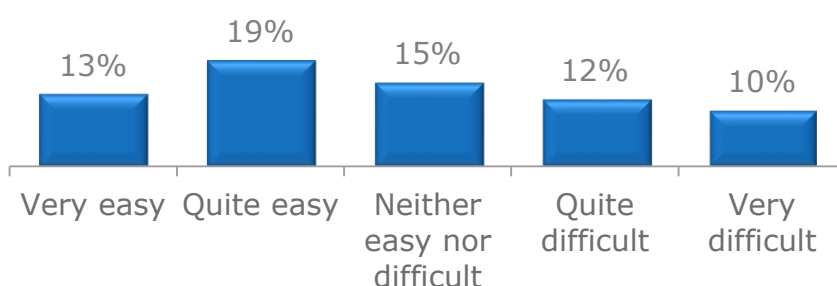
Premises availability

Although 'availability of premises' is one of the main reasons why businesses are attracted to locate in Richmond, over a fifth of businesses say that it has been difficult to some extent to find the right premises (with one in ten saying that it was very difficult). This figure is comparable with 2011 when 22% of respondents said that they had experienced difficulties in finding the right premises. See figure 11.

Figure 11: Ease of finding premises (How easy or difficult has it been to find the right premises in Richmond?)

Base = all participants (450)

Note – remaining 31% responded 'don't know' to this question



Difficulty in finding premises peaks amongst companies with six to ten employees, suggesting that there may be a lack of suitable premises for this size of company or at least a lack of awareness about such premises. We could also hypothesise that when a business reaches this size, they will be looking for their first premises, but larger companies seeking premises may have done so before and thus, find it a bit easier.

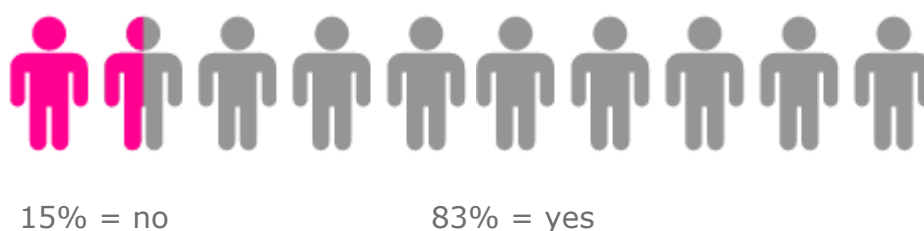
Broadband

The vast majority of respondents have access to a suitably fast broadband connection, although 15% do not and this can present a significant problem for some businesses.

Overall, 83% of participants state that they have a suitably fast broadband connection (see figure 12).

Figure 12: Proportion without a suitably fast broadband connection (Are you able to access a suitably fast broadband Internet connection?)

Base = all participants (450)





The proportion with suitably fast connection is marginally higher in East Sheen Village (93%), Richmond Village (91%) and Twickenham Village (90%), whereas it is marginally lower in Kew Village (71%) and significantly lower in Hampton Village (50%). It is also higher for businesses with 20 or more employees (94%).

The impact of an inadequate broadband connection varies depending on the nature of the business, from mild to serious. It can prevent communication with customers and suppliers, it can hinder payments and generally slow the business down – ultimately it can affect the bottom line. Even though service can be equally inconsistent elsewhere, for some, the impact can be severe and can even drive business owners to relocate – see quotes below.

Quotes about the impact of inadequate broadband (What impact does this have on your business?)

Base - n = Businesses which are unable to access a suitably fast broadband connection

"We are a consultancy and charge by the hour, so the longer it takes because of slow broadband, the less profit we make."

"It is one of the reasons we are moving. We are losing customers because we cannot reach them online."

"Our BT broadband connection is appalling (for instance uploading a 250mb file takes 47 minutes) to the point where we have been in touch with the Council and Members of Parliament. It's absolutely dire. For three years running, BT have told us (businesses on my side of the river) that we will be getting super-fast broadband but they keep postponing the work. We've brought this up with the Council but they have been really unhelpful - they say it's nothing to do with them. So we (me and other businesses in the area) have decided to pay for this service ourselves. It will be installed in a month."

"It has a massive impact on our business. It is hugely disruptive, some days our entire communications - both phone and email - go down. We rely on a stable broadband connection and when the broadband switches off, our business shuts down."

"It has a very big impact and might make me move out of the place."

Growth

Looking back

During the last financial year, almost a third of participants have experienced growth in their turnover and almost a quarter have increased their headcount.

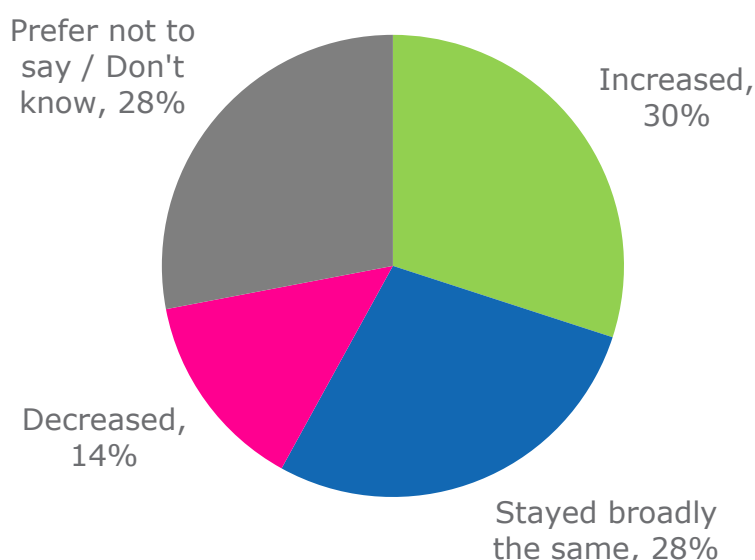


Twice as many businesses have seen their turnover increase in the last financial year than businesses that have experienced a decrease (30% in comparison to 14%). See figure 13.

Figure 13: Change in turnover in last financial year (By what percentage did your turnover increase or decrease in the last financial year?)

Base = all participants (450)

Note – figures shown are an amalgamation of various percentage increase/decrease responses



An increase in turnover was more prevalent for businesses:

- Operating in the Borough for five years or less (44% had experienced an increase compared with 30% overall)
- Planning to grow (38%)
- Facing skills gaps (42%)
- Based in Twickenham (44%)

A decrease was experienced by more businesses in Retail, hire and repair than in other industries (26% had experienced a decrease compared with 14% overall).

The London Business Survey asked whether turnover had increased, remained the same or decreased in the 12 months to mid-2014. For London as a whole, 35% of business units reported an increase (which is slightly higher than the Business Survey), 37% reported that



turnover had remained the same (higher than the Business Survey) and 29% reported a decrease (higher than the Business Survey). It should be noted that in the Business Survey 28% said that they did not know the answer, or chose not to share the information.

In line with the economic recovery, this is a more positive picture than was reported by businesses in the 2011 All in One Business Survey, whereby 30% claimed that turnover had decreased in the last financial year (in comparison to just 14% this year).

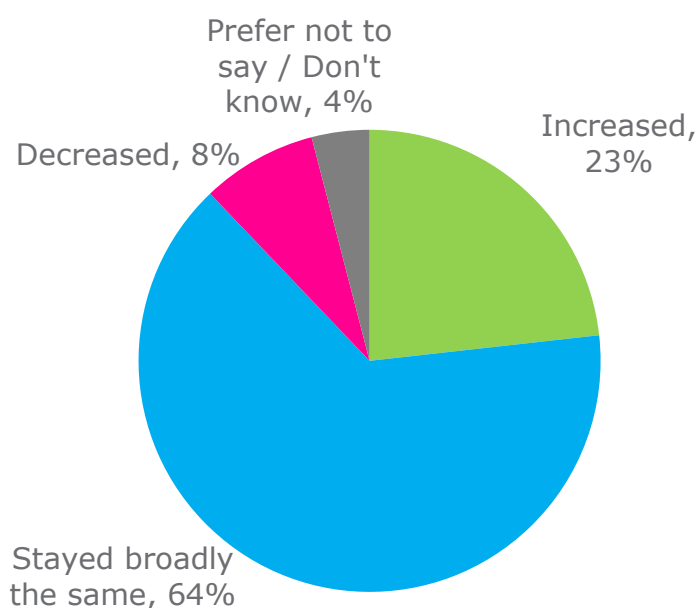
Staff levels



Despite almost a third of companies experiencing growth in turnover in the last financial year, less than one quarter of companies have increased the number of staff in the same time period. See figure 14. This may suggest that staff at some companies are working longer hours to generate the increased revenue, working harder, working more efficiently or making fuller use of the workforce (training is covered later on in this report).

Figure 14: Change in number of staff in last financial year (By what percentage did the number of staff increase or decrease in the last financial year?)

Base = all participants (450)



An increase in staff levels was more prevalent for businesses planning to grow (27%) whilst those who have problems recruiting staff were more likely to have experienced a decrease (13%).

Three-quarters of business units completing the London Business Survey saw no change in numbers of employees in the 12 months to mid-2014, while 12% of business units reported a decrease and 13% saw an increase. The figures for the Business Survey were therefore slightly more positive.



Looking ahead

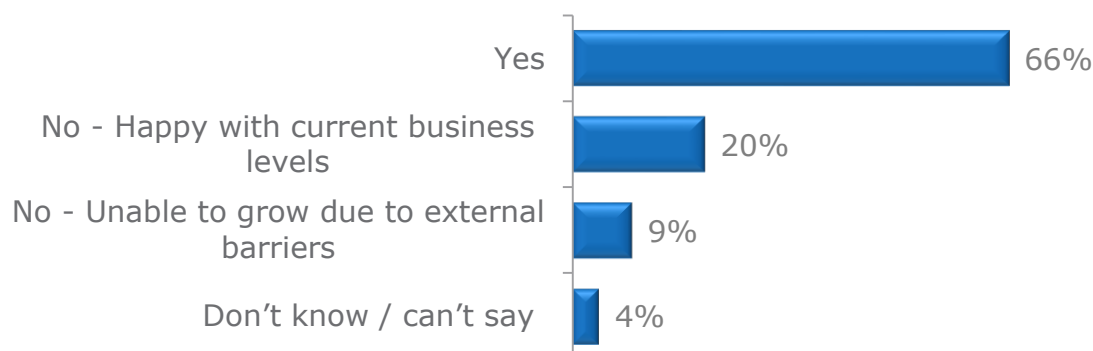
The majority of participants are positive about the next two to three years, with the majority planning to grow by increasing sales of existing products/services, alongside other initiatives.

Two thirds (66%) of businesses plan to grow in the next two to three years and this is higher than in the 2011 All in One Business Survey during which 38% said that they were considering expanding their business in the near future. See figure 15.



Figure 15: Planning to grow (Is the plan to grow the business over the next two to three years?)

Base = all participants (450)



Plans to grow varied between participants:

- Businesses in media and creative services, catering and accommodation and health and social care industries are particularly positive about growth in the next two to three years (84%, 82% and 78% respectively are planning to grow).
- Companies with more than ten employees also appear to be more confident about their growth plans, with over three quarters (77%) of these planning to increase their size.
- Participants who had been operating in Richmond for shorter periods of time also intend to grow with 84% of businesses who had been in the Borough for less than five years planning to expand.
- Businesses turning over more than £2 million were more likely to say that they intend to grow (84%).
- Participants facing skills gaps (80%) and those experiencing problems recruiting staff (79%) are also planning to grow; however their expansion may be hindered by these issues.
- Businesses in Strawberry Hill (90%), Mortlake (82%), Ham & Petersham (80%) and Twickenham (75%) aim to expand.

A further 20% are not planning to grow purely because they are content with their current business levels with professional businesses most likely to be happy with their current level of



business (30%). Smaller businesses with five or fewer employees (26%) and businesses operating in the Borough for over 25 years (31%) were also content to continue with their current levels of operation.

However, 9% claim that they do not plan to grow because they are hindered by external factors and participants in Hampton and East Sheen are particularly affected by barriers (19% and 15%).

When asked “Over the next 12 months, is this business planning to grow?”, respondents to the LBS were generally ambitious with 63% saying that the business was planning to grow. This figure is similar to the Business Survey.

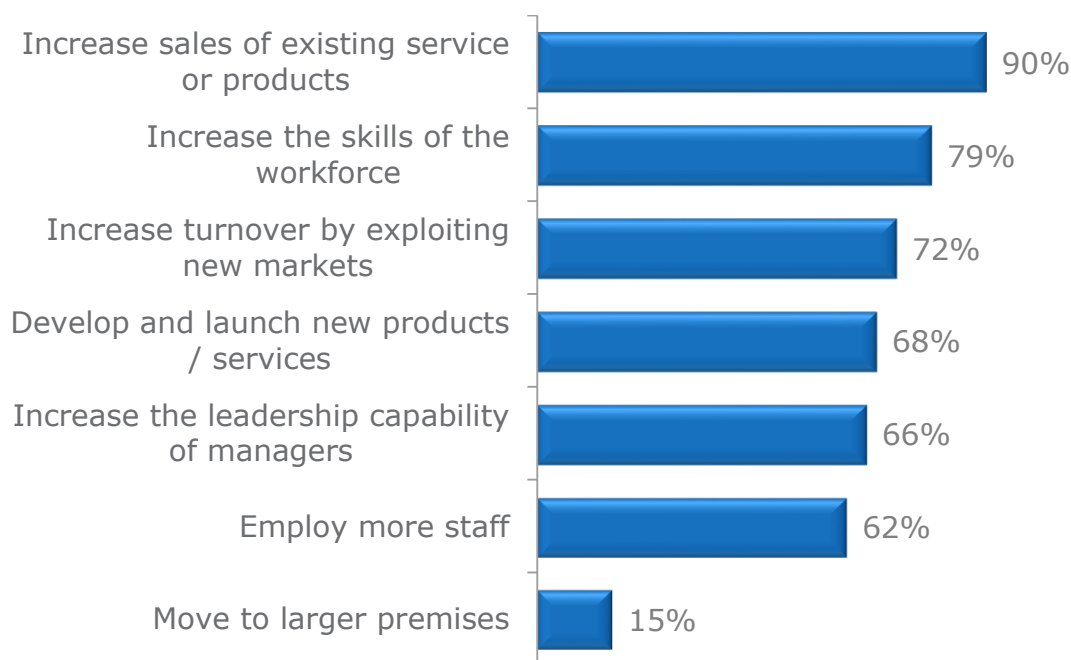
Facilitating growth

To enable growth nine out of ten of the 299 respondents that are planning to grow intend to increase sales of existing services or products in the next two to three years. This may be achieved by entering new markets (something which 72% claim that they will do). Around seven out of ten businesses planning to grow also intend to develop and launch new products or services. Businesses are clearly confident in their growth potential but are adopting a dual strategy of promoting an existing product or service whilst developing a new one – this approach may be considered as less risky than pursuing one or the other option.

Businesses planning to grow also mean to invest in their workforce – not only do they aim to employ more staff per se (62%), they also plan to increase the skills of the workforce (79%), and also increase the leadership capability of managers (66%). See figure 16.

Figure 16: Enablers of growth (Does your business plan to do any of the following over the next two to three years?)

Base = participants planning to grow (299)



Increasing the leadership capability of managers is especially relevant to businesses that are having problems recruiting staff (74%). Businesses with 20 or more employees were also



more likely to plan to increase the leadership capability of managers (93%) and increase the skills of the workforce (98%).

Businesses planning to move are looking for bigger premises (72%), intend to employ more staff (83%) and aim to increase the sales of existing services or products (100%).

Those having problems recruiting staff are counteracting the issue by both increasing the leadership capacity of managers (74%) and employing more staff (76%).

When comparing these figures to the 2011 All in One Business Survey we see an increase in the number of businesses planning to:

- Offer new products or services (78% in 2011 vs. 90% in 2015)
- Employ more staff (47% in 2011 vs. 62% in 2015)
- Exploit new markets (45% in 2011 vs. 72% in 2015)
- Move to larger premises (11% in 2011 vs. 15% in 2015)

Moving premises

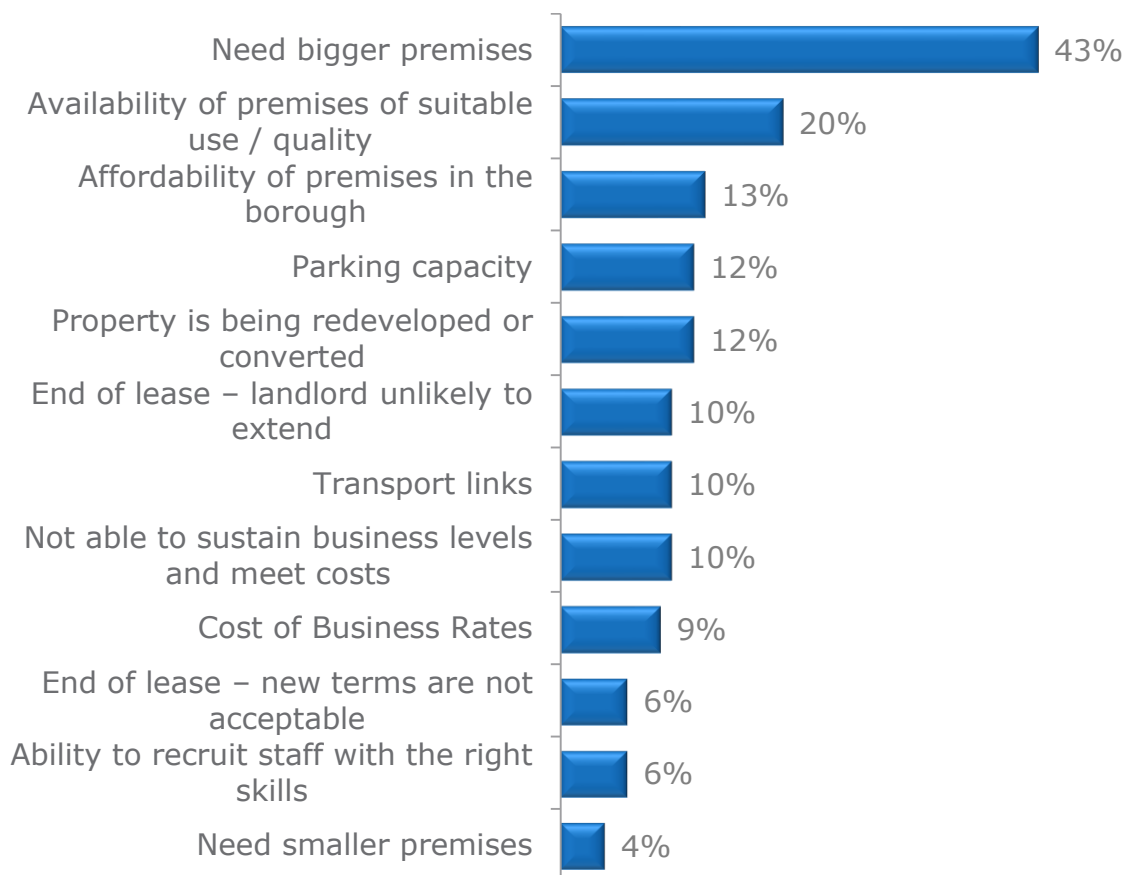
A noteworthy proportion of all participants (15%) are either definitely moving (5%), or seriously considering moving (10%) premises in the next two to three years and the reasons for relocating are consistent across the participant types. This proportion is comparable to the 12% in 2011 who said that they were considering closing or moving away from the area in the next 12 months.

In 2015 the main reason for moving given by those who are definitely or seriously considering moving was the need for more space, but also (to a lesser degree) the availability of more suitable or better quality premises. Parking capacity is also raised again here (as it was in 2011), with 12% claiming that this is a reason behind their decision to relocate. See figure 17. Around three out of ten (29%) of these companies are seeking premises outside of the Borough. See figure 18.



Figure 17: Reasons for relocating (Which of the following reasons are behind this decision?)

Base = participants definitely or seriously considering moving (69)



Although the majority of participants who are seriously considering or definitely moving will stay in Richmond (74%), a notable number (29%) will move away from the Borough. See figure 18.

Figure 18: Proportion of participants definitely or seriously considering moving who are seeking premises outside of the Borough (If you do leave your current premises, what will happen next?)

Base = definitely or seriously considering moving (69)





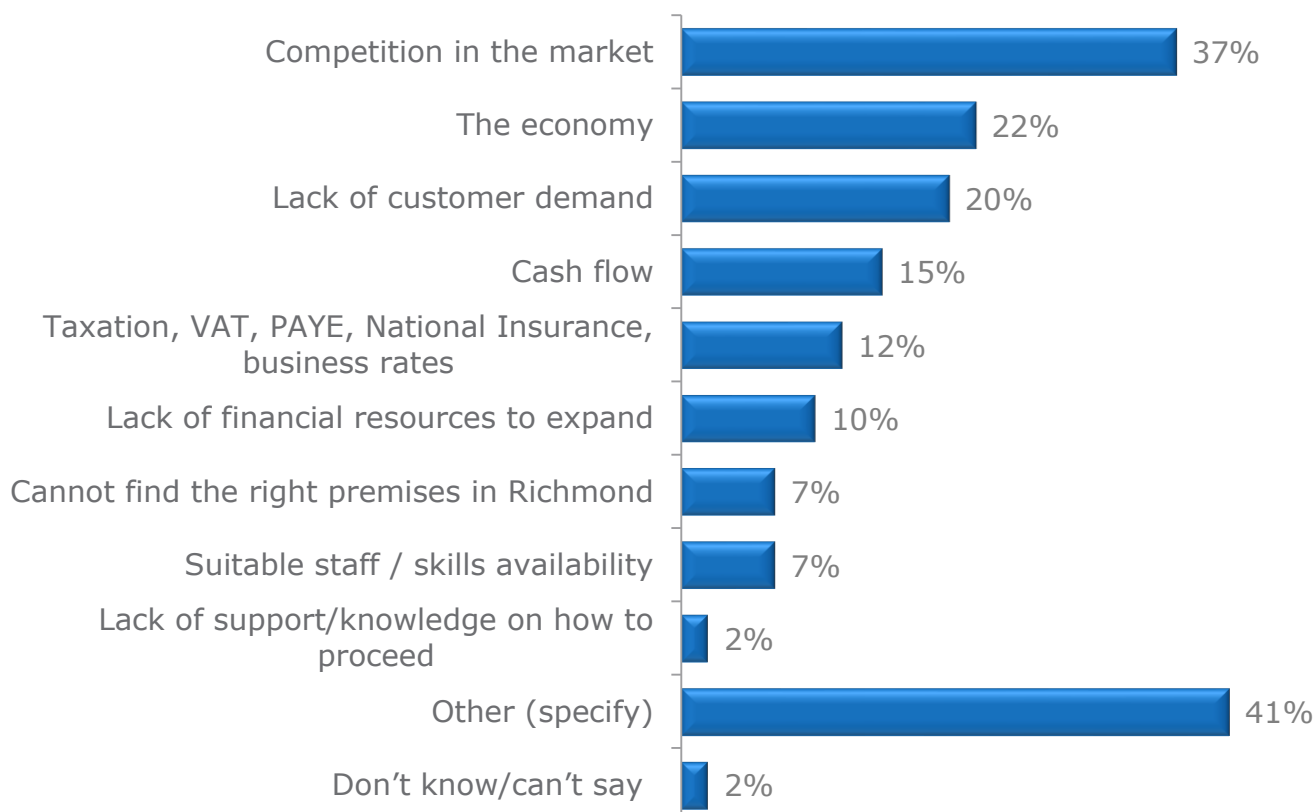
Barriers to growth

Amongst participants who feel that they cannot grow due to external barriers, the main hindrance is perceived to be market competition, something over which the Council has little direct influence.

Figure 19: Barriers to growth (Which of the following are the main barriers to the growth of your business?)

Base = participants unable to grow due to external barriers (41)*

*Caution – low base size



As stated, of the businesses who believe that they are unable to grow due to external barriers, competition is the main factor (cited by 37%) and this is followed by the economy (cited by 22%) and then lack of demand (mentioned by 20%).

Businesses may be able to boost demand for their products or services with increased or more effective marketing activity – an area that participants would like some support with (covered later on this report).

Skills and recruitment

Skills gap

Fifteen per cent of participants feel that they have a skills gap, and this figure is considerably higher amongst larger companies (38% amongst businesses with over 10 employees). The gap is most likely to be in ICT skills.

The skill gap which businesses are experiencing isn't isolated to a particular skill or level, but a lack of Information Communication Technology (ICT) skills – both general and specialist - is the most common mentioned by participants who have experienced a missing skill. See figure 20.

Figure 20: Missing skills (What skills are missing from your company?)

Base = participants facing a skills gap (69)



Participants in St Margarets (32%), Strawberry Hill (30%) and Hampton (28%) are hit harder by skills gaps than businesses in other areas.



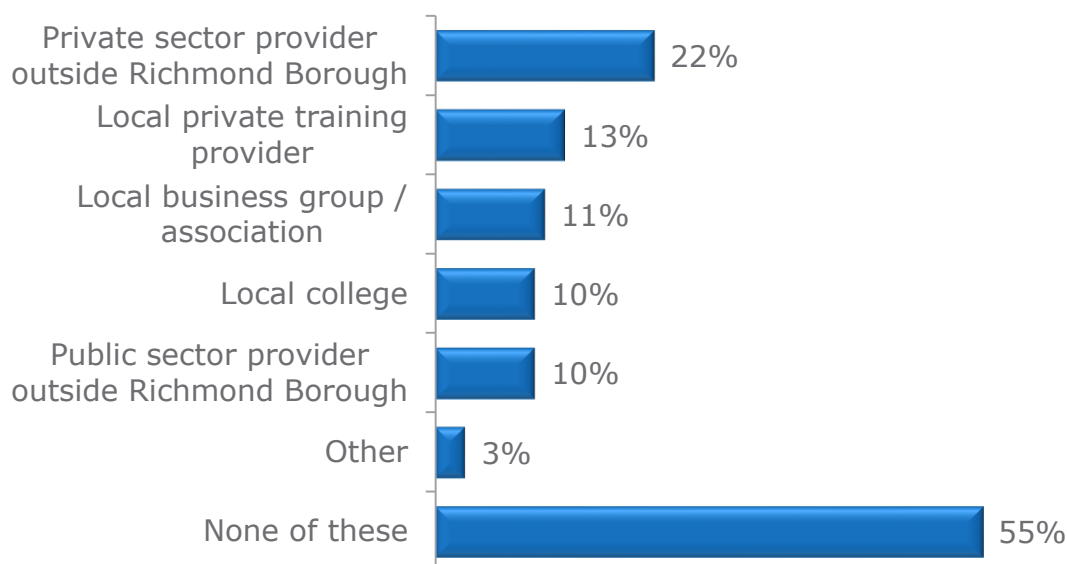
External training

Perhaps in order to combat the perceived skills gap, just under half of all businesses have invested in training provided by external organisations. See figure 21.

Figure 21: External training providers (In the past two years, has your business used any of these external training providers?)

Base = all participants (450)

Note - 'Other' includes Council training and online training



Participants in Health and social care are comparatively more likely to have to go out of the Borough to access training with 38% using a public sector provider outside Richmond and 40% using a private sector provider.

Recruitment

Considering that just under a quarter of participants (23%) have increased their headcount in the last financial year, it's encouraging to see that the majority (74%) have not experienced any problems in recruiting staff.

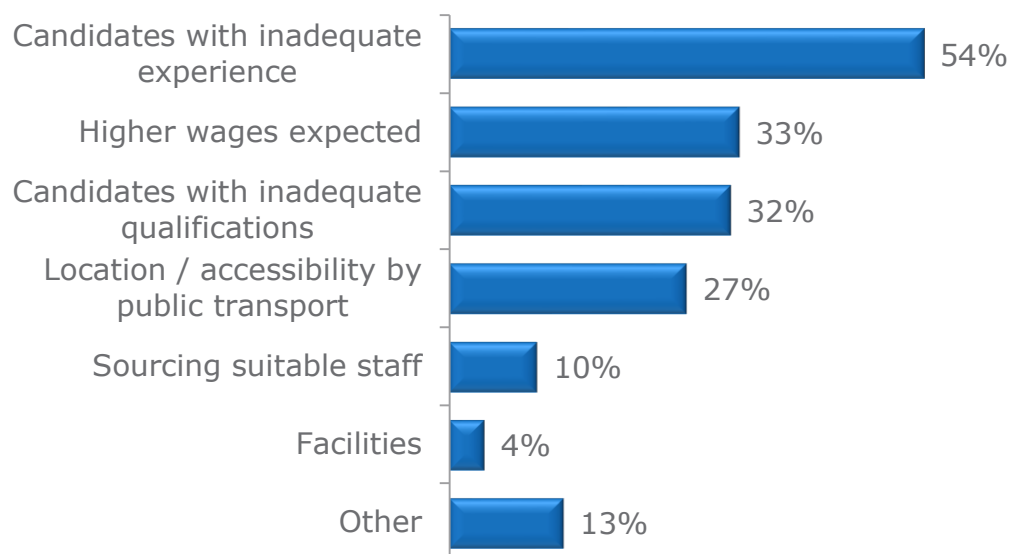
Recruitment is more of an issue for participants in Catering and accommodation (36%), those with six or more employees (37%) and for those with a turnover of more than £2 million (44%). Recruitment problems are quite consistent across the Borough.

The 111 businesses that have experienced problems in recruiting staff cite 'candidates with inadequate experience' as the primary reason (54%). Experience in this context may be more than skills, but this could indicate a 'skills gap' in the wider context of the Borough. Interestingly a third also say that candidates expect higher wages. See figure 22.



Figure 22: Problems recruiting staff (Which of the following reasons explain the difficulties the business had recruiting staff?)

Base = participants who have experienced problems in recruiting staff (111)



Support and advice

Only 6% of participants claimed to have received support when they set up in the Borough. Very few have utilised support or advice from local organisations that offer such a service in the last 12 months. However, there is a desire for such support and advice and it appears that a lack of awareness of such organisations and what they offer is limiting uptake.

The figure for receiving support was highest amongst businesses working in Health and social Care (15%) and lowest for those in Professional businesses (2%). The majority of smaller employers had not received support (88% of those with five or fewer employees), nor had businesses with a turnover of less than £250,000 (91%) or participants based in Teddington (93%).

In terms of organisations that offer support and advice to local businesses, awareness of Richmond Chamber of Commerce is the highest, with almost three quarters (72%) of participants having heard of it. JobCentrePlus (engagement team for businesses) is the next highest with 58% awareness. Other organisations that offer support and advice have low levels of awareness (the majority of businesses have not heard of them). See figure 23.



Figure 23: Awareness of organisations (Are you aware of the following organisations who offer support and advice to local businesses?)

Base = all participants (450)



Of those aware of the organisations, use of Town Centre Management / local traders or business associations is highest with 19% of those aware of these organisations accessing their services in the last 12 months. Amongst participants who are aware of the organisations:

- 16% had used the services of Best of Richmond
- 14% had used the services of the Chamber of Commerce
- 9% UKTI



- 7% JobCentrePlus
- 2% South London Business



Over half of all participants (58%) expressed a desire to receive information from the Council and other agencies so they would know what support is available which will aid success in their businesses. The difference between the number of participants who would like to receive information and the proportion of businesses that are aware of the support and advice that is currently on offer indicates that a lack of knowledge of what is available may be a limiting factor for accessing support.

Areas where businesses believe support and advice would help them to improve the success of their business are opportunities generally in the field of sales, marketing and promotion. 'Doing business online/social media' is also an area of interest (see figure 24).

Figure 24: Topics for support & advice (Which, if any, of the following would help improve the success of your business?)

Base = all participants (450)





Health



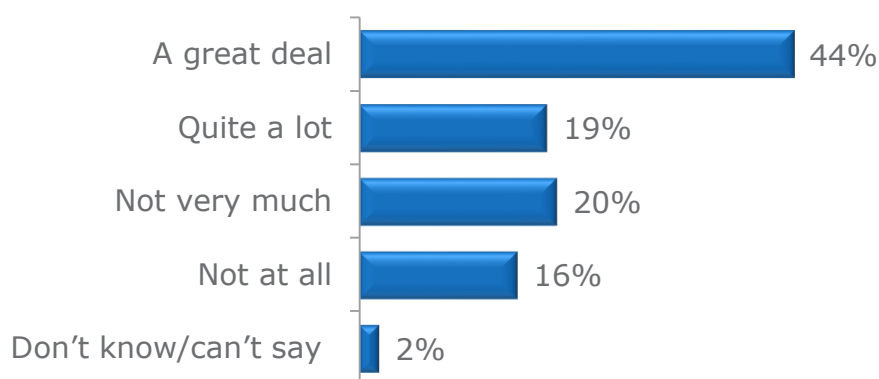
The majority of participants claim that the health of their employees has an impact on their business, and over a quarter would like support on this issue.

The impact is felt strongly by owners (who are also more likely to be sole traders or home workers and to have a turnover of less than £250,000) with over half of this group (55%) saying that it impacted a great deal on productivity. The impact is also felt more acutely by participants already facing skills gaps (55%) implying that they feel the effect more strongly when they cannot call upon other members of staff when someone is ill.

Only 16% of businesses claim that the health of employees does not impact on productivity at all. See Figure 25. However, just over a quarter of businesses (27%) would like to be able to get support on this issue.

Figure 25: Impact of employee health (To what extent does the health of your employees or your own health impact on the productivity of your business?)

Base = all participants (450)



Participants facing skills gaps (42%) and those having problems recruiting staff (47%) are more likely to like to be able to access support.

In summary there are many positive results to be taken from the survey; however the Council cannot be complacent and there are areas where the Council can help businesses to grow and develop. Some of the areas to consider are shown on the following infographic.

Business Survey...

Access to customers, availability of premises and transport links are the main reasons why businesses locate in Richmond.

The affluence of the area is considered as an advantage by some (lucrative customers) but a disadvantage by others (high costs).

Growth

During the last financial year, almost a third of companies in Richmond have experienced growth in their turnover and almost a quarter have increased their headcount.

Looking ahead

The majority of businesses are positive about the next two to three years, with the majority planning to grow by increasing sales of existing products/services, alongside other initiatives.



Market competition is perceived as the main hindrance to company growth, something which the Council cannot control

Available premises...

Over a fifth of businesses claim that it has been difficult to find the right premises

Broadband connection...

15%

don't have access to a suitably fast broadband, this presents a big problem with some businesses essentially 'shutting down' without it and some consider moving out because of it

Skills gap...

38%

of larger businesses feel they have a skills gap, this isn't isolated to a particular skill or level, but a lack of Information Communication Technology (ICT) skills

Recruitment...

23%

have increased their headcount in the last financial year

74%

have not experienced any problems in recruiting staff

Support & advice...

6%

of businesses claimed to have received help when they set up, & very few have utilised offers from other organisations. However, there's a desire for help but awareness is limiting uptake





Appendix A

London Borough of Richmond-upon-Thames ran a short online survey with 45 people thinking of starting a business, or in the early stages of the process. The information gathered through the **Business Start-up Survey** will help the Council to make sure that entrepreneurs in the Borough can access the right support to afford them the best chance of success.

It is possible to make some comparisons between the **Business Survey** and Business Start-up Survey, however these need to be made with caution as both the wording of the questions and the target audience were somewhat different between the two surveys.

- 20% of participants in the Business Start-up Survey said that they would like support on 'Market research / market testing' and the same number said that they would like support on 'Business planning'. A similar figure (23%) of businesses completing the Business Survey said that if they could access support and advice on 'Business planning and market research' then this would help improve the success of their business.
- 36% of participants in the Business Start-up Survey saw 'Finding somewhere to work or hold meetings / commercial premises' as a barrier to progress and 24% wanted support in this area. Only 7% of businesses completing the Business Survey said that they were finding it difficult to grow because they could not find the right premises in Richmond; however 22% did say that they had found it difficult to find the right premises and 14% said that they would like help with this.
- 20% of participants in the Business Start-up Survey saw 'Finance and funding' as a barrier to progress and 38% wanted support in this area. A similar proportion of businesses completing the Business Survey (23%) said that they would like help in this area.
- 18% of participants in the Business Start-up Survey saw legal issues as a barrier to progress and 20% wanted support in this area. A similar proportion of businesses completing the Business Survey (18%) said that they would like help in this area.
- 9% of participants in the Business Start-up Survey saw 'Exporting or trading internationally' as a barrier to progress and 7% wanted support in this area. 8% of businesses completing the Business Survey said that they would like help with legal issues.
- 7% of participants in the Business Start-up Survey saw 'Tax/PAYE' as a barrier to progress and 29% wanted support in this area. A slightly higher proportion (12%) of businesses completing the Business Survey said their growth was restricted by Taxation, VAT, PAYE, National Insurance or business rates.
- 29% of participants in the Business Start-up Survey saw 'Sales and marketing' as a barrier to progress and 42% wanted support in this area. 36% of businesses completing the Business Survey said they would like support in this area.



- 18% of participants in the Business Start-up Survey saw 'Doing business online / web / social media' as a barrier to progress and 24% wanted support in this area. The number wanting support is higher for businesses completing the Business Survey (34%).
- Relatively few (7%) participants of the Business Start-up Survey saw 'Training, skills or apprenticeships' as a barrier to progress and 9% wanted support in this area. However one quarter of businesses completing the Business Survey said they would like support in this area, implying that this becomes more of an issue as the business develops.

Many of the questions asked in the Business Start-up Survey are very different to those asked in the Business Survey and so no comparison can be made. Some have been provided below for information only:

- When asked about barriers to progress in starting or developing their business, 36% felt that 'Finding or managing time to do it properly' was an obstacle, and 22% said that they would like support to help overcome this barrier.
- 7% of participants saw 'Developing or testing the initial ideas' as a barrier and 11% said that they would like to receive support in this area.
- 16% of participants saw 'Business management or strategy' as a barrier and 22% said that they would like to receive support in this area.
- 20% of participants saw 'Having the confidence to make progress' as a barrier and the same per cent said that they would like to receive support in this area.
- 36% of participants saw 'Making the right connections' as a barrier and 47% said that they would like to receive support in this area.
- 20% of participants saw 'Mentoring or coaching' as a barrier and 36% said that they would like to receive support in this area.
- 18% of participants saw 'Financial management / cashflow' as a barrier and 16% said that they would like to receive support in this area.
- 9% of participants saw 'People management / HR / recruitment' as a barrier and 7% said that they would like to receive support in this area.
- 16% of participants saw 'Branding' as a barrier and 13% said that they would like to receive support in this area.



Appendix B

The Office for National Statistics designed and carried out the **London Business Survey 2014** to collect information from businesses on a variety of topics of interest to the Mayor of London, the Greater London Authority, the London Enterprise Panel and London and Partners. The topics included: how London is rated as a business location, ease of access to finance for Small and Medium Sized Enterprises (SMEs), employment, skills and training, the economic outlook, trade and innovation.

It is possible to make some comparisons between the **Business Survey** and London Business Survey (LBS).

Changes in employee numbers and recruitment

- The LBS found that in the 12 months to mid-2014, three-quarters of business units in London experienced no change in numbers of employees while 12% of business units reported a decrease and 13% saw an increase. The figures for the Business Survey were slightly more positive with 23% of participants saying that they had increased the number of members of staff, 64% stating that the numbers had stayed broadly the same and 8% saying that staff levels had decreased.

Business performance and outlook

- The LBS asked whether turnover had increased, remained the same or decreased in the 12 months to mid-2014. For London as a whole, 35% of business units reported an increase (which is slightly higher than the Business Survey – 30%), 37% reported that turnover had remained the same (higher than the Business Survey – 28%) and 29% reported a decrease (higher than the Business Survey – 14%). It should be noted that in the Business Survey 28% said that they did not know the answer, or chose not to share the information.
- When asked “Over the next 12 months, is this business planning to grow?”, respondents to the LBS were generally ambitious with 63% saying that the business was planning to grow. This figure is similar to the Business Survey during which 66% of participants said that the aim is to grow the business.

The following comparisons are more tentative as the basic gist of the questions were somewhat different between the two surveys.

- Many businesses responding to the LBS that were ambitious about growing were not planning increases in staff numbers. Overall, 22% of business units said that they expected the number of employees to increase in the next 12 months, while 74% expected it to remain the same. This is quite different to the Business Survey during which 62% of the 299 participants who plan to grow the business aim to do so through employing more staff. However, any comparison should note that the LBS question concentrates on actual intentions and the Business Survey question is more hypothetical.
- The LBS asked about a number of factors which affect people’s perceptions of London as a place to do business. Ratings for London were very positive in terms of: the



availability of skilled staff (70% said that this was good or excellent), proximity to customers (75%); transport infrastructure into and out of London (68%) and digital and communications infrastructure (66%). However, respondents were less satisfied with London in terms of the availability of suitable and affordable workspace (23%).

- Respondents were also asked about a series of factors affecting businesses, and what level of impact these had on the business in the 12 months to mid-2014. The factors most often rated as having a positive or very positive impact were demand for products and / or services (50% of respondents) and technology / IT / connectivity / digital infrastructure (30% of respondents). The factors most often rated as having a negative or very negative impact were taxes and business rates (50% of respondents) and staff costs/cost of living (41%). Cost of energy and materials, government regulations, availability of affordable business space and availability and/or cost of finance were also seen as negative or very negative by 30% or more of respondents.
 - In the Business Survey participants were not asked to rate Richmond on these issues, however when asked why they were located in the Borough the second, third and fourth reasons provided were: access to customers; availability of the right premises and transport links to London and Heathrow.
 - The main benefits (apart from convenience) of working in Richmond were the affluence of the Borough and good transport links.
 - The main drawbacks were heavy traffic and high costs.
 - The majority of businesses contributing to the Business Survey (83%) said that they were able to access a suitably fast broadband Internet connection.



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