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**Buckinghamshire as a place to do business:
A manifesto for business and employment growth**
Buckinghamshire Business First

March 2012

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Executive Summary

This is a business and employment growth '*call to arms*' for Buckinghamshire Business First (BBF). We've interviewed 23 entrepreneurs and businesses owners. They have told us about the challenges they face and the support they need to deliver business and employment growth for Buckinghamshire.

On **Skills**, they want:

- To increase the speed and efficiency of recruiting locally whilst reducing the costs.
- More young people to leave full-time education with business specific skills, for example, marketing, sales, Sage or business administration.
- More native Buckinghamshire graduates to return to the county following graduation.

On **Property**, they want:

- Increased choice of low cost/highly flexible commercial property – particularly focused on smaller scale workshop-type facilities for creative or manufacturing sectors.
- Support to reduce cost of finding and negotiating property terms.
- More affordable housing to encourage the return of Buckinghamshire graduates.

On **Finance**, they want:

- An alternative and more flexible source of funding for their business ideas.
- Banks to adopt a long term and less risk averse attitude to lending.

On **Infrastructure**, they want:

- Reduced traffic congestion in and around the county's town centres.
- High speed and reliable broadband connectivity across the entire county.

On **Business Support**, they want:

- Easy access to peer-level 'been there, done that' mentoring support.
- Revitalised and refreshed approach to business networking.

To deliver these 'asks' BBF need to focus on the following areas:

1. **High growth focus** – BBF should identify and support firms with aspirations for high growth. The characteristics of high growth firms are highlighted and these attributes can help BBF target its resources most effectively to deliver net new jobs for the county.
2. **Growth fund** – BBF should establish a growth fund for Buckinghamshire based businesses with the potential to be high growth. Funding could be used for anything related to increased revenue growth and profitability; for example, commercial property, salaries for additional staff, new equipment or machinery or specialist support such as recruitment, management or training. Match funding would be an essential pre-requisite.
3. **Recruitment support** – BBF should establish an online recruitment matching service to enable local businesses to understand the local skills available locally and facilitate the recruitment process between prospective employers and employees.
4. **Mentoring scheme** – BBF should facilitate a mentoring scheme within Buckinghamshire between established entrepreneurs that have 'been there and done that' and aspiring entrepreneurs in need of peer-to-peer support.
5. **Innovation centre** – BBF should establish a dedicated Innovation Centre with flexible terms and associated business support services.
6. **Lobbying role** – BBF must continue to be an advocate for Buckinghamshire businesses to create the optimal conditions for growth. Our research has indicated that this lobbying role should encompass the following key areas: the continued roll out of high speed broadband; and road congestion in town centres across the county.
7. **Improved business intelligence** – BBF must improve its knowledge of its resident businesses and entrepreneurs – particularly those with aspirations for growth - through its engagement and fieldwork activities. Our research highlighted that BBF's database is inaccurate and that this impacts on the Agency's understanding of the county's business base. Primary research to understand the number of shell companies in the county will further enhance BBF's business intelligence.

Buckinghamshire is a prosperous county with a number of unique location advantages. It has the highest rate of county level business formation in the UK, however, this research has identified that its concentration of high growth businesses is below that of its competitor geographies. These recommendations seek to bridge this gap and convert the entrepreneurial drive into high performing businesses which generate employment and economic growth for the county.

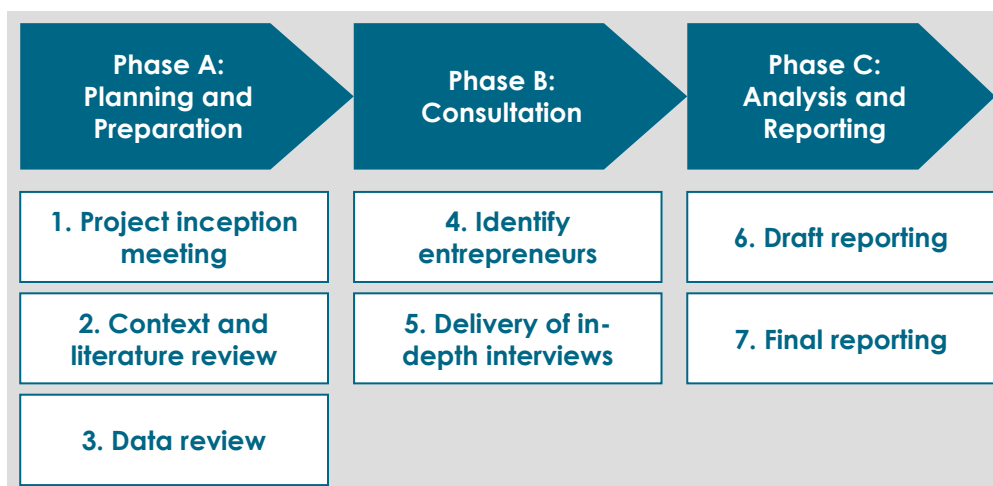
1. Introduction

- 1.1 Buckinghamshire Business First (BBF) is a business led not-for-profit company working for the benefit of the county. BBF works in partnership to ensure that Buckinghamshire has a dynamic business sector which encourages innovation, productivity and competitiveness. BBF also supports the skills and training needs of the population to meet the requirements of businesses and ensure a vibrant and world-class economy.
- 1.2 This research sought to identify the key advantages and challenges facing a range of entrepreneurs and business owners operating in Buckinghamshire. It also sought to identify what entrepreneurs need to grow and how BBF can help them deliver the required business and employment growth for Buckinghamshire.

Methodology

- 1.3 For this research GVA adopted the methodology outlined in Figure 1. Phase A is a desk based review of data and literature which identifies the characteristics of high growth firms and analyses Buckinghamshire's economy.
- 1.4 Phase B includes the identification and interview of consultees. These interviews provide the primary information to understand the advantages and challenges facing entrepreneurs and businesses operating within Buckinghamshire. Phase C represents the final analysis of the different research methods and reporting.

Figure 1: Methodology



Source: GVA, 2011

Report Structure

- 1.5 This following section of this report analyses the UK economy and details the policy response of the Government to achieve growth. The role of high growth firms in the economy is also reviewed as is their definition and characteristics.
- 1.6 Section 3 then analyses the Buckinghamshire economy and compares it to the rest of the country. This section also identifies the number of high growth firms in Buckinghamshire compared to neighbouring counties.
- 1.7 Sections 4 and 5 then present the experiences of entrepreneurs based in Buckinghamshire. The advantages and challenges are identified and contextualised within the current economic climate.

2. UK Economy

2.1 The UK economy remains fragile following the 2008/2009 recession and in the final quarter of 2011 the economy shrank by 0.2 per cent. Unemployment is continuing to rise and household spending is falling in real terms as average salary increases of 1.1 per cent fail to keep pace with the CPI inflation measure, which was 3.6 per cent in January 2012. This is the context in which Buckinghamshire's firms are operating. This section reviews the Government's policy response and plan for growth. The advantages and challenges facing firms based in the UK are also identified.

Plan for Growth

2.2 The UK economy is currently unbalanced as growth prior to the recession was driven by public and private consumption, fuelled by increasing levels of debt. Critical to rebalancing and restructuring the UK economy is a focus on production and exporting goods and services.

2.3 In the Government's Plan for Growth¹ four ambitions are identified to ensure sustainable and balanced growth is achieved. The ambitions are:

- To create the most competitive tax system in the G20;
- To make the UK one of the best places in Europe to start, finance and grow a business;
- To encourage investments and exports as a route to a more balanced economy; and
- To create a more educated workforce that is the most flexible in Europe.

2.4 The Plan for Growth identifies several business sectors which will receive support to further encourage growth. This includes a £100 million campaign, co-funded by the Government and tourism sector to attract an additional 4 million visitors to the UK after 2012. Professional and business services will also benefit from the introduction of new visa regimes for entrepreneurs and high net worth investors, whilst the changes to the planning system are designed to benefit the construction industry.

¹ The Plan for Growth, HM Treasury and BIS, March 2011

- 2.5 To achieve the ambitions and restructure the economy the Government is also encouraging growth in the following sectors.

The Technology Sector

- 2.6 The technology industry and ICT in particular are significant enablers of innovation, driving productivity, competitiveness and ultimately growth and new jobs. There are 1.5 million people employed in IT and telecoms in the UK and employment is forecast to grow at 2.1 per cent per annum, nearly five times the UK average over the next five years.²
- 2.7 The Government will actively support the healthcare and life sciences industry through the establishment of a new health research regulatory agency. Advanced Manufacturing will also benefit from the development of nine new university based centres for innovative manufacturing and the establishment of a High Value Manufacturing Technology and Innovation Centre.³

Creative Industries

- 2.8 As a proportion of GDP, the UK has the largest creative industries sector in the world with 1.1 million people directly employed and a further 800,000 employed in creative jobs in other sectors. Between 2009 and 2013 the UK creative industries is expected to grow at four per cent on average which is more than double that predicted for the rest of the economy. By 2013 the sector is expected to employ 1.3 million people, potentially greater than the financial sector.⁴
- 2.9 The Government is actively supporting the sector by facilitating super-fast Broadband roll-out and reducing the burdens of the communications and media regulatory framework. The Government is also committed to supporting Intellectual Property (IP) intensive businesses to ensure they can exploit their IP domestically and overseas.⁵

Low Carbon/Green Economy

- 2.10 The UK is committed to a low-carbon economy. This will require around £450bn investment between now and 2025, split between the energy supply industry and in the introduction of energy efficient measures across the rest of the economy. This presents an opportunity for firms to benefit from this expansion of the sector.

² Making the UK the Best Place to Invest, CBI, 2011

³ The Plan for Growth, HM Treasury and BIS, March 2011

⁴ Making the UK the Best Place to Invest, CBI, 2011

⁵ The Plan for Growth, HM Treasury and BIS, March 2011

Advantages and Challenges for Businesses in the UK

- 2.11 The Government's Plan for Growth depends on businesses being able to succeed. This is recognised by the Government's four ambitions which will make the UK a more attractive place from which to do business. Businesses operating in the UK face a number of advantages and challenges. These are generally experienced by all businesses, to a greater or lesser extent, irrespective of size, age, location or sector. Advantages and challenges are often centred on the themes of taxation, regulation, education and skills, ease of access to markets, transportation and infrastructure and policy objectives.
- 2.12 The primary advantages for businesses or being based in the UK are briefly identified before the challenges and barriers facing UK based businesses are explored in more depth.

Advantages

- 2.13 The UK has a highly business-orientated economy and is therefore geared toward ensuring businesses can succeed. Advantages of doing business in the UK include:
- A strong educational system, which is ranked 23rd out of 139 countries.⁶ This includes world leading universities which drive innovation, R&D and skills development.
 - The World Bank ranks the UK as 17th (out of 183 countries) to set up a business and 4th on the overall ease of doing business.⁷
 - Whilst it is often taken for granted by UK based businesses, companies have confidence in the rule of law and UK competition policy to create a level playing field. This is a particular advantage for businesses in choosing to invest in the UK.
 - The English language is another advantage taken for granted by domestic firms but is again advantageous for overseas businesses.
 - The UK culture and quality of life is also an advantage nationally for the UK. This is also an advantage on a regional level, as parts of the UK are viewed as more desirable than others.
 - The UK has a relatively more flexible labour market than other countries.

⁶ World Economic Forum, Global Competitiveness Report, 2010 - 2011

⁷ Ease of Doing Business, World Bank, 2011,

- The UK is political stable in comparison to other countries making it an advantageous location to do business.
- Very strong financial services, ranked 5th out of 139 countries.⁸

Challenges

- 2.14 At a national level there are several barriers and challenges to success which businesses may face. These include:

Skills

- 2.15 The UK has a general lack in the availability and quality of skills. By international standards the UK's skills base is mediocre. In the UK STEM subjects (Science, Technology, Engineering and Maths) account for 25% of all first degrees, in China it is 50 per cent.⁹
- 2.16 The World Economic Forum ranks the quality of the UK's educational system 28th out of 139 countries in 2011. This compares to 8th place the previous year. The quality of the UK's Maths and Science education is ranked as low as 55th out of 139 countries.¹⁰
- 2.17 This mediocre skills base is also impacting the UK's productivity. Output per hour is 20 per cent lower than France, 13 per cent lower than Germany and 18 per cent lower than the USA.¹¹

Transport

- 2.18 Transport is also increasingly becoming a challenge for businesses operating within the UK. The road, rail and airport infrastructure is becoming stretched, and economic growth may be constrained by the inability to move people and goods efficiently. The British Chamber of Commerce calculated that in 2007 congestion cost British businesses £17.55 billion per annum in lost hours, increased operation costs, reduced productivity and recruitment difficulties.¹²

⁸ World Economic Forum, Global Competitiveness Report, 2010 - 2011

⁹ Growing Pains: What is Holding SMEs Back?, British Chamber of Commerce, March 2008

¹⁰ World Economic Forum, Global Competitiveness Report 2010-2011

¹¹ Growing Pains: What is Holding SMEs Back?, British Chamber of Commerce, March 2008

¹² Growing Pains: What is Holding SMEs Back?, British Chamber of Commerce, March 2008

Finance

- 2.19 Obtaining finance is an often highlighted as a barrier to growth. However this is not a straight-forward argument. The British Chamber of Commerce report¹³ identifies that newly formed businesses often use their own funds early on. Indeed this finding was supported by the primary consultation conducted with Buckinghamshire based businesses for this piece of research.
- 2.20 The Work Foundation did however state in a recent report that, whilst anecdotal, there appears to be a convincing case that the current system of finance has a regional bias. The report finds that firms outside of London and the South East are less likely to be able to access growth finance and are less likely to be approached by venture capitalists.¹⁴
- 2.21 Concerns also remain that the current banking system is not providing sufficient capital for firms. There is a political desire for banks to provide more lending to businesses. £95 million of Regional Growth Fund money will be provided for SMEs which will be administered by RBS and HSBC in order to make finance more accessible to businesses.¹⁵

Regulation

- 2.22 Regulation barriers impede business growth. The UK is ranked 89th out of 139 countries in terms of the regulatory burden on businesses, according to the World Economic Forum. The UK Government is responding to this by introducing a one in one out policy for regulation. Government departments wishing to introduce new regulation must first remove regulation with the equivalent net cost to businesses.¹⁶

Exporting

- 2.23 Successfully exporting goods and services is important to the ongoing survival and growth of many businesses. Increasing exporting has also been identified as a core aim to rebalance the UK economy. However firms face a number of challenges to successful exporting. This includes a lack of information about overseas markets,

¹³ Growing Pains: What is Holding SMEs Back?, British Chamber of Commerce, March 2008

¹⁴ Ready, Steady, Grow, The Work Foundation, March 2011

¹⁵ Prime Ministers Speech on Exporting and Growth, Thursday 10 November 2011

¹⁶ Transforming Regulatory Enforcement: Freeing up Business Growth, A Discussion Document (Consultation), BIS, June 2011

gaining access to networks and contacts overseas and navigating unfamiliar business environments.¹⁷

- 2.24 The UKTI has also identified that many businesses only consider their business to meet a local need. Therefore to raise awareness of the potential export opportunities the UKTI has a target to engage 25,000 UK companies a year.¹⁸

High Growth Firms

- 2.25 Correcting the imbalance in the UK economy requires businesses to grow and succeed. Successful businesses will create jobs, generate tax revenue and drive economic growth. The most successful of these can be termed high growth. These firms are bucking the wider economic trend of slow or negative economic growth and business closure or retrenchment. During the recent recession high growth businesses continued to grow at over 20 per cent each year between 2007 and 2010. These businesses classed as high growth accounted for seven per cent of all businesses yet created 54 percent of all new jobs.¹⁹
- 2.26 Unsurprisingly firms demonstrating high levels of growth have become increasingly important in politics and the media, in recognition of the significant role they have in the UK economy. At a national and regional level it is therefore important to be able to identify high growth firms (HGFs) and those with the potential for high growth so that they can be appropriately supported. The following section provides a definition of high growth firms and their characteristics.

Defining High Growth

- 2.27 High Growth Firms can be defined in different ways depending on growth indicators such as measurement of growth; length of time-period of growth; and whether growth is organic or through acquisition.²⁰ However the most commonly used definition is the OECD's which states that high growth firms are:

¹⁷ Internationalisation of Innovative and High Growth SMEs, BIS Economics Paper No.5 March 2010

¹⁸ Rebalancing the Economy: Trade and Investment, BIS Committee, Seventh Report, June 2011 and Discovering High Growth: How UK SMEs are Breaking into High-Growth Markets, UKTI 2011

¹⁹ Vital Growth: The Importance of High Growth Businesses to the Recovery, NESTA, March 2011

²⁰ High Growth Firms in Scotland, Mason & Brown, 2010,

"All enterprises with average annualised growth in employees or turnover greater than 20 per cent per annum over a three year period and with more than 10 employees in the beginning of the observation period."²¹

- 2.28 The majority of HGFs are less than five years old and are often termed 'gazelles' and have fewer than 50 employees, however this does not preclude older and larger firms from being classified as high growth.²²

Characteristics of High Growth Firms

- 2.29 In order to support high growth firms and those with the potential for high growth, it is important to be able to identify them. Whilst high growth firms can be found in any sector of the economy, recent research published by NESTA identified that they are particularly prevalent in business services as well as manufacturing, construction and hotels and restaurants. High growth firms, and those with potential for high growth, can be located in any sector of the economy, however they exhibit a number of characteristics, which can be identified under the following headings:

- Innovation;
- Exporting;
- Geography;
- Ownership;
- Sector bias;
- Business support;
- Motivation; and
- Management practices.

Innovation

- 2.30 Growth orientated firms typically pursue innovative product or service ideas. This enables firms to compete on the basis of differentiation and not price.²³ For product based firms, innovation is primarily focused on custom technologies, whilst for service based firms the emphasis is on a close understanding of clients' needs and relationship building.

²¹ OECD, 2007 in BERR, 2008, High growth firms in the UK, 5; Mason & Brown, 2010, 3;

²² BERR, 2008 in Mason & Brown, 2010

²³ BIS, 2010 in; Mason & Brown, 2010

- 2.31 HGFs are more likely than other firms to have their own Intellectual Property Rights (IPR), with investment in brand names and trademarks particularly associated with high growth firms. Research conducted on behalf of HM Treasury and BERR also identified that the use of IPRs was at least as much for reputation building, creating value and attracting external investment as for the protection of existing products and the knowledge embodied in them.²⁴
- 2.32 For many firms, particularly in the IT sector there is no existing market for their proposed products. Therefore much of these firms early efforts consist of engaging the market to promote their product and demonstrate how it would meet an unsatisfied, though latent, demand.²⁵ This research, conducted for BBF, spoke to a firm with the potential for high growth which had developed a new self-cleaning keyboard. This firm had spent significant time and money promoting its product and illustrating, the often unrealised, benefits it can bring. HGFs are therefore often market creators, incurring the costs of constructing market demand with no guarantee of success.

Exporting

- 2.33 The intention of a firm to export its products and services is often an indicator of an HGF as they seek to expand into uncontested market places and increase the potential customer base.²⁶ As would be expected firms which exported weathered the recession better than those that did not because they have a broader customer base.
- 2.34 Interestingly most SMEs do not export, only about one in five do so. The Prime Minister recently stated that if this could be boosted to one in four it could add up to £30 bn to the UK economy and create around 100,000 jobs.²⁷
- 2.35 Exporting also drives productivity; this is predominantly attributed to productivity increasing as a firm prepares to export, with the rest resulting from learning by exporting. Between 1996 and 2004 sixty per cent of UK productivity growth was attributable to exporting firms.
- 2.36 Exporting is most prevalent amongst SMEs which invest in R&D, are innovative or hold intellectual property. Most SMEs follow a traditional model of internationalisation in

²⁴Growth Challenges for Small and Medium Sized Enterprises: A UK – US Comparative Study. A Report for HM Treasury and BERR by the Small Business Research Centre at Kingston University, 2008

²⁵ Growth Challenges for Small and Medium Sized Enterprises: A UK – US Comparative Study. A Report for HM Treasury and BERR by the Small Business Research Centre at Kingston University, 2008

²⁶ BIS, 2010, Coad A., 2009 in NESTA, 2011; Dodds & Hamilton, 2007 in Mason & Brown, 2010, 16

²⁷ Prime Minister's speech on Exporting and Growth, Thursday 10 November 2011

which they internationalise gradually, having first developed their business in the domestic market. There is however a sub-group of SMEs known as born globals. They are mostly innovative SMEs in high tech sectors. They internationalise rapidly, within two years of establishment and export using a range of models including direct selling, contracts with international partners and using networks of agents and distributors.²⁸

Geography

- 2.37 Geography is an important consideration for identifying high growth firms and those with the potential for high growth. This is because high growth firms frequently rely on building relationships with other firms either through supply chains or informal alliances. Approximately one third of HGFs are found in the South East region.²⁹ The prevalence of HGFs in London and the South East can be attributed to the influence of the London market and the access this provides to domestic and international markets, partners, information and expertise. This is because of the concentration of firms, which then attracts further firms and becomes a self-sustaining virtuous circle of business activity.
- 2.38 These concentrations of business activity are termed clusters. Understanding and describing this phenomenon has been pioneered by Michael Porter. In the *Competitive Advantage of Nations*, Porter describes clusters as *'geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries and associated institutions in particular fields that compete but also co-operate.'*³⁰
- 2.39 Porter identifies that clusters are particularly important in knowledge based sectors because the type of knowledge that creates competitive advantage often requires a close proximity or regular face-to-face interactions. Lord Sainsbury in a review of Biotechnology Sectors identified ten critical factors in the successful development of clusters. They are:
- A strong science base;
 - Entrepreneurial culture;
 - Growing company base;

²⁸ Internationalisation of Innovative and High Growth SMEs, BIS Economics Paper No.5, March 2010

²⁹ High Growth Firms in the UK: Lessons from an Analysis of Comparative UK Performance, BERR, November 2008

³⁰ Location, Competition and Economic Development: Local Clusters in a Global Economy, Economic Development Quarterly, Porter, 2000, 14:15

- Ability to attract key staff;
- Availability of finance;
- Premises and infrastructure;
- Business support services and large companies in related industries;
- Skilled workforce;
- Effective networks; and
- Supportive policy environments.

2.40 Buckinghamshire has several clusters within its boundary. This includes the motorsport cluster as a result of Silverstone racing circuit, medical technologies centred around Stoke Mandeville Hospital and the film and media cluster anchored by Pinewood studios as well as the locational benefits of being close to London, Heathrow and the motorway network.

2.41 Porter has identified clusters as a driving force in increasing exports and attracting foreign direct investment. Porter goes on to recommend that governments and the public sector should remove obstacles to the growth and upgrading of existing and emerging clusters.³¹

2.42 Therefore to facilitate the success of high growth firms, BBF could identify if specific activity is required to support and maintain the clusters within Buckinghamshire. Porter states that the presence of clusters suggests that competitive advantage does not lie within one firm or even with one industry but rather in the location of a concentration of business units. Competitive success therefore does not solely depend on managerial and company attributes but also on the success of a location.³²

Ownership

2.43 Serial entrepreneurs are often founders of HGFs³³ they frequently have the advantage of finance, personal and business experience and confidence. HGFs are most likely to have been started by a male in his early 30s, highly educated with some management experience as well as commitment and vision for growth.³⁴

³¹ Location, Competition and Economic Development: Local Clusters in a Global Economy, Economic Development Quarterly, Porter, 2000, 14:15

³² Porter, M, Locations, Clusters and Company Strategy in The Oxford Handbook of Economic Geography, eds. Clark G.L et al, 2000

³³ Coad, A., 2009 in NESTA, 2011, 11; Storey, 1994 in Mason & Brown, 2010

³⁴ BERR, 2008 and Barringer et al, 2005 in Mason & Brown, 2010

- 2.44 A US – UK study identified that the UK could benefit from an increased cultural of serial entrepreneurs and the recognition that failure was an acceptable part of developing businesses and actually promotes innovation and productivity.³⁵ BBF as a voice for businesses within Buckinghamshire could seek to help create this culture and acceptance of serial entrepreneurs.
- 2.45 Collaborations and joint ventures are also often successful, as this enables the HGF to access a broader range of resources to facilitate growth.³⁶ It is also important to remember that not all firms are home grown, as a significant proportion of HGFs (c.39 per cent) are foreign owned.³⁷
- 2.46 Most HGFs are privately owned firms (c. 92 per cent), with limited companies, especially those with external shareholders, usually growing faster than sole traders or partnerships.³⁸

Sector Bias

- 2.47 HGFs are distributed across the economy and can be found in any sector.³⁹ However growing firms have often made a conscious market decision, choosing a market niche or a sector that exhibits less competition,⁴⁰ or has a competitive advantage. This decision, aligned to other factors such as high levels of innovation, exporting and ownership characteristics often means that HGFs are typically in the knowledge economy, creative industries, advanced technology and value added services.

Business Support

- 2.48 Research conducted for BIS identified that growth orientated SMEs were more likely to use formal business assistance from the private and public sector than survival orientated SMEs (46 per cent of growth seeking businesses compared to 34 per cent of survival businesses). In addition fast growing businesses were more likely to have used external assistance, as were businesses less than a year old.⁴¹

³⁵ High Growth Firms in the UK: Lessons from an Analysis of Comparative UK Performance, BERR, November 2008

³⁶ Dodds & Hamilton, 2007 in Mason & Brown, 2010

³⁷ Mason & Brown, 2010

³⁸ Mason & Brown, 2010

³⁹ Mason and Brown, 2010; Henrekson & Johansson, 2010 in Mason & Brown, 2010; NESTA, 2011

⁴⁰ Storey, 1994 in Mason & Brown, 2010; Coat A, 2009 in NESTA, 2011

⁴¹ Research to Understand the Barriers to Take up and use of Business Support. For BIS by the Centre for Enterprise and Economic Development Research (CEEDR), University of Middlesex and BMG Research, July 2011

Motivation

- 2.49 The motivation behind starting a business is also important in identifying firms with the potential for high growth. Businesses started as a result of 'push' reasons such as unemployment, are less likely to grow than those formed to take advantage of an emerging market opportunity.⁴² In addition companies started for lifestyle reasons such as to spend more time at home or to turn a hobby into a business are much less likely to grow than individuals who respond to perceived market opportunities.

Management Practices

- 2.50 The management and practices carried out by HGFs are also notable, with a strong management team focused on high growth.⁴³ High growth manufacturing firms are often strongly sales oriented and most HGFs focus on business-to-business activities.⁴⁴
- 2.51 A lot of care is taken with regards to recruitment and employee empowerment, which is reflected by higher levels of productivity,⁴⁵ helping achieve higher levels of growth through factors such as staff retention and greater skill and expertise.

Summary

- 2.52 The UK economy remains fragile and requires rebalancing away from consumption toward investment, production and exporting. However the UK remains a business orientated economy and there are several advantages for firms based in the country. Nationally, challenges for businesses centre on a lack of skills, infrastructure limitations, regulation, navigating export markets and finance.
- 2.53 A small percentage of firms have been very successful and continued to grow, significantly contributing to job creation and GDP. These high growth firms can be found throughout the economy and have a competitive advantage over other businesses. High growth firms and those with the potential for high growth exhibit a number of characteristics. It is these characteristics that BBF should consider when engaging with businesses and therefore focus resources on enabling these firms to realise their high growth aspirations.
- 2.54 However in developing future policy and support for businesses, attention should be focused more on the firms with the potential for high growth rather than those which

⁴² Storey, 1994 and Littunen & Tohmo, 2003 in Mason & Brown, 2010

⁴³ Storey, 1994 and Dodds & Hamilton, 2007, in Mason & Brown, 2010

⁴⁴ BERR, 2008 and O'Regan et al, 2006 in Mason & Brown, 2010

have already achieved high growth. This is because firms which are already high growth are already successful. Resources should instead be focused on supporting the firms which exhibit the characteristics of high growth firms to ensure they convert that potential.

2.55 The following section profiles the economy of Buckinghamshire and identifies the number of high growth firms within the county.

⁴⁵ Mason & Brown, 2010

3. Buckinghamshire Profile

3.1 Buckinghamshire is a relatively prosperous county with a high quality of life. This section profiles Buckinghamshire and compares it to national levels. The business profile of the county is also explored including the proportion of high growth firms in Buckinghamshire compared to neighbouring counties. This provides the context in which Buckinghamshire based businesses are operating.

County Profile

3.2 Buckinghamshire has a prosperous and well educated population. This section compares socio-economic indicators to the rest of the country.

Population and Prosperity

3.3 The resident population of Buckinghamshire is 498,100. Of these 5.2 per cent are from Black, Asian and Minority Ethnic (BAME) communities, compared to England and Wales' rate of 5.5 percent per cent⁴⁶. The north of the county is mainly rural in contrast to the more urbanised south. Over a quarter of residents live in the two main towns of High Wycombe and Aylesbury.

3.4 Buckinghamshire is comparatively affluent with the average household income 24 per cent higher than the UK average.⁴⁷ Its proximity to London means 13 per cent of the economically active commute there.⁴⁸

3.5 The average house price in Buckinghamshire between April and June of 2011 was £352,673.⁴⁹ This is relatively high in comparison to the UK average of £228,095⁵⁰ which reflects Buckinghamshire's proximity to London and its high quality of life.

⁴⁶ Local Government, Improvement and Development, (2006), *Buckinghamshire County Council*, <http://www.idea.gov.uk/idk/core/page.do?pagelid=5676581>

⁴⁷ In: Buckinghamshire Community Foundation, http://www.bucksf.org.uk/about_us/why_we_do_what_we_do/_introduction_to_bucks/

⁴⁸ *Ibid*

⁴⁹ BBC News, (2011) *UK house Prices, Buckinghamshire*, http://news.bbc.co.uk/1/shared/spl/hi/in_depth/uk_house_prices/counties/html/county10.stm

⁵⁰ BBC News, (2011) *UK house Prices*, http://news.bbc.co.uk/1/shared/spl/hi/in_depth/uk_house_prices/html/houses.stm

Employment and Economy

- 3.6 Overall, Buckinghamshire has a thriving economy, with a low level of unemployment. In July, 2011, Buckinghamshire's claimant count stood at 6,225 (two per cent of the working age residents), ranking it the 4th lowest rate of any county council area⁵¹.
- 3.7 56 per cent of the working age population are either employed as managers/senior officials or in professional occupations, compared to 44.6 per cent for Great Britain. This is influenced by Buckinghamshire's location in relation to London and the quality of life available for individuals who can afford to commute to the capital.
- 3.8 Buckinghamshire has been described as the "entrepreneurial heart of Britain" with the highest new firm formation rate of all counties.⁵² Importantly Buckinghamshire is home to a number of globally recognised brands, has a high performance engineering sector focused on Silverstone, assistive technologies linked to the spinal injuries specialisation of Stoke Mandeville Hospital as well as creative industries centred on Pinewood Studios.
- 3.9 Buckinghamshire does not have any Enterprise Zones; there are however two near the county, Science Vale UK in Didcot and Northampton Waterside. The potential impact of these on Buckinghamshire's attractiveness as a place to do business may need to be assessed in the future.

Skills and Education

- 3.10 Buckinghamshire boasts a highly educated workforce with 38 per cent of those aged 16-64 educated to degree level, in comparison to Great Britain's rate of 31.3 per cent.⁵³
- 3.11 Buckinghamshire has an excellent education system with 18.6 per cent of all candidates in Buckinghamshire achieving 3 or more A grades at GCSE level in contrast to the national rate of 12.7 per cent.⁵⁴
- 3.12 The county has two universities the Bucks New University and the University of Buckingham. The University of Bedfordshire also has a campus in Aylesbury. The Bucks New University is ranked 107 out of 116 and the University of Bedfordshire is

⁵¹ Buckinghamshire Business First, (2011), *Claimant Count and Vacancies*

⁵² <http://www.investinbucks.co.uk/business/key-sectors>

⁵³ NOMIS, 2010

⁵⁴ Department for children, schools and families Achievement and Attainment tables 2008/2009, <http://www.education.gov.uk/rsgateway/DB/SFR/s000906/sfr02-2010t910.xls>

ranked at 103⁵⁵, whilst the University of Buckingham is the UK's only independent university.

- 3.13 Buckinghamshire's excellent educational system is therefore not currently matched by its Higher Education provision. However Buckinghamshire residents are more highly educated than the UK rate, illustrating that they move out of the region to study at university. This is supported by the lower population profile of 20 to 35 years olds compared to the UK.

Business Analysis

- 3.14 As of July 2011 there were 26,871 registered businesses in Buckinghamshire.⁵⁶ This section identifies the size of these firms, the sectors they operate in as well as the proportion of high growth firms in the county.

Firm Size

- 3.15 Over 90 per cent of firms have between zero and nine employees, the highest proportion of the 27 county council areas. In contrast it has approximately seven per cent of firms with 10-49 employees, the lowest proportion of the county council areas.
- 3.16 Buckinghamshire has the highest rate of business formation in the country. This indicates that whilst Buckinghamshire is very entrepreneurial few are growing from micro businesses to enterprises employing more than 10 people. This suggests there is an opportunity to build on Buckinghamshire's entrepreneurial flair and convert new businesses from small scale start ups to high growth gazelles.

Industry Profile

- 3.17 Figure 2, below, illustrates the proportion of employees employed within different industries. Buckinghamshire's economy broadly reflects the employment structure of the South East and England with health and retail employing the greatest proportion.
- 3.18 Buckinghamshire does however have 10 per cent of employees working within professional, scientific and technical industries, above the UK and regional rates. Arts, entertainment, recreation & other services, construction and wholesale also employ proportionally more people than the UK and regional levels.

⁵⁵ The Complete University Guide, (2012) *League Table*: <http://www.thecompleteuniversityguide.co.uk/league-tables/rankings>

⁵⁶ Companies House

Figure 2: Broad Industrial Groups⁵⁷

Broad Industrial Groups	Bucks	South East	England
Agriculture, forestry & fishing	0.2%	1.4%	1.4%
Mining, quarrying & utilities	0.9%	1.1%	1.0%
Manufacturing	7.5%	7.0%	8.7%
Construction	6.5%	5.7%	5.2%
Motor trades	2.2%	1.9%	1.8%
Wholesale	6.9%	4.5%	4.2%
Retail	10.3%	10.6%	10.5%
Transport & storage (inc postal)	2.6%	4.2%	4.6%
Accommodation & food services	5.7%	6.4%	6.7%
Information & communication	5.7%	5.5%	4.0%
Financial & insurance	2.9%	3.2%	3.9%
Property	2.2%	1.6%	1.8%
Professional, scientific & technical	10.0%	8.5%	7.7%
Business administration & support services	7.1%	7.6%	7.6%
Public administration & defence	3.0%	4.1%	5.1%
Education	8.6%	9.6%	9.0%
Health	11.7%	12.2%	12.1%
Arts, entertainment, recreation & other services	6.0%	5.0%	4.6%

Source: GVA, 2011. Adapted from BRES, 2009

High Growth Firms

- 3.19 Using the definition of high growth firms stated above, Figure 3 identifies the number of HGFs in Buckinghamshire over ten 3-year periods since 1998. Each 3-year period illustrates the number of high growth firms operating within that timescale. The data has been sourced from Aston Business School and a full briefing note can be found in Appendix I.
- 3.20 Figure 3 demonstrates that Buckinghamshire has fewer HGFs than the comparator counties of Hertfordshire, Oxfordshire and Surrey.

⁵⁷ BRES, 2009

Figure 3: High Growth Firms

Period	HGF Numbers				
	UK	Bucks	Herts	Oxshire	Surrey
1998/2001	8860	98	196	110	233
1999/2002	14228	141	336	176	399
2000/2003	13568	119	308	155	337
2001/2004	13117	116	306	160	314
2002/2005	10317	87	210	131	231
2003/2006	10757	95	221	122	252
2004/2007	10825	93	219	123	241
2005/2008	10729	90	215	121	270
2006/2009	11037	100	223	137	256
2007/2010	10387	106	209	128	268

Source: ONS 2012, from Aston Business School

- 3.21 Figure 4 however illustrates the HGF rate, which is expressed as the number of HGFs as a ratio to the number of firms with ten or more employees. The threshold for comparison is 10 or more employees since this is the population from which HGFs can be 'born.'

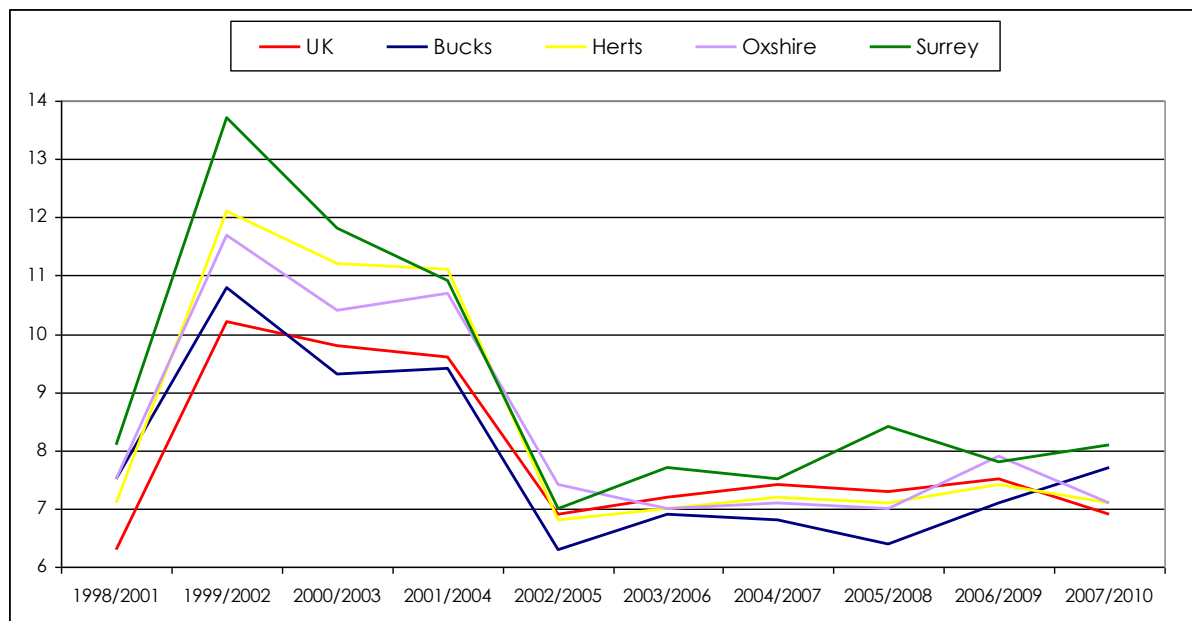
Figure 4: High Growth Firm Rate

Period	HGF Rate %				
	UK	Bucks	Herts	Oxshire	Surrey
1998/2001	6.3	7.5	7.1	7.5	8.1
1999/2002	10.2	10.8	12.1	11.7	13.7
2000/2003	9.8	9.3	11.2	10.4	11.8
2001/2004	9.6	9.4	11.1	10.7	10.9
2002/2005	6.9	6.3	6.8	7.4	7.0
2003/2006	7.2	6.9	7.0	7.0	7.7
2004/2007	7.4	6.8	7.2	7.1	7.5
2005/2008	7.3	6.4	7.1	7.0	8.4
2006/2009	7.5	7.1	7.4	7.9	7.8
2007/2010	6.9	7.7	7.1	7.1	8.1

Source: ONS 2012, from Aston Business School

- 3.22 Figure 5 presents the HGF rate as a chart. It shows an increase in the HGF rate between 1999/2002 and 2001/2004, which was associated with the hi-tech boom. On average Buckinghamshire has a marginally lower rate than Hertfordshire and Oxfordshire and a distinctly lower rate than Surrey. However in the most recent time period, Buckinghamshire's rate has exceeded that of Hertfordshire and Oxfordshire.
- 3.23 The long term trend demonstrates that whilst Buckinghamshire is a highly entrepreneurial county, very few of these business starts are significantly growing.

Figure 5: Incidence of High Growth Firm Rate



Source: ONS 2012, from Aston Business School

Shell Companies

3.24 Shell companies can be defined⁵⁸ as:

A shell corporation is a company that is incorporated but has no significant assets or operations.

3.25 Identifying the number of shell companies in Buckinghamshire was highlighted during consultation as potentially an important contribution to understanding why Buckinghamshire's strong record of business formation does not consistently translate into business growth and net new job creation.

3.26 Consultation with the Department of Business, Innovation and Skills (BIS) and Companies House indicated that there is no formal category in secondary statistics for shell companies. It was also suggested that the only way to estimate the number of shell companies in the county would be to undertake additional primary research. Further discussion with the Small Business and Entrepreneurship team at Aston Business School confirmed this as the optimal approach.

⁵⁸ Dictionary of Finance and Investment Terms (Fourth Edition) by John Downes and Jordan Elliot Goodman.

Summary

- 3.27 Buckinghamshire is a relatively affluent county. It has a high quality of life, lower levels of unemployment and higher skills levels than the rest of the country. It is also the most entrepreneurial county in the country, with the highest rate of business start ups nationally.
- 3.28 Health and retail are key employment sectors within Buckinghamshire, which compares to the regional and national rates. The professional, scientific and technical sector is also a key employer.
- 3.29 Buckinghamshire, however only had 106 high growth firms during 2007 – 2010. This compares to 26,871 registered businesses in Buckinghamshire in July 2011. Buckinghamshire's high growth rate is generally lower than neighbouring counties. Therefore whilst a very entrepreneurial county, Buckinghamshire does not have an equivalent rate of high growth firm creation.
- 3.30 The following section of the report presents the findings of the qualitative consultation conducted with Buckinghamshire based entrepreneurs. Having identified the national economic context and how Buckinghamshire compares, the consultation explored what entrepreneurs really think about working within the county. The interviews identified the opportunities and challenges facing the entrepreneurs. There are also a series of recommendations for BBF to consider, which will help to facilitate business success and growth.

4. Entrepreneur Consultation

4.1 This research focused on consulting with 23 entrepreneurs in Buckinghamshire. A range of businesses were interviewed, varying in size, age, location and sector. In addition, six could be considered as being high growth or having the potential for high growth. Full details of the entrepreneurs consulted can be found in Appendix II.

4.2 The entrepreneurs had varied backgrounds and experience; some were setting up their first business whilst others had seen their business fail or successfully sold their business. In consulting with businesses several topics were discussed. The conversations focused on identifying whether identified advantages and challenges were Buckinghamshire specific, sector specific or more broadly experienced. The following themes emerged from the consultation and are reviewed in turn below:

- Skills;
- Infrastructure;
- Finance;
- Property and Planning; and
- Regulation.

4.3 A central question for all entrepreneurs was to understand why they had chosen to run a business from Buckinghamshire. What emerged from the consultation was that personal and lifestyle choices, and not business factors, were the primary reasons why entrepreneurs were based in Buckinghamshire. The majority of entrepreneurs consulted had lived in Buckinghamshire for a number of years and were therefore already living in Buckinghamshire when they decided to start up a company.

4.4 One entrepreneur stated that they wanted to move out of London, and take advantage of a higher quality of life but remain near the capital. She chose High Wycombe because of the high living standards and proximity to key clients. The consultation identified that whilst entrepreneurs were located in Buckinghamshire for primarily personal reasons, the businesses and economic landscape within the country made it possible for entrepreneurs to run businesses from Buckinghamshire.

Skills

- 4.5 Buckinghamshire has a highly educated workforce compared to the rest of the country. The county also has an excellent secondary education system with A* - C grades at GCSE above the national level. However, this strong relative performance must be considered in the context of the UK's on-going fall in international league tables for the quality of education, particularly in STEM subjects. We asked entrepreneurs about skill levels and availability in Buckinghamshire and the advantages and challenges they face.

Doing Business in Buckinghamshire

- 4.6 The consultation identified that entrepreneurs consider Buckinghamshire to have a good provision of skills, both the availability and the expertise of staff. Many recognised that this was in part a result of the competitive job market arising from the close proximity to London.
- 4.7 This means that for businesses in a position to recruit, they are able to choose from high calibre staff. Job opportunities were typically advertised through local newspapers and on the Internet.
- 4.8 The consultation highlighted that businesses operating in the creative and IT sectors are less reliant on the availability of local skills. Several businesses use a network of associates and freelance consultants connected through the Internet. These businesses are therefore less dependent on the quality and availability of skills in Buckinghamshire.
- 4.9 The entrepreneurs consulted were almost universal in their praise of the education system in Buckinghamshire. However a recurring theme amongst several businesses was that the educational system does not fully equip young people with business specific skills. This is an issue which goes beyond merely Buckinghamshire; however it is perhaps something that can be tackled locally.
- 4.10 Whilst the county's further education provision is considered to be very good, Buckinghamshire's higher education provision is less well regarded. This results in talented young people leaving the county to attend universities elsewhere, many of whom do not then return to Buckinghamshire.

4.11 This pattern was in fact identified by several of the entrepreneurs consulted, having left the county to study elsewhere, they then returned to Buckinghamshire some 15 to 20 years later. Individuals were attracted by the higher quality of life in Buckinghamshire compared to other parts of the UK and the county is viewed as a preferable alternative to the congestion of London.

4.12 The impact of the departure of graduates was identified by some entrepreneurs. They stated that they had struggled to fill entry level positions. Limited accessibility of training for staff was identified by several entrepreneurs. One entrepreneur in Buckingham identified that there were no training courses such as marketing, sales, Sage or business administration available locally. Instead staff had to go to Milton Keynes or Aylesbury.

Advantages

4.13 The consultation identified the following advantages with respect to skills for businesses based in Buckinghamshire:

- An excellent educational system for children and young people.
- A well skilled supply of labour.
- Buckinghamshire has the quality of life offer to be able to attract skilled individuals.

Challenges

4.14 The consultation also highlighted several challenges experienced by businesses operating in Buckinghamshire:

- A shortage of skilled graduates to fill entry level positions, in part due to a lack of HE provision, the cost of living and the proximity to London which attracts young people.
- A perceived shortage of training provision locally within the county.

Recommendations for BBF

4.15 Buckinghamshire is a skilled county and the majority of entrepreneurs consulted did not have any skills shortages or recruitment problems. However in order to facilitate firms obtain the right skills, BBF could establish a county wide skills matching service.

- 4.16 Individuals and employers would be able to register on the service and view one another. A lack of information is often a reason why employers cannot find the right candidates and why individuals cannot find job opportunities. A countywide scheme would help to ensure that employers and individuals can be better connected.
- 4.17 In addition a business to business matching service could be established. Several businesses highlighted their disappointment in Buckinghamshire businesses and organisations which did not use local businesses to procure their goods and services. A B2B matching service would facilitate local business connections and promote greater local integration.
- 4.18 Both these initiatives would help all businesses, particularly those seeking to grow and develop their business.

Infrastructure

- 4.19 Transport and communications infrastructure are important for the majority of businesses throughout the UK. Poor transport and communications can greatly impede a business's productivity and ultimately profitability. We asked entrepreneurs for their views on all aspects of infrastructure in Buckinghamshire particularly focusing on any elements restricting or blocking growth in enterprise performance.

Doing Business in Buckinghamshire

- 4.20 The provision of transport infrastructure was viewed as both an advantage and a challenge by the entrepreneurs consulted. The arterial road infrastructure is good in Buckinghamshire, particularly travelling North – South on the M40 and nearby M1. Travelling East – West is not as easy.
- 4.21 The proximity to Heathrow was also seen as an advantage, particularly by businesses in the South of the county. This facilitated the ease by which they could visit their European and international clients and suppliers. This is a key location advantage for Buckinghamshire based businesses compared to regions more peripheral to London and major airports.
- 4.22 Whilst travel between urban centres is easy, nearly every entrepreneur identified congestion in and around town centres as being a big frustration. This was true whether the entrepreneur was based in Aylesbury, Chesham, High Wycombe or Buckingham. This is in part compounded by the limited public transport provision in

the county. Several business owners, who are based in more rural locations, or even on the edge of town centres, stated that their employees had to be able to drive to work because public transport was not an option.

- 4.23 There were generally positive views on the rail network servicing Buckinghamshire and London. The majority of entrepreneurs consulted found the links into London to be effective, particularly following the recent improvements to the Chiltern Line. The fast line into Euston Station from Leighton Buzzard was also cited as effective by several entrepreneurs.
- 4.24 Train connections to Marlow were identified as problematic. In particular a need to improve the connection from Reading and Maidenhead - and thereby increase the commuting potential - was identified. One entrepreneur commented that two interns living in London found it very time-consuming and expensive to travel to Marlow each day. The train travel was expensive and once in Marlow without access to a car it was difficult to get to work because of the limited public transport. This is highlighted by the fact that many entrepreneurs consulted drove to the station to then get the train into London.
- 4.25 Slow and unreliable broadband was a common criticism of the IT infrastructure in Buckinghamshire. Businesses marginally out of the town centres or in more rural areas all complained of very slow speeds and often unreliable connections.
- 4.26 Another entrepreneur noted that when he works from home broadband speed is appalling and he has no mobile signal, despite living only one and a half miles from a tube station. However one consultee did state he was aware that broadband could be an issue but that he had dealt with it by appointing a good IT and Telecoms Manager.

Advantages

- 4.27 Businesses based in Buckinghamshire experience the following infrastructure advantages:
- Excellent access to the motorway network making transport to London, the Midlands and towards the South West and Wales very easy.
 - Convenient access to Heathrow airport is an advantage for businesses with international clients and suppliers.
 - Good rail links into London.

Challenges

4.28 The following infrastructure challenges are experienced by businesses in Buckinghamshire:

- Public transport, particularly buses, is limited in the county. For the majority of entrepreneurs consulted, the only option for their staff is to drive to work.
- Traffic congestion is particularly bad in and around the county's town centres.
- Broadband infrastructure is insufficient, particularly in more rural locations.

Recommendations for BBF

4.29 Several of Buckinghamshire's businesses have insufficient Broadband, notably in more rural areas. It is recommended that BBF continues its lobbying and advocacy role, focusing on encouraging service providers to deliver adequate Broadband and communication services to all parts of the county.

Finance

4.30 Commentator opinion regarding the extent to which the availability of finance is a barrier to business establishment and subsequent business growth are mixed. A British Chamber of Commerce report suggested that newly formed businesses often use their own funds to finance their establishment. A recently published Work Foundation study highlighted the potential for a regional bias to finance issues with firms outside London and the South East suffering most. This research tested the extent to which the availability of finance is an issue for Buckinghamshire entrepreneurs and asked consultees what BBF could do to help overcome any financial challenges faced.

Doing Business in Buckinghamshire

4.31 Of the 23 number of entrepreneurs interviewed, only one had used bank finance to fund their start-up business. The majority of those interviewed had started their businesses with personal capital or had other sources of private equity and not needed to use bank finance.

4.32 Feedback on existing performance of banks was mixed. Some entrepreneurs reported strong on-going and long-term relationships with their bank whilst others complained that, despite history, customer loyalty counted for little during

recessionary times. For example, maintaining or increasing overdraft facilities became increasingly difficult during the recession.

- 4.33 A strong desire to limit any dependence on banks was also highlighted when considering on-going ad hoc business investment. For example, the majority of businesses interviewed chose to fund any expansion from profits rather than seek support from banks.
- 4.34 The research did identify a number of entrepreneurs who had sought to obtain finance for a specific new service or innovation but who had been frustrated by the process. In one instance a detailed application, which had been approved by a local bank manager, was subsequently turned down by the bank's head office. It was suggested by another entrepreneur that instances like this could be explained by a lack of long-term thinking on behalf of the banks and their attitude to risk generally.
- 4.35 Other entrepreneurs were more positive about bank's lending performance. One admitted that whilst more information is required today, if the business idea is a good one and is thoroughly evidenced then it will be supported financially.
- 4.36 Another entrepreneur suggested that from his experience many business owners do not understand how to manage finance effectively and as a result put themselves in unnecessarily risky situations financially.

Advantages and Challenges

- 4.37 Businesses based in Buckinghamshire experience the following finance advantages:
- Limited need for bank finance appears to reduce Buckinghamshire businesses' exposure levels to finance-related issues.
 - The majority of business owners interviewed either actively limited their exposure to banking finance or felt that banks would lend if an idea was feasible and appropriately evidenced.
- 4.38 The following finance-related challenges are experienced by businesses in Buckinghamshire:
- Entrepreneurs reported mixed views on existing banking performance. Approximately two thirds of interviewees expressing dissatisfaction with their current provider.

- Isolated examples of failed loan or finance requests were identified with an apparent disconnect between local banking and head office decision making.
- Individual financial planning skills and acumen of entrepreneurs operating in Buckinghamshire has been questioned by some consultees.

Recommendations for BBF

- 4.39 Consultation has indicated that it would be useful for businesses to have access to an alternative source of finance for specific initiatives linked to growth. In this respect funding should not be targeted on new starts, but on firms which have proven they have a sustainable business and are seeking to grow it further. Entrepreneurs would be required to prepare a business case for the money and match funding would be a pre-requisite condition.

Property and Planning

- 4.40 The uncertainty involved in navigating the planning system has been identified by the Government as a major issue affecting both UK business performance and potential overseas investment. The Government's new National Planning Policy Framework (NPPF) is intended to provide clarity on planning policy and be much more accessible to business. It is hoped that this approach will increase the choice and quality of commercial premises across the UK. We asked entrepreneurs for their views on commercial property and planning issues in Buckinghamshire.

Doing Business in Buckinghamshire

- 4.41 The relative price of commercial property in Buckinghamshire – compared to other areas locally – was consistently highlighted by entrepreneurs interviewed. However despite the high cost of commercial property many consultees felt that the issue was not one that would make them consider relocating from Buckinghamshire. Indeed, a number of interviewees stated that the additional expenditure on property was a good investment given the other location specific advantages offered by Buckinghamshire; for example the quality of skills available locally.
- 4.42 A number of entrepreneurs highlighted the need for hard negotiations with landlords and that persistence and tenacity were required to achieve a commercially appropriate deal.

- 4.43 A lack of facilities for smaller creative or high tech manufacturing companies was highlighted as an issue. It was suggested that developers had focused more on HQ-type properties rather than consider the needs of small business. The shortage of workshop space was cited as a specific example of this problem.
- 4.44 The lack of affordable residential property was highlighted as an issue impacting on business performance. It was suggested that it contributes to talent (particularly individuals in their twenties) leaving the country because people cannot afford to buy. It was also argued that this issue also lengthens average commuter journeys which in turn impacts negatively on productivity levels.
- 4.45 UK concerns regarding planning regulations were reflected in the findings from Buckinghamshire entrepreneurs. Lengthy delays to key infrastructure works, for example, installation of a gas pipe close to a retail outlet, and difficulty in obtaining change of use consent (either to business use or residential use) were both highlighted as potential constraints on business growth. Both issues have been identified in the NPPF and should be addressed by the subsequent legislation.

Advantages and Challenges

- 4.46 Businesses based in Buckinghamshire experience the following planning and property advantages:
- Suitable premises have been shown to be available; however, securing the right deal takes time (and valuable resource) due to the length of negotiation needed.
 - Expenditure on commercial property is good value but only as part of the wider Buckinghamshire business location 'offer' – for example, accessibility to London, the availability of high skilled and flexible workforce and a strong quality of life.
- 4.47 The following planning and property challenges are experienced by businesses in Buckinghamshire:
- Commercial property in Buckinghamshire is relatively expensive.
 - Perception exists that certain landlords are unwilling to negotiate on rent levels.
 - Lack of lack of facilities for smaller creative or high tech manufacturing companies.
 - Shortage of workshop facilities.
 - Lack of affordable housing is forcing skilled labour out of the county.

Recommendations for BBF

- 4.48 BBF should consider how best to broaden the choice of commercial property within the county. An innovation Centre, for example would provide flexible workspace and collective business support services for businesses aspiring to grow. A centre of this nature will provide a collaborative environment from which businesses can learn from each other and enjoy cross-selling opportunities.

Regulation

- 4.49 The UK is a business orientated economy, however it ranks 89th out of 139 countries in terms of the regulatory burden on businesses.⁵⁹ The UK Government recognises the detrimental impact regulation has on business and is therefore seeking to reduce the amount of regulation firms' face. This section illustrates the experiences of the entrepreneurs consulted.

Doing Business in Buckinghamshire

- 4.50 Bureaucracy and red tape was not considered to be detrimental to doing business in Buckinghamshire. One consultee had only set up his business in the last six months and had found the process to be quick and easy. This corresponds to the World Bank's finding which rates the UK as an easy place to set up a business, ranked 17th out of 183 countries.⁶⁰
- 4.51 Another entrepreneur consulted, who has a potentially high growth company has successfully invented a hygienic keyboard and secured the intellectual property rights and is now marketing it. He did not consider red tape to hinder the process.
- 4.52 It appeared that several of the entrepreneurs took a fatalistic view of bureaucracy and regulation. Many simply accepted it as a component of the expected overheads and responsibilities of running a business. One business owner did specifically cite health and safety as being rather too onerous in comparison to the size of his company. Another entrepreneur also identified employment law as a major issue; it was argued that this prevents business owners from being able to react quickly to changing market circumstances.

⁵⁹ World Economic Forum, Global Competitiveness Report, 2010 - 2011

⁶⁰ Ease of Doing Business, World Bank, 2011

Advantages

- 4.53 The consultation identified no specific advantages concerning regulation for businesses based in Buckinghamshire.

Challenges

- 4.54 The consultation did not identify any significant or localised issues with respect to regulation or bureaucracy which is particular to Buckinghamshire.

Recommendations for BBF

- 4.55 Regulation is beyond the control of BBF. However as the representative voice for business in the county it can continue its advocacy and lobbying role, including lobbying for the removal of regulation which Buckinghamshire businesses find particularly prohibitive. Whilst this research did not identify any specific regulatory barriers, issues may arise as BBF continues to work with businesses.

5. Support Requirements

5.1 The consultation also explored specific support requirements of the entrepreneurs consulted, in order to identify what would enable them to succeed and grow. The following common themes emerged:

- Business Accommodation;
- Assistance with Recruitment;
- Networking;
- Mentoring; and
- Growth Fund.

Business Accommodation

5.2 Several entrepreneurs identified a lack of suitable commercial property for businesses with only a few employees. The available commercial property is also relatively expensive, which encourages businesses to set up at home. One entrepreneur, who established his business five years ago, started working from home and subsequently moved out to offices as the business grew and he recruited staff. However he is currently looking for more affordable office space in Aylesbury and is considering working from home again.

5.3 Cost effective incubation space, with flexible terms, was therefore identified as a support mechanism which would be beneficial to businesses. This would be for both office based work as well as workshops for small scale manufacturing and creative businesses. Several businesses highlighted that they benefit from discounted rates with Regus Offices as a result of their Chamber membership, which they use for client meetings. This adds a sense of professionalism to their business.

Recommendation for BBF

5.4 It is recommended that BBF consider ways of providing incubation space for businesses. This could be in the form of a dedicated Innovation Centre or in existing offices. An Innovation Centre with flexible terms and associated business support would help to facilitate business growth and is likely to appeal to businesses seeking to

grow which have the potential for high growth. An Innovation Centre would also encourage networking, mentoring and localised procurement of goods and services.

Assistance with Recruitment

- 5.5 In the context of the need for strong and flexible skills, several entrepreneurs identified the costs, monetary and in-kind, associated with recruitment as a specific barrier to employment growth. In addition, a general dissatisfaction with using external recruitment agents was expressed both in terms of cost and potential coverage. It was suggested by a number of entrepreneurs that the cost of using a recruitment agent, which could be provided by a publicly funded infrastructure, is enough to deter them from recruiting.

Recommendation for BBF

- 5.6 It is recommended that BBF establish an online recruitment matching service to enable local businesses to understand the local skills available locally and facilitate the recruitment process between prospective employers and employees.

Networking

- 5.7 Networking, and crucially, doing business with other businesses in Buckinghamshire was cited by several entrepreneurs. There was a feeling amongst some of the entrepreneurs consulted that current networking was limited and ineffective, with one even describing it as having become lethargic. Entrepreneurs therefore considered that networking across the county needed revitalising so that it attracted new businesses and promoted more business co-operation locally.

Recommendation for BBF

- 5.8 BBF should seek to revitalise the networking concept within Buckinghamshire. This could be focused on specific themes, upcoming events or particular industry sectors. One theme could include 'think local' when buying goods and services. This would address a concern raised by several entrepreneurs that they felt they were missing out on local business custom.

Mentoring

- 5.9 Mentoring was also identified as a valuable support mechanism. Interviewees stated that they wanted to learn from entrepreneurs that had *"been there and done that."*

One interviewee stated that she had joined an informal business network with five other individuals based in Hertfordshire. They were all operating in different business sectors but were going through the process of starting up businesses. The interviewee stated that she found the peer-to-peer support very beneficial since they were able to share their experiences and encourage one another.

- 5.10 Another consultee stated that he would like to be mentored by a business in the same sector as his. This is because he has a number of practical questions such as how to get hold of distributors, pitfalls to be aware of and where to market his product.

Recommendation for BBF

- 5.11 BBF is ideally placed to facilitate a mentoring scheme within the county. As a representative voice of Buckinghamshire's businesses it can match established and experienced entrepreneurs, with businesses requiring support.

Growth Fund

- 5.12 A number of consultees cited several reasons for their reluctance to expand their businesses which included the uncertain economic climate, a lack of confidence in acquiring finance and being unsure of the next steps. Several interviewees therefore suggested the creation of a growth fund to stimulate growth. One entrepreneur did not think a growth fund should be aimed at start-up businesses, rather on businesses who how are now established and looking to continue growing.

Recommendation for BBF

- 5.13 It is recommended the BBF consider implementing a growth fund for Buckinghamshire based businesses. This should be targeted at businesses with the potential to be high growth and require some support to address a barrier to growth. In this respect funding should not be targeted on new starts, but on businesses which have proven they have a sustainable business and are seeking to grow it further.
- 5.14 Funding could be used for anything related to increased revenue growth and profitability. This could include for example commercial property, subsidising salaries of additional staff, part financing new equipment or machinery or subsidising specialised support such as recruitment, management or training. Entrepreneurs

would be required to prepare a business case for the money and match funding would be an essential pre-requisite.

Appendix I – High Growth Firms

High Growth Firms in Buckinghamshire: A Briefing Note

Summary -- over the last decade Buckinghamshire has recorded on average around 100 high growth firms per period, this represents a rate of around 7%, quite similar to the rate in Hertfordshire and Oxfordshire, but typically a little lower than Surrey.

1. Background and definition

A number of studies across a range of countries have found that a relatively small proportion of firms contribute a relatively large proportion of all jobs created. These firms have come to be called *high growth firms* (hgfs). In order to allow systematic comparisons of the numbers of hgfs over time, and in different places, the OECD and Eurostat have agreed what has become the conventional definition. First we choose a measurement period (usually three years) and then the definition has three elements, to be an hgfs a firm must be,

- born at least one year before the beginning of the period and alive at the end of the period
- have ten or more employees at the beginning of the period
- record average growth of 20% *per year* in its employee numbers over the period

2. Discussion of findings

The results of the calculations – for the ten 3-year periods between 1998/2001 and 2007/2010 -- are set out in the Table and displayed in the Chart below.

The left hand side of the table records counts of hgfs. The first column reports (for reference) the numbers for the UK which, since 2002/2005, have remained quite stable between 10 thousand and 11 thousand. Over the same period the numbers for Buckinghamshire have also been relatively stable, averaging just less than 100. The numbers in Oxfordshire are around one third larger, whilst (on average) there are twice as many hgfs in Hertfordshire and two and a half times as many in Surrey.

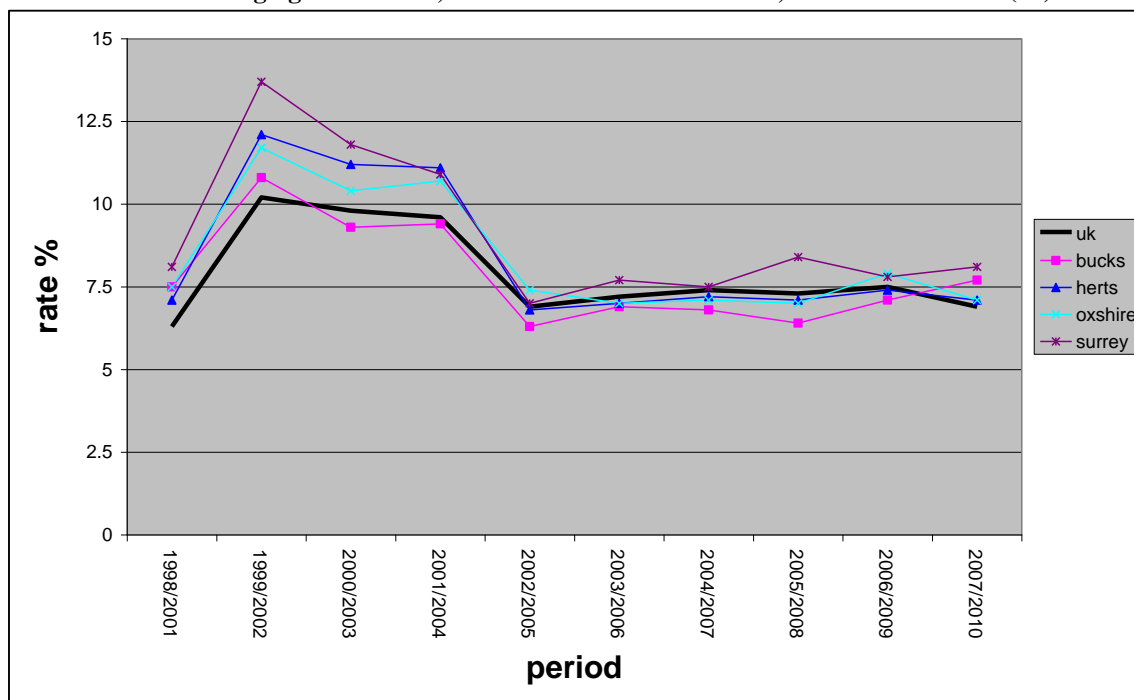
Table: hgfs, number and rate, selected counties and the UK, 1998/01 to 2007/10

period	hgfs number					hgfs rate %				
	uk	bucks	herts	oxshire	surrey	uk	bucks	herts	oxshire	surrey
1998/2001	8860	98	196	110	233	6.3	7.5	7.1	7.5	8.1
1999/2002	14228	141	336	176	399	10.2	10.8	12.1	11.7	13.7
2000/2003	13568	119	308	155	337	9.8	9.3	11.2	10.4	11.8
2001/2004	13117	116	306	160	314	9.6	9.4	11.1	10.7	10.9
2002/2005	10317	87	210	131	231	6.9	6.3	6.8	7.4	7.0
2003/2006	10757	95	221	122	252	7.2	6.9	7.0	7.0	7.7
2004/2007	10825	93	219	123	241	7.4	6.8	7.2	7.1	7.5
2005/2008	10729	90	215	121	270	7.3	6.4	7.1	7.0	8.4
2006/2009	11037	100	223	137	256	7.5	7.1	7.4	7.9	7.8
2007/2010	10387	106	209	128	268	6.9	7.7	7.1	7.1	8.1

Whilst it can be useful to know how many hgfs there are in a particular place, raw numbers are not very useful in comparisons of different sized places. The usual approach to comparison is to express the number of hgfs as a ratio to the number of firms with ten or more employees. The logic here is that these ten plus employee firms are the 'parent' population from which hgfs can be 'born'. This ratio is called the hgfs 'rate' and expressed as a percentage.

The right hand side of the table records the hgfs rate for the UK, Buckinghamshire and the three comparator counties. Looking across the rows the figures look quite similar, particularly for the periods since 2002/2005. The chart, though, provides a more readily interpretable picture. In the early periods, particularly the 'bulge' between 1999/2002 and 2001/2004 (associated with the 'hi-tech' boom), Buckinghamshire was rather closer to the UK average hgfs rate than to the other counties. However, since the return to what looks like a more 'normal' rate – between 7% and 7.5% -- rates seem to have converged somewhat. Buckinghamshire does appear to record a marginally lower rate than Hertfordshire and Oxfordshire, and rather more distinctly lower than Surrey.

Chart: Incidence of high growth firms, selected counties and the UK, 1998/01 to 2007/10 (%)



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A Note on Data Sources and Construction

We use the recently released UK Business Structures⁶¹ compiled by the Office for National Statistics which records annual data on employees for the entire population of firms in the UK. This data is compiled from a series of annual 'snapshots' of the Inter-Departmental Business Register, an administrative database which captures information from a range of sources, amongst them VAT returns and employer PAYE tax and social security records. We have linked together the annual 'snapshots' from the BSD using firm-level identifiers to form a longitudinal firm-level database for the UK. Firms are classified as either 'private' or 'public' sectors and we make this split using the classification by industrial sector. We count all employees in -- public administration and defence; education; and health and social work -- as public sector. Of course, some firms in these sectors (in health and/or education for example) are private, and some firms in our private sector are public, but ours is a reasonable approximation.

⁶¹ The statistical data used here is from the Office of National Statistics (ONS) and is Crown copyright and reproduced with the permission of the controller of HMSO and Queen's Printer for Scotland. The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data.

Appendix II – Entrepreneurs Consulted

5.15 The research used a combination of purposive and convenience sampling. Entrepreneurs were specifically targeted to ensure a breadth of responses according to business size, location, age, sector and gender of the entrepreneur. The research was then dependent on selected entrepreneurs being willing and available to participate. The figure below identifies the businesses owned by the entrepreneurs consulted.

Figure A: Entrepreneurs Consulted

Name	Description	Gender	Sector	Staff	Location	Age	Pot. HGF
Computers Plus	IT Consultancy	Male	Information Technology	3 FTEs	Aylesbury	1998 - 14 years	
Access Computing Solutions Ltd	IT Solutions Provider	Female	Information Technology	5 FTEs	Bourne End	1994 - 18 years	
Wood-Atkins Commercial Law	Firm of Lawyers	Female	Law	4 FTEs 1 P/T	Whitchurch	2001 - 10 years	
ActionCOACH Business Coaching	Business Coaching	Male	Professional Services	15 P/T	Amersham	2007 - 3.5 years	
Thomas International	Recruitment, development, training, coaching	Male	Professional Services	100 FTEs	Marlow	1981 - 30 years	Y
Hawkins Sports	Sports Retailer	Female	Retail	15 FTEs	Bourne End and Amersham	1971 - 40 years	
Dynamic Balancing Services	Dynamic balances rotating parts	Female	Engineering	2 FTEs	High Wycombe	1993 - 18 years	
Mandeville Recruitment	Recruitment Business	Male	Professional Services	N/A	Taplow	1992 - business sold in 2004	
Agropharm Ltd	Pharmaceutical production	Male	Pharmaceuticals	10 FTEs in Bucks 50 FTEs globally	Penn	1974 - 37 years	
The Archive Centre Ltd	Document Management & Storage	Male	Professional Services	4 FTEs	Aylesbury	1999 - 12 years. But current owner has owned it for 2 years	
The Paperchain Partnership	Sell office stationary	Female	Wholesale	15 FTEs	High Wycombe	1993 - 18 years	
Xpotential	Marketing and Branding	Female	Marketing	6 full-time, over 50 associates	Marlow	2005 - 6 years	Y
Animation Station, Big World Learning, Arts and Heritage Consultancy	Creative Industry	Female	Arts	4 FTEs	Operates across Bucks. Based High Wycombe	2008 - less than 3 years	

Name	Description	Gender	Sector	Staff	Location	Age	Pot. HGF
Anonymous	Management Consultancy	Female	Professional Services	1 FTE	High Wycombe	2009 - 2 years	
Gemelli	Supply HR and manage fringe benefits for firms	Female	Professional Services	5 FTEs	Buckingham	2007 - 4 years	Y
Alpeco Limited	Sales and services to Liquid Handlers (i.e. Tankers)	Male	Engineering	15 FTEs	Aylesbury	1976 - 35 years	
Node Studios	Digital Marketing	Male	Marketing	1 FTE	High Wycombe	Since September 2011	
Landaur	IT support	Male	Information Technology	1 FTE	Great Missenden	1995 - 16 years	
Falcon Innovations	Developed the Germ Genie	Male	Medical Technology	2 FTEs	High Wycombe	2009 - 2 years	Y
Cliff Productions	Video Production	Male	Media	2 FTEs	Aylesbury	2006 - 5 years	
Andrew Print Finishing (Previously ran a £4mn business with 60 staff for 20yrs but it failed)	Print finishing	Male	Print	9 FTEs	Iver	2010 – 1.5 years.	
PJ Media	Software	Male	IT	Refused	Marlow	2007, sold to (Plc in 2010)	Y
Ecopac (UK) Ltd	Power supplies manufacturer	Male	Manufacturing	21	Westcott	2007	Y

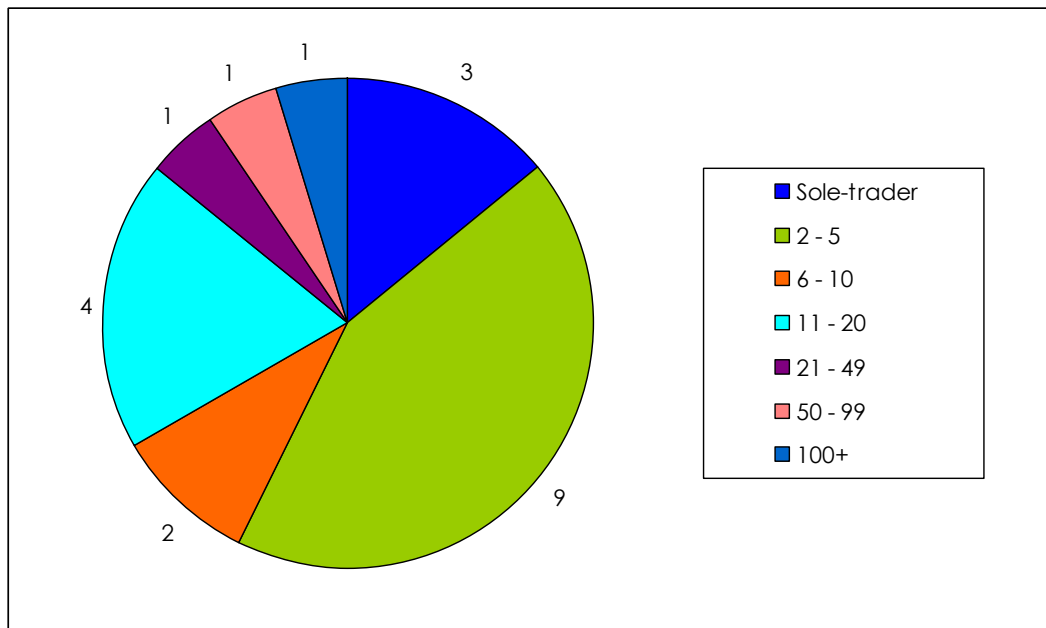
Source: GVA, 2011

Of the entrepreneurs consulted 14 were male and 9 were female. The entrepreneurs represent 12 different business sectors. The most popular sector was professional services with six businesses operating in this sector. Other sectors include marketing, IT, media, pharmaceuticals and retail.

Entrepreneurs were located across the county, the most common business locations were High Wycombe (6 businesses) and Aylesbury (4 businesses). Other locations included Amersham (2 businesses), Bourne End (2 businesses) and Marlow (3 businesses).

Figure B provides an analysis of the size of the businesses consulted by employee numbers. Nearly half of all businesses consulted had between 2 and 5 employees, whilst three were sole-traders. Seven entrepreneurs consulted had more than 10 FTEs.

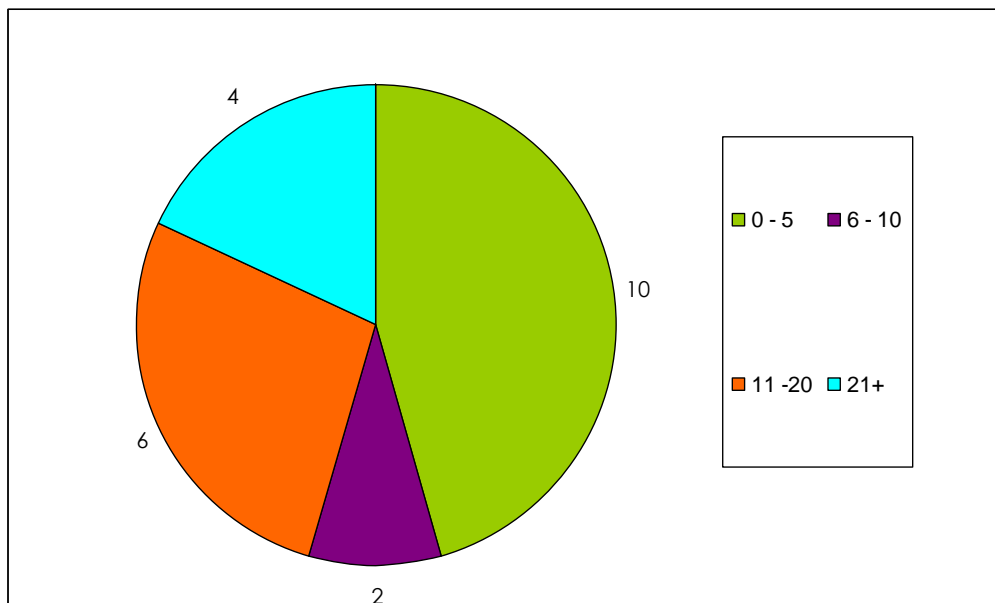
Figure B: Business Size by Number of Staff (FTEs)



Source: GVA, 2011

Figure C illustrates the number of years the entrepreneurs have been trading with their current business. It totals 22, because one entrepreneur consulted sold his business and is no longer trading. Ten of the businesses are less than five years old, whilst four are well established businesses which have been trading for more than 20 years.

Figure C: Number of Years Trading



Source: GVA, 2011

Appendix III – Entrepreneur Responses

Skills

"...Undoubtedly the county has a pool of highly skilled and educated people. Compared to Northamptonshire, Staffordshire or Lincolnshire, you are more likely to find people with the right skills. Also there will be a 'mentality issue'; you will find business-minded people."

An IT firm stated "We use an Agency for our recruitment and I know for a fact that if I spoke to them tomorrow Buckinghamshire would undoubtedly yield a number of CVs that would be interesting to my business."

In Buckinghamshire, our Technical College and New University tend to produce graduates with little work experience who are not work-ready. We do appear to have a gap in the local labour market between students and recent graduates and the highly skilled individuals – which businesses like mine cannot afford."

Infrastructure

however one business owner with a fleet of drivers stated "travelling East and West across the county is not as easy as travelling north-south, however all our drivers know all the rat runs so its not so bad."

On Broadband provision:

"...It's shocking. I live in a village so you could argue it's different for me but I live in Buckinghamshire, I'm a business owner, I operate in 60 countries and my broadband speed is 1 megabit. One my Directors – who lives in Epsom in Surrey – is on 20 megabit. I don't think there is any excuse. We live in a County that is allegedly entrepreneurial – which is trying to be progressive – and we have IT connectivity which isn't even broadband quality."

Finance

On existing banking performance:

"We've been lucky. We've always banked with RBS and despite the bad press they get – they've been fantastic for us."

"Back in 2008, we were in the shit. Our sales dropped by 45% in one month. We had to fight bloody hard with the bank [to keep a prearranged £250k overdraft facility]

despite the fact we had been a loyal customer for 27 years. Which is why I will never ever rely upon the bank (Nat West – part of RBS) to dictate to me how I run my business.”

On using banks to finance growth:

“We’ve always managed to self fund. Any investment [in our business] has been paid for by profits, that is through dividends paid at the end of the year.”

“I get really fed up when I hear on the news that government is telling banks to lend money to businesses. The only businesses they are supporting are businesses that don't really need it – they've got money in the bank – it just doesn't make commercial sense for them to use it.”

On getting bank finance:

“We tried to get a loan recently for a new service [a remote back up and hosting service] and we needed to spend £15k on kit. This was some tangible - a fixed asset that was going to help our business grow by facilitating access to a new market. We produced a business case, the bank manager came in – looked at it and said yes that looks good – but as soon as he went to head office turned the application down.”

“I don't think this is specifically a Buckinghamshire problem- it's an issue with bank's head office not thinking long term: if a business fails then yes they will get that debt back today but tomorrow when that person is setting up another business they should be looking at them to be a client of the bank's again in the future.”

“I honestly believe that banks will lend if you've got a sound idea. The issue comes if the idea isn't properly thought through. Whereas as perhaps in the past they were prepared to make decisions knowing 80 / 85 per cent of the information, now they want 100 per cent. As long as you can give them that - and the idea stacks up – then banks are fine and will support you.”

On financial management:

“They [other entrepreneurs and business owners] don't run cash flow forecasts, they don't review management accounts on a monthly basis and as a result they put themselves and their businesses at unnecessary risks. A lot of business owners I know

are not running their business – from a fiscal perspective – as effectively as they could be.”

Property and Planning

There was a clear consensus from the entrepreneurs interviewed that commercial property in Buckinghamshire is relatively expensive compared to other areas locally:

“Buckinghamshire is relatively very expensive. For example, if you go out towards Newbury the prices (rents and rates) are much lower. With all of the county’s transport and connectivity benefits we’re almost too close to London. If you locate your business here you get the benefits of being able to service the local and London markets but this does impact on the price of commercial property.”

“Buckinghamshire is not competitive on either housing or commercial property – it’s expensive. For example, we’re in Covent Garden WC2 here and I’m paying the equivalent of Marlow prices. This is strange because in central London I would have expected to be paying double what I’m paying for my office in Marlow. When I set up my internal IT team I put them in Whiney [Oxfordshire] partly due to market focus but also because the property was half the price of Marlow.”

Despite the price issues, one consultee felt that commercial property was not enough of an issue to put any business off Buckinghamshire as a location:

“It is expensive yes but I’ve not heard of any businesses having to relocate outside of the county because of the commercial property offer in Buckinghamshire”

One business owner felt that commercial property in Buckinghamshire is expensive but that the problem is exacerbated by landlords’ unwillingness to negotiate on rent:

“There are areas across Buckinghamshire where one or two landlords own huge swaths of properties [for example Marlow] and as a result, they don’t care if their properties remain unlet because they are receiving money from their other units so are happy to let properties remain empty.”

Another business owner reported that premises are available but that you need to be persistent and negotiate hard to get the right deal:

“Approximately three years ago we were looking for premises for a new production facility which we were developing as part of a strategic expansion into new markets.

It took a number of months but we did eventually find an appropriately priced business unit in the right location with the right specifications, you just need to persevere."

Another entrepreneur suggested that commercial property in Buckinghamshire is over-priced but also geared towards larger companies and their real estate needs:

"We seem to have got rid of a lot of smaller workshop facilities and built more HQ-type properties. As a result there appears to be a real lack of workshop space. Our current premises are ok but not ideal. Access is not good and we only have two car park spaces and no spare ones which can be a real problem when customers or potential clients visit. This is a constraint for us."

One entrepreneur fully acknowledged that Buckinghamshire was expensive comparatively for commercial property; however, felt that any money outlaid was well spent given the value associated:

"Any money is well spent due to the quality of the staff that are available locally". Choice and quality were not considered an issue either, "every week I receive four or five brochures advertising local properties and of those four or five at least one would be perfectly suitable for my business."

Another entrepreneur highlighted the difficulty in obtaining change of use consent for a property they owned:

"I wanted to secure a change of use for a house I own on the High Street to a business premises but this was refused on the basis of apparent increased parking requirements. I was amazed it was turned down, it was completely unexpected."

Support Requirements

About networking, one entrepreneur commented that he has attended several networking events where *"all the businesses are looking to sell their services but there are no businesses looking to buy any."*

On mentoring one interviewee stated *"I'm interested in meeting different business owners from different sectors as different stages of development. You never know what you might pick up that could be relevant to the future of your business."*

On growth one interviewee stated, *"We're very busy at the moment but we might not be in the middle of next year so we're recruiting to replace not to grow"*.

One interviewee highlighted the importance of increased space to her businesses' growth plans but reported that her business is caught in a chicken and egg situation, *"we need to move to bigger premises to enable us to grow the business but we can't afford to do this until we grow the business."*

One entrepreneur highlighted the issue of their businesses' inability to take advantage of existing funding support aimed at new products or services stating, *"its not part of our business model to come up with new products or services because we don't make or design anything, we're a professional services advisory firm."*

On the benefit of a growth fund... *"Businesses need to find their own way of getting from A to B. Once they reach B it could be useful for funding or facilities to be made available to take the next step. Start-up businesses who receive [public sector] funding support tend to have very little idea about how to make their idea into a successful business. They become experts at attracting funding but not running profitable businesses."*

"Businesses need to demonstrate a track record before receiving funding support, for example, we've grown from two people to eight people, we're profitable and we've got enough demand for goods or services that we need to move to a bigger facility but we don't know how best to do that. It is at this point that the public sector can intervene effectively."