

22 September 2011

**Creating Business and a skilled workforce****Key work stream 1 - Starting a Business**

Ward(s) All

**Portfolios:** Cllr A Andrew – Deputy Leader and Regeneration**Executive Summary:**

Scrutiny Panel members have decided to focus their work on scrutinising two key work streams associated with improving the levels and survival rates of local businesses trading throughout the borough of Walsall.

They are;

**Work Stream 1 – How do you successfully start a business?**

Work Stream 2 - How do you successfully sustain a business?

This report looks at the first work stream, and to facilitate this scrutiny panel have appointed a working group who will explore in detail any good and successful practices as well as understanding why less than half of all new businesses are surviving longer than their first five years. The following extract from the Local Economic Assessment (LEA) details what we understand from the latest data are Walsall issues and Business survival rates;

**Business survival**

The ONS *Business Demography: Enterprise Births and Deaths* data series tracks the survival rate of enterprises, with five-year survival rates available for those established in 2004. The Table below shows that; over nine in ten enterprises survive their first year, falling to less than two-thirds for three years and only around half for four years. However, the borough has seen one year survival rates improving up to 2007, with those figures in green highlighting where Walsall has exceeded the national rate.

**Table x: Survival rates of enterprises, Walsall, 2004-08**

Percentage survival rate (by year 'born')					
	2004	2005	2006	2007	2008
1 year	93.8	94.7	97.0	97.8	93.4
2 year	77.0	78.1	80.1	83.3	..
3 year	63.2	62.0	65.7	..	..
4 year	51.7	52.9	..	..	..

5      43.1      ..      ..      ..      ..  
year

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.. data not available

Below England average / Above England average

Source: Business Demography 2009, ONS

We are planning to further investigate why businesses are failing and through the work of scrutiny panel look to understand the issues and make recommendations which may start to mitigate there effect on Walsall companies within their embryonic stages of development.

The work stream will undertake primary research and desk based study which will draw on the findings from the following key areas of research:

- A commissioned study by Ekosgen consultants who have appointed to undertake a detailed business sector analysis and as part of this analysis were involved in gauging the views of Walsall businesses across a range of core research areas.
- Evaluation of the business failure rates and the reasons for failure which has been undertaken by the Walsall Council Data Intelligence team
- Feedback from visits to Walsall businesses undertaken by the Walsall Council Think Walsall team
- Findings from Walsall business needs surveys undertaken in previous years

This will be complemented by qualitative measures and actions, including; meeting and interviewing appropriate personnel from a range of Walsall businesses, together with those agencies tasked with supporting the formation and early stages of development, looking at and exploring the following:

How do we create the right conditions for successful and sustainable business?

- Need to understand business failures and successes
- Is there a lack of business management skills?
- Is paperwork/regulation a barrier?
- Is the right business support available?
- Are the right skills available in the workforce?

How do we create the right conditions for new business to grow and succeed:

- Is the right support available?
- Would managed work space be useful?
- How do businesses access information?

For both areas there is a need to identify current good and successful practices and to explore how to continue them moving forward in a time of change and cuts in traditional business support funding and activities?

It was also considered important to look at how we could begin to create the conditions to revive a flagging economy, with a suggestion of focussing on potential growth areas, with the first area of focus being:

- The opportunities provided through the; Green Build and Low Carbon economy, looking at potential sector and its growth opportunities, and the potential for a green build Expo in Walsall.

- It was also noted that; the role and future potential for Social Enterprise and the Voluntary & Community Sectors in the development of our economy should be considered throughout this work.

We will ensure that the appropriate representations are drawn from Key sectors important to Walsall's growth, which currently includes;

- Financial and Business Services
- Creative & Digital Industries
- Health & Social Care
- Niche and High Value Manufacturing
- Environmental Technologies
- Logistics.

The Economic Intelligence team have prepared the attached (appendix 1) report, which starts to collect the information we have together around the topic; Early Indications of why Walsall Businesses are failing.

#### **Reason for scrutiny:**

The borough of Walsall needs to create an additional 2,000 successful businesses if we are to reach the national average. In addition, it needs to ensure that the existing 7,500 businesses in the borough grow and are sustained in order to reach the national business start up and success rate levels for businesses.

#### **Recommendations:**

**That:**

- 1. Members agree the approach to be taken and areas to investigate before the next meeting;**
- 2. Members note the contents of the attached report Attachment 1 - Early indications of why Business Fail in Walsall.**

#### **Background papers:**

Local Economic Assessment (available on request)  
Ekosgen Sector Study (available on request)

#### **Resource and legal considerations:**

None

#### **Citizen impact:**

None

#### **Environmental impact:**

None

**Performance management:**

None

**Equality Implications:**

No

**Consultation:**

Walsall Council Strategic Regeneration

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**22 September 2011**

**Creating Business and a skilled workforce**

**Key Work stream 2 - Sustaining a Business**

**Ward(s)** All

**Portfolios:** Cllr A Andrew – Deputy Leader and Regeneration

**Executive Summary:**

Scrutiny Panel members have decided to focus their work on scrutinising two key work streams associated with improving the levels of local businesses trading throughout the borough of Walsall.

They are;

Work Stream 1 – How do you successfully start a business?

**Work Stream 2 - How do you successfully sustain a business?**

This report looks at the second work stream, and to facilitate this scrutiny panel have appointed a working group who will explore in detail any good and successful practices as well as understanding the barriers and factors associated with business success and failure rates for Walsall.

The work stream will undertake primary research and desk based study which will draw on the findings from the following key areas of research:

- A commissioned study by Ekosgen consultants who have appointed to undertake a detailed business sector analysis and as part of this analysis were involved in gauging the views of Walsall businesses across a range of core research areas.
- Evaluation of the business failure rates and the reasons for failure which has been undertaken by the Walsall Council Data Intelligence team
- Feedback from visits to Walsall businesses undertaken by the Walsall Council Think Walsall team
- Findings from Walsall business needs surveys undertaken in previous years

The qualitative measures will include meeting and interviewing appropriate personnel from a range of Walsall businesses within the following business sizes:

- Micro businesses (employing upto 5 staff) in service sectors
- Small businesses (employing upto 50 staff).
- Medium enterprise (employing over 50 staff) in the manufacturing sector
- Large enterprise (employing over 250 staff) making advances in

We will ensure that the appropriate representations are drawn from Key sectors important to Walsall's growth, which currently includes;

- Financial and Business Services
- Creative & Digital Industries
- Health & Social Care
- Niche and High Value Manufacturing
- Environmental Technologies
- Logistics.

The key areas to be researched on how to create the conditions for successful and sustainable businesses in Walsall. This will be undertaken by a range of methods and will seek out the issues and factors outlined below, by asking some key questions, including:

- Understand the business failure and successes, looking at how success can be championed and failure mitigated.
- Establish if there is a lack of business management skills and suggesting ways of addressing these shortfalls.
- Whether changes on business support have affected business growth and if so to what extent.
- Are the current paperwork / regulations a barrier, if so what could change?
- Is the right business support available & if not why?
- Are the rights skills available in the workforce & if not why not?
- Do employees have the rights skills and attitude expected by employers?

To aid the research and the work of the focus groups, we will be completing complementary research, the first of which is available through the Regeneration Directorate and includes a range of studies and the Walsall Local Economic Assessment (LEA). In addition we have started to gather together information against specific issues, the first will look at the reasons why local businesses in Walsall are failing, a first draft of findings so far is attached as appendix 1.

### **Reason for scrutiny:**

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### **Recommendations:**

**That:**

- 1. Members agree the approaches to be taken and identify an area to investigate before the next Panel meeting;**
- 2. Members note the contents of the attached report Attachment 1 - Early indications of why Business Fail in Walsall.**

**Background papers:**

Local Economic Assessment (available on request)  
Ekosgen Sector Study (available on request)

**Resource and legal considerations:**

None

**Citizen impact:**

None

**Environmental impact:**

None

**Performance management:**

None


**Equality Implications:**

No

**Consultation:**

Walsall Council Strategic Regeneration

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