Devon Renaissance Business Survey

February 2006

In partnership with:

Contents

1. EXECUTIVE SUMMARY

1.1. This survey was completed by 2,236 businesses in the rural objective 2 area of Devon during November and December 2005.

1.2. The following points outline the main findings in relation to a typical business.

A typical business ...	
Is small, with less than 10 employees	Description
Has a turnover of less than £250k	
Is managed/owned by a man, aged between 35 and 54	
Is in a rural location	
Has limited growth plans	Plans
Doesn't yet have a business plan	
Is not focussing on developing new products/services	
Has not developed a quality control system	
Does not yet have an environmental policy in place	
Perceives that it will need to increase its skills base over the next 3 years	Skills and Training
Has experienced difficulties recruiting suitably skilled staff, particularly in regard to trade and professional skills	
Considers the skills shortage to be a constraint on the growth and competitiveness of their business	
Doesn't have a formal method of identifying training needs for staff	
Uses informal methods of training for staff	
Will seek business advice in the next three years, particularly financial advice	Business Advice
Chooses Banks/Accountants as the primary advice provider	
Finds that the advice providers know more about their business than they perceived prior to engaging with that provider	
Finds that the advice providers provide advice of lower quality than they perceived prior to engaging with that provider	
Considers that working in partnership enhances the chances of local business success	Flexibility
Regularly undertakes co-operative work with other local organisations	
Doesn't believe that working co-operatively could affect competitiveness adversely	
Believes that flexible working options are beneficial	
Does not feel able to offer flexibility beyond part time working	
Uses Broadband primarily for email and internet browsing	ICT
May not have the skills/knowledge/equipment to fully exploit ICT	
Does not use the internet to trade	
Considers that Road Access is the main constraint affecting their business	Constraints
Believes that Distance from Market/Customers and Obtaining Finance are other issues that significantly constrain business growth and competitiveness	

2. **INTRODUCTION**

2.1. Devon Renaissance and its partner organisations[1] developed the rationale for this project and jointly funded it.

2.2. The survey's purpose is to develop a common understanding of rural business issues in Devon, a common information resource and a call to action to progress new ideas under various funding streams. The survey will fill the gap in relation to information about rural businesses and identify real needs in the business community.

2.3. The aims of the survey are to provide evidence about rural business productivity issues; to provide an assessment of current business support provision; to provide an assessment of current and future business needs as follows:

a. Current situation of businesses in the area and Future Plans
b. Skills
c. Advice and Business Support
d. Markets and Competition
e. Working Co-operatively and Flexible Working
f. ICT Usage
g. Constraints on Growth/Competitiveness

[1] North Devon District Council, Torridge District Council, West Devon Borough Council, South Hams District Council, South West of England Regional Development Agency, Devon County Council, Business Link Devon & Cornwall.

3. METHODOLOGY

3.1. The Devon Renaissance Business Survey (DRBS) 2005 was conducted as a self-completing postal survey. It was accompanied by a letter from the relevant Local Authority (LA) and an SAE was provided.

3.2. Marketing Means, Ashburton were contracted to design and administer the survey.

3.3. A postal survey was deemed the most effective method of surveying the level of detail required as evidence suggested that a survey of this type with a second postal reminder would provide the most cost effective method of achieving the target response rate of 500 per LA area.

3.4. The Project, having validated its accuracy, purchased the Marketing Measures Database from Bell Hanson, a company specialising in the provision of business information to the public sector.

3.5. The survey sample of 2,000 businesses per LA area was randomly selected from this database and the first round of 8,000 surveys distributed (November 2005).

3.6. Response rates were monitored by Marketing Means and a reminder sent to those businesses who, after 2 weeks, had not responded.

3.7. The final date for responses was set as 05 December 2005.

3.8. Data was input by Marketing Means and a raw database provided to Devon Renaissance for analysis (December 2005).

4. RESPONSE RATES

4.1. 2,236 businesses responded to the survey (28%). This is broken down by LA area as shown in Table 1 below:

LA	No of Respondents	% of Total Sample
North Devon	572	25.6
Torridge	555	24.8
West Devon	507	22.7
South Hams	592	26.5
Unknown[2]	10	-

Table 1 – Breakdown of responses by LA area

4.2. 59.3% (1,161) of the businesses who responded requested feedback on the results of the survey.

[2] Bar coding invalidated by respondent

5. SAMPLE INFORMATION

5.1. Using the Standard Industrial Classification (SIC) primary codes, table 2 illustrates the breakdown of businesses be sector for each LA area.[3]

LA	North Devon		Torridge		West Devon		South Hams		Total	
SIC (92)	No	%	No	%	No	%	No	%	No	%
Agriculture	82	15.5	117	22.6	83	18.2	57	10.8	339	16.7
Fishing	0	0.0	0	0.0	1	0.2	3	0.6	4	0.2
Mining & Quarrying	0	0.0	0	0.0	2	0.4	0	0.0	2	0.1
Manufacturing	32	6.1	53	1.2	33	7.3	49	9.3	167	8.2
Utilities	0	0.0	1	0.2	0	0.0	0	0.0	1	0.0
Construction	39	7.4	40	7.7	31	6.8	34	6.4	144	7.1
Wholesale & Retail	128	24.2	100	19.3	93	20.4	127	24.0	448	22.1
Hotels & Restaurants	84	15.9	53	10.2	48	10.5	62	11.7	247	12.2
Transport	15	2.8	16	3.1	22	4.8	31	5.9	84	4.1
Finance	5	0.9	5	1.0	9	2.0	7	1.3	26	1.3
Real Estate & Business	54	10.2	51	9.8	54	11.9	72	13.6	231	11.4
Public Administration	1	0.2	3	0.6	4	0.9	5	0.9	13	0.6
Education	7	1.3	2	0.4	3	0.7	5	0.9	17	0.8
Health	37	7.0	34	6.6	36	7.9	35	6.6	142	7.0
Other Services	44	8.3	43	8.3	36	7.9	42	7.9	165	8.1

Table 2 – Breakdown by LA area and Standard Industrial Classification Code (1992)

5.2. Wholesale & Retail and Agriculture are the dominant business sectors (22.1 and 16.7% respectively) across the survey area, with Utilities, Mining & Quarrying, Fishing and Public Administration combined accounting for less than 1% of businesses.

5.3. Agricultural businesses form a larger proportion of the business stock in Torridge than the other LA areas.

5.4. When the SIC codes are reclassified into Key Sectors, as identified in The State of the Key Sectors[4], the distribution of businesses is as illustrated in Chart 1, overleaf.

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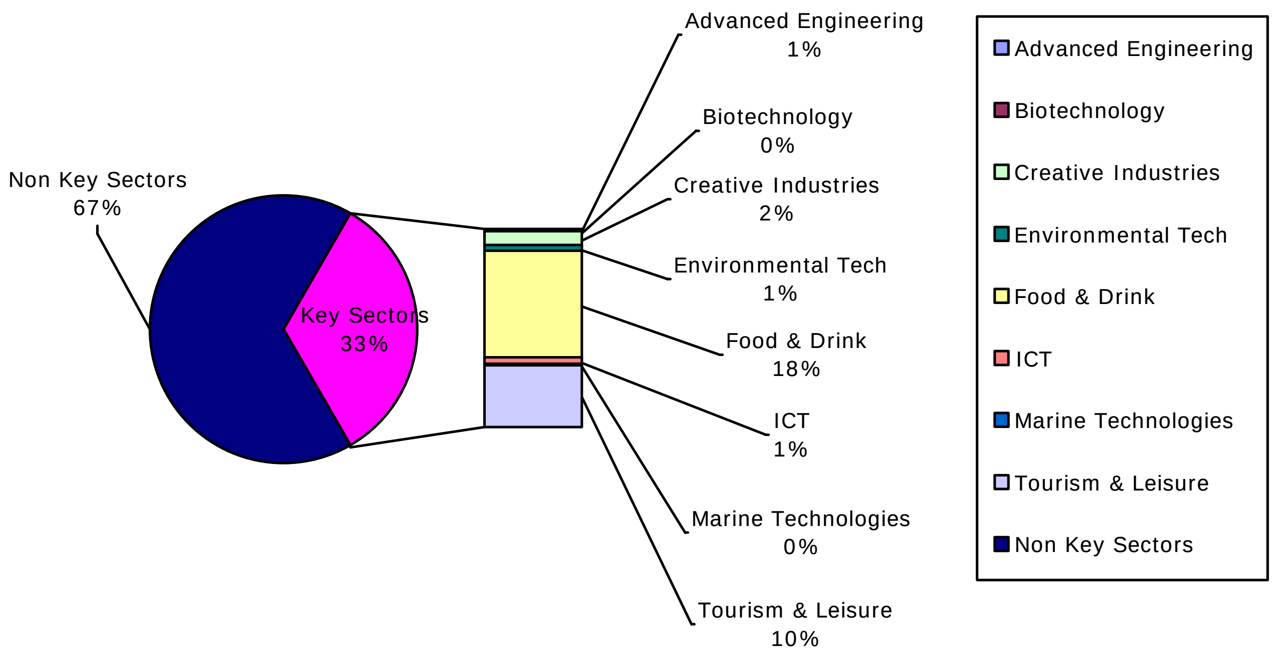
[3] Throughout the remainder of this report, results are only reported for sectors where the response rate exceeds 100.
[4] The State of the Key Sectors July 2004, South West Regional Development Agency. The classification of key sectors is defined in Annex 6, based on the tertiary SIC codes. It is of note that the key sectors do not match onto primary SIC code categories. For example, the Hotels and Restaurants SIC category includes hotels, restaurants and pubs, whereas the tourism and leisure key sector only includes hotels and restaurants, but excludes pubs. As a result caution should be taken when interpreting the results.

Chart 1 - Breakdown of Businesses by SWRDA Key Sector



5.5. The dominant sectors in the Objective 2 areas of rural Devon are Food & Drink (including agriculture and food & drink manufacturing and production) and Tourism & Leisure. These are also the two sectors which are identified by the RDA as having the lowest GVA per FTE worker in the South West region, at £24,959 and £25,261 (respectively). This compares with the highest GVA levels in Environmental Technology at £62,167 and ICT at £51,625.

5.6. When average earnings are considered, these are also the sectors with the lowest average FTE annual earnings.

5.7. 81% of businesses employ less than 10 staff, and 97% employ less than 50 staff. The full breakdown by LA area is shown below in Table 3.

LA	North Devon		Torridge		West Devon		South Hams		Total	
No of Employees	No	%	No	%	No	%	No	%	No	%
1 (SoHo)	100	19.3	134	26.0	107	23.5	115	22.4	456	22.8
2-9 (Micro)	321	62.1	296	57.5	258	56.6	290	56.4	1,165	58.2
10-49 (Small)	75	14.5	67	13.0	80	17.5	98	19.1	320	16.0
50-249 (Medium)	18	3.5	17	3.3	8	1.8	9	1.8	52	2.6
250-999 (Large)	2	0.4	1	0.2	3	0.7	2	0.4	8	0.4
1000+ (Corporate)	1	0.2	0	0.0	0	0.0	0	0.0	1	0.0

Table 3 – Breakdown by LA area and Employee Numbers

5.8. The proportion of single employee businesses is highest in Torridge at 26%, compared with 23% across the whole survey area.

5.9. Sole Traderships and Family partnerships account for 59% of businesses in the sample, with a further 7.3% operating as not for profit or charitable businesses. The full breakdown by LA area is shown below in Table 4.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Legal Status	No	%	No	%	No	%	No	%	No	%
Sole Trader	159	29.2	149	28.2	136	28.5	177	31.6	622	29.3
Legal Partnership (Family)	173	31.7	180	34.0	134	28.1	129	23.0	620	29.2
Legal Partnership (Unrelated)	26	4.8	17	3.2	17	3.6	27	4.8	88	4.2
Limited Company	146	26.8	141	26.7	136	28.5	177	31.6	603	28.4
PLC	14	2.6	3	0.6	8	1.7	7	1.3	32	1.5
Not for profit/ Charitable	27	5.0	39	7.4	46	9.6	43	7.7	155	7.3

Table 4 – Breakdown by LA area and Legal Status of Business

5.10. Family partnerships form a much smaller proportion of businesses in the South Hams (23%) than other LA areas.

5.11. 41% of businesses turn over less than £100k. The full breakdown by LA area is shown below in Table 5.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Turnover	No	%	No	%	No	%	No	%	No	%
£1-49k	124	23.9	144	29.0	98	21.4	127	23.2	497	24.5
£50-99k	82	15.8	86	17.3	66	14.4	89	16.3	325	16.0
£100-249k	123	23.7	92	18.5	108	23.5	121	22.1	444	21.9
£250-499k	68	13.1	77	15.5	70	15.3	70	12.8	286	14.1
£500-999k	35	6.8	33	6.7	52	11.3	65	11.9	186	9.2
£1-4.9m	55	10.6	55	11.1	51	11.1	60	11.0	223	11.0
£5m+	31	6.0	9	1.8	14	3.1	15	2.7	69	3.4

Table 5 – Breakdown by LA area and Turnover

5.12. While 46% of businesses in Torridge turn over less than £100k, this figure is 36% in West Devon.

5.13. Over the next twelve months, 38% of businesses anticipate that their turnover will increase. The full breakdown by LA area is shown below in Table 6.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Anticipated change in turnover	No	%	No	%	No	%	No	%	No	%
Decrease	62	11.4	66	12.4	50	10.5	47	8.3	226	10.6
Stay same	278	51.0	284	53.5	240	50.2	293	51.5	1099	51.5
Increase	205	37.6	181	34.1	188	39.3	229	40.2	808	37.9

Table 6 – Breakdown by LA area and Anticipated Change in Turnover over Next 12 Months

5.14. Over 12% of businesses in Torridge expected their turnover to decrease.

5.15. In contrast, over 40% of businesses in the South Hams expected their turnover to increase.

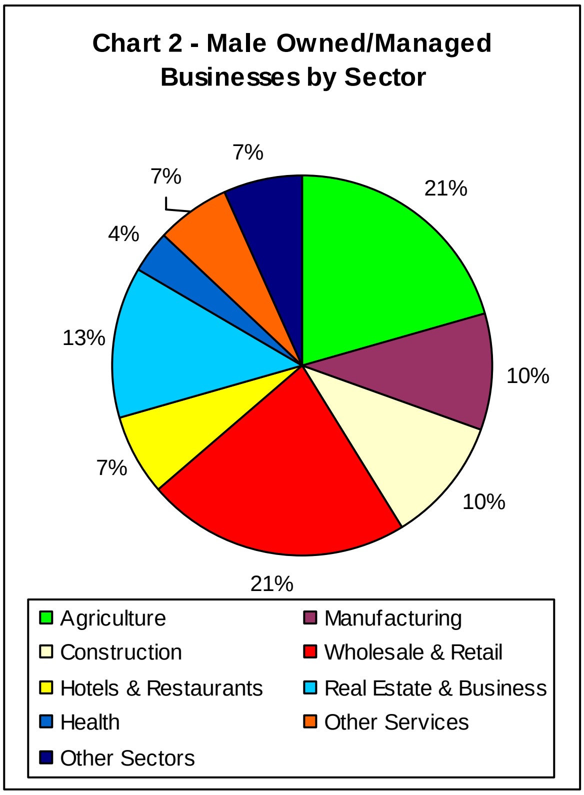
5.16. 76% of businesses are owned/managed by men, and this is broken down by LA area in Table 7, below.

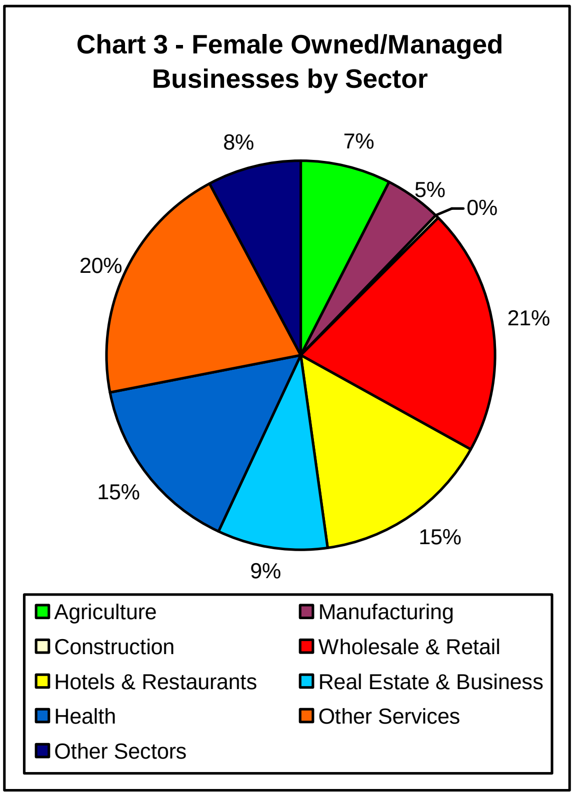
LA	North Devon		Torridge		West Devon		South Hams		Total	
Gender	No	%	No	%	No	%	No	%	No	%
Male	349	77.6	353	78.6	302	72.2	373	74.0	1382	75.7
Female	101	22.4	96	21.4	116	27.8	131	26.0	444	24.3

Table 7 – Breakdown by LA area and Gender of Owner/Manager

5.17. Owner/Managers of businesses are more frequently female in West Devon, at 28% as compared with 21% in Torridge.

5.18. The breakdown by primary SIC code for male and female owned/managed businesses is illustrated in charts 2 and 3 (respectively) below.





5.19. The distribution of businesses is noticeably different for each gender of owner/manager, with male owner/managers running significantly more construction and agricultural businesses, and female owner/managers running significantly more Hotels & Restaurants, Health and Other Service businesses.

5.20. Overall, 35% of owner/managers are over 55, with 7% over 65, while only 6% are under 35 years old. This is broken down by LA area in Table 8 below.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Age Group	No	%	No	%	No	%	No	%	No	%
Under 25	4	0.8	4	0.8	2	0.4	0	0.0	10	0.5
25-34	40	7.7	28	5.6	23	5.0	31	5.7	123	6.1
35-44	124	24.0	94	18.8	89	19.3	116	21.2	425	20.9
45-54	191	36.9	184	36.7	174	37.8	216	39.4	766	37.7
55-64	124	24.0	152	30.3	136	29.6	148	27.0	561	27.6
65+	34	6.6	39	7.8	36	7.8	37	6.8	147	7.2

Table 8 – Breakdown by LA area and Age Group of Owner/Manager

5.21. The average age of owner/managers is lower in North Devon than the other LA areas, with 33% under 45, compared with 25% in Torridge and West Devon and 27% in the South Hams.

5.22. 74% of businesses in the survey are in rural locations[5]. This is broken down by LA area in Table 9 below.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Location	No	%	No	%	No	%	No	%	No	%
Rural	299	57.1	363	68.4	370	77.9	496	90.5	1528	73.5
Urban	225	42.9	168	31.6	105	22.1	52	9.5	550	26.5

Table 9 – Breakdown by LA area and Urban/Rural Location

5.23. Rural businesses are most frequent in the South Hams, at 91% compared with an average of 74% across the survey area.[6].

5.24. To summarise, a typical business in the rural Objective 2 area of Devon:

- Is small, with less than 10 employees
- Has a turnover of less than £250k
- Is managed/owned by a man, aged between 35 and 54
- Is in a rural location

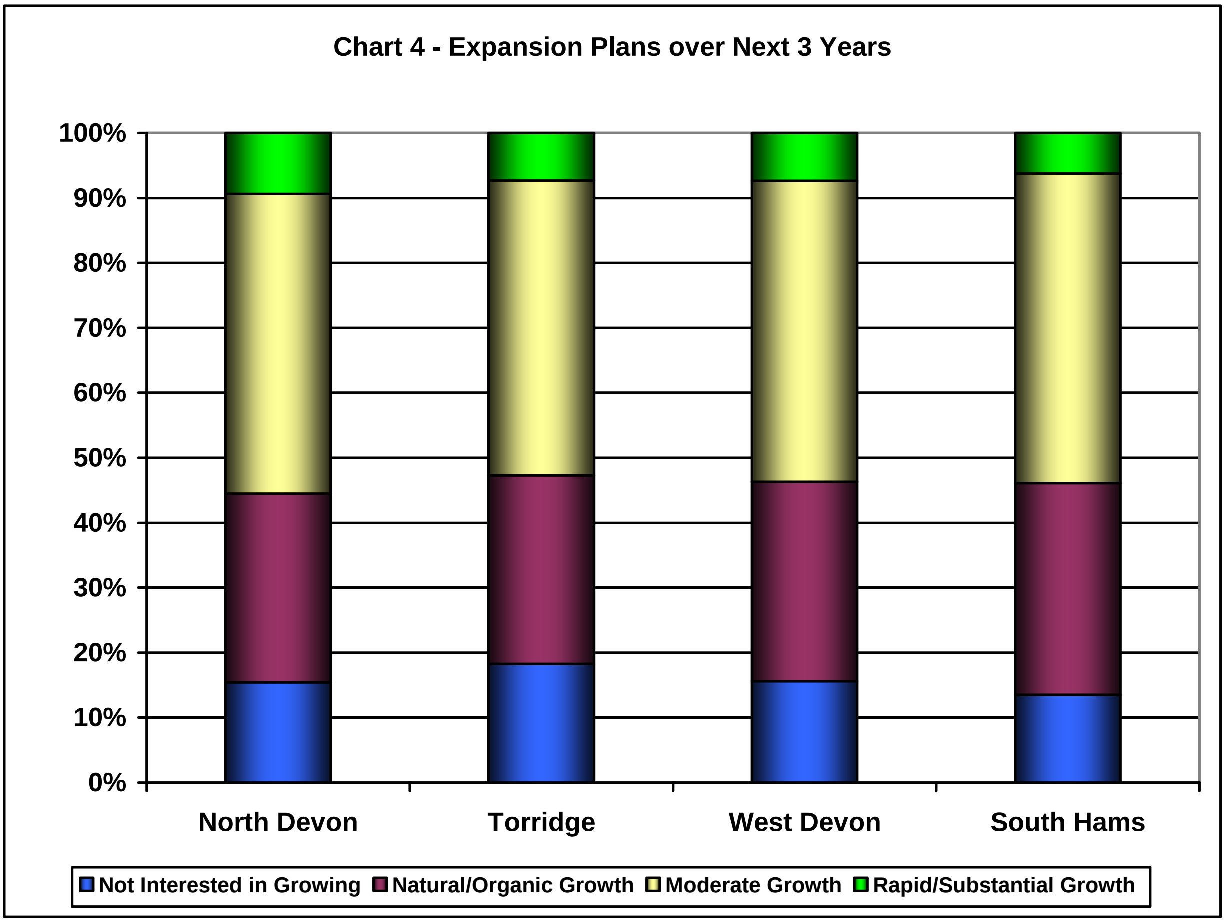
[5] The split between urban and rural locations has been calculated using the Countryside Agency definition of settlements with more than 10,000 inhabitants constituting urban settlements.
The urban settlements covered in this survey are: Barnstaple, Ilfracombe, Bideford (including Appledore, Northam and Westward Ho!), Tavistock, Ivybridge and a single SOA within the Bickleigh and Shaugh ward.

[6] The split between urban and rural locations has been calculated using the Countryside Agency definition of settlements with more than 10,000 inhabitants constituting urban settlements.
The urban settlements covered in this survey are: Barnstaple, Ilfracombe, Bideford (including Appledore, Northam and Westward Ho!), Tavistock, Ivybridge and a single SOA within the Bickleigh and Shaugh ward.

6. CURRENT SITUATION & FUTURE PLANS

6.1. Growth Aspirations

6.1.1. Table 10 below shows the growth aspirations of businesses broken down by LA area.



6.1.2. Across the survey area, 46% of businesses reported that they are either not interested in growing or planned to grow naturally/organically. Torridge recorded the highest frequency of businesses not interested in growing at 18.3%, compared to South Hams at 13.5%.

6.2. Business Planning

6.2.1. 37% of businesses have a formal business plan, 17% are planning to write one within the next 3 years, while 45% have no plans to undertake formal business planning.

6.2.2. Table 10, overleaf, illustrates the attitudes of businesses by LA area to writing a formal business plan.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Write a Formal Business Plan	No	%	No	%	No	%	No	%	No	%
Have Undertaken Recently	189	39.3	160	35.6	152	35.3	192	39.0	697	37.4
Plan To Undertake Within 12 Months	68	14.1	52	11.6	60	13.9	66	13.4	247	13.3
Plan To Undertake Within 3 Years	20	4.2	21	4.7	13	3.0	21	4.3	75	4.0
Not Planning to Undertake	204	42.4	216	48.1	206	47.9	213	43.3	843	45.3

Table 10 – Breakdown by LA area and Attitudes towards Formal Business Planning

6.2.3. Businesses that are not planning to undertake formal business planning are significantly less likely to:

- Seek business advice
- Work cooperatively with other businesses
- Invest in new equipment
- Invest in new premises
- Develop a new product or service
- Plan to increase marketing/sales activity
- Train employees

6.3. Investing in New Equipment

6.3.1. 70% of businesses have either recently invested in new equipment or plan to do so in the next 12 months.

6.3.2. Table 11 below shows the breakdown of attitudes to investing in new equipment by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Investing in New Equipment	No	%	No	%	No	%	No	%	No	%
Have Invested Recently	265	51.3	207	43.6	204	45.1	253	48.0	933	47.1
Plan To Invest Within 12 Months	120	23.2	112	23.6	93	20.6	129	24.5	456	23.0
Plan to Invest Within 3 Years	50	9.7	63	13.3	51	11.3	51	9.7	216	10.9
Not Planning to Invest	82	15.9	93	19.6	104	23.0	94	17.8	375	18.9

Table 11 – Breakdown by LA area and Attitudes towards Investing in New Equipment

6.3.3. Businesses in West Devon show the most reluctance to investing in new equipment, with 23% of businesses not planning to invest and a further 11% not planning to invest for at least 1 year.

6.4. Investing in Improving Premises

6.4.1. 57% of businesses have either recently invested in premises or plan to do so in the next 12 months. Table 12 below shows the breakdown of attitudes to investing in improving premises by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Investing in Improving Premises	No	%	No	%	No	%	No	%	No	%
Have Invested Recently	209	40.8	168	35.4	168	36.9	205	39.0	752	38.1
Plan To Invest Within 12 Months	95	18.6	98	20.7	90	19.8	106	20.2	392	19.8
Plan to Invest Within 3 Years	62	12.1	74	15.6	52	11.4	66	12.5	256	13.0
Not Planning to Invest	146	28.5	134	28.3	145	31.9	149	28.3	576	29.1

Table 12 – Breakdown by LA area and Attitudes towards Investing in Improving Premises

6.4.2. Businesses in Torridge are least likely to plan to invest in improving premises, with 16% of businesses not planning to invest and a further 21% not planning to invest for at least 1 year.

6.4.3. Tourism based businesses are most likely to have invested in premises or to have plans to do so, while businesses run from home based offices/workshops are least likely.

6.5. Development of a New Product or Service

6.5.1. 46% of businesses have either recently developed a new product or service or plan to do so in the next 12 months, while 44% have no plans to develop a new product or service in the next three years.

6.5.2. Table 13, overleaf, shows the breakdown of attitudes to developing new products/services by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Developing New Products/ Services	No	%	No	%	No	%	No	%	No	%
Have Developed Recently	110	23.0	154	30.3	109	24.2	106	24.4	480	25.5
Plan To Develop Within 12 Months	107	22.4	109	21.4	83	18.4	94	21.6	395	21.0
Plan to Develop Within 3 Years	46	9.6	42	8.3	38	8.4	43	9.9	170	9.0
Not Planning to Develop	215	45.0	204	40.1	221	49.0	192	44.1	837	44.5

Table 13 – Breakdown by LA area and Attitudes towards Developing New Products/Services

6.5.3. Businesses in West Devon are the least likely to have plans to develop new products/services within the next 3 years, with 49% of businesses not planning to do so and a further 8% not planning to do so for at least 1 year.

6.5.4. The younger the business, the more likely it is to have plans to develop new products/services. Additionally, the younger the owner/manager, the greater the likelihood is that the business would plan to develop new products/services.

6.5.5. Manufacturing businesses are more likely to plan to develop new products/services than those in other sectors.

6.6. Increase Marketing/Sales Activities

6.6.1. 69% of businesses have either recently increased marketing/sales activities or plan to do so in the next 12 months, while 26% have no plans to increase marketing/sales activities in the next three years. Table 14 below shows the breakdown of attitudes to increasing marketing/sales activities by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Increasing Marketing/ Sales	No	%	No	%	No	%	No	%	No	%
Have Increased Recently	245	49.5	217	46.3	206	47.8	240	46.5	914	47.6
Plan To Increase Within 12 Months	100	20.2	94	20.0	97	22.5	122	23.6	414	21.6
Plan to Increase Within 3 Years	19	3.8	28	6.0	15	3.5	16	3.1	78	4.1
Not Planning to Increase	131	26.5	130	27.7	113	26.2	138	26.7	513	26.7

Table 14 – Breakdown by LA area and Attitudes towards Increasing Marketing/Sales Activities

6.6.2. The more interest the businesses expressed in increasing marketing/sales activity, the more likely they are to seek business advice, with Business Link and the Enterprise Agencies the most frequent advice providers.

6.6.3. The younger the business the more likely it is to seek to increase marketing/sales activities. Further, the younger the owner/manager the more likely they are to increase marketing/sales activities.

6.6.4. Land based and farming businesses are least likely to plan to increase marketing/sales activities.

6.7. Developing Quality Control Systems

6.7.1. 45% of businesses have either developed quality control systems (QCS) recently or plan to do so in the next 12 months, while 51% have no plans to develop QCS in the next three years. Table 15 below shows the breakdown of attitudes to developing quality control systems by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Developing QCS	No	%	No	%	No	%	No	%	No	%
Have Developed Recently	147	31.8	134	31.5	149	36.8	178	38.2	612	34.6
Plan To Develop Within 12 Months	47	10.2	41	9.6	39	9.6	50	10.7	177	10.0
Plan to Develop Within 3 Years	17	3.7	19	4.5	16	4.0	19	4.1	72	4.1
Not Planning to Develop	251	54.3	231	54.4	201	49.6	219	47.0	906	51.3

Table 15 – Breakdown by LA area and Attitudes towards Developing Quality Control Systems

6.7.2. Overall, businesses in the South Hams are most likely to have plans to develop QCS.

6.8. Developing Environmental Policy

6.8.1. 42% of businesses have either recently developed an environmental policy or plan to do so in the next 12 months, while 52% have no plans to develop an environmental policy in the next three years. Table 16 overleaf shows the breakdown of attitudes to developing an environmental policy by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Developing an Environmental Policy	No	%	No	%	No	%	No	%	No	%
Have Developed Recently	139	30.5	127	29.3	129	32.0	125	26.7	525	29.7
Plan To Develop Within 12 Months	54	11.8	52	12.0	48	11.9	69	14.7	223	12.6
Plan to Develop Within 3 Years	30	6.6	19	4.4	26	6.5	32	6.8	108	6.1
Not Planning to Develop	233	51.1	235	54.3	200	49.6	242	51.7	913	51.6

Table 16 – Breakdown by LA area and Attitudes towards Developing an Environmental Policy

6.8.2. Businesses in The South Hams are most likely to have an environmental policy in place or plan to develop one in the next 12 months.

6.8.3. Home based businesses and retail premises are least likely to plan an environmental policy in the next 3 years.

6.9. Planning for Business Continuity in the Event of Disaster

6.9.1. 37% of businesses have either set up an emergency plan or plan to do so in the next 12 months, while 58% have no plans to develop an emergency plan.

6.9.2. Table 17 below shows the breakdown of attitudes to developing an emergency plan by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Developing an Emergency Plan	No	%	No	%	No	%	No	%	No	%
Have Developed Recently	127	27.7	100	23.1	112	27.7	107	22.8	450	25.4
Plan To Develop Within 12 Months	43	9.4	44	10.2	41	10.1	75	16.0	205	11.6
Plan to Develop Within 3 Years	23	5.0	19	4.4	18	4.4	23	4.9	83	4.7
Not Planning to Develop	266	58.0	269	62.3	234	57.8	265	56.4	1035	58.4

Table 17 – Breakdown by LA area and Attitudes towards Developing an Emergency Plan

6.9.3. Businesses in West Devon are most likely to have an emergency plan in place or plan to develop one in the next 12 months.

6.10. Summary of Current Situation and Future Plans

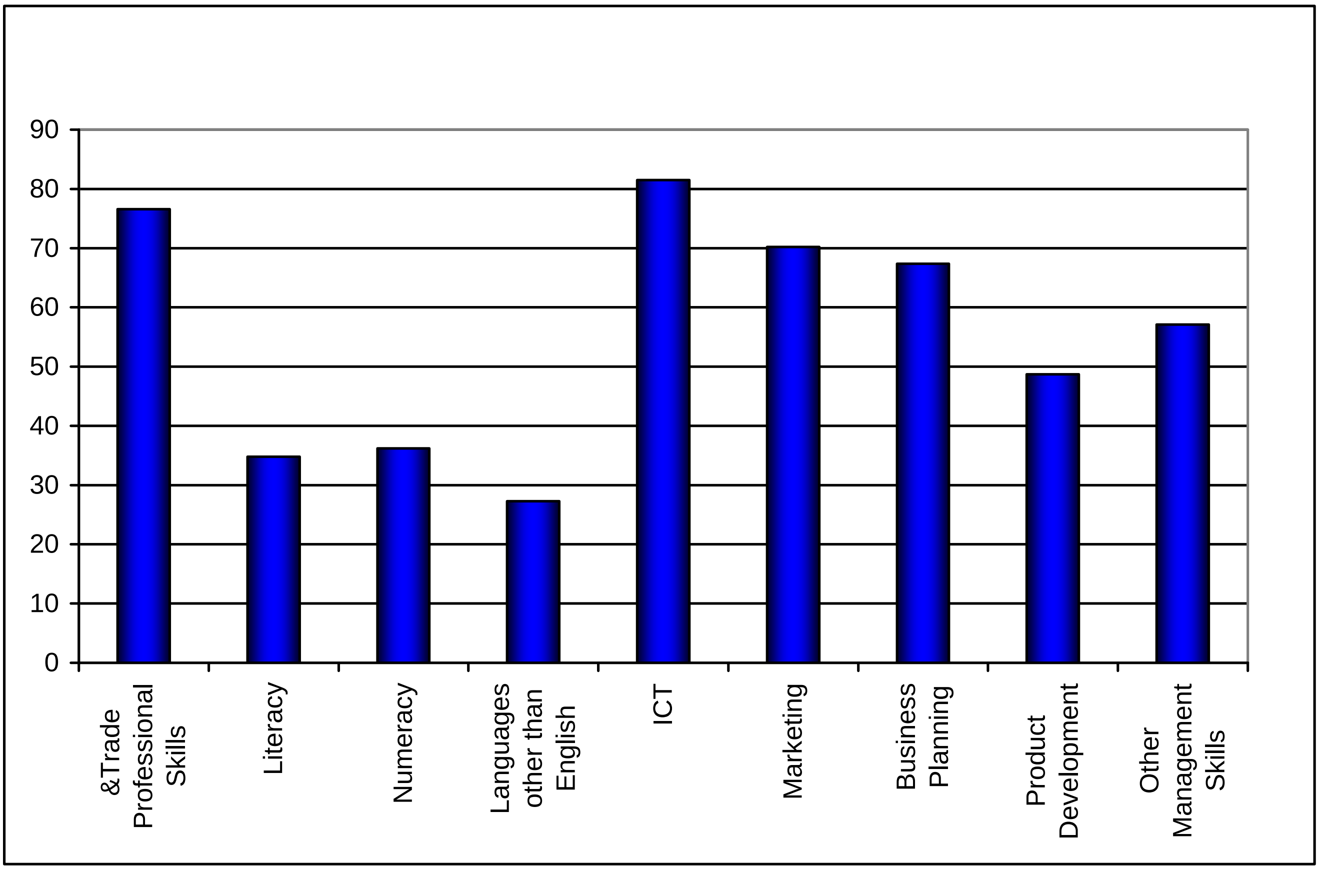
6.10.1. To summarise, a typical business in the rural Objective 2 area of Devon:

- Has limited growth plans
- Doesn't yet have a business plan
- Are not focussing on developing new products/services
- Have not developed a quality control system
- Does not yet have an environmental policy in place

7. SKILLS & TRAINING[7]

7.1. Anticipated Skills Requirements

7.1.1. Chart 5 below summarises the skills areas within which businesses believe they will have a need within the next 3 years.



7.1.2. ICT skills is most frequently cited, with 82% of businesses who responded reporting an anticipated need, followed by Trade/Professional Skills (77%) and Marketing (70%).

7.1.3. There is far less anticipated need over the next 3 years for Languages other than English (27%) Literacy (35%) or Numeracy (36%).

7.1.4. The level of anticipated need in relation to Trade & Professional skills in the Construction sector is 89% and 83% in the Health sector. These results provide support for the qualitative analysis of the LSC's Strategic Area Review (StAR) report[8]:

"There appear to be growing and serious skill gaps and shortages [in relation to the Construction sector]*.....this was twice the average for all sectors.....Gaps are technical and practical......Shortages exist across all skilled trades."*

"Care staff across all sectors will increasingly require a greater range of skills including quasi-nursing skills.....Despite a considerable amount of training taking place, the Care sector is unlikely to meet the need to qualify 50% of the workforce....."

[7] In the Skills & Training section, breakdown by LA area has only been reported where significant differences exist
[8] Learning & Skills Council Strategic Area Review – Sector Skills Report for Devon and Torbay, December 2004

7.1.5. The Health sector also records the highest level of anticipated need in relation to ICT skills at 85%.

"Increasing levels of IT and written skills will be needed to complete the more detailed and sophisticated care plans and records"[9]

7.1.6. Whilst anticipated need for Literacy and Numeracy skills across the sectors is relatively consistent, the need for Languages other than English is significantly higher in the Hotels and Restaurants sector at 39% (compared to the average of 27% across all sectors).

"Language training also features [in terms of current skills gaps in the Tourism sector] *– this includes the anticipation of a growing number of international visitors (requiring Modern Foreign Language Training* (sic)*)."*[10]

7.1.7. In the open ended questions on this subject, there are frequent references to personal skills that would be needed in the labour market, as well as the harder qualifications and skills.

In the next 3 years which areas do you think the business will need more skills in?

"Common sense, good manners, good appearance, erudite"
Small hotel, South Hams

"Customer care"
Garage, Torridge

"People skills – dealing with the public"
Car dealership, North Devon

7.1.8. There are also reports that more skills would be required to deal with increased legislation.

In the next 3 years which areas do you think the business will need more skills in?

"Help with dealing with Local Authorities and Government red tape"
Newsagent, North Devon

"Health and Safety"
Construction company, South Hams

7.1.9. Some businesses reported that they would not need to increase their skills.

In the next 3 years which areas do you think the business will need more skills in?

"Not appropriate – we are a training company"
Management Consultancy, Torridge

"We are a two women partnership – none of the above will apply"
Tax consultancy, North Devon

[9] Learning & Skills Council Strategic Area Review – Sector Skills Report for Devon and Torbay, December 2004
[10] *Ibid*

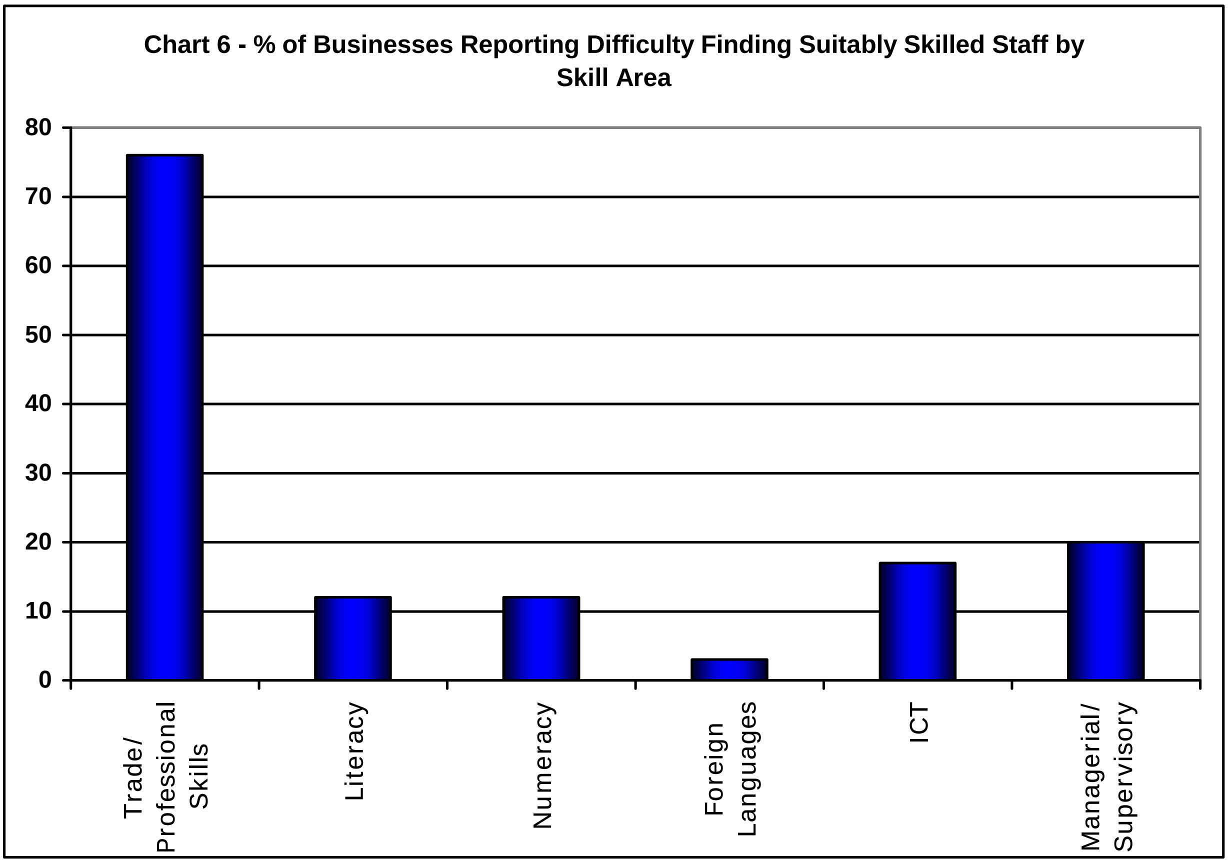
7.2. Skills of Current Labour Pool

7.2.1. 56% of businesses who had recruited staff in the preceding 12 months had experienced difficulties in finding staff with suitable skills in their local area.

7.2.2. 72% of businesses in the Construction sector experienced difficulty in recruiting suitably skilled staff (90% of these relating to Trade/Professional skills)

"[Skills] *gaps associated with the introduction of new technology, new construction methods and/or new materials* [were identified]."[11]

7.2.3. Chart 6 below shows the skills gaps identified by businesses.



7.2.4. Businesses overwhelmingly record recruiting staff with suitable Trade/Professional skills as difficult and, despite high levels of anticipated need in relation to workforce ICT skilling (*cf.* Chart 5) this is not reported as a current skills shortage.

7.2.5. The Wholesale & Retail sector record significantly higher than average difficulties in finding suitably qualified staff in relation to Literacy (20%) Numeracy (23%) and Managerial/Supervisory Skills (30%).

7.2.6. The results from this survey provide reliable evidence to support the anecdotal finding of the StAR report, as follows:

"20% of the staff in the [Retail] *sector have no formal qualifications. Whilst there is little reliable evidence, anecdotally the lack of basic skills is common."*[12]

---

[11] *Ibid*

[12] Learning & Skills Council Strategic Area Review – Sector Skills Report for Devon and Torbay, December 2004

7.2.7. Again businesses reported difficulties recruiting staff with specific personal skills.

> If you experienced difficulties [recruiting staff with suitable skills] which skills did you find lacking?
>
> *"Ability to think for themselves"*
> **Agricultural contractor, Torridge**
>
> *"Attitude to work and members of the public"*
> **Garage, West Devon**
>
> *"Commitment"*
> **Public house, South Hams**
>
> *"Common sense"*
> **Farm, Torridge**

7.2.8. In addition there are factors either specific to this geographic area, or to the nature of businesses in the area.

> If you experienced difficulties [recruiting staff with suitable skills] which skills did you find lacking?
>
> *"Finding qualified staff who will remain in this area for the lower wages and higher living costs"*
> **Holiday complex, South Hams**
>
> *"Not skills – just lack of applicants moving to expensive area"*
> **School, South Hams**
>
> *"People willing to work for reasonable pay with benefits they can receive not working"*
> **Retail shop, Torridge**
>
> *"Willing to work "odd" hours and to be on call as a relief/casual"*
> **Social enterprise, South Hams**

7.3. Skills Shortages as a Constraint on Growth and Competitiveness

7.3.1. 54% of businesses reported identified skills shortages to be a constraint on the growth of the business and 47% a constraint on competitiveness.

7.3.2. Again, Construction businesses recorded the highest frequencies in relation to this question, with 69% reporting skills shortages as a constraint on growth.

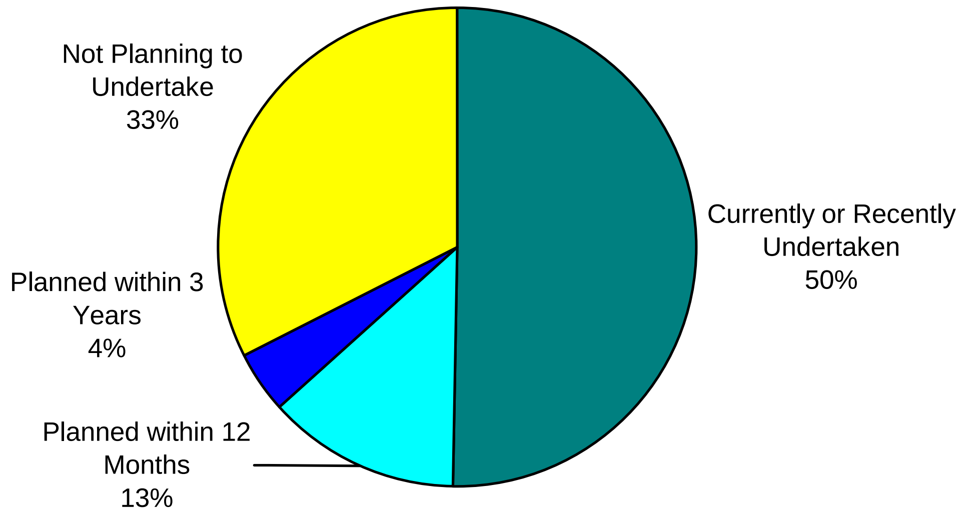
7.3.3. Businesses in Torridge are significantly less likely to identify skills shortages as a constraint on growth or competitiveness. Businesses in Torridge also reported:

- The lowest incidence of difficulty in finding suitably skilled staff (47% against 58 to 60% in the other LA areas)
- The lowest growth aspirations – *cf Section 5.2*
- The highest proportion of businesses with a turnover of less than £100k *cf Table 5*
- the highest proportion of businesses anticipating a decrease in turnover *cf Table 6*
- the highest proportion of businesses with less than 10 employees *cf Table 3*

7.4. Staff Training and Needs Analysis

7.4.1. Chart 7 below summarises the intentions of businesses in relation to staff training.

Chart 4 - Staff Training Plans

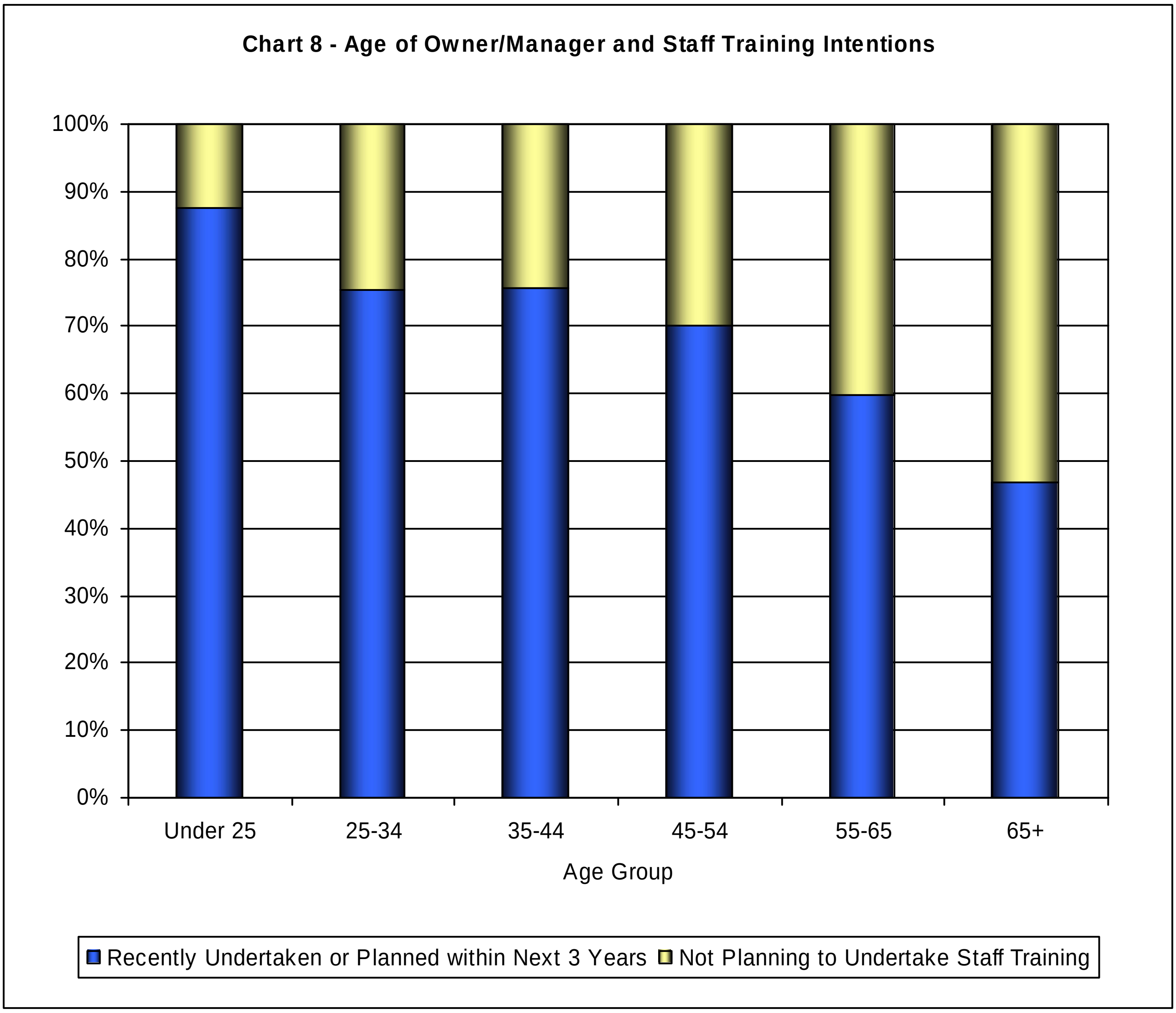


7.4.2. Female owned/managed businesses are more likely to have recently undertaken staff training than male owned/managed businesses (57% and 47% respectively).

7.4.3. In terms of business sectors, Agricultural businesses are least likely to have training planned for their employees, with only 35% having plans to train staff or having recently undertaken staff training, whilst, of the major sectors, Real Estate & Business are the most likely to have staff training planned, at 75%.[13]

7.4.4. There is a pronounced negative correlation between the likelihood of planning to train staff and the age of the Owner/Manager as illustrated overleaf in Chart 8:

[13] This sector has a diverse make up, comprising Business Consulting Services (Marketing, Sales, Accountancy, IT, etc), Accountants, Architects, Estate Agents, Hiring & Leasing Agents, Solicitors, Surveyors, etc.

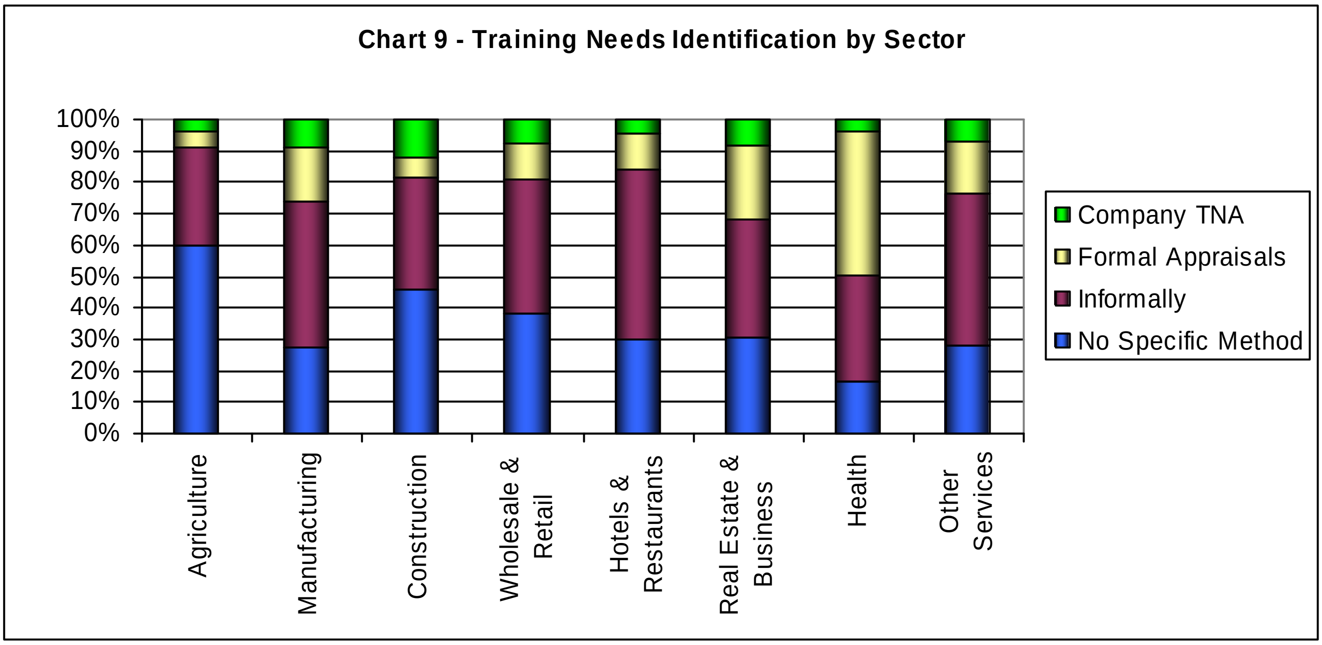


7.4.5. Those businesses viewing skills shortages as a constraint on growth or competitiveness are more likely to have staff training planned within the next 3 years.

7.4.6. Some businesses commented that they did not see the need for training.

> What is the main way that your business identifies training needs for workers?
>
> *"Do not employ people, only family members"*
> **Hotel, Torridge**
>
> *"No employees therefore no training requirements"*
> **Post Office, Torridge**
>
> *"Too small to comment"*
> **Hotel, West Devon**

7.4.7. In terms of the mode of identifying training needs, the majority of businesses either have no specific method or do so informally (75%), with a further 17% doing so via a formal appraisal system and 8% through a company TNA. This is summarised by sector in chart 9 below[14]:



7.4.8. Those sectors for whom the likelihood of identifying training needs through a formal method is lowest are Agricultural (9% of businesses doing so through formal appraisals or company TNA), Hotels & Restaurants (16%), Construction (19%) and Wholesale & Retail (19%). This is in large part as:

"Much of the training across all parts of the [Agriculture] *sector, including fishing, is led by legislative/Health and Safety needs.....Training in the Food & Drink sector is often driven by legislation and Health and Safety rather than productivity gain".*[15]

7.4.9. Similar conclusions are reached in relation to the other highlighted sectors in the StAR report.

7.4.10. The comments made by businesses reinforce this finding.

What is the main way that your business identifies training needs for workers?

"As required to meet mandatory requirements/standards"
Construction company, Torridge

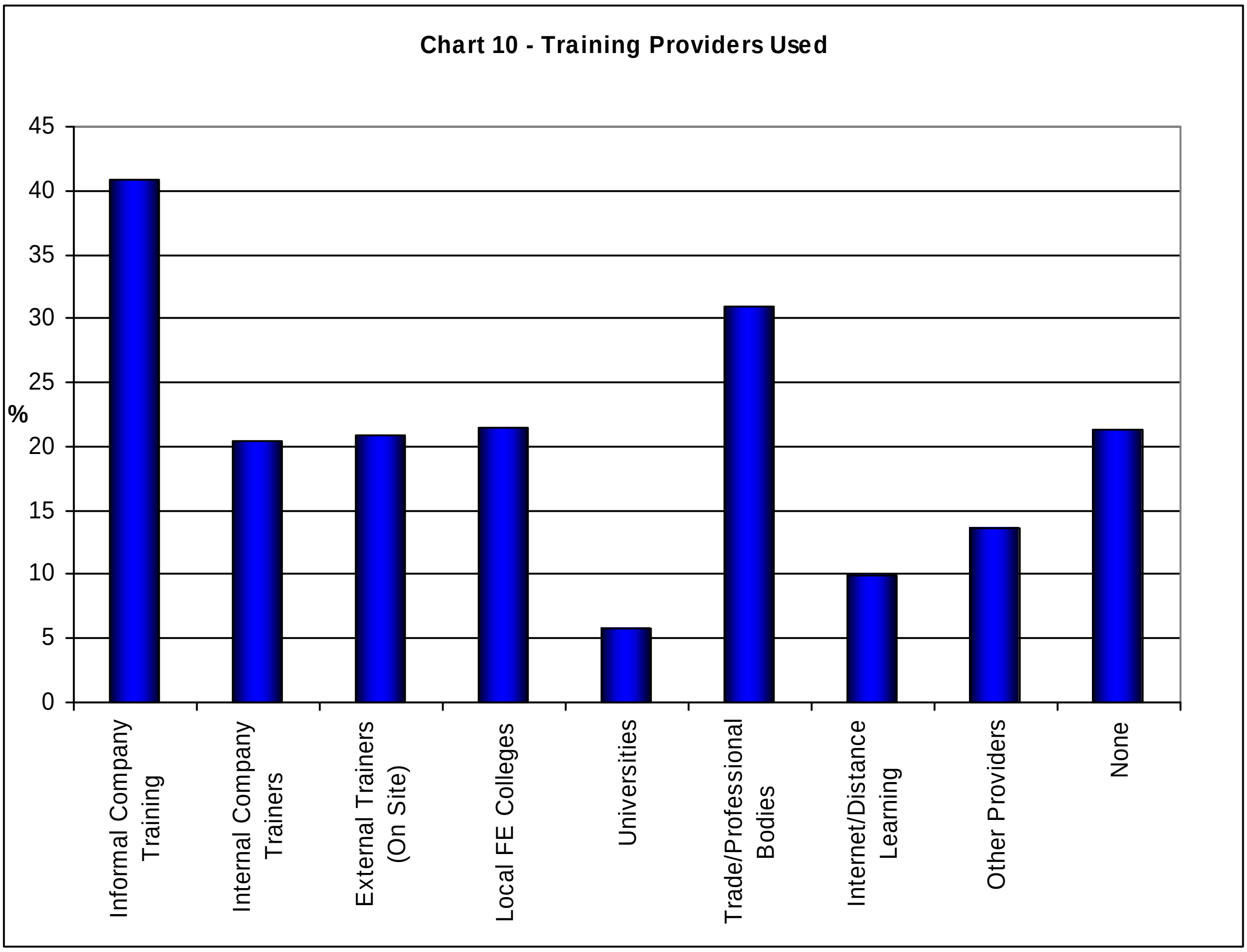
"As required by legislation or quality agreements/groups"
Livestock farm, Torridge

[14] Other Services relates to a diverse sector comprising Leisure Clubs and Facilities, Youth Organisations, Art Galleries and Dealers, Beauty Salons and Hairdressers, Historic Buildings, Funeral Directors, Waste Disposal Services, Places of Worship, etc

[15] Learning & Skills Council Strategic Area Review – Sector Skills Report for Devon and Torbay, December 2004

7.5. Training Providers

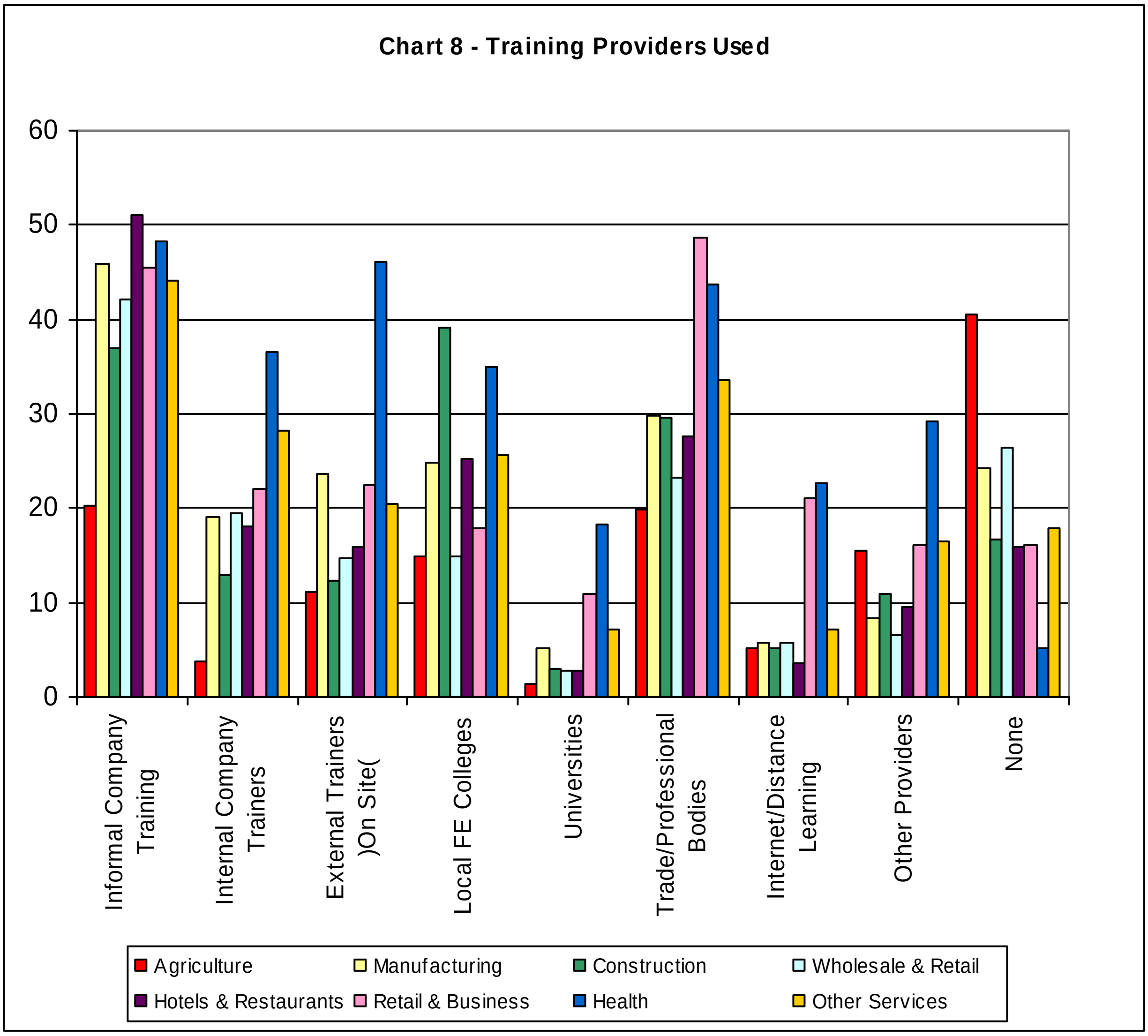
7.5.1. Businesses tend to rely heavily on informal or internal methods of delivering training, with a further 21% providing no training whatsoever. Training providers by type are summarised in Chart 10 below.



7.5.2. The two most frequent methods of providing training are through the use of informal company training (41%) and the use of Trade/professional bodies (31%).

7.5.3. 21% of businesses reported that they don't use training providers.

7.5.4. Chart 11 below summarises the frequency by which different sectors use the range of training providers discussed above.



7.5.5. Breaking this data down by sector highlights the fact that the Health sector uses a wide range of training providers in contrast to the Agriculture sector, within which 41% of businesses reported that they did not use any training provider (including informal or internal company training).

7.5.6. The older the owner/manager, the less likely the business is to use Local FE colleges or Internet/Distance Learning as a mode of training delivery. The relative under representation of Internet/Distance Learning as a mode of training delivery will be discussed in section 10.

7.5.7. It is also interesting to note that businesses in the Construction sector are more likely to use local FE colleges than other sectors.

7.6. Summary

7.6.1. To summarise, a typical business in the rural Objective 2 area of Devon:

- Perceives that they will need to increase the skills base of their business over the next 3 years
- Has experienced difficulties recruiting suitable skilled staff, particularly in regard to trade and professional skills

- Considers the skills shortage to be a constraint on the growth and competitiveness of their business
- Doesn’t have a formal method of identifying training needs for staff
- Uses informal methods of training for their staff

8. BUSINESS ADVICE

8.1. Seeking Business Advice

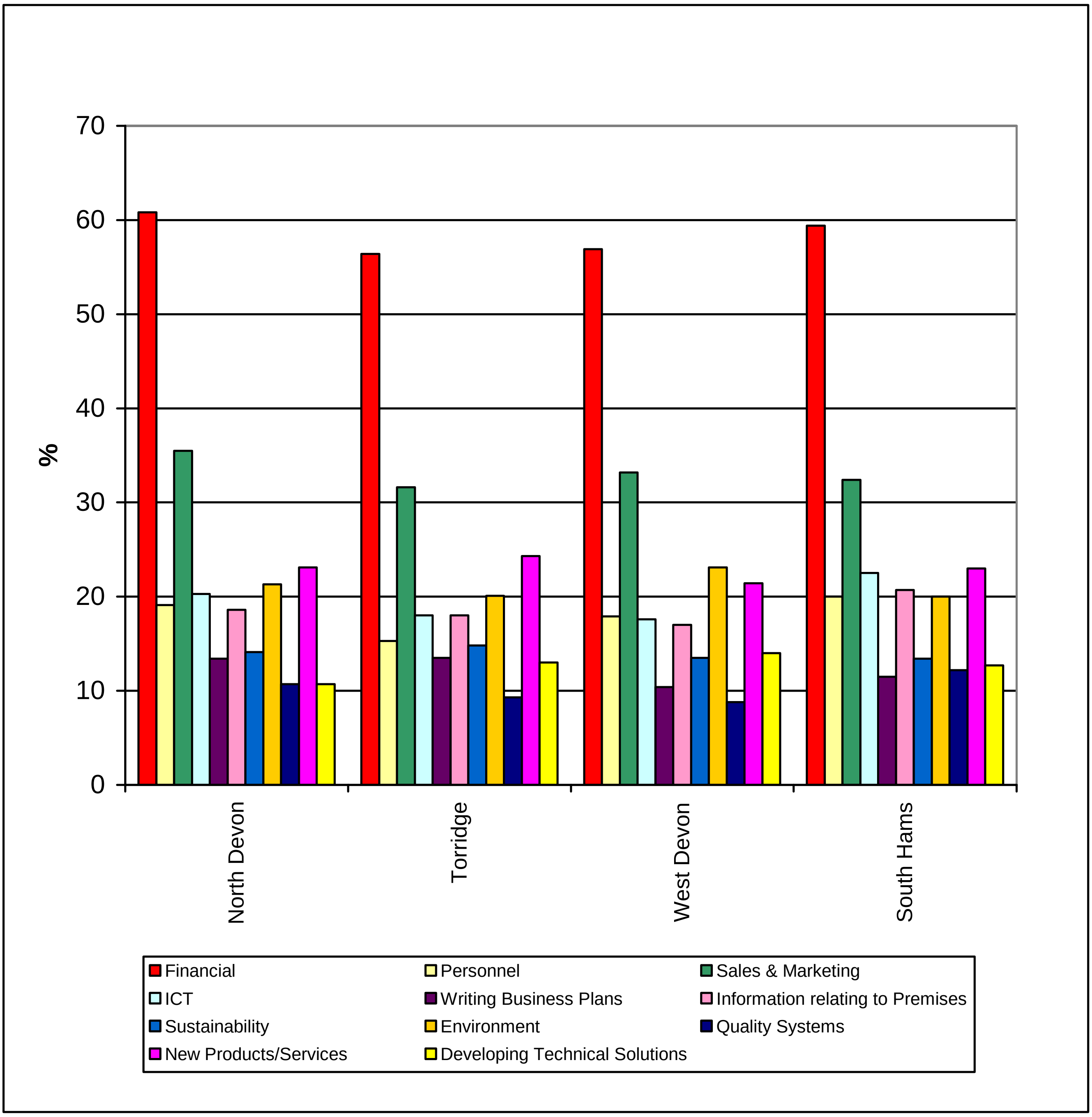
8.1.1. Overall, 56% of businesses are either very or fairly likely to seek business advice in the next three years. Table 18 below summarises the likelihood that businesses would seek advice in the next 3 years by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
Very Likely	136	24.6	113	21.1	112	23.1	133	23.5	498	23.2
Fairly Likely	174	31.5	170	31.8	163	33.7	194	34.2	705	32.8
Fairly Unlikely	103	18.6	112	20.9	93	19.2	122	21.5	431	20.1
Very Unlikely	91	16.5	97	18.1	78	16.1	80	14.1	346	16.1
Do Not Need Advice	49	8.9	43	8.0	38	7.9	38	6.7	169	7.9

Table 18 – Breakdown by LA area and likelihood of seeking business advice in the next 3 years

8.1.2. 58% of businesses indicating they would seek advice reported an anticipated need for financial advice. In terms of frequency, this is followed by Sales & Marketing (33%), advice relating to the Development of New Products/Services (23%) and Environmental advice (21%).

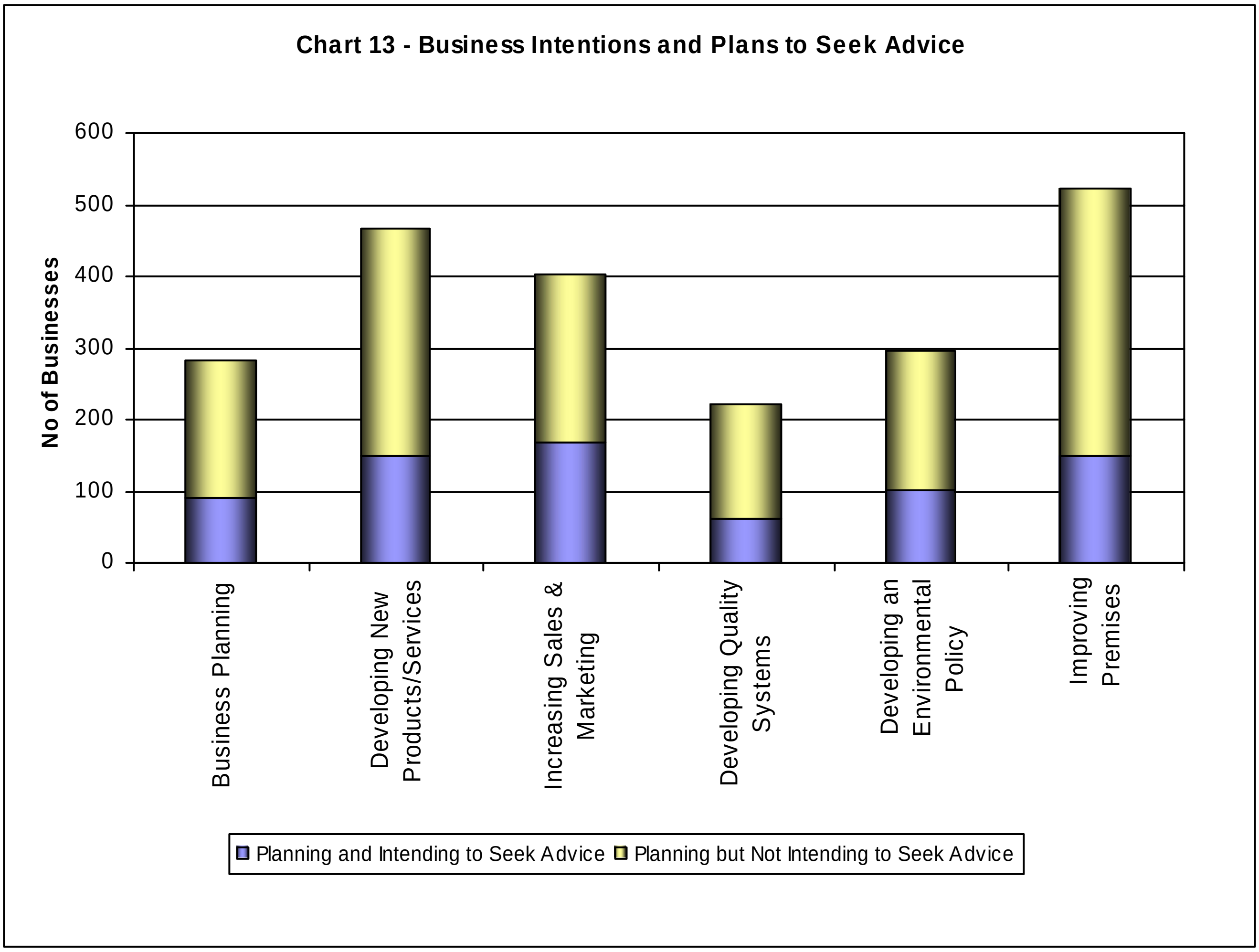
8.1.3. Areas of business advice recording the lowest anticipated demand are Quality Systems (10%), Writing Business Plans (12%) and Developing Technical Solutions (13%). This is summarised by LA area in Chart 12 below.



8.1.4. There are no significant differences between LA areas.

8.1.5. The planned business intentions (discussed in section 5) have been matched against their plans to seek advice and are illustrated in Chart 13 below.[16]

[16] The figures only account for businesses that responded to both questions.

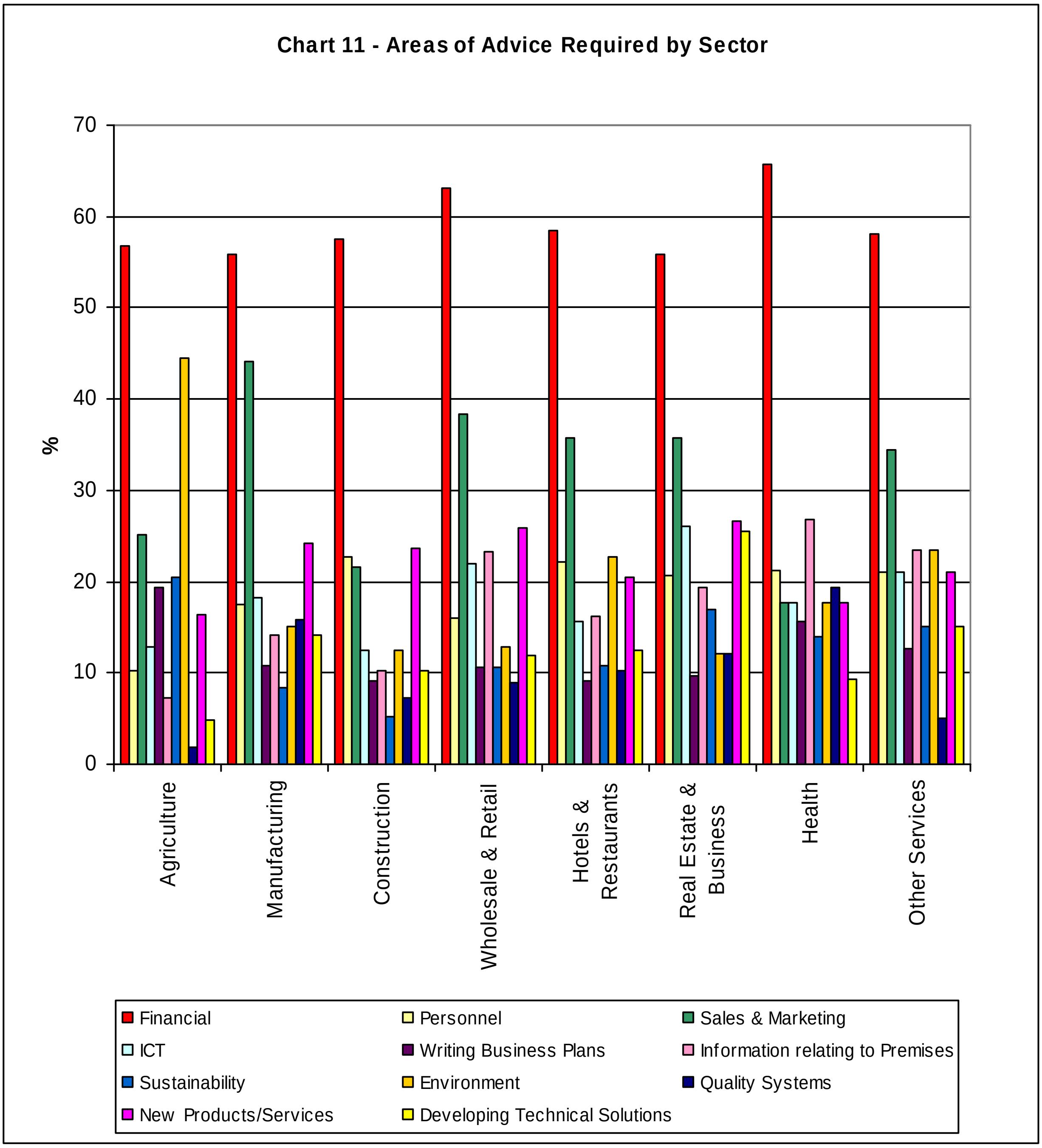


8.1.6. The chart clearly shows the mismatch between businesses' stated intentions (with regard to writing business plans, increasing sales & marketing activity, etc) and the likelihood that they would seek advice. The majority of businesses do not perceive a need for business advice in the areas they have specified they intend to act.

8.1.7. This is particularly pronounced in terms of Developing Quality Systems and Improving Business Premises, where 72% and 71% of businesses respectively stated they do not intend to seek advice, despite declaring their plans to act.

8.2. Types of Business Advice

8.2.1. Chart 14 below illustrates the anticipated business advice needs by sector.



8.2.2. The anticipated need for Finance and Sales & Marketing advice is uniformly high, but of particular note is that within the Agricultural sector there is a very high anticipated need for advice in relation to the Environment and a low demand for advice relating to Quality systems and Developing Technical solutions.

8.3. Business Advice Providers

8.3.1. In terms of advice providers, Accountants/Banks are by far the most frequently used at 78%, with the next most frequently used being Independent Consultants (29%) and Business Link (27%).

8.3.2. Of the local business support services identified for the purposes of the Survey, the Enterprise Agencies are least frequently used (11%). This is broken down by LA area in Table 19 overleaf.

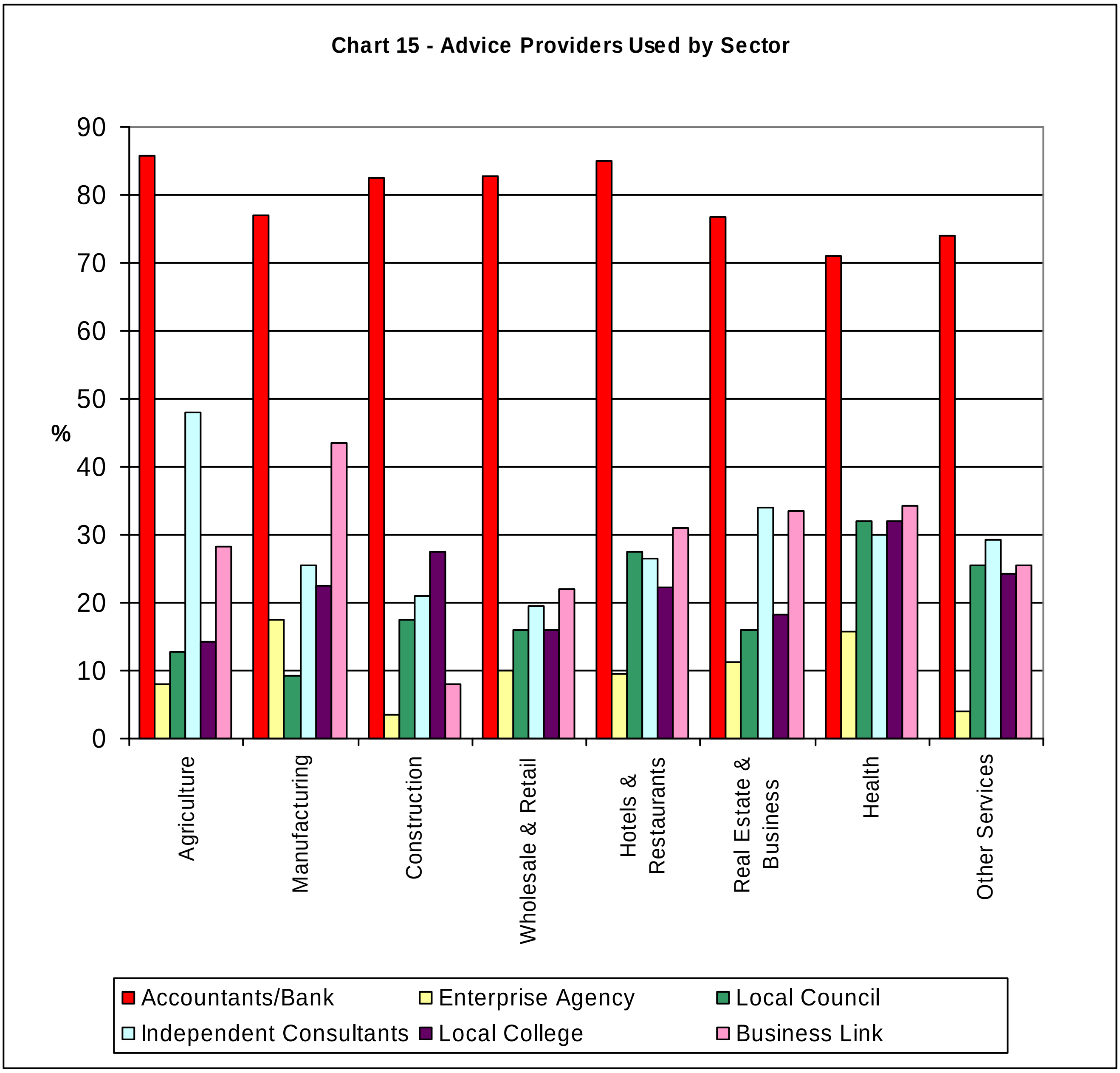
LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
Accountants/ Bank	432	79.1	414	78.9	355	73.3	457	81.0	1668	78.3
Enterprise Agency[17]	54	9.9	71	13.5	49	10.1	58	10.3	233	10.9
Local Council	97	17.8	96	18.3	109	22.5	119	21.1	425	20.0
Independent Consultants	155	28.4	168	32.0	143	29.5	159	28.2	628	29.5
Local College	140	25.6	119	22.7	76	15.7	100	17.7	436	20.5
Business Link	137	25.1	136	25.9	157	32.4	152	27.0	586	27.5
None of These	58	10.6	46	8.8	48	9.9	58	10.6	208	9.8

Table 19 – Breakdown by LA area and Advice Providers Used

8.3.3. There are no significant differences across the LA areas in terms of advice providers used.

8.3.4. The breakdown of advice providers used by sector is shown in Chart 15 below.

[17] It is worth noting that in West Devon, the Enterprise Agency (EA) is called West Devon Business Information Point and respondents may be unaware that this organisation was actually the EA for the area.



8.3.5. Businesses in all sectors use Banks/Accountants for advice most frequently.

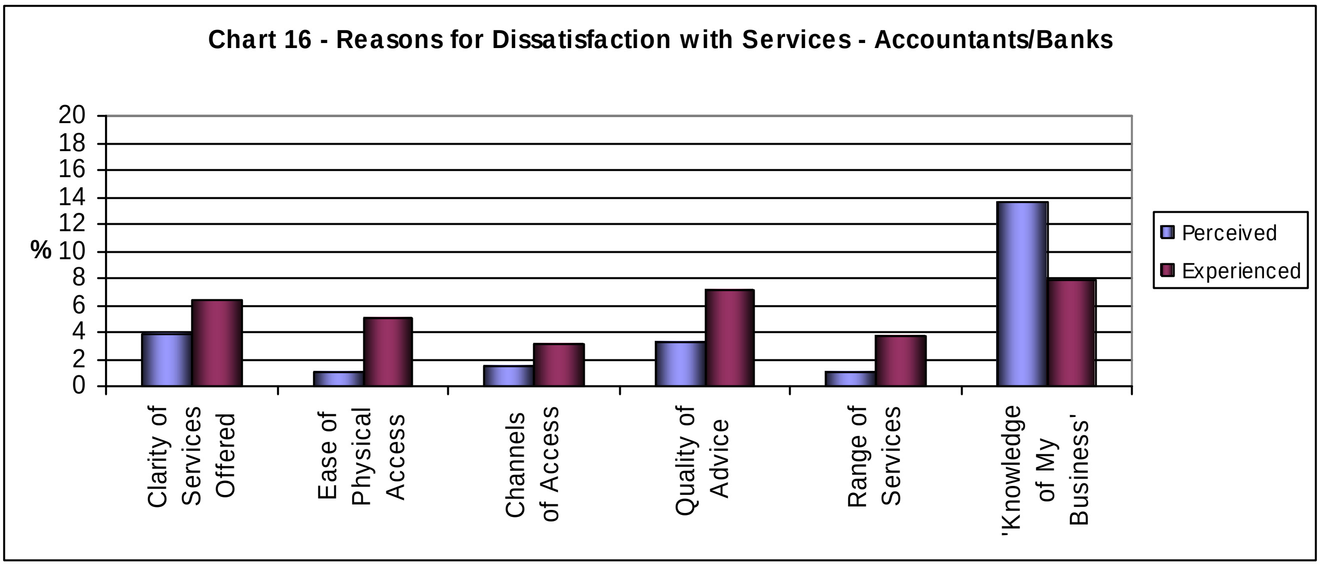
8.3.6. Within the Agricultural sector there is a markedly greater frequency of using Independent Consultants compared to other sectors (48% against an average of 24%).

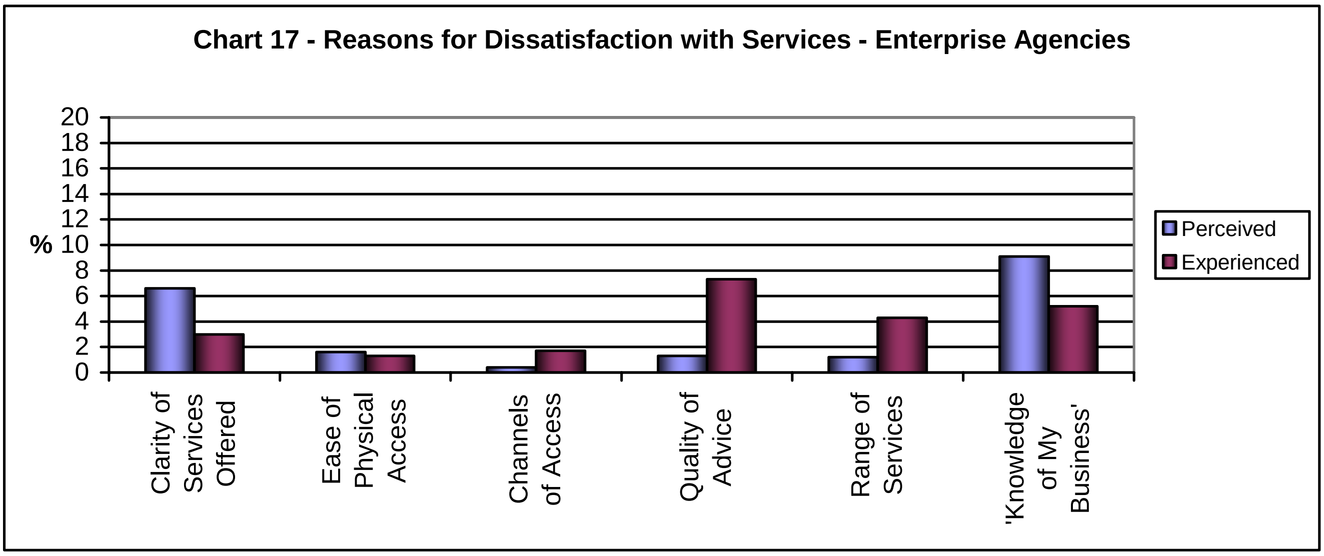
8.3.7. Businesses within the Other Services and Construction sectors are the least likely to employ the Enterprise Agencies (4% against an average of 12%) as an advice provider.

8.3.8. The Construction sector also records the lowest frequency of use in relation to Business Link at 8% (against an average of 31%).

8.4. Satisfaction with Business Advice

8.4.1. Charts 16 – 21 below summarise the areas of perceived and experienced dissatisfaction with the advice services provided by local business support services.[18]





[18] The percentages of *perceived* dissatisfaction given in Charts 13 – 18 are based on the total pool of businesses that have not used the specified business support service, whether or not they answered the question relating to dissatisfaction. Therefore, the percentages represent **minimum** perceived levels of dissatisfaction.

In terms of *experienced* levels of dissatisfaction, these percentages are also based on the total pool of businesses that have used the specified business support service, whether or not they answered the question relating to dissatisfaction and thus also represent the **minimum** levels of experienced dissatisfaction. There was no further data gathered by the survey that allowed for more detailed analysis.

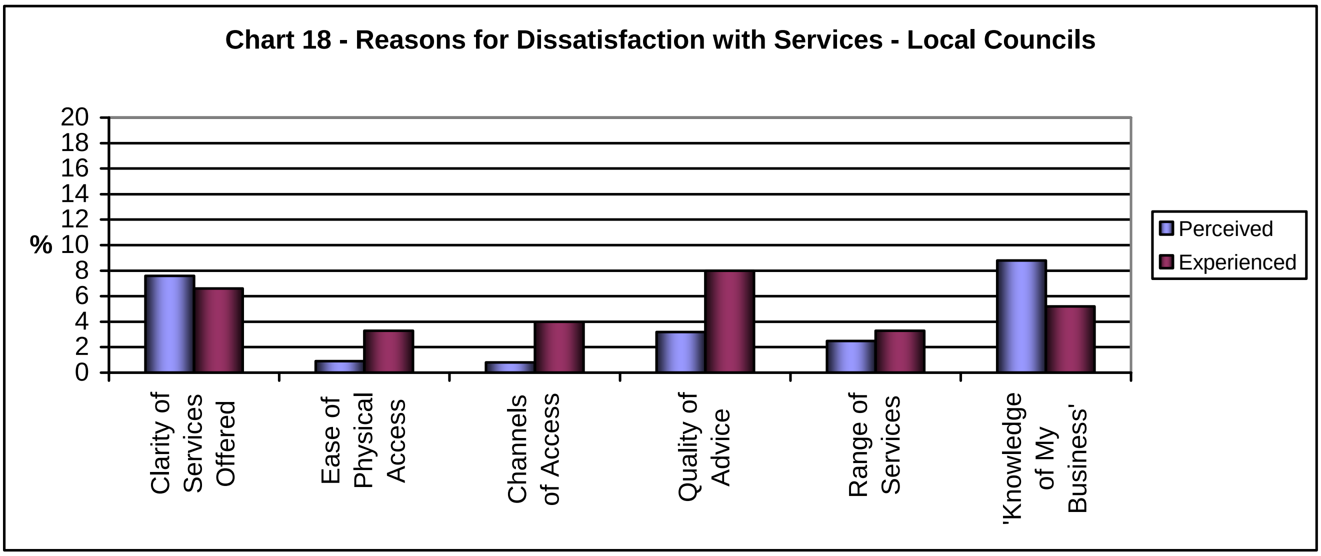


Chart 18 - Reasons for Dissatisfaction with Services - Local Councils
20
18
16
14
12
% 10
8
6
4
2
0
Perceived
Experienced
Clarity of Services Offered
Ease of Physical Access
Channels of Access
Quality of Advice
Range of Services
'Knowledge of My Business'

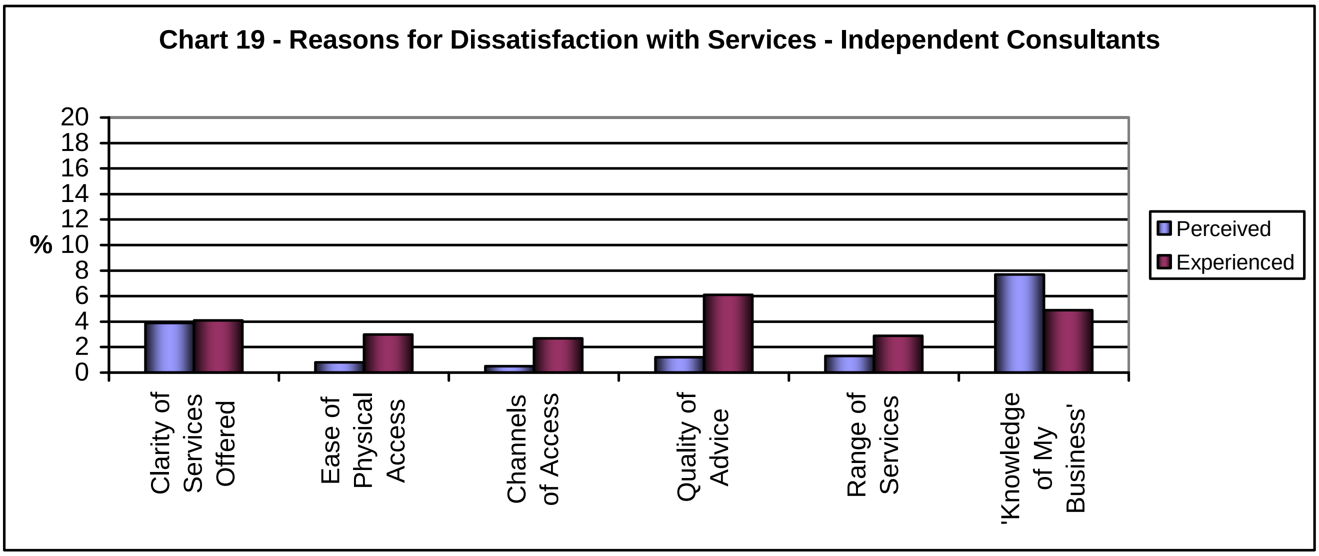
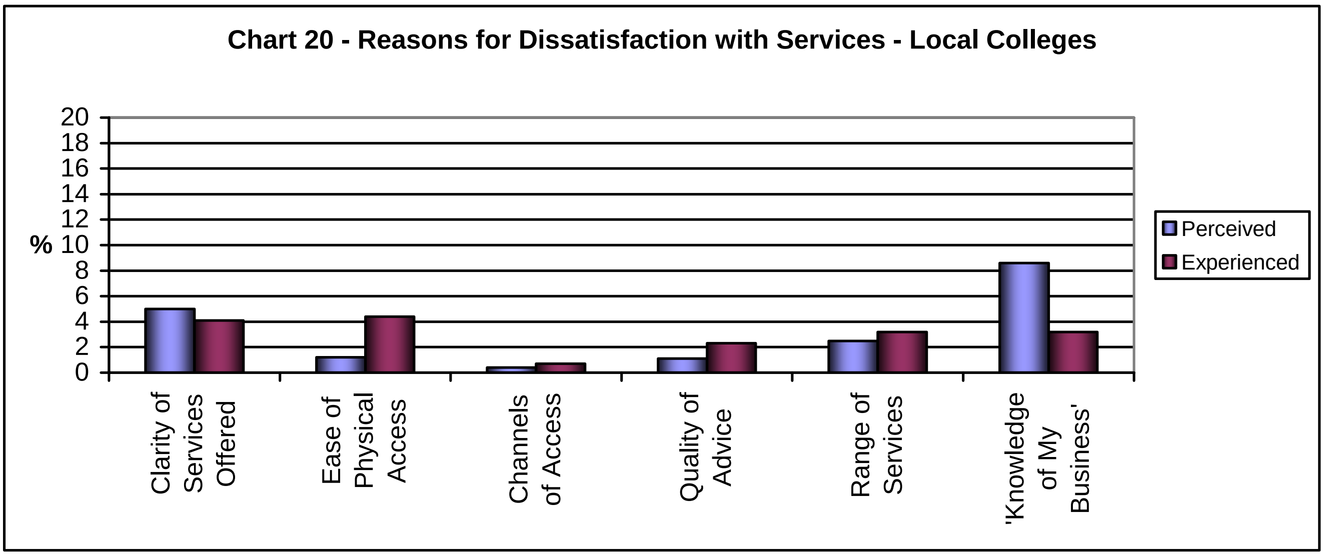
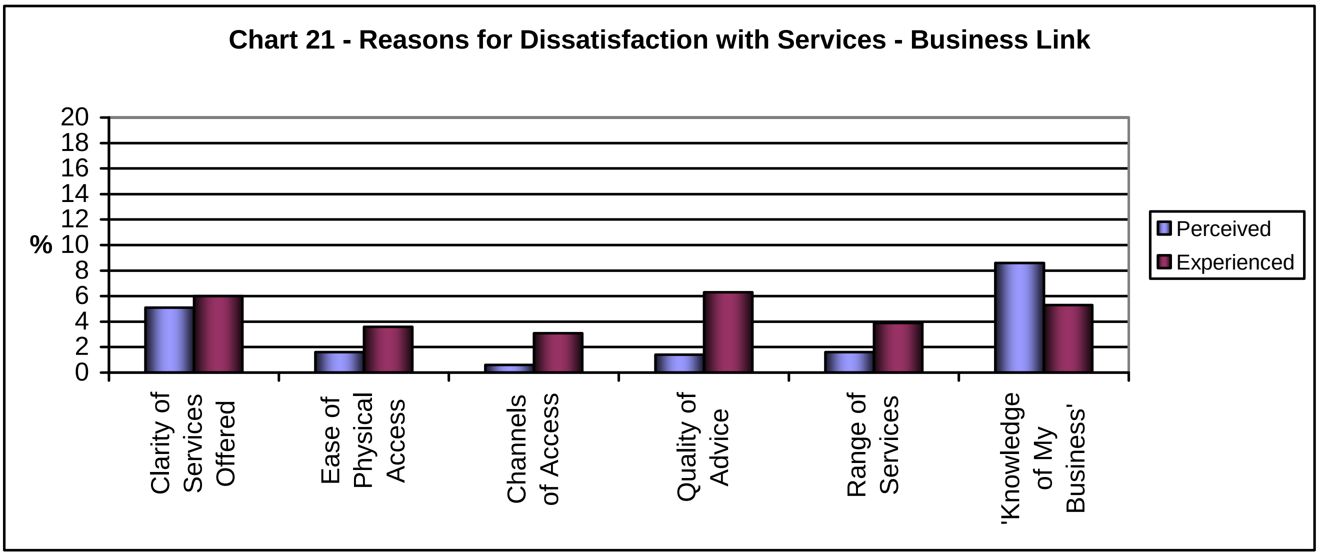


Chart 19 - Reasons for Dissatisfaction with Services - Independent Consultants
20
18
16
14
12
% 10
8
6
4
2
0
Perceived
Experienced
Clarity of Services Offered
Ease of Physical Access
Channels of Access
Quality of Advice
Range of Services
'Knowledge of My Business'





8.4.2. Whilst the experienced “Knowledge of My Business” is uniformly and dramatically better than the perceived “Knowledge of My Business” across all providers, experienced Quality of Advice is markedly worse than the perceived quality for all providers.

8.4.3. The perceived “Knowledge of My Business” dissatisfaction rating is highest for Banks/Accountants (14%) and lowest for Independent Consultants (8%).

8.4.4. For businesses that had experienced the local service providers, highest levels of dissatisfaction are reported for Banks/Accountants (8%), and lowest for Local Colleges (3%).

8.4.5. It is also the Local Colleges for whom the greatest relative disparity on this factor is recorded with a perceived dissatisfaction level of 9% against the experienced dissatisfaction level of 3%.

8.4.6. The perceived Quality of Advice dissatisfaction rating is again highest for Banks/Accountants (3%) and lowest for Local Colleges (1%).

8.4.7. For businesses that had experienced the local service providers, highest levels of dissatisfaction are reported for Local Councils (8%), and lowest for Local Colleges (2%).

8.4.8. It is the Enterprise Agencies and Business Link for whom the greatest relative disparity on this factor is recorded, with perceived dissatisfaction levels of 1% (each) against the experienced dissatisfaction levels of 7% and 6% respectively.

8.4.9. The hypothesis that the low level of usage of services other than banks/accountants might be due to a lack of referrals from them to other appropriate services is explored. This was done by selecting all banking and accountancy businesses surveyed (25 businesses[19]) and measuring their levels of dissatisfaction with each element of the other business service providers. The results indicate that there is a higher than average level of perceived dissatisfaction with other advice providers' Knowledge of their Business and Quality of Advice. This is particularly true for the Local Councils and Local Colleges, however, due to the small sample size, these results are not statistically significant.

8.5. Summary Of Business Advice

8.5.1. To summarise, a typical business in the rural Objective 2 area of Devon:

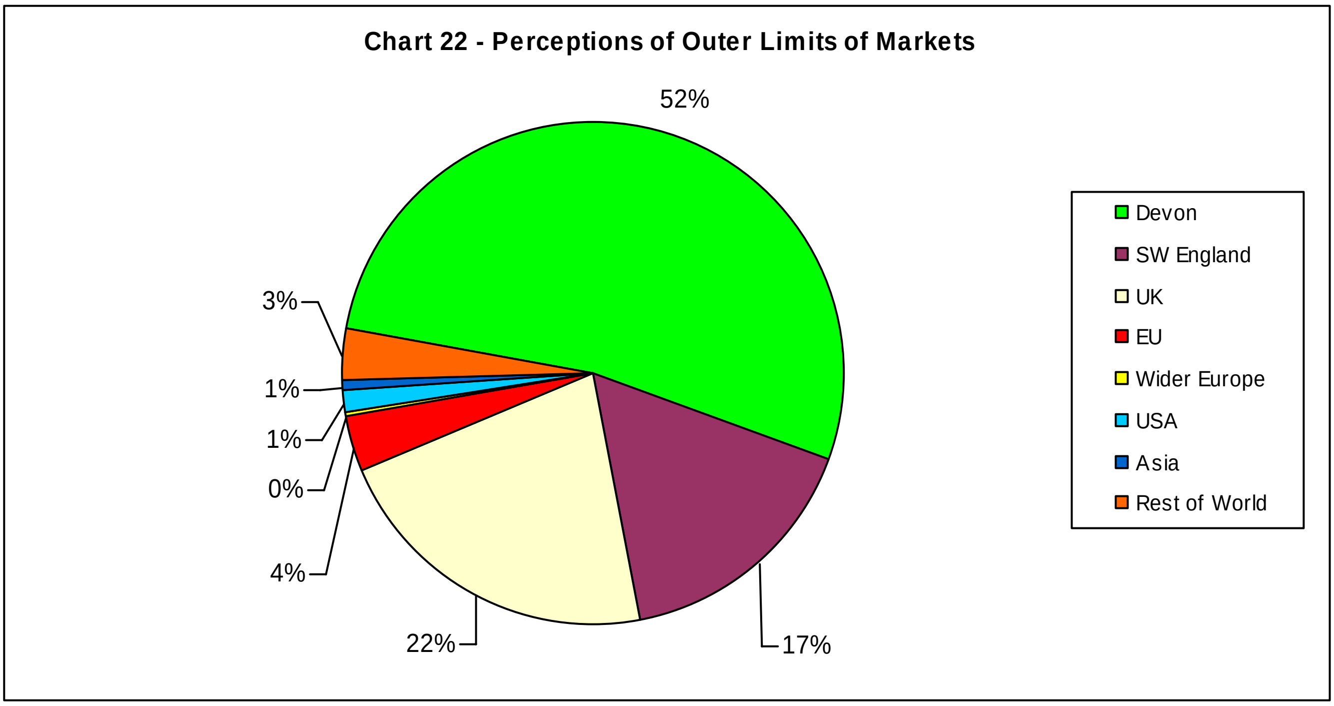
- Will seek business advice in the next three years, particularly financial advice
- Chooses Banks/Accountants as their primary advice provider
- Finds that the advice providers know more about their business than they perceived prior to engaging with that provider
- Finds that the advice providers provide advice of lower quality than they perceived prior to engaging with that provider

[19] Due to the low sample size in this sector, these results for should be treated with caution.

9. MARKETS AND COMPETITION

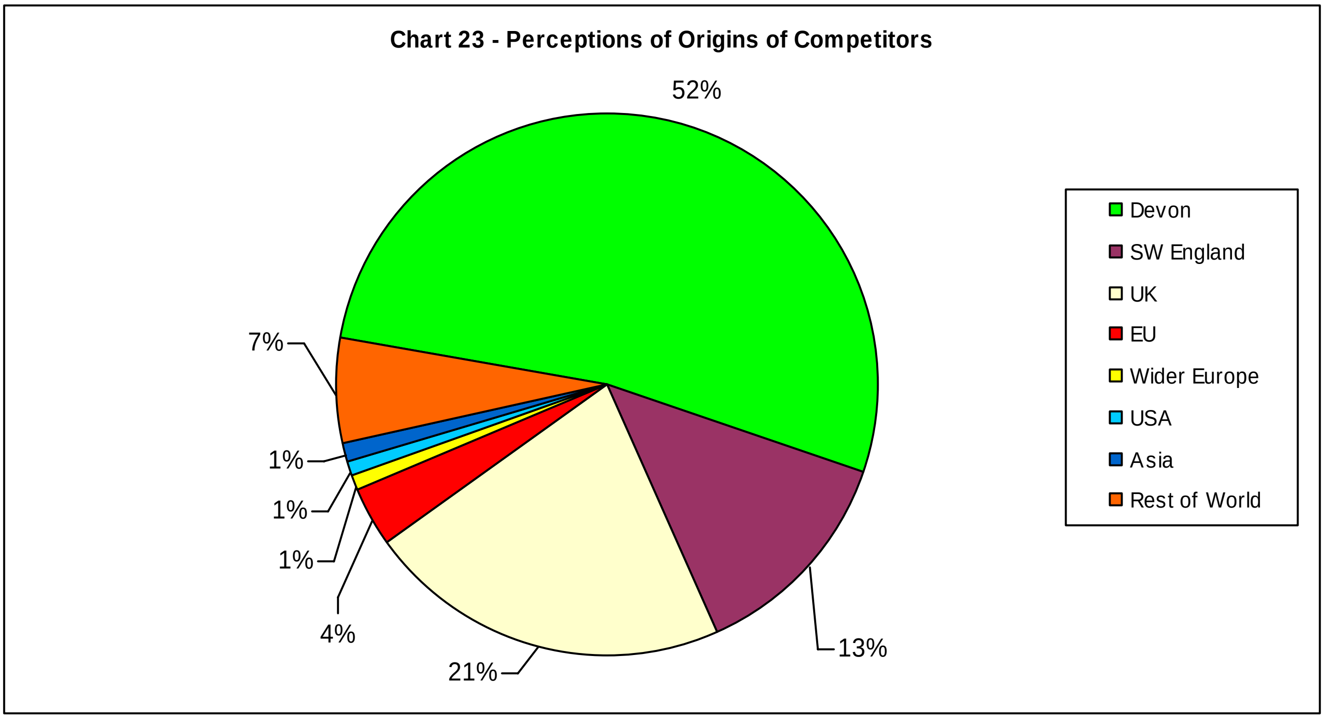
9.1. Perceived Markets and Competition

9.1.1. Chart 22 below summarises the perceptions of the outer limits of markets.



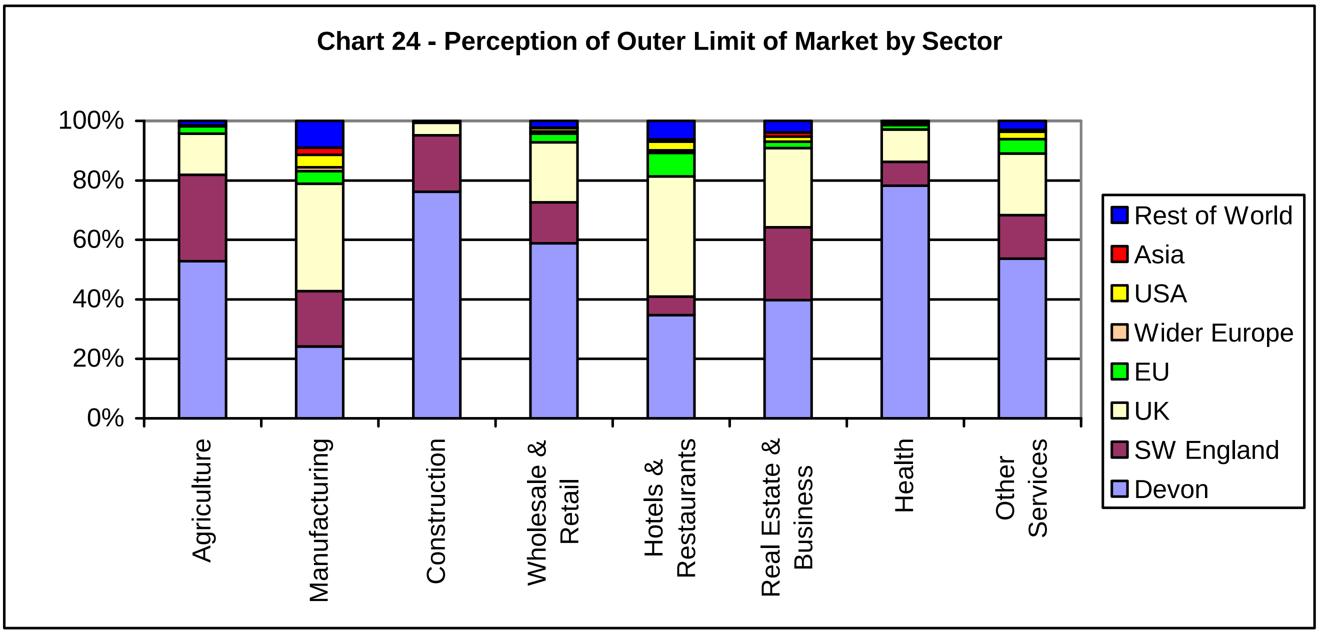
9.1.2. Over half of all businesses perceive their market to be solely located within Devon, with a further 39% viewing markets as being limited to the UK.

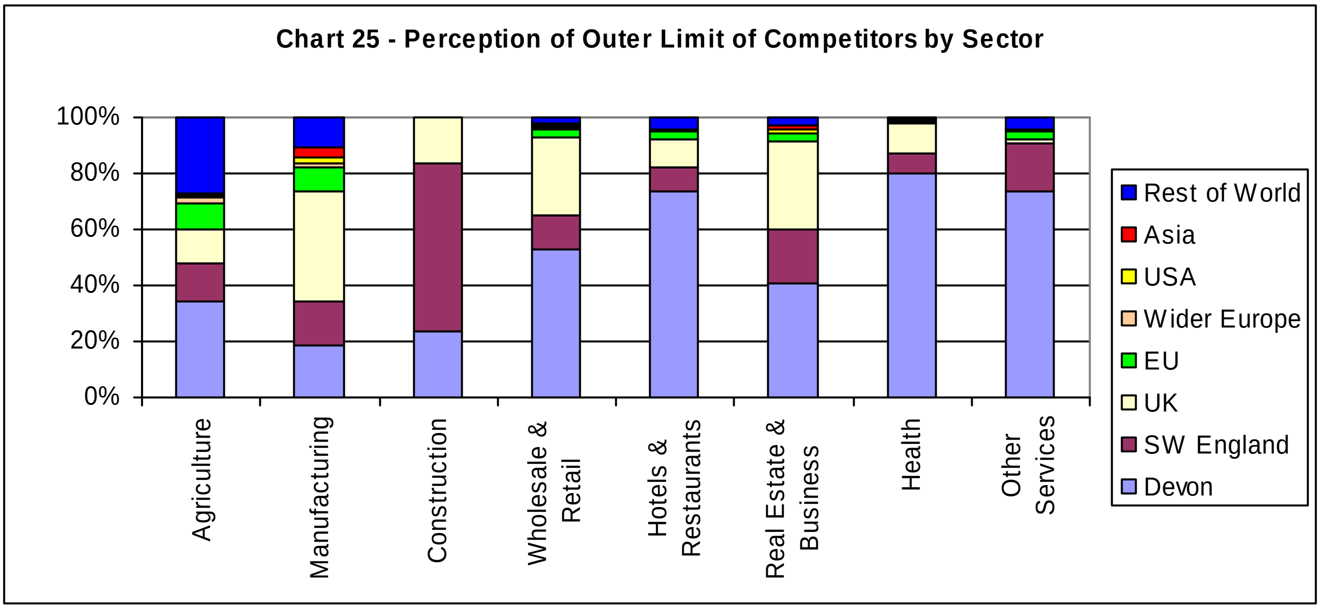
9.1.3. Chart 23 below summarises the perceptions of where competitors originate.



9.1.4. Whilst the pattern largely matches the perceptions of the outer limits of markets, it is interesting to note that businesses perceive more of their competitors to be physically located outside of their identified geographical market (14% originating outside of the UK as opposed to 9% of markets being located outside of the UK).

9.1.5. The perceptions of markets and competitors are broken down by sector in Charts 24 and 25 (respectively) below.





9.1.6. Most of the sectors regard their competitor base to be wider than their market, with the notable exceptions of Hotels & Restaurants and Other Services.

9.1.7. Across the sectors, however, only Agricultural and Manufacturing businesses perceive a significant proportion of their competitors as being located outside the UK, at 40% and 27% respectively.

9.1.8. It is also of note that 66% of female owned/managed businesses perceive their competitors to be located solely within Devon, while this figure is 47% for male owned/managed businesses. This may be, in part, due to the different business sectors represented by male and female owned businesses, as discussed in section 4.15.

9.1.9. Frequent comments are made by businesses implying that they adhere to higher legislative and ethical standards than their competitors.

What do you consider your main competitors' strengths to be?

"'Connections' with and influence concerning trade recruitment and legislation"
Wholesaler, North Devon

"Do not employ with rules we have to"
Construction company, South Hams

"Lack of bureaucracy, ethics and sustainability"
Agricultural business, Torridge

"Lower production costs as fuel, labour, inputs much lower. We can't compete with world markets You can have as many qualifications as you like, it won't make a scrap of difference"
Farm, North Devon

9.1.10. A number of businesses remarked that they do not perceive themselves to have competitors.

What do you consider your main competitors' strengths to be?

"Have no main competitor in farming"
Dairy farm, North Devon

"How do you have competitors in farming!"
Livestock farm, South Hams

"No competitor as we are the only hotel in town offering the services we provide"
Hotel, West Devon

9.1.11. Of the businesses surveyed, 26% planned to expand their customer/operational areas in the next three years, with another 37% possibly increasing and 38% definitely not planning to increase. This is broken down by local authority area as shown in Table 20 below.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Plans to increase	No	%	No	%	No	%	No	%	No	%
Yes	123	24.9	123	25.8	116	26.7	127	25.0	490	25.5
Possibly	178	36.1	182	38.2	160	36.9	180	35.5	704	36.7
No	192	38.9	172	36.1	158	36.4	200	39.4	726	37.8

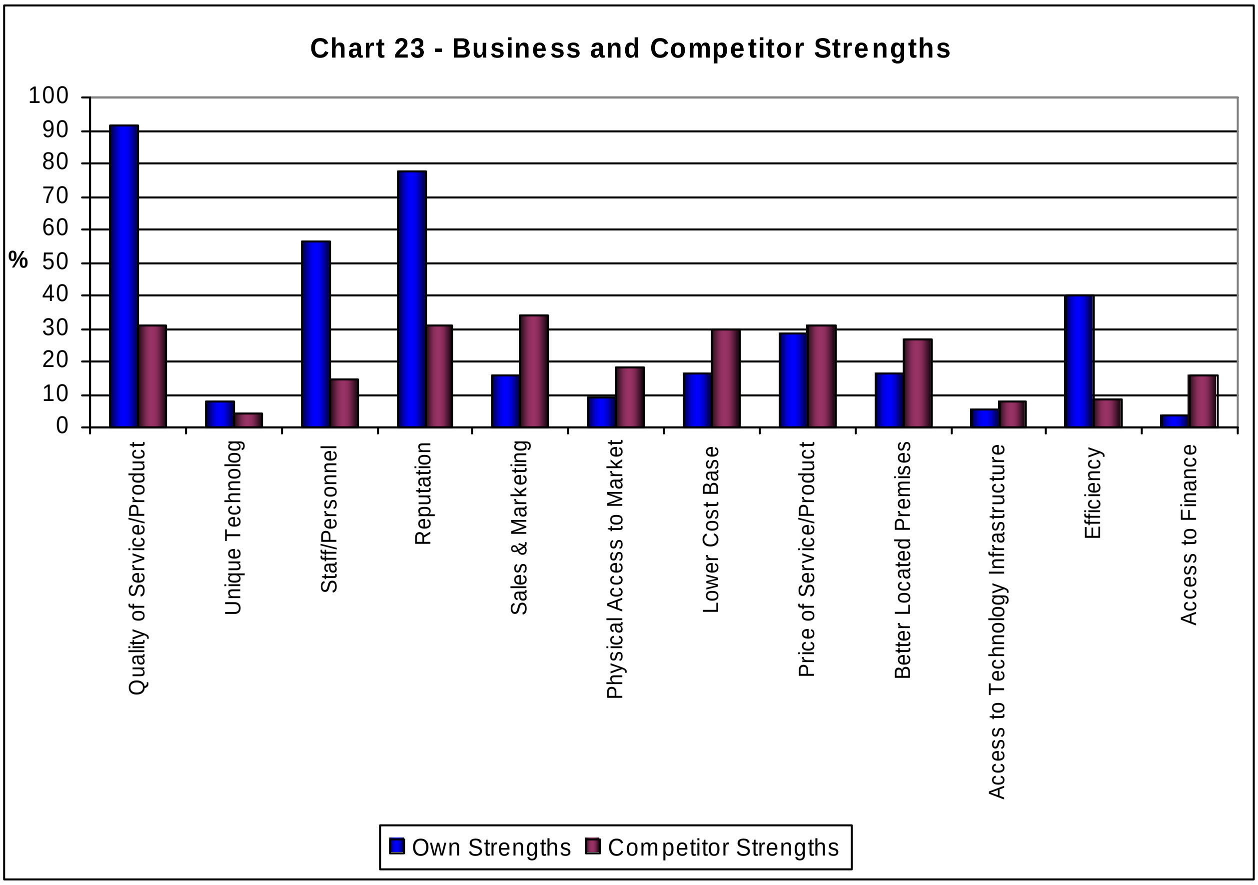
Table 20 – Market Expansion Plans by LA Area

9.1.12. Businesses in North Devon and the South Hams are least likely to have plans to expand but the differences are not statistically significant.

9.1.13. When considered by sector, Manufacturing businesses are most likely to have plans to expand their market (35% reporting "Yes") and Agricultural businesses are least likely to have plans to expand their market (9%).

9.2. Business and Competitor Strengths

9.2.1. Businesses in this survey reported that their primary strengths are in relation to Quality of Service/Product, Reputation and Staff/Personnel. In contrast businesses reported that their competitors' primary strengths are in relation to Sales & Marketing and Price. This is illustrated in Chart 26 below.

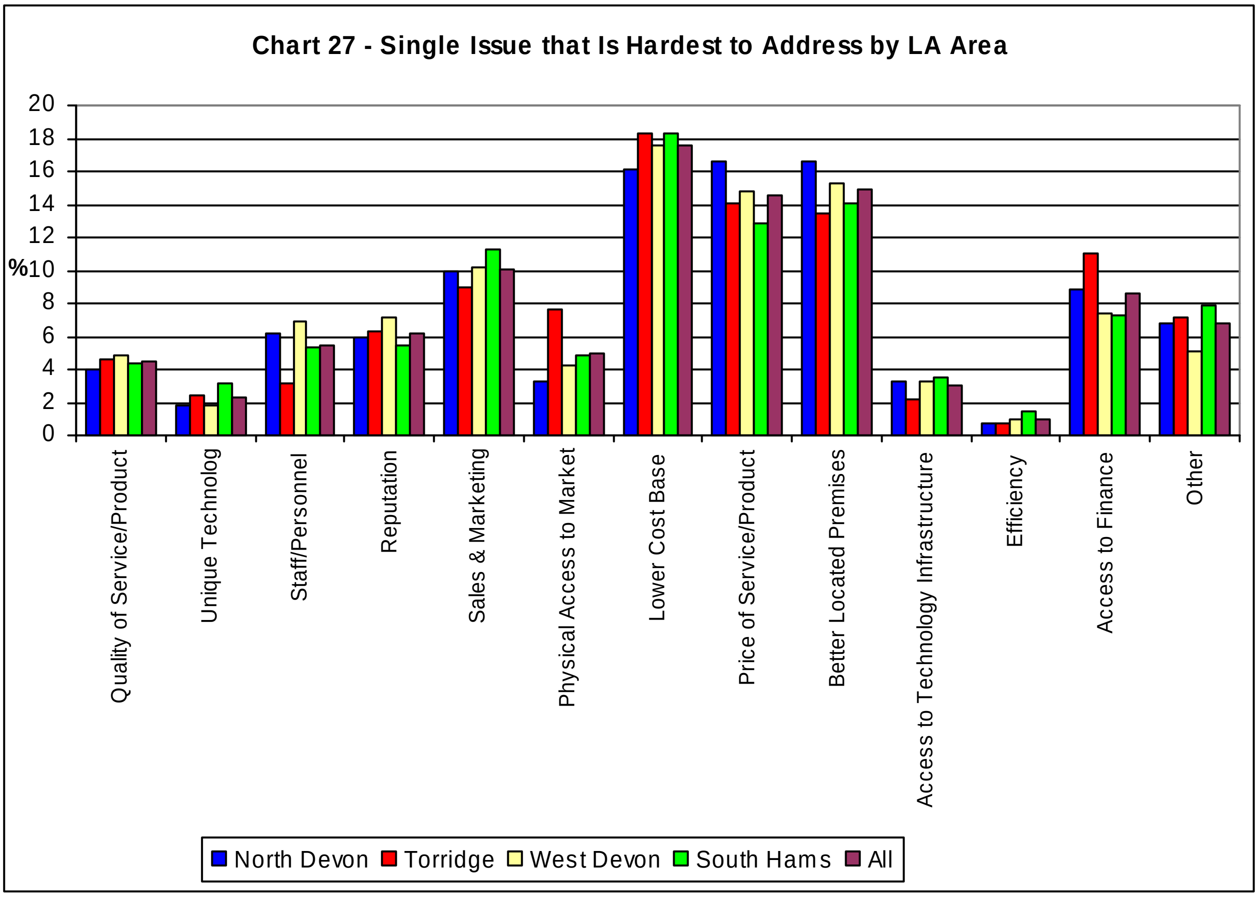


9.2.2. The greatest contrasts are in relation to Quality of Service/Product, Staff/Personnel, Reputation and Efficiency, for each of which they perceived their own strength greatly outweighed that of their competitors.

9.2.3. On the other hand, for Sales & Marketing, Physical Access to Market, Cost Base, Location of Premises and Access to Finance, businesses reported that each is more of a strength for their competition.

9.2.4. Businesses also commented on other areas that they felt are strengths for their competitors. The most frequent comments are in relation to size of business (and relative economies of scale) and less legislation for other businesses.

9.2.5. Businesses are asked to identify the one issue that they considered to be the hardest to address. This is broken down by local authority area in chart 27 below.



9.2.6. The overall picture is similar across the local authority areas, but businesses in Torridge reported that Physical Access to Market is their biggest issue more frequently.

9.2.7. When considered by sector, the notable results are:

- 10% of Construction businesses reported Staff/Personnel as their main issue, as compared with an average of 6%
- 21% of Manufacturing businesses reported Sales & Marketing as their main issue, as compared with an average of 10%
- 38% of Agricultural businesses reported Lower Cost Base as their main issue, as compared with an average of 18%
- 25% of Hotels & Restaurants reported Better Located Premises as their main issue, as compared with an average of 14%
- 14% of Health businesses reported Efficiency as their main issue, as compared with an average of 8%

9.3. Summary of Customers and Competition

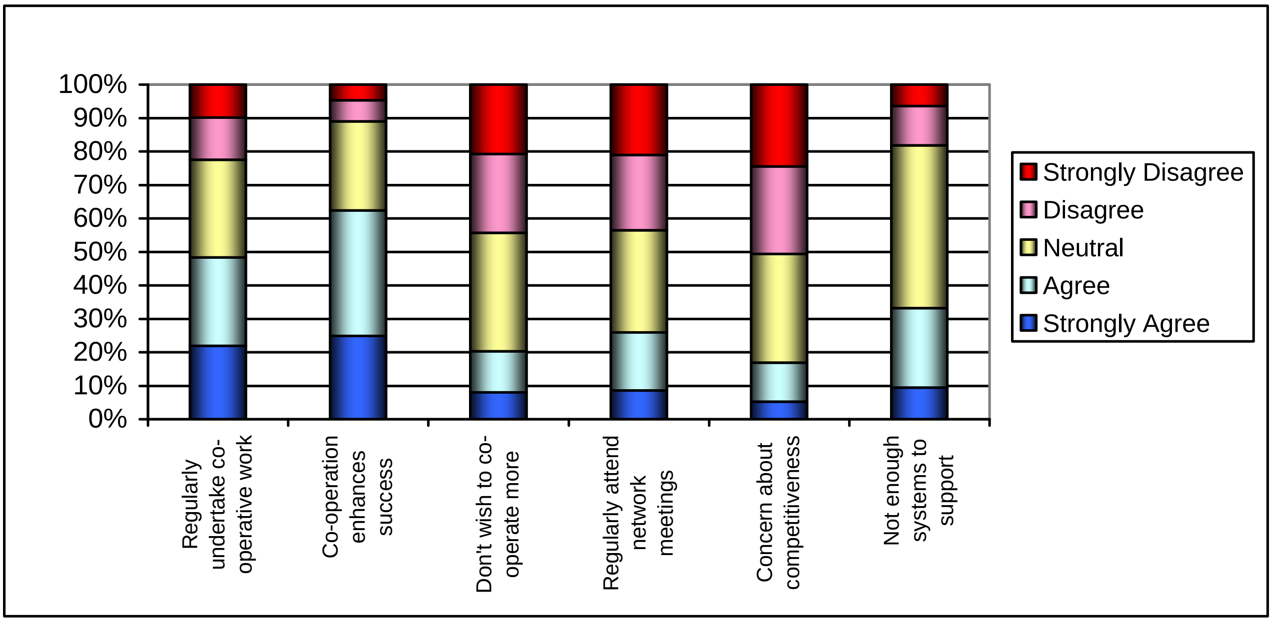
9.3.1. To summarise, a typical business in the rural Objective 2 area of Devon:

- Views both their market and their competitors as being located within the UK
- Considers that the mandatory requirements for businesses in this country affect their competitiveness
- Believes that their strengths lie in quality, staffing and reputation
- Believes that their competitors strengths lie in lower cost base, price and location

10. WORKING WITH OTHERS AND FLEXIBLE WORKING

10.1. Working With Others

10.1.1. A series of statements in relation to working with others were presented and businesses were invited to report whether or not they agreed with the statements. The results are illustrated in Chart 28 below.



10.1.2. It can be seen from the chart that the statements which businesses agreed with most strongly are:

- Working in partnership enhances the chances of local business success (62% agreed or strongly agreed)
- We regularly undertake co-operative work with other local organisation (48%)

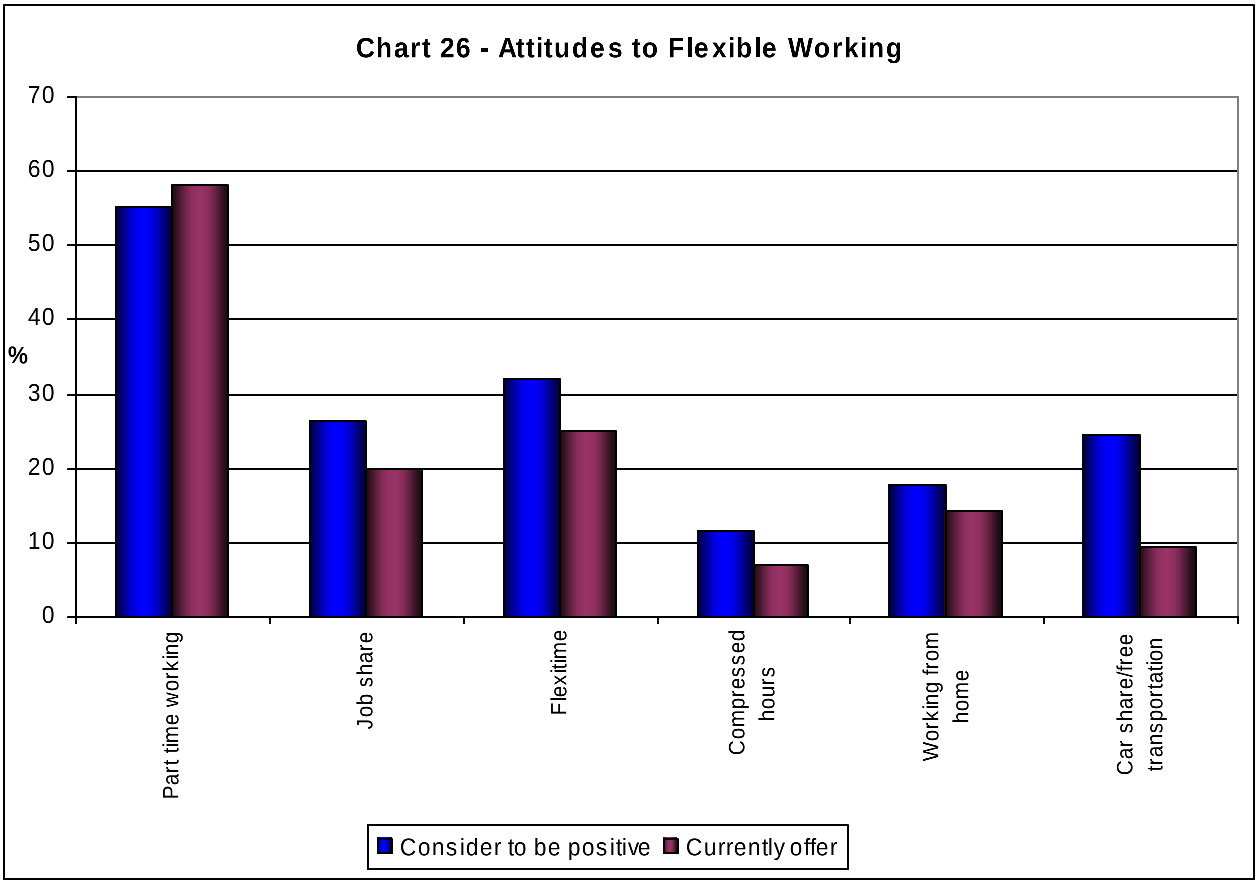
10.1.3. On the other hand, the statements most frequently disagreed with are:

- We don't work in co-operation because of concerns about competitiveness (51% disagreed or strongly disagreed)
- We would not wish to work in partnership more often (44%)
- We regularly attend business network meetings (44%)

10.1.4. There are mixed views about whether there are enough structures or systems in place to support local co-operative work, with 33% reporting that there are not. Of the LA areas, businesses in North Devon are most likely to report that there are not sufficient structures in place, at 42%.

10.2. Flexible Working

10.2.1. Businesses were asked for their views on flexible working and to report whether or not they offer each different element currently. Chart 29 overleaf illustrates the results.



10.2.2. In general there is a high correlation between the areas that businesses are positive about and the ones they offered their employees.

10.2.3. Businesses were invited to comment on reasons for not offering different forms of flexible working, and the most frequent reasons given are:

- The business works to fixed hours
- Resource limitations prohibit flexibility
- The business is demand led and cannot offer flexibility
- Legislative requirements prohibit flexibility
- Business continuity would be affected

If you feel you cannot offer some form of flexible working but would like to, please state the main issue?

"All staff are family members or close friends"
Hotel, North Devon

"Flexi-working may suit the individual – but does not necessarily meet the needs of service users"
Residential care home, West Devon

"For small businesses … the fluctuating workload requires flexibility in working to accommodate customer requirements, rather than employee lifestyle"
Engineering consultancy, West Devon

"If you open 9 to 5- you can't work flexi"
Garden Centre, West Devon

10.2.4. Female owned/managed businesses are more likely to report a positive attitude to flexible working options, with 41% positive regarding job share, and 32% positive about car sharing and free transportation. This is in comparison to 21% and 22% (respectively) for male owned/managed businesses.

10.2.5. It is of note that businesses that reported that they work co-operatively together also reported more frequently that they currently offer car share or free transportation.

10.3. Summary of Working With Others and Flexible Working

10.3.1. To summarise, a typical business in the rural Objective 2 area of Devon:

- Considers that working in partnership enhances the chances of local business success
- Regularly undertakes co-operative work with other local organisations
- Doesn't believe that working co-operatively could affect competitiveness adversely
- Believes that flexible working options are beneficial
- Does not feel able to offer flexibility beyond part time working

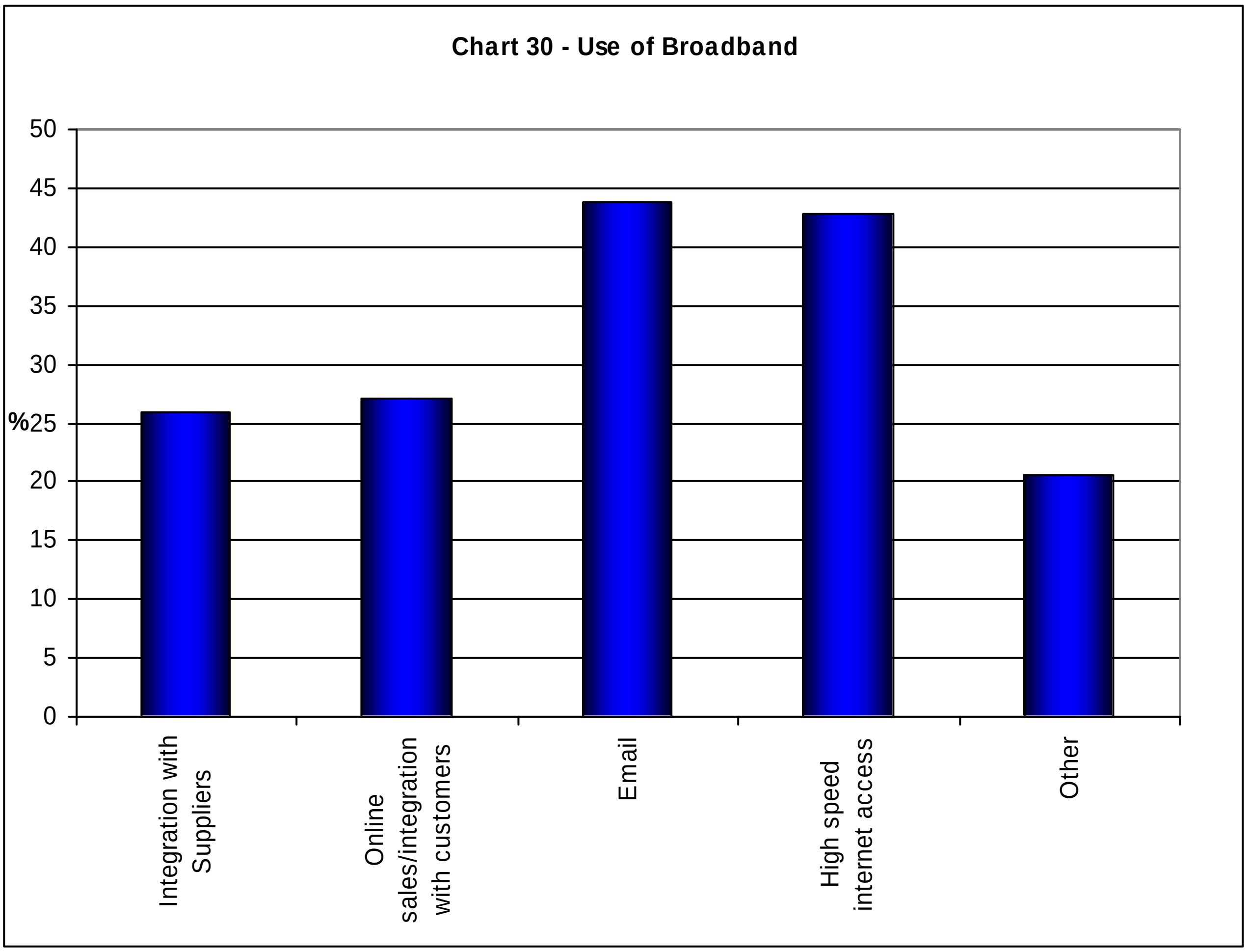
11. ICT USAGE

11.1. Current usage of ICT

11.1.1. From section 6, the following results were found regarding ICT skills in businesses:

- 82% of businesses reported that they would need more skills in computer/ICT usage in the next three years (see section 6.12).
- In addition, 17% of businesses reported that they had experienced difficulties recruiting staff with suitable ICT skills (see section 6.2.4).
- Only 10% of businesses reported that they used Internet based or distance learning to train their staff (see section 6.5.4).Table

11.1.2. Table 30 below illustrates the current use to which businesses put their Broadband connection:



11.1.3. Businesses used Broadband most frequently to send and receive email and for high speed internet browsing. Just over a quarter of businesses used to integrate with suppliers and for online sales or customer integration.

11.1.4. 71% of businesses reported that access to ICT (including Broadband) acts as a constraint on the productivity or growth of their business. This is discussed in more detail in section 11.

11.1.5. For businesses that are not using Broadband, the reasons why not were explored, and Table 21, overleaf, shows the reasons given, broken down by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
Why not Broad band?	No	%	No	%	No	%	No	%	No	%
Don't have access	26	14.5	37	18.9	41	22.9	20	12.0	124	17.2
Doesn't offer enough benefits	42	23.5	42	21.4	46	25.7	43	25.7	173	24.0
Too expensive	18	15.6	30	15.3	18	10.1	27	16.2	103	14.3
Not able[20]	83	46.4	87	44.4	74	41.3	77	46.1	322	44.6

Table 21 –Reasons for Not Using Broadband by LA Area

11.1.6. Overall 45% of businesses that do not use Broadband (322 businesses) reported that this is because they are not able to do so, either because they do not use a computer, or because they lack the skills to use it.

11.1.7. This may help to explain the finding that internet based training is rarely used (se section 6.5.4)

11.1.8. Businesses in West Devon are most likely to report they did not have access to Broadband, and this is reflected in the current coverage across Devon.

11.1.9. Proportionally more female owned/managed businesses reported that they do not use a computer in the business (39%) than male owned/managed businesses (29%).

11.1.10. 50% of businesses reported that they do not use the internet to trade and have no intention of doing so. This is broken down by LA area in table 22 below.

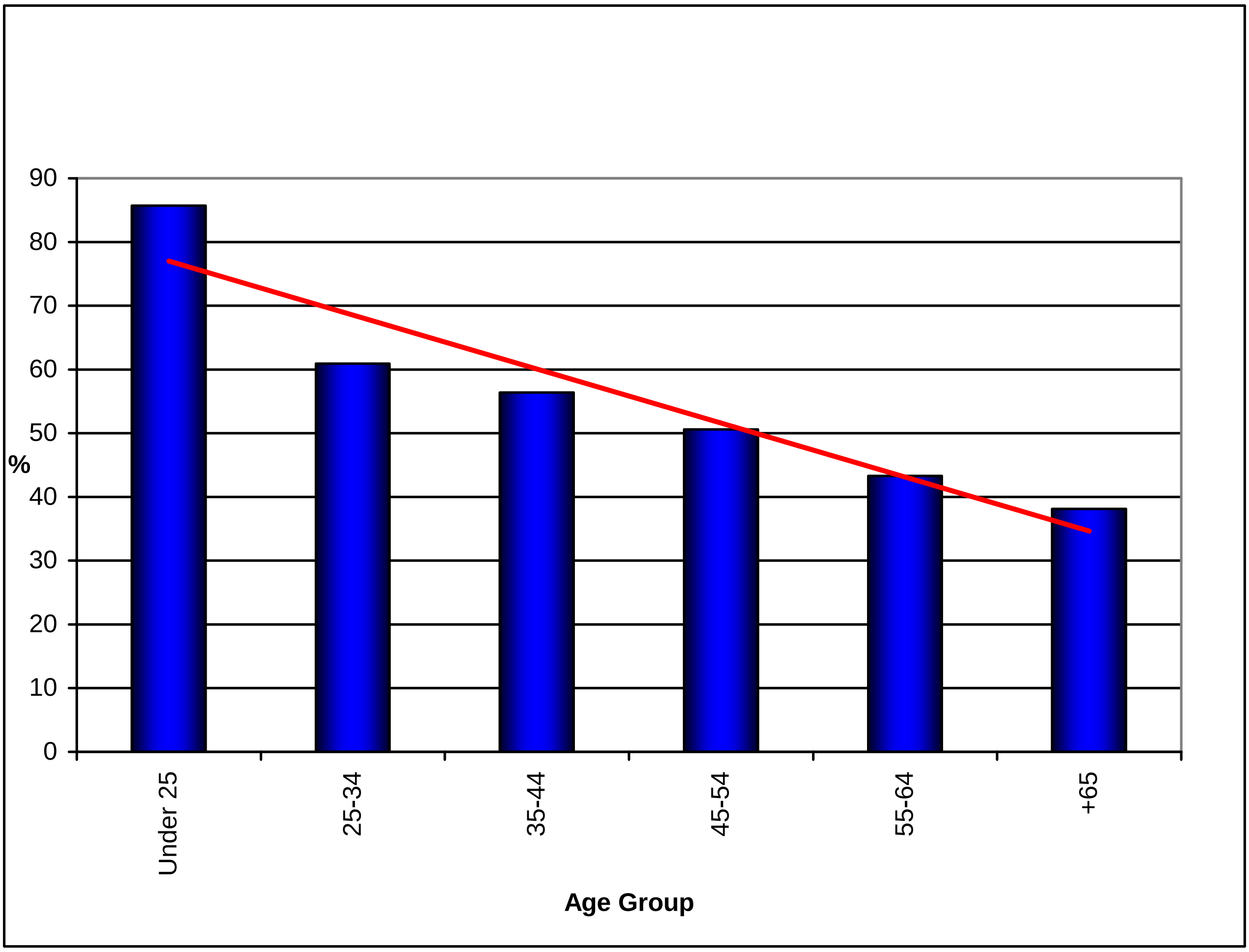
LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
Currently or recently undertaken	143	30.6	94	21.2	115	27.7	135	27.2	490	26.8
Plan within 12 months	76	16.2	67	15.1	61	14.7	96	19.3	300	16.4
Plan within 3 years	31	6.6	34	7.7	28	6.7	33	6.6	126	6.9
Not planning	218	46.6	248	56.0	211	50.8	233	46.9	914	49.9

Table 22 – Plans to Develop Internet Trading by LA Area

11.1.11. The proportion of internet trading is lowest in Torridge at 21%, and the businesses that are not planning to develop internet trading is highest at 56%.

[20] This is the sum of "Don't use a computer in the business", "Don't have the technical knowledge to make effective use of it" and "Don't know what it is"

11.1.12. The newer the business has, the more likely it is to intend to develop internet trading. In addition, the younger the owner/manager, the more likely they are to plan to develop internet trading. This is illustrated in Chart 31 below.



11.1.13. The relationship between age of owner/manager and plans to introduce internet trading is a clear linear correlation, as shown by the trendline on the above chart.

11.2. **Summary of ICT Usage**

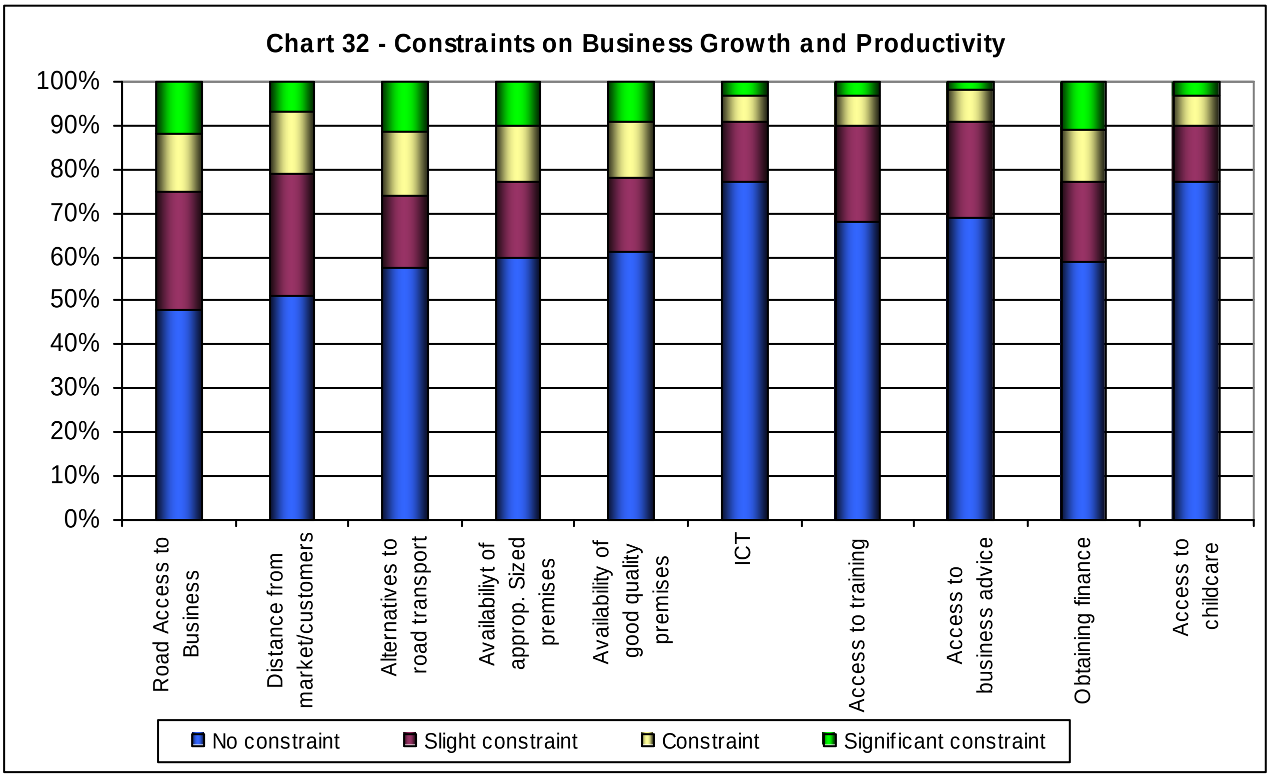
11.2.1. To summarise, a typical business in the rural Objective 2 area of Devon:

- Uses Broadband primarily for email and internet browsing
- May not have the skills/knowledge/equipment to fully exploit ICT
- Does not use the internet to trade

12. CONSTRAINTS ON BUSINESS GROWTH AND PRODUCTIVITY

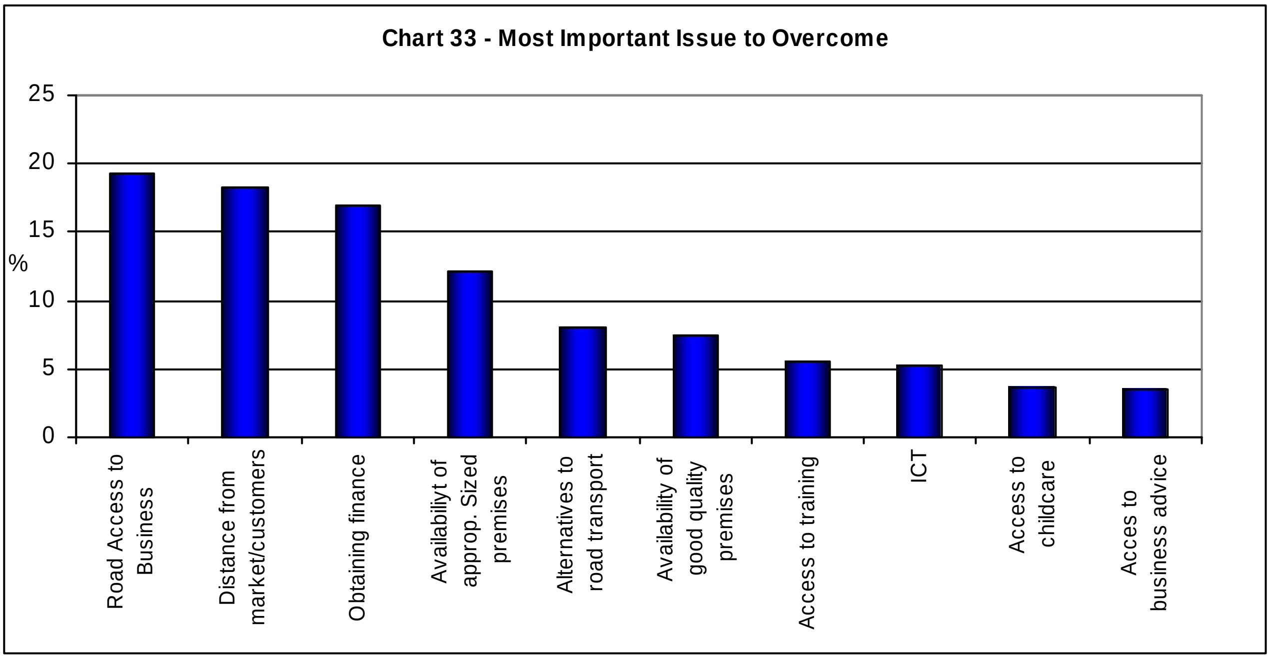
12.1. Overview of Constraints

12.1.1. Chart 32 below illustrates the views of businesses on issues that could act as a constraint on the growth or productivity.



12.1.2. The primary issues that were highlighted as constraints for businesses are in relation to Road Access, Distance from Market and Obtaining Finance.

12.1.3. Chart 33 overleaf shows the issues that businesses identified as the most important to overcome.



12.2. Road Access to the Business

12.2.1. Table 23 shows business attitudes to Road Access as a constraint, broken down by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
No constraint	212	42.3	214	45.9	256	57.9	248	47.9	933	48.2
Slight Constraint	144	28.7	132	28.3	93	21.0	144	27.8	518	26.7
Constraint	67	13.4	63	13.5	48	10.9	68	13.1	247	12.8
Significant Constraint	78	15.6	57	12.2	45	10.2	58	11.2	239	12.3

Table 23 – Road Access to the Business as a Constraint by LA Area

12.2.2. Road access is considered a more significant constraint in North Devon than the other LA areas.

12.2.3. Businesses in the Hotels & Restaurants and Other Services sectors are most likely to view road access as a constraint at some level on their business.

12.2.4. Construction and Wholesale & Retail businesses also highlighted this as the most important issue to overcome.

12.2.5. In general larger businesses are less likely to view road access as a constraint, although this may simply be a reflection of the fact that larger businesses are more frequently located close to the major roads in the area.

12.3. Distance from Market/Customers

12.3.1. Table 24 shows business attitudes to Distance from Market/Customers as a constraint, broken down by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
No constraint	244	49.4	216	46.3	247	56.8	263	52.1	978	51.2
Slight Constraint	145	29.4	131	28.1	119	27.4	142	28.1	538	28.2
Constraint	60	12.1	85	18.2	49	11.3	75	14.9	269	14.1
Significant Constraint	45	9.1	35	7.5	20	4.6	25	5.0	125	6.5

Table 24 –Distance from Market/Customers as a Constraint by LA Area

12.3.2. Distance from market/customers is considered a more significant constraint in North Devon and Torridge than the other LA areas.

12.3.3. Businesses in the Agriculture sector are most likely to view distance from market/customers as a constraint at some level on their business

12.3.4. Agricultural and Manufacturing businesses highlighted distance from market as the issue that was most important to overcome.

12.4. Alternatives to Road Transportation

12.4.1. Table 25 shows business attitudes to Alternatives to Road Transportation as a constraint, broken down by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
No constraint	260	57.4	257	59.8	246	62.3	286	59.1	1055	59.6
Slight Constraint	80	17.7	68	15.8	63	15.9	82	16.9	295	16.7
Constraint	51	11.3	49	11.4	40	10.1	64	13.2	204	11.5
Significant Constraint	62	13.7	56	13.0	46	11.6	52	10.7	217	12.3

Table 25 – Alternatives to Road Transportation as a Constraint by LA Area

12.4.2. There are no significant differences between LA areas.

12.4.3. Businesses in the Agriculture, Hotels & Restaurants and Other Services sectors are most likely to view distance from market/customers as a significant constraint on their business.

12.5. Availability of Appropriately Sized Premises

12.5.1. Table 26 shows business attitudes to Appropriately Sized Premises as a constraint, broken down by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
No constraint	280	60.3	263	61.9	257	63.5	267	55.6	1071	60.1
Slight Constraint	76	16.4	74	17.4	57	14.1	85	17.7	296	16.6
Constraint	68	14.7	48	11.3	50	12.3	72	15.0	239	13.4
Significant Constraint	40	8.6	40	9.4	41	10.1	56	11.7	177	9.9

Table 26 – Availability of Appropriately Sized Premises as a Constraint by LA Area

12.5.2. This is a more significant constraint for businesses in the South Hams.

12.5.3. Businesses in the Manufacturing, Wholesale & Retail and Health sectors are particularly constrained by this issue.

12.5.4. Businesses with 10 – 49 employees are most likely to view the availability of appropriately sized premises as a constraint.

12.6. Availability of Good Quality Premises

12.6.1. Table 27 shows business attitudes to Good Quality Premises as a constraint, broken down by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
No constraint	284	61.3	278	65.1	262	64.2	274	55.2	1102	61.1
Slight Constraint	84	18.1	71	16.6	61	15.0	84	16.9	301	16.7
Constraint	58	12.5	42	9.8	45	11.0	84	16.9	232	12.9
Significant Constraint	37	8.0	36	8.4	40	9.8	54	10.9	168	9.3

Table 27 – Availability of Appropriately Sized Premises as a Constraint by LA Area

12.6.2. .Again this is a more significant constraint in the South Hams.

12.6.3. Businesses in the Other Services, Wholesale & Retail and Health sectors are particularly constrained by this issue.

12.6.4. Again, businesses with 10 – 49 employees are most likely to view the availability of good quality premises as a constraint.

12.7. ICT

12.7.1. Table 28 shows business attitudes to ICT as a constraint, broken down by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
No constraint	332	74.6	322	77.4	309	77.8	371	77.1	1340	76.7
Slight Constraint	73	16.4	57	13.7	53	13.4	64	13.3	250	14.3
Constraint	30	6.7	22	5.3	21	5.3	27	5.6	100	5.7
Significant Constraint	10	2.2	15	3.6	14	3.5	19	4.0	58	3.3

Table 28 – ICT as a Constraint by LA Area

12.7.2. There are no significant differences between LA areas.

12.7.3. Smaller businesses are more likely to view ICT as a constraint.

12.8. Access to Training Provision

12.8.1. Table 29 shows business attitudes to Access to Training Provision as a constraint, broken down by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
No constraint	305	66.6	287	67.5	294	71.4	324	66.3	1217	67.9
Slight Constraint	109	23.8	99	23.3	77	18.7	104	21.3	391	21.8
Constraint	29	6.3	28	6.6	32	7..8	48	9.8	137	7.6
Significant Constraint	15	3.3	11	2.6	9	2.2	13	2.7	48	2.7

Table 29 – Access to Training Provision as a Constraint by LA Area

12.8.2. Businesses in West Devon are less likely to view Access to Training Provision as a constraint.

12.9. Access to Business Advice

12.9.1. Table 30 shows business attitudes to Access to Business Advice as a constraint, broken down by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
No constraint	324	71.4	290	68.1	280	68.5	331	68.2	1232	69.1
Slight Constraint	87	19.2	98	23.0	95	23.2	106	21.9	387	21.7
Constraint	31	6.8	27	6.3	26	6.4	35	7.2	119	6.7
Significant Constraint	12	2.6	11	2.6	8	2.0	13	2.7	44	2.5

Table 30 – Access to Business Advice as a Constraint by LA Area

12.9.2. There are no significant differences between LA areas.

12.9.3. Smaller businesses are more likely to view this as a constraint.

12.10. Obtaining Finance for Capital Expenditure

12.10.1. Table 31 shows business attitudes to Obtaining Finance as a constraint, broken down by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
No constraint	261	56.6	247	57.2	250	60.2	307	63.3	1068	59.3
Slight Constraint	95	20.6	83	19.2	69	16.6	70	14.4	321	17.8
Constraint	58	12.6	42	9.7	52	12.5	65	13.4	219	12.2
Significant Constraint	47	10.2	60	13.9	44	10.6	43	8.9	194	10.8

Table 31 –Obtaining Finance as a Constraint by LA Area

12.10.2. This was a more significant constraint in Torridge than the other LA areas.

12.10.3. Businesses in the Agriculture, Hotels & Restaurants and Other Services sectors are most likely to view Obtaining Finance as a significant constraint on their business.

12.11. Access to Childcare

12.11.1. Table 32 shows business attitudes to Accessing Childcare as a constraint, broken down by LA area.

LA	North Devon		Torridge		West Devon		South Hams		Total	
	No	%	No	%	No	%	No	%	No	%
No constraint	341	76.6	325	79.9	298	75.8	360	77.6	1332	77.5
Slight Constraint	65	14.6	43	10.6	54	13.7	58	12.5	220	12.8
Constraint	31	7.0	30	7.4	35	8.9	25	5.4	122	7.1
Significant Constraint	8	1.8	9	2.2	6	1.5	21	4.5	44	2.6

Table 32 –Access to Childcare as a Constraint by LA Area

12.11.2. This was a more significant constraint in the South Hams than the other LA areas.

12.12. Summary of Perceived Constraints

12.12.1. To summarise, a typical business in the rural Objective 2 area of Devon:

- Considers that Road Access is the main constraint affecting their business
- Believes that Distance from Market/Customers and Obtaining Finance are other issues that significantly constrain business growth and competitiveness