

# SOUTH EAST VIEW

ISSUE 1. 2009

## SEEING BEYOND THE CRUNCH

opportunities are there if you  
know where to look for them



Plus special 20 page  
economic area supplement

# EDITORIAL

Welcome to the new look South East VIEW magazine for all stakeholders in the region.

This edition of South East VIEW looks at how the region is facing up to the challenges of the most difficult economic climate for years. SEEDA and its delivery partners, such as Business Link, UKTI and the LSC, have been charged by the Government to maximise their efforts to help companies do more than survive by using the recession as a spur to build for the future. We look at how support and advice, especially in finding finance for investment, is being provided to all business sectors that need it.

Our special supplement enclosed with VIEW looks at how the South East areas are faring and discovers that, from Kent to Milton Keynes, the news and prospects are brighter than might be expected. As always, we welcome your views on South East VIEW so, if you have any comments, write to: editor@seeda.co.uk or call me on 01483 501397.

**Roy Sutherwood, Editor**



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# WORKING FOR TOMORROW

**S**hocks are not new but the present turbulence is, perhaps, the first of the global era. Not only has it come upon us very quickly, but there are new factors we haven't experienced before. This has created tremendous uncertainty, with many businesses unwilling to risk new investment or commit to new marketing initiatives, for example, while adequate financing is key for all. Yet there are businesses thriving too and there will be an upturn. South East businesses must emerge stronger from these challenges.

How should SEEDA respond? The recession is going to be tough for international, corporate or small business and there is real concern. But as Franklin Roosevelt said: 'The only thing we have to fear is fear itself.' Our aim must be the most positive response to minimise the damage and ensure the South East can take real advantage of the upturn when it comes.

Forecasts suggest we are in the best position to do so. We're the UK's biggest manufacturing area by value of output, our advanced manufacturing is likely to remain in demand wherever it can cut costs and innovate to deliver better products and services. Our exports are higher than any other area, while we also lead the way in opening up new technology markets such as in renewable energies and digital technologies.

SEEDA is encouraging advanced manufacturing performance through increased support for the successful Manufacturing Advisory Service and, with UKTI, we'll be working harder than ever to help companies find new export markets as well as responding to increased interest from inward investment opportunities.



*Pam Alexander*



Small and medium businesses are at the heart of the South East economy. This recession can have a silver lining, forcing businesses to rethink everything they do. Business Link offers a free Healthcheck to all SMEs, signposting other support available. Over 5,000 have benefited already. A good example is pointing smaller companies to better use of ICT - a recent SEEDA survey found that 34 per cent don't use it at all and many others don't maximise the benefit. An SME sector which was a world leader in ICT use would be a great outcome from the downturn.

It's already very tough, but if we form productive and innovative businesses in this globally successful region, we will not only survive but lead the UK in emerging stronger and more internationally competitive than before.



# SEEDA AT

# 10

**SEEDA is 10 in April, Chairman Jim Brathwaite has been in charge for six of those years, and has just been reappointed for a seventh. Looking back, what's his take on the progress so far and where does he think the organisation is going next?**



# “It gives me a real thrill to represent the South East alongside regions like Shanghai and Silicon Valley”

**South East View:** *What have Development Agencies brought to sustainable economic development nationally and here in the South East?*

**Jim Brathwaite:** The RDAs have surpassed Government expectations. They began with budgets of less than £1 billion between them and they now have £2.3 billion. We encompass every public sector connection with business, from Business Link to promoting export and inward investment with UKTI. We are making genuine progress – the UK is second only to the US in the west in attracting new investors.

On top of that, our strategic economic planning has set the path for the region which can be strengthened further still by the plans to amalgamate strategic spatial planning with it. I am pleased that, through the proposal by the region's local authorities to set up the South East England Councils to replace SEERA, we have a structure in place where we, and they, can agree the joint strategy - overcoming concerns about the 'democratic deficit'.

**South East View:** *Tell us about the key achievements of your tenure*

**Jim Brathwaite:** For me, it would be the opportunity to have championed the South East region. I'm proud of the underlying vibrancy of our economy. We've got a GVA of £177 billion – that puts us in the top 20 economic areas in the world. It gives me a real thrill to represent the South East alongside regions like Shanghai and Silicon Valley.

We are now number one in manufacturing in the UK, which we weren't when I began. Our aerospace industry, maritime industries and high-value technology engineering are as good as any, helping to sustain our delivery of 25 per cent of the UK's total exports. And the region contributes £17 billion to the Treasury.

**South East View:** *When SEEDA started, climate change and sustainability were not on the agenda. How has that impacted on the agency's strategic direction?*

**Jim Brathwaite:** SEEDA was the first RDA to get involved in this debate, when we supported a WWF survey on the environmental footprint of UK. Studying that, I had something of a 'Damascene conversion' when I saw that sustainable development was vital and not just a nice thing to do. Interestingly, for all its economic success, few people can believe that South East England has one third of the UK's areas of outstanding natural beauty, as well as Surrey being the most wooded area in Northern Europe.

And overall we're making real progress. We're reducing waste and water consumption, as well as making more efficient use of energy which the Manufacturing Advisory Service (MAS), for example, is pushing in its promotion of lean manufacturing. More and more businesses see the potential for bottom-line savings.

I would also predict that the growth in environmental businesses is going to be as big as that of the software industry. SEEDA's sector consortium, EnviroBusiness, started just two years ago with 50 companies, now has 750 members.

**South East View:** *From your contacts with business and the public sector in the South East, what is your view on the short and medium term outlook for the region in light of the crunch?*

**Jim Brathwaite:** Well, it's certainly hitting us - our construction companies are affected badly. The most difficult time is likely to come in the first quarter of this year, when some big companies will have had to take action.

But beneath that is a confidence in the long-term strength in the global economy; politicians around the world must work together to put it back to rights as no single country can operate in isolation these days. We must hope that it isn't as bad as the 90s and people are starting to take the right evasive action. I feel this has been a 'Bank' recession, rather than one which reflects the condition of the real economy. If we can



Jim Brathwaite with EU Commissioner Danuta Hübner

refloat our construction industry and keep small businesses healthy with working capital, the South East can stand the heat.

In direct action terms, RDAs are being charged to help businesses and are being funded to do it. Let's see what can be done with that, and help give business a bit of confidence.

**South East View:** *How do you think it will affect the Regional Economic Strategy?*

**Jim Brathwaite:** Well, it's bound to go off course a bit, but the lesson for all of us is that we must aspire to quicker growth when the opportunity returns. Our infrastructure investment is slow, our house-building is slow and our growth rate is two to three per cent rather than Washington's five to seven per cent.

Projects like Reading Station, Didcot, the A27, the M27 all need attention and are so very snail-like at the moment. Hindhead is now going ahead; but that's after an unforgivable 20 years of debate. We finally have a train line between the Channel Tunnel and St. Pancras, but that took 20 years. And, yes, we eventually have Crossrail under way. But there

are so many other projects that must go ahead, such as the connectivity in East Sussex on the A21 or the A27. The proposed expansion of Heathrow is key for Business in the region and must be progressed within environmental constraints.

Personally, I'm very pleased that Ashford International is being brought back into use from next spring for the Brussels Eurostar connection.

**South East View:** *If there was one priority in building a stronger South East to be ready for recovery, what would that be?*

**Jim Brathwaite:** Let us have the money for strategic investment. We'll get that infrastructure going for the Government – we're the locomotive economy. We're the golden goose and will lay more golden eggs for the UK if we're given the means.

**South East View:** *What are the biggest risks to the region?*

**Jim Brathwaite:** A lack of confidence! We must continue to look for new markets for the region and in that good old-fashioned exhortation, 'get out there and sell'. Neither must we lose our innovation – businesses must not get

paralysed with fright. And lastly, working capital must not dry up; businesses need working capital. Get these right and there will be better times ahead.

**South East View:** *What do you see as the next priorities?*

**Jim Brathwaite:** Firstly small businesses and inward investment. We've increased the number of our small businesses from 250,000 to 350,000 in the last six years and have seen inward investment increase from 4,000 to 7,000 companies. Let's make sure we keep as many of them as possible.

Secondly, we need to keep the economy moving and get the construction industry back to work. We can do this by bringing forward the public sector projects we need – new schools, new hospitals, new roads, new bridges, and more social housing. The Homes and Communities Agency has £17 billion to spend over next three years and there's the Ashford Growth Town project, so let's get on with them. Then there are civil engineering schemes, like flood protection. We're compiling a list now and need to bring as many forward as we can. And lastly, let's not forget that electricity companies and Thames and Southern Water will be spending a fortune on infrastructure.

**The projects are there. The skills are there. The infrastructure need is there. We can outsmart the recession, if we all believe we can.**

**“Neither must we lose our innovation – businesses must not get paralysed with fright”**



# CRUNCHING THE CRUNCH

## The South East fights back

**Downturn, recession, whatever you call it, there's pain out there. But a crunch is not just about survival, it's also about opportunity. This special eight page section looks at how the South East can fight back by being leaner, meaner, greener and smarter.**



# GREEN ENVY

**While the economic crunch will go, the climate crunch won't. So, developing products and services to take forward the sustainability agenda is the right move in terms of the planet and could also be the right path to long-term growth in the recovery. South East VIEW looks at the prospects.**

On the Isle of Wight, GKN has created an advanced composite winglet, which is now being fitted to Boeing aircraft to reduce flight fuel consumption. Meanwhile, waste cooking oil from the Island's hospitality industry is being turned into biodiesel by Wight Made Bio-Diesel: contrasting examples, maybe, but ones that show how money can be made from the drive for sustainability.

EnviroBusiness, SEEDA's sector consortium for the environmental technology industries, is leading the regional drive to build long-term growth in the sector and already has 750 members. Chief Executive Officer, Tom Fourcade, has just produced a review of the opportunities that remain strong even in the present climate. "The Climate Change Committee has advised the Government that the UK must reduce green house gas emissions by 80 per cent by 2050 and has set ambitious stepping stones starting with a 21 per cent cut on 2005 levels by 2022. The main targets are to reduce overall energy consumption and to invest in renewable energy sources. That gives the industry massive potential," he says.

His review just serves to highlight this. Global markets for environmental technology and services industries such as renewable energy, waste management and also water treatment will be worth £700 billion by 2010, the same as the value of the global aerospace industry. The UK's present share is around £25 billion with the industry employing 400,000 people working directly in the sector, in some 17,000 companies. Research and development into prospects such as wind turbines, solar photovoltaic (PV) arrays and energy from waste systems has already marked the UK out as a global player. In the South East, the sector was worth £6.7 billion in 2006, and is predicted almost to double to £12.7 billion by 2016.

## **Developing the technologies**

"Renewable energy presents a major opening for technology development," says Tom. "The Government is targeting that 20 per cent of the UK's electricity should be generated from renewable sources by 2020, with substantial incentives for electricity suppliers to buy a percentage of energy from them." The Government has also set out changes to the Renewable Obligation Certificates (ROCs), which will add value to every form of renewable energy, whether from wind, wave, wood or waste. This way, demand should be stimulated and investments underpinned.

## RECYCLE OIL

EnviroBusiness's Invest In Recycling (IIR) scheme has helped Wight Made Bio-Diesel create a growing business by turning waste cooking oil into biodiesel.

The company originally offered a waste oil collection service on the Isle of Wight, turning some of the oil into biodiesel and sending the rest to landfill. But with an IIR grant of £10,000, coupled with other grant income and their own finances, the company was able to raise the amount of waste oil they could process. Since then, the business has continued to grow – a rare success story in the current climate.

### Reshaping the built environment

Renewable energy is likely to be one specification in the public sector building projects which will be the mainstay for the construction sector – currently one of the most threatened sectors of the economy. But demand for sustainable building will increase and will require not only renewables, but also greater energy efficiency, better recycling of materials, as well as reduced waste and water consumption.

GKN on the Isle of Wight



### Working on water

Ensuring there is enough water for the region also presents opportunities. Drinking water is a real issue for the South East of England, as the region has few reservoirs. Using less water can be encouraged through water-saving devices in new and existing houses, and water companies are being pressed to reduce leaks in their networks. And could the £200 million desalination plant, currently under construction by Thames Water at Becton on the Thames Estuary, be the first of many opportunities to boost supply?

As for waste water, the UK, like most of the European states, follows the Urban Waste Water Treatment Directive, having adopted it in 1994 as part of its UWWT Regulations. Monitoring water quality is necessary to ensure the country adheres

to the regulatory limits on eutrophication (nutrient build-up in water) and no longer discharges sewage into the sea. Pollution in estuaries like the Thames and Medway or sewage outfall off the Hampshire Coast all present cleansing challenges, which could offer genuine opportunities for businesses involved with innovative technologies.

“The threat of climate change will not disappear whatever the economic outlook,” says Tom Fourcade. “Even during the worst part of the slowdown, there will be opportunities now and for the future.”

[www.envirobusiness.co.uk](http://www.envirobusiness.co.uk)

## THE COMPOSITE CONNECTION

Reducing the use of fossil fuels is a task facing just about every sector. Aerospace is no exception and the work of GKN's advanced composite centre in the Isle of Wight, which received funding support from SEEDA, is making an increasing contribution towards cutting fuel consumption, and thus emissions.

Advanced composite materials combine strength and durability, but are also lighter than the metals currently used. And their application is spreading – already they are used for fuselage, wing and engine components for Boeing and Airbus aircraft. A joint development with Aviation Partners Boeing (APB) is

for winglets for the 737 and 767 aircraft, which help to reduce fuel use by around six per cent, along with valuable payload and range performance improvements. By 2010, APB expects blended winglets to have saved the world's airlines more than 2 billion gallons of fuel. These winglets are all made on the Isle of Wight by GKN, who are hoping to add a project for the 777 in the near future as well as benefit from large scale retrofitting by the world's airlines. Meanwhile, other research is working on engine components such as fan blades and for future generations of 150-seater regional planes.

[www.gknaerospace.com](http://www.gknaerospace.com)



A winglet for a Boeing 767

# IDEAS ABROAD



**Before you succumb to the recessional ice age, South East VIEW looks at getting leaner and fitter by looking for new export markets. SEEDA and UK Trade & Investment (UKTI) are stepping up their support for exporters as well as driving inward investment to stimulate jobs, innovation and technology transfer.**

Stern faces on television; concerned voices on the radio; worried words in the papers: there's no getting away from opinions on the gloomy economic climate. Some may say that this preponderance of fatalistic forecasting is only making the situation worse, but there's nothing that can be done to stop it. Instead, South East VIEW has been investigating opportunities that bring hope for businesses in the South East. And both export and inward investment are delivering those opportunities.

Export is not the most obvious route for every company and yet a number in the South East have been doing remarkably well of late. As SEEDA's Director of Trade and Investment, Lewis Scott, explains: "Export can

be a real business booster. As a study by the University of Glasgow proved last year, exporters increase productivity and success in new markets can transform a company's performance." SEEDA and UKTI have additional funding to support would-be exporters as well as the services of advisers who, together, can provide intimate knowledge of particular markets and sectors.

### **Indian invasion**

With SEEDA/UKTI help, Brighton-based Global Digital Broadcast (GDBTV), a company providing technical services to help broadcasters deliver Internet Protocol Television (IPTV) and only established in 2005, is now on the verge of conquering the Indian market.

"We attended a UKTI Asian-Pacific Clinic in Brighton to find out more about trading opportunities in India, and met a Senior Trade & Investment Adviser from the British Deputy High Commission in Mumbai," said GDBTV's co-founder David Wray. "He provided us with on-the-ground insights into the Indian market and trading conditions, and offered excellent advice on exhibitions, networking opportunities, as well as how to identify and approach key contacts."

Right now, GDBTV is keen to source a distributor in India and talks are under way for the company to prepare for, and exhibit at, FRAMES 2009, the biggest Global Convention in Asia on the Business of Entertainment.

[www.gdbtv.com](http://www.gdbtv.com)



### Waterloo moment

Another success story is circuit board manufacturer Teknoflex in Chichester, West Sussex. With a turnover of £11 million a year, the business is performing well in the UK but is always looking to expand, especially abroad. While presently supplying to Australia, New Zealand and Egypt, the company has also been targeting Europe, which, until now, has been tough to crack.

“Germany and France have always been difficult markets for us,” says Managing Director Brian Shorrock. “But recently we’ve outperformed our French counterparts and pulled off our very own Waterloo moment by hiring their Sales Manager, which will bring in £2 million worth of business with immediate effect.”  
[www.flexiblecircuits.co.uk](http://www.flexiblecircuits.co.uk)

### Outside edge

Clearly looking outwards to the wider world gives us a brighter view than some would have us believe. Equally, bringing the outside in is another area with potential. In terms of inward investment, the South East is the largest recipient outside London, with 6,500 foreign-owned businesses that between them have 25 per cent of the GVA.

“Obviously, with the global economy in the state it is, we are redoubling our efforts to grow the South East’s share of inward investment and working more closely with our existing investors to keep people in employment and maintain profitability,” explains Neil Brigden, Head of Inward Investment at SEEDA. “But the situation is extremely positive right now, with interest in investment here as high as it has been for some time. Our activity over the last six months has been more intense than for the last two or three years with significant numbers of new projects, enquiries and visits to the region by prospective investors, especially from our main market, the US.”

### You can’t ignore the South East

“We had 217 companies invest in the region last year,” Neil continues, “77 of which were supported by SEEDA. A large proportion were technology driven companies creating highly skilled and paid employment for our region. We think that number will increase but it would be naive to think that next year will be anything but tough. We’re doing all we can to target those companies with strong balance sheets and good liquidity in the key sectors for our region, such as IT, software and creative industries and medical technologies, where we are amongst the best in the world. After all, there are a great deal of USPs about the region that can’t be ignored: we’re close to London and Heathrow, have Gatwick and the Channel ports and we’re the gateway to Europe. We’re also a highly knowledge-based region with some excellent academic and research institutions, such as Oxford. You can see why we attract interest.”

While the key markets of US, Germany and France are doing well and showing constant interest, the Benelux and Nordic markets are holding up, and there are possibilities further afield too. “While we’re not seeing huge numbers of investment projects out of China, we’re hopeful the relationships SEEDA is developing there will bear fruit but these take time to build. Meanwhile, with many of our companies looking to export to the Middle East, we’re working with the sector consortia to access this area and then link up with companies looking to invest over here – and so far with some success,” adds Neil.

The cloud of economic recession, then, is not as dark or as all-encompassing as we might think. With exports still strong and inward investment looking healthy, it seems that there really are brighter times ahead. All businesses need to do is to plan effective ways of reaching them. And SEEDA and UKTI have the capability to help.

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“... recently we’ve outperformed our French counterparts and pulled off our very own Waterloo moment...”



# THE LAST CASUALTY?

**Just as they say the truth is the first casualty of war, so training can be the first victim of a downturn. With redundancies growing, businesses closing and hard times for all, there's a real temptation to cut training. South East VIEW spoke to Marinos Paphitis, Regional Director of the Learning and Skills Council on why training must not be the loser.**

"I know that when we've come out of recession, the South East will, again, have a skills shortage and not enough people to fill vacancies," challenges Marinos Paphitis. "So I would like to see us addressing this now in the downturn to upskill everyone."

So where should training fit in the fight to sustain the economy? The regional LSC started to work with Job Centre Plus and SEEDA back in the summer to prepare a coordinated approach which has resulted in the South East Accord. Through this, individuals and businesses will be helped by ensuring that the funds dedicated by all three to workforce improvement will be prioritised to meet the immediate impacts of the recession. A 'rapid response' approach tries to ensure that there is intelligence about redundancies so that the agencies can get in to support problem areas.

A good illustration of this is the three agencies working together in Southampton to deal with skill shortages in the boatbuilding sector. Some employees facing redundancy will be helped to retrain with skills currently in short supply while others will be helped to find employment elsewhere in the marine industry.

## Training gains

Alongside such rapid response activity, there is plenty of evidence that training is not being ignored. As Marinos Paphitis says: "What is encouraging is that during the first three months of this academic

year, there were a record number entering Train to Gain – 14,900 in the South East, which is as good as anywhere in the country. This number will be even greater in the next quarter because the Government has just allowed greater flexibility. We can now train a wider range of people which might include more owner managers as well as redundant staff and those requiring basic skills or a first NVQ Level 2.

## Apprenticeships shape

Apprenticeships, too, are robust. £1 billion a year is supporting 175,000 nationwide of which at least 25,000 are in the South East. They are not only in the traditional sectors such as engineering and construction but also in retailing, customer care and social care. Marinos recognises that the recession will add pressure: "It's going to be more difficult.

We need to work hard with employers to sustain offers to 16 and 17 year olds but if they can't find jobs, we are making sure they go on the right courses to be better prepared to start work."

But what has pleased Marinos is the growth in apprenticeships, both among the 19-24 age group and adults over 25 years old. The latter are now at an all-time high and are people in the workplace whom employers are helping to upskill.

The LSC recognises that it will be tough for many to find employment in the next few years but the aim is to give everyone the best possible chance. This also applies to the workforce of the future who may be still in school now. The new Diplomas will be an important additional vocational qualification so when students leave school they have the kind of skills most appropriate to the needs of business.

Marinos is under no illusions about the challenge but is clear on his mission: "Within two years, I would like to see that we've maximised every penny and effectively exploited all the resources, expertise and energy we have; we will do this by effective co-ordination and seeing the South East out of recession with every employer and individual having access to high quality training."

[www.lsc.gov.uk/regions/SouthEast/](http://www.lsc.gov.uk/regions/SouthEast/)

Marinos Paphitis



## The Government's announcement of its £20 billion 'Real Help for Business' package will help businesses in the South East through the downturn. SEEDA through Business Link and Finance South East will also continue to offer other financial support and advice.

Included in the support funding announced by Lord Mandelson is a £10 billion **Working Capital Scheme**, which will secure up to £20 billion of short term bank lending to companies with a turnover of up to £500 million. Next is an **Enterprise Finance Guarantee Scheme**, securing up to £1.3bn of additional bank loans to small firms with a turnover of up to £25 million, while a £75 million **Capital for Enterprise Fund** (£50 million from Government, augmented by £25 million from the banks) will invest in small businesses which need equity.

The many other schemes in place include:

### **Bridging Mezzanine Debt Fund**

Through Finance South East, SEEDA is providing up to £3 million in the Bridging Mezzanine Debt Fund. It will be directed at fully established, viable and growing businesses currently facing difficulties obtaining credit through banks or other traditional routes. Funding is provided at commercial rates for these unsecured loans, and interest is rolled up and paid

at maturity, thereby making the Fund attractive to some businesses urgently needing to address liquidity problems.

**Commercialisation Fund:** A new fund of up to £3 million will support businesses with high growth potential to bring new products and services to market. It forms part of the £20 million South East Funding Escalator.

**Passport to Export:** An enhanced 'Passport to Export' package, for innovative and R&D intensive businesses, offers help with securing overseas growth and additional training in exploiting intellectual property and open innovation. The scheme offers an advanced package of support to all 1,500 South East businesses which have graduated from Passport to Export.

### **Business Payment Support Service:**

The Government also announced a scheme for companies worried about meeting tax, NI or other payments owed to HM Revenue & Customs (HMRC). For details go to [www.businesslink.gov.uk](http://www.businesslink.gov.uk)

### **Grant for Business Investment (GBI):**

Capital grants under the GBI scheme have been extended to the entire South East for SMEs with long-term viability, whose investment plans are being held up by current economic conditions. Business Link also reports that other means of finance can be explored - Capitalise business support: Unsecured, high interest loans up to £20,000 are available from organisations such as [www.capitalise.org](http://www.capitalise.org). Application is via the website and requires a business plan.

**Energy saving loans:** The Carbon Trust offers interest free loans from £5,000 upwards to help SMEs invest in carbon saving equipment. These are unsecured and repayable over four years.

**Equity funding:** Obtain funding from venture capitalists or Business Angels through Finance South East ([www.financesoutheast.com](http://www.financesoutheast.com)) which runs the South East Capital Alliance fund, supported by Business Link. Companies can also apply to the South East Growth Fund ([www.segrowthfund.co.uk](http://www.segrowthfund.co.uk)).

**Rural businesses:** Support for rural businesses comes through the Leader Grant scheme ([www.seeda.co.uk/rdpe](http://www.seeda.co.uk/rdpe)). A total of £27 million is available in RDPE (The Rural Development Programme for England) funding throughout the region.

**Business Link is the first port of call for all enquiries from businesses looking for financial support. For more information, go to [www.businesslink.gov.uk/southeast](http://www.businesslink.gov.uk/southeast) or phone 0845 600 9 006.**

# DON'T MISS THE LINK

**Business Link, the £24 million SEEDA funded service which provides free, impartial, confidential advice and access to business support, is ready to help deal with the challenges of the downturn.**

This spring, a major awareness programme will be alerting business to the services available through Business Link. Sarah Watson, SEEDA's Head of Business Support says: "Our support offers a comprehensive range of information and essential advice, from funding challenges to HR and marketing. Business Link continues to work with partners at a local level to tailor and target support in light of the current climate."

"Get to Business Link first," she urges. "Business Link is there to support your company at all times. However in the current climate, using Business Link early, if problems are emerging, could be the difference between survival and calling in the insolvency practitioners."

Business Link operates across the region, with advisers providing general support and guidance to businesses, alongside colleagues who specialise in finance, start-up and innovation. Help is available by phone, in a Business Link or partner office, or at a venue suitable to the customer. There is also an extensive website full of useful information, factsheets and online tools.

Business Link is always busy, with Customer Service Advisers receiving hundreds of phone calls each week. They provide over the phone help and send out Guides on key topics for managing in recession – such as finance, cost cutting or finding new markets. Finance Clinics, in-depth one-on-one business reviews and workshops designed to help businesses become leaner and fitter, as well as putting in place environmental and quality management systems, are often essential to win new business.

Julie Kapsalis, SEEDA Director for Business Support and Enterprise, explains: "Over 200 Business Link Advisers are working with hundreds of businesses each week, providing vital information, advice, support and speedy referrals to specific Government funded help and commercial services. In the last 12 months, they have carried out over 14,500 Business Reviews and independently measured research shows that customer satisfaction levels are at 93 per cent."



Play area by Outdoor Solutions Ltd

## How to win more business

Horsham based, Outdoor Solutions Ltd, a landscaping business for schools, nurseries and council owned property, won new business after a Business Review by Business Link Adviser, Nigel Jeffreys.

The company grew by 130 per cent in 2006 and 2007 and anticipated 180 per cent growth in 2008. But Outdoor Solutions had one main client, Busy Bee Nurseries, so Nigel outlined ways for Anthony Reynolds, the Managing Director, to widen the customer base. Several new school contracts and many more tenders for more public sector work are the result.

Outdoor solutions will be featuring in Business Link Radio advertisements across the region in January and February, explaining how the service is helping them to plan and grow.

[www.outsol.co.uk](http://www.outsol.co.uk)

"The recently announced 'Solutions for Business' programme is the result of Business Support Simplification, making it easier for companies to access the help they need. These programmes help companies identify their main opportunities and barriers to growth - sometimes these are obvious, and sometimes they are hidden factors which Business Link Advisers are skilled at drawing out."

**To find out more about  
Business Link  
telephone 0845 600 9 006**

[www.businesslink.gov.uk/southeast](http://www.businesslink.gov.uk/southeast)





**How to market**

Sue Priest, who runs Emissions Strategy Solutions (Ems2), an environmental consultancy located in Banbury, worked with Business Link Adviser, Kath Bonner-Dunham, to reposition both herself and her business. Sue explains: "Kath identified a distinct lack of marketing and sales skills. She was absolutely right and it was an impartial and independent view that would have realised what was missing. She identified appropriate training and workshops, some of which were subsidised or free of charge."

Sue now works with many businesses and has recently won a significant contract working with Government departments to influence how they respond to particular policies relating to climate change.

[www.ems2.com](http://www.ems2.com)



John Pemberton from online retailer 'Give Me Designer Clothes'

**How to manage the finance**

A Business Review for 'Give Me Designer Clothes', a one-stop menswear e-tailor, has led to a £87,000 loan from its high street bank. The company faced big decisions about how much stock to buy and how quickly to expand. Business Link advisers Chris Crump and Eamonn McArdle helped the owner, John Pemberton to determine the cash flow forecast, work out how much finance was needed and produce a viable business plan for the bank loan application. The loan was backed by the Government's small business loan guarantee scheme.

As John says: "I'm now very excited, as I have the finance and the business plan to take my company forward and become the No. 1 menswear seller on eBay UK."

[www.givemedesignerclothes.com](http://www.givemedesignerclothes.com)



**How to get competitive**

Rob Ward, MD of Sennet Insurance Services in Canterbury, says his turnover has increased by 50 per cent over the last three years since he started working with Sharon Davies, his Business Link Adviser.

Sharon helped Rob to get a training grant, to expand his portfolio of services and referred him to the Global Leadership for Competitive Advantage scheme designed to develop change management skills. Sennet has also won new business through its participation in Business Link's Supplier Matching Scheme.

[www.sennet-insurance.co.uk](http://www.sennet-insurance.co.uk)

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grow

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Business Link

# TEN STEPS TO SURVIVE THE DOWNTURN

South East VIEW asked *PRICEWATERHOUSECOOPERS* for ten tips to help business survive and succeed in the present turbulence.

It may be that the way we will all operate our business in the future will change. But during a downturn, understanding the true condition of a company, controlling cash and having a realistic assessment of the risks of different outcomes is essential. Managers need to be increasingly decisive and act now to ensure survival.

.....  
**Take a closer look at your business**

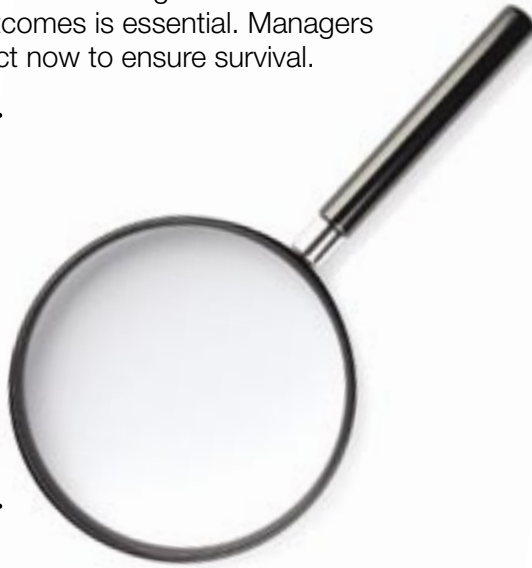
Understand the true picture, not what you'd like to believe. The goal posts are moving - what's driving your business; what do you do best and why? Then understand how the business is being impacted by the downturn.

.....  
**Act decisively**

Take tough decisions early. Focus relentlessly on the key drivers of value and the key risks. Don't sit back and wait; the winners will be those who position themselves to be ready for the upturn.

.....  
**"Cash is king"**

Adopt a hands on approach to cash management and ensure your finances and working capital are in good order. Protect your liquidity; re-examine your treasury, financing, funding and pension exposures.



.....  
**Focus on what really matters**

Evaluate which products, customers and channels create or destroy value. Revisit your investment programmes – what initiatives could you stop or defer?

.....  
**Manage your cost base**

Focus on enhancing performance; go for targeted rather than across the board cuts; extract better value; reduce unnecessary complexity; look at whether your business model needs to change.

.....  
**Reliable management information is key**

Clearly defined key performance indicators are essential. Decision making must be based on facts, and be fast.

.....  
**Plan for different scenarios**

Winners demonstrate agility and flexibility and model a range of financial, operational and workforce scenarios that reflect the impact of the downturn on your business.

.....  
**Recognise the value of your people**

Retaining and motivating the best people is critical to your future. Regular and clear communication with employees is key to their engagement. Identify key talent and develop appropriate incentives for them.

.....  
**Take your stakeholders with you**

Evaluate the likely impact of the downturn on your stakeholders; make sure you understand their agendas. Perception is often reality so maintaining regular and open dialogue is essential.

.....  
**Take advantage of the opportunities**

Don't stop innovating or investing in those areas of growth you will need for the future and don't forget your brand.

**www.managinginadownturn.com**  
**or call Karen Dukes, Director**  
**PricewaterhouseCoopers Gatwick,**  
**on 01293 566996**



# ROUTE TO RECOVERY

**Businesses and individuals in the South East are facing tough times as the economic downturn bites. Public sector agencies in the region are responding with a package of measures to mitigate the impact, ensuring business and individuals have quick and easy access to employment and skills advice.**

The Regional Recovery Plan brings together the South East England Development Agency (SEEDA), the Learning and Skills Council (LSC) and Jobcentre Plus into a single team, working to protect jobs and help employers keep trading.

.....

## Help where it's needed

Whenever redundancies and job losses are announced in the South East, the Regional Recovery Plan ensures simple, streamlined access to financial support, plus skills and training advice to help people back to work.

Called the Continuing Employment Support Service (CESS), it is jointly funded by SEEDA and Jobcentre Plus and offers a free, tailored, in-house package of support to all affected staff before they leave their employment. The service includes advice on CV writing, how to handle interviews, a personal skills audit, how to start a business as well as pension and benefit information. It also offers links into the Jobcentre Plus vacancy database. The aim is to help people back into employment as quickly as possible.

The CESS service came into its own when Woolworths went into administration, an event which affected 4,211 people across the region. They were immediately supported by CESS, with the LSC and learning providers also on hand to offer skills advice.

.....

## Professional and vital

The South East has benefited hugely from several years of a strong and buoyant economy. In the current recession, it is crucial that measures are in place to both support those facing redundancy and to ensure the region keeps hold of the skilled labour force it needs. The South East can then continue to compete in the global market place, and be ready to take full advantage of the eventual recovery. The Regional Recovery Plan is a vital part of that support.

**For more information on CESS, please e-mail [janinehobbs@seeda.co.uk](mailto:janinehobbs@seeda.co.uk)**

## Feedback from users:

**“I was impressed with the professional way you provided services at such short notice”**

**“I really found last week's workshops very beneficial. They have helped me make useful decisions”**



An apprentice at Rolls-Royce Motor Cars



# SEEDA NEWS

## DRAGON FIRES UP THE SOUTH EAST

SEEDA has invested more than £2 million in the new National Enterprise Academy (NEA) – the brainchild of ‘Dragon’s Den’ star, Peter Jones. The NEA opened its doors in Buckinghamshire to 28 young entrepreneurs starting the NEA Pathfinder Course in January.

An employer-led, national centre of excellence for enterprise learning, the NEA is a catalyst for cultural change in the UK, stimulating entrepreneurial activity in young people. By drawing on the experience of ‘real life’ business people and entrepreneurs, the NEA equips the next generation with the skills and

attitude to succeed in modern business. A national roll-out of regional hubs and satellite academies will follow over the next four years.

Peter Jones said: “I warmly welcome SEEDA’s support for the NEA Pathfinder. Through continued public and private sector partnership, we can help make the UK one of the most enterprising economies in the world. Now more than ever, it is world-class enterprise education, such as that provided by the NEA, which will ensure the future success of our economy.”



Fiona Neil, Jonathan Bell, SEEDA Board member Alex Pratt, Peter Jones, Max Olsen and Jonathan Mitchell

## SEEDA’S RAPID RESPONSE

SEEDA’s rapid action to implement Government support for SMEs has seen Mercator Media Ltd in Hampshire get a Transition loan in under a week. Through Finance South East, the funds needed by Mercator came from the £3 million Transition Fund to businesses. The company provides the marine industries with data and market intelligence, as well as publishing a number of specialist magazines for the sector.

SEEDA Executive Director Skills and Sustainable Prosperity, Oona Muirhead CBE, explains: “Mercator is a good example of a strong company affected by a cash-flow problem due to the global banking crisis, which could have been terminal. With SEEDA’s help, and with Finance South East turning round their application in a matter of days, the company is now looking to global markets. I’d really encourage all companies facing difficulties to reach out for help. That’s exactly why SEEDA funds Business Link as the first port of call for all businesses.”

## BRITISH SCIENCE FESTIVAL 2009: SEEDA SUPPORTS REGIONAL SCIENCE

As Science Minister Lord Drayson launched a fresh drive to boost public engagement in science, Europe’s largest Festival of Science is preparing for a spectacular arrival in the South East. Some 88,000 visitors are expected to attend the Festival, to be held in Guildford from 5th – 10th September, which will feature debates, workshops, talks, plays, films and field trips throughout the week. The Festival, organised by the British Science Association, will be hosted by the University of Surrey, while SEEDA, in its role as a national lead on innovation and skills, is providing £250,000 in funding. With something for everyone, from families and schoolchildren to practising scientists and local businesses, the Festival will highlight to young people how exciting a career in science can be. Nigel Horton-Baker, SEEDA’s area director for Surrey and Berkshire, added: “Lord Drayson has got it right when he says science is going to be an important tool for getting us out of this downturn. This event will help raise the profile of our hi-tech successes.” Local partners for the event include Guildford Borough Council, Surrey County Council and the University of Surrey.

[www.britishsocietyassociation.org](http://www.britishsocietyassociation.org)



## OLYMPICS: CELEBRATE AND PREPARE

Olympic and Paralympic medallists met some of the region's youngsters and businesses in December to celebrate Beijing success and to look forward to London 2012. Organised by the South East Partnership for the 2012 Games (SEP 2012) for which SEEDA is the strategic leader, the event aimed to inspire and motivate young people as well as highlight the 2012 related business opportunities for the region.

Leading the celebrations were SEEDA Chief Executive Pam Alexander, Mary McAnally, Chair of the South East Regional Sports Council and Minister for the South East, Jonathan Shaw. Pam Alexander said: "The 2012 Olympics and Paralympics offers one of the few certainties over the next four years, and the South East Partnership is determined to ensure this is turned into an economic, cultural, social and sporting success. Our Olympic and Paralympic guests understand what it takes to be successful and inspire us to success. We will be using the 2012 Games to ensure that the South East is successful in a whole range of areas."

## 'JOINERS SHOP' TO BECOME CREATIVE HOTSPOT

The 200-year-old Joiners Shop at the Historic Dockyard Chatham has been refurbished through a SEEDA led investment of £3.5 million, to become the town's Centre for Creative Businesses. With the University for the Creative Arts and University of Kent situated nearby, as well as The Smithery museum and exhibition space set to open next door, there is a clear opportunity for growth for creative businesses.

The Grade-II listed Joiners Shop Centre for Creative Business will offer office and workshop space for up to 44 small and starter businesses in the creative sector. Businesses interested in accommodation there can contact Allison Sweeney, on 01634 816000, or email [allisonsweeney@basepoint.co.uk](mailto:allisonsweeney@basepoint.co.uk).

## RECIPE FOR HOSPITALITY SURVIVAL

SEEDA backed Tourism South East has produced an online guide to help hospitality businesses ride the recession. The aim is to provide ideas on managing costs by, for example, controlling energy use, minimising property expenses and ensuring maximum profitability per head of staff. Planning the cash flow comes next, together with careful investment in training to sustain high levels of customer service vital in a competitive market. And, says the guide, don't stop marketing – manage the costs, of course, but look for imaginative offers and promotions to impress the customers.

Hospitality companies can find the guide at [www.visitsoutheastengland.com](http://www.visitsoutheastengland.com) or find help and support at Business Link at [www.businesslink.gov.uk/businesshelp](http://www.businesslink.gov.uk/businesshelp).



Anna Bebington, Bronze medal winner, double sculls; Adelle Tracey (age 15) Talented Young Athlete 800 metre National Champion; Zac Purchase, Gold medal winner, double sculls with Pam Alexander, SEEDA Chief Executive. Photo: Steve Rowe.

# SOUTH EAST VIEWS

## South East VIEW asked: In the present challenging times, what is the one thing you think could 'kick start' confidence in the South East?



**Malcolm Hyde,**  
Director, CBI  
South East

"Firstly, we won't get confidence back into the South East until people actually

see access to finance, especially for SMEs. Without that nobody can move, and good businesses will continue to go to the wall. Perhaps there are some companies out there who aren't as mean and lean as they should be, and if they go down, while regrettable, unfortunately that's the law of the commercial jungle. But when good companies are going to the wall, that really hits confidence and has a knock-on effect throughout the supply chain.

Secondly, Government is already talking about bringing forward infrastructure projects; not necessarily road or rail, although this would be good in the South East, but schools and hospitals. But rather than talking about it, it needs to be DONE. People need to get together to look at what those projects could be and which are viable. Then bring them forward quickly; this would get action flowing into the economy."



**Jonathan Shaw**  
**MP,** Minister for  
the South East,  
Co-Chair South  
East Economic  
Delivery Council  
(SEEDC)

"We need to

ease financial burdens and cash flow constraints for small and medium-sized businesses – including ensuring the Government's prompt 10-day payment commitment is being implemented. The new SEEDC will play a pivotal role in providing a range of support for the region's businesses and individuals during the economic downturn."



**Pete Winkelman,**  
Chairman, Milton  
Keynes Dons FC

"The South East is the creative hub of the UK and will bear a big responsibility in

the challenging times ahead. In delivering these expectations access to affordable funding will be key in restoring the necessary confidence."



**Stephen Stone,**  
Chief Executive of  
Crest Nicholson:

"The construction and house building sector is being hammered into the ground

at present. This is my third recession and it's by far the worst. There's been a frightening speed of decline – within 18 months it has come to this and there's more to come and we're only working at half our capacity now.

Sir James Crosby's report shows there will be no net mortgage funding in 2009; in 2007, it was £107 billion and in 2008, £50 billion. Building societies must return to 'normal lending'; at present that seems to mean only those with a 25 per cent deposit, giving first time buyers no chance.

The economic prosperity of the South East needs employment, leisure and housing so the only thing which will kick start the South East is Government bringing forward big redevelopment, and regeneration projects to revitalise the region. This is now URGENT; Government has no more time."

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