



Okehampton Supply Chain Research Project March 2011

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The European Agricultural Fund for Rural Development: Europe investing in the rural areas

Okehampton Supply Chain Research Project Report

Introduction

Following recent closures at a number of Okehampton's largest employers, (resulting in almost 300 of the town's jobs being lost), BIP recognised the need to identify the strength of the remaining business supply chain in Okehampton and gather information that could be used to support regeneration that is being developed by a number of agencies.

Even before the recent closures and job losses that Okehampton have suffered, the whole Greater Dartmoor area suffered from **low productivity**. GVA is less than the UK average at 64.7% in West Devon. This largely reflects the sectoral composition, which has **a higher than average proportion of businesses in low added value sectors** such as tourism, agriculture and service industries.

Okehampton in particular has attracted a number of businesses that operate in the food processing sector, supplying in the main the four big supermarkets. The economic downturn of the last two years has reduced consumer purchasing power and the retailers have passed these pressures down to their suppliers, reducing their margins and precipitating a number of high profile business failures or rationalisations. Coupled with the pressure from the retailers, producers have seen a rise in the businesses input costs (e.g. fuel and raw materials).

In West Devon as a whole, in terms of employment, the largest sectors are education, health and social work (17%), wholesale and retail (17%) and manufacturing (15%). The high proportion of jobs in health and social care is reflected in the area's low productivity and earnings. Okehampton has attracted a number of high profile food processing businesses which in the past have been seen as a very safe sector, but as previously mentioned the strength of the retailers have increasingly reduced margins. Okehampton has also had a shortage of employment land until 2008 when the land at Higher Stockley Mead became available. This land has only recently started to be developed but the current difficulties with commercial finance have halted further developments.

BIP is a member of an informal group, led by Devon County Council's Economic Development Department, who have recognised that Okehampton is currently suffering a level of job losses that is unprecedented. The group comprises of Devon County Council, Andrew Lightfoot; The portfolio holder for economic development in the county, Cllr Will Mumford; The Chair of Devon and Cornwall Business Council, Tim Jones; The Job Centre Plus Unemployment Task Group, led by Jeremy Filmer-Bennett; West Devon Borough Council's Economic Development Officer, Robert Plumb; and BIP's Managing Director, Stewart Horne. The group seeks to gather some baseline information on the supply chain and measure the resilience of the current business stock in order to plan further action to improve the economy and numbers of jobs in the town.

BIP proposed to gather the information needed by completing a survey with Okehampton's businesses.

Project Activity

A survey was compiled by BIP and circulated to the members of the working group before being finalized (Appendix 1).

Promotion of the survey work began and included a leaflet drop to numerous businesses in Okehampton's town centre and on Exeter Road, Northfield Road and Fatherford Industrial Estates, making them aware of the survey and why it was being undertaken. Over 150 of the businesses visited indicated that they would be happy to take part in the survey.

Okehampton Chamber of Commerce were presented with the survey and asked to circulate it amongst their members, Okehampton's NatWest bank also displayed a poster and leaflets about the survey work to raise awareness amongst their clients.

A press release was published in the Okehampton Times and BBC's Spotlight also did a piece on the activity. The survey was also promoted and made available for download on BIP's website.

An immediate and promising response was received from the promotions.

BIP's Business Advisor Petra Davies then began completing the survey with Okehampton businesses. In total 95 businesses took part in the survey.

Survey Results

Businesses were asked to tell us about their businesses: -

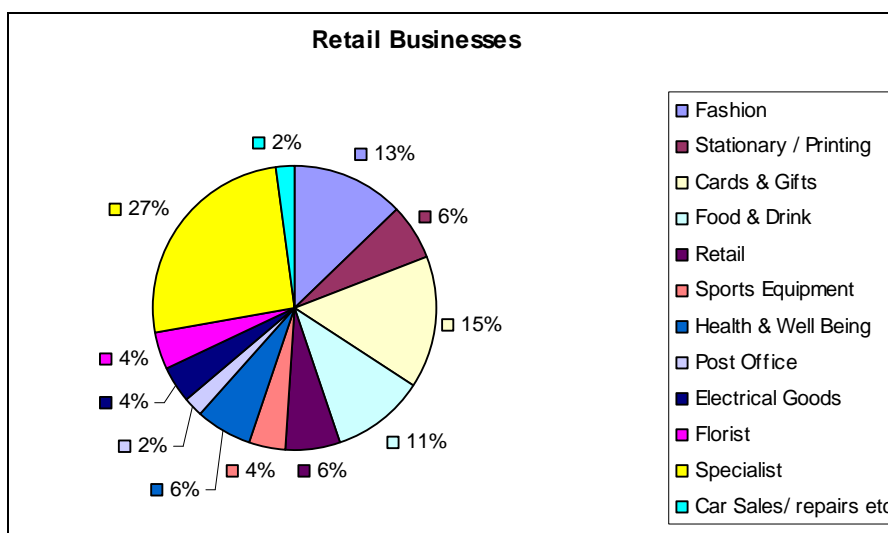
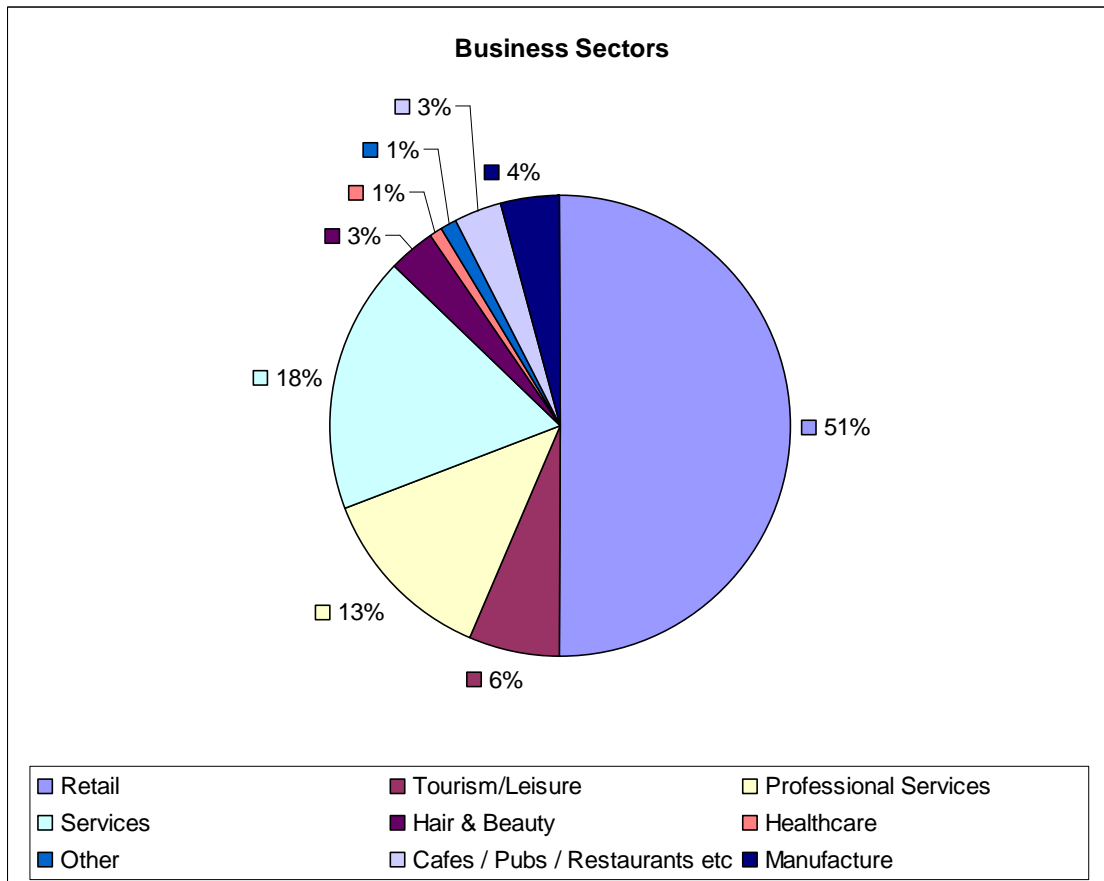
What is the Legal Status of your Business? 1 respondent did not answer this question

Legal Status	No of Businesses
Limited Company	44
Co Op	2
Partnership	14
Sole Trader	33
Other	1

How many people do you employ? – 1 respondent did not answer this question

No Employed	No of Businesses
0 – 5	56
5 – 10	24
10 – 25	10
25 – 100	2
100 +	2

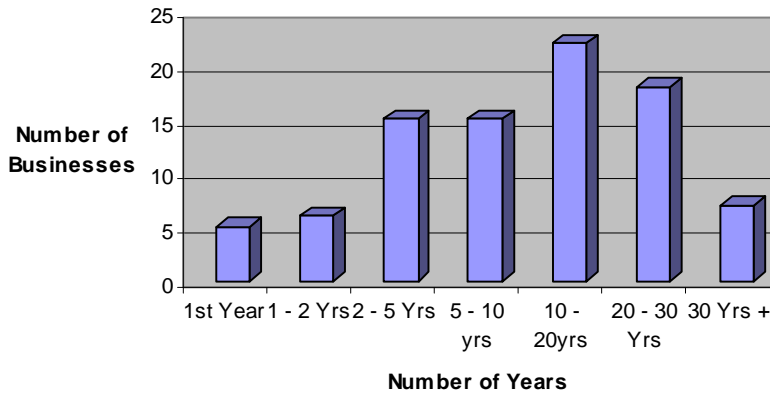
What sector does your business operate in? – 1 respondent did not indicate their business sector



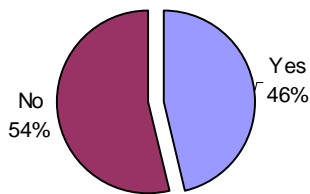
9 of the 47 retail businesses also provide some form of service to their customers

Specialist retailers include Furniture and Carpet retailers/fitters, Mobile Phone Shops, Antique Dealers, Garden Centre, Haberdashery & Photography Equipment & Printing

How many years have you been trading? – 7 respondents did not answer this question

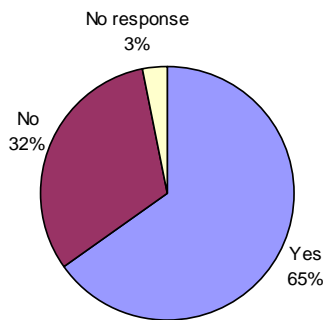


Has the business already experienced a change in turnover as a result of the job losses and closures in Okehampton?



When asked what changes they have experienced 10 respondents stated that they had increased their turnover, in some cases by as much as 15%. Whilst 24 reported a reduction in turnover, the majority have seen a loss between 10 and 50%. Several also stated that it was “too early to say”.

Is the general economic situation affecting the business?



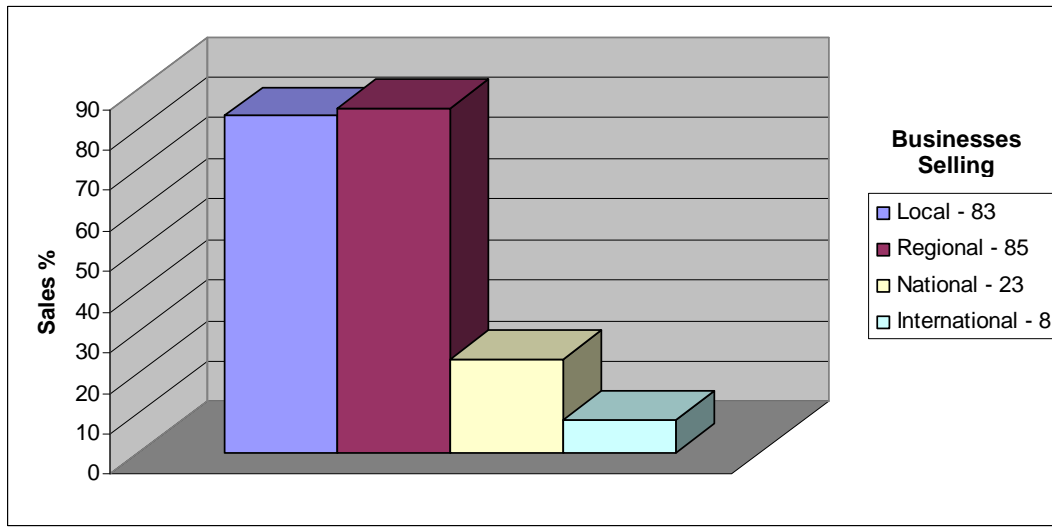
30 of the respondents felt that the recession had not affected their business but the majority, 62, said it had.

Of the businesses that felt it has had an effect 11 felt it was a positive one and 35 felt it was negative. Some of those suffering from a negative effect indicated to what percentage they had felt the effects. Around half indicated between 5 and 20% (the majority being in the higher end of the bracket); the remainder ranged between 20 and 50%; with one extreme reporting effects to the degree of 80%. Some comments were also made ranging from one end of the scale to the other (“very slightly”, “BAD” to “Went Bankrupt”).

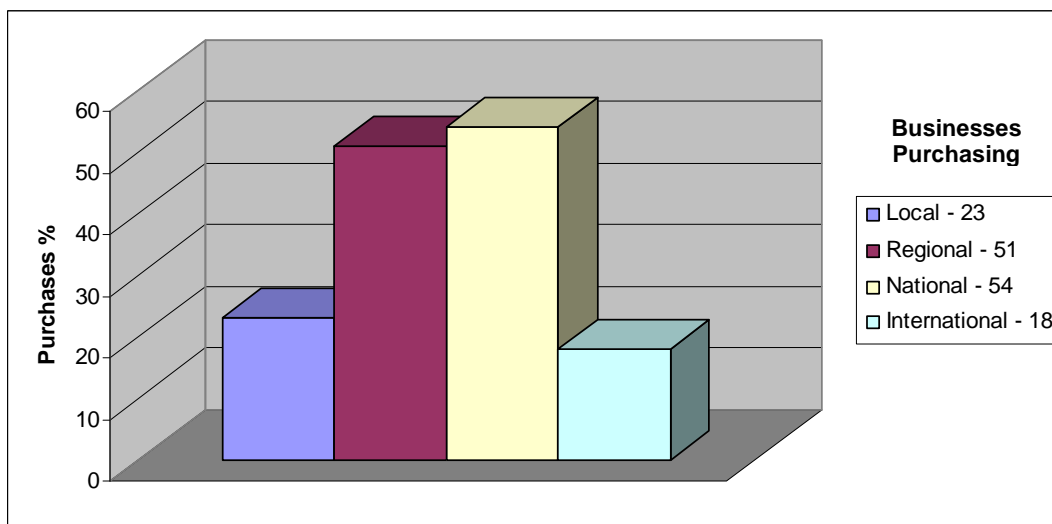
Were you a supplier to Polestar, Wiseman or any other local closures? 2 respondents did not answer this question.

Only 4 respondents stated they were suppliers to the closed companies and reported a very minimal percentage of their turnover as being related.

Looking at your Customers, what percentage are Local (within 10 miles), Regional (South West), National or International?



Looking at your Suppliers, what percentage are Local (within 10 miles), Regional (South West), National or International?

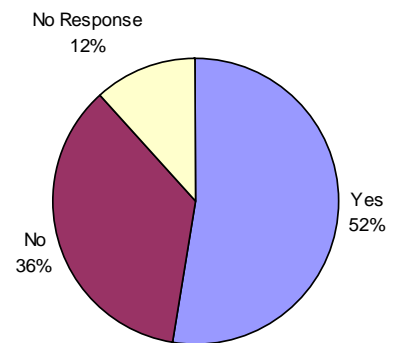


Has the business already implemented measures to protect itself against the recession or the closures in Okehampton?

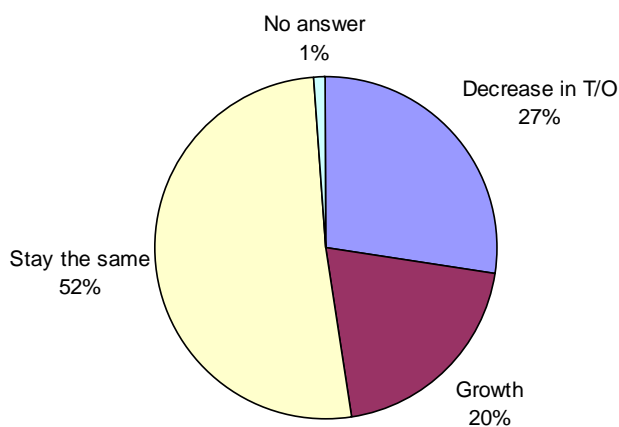
Of the respondents that have implemented measures many are being pro-active in seeking more business by marketing more widely; utilising local, free marketing platforms such as okehamptonpeople.co.uk; focussing on best customer service and offering “value for money” to their clients; running special offers and offering “local reductions”; some have increased staff to generate more business and allow more marketing focussed activity to take place.

A small number of respondents have made reductions in business outgoings, in some cases reducing drawings from the business and in extreme cases closing offices in other areas.

The most common measures have been a change of tack such as changing product lines to attract new customers; introducing “low cost” or “value” product lines; some have added a service to their offering as another income stream.



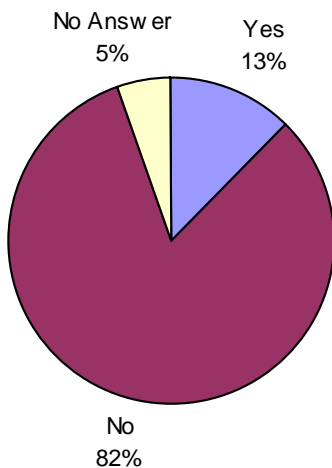
What is the business forecasting for the next twelve months?



Respondents were asked to indicate what percentage they were forecasting in growth or decreases for the next twelve months.

Very few made an indication but of those that did the respondents forecasting a growth were expecting it to be between 2 and 10%; the majority of those forecasting a decrease in turnover were expecting it to be between 5 and 15%, however one respondent forecasted a 50% decrease; another a 100% decrease and one stated “Closure”.

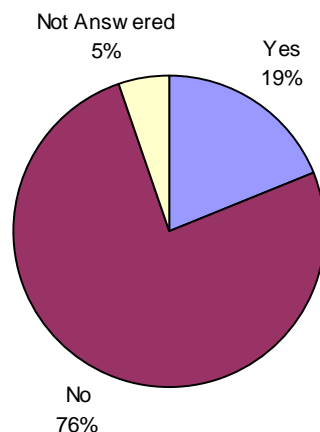
Has the business had to reduce staff hours as a result of decreased turnover?



Respondents were asked to what extent they have had to reduce hours, of those that made an indication the majority had taken the route of not replacing staff as they had left or retired. Some had reduced the hours of part time staff and one respondent had reduced the amount they used sub-contractors. Two respondents reported between 2 -3 jobs being lost and another reported an 80% reduction.

Of those that have not had to reduce staff hours some comments included “*will have to make a decision soon*”, “*started serving food which has increased hours for staff to save cuts*” however some stated they were “*Employing another staff member*” and one was “*desperately looking for a trainee...*”.

Has the business had to recruit staff in recent months?



Is there any further training that would benefit current or potential employees and yourselves as managers?

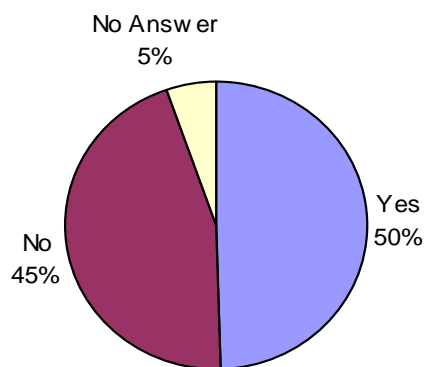
Vocational training for staff – Of those answering this question 21 respondents indicated a need for training, the majority indicated that this would be in marketing and online connected activities, 24 respondents stated that they do their training in-house and 2 respondents indicated that all of their staff training needs are dealt with by their head office. 9 respondents highlighted the need for industry specific training for their staff - one having staff taking part in a Government Scheme to fulfil this need; specific training highlighted included Food Hygiene, Fire Training, Customer Service, Computer Aided Design (CAD) software and specialist Health and Safety training that the respondent found difficult to source within the South West.

Management training – Of those answering this question only 4 stated that they do management training in-house but 14 indicated that all of their management training needs are dealt with by their head office, 3 respondents outsource their training to training companies and 8 stated the need for industry specific training. Of those suggesting specific management training needs 10 highlighted the need for internet marketing – covering social media and the creation and management of a website; 2 highlighted marketing needs and other respondents suggested topics such as finance, business planning and long term forecasting, time management and sales and customer care training. One respondent identified management culture as a need, stating that “if staffs are happy – so are customers!”

Some respondents have already undertaken training with some having completed NVQ's. One has received training in CAD and another has attended various training workshops through past BIP projects.

A high number of respondents indicated that the existing experience and knowledge their established management have leaves no training needs; some commented that they simply “don't have time” or are “happy the way things are” and that “not a lot of training would help if there is less and less demand for the service itself”. Others told us that they have turned to the support of family members also in business.

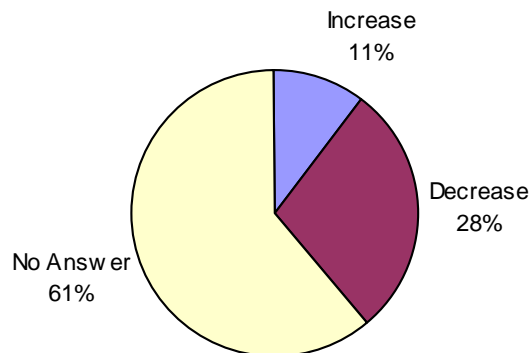
Has your business changed its marketing strategy as a direct result of the downturn?



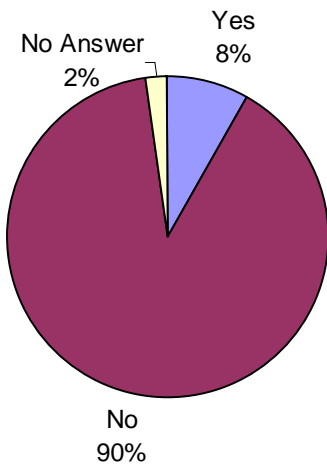
The changes in marketing that businesses had made were around new product lines (cheaper), on line marketing and generally being more reactive to customers needs.

Has your business experienced an increase or decrease in the number of competitors?

Competition has fallen with 27 businesses stating a reduction in competitors but 10 businesses stated they felt increased competition.

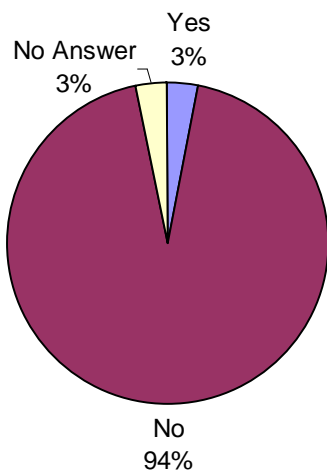


Have you as a business owner sought advice as a result of the downturn?



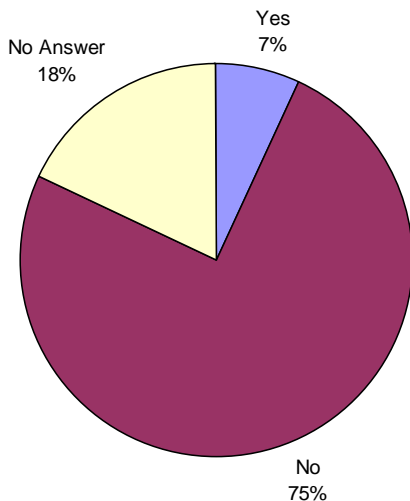
85 respondents have not sought advice as a result of the downturn. 8 respondents have sought advice – 4 from the bank, 2 from their accountant, 1 from a business advice service and 1 from their head office.

Have you been made aware of / taken advantage of business support offered through Government funded initiatives as a result of the downturn?



Of the 3 respondents that answered yes – 1 had received help from BIP; 1 had received help from both BIP and Business Link; and 1 stated that they had tried the Business link website but could not find anything of relevance to them.

Have you had the need to access additional finance from the bank for business development in recent months as a result of the economic climate or the recent closures?



Of the 13 (7%) respondents that have approached the bank only half (7) were successful in obtaining the financial assistance they needed. The unsuccessful respondents gave the following comments and reasons: -

Bank refused to loan money re Overdraft facility-

Overdraft request declined - respondent already had a loan

"Looking for temporary overdraft - very unreceptive & extremely unhelpful"

"Useless - only gave bank account as respondent didn't have security to put against a loan"

Looked for funding for 2nd vehicle - Bank never returned call/

Looked to bank for factoring again, did not respond – the respondent has since used a commercial company

"2008 Looked to borrow sizeable sum - Bank offered 8% interest rate. 2009 Bank contacted & offered same amount -- again for 8% - why hasn't the drop in interest rate been passed onto clients"

Respondents were then asked about their Main Objectives for the next 12 months and how those objectives will be achieved?

99% of respondents answered this question with just over a third (37) focusing on just surviving and maintaining their turnover. Among the responses a "Hang on in there", "it will get better" mindset was apparent with many being determined to keep doing what they are doing and continue to "offer a friendly and local service", "offer best value for money", "keep customers/vendors happy" and wait for the economy to improve. Respondents told us they are trying to protect their profit margins and maintain turnover, some by "keeping stock low" and staying cautious.

The second biggest trend amongst the respondents (15 responses) is the intention to continue to grow and develop their businesses, many focussing on building their reputations and gaining customer loyalty by offering a "friendly and happy environment" and a "personal service". "Word of mouth" was frequently listed as a key element to meeting these objectives.

The last two apparent trends are on a par (11 responses each), the first being to re-evaluate elements of the business such as stock levels and "improve service and offers". Many are planning to re-think current stocking policies with a view to introducing new/different products to provide better margins and to meet customer needs. Others are focussing on selling new services and building new elements of the business to increase income streams.

The last trend is to develop and implement new marketing strategies to help maintain and increase business, with the internet being the most common medium mentioned, using social media and websites to promote businesses and build online profiles, many recognising the need to learn new skills

to be able to do this. Only one business commented that they will “market nationally” whilst others intend on “building a strong profile in the community” and implementing local marketing campaigns. Common elements referred to by our respondents, in terms of how they will meet their objectives, were good and stable management; positivity; a pro-active approach; delivering on service and being consistent.

What is the largest factor affecting the achievement of your objectives? – 13% of respondents did not comment

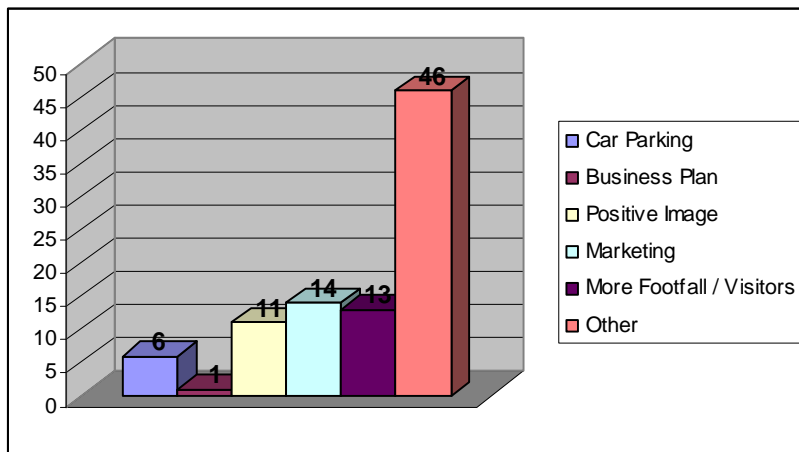
The lack of business/custom was identified by the largest number of respondents (16) which has been largely attributed to a lack of disposable income and low footfall in the town, with some finding their customers are going out of business.

The local situation is another large affecting factor (13 responses) with respondents highlighting the lack of work and the areas unemployment meaning a drop in disposable income and a “general slow down” in the town. Respondents highlighted the need to convince customers to shop locally by trying to cover all local needs within the town. The negative media attention that Okehampton has recently received was also picked up on by our respondents with the general feeling being that it has been “putting off shoppers” and generated a “lack of consumer confidence”.

The activities of competitors are also of concern to our respondents (5 responses) some feeling that they are “unable to compete” with internet sales and supermarkets as well as local competitors cutting their prices. This is not helped by the increased costs that several of our respondents are suffering.

What one thing, other than a cash boost, would help your business to prosper over the next 12 months?

Respondents made numerous suggestions and from them a number of themes appeared – these are shown in the graph below.



There was a general feeling that an “injection of positivity” was needed in the town, with more talk about the positive things happening and inline with this it was felt that more work needs to be done to market the town and attract more visitors. Suggestions grouped under “Other” include “good partnership working with DCC and WDBC”, local events, banks to lend more, some form of tax relief/reduction in tax, and support networks for small businesses. The re-opening of the local factories and re-employment of staff was frequently mentioned feeling this would have a knock on effect in terms of disposable incomes within the town etc. Another suggestion was that it should be easier for local

businesses to gain DCC contracts in Okehampton rather than them being awarded to larger Exeter based companies.

Is there anything specific the local authorities (i.e. Devon County Council; West Devon Borough Council; Okehampton Town Council) could do to help? Are there any other comments you would like to make?

- 23 respondents felt that parking costs were too high or difficult which put off customers
 - 8 businesses said business rates were too high as were rents.
 - 19 respondents felt the town needed a much more positive image and stronger PR after all the negative publicity. Linked with this 14 businesses wanted to see more marketing and promotion to increase both local customers and tourists.
 - 7 business said business support would help.
 - Planning/ signage caused problems with 4 businesses.
 - 4 businesses stated that the long awaited rail link to Exeter would be a great help.
 - Assistance with recycling was raised by 5 businesses.
 - Public procurement was raised by 2 businesses
 - 2 businesses felt a Town Manager would help the retailers.
 - 1 business requested a Business Improvement District to pull the businesses together.
-

Comments

- The effect of the recent closures has not been as great as might have been feared, but as some business owners stated its early days and the next six months will be critical. If both Devonshire Desserts and Brownes Chocolate recruit new staff over the summer the area will be less affected.
- The general economic downturn has had a greater effect on business turnovers leaving them vulnerable to any more bad news.
- The local supply chain is “leaking” money given that the majority of business rely on local sales but tend to purchase goods from outside the area.
- There was a strong feeling that the publicity surrounding the job losses had thrown a negative spotlight on the town and work was required to counter this. This work should include efforts to bring more visitors and locals into the area.
- Training needs identified tended to concentrate on the improvement of marketing skills.

- Businesses appeared either to be confident in their own abilities to get through or were not aware of the support and initiatives available.
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Appendix 1 – Okehampton Supply Chain Survey



Okehampton Supply Chain Research Survey

About You

Title		County	
First Name		Postcode	
Last Name		Telephone Number	
Business Name		Mobile Number	
Address		Email	
Town		Web site	

About Your Business

What is the Legal Status of your Business? (Please Tick)									
Limited Company		Co Op		Partnership		Sole Trader		Other	

How many people do you employ?									
0 - 5		5 - 10		10 - 25		25 - 100		100 +	
What sector does your business operate in?									
How many years have you been trading?									

Has the business already experienced a change in turnover as a result of the job losses and closures in Okehampton?				Yes		No	
What change have you experienced?	An Increase		A Decrease		Approximately what %?		

Is the general economic situation affecting the business?				Yes		No	
What effect has this had?	Positive		Negative		Approximately what %?		

Were you a supplier to Polestar, Wiseman or any other local closures?				Yes		No	
If yes, approximately what % of your turnover did these customers account for?							

Looking at your Customers, what % are:	
Local (Within 10 miles)	
Regional (South West)	
National	
International	

Looking at your Suppliers, what % are:	
Local (Within 10 miles)	
Regional (South West)	
National	
International	

Has the business already implemented measures to protect it against the recession or the closures in Okehampton?				Yes		No	
If so, what are these measures?							

What is the business forecasting for the next 12 months?							
Decrease in turnover		Stay the same		Growth			
If growth or decrease, approximately what %?							

Has the business had to reduce staff hours as a result of decreased turnover?	Yes		No	
If so, to what extent?				

Has the business had to recruit staff in recent months?	Yes		No	
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Is there further training that would benefit current or potential employees, and yourselves as managers?

Vocational training for staff? Please give examples of topics (e.g. food hygiene, building skills, retail sales skills)				
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Management training? Please give examples of topics (e.g. marketing, bookkeeping, financial management etc)				
---	--	--	--	--

Has your business changed its marketing strategy as a direct result of the downturn?	Yes		No	
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Has your business experienced an increase or decrease in the number of competitors?	Increase		Decrease	
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Have you as a business owner sought advice as a result of the down turn?	Yes		No	
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If yes, who was this from?	Accountant		Bank		Business Advice Service	
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Other (please state)						
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Have you been made aware of / taken advantage of business support offered through Government funded initiatives as a result of the downturn?	Yes		No	
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If so, what?				
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Have you had the need to access additional finance from the bank for business development in recent months as a result of the economic climate or the recent closures?	Yes		No	
--	-----	--	----	--

Were you successful?	Yes		No	
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If not, did you get a reason why not?				
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Your Main Objectives

What are the main objectives for your business over the next 12 months?

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How will these objectives be achieved?

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What is the largest factor affecting the achievement of your objectives?

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What one thing, other than a cash boost, would help your business to prosper over the next 12 months?
Is there anything specific the local authorities (i.e. Devon County Council; West Devon Borough Council; Okehampton Town Council) could do to help?
Are there any other comments you would like to make?

Thank you for taking the time to complete this survey

Please send your completed survey by post to
 BIP, Okehampton Business Centre, Unit 10, Higher Stockley Mead, Okehampton, Devon, EX20 1AJ

BIP will comply with the Data Protection Act to ensure its legal obligations when handling personal data. BIP are the sole owners of the information collected through this survey and will not sell or rent this information to anyone. The results of this survey may be shared and published, however no reference to individuals or their businesses will be made.



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