

Be the Business (Year-2) Grants Programme – outcomes report

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Report prepared by:

Dr Alan Rae – Sussex Regional Director
Nauzar Manekshaw – Contracts Director

alan@branduin.co.uk
nauzar@branduin.co.uk

Branduin Business Support Ltd.
14/04/2016

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Introduction

This report covers the second year of the overall match-funded ‘Be the Business’ SME support programme funded by West Sussex County Council. This phase developed effectively from the framework established in the first year.

The ‘Be the Business’ grant programme invited match-funded proposals from existing businesses who wanted to expand their business and from entrepreneurs to start-up a new business. The programme operated via a competitive bidding process and eventually 33 small and medium sized companies received up to a maximum of £25,000 each for pre-agreed and costed activities involving business expansion and job creation. The programme also offered a series of 1:2:1 business advice sessions and group workshops to facilitate the application process.

Successful applicants then received up to six follow-up business review visits across a 12-month period from experienced Branduin business advisors to monitor progress and give advice and support when needed. This phase of the overall programme was termed as Successful Applicants Business Support programme (SABS2), and this report is based on the documented output of the SABS2 programme.

Most successful applicants agreed when asked that they had found the visits helpful as had been the case the previous year. In fact, part of the success of the programme stems from the fact that the same team of advisors were used for support of the grant submission process through a series of 1:2:1 sessions and workshops to help applicants submit realistic grant proposals. This in fact resulted in a high calibre of proposals that fed through to the successful results achieved.

This inclusion of business advice in the programme was area of differentiation from most other funded grant and loan programmes. Another was the fact that the grant programme would support a mixture of capital and revenue items. This was unusual as government bodies do not generally like mixed schemes and most current offers are for capital equipment only.

Overall Funding

Total grants awarded = £637,290 to 33 companies, and this figure was match-funded by each recipient to the specific amount received.

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Employment Focus

Overall, the number of employees in the match-funded companies rose from 520 to 631, a net gain of 111 jobs, attributed to direct investment by West Sussex County Council at a tariff of just under £6,000 per job.

This compares very favourably with the £33,000 average cost of a job created under the Regional Growth Fund (www.nao.org.uk/report/the-regional-growth-fund)

Indeed, the reported figures actually understate the true job creation position as a number of companies (e.g. Flax Farm, Hepworth's Brewery and Tomfoolery) are still completing their installations across 2016. It is likely that a further 20 jobs or so will likely be created because of the match-funded grants scheme over the next few months, with potentially more coming on stream later in the year as the increase in capacity produces results.

Sales Performance Focus

The Gross Value Added for the programme in terms of growth in sales revenue jumped from a baseline figure of £45m to a post-project total of £65.5m, i.e. an increase of over £20m.

The sales turnover rose by an average of 60% if the increase for each company is averaged, or by 46% overall (since some companies expanded from a very low base).

Evaluation of Projects

Most of the projects were successfully completed and most managed to make a good return on funds spent – a major exception was Kingscote Vineyard where the owner and CEO died very early on after having already spent the money on a fully functional cookery school kitchen. The project may be rescued if planning permission is granted for a revised business plan based around wedding events instead.

Some of these projects include start-ups or early stage companies who have taken advantage of the match-funded grant to establish themselves in their business niches across a variety of sectors, and are now able to achieve a stable position to scale-up their operations.

Other projects have successfully provided much-needed new or upgraded manufacturing facilities in specialist markets, thereby facilitating business growth and stability in some worthwhile markets.

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Others have made useful additions to the stock of interesting facilities to stimulate the tourist industry while one has successfully engaged prisoners in Lewes Gaol as a part of the workforce with the attendant benefits of rehabilitation for the inmates.

Innovation Focus

There was also significant focus on purchase of new machinery to allow considerable process innovation in a full third of the successful companies in the programme.

Nafici Ecological Research, Seward and Monteum developed prototype products with the grant, and a number of pioneering environments in the hospitality and food and drink sectors were match-funded.

Staff Focus

As in previous years, there has been a certain element of staff churn although it appeared to be less pronounced than in the first year of the project. Possibly because this was suggested as an area for attention during the bidding support part of the programme.

Staff have generally received additional training and attention to skills improvement, and it has been notable how many part-time jobs were converted into full-time roles during the course of the year.

Summary

The traditional funding approach by central and local government favours larger, manufacturing organisations who are purchasing a substantial machine tool but expect to absorb the costs of staffing, training and promoting the products.

However, for smaller companies, the ability to invest in some equipment and also to pay something towards revenue items such as marketing, staffing and in some cases rent means that small scale, practical projects can be supported that make a substantial difference especially to start-up or early stage companies.

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Since this type of funding is unavailable elsewhere and the ‘Be the Business’ SME support programme is proven to be peculiarly effective and successful, it seems a shame to transfer valuable local government funding into the more traditional scheme run by Coast to Capital.

Conclusion

The Be the Business’ SME support programme and projects supported have been widely acknowledged and appreciated by the local business community, and West Sussex County Council can take much credit for formulating and implementing a programme that was at the same time imaginative, practical and consistently delivered good results.

Appendix 1 provides a snapshot of the performance of individual companies while Appendix 2 give a taste of what the projects meant to the companies themselves – largely in their own words, along with some supporting photographs.

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Appendix 1 – Results by Company

No.	Company	Grant Value	Jobs		Sales Results	
		£	Baseline	Final	Baseline £	Final £
1	Bosham Dental Laboratory Ltd	25,000	15	18	739,000	1,000,000
2	Castle Aerial & Wellbeing	9,000	5	7		45,000
3	Chaplin's Little Shake Shop	24,750	3	6	36,000	53,000
4	Chichester Canal Trading Limited	25,000	1	3	180,000	180,000
5	Civilian ID Limited	24,993	1	2	15,000	114,000
6	ERG (Air Pollution Control) Ltd	25,000	64	70	7,700,000	22,500,000
7	FirstCol Services Ltd	25,000	55	63	3,300,000	3,343,000
8	Flax Farm Limited	24,600	7	10	300,000	345,000
9	Fresh	2,500	1	1	100,000	109,200
10	Geodime Limited	25,000	3	4	350,000	440,000
11	Graffham Village Shop	12,250	2	3	200,000	275,000
12	Graphic Supplies (UK) Limited	7,500	1	2	2,000	13,000
13	Handprinted Ltd	5,658	2.5	2	340,000	300,000
14	Hepworth & Company Brewers Ltd	25,000	27	35	3,600,000	4,140,000
15	Horsham Coffee Roaster Limited	13,475	3	6	364,000	720,000
16	Insulated Tools Ltd	22,075	16	20	1,000,000	1,250,000
17	Jana Reinhardt Jewellery Ltd	11,170	3	5	100,000	120,000
18	Kingscote Vineyards	24,732	4	5	107,000	107,000
19	Kingswood UK Home Ltd	25,000	17	20	525,000	625,000
20	Lister's Brewery Limited	10,000	2	4	30,000	100,000
21	MAS Technicae Group	15,000	2	4		
22	Monteum Limited	25,000	17	18	864,000	916,000
23	NAFICI Environmental Research (NER) Ltd	25,000	2	3		
24	Oceanair Marine Limited	23,640	138	159	9,000,000	10,500,000
25	Recycleopedia	3,000	1	2	6,000	15,000
26	RF Solutions Ltd	25,000	39	41	3,500,000	3,500,000
27	Saunders Energy	20,000	0	4		
28	Seevent Plastics Limited	25,000	52	55	8,400,000	9,400,000
29	Seward Ltd	25,000	7	8	2,000,000	2,000,000
30	Stan's Bike Shack Limited	7,947	7	11	50,700	115,790
31	Sussex Uniforms Ltd	25,000	5	7	620,000	650,000
32	The Real Pie Company Ltd	25,000	14	28	1,400,000	2,400,000
33	Tom Foolery Coffee Company Ltd	25,000	3	5	147,000	234,000
	TOTAL	637,290	520	631	44,975,700	65,509,990

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Appendix 2 – *in their own words*

Geodime

The Grant has given us the confidence to grow the business in a new direction. We have been able to recruit and train staff and drive the business forward to be at the cutting edge of geospatial service delivery. The business now stands perfectly placed for sustainable future growth and we are committed to continued professional development of our staff. We are now able to offer a much greater range of services and are developing some agricultural offerings that will reduce fuel, fertiliser and pesticide use.

Seward

As a small company, the resource impact of R&D cost has a significant bearing on our capacity to invest in product development. The grant has enabled us to fast track this process, launch new product to keep the company competitive with European and Global competitors where exporting is critical to our revenue and successful future of the business. Such R&D investment is crucial.

Chichester Canal Trading

Without the grant we would not have been able to afford the £32,000 investment to make the boat wheelchair friendly.



Nafici

The 'Be The Business' grant was incredibly helpful for our company to go to the next stage. The equipment purchased with the grant (that we couldn't have been able to purchase otherwise) enabled us to almost finalise our research on our wheat straw to paper pulp process by analysing the by-product and the cleaner pulp to be used for packaging and paper products. Our process is now ready to be developed. This grant was just invaluable and the follow up meetings very useful."

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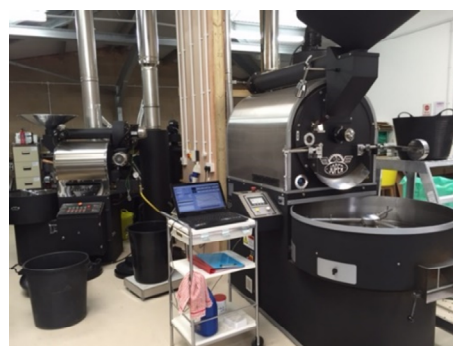
Lister's Brewery

The grant was crucial to us growing the business – we would not have been able to progress at the same rate without it. We have been able to purchase a Van and the necessary tanks and brewing equipment to drive the business forward



Horsham Coffee Roasters

The grant allowed us to increase our capacity significantly. We have effectively been able to double our output in the last 12 months. As a result, we can now support further growth.

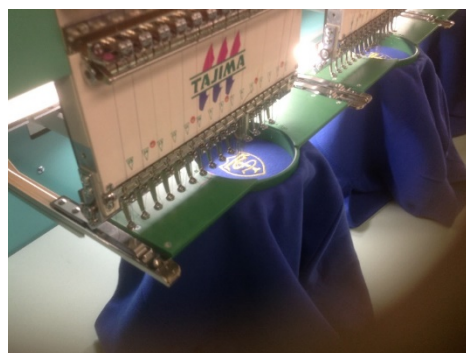


Tom Foolery

As a very busy and popular coffee shop we had been struggling to be sustainable with a low average spend of £4.50 per customer. The funding for the kitchen means we can increase our food offer to meet customer demand and increase our average transaction to approximately £8.50 per customer. Without the grant we would not have been able to achieve this, to increase our staffing and provide stable employment.

Sussex Uniforms

The grant let us take on additional schools such as Shoreham Academy, Danehill and Handcross which we couldn't have done without the 4-head embroidery machine purchased by the grant. We can turn round jobs faster and take on additional trade jobs because the machine reduces the amount of stock we need to hold and frees us from dependency on outsourced work.



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Hepworth Brewery

The grant has let us complete more of the project giving the company additional income streams earlier than would otherwise have been the case. These include a brewery shop, visitor centre for tours and training facilities.



Civilian Card

The grant allowed me to give up my part time job and commit 100% to growing the business. Without it we would not be employing staff and continuing to grow. Thank You.

Seevent Plastics

The grant has allowed Seevent to develop the business more quickly than would otherwise have been achievable. This has led to greater turnover and profits and increased the number of people employed

Flax Farm

The grant gave us the funding to take a major step forward in production facilities so we could move on from website and farmers' markets to compete at a national level. The business will now be able to grow, expand and find new markets including export.

Chaplin's Little Shake Shop

We have renovated the whole of the front of the building that was once the foyer to an old cinema and transformed it into a luxury coffee house. We have achieved everything we set out to do, increase our turnover, increase employees by extending our opening times, offer a new and exciting new menu to old and new customers. In addition, we wanted to bring back an old building from disrepair and make it into something beautiful that will serve the people of Selsey and beyond.

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ERG (Air Pollution Control) Ltd

Significant progress in Russian market, other international markets being exploited.
Turnover tripled. Broadens type of work can bid for. Improved efficiency and quality.
Enhanced capability to compete in specialist international markets.

Graffham Village Shop

New customers to coffee shop attracting new business and a big step forward in services provided to local community and broader business offering.

Handprinted Ltd

Although our turnover and employees has declined over 2015 this is due to the core business and the decline of sales on our Amazon and eBay stores through overseas competition. The studio has been a great success. Without the funding we wouldn't have been able to kit out the studio. The facilities are supporting many small, local businesses. The people using the studio are often artists or commercial printers who would not have access to the equipment needed to produce the work that they are selling. Many regulars are also stating that coming to the studio is a fantastic, positive experience and that it is helping them feel much happier with their lives.

Insulated Tools Ltd

ITL has achieved its best ever turnover figures with the year ending 31st March 2016. We are now capable of moving to a two-shift system if demand continues to increase. We now supply Reliance Energy in India, and several African and Middle Eastern distributors. It has given us the confidence to bid for larger contracts knowing we have the capacity to take on these orders and still give our regular customers the level of service they require.

Oceanair Marine

Machine operable and catering for larger blinds. The Grant facilitated a positive development for the future.

RF solutions Ltd

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We estimate that upside business generated will cover the cost of the machine within 24 months whilst being at approx. 33% of its capabilities at that time, and with a useable life expectancy in excess of fifteen years, we expect this to be a major asset in the future. This is a specialist machine and not common to electronics manufacturing companies like ourselves and gives us an advantage when bidding for manufacturing projects as well as enabling us to manufacturer our own projects to considerably higher exacting standards.

Stan's Bike Shack

The grant has enabled us to acquire additional interior and exterior furniture, kitchen equipment and a coffee machine, which enables us to cope with larger customer numbers. This in turn creates new employment opportunities. There is no doubt that the BtB grant has enabled our business to speed up the rate of growth and development.
