



Business in Birmingham: confidence returns to SMEs in Greater Birmingham, the Black Country and Solihull

- *Almost 40% in the wider Birmingham economy have increased their turnover in the last 12 months*
 - *More than a quarter have taken on new staff during that time*

Business confidence is starting to return to SMEs in the wider Birmingham economy. Almost 40% have increased their turnover during the last 12 months, while only 23% experienced a decrease. More than a quarter (26%) took on more staff over the same period, according to research issued by the Marketing Birmingham Regional Observatory and the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP).

SMEs in the GBSLEP area and the Black Country coped relatively well with the economic downturn, with over half (53%) reporting growth in profits over the last three years. Moreover, two thirds (66%) have maintained or increased their turnover.

Neil Rami, Chief Executive of Marketing Birmingham, which operates the Regional Observatory, commented:

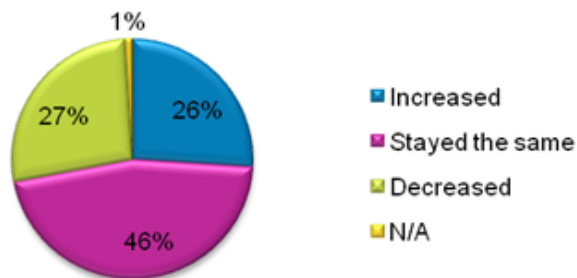
“It has been said that SMEs are the lifeblood of the UK economy and a barometer for business conditions. If so, our findings indicate that the local business community could be looking more confidently to the future and are ready to explore opportunities to develop their operations. This is encouraging as where confidence exists, growth often follows.”

The research, which surveyed 1,700 businesses across the GBSLEP area* and the Black Country, took place between December 2011 and March 2012. It looked at SME growth over the past year, attitudes to future growth and employment, and the sectors with the greatest incidence of ‘high growth’ businesses. Birmingham and the Black Country are home to nearly 80,000 SMEs.

Employment and skills

Demonstrating their resilience, nearly half (46%) of SMEs in the region have not changed their staffing levels in the last three years despite the challenges of the economic landscape. More than a quarter (26%) actually employed more people. Just over a quarter (27%) were forced to reduce headcount over the same period.

West Midlands SME staffing levels during the last three years



Showcasing a renewed confidence in the market, the majority (53%) of respondents expected to increase their workforce over the next year, with only 5% planning to reduce staff levels.

Skills and training were identified by nearly a third (28%) of respondents as a key driver of growth with management, leadership, marketing, business development and IT topping the requirements of ambitious SMEs. One in eight (12%) went as far as to cite skills deficiencies and recruitment problems as restricting business performance.

Despite the importance of skills, it appears times are still tough with less than half (47%) of surveyed SMEs planning to increase training in their organisation over the next year – although only a small proportion (2%) are expecting to cut back on this investment.

Alan Volkaerts, GBSLEP Board Member and Operations Director at Jaguar Land Rover's Solihull Plant, commented:

“Developing an innovative approach to tackling the issue of improving skills levels is one of the LEP's key economic priorities. We have already launched the LEP Employment & Skills Board, which is a private sector led collaboration featuring companies, the public sector, education and training providers.

“It will act as a ‘Skills for Growth Hub’, developing and embedding long-term relationships that ensure skills training is in line with employer demand, young people have access to real world careers advice and that business links with schools is much improved.

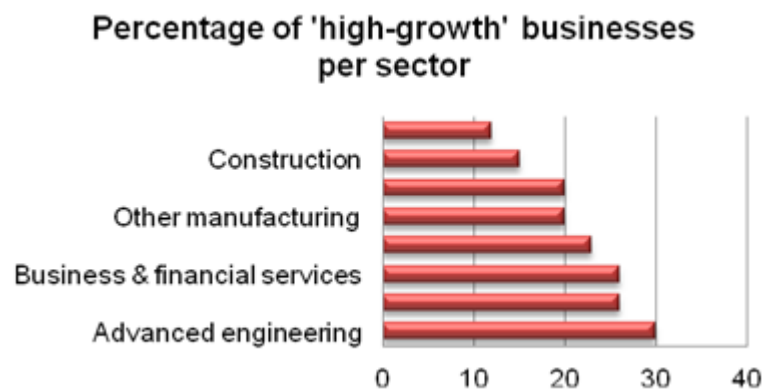
“If we are to achieve our desire of making the Greater Birmingham and Solihull area globally competitive, we have to ensure the skills agenda is at the forefront of everything we do.”

Sectoral strengths

In a vote of confidence for the region's future growth, more than a fifth (21%) of SMEs in the region were found to meet the criteria needed to be considered 'high-growth'. These are businesses that have increased turnover by over 10% and employee numbers by more than 20% each year during the last three years.

The sectors with the greatest number of high growth SMEs across the GBSLEP area and the Black Country include advanced manufacturing (30%), engineering (26%) and business & financial services (26%).

The sectors reflect the region's strengths and mirror those marketed internationally by inward investment programme, Business Birmingham, as areas of opportunity and growth in the wider Birmingham economy.



The research found that on average the industries that have struggled most with the effects of the economic downturn, with no signs of employment or turnover growth over the last three years, included construction (41%) and retail, hospitality and tourism (40%).

Neil Rami added:

“SMEs in some of the region’s strongest sectors – including advanced manufacturing, engineering and business & financial services – benefit greatly from the supply chains of the major companies that have invested here. Jaguar Land Rover is but one example of a global investor that has brought local business significant growth opportunities.”

While the research reports an optimistic mood for the majority of SMEs in the wider Birmingham economy, others still face significant challenges in accessing the finance and opportunities needed to grow.

Chris Loughran, Senior Partner at Deloitte Midlands, commented on the findings:

“SMEs across the GBSLEP and Black Country area are fighting hard to grow and boost employment, but are still restricted by a lack of available finance. As credit remains difficult to access, it is crucial for these businesses to watch their costs closely to maintain the right level of working capital, and identify the areas where investing that money will make a real difference to driving product demand – be it research and development, training the sales team or promoting the business to new customers. Investing can often ease the road to growth.”

Focus: The typical ‘high growth’ SME

- **Sector:** Advanced engineering (specialising in industries such as transport, medical technologies or environmental technologies)
- **Employees:** 20 – 25 people
- **Turnover:** Increased by more than 10% in the past three years

Ends

* Birmingham, Solihull, northern Worcestershire and southern Staffordshire

Notes to Editors

The research included a survey of some 1,700 businesses across Birmingham, Solihull, northern Worcestershire, southern Staffordshire and the Black Country took place between December 2011 and March 2012.

Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP)

GBSLEP is one of the largest of the 39 LEPs, with a population of 1.9 million people and 800,000 jobs. It has been set up to drive economic growth, achieve global leadership in key sectors and help create 100,000 jobs by 2020 across Birmingham, Bromsgrove, Cannock Chase, East Staffordshire, Lichfield, Redditch, Solihull, Tamworth and Wyre Forest.

Marketing Birmingham Regional Observatory

The Marketing Birmingham Regional Observatory is operated by the city’s strategic marketing partnership Marketing Birmingham. The organisation also operates its leisure and business tourism programmes Visit and Meet Birmingham, as well as inward investment programme, Business Birmingham. The company is funded by the public and private sectors, including Birmingham City Council, European Regional Development Funding and some 400 local companies.

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