

Rural Home Based Businesses West Sussex Rural Partnership

Siobhan Smith

**Insights Manager – Business Link
Regional Marketing**



Insights survey

- **Quarterly telephone survey**
- 1200 SME owners per quarter
- Representative across and within SE
- Data from July 08 to July 09 – 838 rural hbbs

- **42% of all SMEs are home based**
- **31% of all SMEs are rural**
- **49% of rural SMEs are home based**



Pros and Cons for rural home based SMEs

Reasons for opting to be home based:

- Keep costs low 47%
- Nature of the business 22%
- Work/life balance 11%
- Flexible hours 10%

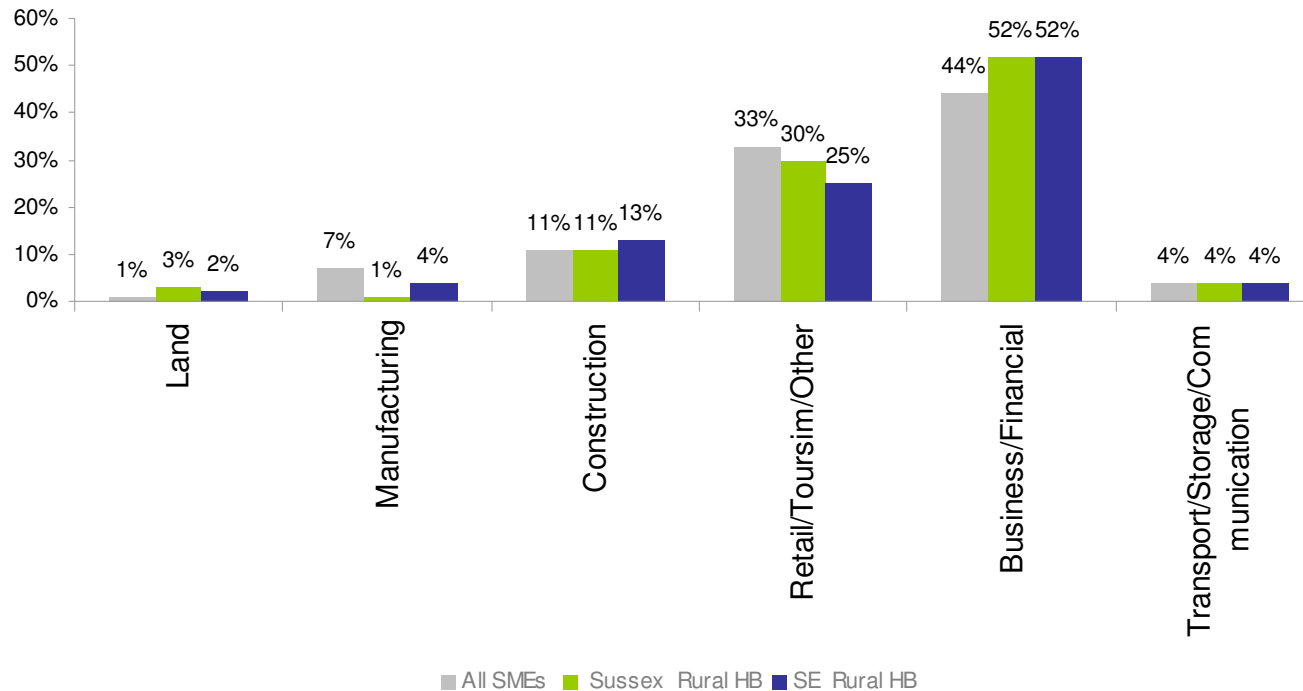
Disadvantages with being home based:

- No disadvantages 47%
- Separating work and home life 20%
- Isolation 12%
- Self discipline 10%

Base: 260 rural home based SMEs – July 09



Distribution by sector

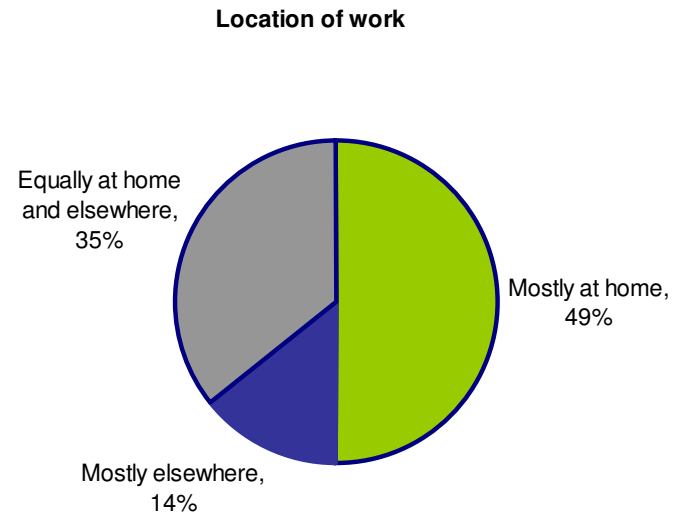


Over half of rural home based SMEs are in the business/financial services sector

In Sussex, they are more likely than average to be in the retail, tourism & 'other' sector.



Where the work is carried out

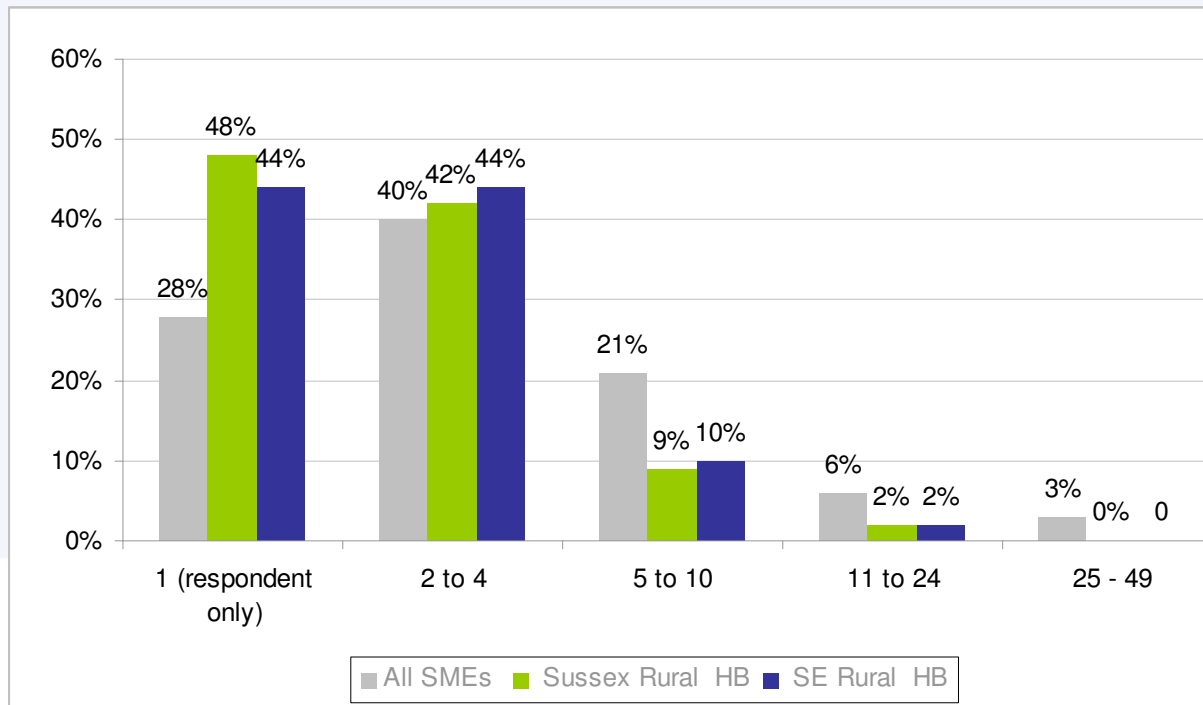


Almost half of rural hb SMEs do most of their work at home, and a third work between home and other premises.

8% have more than one site; of these a third have overseas site/s

Implications for - business rates, H&S, business resources/ amenities, isolation

Size of business



Rural home based SMEs are very small; 90% in Sussex employ fewer than 5 people and nearly half are sole traders

Implications for.....employment legislation?



Other distinguishing characteristics

- **Female director**
- **Only one director**
- **More recently established**
- **Older owner**
- **Few customers**
- **Sales not confined to local area**
- **Business to business**
- **Less likely to network**



Turnover

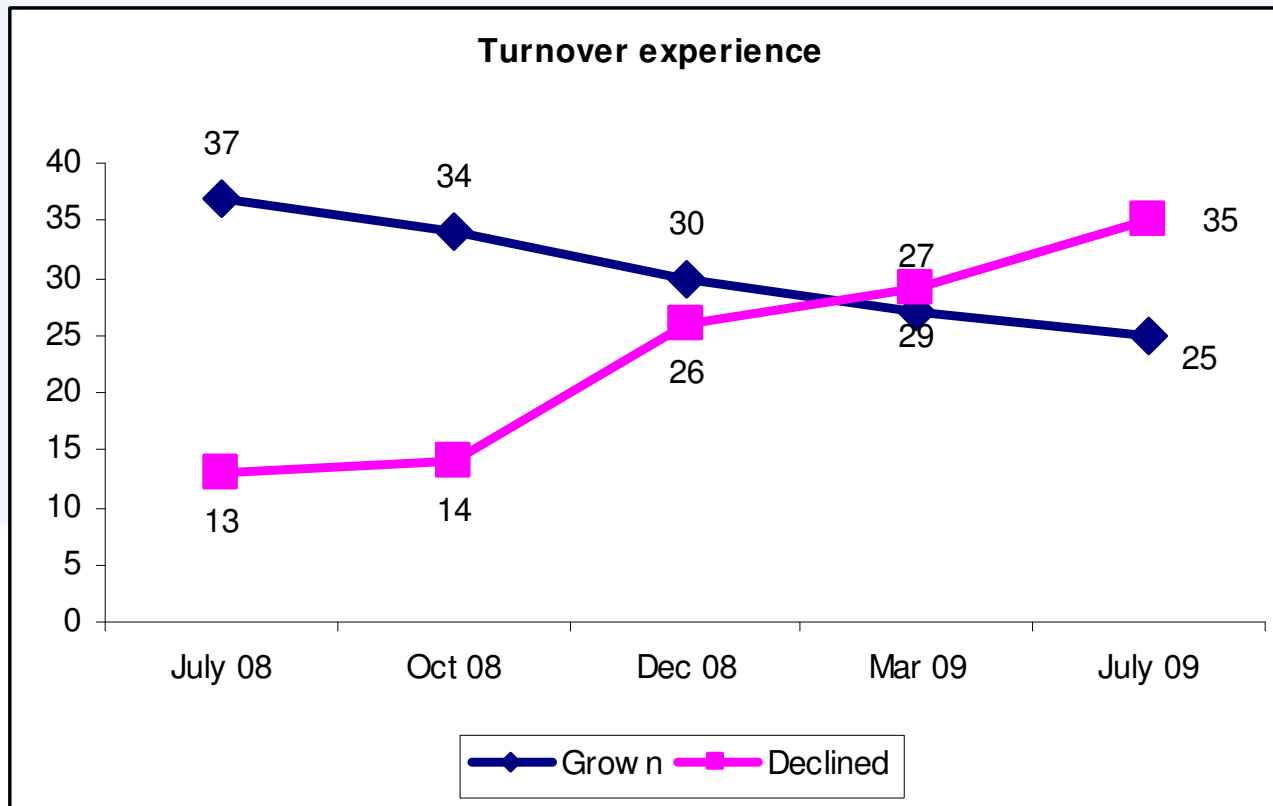


Although a large proportion are below the VAT threshold, one in four home based SMEs turns over £100,000-500,000

Lower earners are in retail and business/finance. Construction and Land based SMEs turn over more



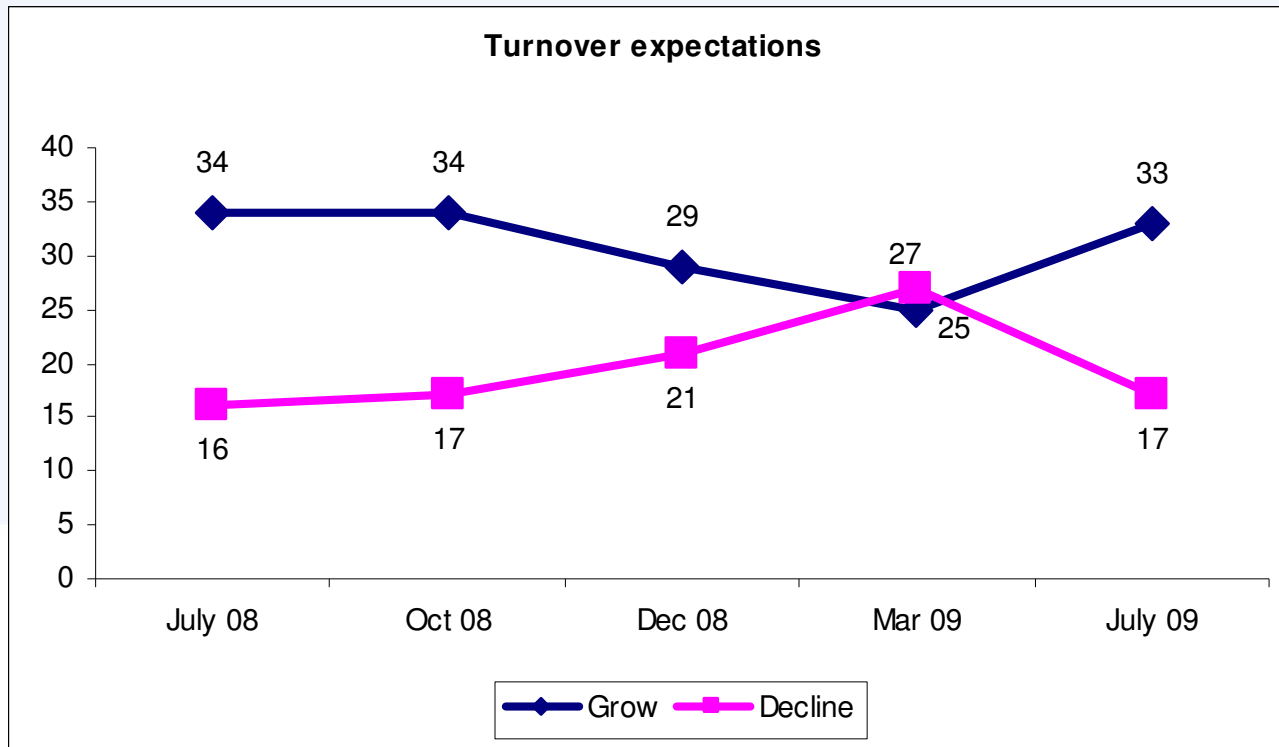
Turnover through the recession



By mid 09, 35% had seen decline



Turnover expectations through the recession



Optimism is back to July 08 levels. March 09 was a turning point

Impact of the recession

- **39% have felt a negative impact**
 - 50% of all SMEs
- **33% think it is still too early to tell**
 - 21% of all SMEs
- **Late paying customers a problem for 27%**
- **43% have taken sustainable measures to cut costs**
- **58% are doing more business by internet to avoid travel**



Key challenges

	All SMEs	Sussex Rural HB	SE Rural HB
Finding new clients, customers or markets	69%	57%	63%
Controlling costs	57%	54%	47%
Responding to competition	46%	37%	36%
Ensuring prompt payment from customers	46%	45%	44%
Complying with or understanding legislation or regulations	45%	48%	43%
Using or keeping up with technology	43%	41%	45%
Lack of management time	36%	27%	32%
Financing business growth or development	35%	31%	30%
Improving staff performance skill levels	35%	25%	23%
Reducing waste or improving energy efficiency	35%	29%	28%
Identifying partners or suppliers	25%	18%	23%
Developing management or leadership skills	25%	14%	14%
Recruiting staff with relevant skills	24%	17%	19%

Key challenges by sector

Land based:

- Control costs
- Legislation
- Reduce waste

Construction:

- Prompt payment
- Legislation
- Control costs
- New customers

Business/Financial:

- New customers
- Prompt payment
- Keep up with IT

Retail:

- New customers
- Control costs
- Keep up with IT
- Reduce waste



Indicators of success

➤ Exporting

- 29% of all South East SMEs export
- 31% of rural home based SMEs export
- 37% of Sussex rural home based SMEs export (main market for 9%)

➤ Website

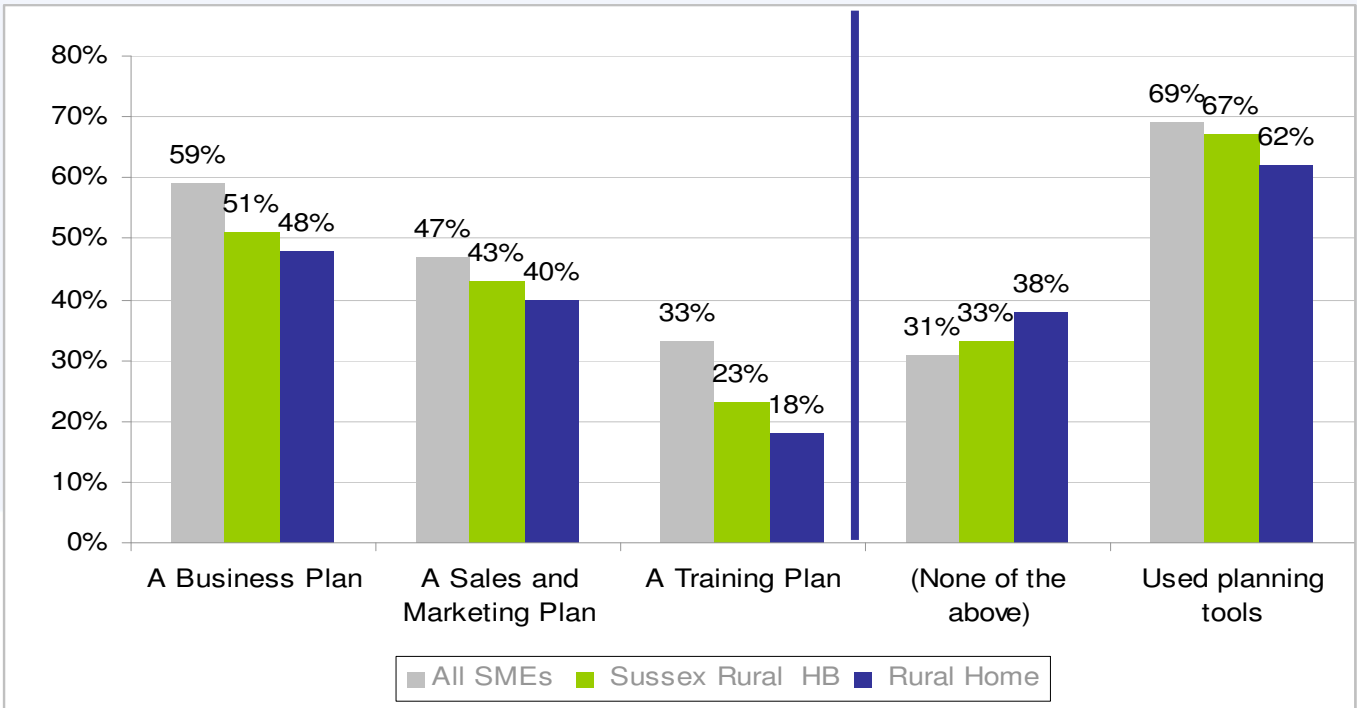
- 66% of Sussex rural hbbs have a website (72% of all SMEs)

➤ Openness to business support

➤ Usage of business tools...



Usage of business tools



Usage of these business tools is associated with turnover growth



Skills needed for business growth

SKILLS THAT NEED IMPROVING TO HELP GROW BUSINESS		
	Total	Rural Home based
Unweighted Total	1373	185
Sales or marketing skills	46%	46%
Professional or technical IT skills	29%	34%
Finance or accounting skills	23%	20%
Leadership and management skills	23%	12%
Customer service skills	22%	18%
Team working skills	16%	7%
None of these	28%	31%

47% of rural home based SME owners have arranged training in the last 12 months – mostly external training for themselves



IT issues

- 95% of rural home based SMEs have an internet connection. Higher than SME average (84%)
- For 1 in 6, the connection is inadequate
- IT support is the only support need identified as specifically related to running a business from home (15%)



Sustainability – a marketing tool

- **78% believe having green credentials is important**
- **59% believe it will give them an edge**
- **Barriers are cost and knowledge of what is available**
- **Those who engage in green behaviours don't market this aspect!**
- **Rural SMEs are especially interested in supporting local community (eg local sourcing)**



Readiness for recovery

➤ **84% feel confident their business will survive the recession (78% of all SMEs)**

➤ **66% feel well placed to take advantage of the recovery**

➤ **But 30% have taken no action to respond to the recession or prepare for recovery**

- 36% used other marketing methods (eg internet)
- 24% revised the business plan
- 23% offered discounts



What can you do to help?

