1. EXECUTIVE SUMMARY

1.1. 3,020 businesses responded to the survey, which was conducted between November 2008 and January 2009.

1.2. Businesses in rural Devon were found to be generally small in terms of both staffing and turnover, with lower than average growth expectations. Many were located in areas of particular deprivation. The dominant sectors were typical for a rural area with a prevalence of Land-based businesses, and a high proportion of businesses in sectors which typically pay lower salaries. Migrant workers are also playing a significant role in the rural workforce.

1.3. The majority of businesses have some plans for the future, but this is rarely formalised, and is at a generally lower level than was found in the previous survey. There is an interconnection between different areas of business planning with businesses, and some evidence that businesses which plan for the future also have higher levels of turnover.

1.4. There appears to be an underlying trend within businesses to respond to the prospect of economic downturn in a negative manner. There is some evidence within the survey that businesses have become more pessimistic and this exhibits itself in reduced ambition, and in less action to sustain and expand their businesses. The economic downturn predictions thus become a self-fulfilling prophecy. Of course it may be possible to turn this around in the same manner, with positive economic projections leading to optimism and positive action amongst the business community.

1.5. Whilst there has been a decrease in recruitment as the economic situation has worsened, one positive effect of the economic downturn is the increased opportunity for businesses undertaking recruitment to find suitable staff. There is a more positive attitude towards staff training, and also a general increase in skills training take-up by businesses since the previous survey. However, there is still a minority of businesses for whom training is seen as unnecessary or unavailable. The proportion of businesses providing training for their staff is still below the level of businesses reporting a need for additional skills, but the gap has reduced since the previous survey. Businesses still tend to prefer informal means of training delivery but online training has also become more popular.

1.6. Overall there has been a decrease in the proportion of businesses identifying a need for advice. When businesses are looking for support, they generally seek financial and sales/marketing advice, but there is also an increasing demand for environmental and service/product development advice.

1.7. Businesses still tend to turn to banks and accountants as their first option for business advice, although Business Link services are being used more frequently than in the previous survey, and rated more highly in terms of satisfaction.

In contrast there has been a downturn in terms of both usage of and satisfaction with Enterprise Agency business advice services, although this may be explained in part by a change in the remit of Enterprise Agency services.

1.8. Within the local authorities, planning advice is most frequently sought although advice on education has the highest satisfaction level. There are some differences in satisfaction ratings between both departments and local authorities overall, but the sample size for these results means that this needs further investigation before drawing any firm conclusions.

1.9. Most of the businesses covered in this survey still had limited perceptions of both their market and their competition, with the majority focussing on other businesses within Devon. Those businesses with a wider perspective were more likely to have greater aspirations in terms of expanding their customer base.

1.10. There was a particular tendency for businesses to view things that they can control, such as staff, as being positive points for their business, but to rate elements that are harder for them to manage, such as cost base, as competitor strengths. When placed in the perceived business context of Devon, this could be seen as a contradiction, as any differences in the trading environments for businesses are limited.

1.11. There was a positive attitude in general terms to co-operative working, with some evidence that businesses understand that it is beneficial to work together, but less evidence that they put this understanding into practice. For some businesses this may be because they feel there are insufficient structures to support co-operative working.

1.12. The majority of businesses had identified ways to develop and grow in the last year, although for many of them there were significant obstacles preventing them from implementing their plans, particularly accessing sufficient finance. The development of new products and services were the most obvious ways in which businesses sought to develop, but environmental opportunities had jumped higher up the agenda since the previous survey, and more businesses saw this as a way of enhancing their economic potential.

1.13. Capacity remained an issue for businesses, but finance was the biggest issue and the most commonly identified solution to enable business growth. Many businesses also believed they would benefit from sales and marketing support, particularly manufacturing and retail businesses, and that this would help them overcome their biggest barrier of promoting their products and services to the market.

1.14. Whilst ICT can provide a solution to the issues of rurality and accessibility that face many of the businesses in Devon, there is still a generally low take-up of ICT, particularly within the Land-based sector, and an ongoing reluctance to use a computer is evident. Most of the businesses identified a need to increase their usage of ICT, but were prevented by a lack of skills and understanding. When combined with the finding that businesses now rate ICT as their number one skills need, there is a prime opportunity for intervention to help businesses make full use of ICT.

1.15. Difficulties in obtaining finance have become more important to businesses over the last few years, and are now overwhelmingly considered the main constraint affecting business and the most important issue to overcome. Accessibility was still a major issue for businesses, with road access and [lack of] alternatives to road transport of major concern. ICT was not regularly identified as a means of addressing these accessibility issues. The other key factor for businesses was finding premises of the right size and quality. This information will provide a good benchmark for measuring the success of the Devon Employment Space Strategy implementation.