



# **Discussion Document:**

## **Post Covid Economic Recovery:**

### ***Business Support***

### ***What's required...will it be ready?***

**April 2020**

This paper has been produced exclusively for consideration by Deyton Bell clients and is strictly confidential.

© Deyton Bell Limited • Newton Hall • Town Street • Newton • Cambridge • CB22 7ZE • UK

## **BACKGROUND**

The current Covid crisis is likely to lead to greatly increased occurrences of business failure, higher levels of unemployment, a greater reliance on self-employment, many more people reliant upon the gig economy and many more in part time jobs that leave them as 'in work poor'. Action is needed now to prepare support for the businesses/people impacted.

## **ISSUE**

Over the past few years business support provision has been targeted (in the main) at fast growth, scale up, globally capable and 'dynamic mid-market' companies, with a particular emphasis on knowledge intensive ventures, but this focus needs to change drastically now and into the medium-term future.

Support is now also desperately needed to help start-up businesses of all types (the attraction of self-employment always increases significantly at times of high unemployment). This will mean that micro and lifestyle businesses will become just as important as those creating more than one job or with future anticipated growth prospects. As well as those first timers attracted or forced into self-employment, many existing small businesses will have closed up the shutters, unable to continue due to the current rigorous restrictions on trade and movement. All will need help to invent, re-invent or re-establish themselves as entrepreneurs.

Without structured support many will fail, wasting what little investment they may have to put into their new business venture. National statistics consistently report under 60% of all start-ups remain in business after 3 years, whilst those helped with business planning, a reality check on their business idea, and access to finance and business basics through a structured programme, can have a better than 80% chance of survival.

Support is also now needed for those traditional businesses which have been largely underserved in recent years in favour of the higher growth forms mentioned above. These historically stable but lower growth businesses (including part time self ventures) form the majority of the firms and the largest employer group – they will need immediate help.

As a result of all the above, the immediate additional challenge is 'recovery', aspirations for growth must be based on 'incremental' improvement plus 'transformation' or 'acceleration'. Success must be measured by additional focus on 'rejuvenation', 'start up' and 'survival'.

## **OPPORTUNITY**

Funding for business support has been tight for years, but resource is needed now so the necessary support can be put in place in time to help those who need it. LEP's and Local Authorities must take a lead in planning support and facilitating delivery.

Lessons from past initiatives should be re-visited and Local Authorities, Enterprise Agencies, LEP's, sector and intermediary representative groups, and the professional services community will all have critical roles to play. Learning from the 2008-12 period will be particularly useful reference points, but today delivery will need to be virtual in most cases, to keep costs down and fit the now essential regime of remote provision. Development of an appropriate mix of support (telephone, e-mail, video, face to face, 1-1 and 1-many when allowed again), will need to be part of a blended solution, to meet participants varying needs.

### **KEY ACTIONS**

SEP, LIS, Growth Hub and other economic development strategies and activities will need to be revisited, updated and adapted to meet the new economic landscape, address the needs of the businesses/sectors/clusters requiring most support, and to plan delivery of appropriate services.

Time is short as support is required now and demand will rapidly increase in the weeks ahead – immediate action is required to start planning for delivery. Difficult decisions will need to be made, particularly how to continue to focus on (previously assumed) high growth sectors with potential to create high value jobs, while also focusing on those with greatest need and the opportunity to create **any** jobs and **any** incremental improvements, limiting the burden on the public purse in the longer term. Funding may have to be diverted from intended usage and concerted, collaborative pressure placed on funders to allow flexibility of use (for example remaining European budgets and the Shared Prosperity Fund).

### **DEYTON BELL**

Deyton Bell specialise in economic development and business support issues and have provided associated services to over 40 different LEPs and Local Authorities in recent years. We are already supporting every LEP across the East Midlands and East of England on various Covid-19 and economic development issues. We believe there is going to be a huge need, and great demand for, post-Covid economic development and business support, and we would urge all involved to prepare the way for this asap to avoid delays.

### **NEXT STEPS**

**To discuss any aspect, please contact our Chief Economist and Director, Neil Darwin, via: [neildarwin@deytonbell.com](mailto:neildarwin@deytonbell.com) or on 07860 - 663234.**

Alternatively, you can of course also contact any of our other Directors as follows:

Steve McAteer	<a href="mailto:stevemcateer@deytonbell.com">stevemcateer@deytonbell.com</a>	07747 - 468733
Pat Smith	<a href="mailto:patsmith@deytonbell.com">patsmith@deytonbell.com</a>	07990 - 587597
Chris Parkhouse	<a href="mailto:chriskparkhouse@deytonbell.com">chriskparkhouse@deytonbell.com</a>	07730 - 718218