

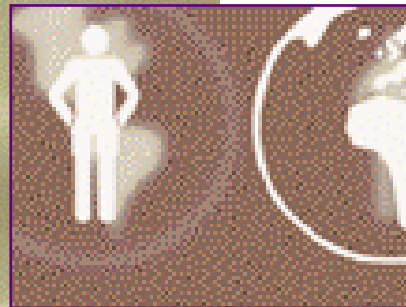
creating a clearer picture
of the leicestershire economy

Leicester & Leicestershire **business survey** summer 2002



contents

summer 2002



foreword	2
key issues	3
general business conditions	4
sales and profits	5
export activity	6
business finance and investment	7/8
main business concerns	8
price pressures and labour costs	9
the workforce	10
recruitment	11
skills shortages	12
spotlight on: management	13
training and investment	14
e-commerce	15
use of e-technology	16/17
spotlight on: advice and guidance	17
methodological notes	18

foreword



Business optimism is a powerful thing. It's a measure of managers' confidence in their own abilities and their perception of the world outside - two success factors inextricably linked. This survey shows optimism in Leicestershire has increased and is now positive. After a winter of doubt and uncertainty, we can cheer, but business optimism is also fragile so we have work to do.

The challenge is to build on this renewed confidence. I believe the role of support agencies is to give managers the tools they need to succeed. At Business Link for Leicestershire, we are delighted that people are seeking information and advice from us in record numbers. Just as important is creating an environment that stimulates enterprise and investment. That is why the real and growing sense of partnership between the agencies and authorities responsible for advancing Leicester and Leicestershire is so important.

Leicestershire's loyal and well-motivated workforce, our central location and our business culture have already attracted major employers such as Next, Samworth Brothers and HSBC, together providing thousands of jobs and adding millions of pounds to the local economy. We have to ensure that the Leicester area remains attractive and that the locations, infrastructure and support are in place so that businesses can locate and expand here.

When I look at some of the fast track start-ups that Business Link has helped to succeed, I see passion, self-belief and focus, attributes perhaps more usually associated with winning athletes, military commanders and great artists. I have no doubt that, given the backing they deserve, such entrepreneurs will join the list of Leicestershire's major employers in the future.

Now that we have optimism, if we get the support and the environment right, we can turn hope - and perhaps even dreams - into reality.

TINA MCEWEN

Chief Executive, Leicester Shire Development Agency

key issues

General business conditions

- Business optimism has increased significantly since Winter 2001/02. Overall, the balance of optimism is now positive at +3%. 23% thought business conditions would improve compared to 20% who thought they would deteriorate over the next six months.
- This increase in optimism applied to both the manufacturing and service sectors, although overall optimism remains negative for manufacturing.
- Pessimism within the textiles sector remains low at -30%, but has improved since Winter 2001/02.

Sales and profits

- The sales and profit outlook figures for firms have improved slightly in the last six months. The balance of businesses reporting an increased turnover has increased to +32% (from +25%), whilst the balance of increased profits has also increased to +25% (from +14%).
- Half the sample (50%) reported an increase in turnover with 18% reporting a decrease.
- Outlook for both sales and profits has also improved. The balance of optimism with regard to future sales is +43%, whilst that for improved profitability is +39%.

Main business concerns

- The main concerns for businesses are still red tape and competition.
- Exchange rates continue to be of concern to exporters.

Export activity

- Export recovery appears to be stable, with a balance of +3% of exporters showing an increase in export sales, compared to +7% six months ago and +4% 12 months ago.
- The outlook for exports is also positive, with a balance of +16% experiencing an increase in their overseas orders over the past six months.

Business finance and investment

- The cashflow position has remained much the same, with a balance of +14% experiencing an improvement in this respect, the same as six months ago. 32% said their cashflow position had improved.

- The balance of firms that have revised their investment plans upward is 23%, much the same as six months ago.
- 45% plan to introduce new ICT in the next 12 months, the service sector (48%) being more likely to than manufacturing (40%).
- The main reason for not investing in ICT was that current facilities were adequate or there had been recent investment (62%). 23% of those not planning to invest said it would be of no benefit and 8% thought it too expensive.

Price pressures and labour costs

- The proportion of businesses that have increased their prices has increased slightly (33%).
- The main price pressures were raw materials and other overheads.
- Wage rates have increased by 3.4% overall, much the same as in Winter 2001/02.

The workforce

- Recruitment levels are relatively unchanged, with 59% recruiting. The percentage of recruiting firms reporting difficulties was 53%, similar to six months ago.
- The greatest area of recruitment difficulty remained skilled manual workers. A higher proportion of firms reported difficulties recruiting clerical and secretarial staff than in Winter 2001/2002.
- 40% of firms agree that skill shortages are having a serious impact on their business, much the same as six months ago.
- 30% had spent more than their usual amount on training in the past six months.

E-commerce

- Web site ownership has remained static at 67%.
- 82% of firms are using at least one form of e-technology in their business, much the same as in Winter 2001/02.
- 14% of companies with access to the Internet said their connection was not adequate.
- One in three thought the Internet was not relevant to their company but 22% thought it quite relevant and 26% very relevant.



optimism

general business conditions

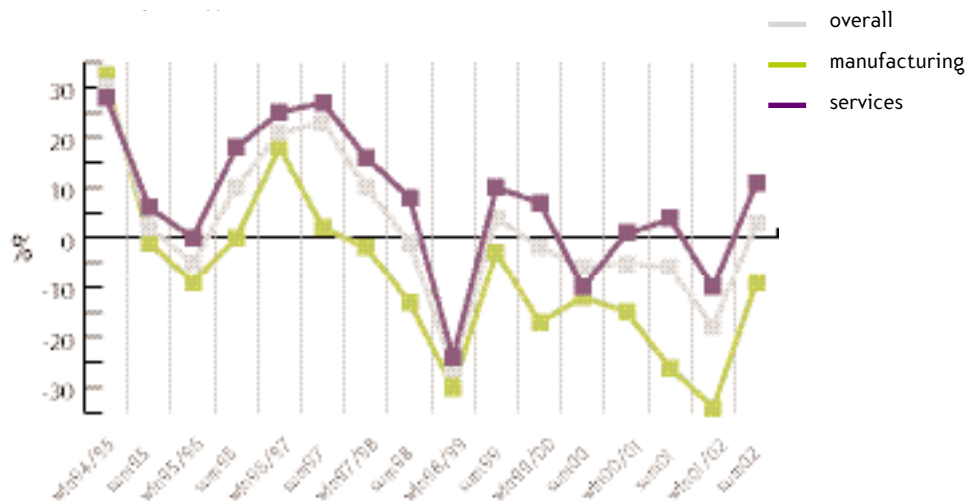
The shadow of September 11th seems to be behind us, businesses now appear markedly more confident over their future, with confidence improving in all sectors since last winter's survey. The sharp upswing in manufacturing is very encouraging, and it is pleasing to note a further small increase in confidence in textiles following the small increase found last winter, although the much lower level of confidence in textiles is still very much a cause for concern.

PROFESSOR MIKE PRESTON
Deputy Leader of Leicestershire County Council

Business optimism

Local business confidence is much higher than it was six months ago. The balance of optimism (*) is +3%, compared with -18% in Winter 2001/02. Overall, 23% of respondents thought that general business conditions would improve, 20% that they would deteriorate but the majority (38%) thought they would not change much.

Service sector organisations are still more confident than manufacturing with the balance of optimism now positive (+11%, increasing from -10% six months ago). Manufacturing optimism has increased sharply from -34% six months ago, but is still negative at -9%.

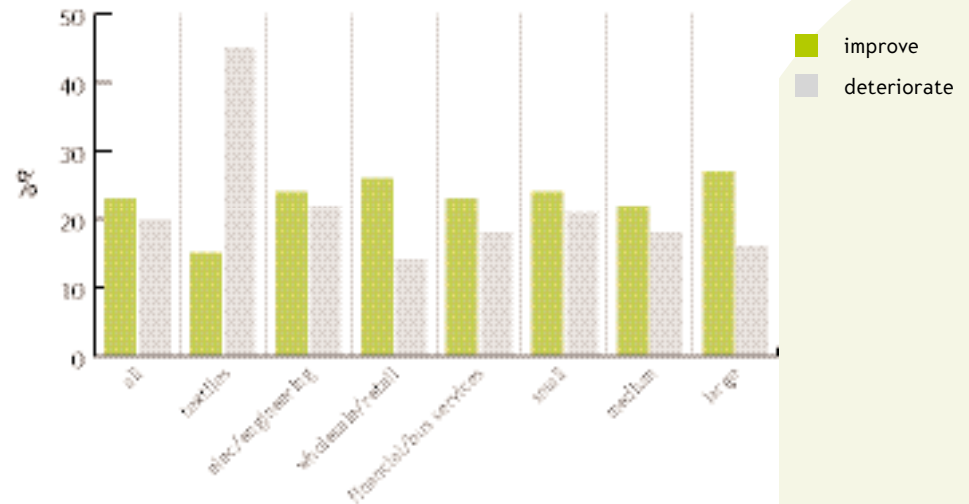


* Throughout this report balance data will be referred to. The balance is calculated by subtracting the percentage of businesses expecting a worse situation from those expecting an improvement.

Optimism is still very low in the manufacturing sub-sector of textiles (-30%), but this has improved from -52% in Winter 2001/02. The balance of optimism in electrical/engineering has increased sharply to +2% from -32% six months ago, with 24% of firms in this sector thinking conditions will improve compared with 22% that think they will get worse.

Of all the service sector industries, financial and business services are slightly less optimistic than others with 23% thinking conditions will improve and 18% that they will get worse. However, this represents a slight improvement from six months ago. In the wholesale/retail sub-sector, 26% thought conditions would improve compared to 14% who thought they would get worse.

Figure 2: % thinking business conditions would improve/deteriorate by size and sector



sales and profits

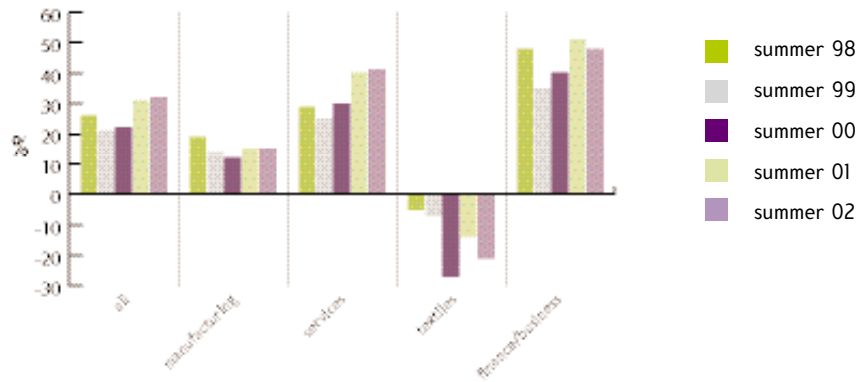
It is encouraging to see positive evidence of at least some improvement in all sectors, even increased order intake by textiles companies. The local economy has been shifting towards services for many years, but there is also good performance in manufacturing, which should be judged on its own merits rather than by comparison to the growing finance/business services sector.

JOHN DAY
President, Leicestershire Chamber of Commerce & Industry

Sales performance

The position with regard to turnover has improved slightly in the last six months. The balance of businesses that report an increased turnover in the last six months is higher than reported in the Winter 2001/02 survey (+32%, compared with +25%). 50% report an increase in sales turnover, whilst 18% report a decrease.

Figure 3: Balance of increase in sales over the last 6 months



The balance of businesses that report an increase in sales turnover in the last six months is higher than reported in the Winter 2001/02 survey (+32%, compared with +25%). 50% report an increase in sales turnover, whilst 18% report a decrease.

Textiles and the engineering/electrical sub-sector had increased profitability, with 45% now reporting an increase in profits.

Order intake

33% of firms reported increased orders, advanced custom and advanced bookings in the last six months, higher than in the previous six months. This is offset by a decrease in a minority of firms (13%), leaving a balance of +20%. This is a more positive picture than was found in Winter 2001/02 when the balance was +10%.

Service sector organisations are more likely to have performed positively in this respect than manufacturing firms (+22%, compared with +17%) but the manufacturing sector has improved from -4% six months ago.

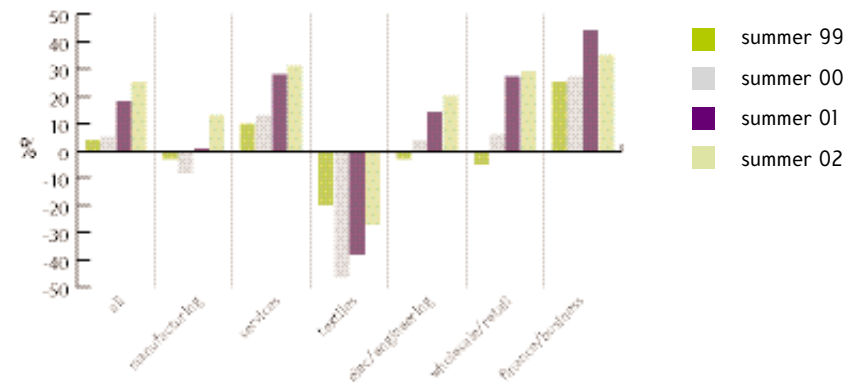
Financial and business services (+30%) are more likely than average to have enjoyed increases in order intakes in the last six months. Both textiles and the engineering/electrical sector reported much more positive advanced orders than in the Winter 2001/02 survey.

Profit performance

The balance of businesses that report increased profits in the last six months is higher than reported in the Winter 2001/02 (+25%, compared with +14%).

The best performing industry sector in terms of profits continues to be the financial and business services, with 50% reporting an increase and only 16% reporting a decrease. There was an increase in the proportion of manufacturing companies reporting an increase in profit, from 33% in Winter 2001/2002 to 41% in Summer 2002. The engineering/electrical sub-sector had increased profitability, with 45% now reporting an increase in profits.

Figure 4: Balance of increase in profits over the last 12 months



The outlook for sales is more positive for the next six months than it was at the time of the Winter 2001/02 survey (a balance of +43%, compared with +31%) but this is similar to 12 months ago. This increase in optimism applies to all sectors and sizes with the exception of textiles, where the opinion is unchanged.

Outlook

The outlook for profits is also more positive for the next six months than it was at the time of the Winter 2001/02 survey (a balance of +39%, compared with +30%) and is close to that of twelve months ago.



export activity

At the Chamber we have been handling increasing volumes of export documentation, i.e. hard evidence of growth in activity. This survey highlights the emergence of services as an export growth area, due in part to some of our manufacturers transforming into service providers rather than disappearing in the face of globalisation of supply chains. This is an encouraging indication of the Leicestershire economy's ability to adapt and grow.

MARTIN TRAYNOR
Chief Executive, Leicestershire Chamber of Commerce & Industry

Export performance

Just under a quarter of firms surveyed (24%) export products or services, slightly fewer than six months ago. The proportion of manufacturers exporting has declined from 55% to 44%, but the proportion of service sector organisations which export has remained constant at 13%. The decline in manufacturing exporters is accounted for by a decline in the proportion of the textile sub-sector which exported.

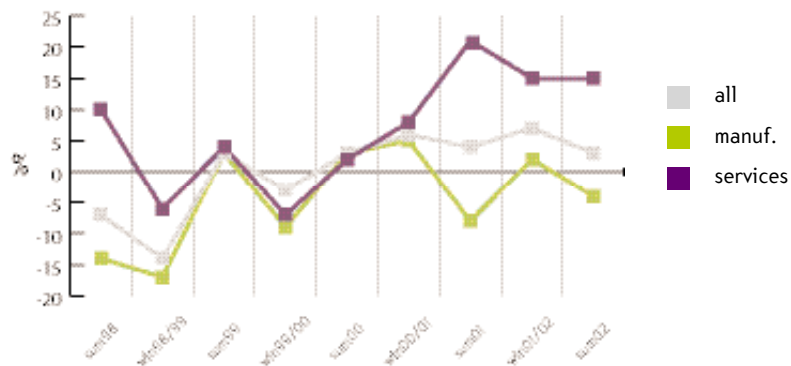
Table 1: % of products or services exported

	None	4% or less	5-9%	10-24%	25-49%	50% or more
Manufacturing	57	5	6	10	9	13
Services	87	2	3	3	2	3

Over the last six months, 29% of exporters have increased their overseas sales, whilst slightly fewer have seen a decrease (26%).

Export growth has decreased slightly with a balance of +3% compared to +7% six months ago but is much the same as 12 months ago. Over the past two years export sales have remained fairly flat, although it should be noted that the percentage of exporting firms has decreased slightly.

Figure 5: Balance of change in export sales over the past 6 months



Since Winter 2001/02 export growth in manufacturing export sales has declined slightly to -4% from +2% but in the services sector it has remained constant at 15%.

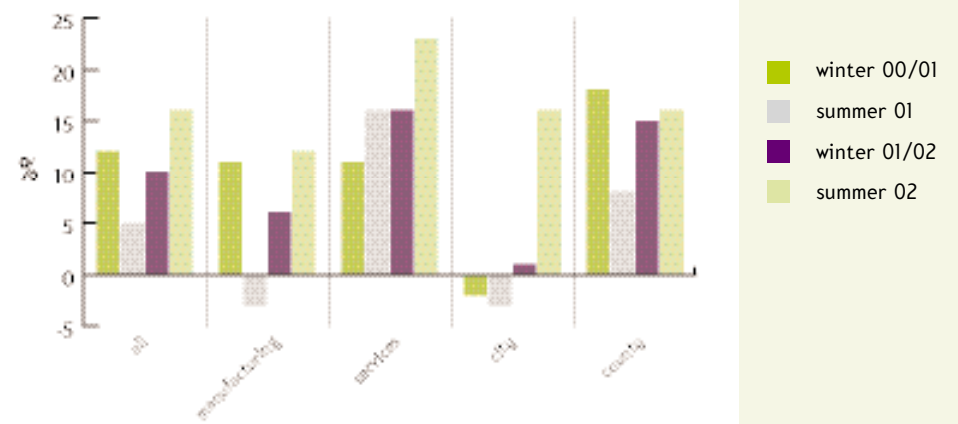
Within manufacturing, the situation of textiles businesses has changed sharply with an overseas sales balance of -21% compared a positive balance of +11% six months ago. However, the balance for the engineering/electrical sector has improved to -2% from -9% six months ago.

Export outlook

The outlook for exports is more encouraging, although the proportion of exporters has declined. The balance is +16%, an improvement compared with Winter 2001/02 (+10%).

Manufacturing shows a positive balance of +12%, and has improved from +6% six months ago. The advanced orders for the textile sub-sector shows a positive balance of +21% and the engineering/electrical sub-sector +10%

Figure 6: Balance of change in advanced export orders



Creativity, innovation and meeting customer and stakeholder needs remain high on the agenda of all organisations in their business development plans. Finance providers and the business community as a whole are working closer than ever before to satisfy the needs of the SME market. Collaboration and partnership in the business development service sector to present a holistic approach to meeting the needs of the SME community will have a positive impact on our future economic prosperity and stability.

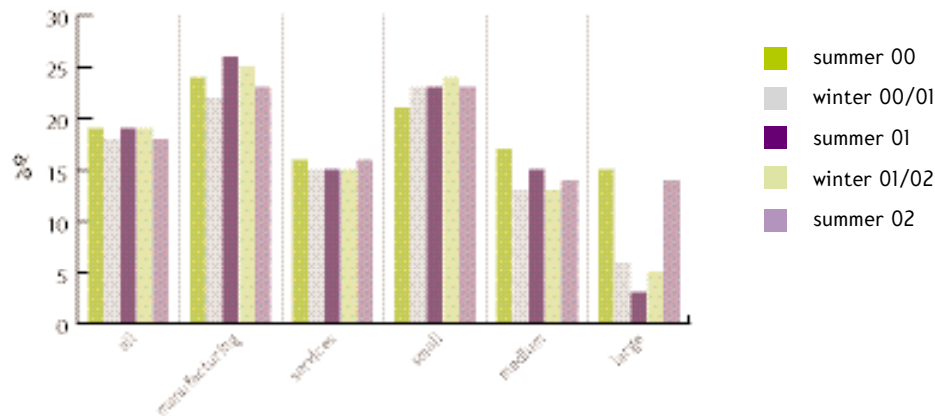
NEIL FARISH

Joint Marketing Manager, Business Link for Leicestershire

Capacity

Since the Summer 2000 survey, the proportion of organisations working at less than 70% of capacity has shown little change. It is now 18%, the same as six months ago. The proportion of firms working at nearly full capacity is now 42% compared to 35% twelve months ago.

Figure 7: % of firms currently working at less than 70% capacity

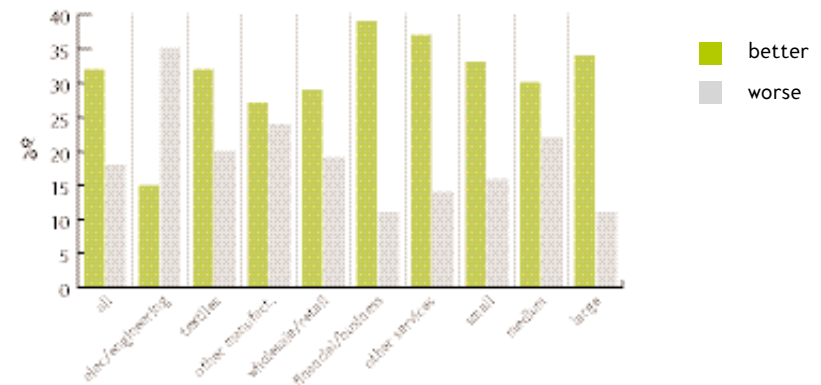


Manufacturing firms (25%) are more likely to be working at less than 70% capacity, particularly firms in the manufacturing sub-sector of textiles (32%), but this has decreased in the last six months from +38%.

Cashflow

The cashflow position has remained much the same overall, with almost a third (32%) saying that cashflow has improved and only a minority (18%) saying it has worsened. The balance is +14%, which has remained much the same for the past twelve months. However, the balance for manufacturing companies has declined (0% compared with +11% in Winter 2001/02). Service sector organisations show an increase to a balance of +20%, compared with +15% six months ago. Textiles firms have faced a declining cashflow situation in the last six months with the balance now at -20% compared with -2% six months ago.

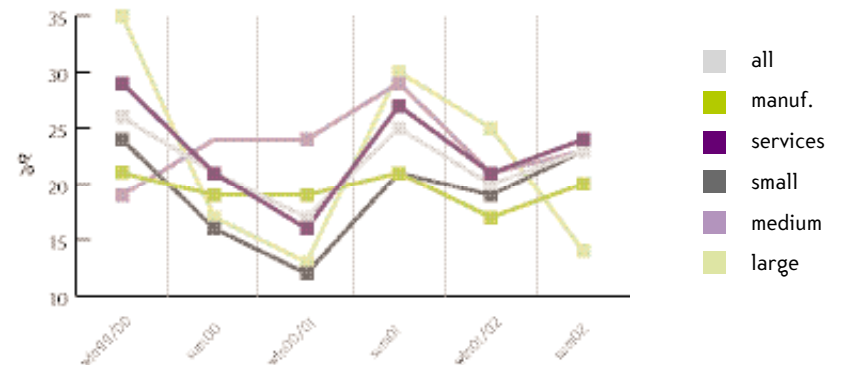
Figure 8: % with cashflow better/worse than six months ago



Spotlight on investment

Positive balances, in terms of investment plans being revised upwards, are evident in most industry sectors and manufacturing sub-sectors with a quarter of all companies (28%) saying they had revised their investment plans upwards. The balance of investment is now +23%, similar to Winter 2001/02 (+20%). There is little difference between sectors apart from textiles with a negative balance of -2%.

Figure 9: Balance of change in investment plans over the past 6 months



business finance and investment main business concerns

The downturn in the global economy will obviously be a major concern to Leicestershire businesses, however, the Leicestershire business community remains committed to guiding business through this uncertain time.

TINA MCEWAN

Chief Executive, Leicester Shire Development Agency

Investment in new ICT

Almost half of companies (45%) plan to introduce new ICT in the next 12 months. Manufacturing companies (40%) are less likely to be investing than the service sector (48%). Large firms are more likely to be investing than small ones, with the greatest investment planned by companies with 51-199 staff (63%).

Table 2: % planning to invest in new ICT in the next 12 months

	All	Manuf.	Services	Small (1-19)	Medium (20-199)	Large (200+)
Yes	45%	40%	48%	37%	53%	55%

Many of those not planning to invest in the next 12 months said that their current ICT facilities were adequate or that they had recently invested (62%). 23% said that there would be no benefits to their business and 8% said it would be too expensive.

Main concerns

Respondents were asked to rate their concern about a number of external factors on a scale of 1 to 5, where 1 is of no concern at all and 5 is of very great concern. Results are presented as mean scores.

Reflecting the findings of previous surveys, red tape and competition are of most concern to local businesses. Concern about red tape has fallen slightly but this was due to a fall in concern amongst the larger companies (200+ staff).

Table 3: Business concerns mean score ranked by order of importance

Action	All Summer 02	Winter 01/02	Manuf.	Services	Small	Medium	Large
Competition	3.4	3.5	3.6	3.2	3.2	3.5	3.7
Red Tape	3.3	3.6	3.5	3.3	3.2	3.5	3.2
Business Rates	3.1	3.2	3.5	3.0	3.1	3.3	2.9
Inflation	2.9	3.0	3.0	2.9	2.9	3.0	2.8
Interest Rates	2.9	3.0	3.1	2.8	2.8	3.1	2.8
The 2002 Budget	2.9		3.2	2.8	2.7	3.1	3.2
Corporation Tax	2.5	2.7	2.8	2.3	2.3	2.8	2.6
Exchange Rates	2.2	2.4	2.8	2.0	2.1	2.4	2.7
Data Protection	2.1		2.2	2.1	2.0	2.2	2.2

Manufacturing firms are slightly more concerned about all these factors than service sector organisations.

Exchange rates continued to be of concern to exporters (3.4).

A mean score greater than 3 represents concern, with a mean score closer to 5 indicating more concern. A mean score of 2 or less shows that the factor is not a concern.

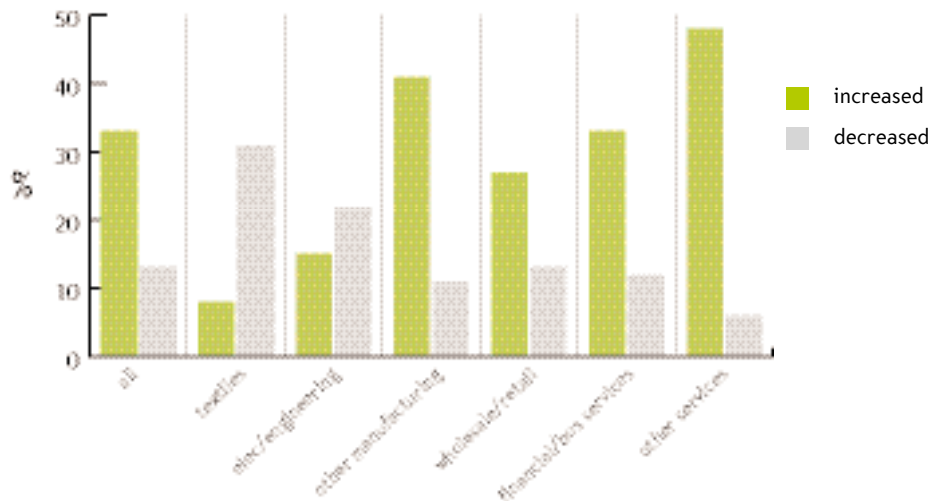


price pressures and labour costs

Prices

Half the businesses (52%) reported no change in prices. One in three said they had increased their prices during the last six months (33%), whilst 13% said their prices had decreased.

Figure 10: Businesses reporting increased and decreased prices by sector



In both the textiles and elec/engineering sub-sectors more firms had decreased their prices than had increased them. The opposite is the case for other manufacturing and the service sector.

There was little variation with size of company, 32% of those with less than 20 employees had increased their prices compared with 34% of those with 20-199 employees and 27% of those with 200+ employees.

Price pressures have a real bearing on business' ability to remain competitive, similarly it is vital to ensure that the labour force receive fair pay for a fair day's work. Policies need to be introduced and put in place that rather than conflict with; contribute to both these agendas.

DAXA PANCHOLI

Head of Economic Development, Leicester City Council

Table 4: Proportions by which prices have changed

	Price increase				No change	Price decrease			
%	>10	6-10	3-5	<3	0	<3	3-5	6-10	>10
% of businesses	2	3	17	6	52	1	4	1	2

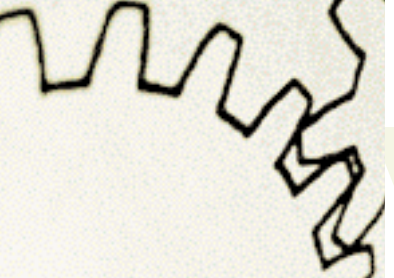
65% of firms predict no change in prices in the next 6 months. A minority (6%) anticipate that prices will decrease. More service sector companies (28%) think that their prices will increase than manufacturers (16%).

Of the factors mentioned to respondents, the main price pressures were raw material prices (22%) and other overheads (29%). 19% mentioned pay settlements and 11% mentioned finance costs.

Labour costs

Locally, 69% of firms report increases in wage rates over the past 12 months, whilst only 2% report decreases, much the same as in Winter 2001/02.

Overall (including firms whose wage rates have not changed), wage rates have increased by 3.4%, much the same as the national headline rate figure for average earnings growth in April 2002. This ranges from 3.4% in Leicester City and 3.7% within service sector organisations, compared with 3.4% in the County and 2.7% in manufacturing businesses.



the workforce

The workforce of the City and the County is the most important factor in ensuring that the region is equipped to meet the challenges it faces. All factors which contribute to a region's competitiveness can be replicated, but the workforce can play a part in creating a competitive advantage and a driving edge.

COUNCILLOR KAVIA

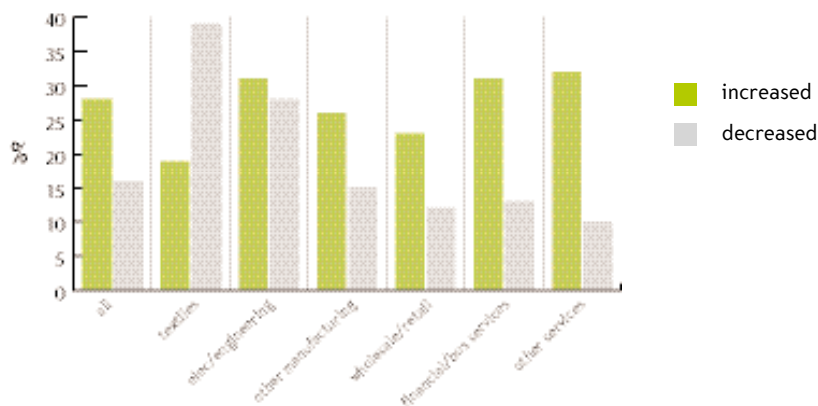
Cabinet Lead, Strategic Planning and Regeneration, Leicester City Council

At the time of the survey, the local unemployment rate* was 3.1%, similar to both the regional rate (3.0%) and the national rate (3.2%). This represents a slight decrease on the previous year in the LSC area**. The rate for the County area has remained relatively static over the year at 2.1% but the rate for Leicester City has declined to 4.7%.

Workforce growth

56% of firms reported no change in their workforce over the past six months, much the same as in the Winter 2001/02 survey (53%). This ranged from 49% of the manufacturing sector to 60% of the service sector. Overall, 25% of manufacturers said their workforce had declined compared with 12% of the service sector. 39% of textile companies had decreased in size.

Figure 11: % of firms reporting increased and decreased workforce over the past six months



Smaller companies were less likely to have increased in size (23% of those with less than 20 staff compared with 32% of those with 20-199 staff and 34% of those with 200+ employees).

The outlook for the next 6 months is still fairly optimistic. Over a quarter of firms surveyed (27%) expect the size of their workforce to increase during this time.

*Workforce-based unemployment rates based on the Claimant Count, May 2002

**LSC area comprises the areas of Leicestershire County and Leicester City only

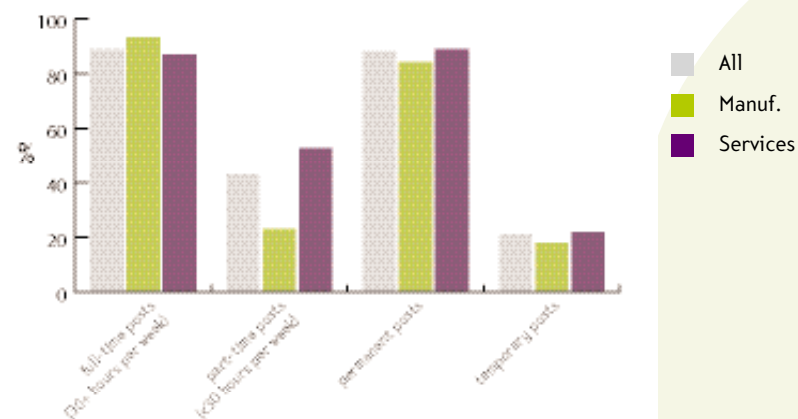
Recruitment

More than half the firms surveyed (59%) have recruited staff in the last 6 months, at 60% of manufacturing companies and 59% of service sector firms. Compared with six months ago, more manufacturers have recruited staff whereas the situation for the service sector was unchanged. The percentage recruiting in the past six months increases from 37% of firms with fewer than 20 staff to 80% of those with 20-199 staff and 93% of those with 200+ employees.

Of those that had recruited, 89% recruited full-time employees, whilst approximately 43% employed part-time employees. In line with previous findings, manufacturing firms are much less likely to have taken on part-time employees (23%, compared with 53% of service sector firms).

The majority of those companies recruiting (88%) have taken on permanent employees, whilst only a fifth (21%) have taken on temporary staff.

Figure 12: Types of post recruited in the past six months, % of recruiting firms





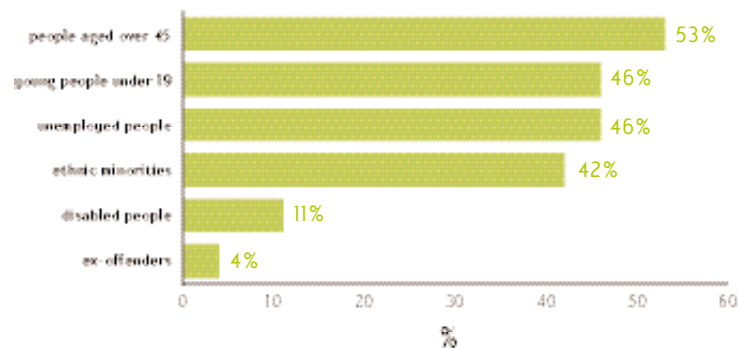
recruitment

Recruitment of key groups

Between 42% and 53% of recruiting companies had recruited staff aged over 45, young people aged under 19, ethnic minorities and unemployed people (figure 13). Relatively few firms said they had employed disabled people (11%) or ex-offenders (4%).

Service sector companies were slightly more likely than manufacturers to have recruited unemployed people or young people aged under 19. Small recruiting companies (under 20 staff) were the least likely to have recruited any of these categories of staff and large companies (200+) the most.

Figure 13: % of recruiting firms who recruited staff in these categories



Companies that had recruited staff in the past six months but had not recruited under 19's were asked why this was. The main reason was that they had no applicants (37%). 27% said young people lacked the necessary experience, 14% that they lacked the necessary qualifications (some companies only employ graduates) and 6% said that this was due to legislation restricting young people working in that occupation or the prohibitive cost of insurance for under 19s.

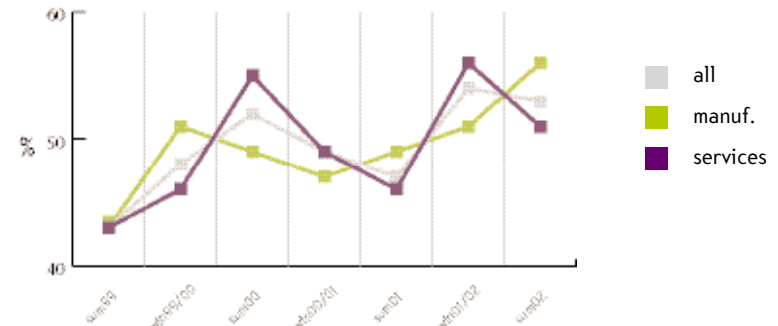
Recruitment problems and skill shortages

Just over half of recruiting firms (53%) have experienced difficulties, much the same as six months ago (54%). In general, manufacturing sector firms reported more problems (56%) than the service sector (51%), the reverse of the situation in the Winter 2001/02 survey. 61% of recruiting textile companies reported difficulties.

We are pleased to see that employers are recruiting mature workers. It must be acknowledged that unless employers re-engage older people into work then their skills needs will not be met. We need to continue to encourage employers to develop age-diverse policies and to prepare for new legislation on Age Discrimination, which comes into being in 2006.

CHRISTINE HIBBARD
County Co-ordinator, Experience Works

Figure



Are

Overall, firms have had the greatest difficulty recruiting craft occupations (skilled manual workers) in the past 6 months (25% of those experiencing recruitment difficulties), similar to Winter 2001/02. There has been an increase in the number of firms reporting difficulties with clerical & secretarial occupations (22%, an increase from 14%). Personal and protective service occupations have also proved difficult to recruit (19%), particularly for jobs with unsocial hours such as care workers and bar staff. Manufacturing firms experienced two areas of difficulty (skilled manual 50%; plant and machine operatives 22%) whereas problem occupations were more widespread in the service sector.

Table 5: % of businesses reporting recruitment difficulties by occupation (multiple responses possible)

	All Sum 02	Win 01/02	1-19	20-199	200+	Manuf.	Services
Craft & related	25	25	23	24	38	50	11
Clerical & secretarial	22	14	25	22	21	15	26
Personal & protective services	19	19	18	20	13	0	29
Plant & machine operatives	16	19	14	14	33	22	13
Associate technical & professional	15	13	9	18	8	7	19
Sales	10	12	12	9	8	6	12
Other low skilled	9	14	9	9	13	5	13
Managers & administrators	5	6	0	5	13	6	4
Professional	5	6	2	5	13	7	3

Note: Percentages refer to recruiting firms

skills shortages

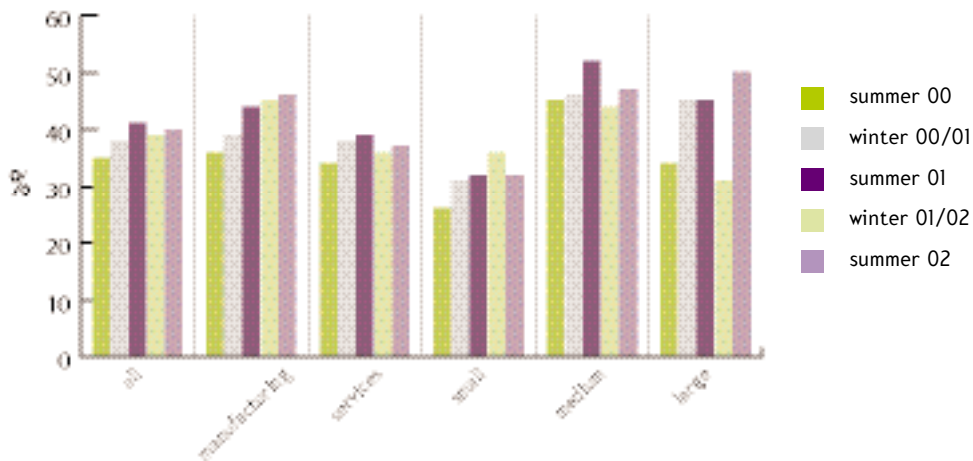
Skills shortages are a problem at the local, regional and national levels. Locally, we are working with our partners to encourage employers to invest in their people and develop their skills. We must also ensure that our local learning and training provision better meets the needs of Leicestershire businesses.

CAROLINE BOUCHER

Senior Manager, Strategy & Research, Leicestershire Learning and Skills Council

The position on skills shortages has changed little in the last six months. Overall, 40% of firms surveyed agreed that skills shortages were having a serious impact on their business, much the same as six months ago (39%).

Figure 15: % of firms agreeing that skills shortages are having a serious impact on their business



skills shortage - basic skills

4% of firms said that shortages in basic skills amongst their workforce were very serious and 10% fairly serious, slightly higher than six months ago. 64% said this was not a problem at all and 12% said it was not very serious.

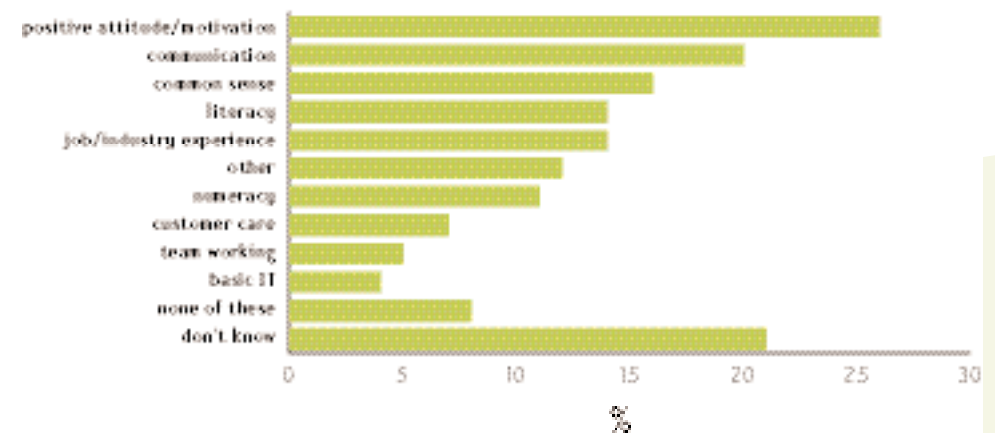
Table 6: Lack of basic skills in the workforce; extent to which it is a problem

	All Summer 02	Winter 01/02	Manuf.	Services	Small (1-19)	Medium (20-199)	Large (200+)
Is a problem	14%	10%	13%	14%	12%	15%	20%
Not a problem	75%	81%	80%	73%	70%	82%	80%
Not sure, not applicable	11%	8%	7%	13%	18%	3%	-

Skills and young people

The main skill thought to be lacking in young people aged under 24 was a positive attitude or motivation (26% thought this to be lacking). 20% of firms thought young people lacked communication skills and 16% common sense. A total of 8% said young people lacked none of these, with 21% saying they did not know.

Figure 16: Skills lacking in young people aged under 24



Managers in most SMEs are often so busy they have little time to look up and capitalise on the available opportunities to grow their Business i.e. they spend their time working in the Business rather than on the Business. The great danger is that by the time they do look up it may be too late, the competition may have looked up first. To avoid this inevitable consequence

managers need to create quality thinking time and to do this they need to review what it is they are currently doing. Quite often they will be doing things that other people in the Business could or should do with the right encouragement. Managers should take their own development very seriously; many people's jobs could depend on their ability to manage the Business and the people in it effectively.

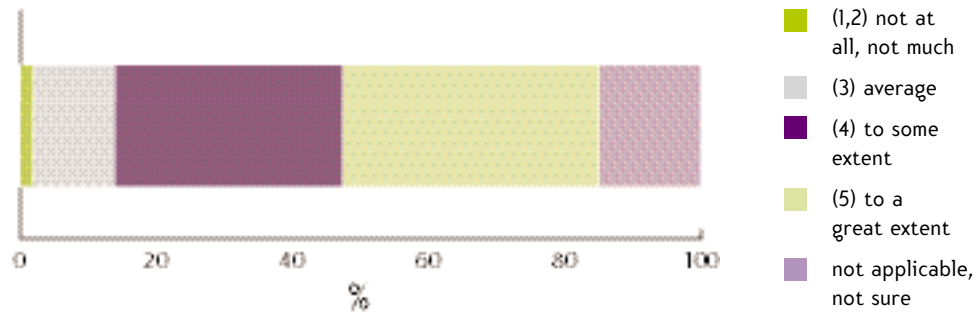
BOB HARROP

Senior Workforce Development Manager, Business Link for Leicestershire

spotlight on: management

The majority of firms believe that their management team has the skills necessary to manage effectively. When asked to rate this on a scale of 1 to 5 where 1 was 'not at all' and 5 was 'to a great extent', 34% of firms rated their management skills as 4 ('to some extent') and 38% as 5 ('to a great extent'). 13%, mainly small companies, said this was not applicable to them. There was little difference by the size or sector of the firms.

Figure 17: The extent to which the management team has the skills to manage effectively.



Between 10% and 20% of companies said they lacked one or more management skill, with strategic thinking (20%), communication (16%) and delegation (16%) being the most significant. Team building and negotiation were of more concern to manufacturers.

Table 7: Management skills lacking

	All	Manuf.	Services	Small (< 20)	Medium (20-199)	Large (200+)
Strategic thinking	20%	20%	21%	13%	28%	27%
Communication	16%	19%	15%	8%	24%	27%
Delegation	16%	18%	15%	12%	21%	18%
Budget management	14%	13%	15%	12%	16%	23%
Team building	14%	17%	12%	9%	19%	23%
Presentation	13%	16%	12%	10%	17%	14%
Project management	13%	16%	12%	8%	18%	23%
Negotiation	12%	17%	9%	6%	18%	18%
Planning	12%	13%	12%	9%	16%	11%
Leadership	11%	13%	9%	7%	15%	9%
Problem solving	11%	13%	10%	7%	15%	11%

training and investment

It is disappointing to see that awareness of the Modern Apprenticeship programme is so low. The Learning and Skills Council is committed to building relationships with employers and we are embarking on a major campaign to raise awareness of Modern Apprenticeships to employers.

ANJI NASH

Product Manager, Leicestershire Learning and Skills Council

Expenditure on training

Overall, 30% of firms surveyed said they had spent more than their usual amount on training in the past six months, whilst only 3% had spent less. Two-fifths (39%) had spent their usual amount, whilst 27% said they had spent nothing. This is little changed since Winter 2001/02 when increased spending was reported by 28% of firms. Larger firms (51% of those with 50 or more staff) were more likely to have increased their spend on training. 57% of companies with fewer than ten staff spent nothing on training. Only 13% of textile companies reported increased training expenditure, with 48% spending nothing.

Modern Apprenticeship scheme

29% of firms had some understanding of the Modern Apprenticeship programme, with a further 29% saying they had heard of it. Awareness was similar for the manufacturing and service sectors but larger companies were more likely to say they understood the programme.

12% of firms said they had at some point recruited a Modern Apprentice, ranging from 6% of small firms to 25% of large firms. The proportion was the same for manufacturers and service sector companies.

Table 8: Modern Apprenticeship scheme

	All	Manuf.	Services	Small (< 20)	Medium (20-199)	Large (200+)
Understand what it is	29%	27%	29%	23%	33%	50%
Heard of it	29%	33%	27%	29%	30%	30%
Had taken on a Modern Apprentice	12%	12%	12%	6%	17%	25%

Information on training provision

40% of companies said they had tried to find out information about training provision in the last 12 months, ranging from 29% of those with fewer than ten staff to 40% of those with 10-19 staff and 47% of those with 20 or more staff. Service sector firms (42%) were more likely to have found out information than manufacturing (35%). The textile sector (23%) was the least likely and finance/business services (46%) the most.

The main sources of information were training providers and consultants, universities and colleges, and trade based organisations. 11% had contacted Business Link, 6% 'Investors in People' and 5% the Learning and Skills Council.

Table 9: Sources of information on training (those asking for information)

	All	Manuf.	Services	Small	Medium	Large
Training providers, training						
Companies, consultants	26%	23%	27%	23%	27%	33%
Colleges / universities	23%	26%	22%	21%	26%	14%
Trade organisation, NTO	17%	20%	16%	15%	16%	33%
Other	12%	11%	13%	15%	12%	-
Business Link	11%	19%	8%	17%	8%	-
In House	6%	4%	7%	2%	8%	14%
Investors in People	6%	4%	6%	5%	7%	5%
Council	5%	-	8%	9%	3%	-
LSC (TEC)	5%	4%	5%	2%	7%	5%
Chamber of Commerce	5%	4%	5%	5%	5%	-
Internet	4%	-	6%	6%	3%	-
Job Centre	2%	3%	1%	3%	1%	-
learnirect	2%	2%	1%	2%	1%	-
Don't know	4%	5%	3%	1%	4%	19%

Almost half the firms (48%) that had tried to find information on training provision thought they were well informed about the learning and training provision locally, but 29% were not well informed. Smaller companies were less well informed than larger ones.

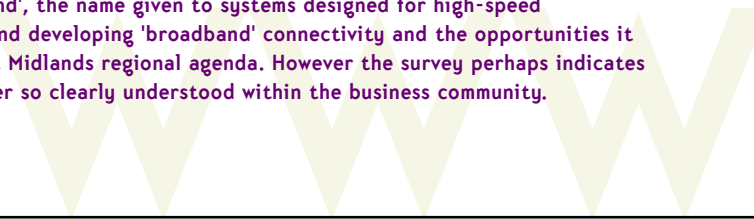
Two in three of those companies (66%) who thought they were well informed about local provision said they were satisfied with the local training provision for their workforce and 17% were not. The opinion of manufacturers and service sector companies was similar.



e-commerce

Leicestershire businesses clearly recognise the importance of the Internet, almost 80% of firms provide access for some, if not all employees. Smaller firms tend to have the highest proportion of employees without any access at all. Introducing new technologies such as 'broadband', the name given to systems designed for high-speed transmission of huge amounts of electronic data, and developing 'broadband' connectivity and the opportunities it can offer to all are now very much part of the East Midlands regional agenda. However the survey perhaps indicates that these new developments are not yet altogether so clearly understood within the business community.

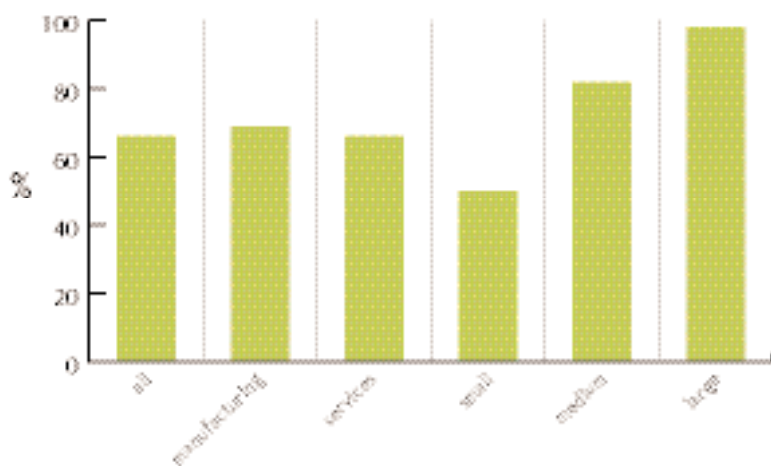
PROFESSOR MIKE PRESTON
Deputy Leader of Leicestershire County Council.



Current web site ownership

The proportion of firms that own a web site has remained static at 67%, ranging from 57% of small companies to 95% of large companies.

Figure 18: % of businesses with a web site

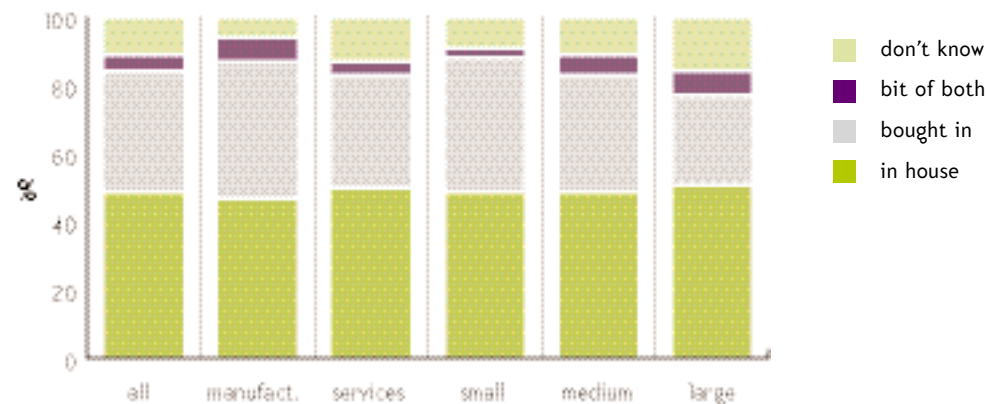


By sector, web site ownership is slightly more widespread in the manufacturing sector (69%, compared with 65% of service sector firms). Web site ownership is lower than average in the textile sector (50%).

The use of web sites as merely a 'poster-site', where pages are not interactive, is less common than the provision of interactive images (33% of firms with a web site have static pages, 38% have interactive pages and 19% have both). The proportion with interactive pages has increased. Service sector organisations are slightly more likely to use interactive pages on their web site than manufacturing firms.

Half of those companies with a web site said this was designed in-house, with 35% saying it was bought in and 5% saying it was 'a bit of both'.

Figure 19: Design of web site



Use of e-technology

Use of Internet

The majority of companies (78%) said some or all of their employees had access to the Internet. Use was greatest in the financial/business sector where over a half of companies (54%) said all or almost all of their employees had access. Use of the Internet was lowest in the textile sub-sector.

Table 10: % of employees who have access to the Internet

	All	Manuf.	Services	Small	Medium	Large
None/not connected	22%	15%	25%	31%	11%	2%
Less than 25%	39%	55%	30%	22%	55%	65%
25-49%	7%	10%	6%	5%	9%	12%
50-74%	6%	5%	6%	5%	6%	9%
75-99%	3%	2%	4%	4%	3%	5%
All or almost all	24%	13%	29%	34%	14%	9%
Don't know	1%	1%	0%	0%	1%	-

Connection to Internet

The majority of companies with access to the Internet (84%) found their connection adequate but 14% did not. The highest level of dissatisfaction was in the financial/business sub-sector (18%). 95% of companies using broadband found the connection adequate.

There was limited understanding of broadband, and respondents were not all aware of the type of connection they had.

Respondents were asked if specified forms of e-technology were being used in their businesses (table 11). E-mail is the most frequently used (78%), followed by use of the Internet for information gathering (70%). 45% use it for market research and 43% for downloading software.

Use of all forms of e-technology increases with organisation size.

Table 11: Uses of e-technology by sector and by size

E-technology	All Summ 02	Win 01/02	Manuf.	Services	Small	Medium	Large
On-line ordering/ buying of supplies	33%	33%	32%	33%	27%	35%	66%
On-line selling of goods/ services	30%	31%	32%	30%	23%	38%	39%
On-line recruitment	10%	9%	7%	11%	5%	14%	20%
Management of employee benefits	10%	8%	11%	10%	6%	12%	32%
E-mail	78%	78%	84%	75%	65%	91%	95%
Use of the Internet for information gathering	70%	71%	78%	66%	61%	79%	84%
Market research	45%	44%	50%	43%	36%	54%	64%
E-learning for managers	16%	13%	13%	18%	12%	19%	34%
E-learning other staff	14%	10%	11%	16%	10%	17%	34%
Customer relationship management	19%	16%	17%	20%	14%	24%	25%
Supply chain management	16%	14%	22%	14%	9%	21%	48%
Knowledge management	23%	17%	21%	23%	17%	28%	32%
Identifying potential suppliers	38%		46%	33%	31%	43%	52%
Download software	43%		49%	40%	36%	50%	59%
ICT support	31%		31%	31%	22%	39%	48%
Entertainment	18%		17%	18%	17%	18%	25%
None of the above	18%	19%	13%	21%	29%	7%	-

e-technology (cont.)

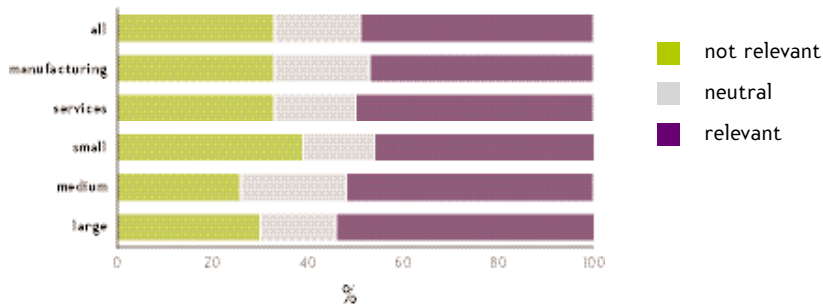
spotlight on: advice & guidance

Ability to capitalise on the Internet

One in three companies (33%) felt that the Internet was not relevant to expanding or sustaining their business but 22% thought it quite relevant and 26% very relevant.

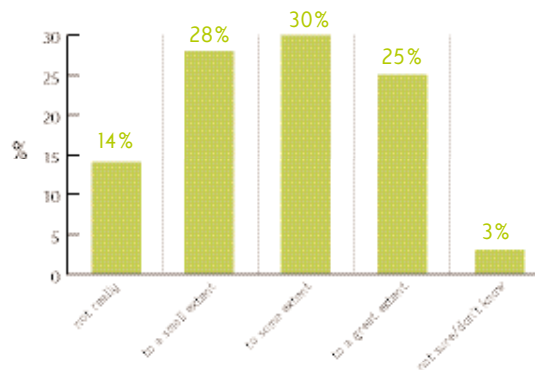
Companies with fewer than ten staff were less likely to think the Internet was relevant to them. The financial/business sub-sector was the most likely to think it relevant and textiles the least.

Figure 20: Relevance of Internet to expanding or sustaining business



14% of firms do not have the ability to capitalise on the Internet. Although 25% of those firms that thought the Internet relevant to them said they could capitalise on this to a great extent and 30% to some extent, 14% thought they would not be able to capitalise on this. There was little variation between sectors but small firms (under 10 staff) were less able than larger companies.

Figure 21: Ability to capitalise on the use of the Internet for developing or sustaining business (those thinking relevant only)



Advice on ICT

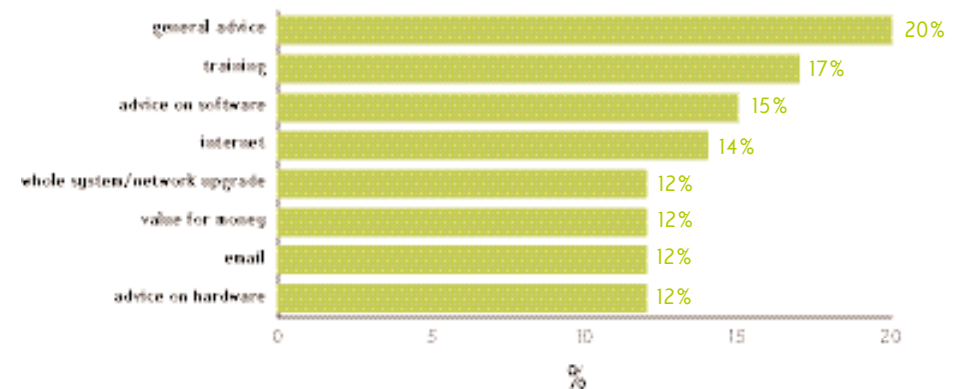
Three in four companies (74%) knew where to go for advice on the use of ICT, ranging from 57% of firms with fewer than ten staff to 93% of large companies. The textile and wholesale/retail sectors were less likely than others to know where to go.

One in three companies said they would like some help or advice with helping them to use new technology more effectively in their business.

Table 12: Interest in help or advice about the use of new technology

	All	Manuf.	Services	Small	Medium	Large
Yes	33%	33%	33%	37%	32%	9%

Figure 22: Type of advice about the use of new technology wanted



methodological notes

notes

Methodological notes

The Leicester & Leicestershire Business Survey is conducted twice a year and is produced through a partnership involving Leicester City Council, Leicestershire County Council, Leicestershire Chamber of Commerce and Industry, Leicestershire Learning and Skills Council and the Leicester Shire Development Agency.

The survey

A telephone survey of 759 businesses within Leicester and Leicestershire was undertaken during May/June 2002. The sample was drawn from the Leicestershire, Leicester and Rutland Business Database (data4business) and aims to reflect as accurately as possible the mix of businesses found in the survey area. Rutland businesses were not included in this survey.

The following table shows the survey sample broken down into business sector and size band.

	City	%	County	%	Total	%
Business Sector						
Manufacturing	102	35%	155	33%	257	34%
Services	189	65%	313	67%	502	66%
Business Size						
1-9 employees	90	32%	155	33%	245	32%
10-19 employees	54	19%	89	19%	143	19%
22-50 employees	77	25%	119	25%	196	26%
51-199 employees	52	17%	79	17%	131	17%
200+ employees	18	6%	26	6%	44	6%

An electronic version of the survey report is available on the Leicestershire Economic Research Partnership web site, www.lerp.co.uk.

Requests for further copies of the survey or a large print version and requests for detailed statistical cross tabulations of the data should be made to:

Jo Miller

Economic Information Officer
Planning and Transportation
Leicestershire County Council
County Hall
Glenfield
Leicester
LE3 8RJ

Telephone: 0116 2657341

Email: jomiller@leics.gov.uk

The next Leicester & Leicestershire Business Survey will be conducted in Nov/Dec 2002.

If you would like to speak to a specialist advisor on any issues outlined in this survey please contact:

Leicestershire Learning and Skills Council

Meridian East
Meridian Business Park
Leicester
LE19 1UU
t: 0116 228 1845
Email: caroline.boucher@lsc.gov.uk
[Caroline Boucher](#)

Leicestershire County Council

County Hall
Glenfield
Leicester
LE3 8RJ
t: 0116 265 7341
Email: jomiller@leics.gov.uk
[Jo Miller](#)

Leicester City Council

Block A
New Walk Centre
Welford Place
Leicester
LE1 6ZG
t: 0116 252 8634
Email: pancd001@leicester.gov.uk
[Daxa Pancholi](#)

Leicestershire Chamber of Commerce & Industry

4th Floor
Norwich House
26 Horsefair Street
Leicester
LE1 5BD
t: 0116 204 6606
Email: boden.m@chamberofcommerce.co.uk
[Max Boden](#)

Leicester Shire Development Agency Ltd

10 York Road
Leicester
LE1 5TS
t: 0845 070 0086
Email: fiona.bell@leicestershire.businesslink.co.uk
[Fiona Bell](#)